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CORPORATE INFORMATION

Board of Directors	:	Lim Hock San (Chairman and Independent Director) Eugene Cho Park (Chief Executive Officer and Executive Director) Low Sin Leng (Non-Executive Director) BG (Ret) Chin Chow Yoon (Non-Executive Director) Rivaie Rachman (Independent Director) Foo Ko Hing (Independent Director)
Joint Company Secretaries	:	Choo Kok Kiong, CPA Foo Soon Soo, FCIS, FCPA Singapore, FCPA (Aust), LLB (Hons) (London) Priscilla Low Yim Leng, ACIS
Registered Office	:	47 Hill Street #06-02 Chinese Chamber of Commerce & Industry Building Singapore 179365
Company Registration Number	:	200303179Z
Vendor of the Placement Shares	:	Parallax Venture Partners XXX Ltd Offshore Incorporations Centre PO Box 957, Road Town, Tortola British Virgin Islands
Share Registrar and Share Transfer Office	:	Lim Associates (Pte) Ltd 10 Collyer Quay #19-08 Ocean Building Singapore 049315
Joint Lead Managers	:	Asian Corporate Advisors Pte. Ltd. 80 Robinson Road #10-01A Singapore 068898 Genesis Capital Pte. Ltd. 16 Raffles Quay #27-05/06 Hong Leong Building Singapore 048581
Placement Agent to the Private Placement	:	UOB Kay Hian Private Limited 80 Raffles Place #30-01 UOB Plaza 1 Singapore 048624
Auditors and Reporting Accountants	:	Foo Kon Tan Grant Thornton Certified Public Accountants of Singapore 47 Hill Street #05-01 Chinese Chamber of Commerce & Industry Building Singapore 179365

Solicitors to the Company in relation to the Listing, the Share Distribution and the Private Placement as to Singapore Law	:	Rajah & Tann 4 Battery Road #26-01 Bank of China Building Singapore 049908
Legal Advisers to the Company on Indonesian Law	:	Brigitta I. Rahayoe & Syamsuddin Counsellors at law 9th Fl., Menara Sudirman Jl. Jend. Sudirman Kav.60 Jakarta 12190 Indonesia Mochtar Karuwin Komar 14th Floor Wisma Metropolitan II Jl. Jend. Sudirman Kav. 31 Jakarta 12920 Indonesia
Legal Advisers to the Company on Malaysian Law	:	Lee Ong & Kandiah Suite 2.07-2.10, 2nd Floor, Wisma Mirama Jalan Wisma Putra, 50460 Kuala Lumpur Malaysia
Solicitors to the Joint Lead Managers and Placement Agent	:	Lee & Lee 168 Robinson Road #25-01 Capital Tower Singapore 068912
Independent Financial Adviser	:	PrimePartners Corporate Finance Pte. Ltd. 1 Raffles Place #30-03 OUB Centre Singapore 048616
Property Valuer	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd 50 Raffles Place #18-01 Singapore Land Tower Singapore 048623
Principal Banker	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
Receiving Banker	:	The Bank of East Asia, Limited 137 Market Street Bank of East Asia Building Singapore 048943

DEFINITIONS

In this Prospectus and the accompanying Application Forms, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

Companies within our Group and associated companies of our Company

"BC"	:	Batamindo Carriers Pte Ltd
"BIS"	:	Batamindo Investment (S) Ltd
"BMM"	:	Batamindo Medical Management Pte Ltd
"BRF"	:	Bintan Resort Ferries Private Limited
"BRFH"	:	BRF Holidays Pte Ltd
"Company"	:	Gallant Venture Ltd.
"Group" or "Proforma Group"	:	The proforma group of companies comprising our Company and its subsidiaries as at the date of this Prospectus, treated for the purposes of this Prospectus as if our Group structure had been in place since 1 January 2002
"PT BBT"	:	PT Batam Bintan Telekomunikasi
"PT BEV"	:	PT Batamindo Executive Village
"PT BIC"	:	PT Batamindo Investment Cakrawala
"PT BIIE"	:	PT Bintan Inti Industrial Estate
"PT BMW"	:	PT Buana Megawisatama
"PT BRC"	:	PT Bintan Resort Cakrawala
"PT SBIG"	:	PT Soxal Batamindo Industrial Gases
"PT SBP"	:	PT Surya Bangunpertiwi
"PT SI"	:	PT Suakajaya Indowahana
"Verizon Resorts (Labuan)"	:	Verizon Resorts Limited

Other Companies, Organisations and Agencies

"Ascendas"	:	Ascendas Investment Pte Ltd
"Ascendas Group"	:	Ascendas Pte Ltd and its subsidiaries
"ATD"	:	Alliance Technology and Development Limited (under judicial management)
"Authority" or "MAS"	:	The Monetary Authority of Singapore
"BRDC"	:	Bintan Resort Development Corporation Pte Ltd
"CDP"	:	The Central Depository (Pte) Limited

"Colliers International"	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
"Dornier Profits"	:	Dornier Profits Limited
"Great Divine"	:	Great Divine Group Limited
"Holdiko"	:	PT Holdiko Perkasa
"IBRA"	:	Indonesian Bank Restructuring Agency
"IFA"	:	PrimePartners Corporate Finance Pte Ltd
"ILI"	:	Island Leisure (International) Pte Ltd
"JTC"	:	Jurong Town Corporation
"JTC Group"	:	JTC and its subsidiaries
"Managers"	:	Asian Corporate Advisors Pte. Ltd. and Genesis Capital Pte. Ltd.
"Oasis"	:	Oasis Time Holdings Limited
"Parallax Group"	:	PCM and PV Fund and their subsidiaries
"PCM"	:	Parallax Capital Management Pte Ltd
"PT AIB"	:	PT Alam Indah Bintan
"PT DSU"	:	PT Dwi Sinergi Utama
"PT Elitindo"	:	PT Elitindo Citralestari
"PT HR"	:	PT Herwido Rintis
"PV Fund"	:	Parallax Venture Fund XXX
"PVP XXX"	:	Parallax Venture Partners XXX Ltd
"Salim Group"	:	Anthoni Salim and the group of companies controlled by him or, if the context requires, Anthoni Salim
"SCI" or "SembCorp"	:	SembCorp Industries Ltd
"SCI Group"	:	SCI and its subsidiaries
"SCL"	:	Sembawang Corporation Limited
"SembPark"	:	SembCorp Parks Management Pte Ltd
"SembPark Holdings"	:	SembCorp Parks Holdings Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SIC"	:	Securities Industry Council of Singapore
"STIC"	:	Singapore Technologies Industrial Corporation Ltd
"STICI"	:	STIC Investments Pte Ltd

"Temasek"	:	Temasek Holdings (Private) Limited
"UOB"	:	United Overseas Bank Limited
"UOB Kay Hian"	:	UOB Kay Hian Private Limited
"UOB Nominees"	:	United Overseas Bank Nominees (Private) Limited
"Verizon Hotels (Labuan)"	:	Verizon Hotels Limited, a company in which the Salim Group, the Parallax Group and the SCI Group each has an interest as at the Latest Practicable Date
"Verizon Land (Labuan)"	:	Verizon Land Limited, a company in which the Salim Group, the Parallax Group and the SCI Group each has an interest as at the Latest Practicable Date

General

"Adjusted NAV"	:	Proforma net asset value of our Group based on the proforma balance sheet of our Group as at 30 June 2004, after adjusting for the dividend paid by our subsidiary, PT BIC, in August 2004
"Adjusted NTA"	:	Proforma net tangible assets of our Group based on the proforma balance sheet of our Group as at 30 June 2004, after adjusting for the dividend paid by our subsidiary, PT BIC, in August 2004
"AGM"	:	Annual General Meeting
"Application Forms"	:	The printed application forms to be used for the purpose of the Private Placement and which form part of this Prospectus
"Application List"	:	The list of applications for purchase of the Placement Shares
"Ascendas Acquisition"	:	The acquisition by our Company of 12.5% of the issued and paid-up share capital of PT BIC and 15% of the issued and paid-up share capital of PT BIIE, pursuant to the Ascendas S&P Agreement, more particularly described in the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (v) Ascendas Acquisition" on page 57 of this Prospectus
"Ascendas S&P Agreement"	:	The sale and purchase agreement dated 31 March 2006 made between Ascendas and our Company relating to the Ascendas Acquisition, more particularly described in the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (v) Ascendas Acquisition" on page 57 of this Prospectus
"Associate"	:	(a) in relation to an entity, means: (i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or (ii) in any other case: (A) a director or an equivalent person;

(B) where the entity is a corporation, a controlling shareholder of the entity;

(C) where the entity is not a corporation, a controlling interest-holder of the entity;

(D) a subsidiary, a subsidiary entity, an associated company, or an associated entity; or

(E) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder of controlling interest-holder, as the case may be,

of the entity; and

(b) in relation to an individual, means:

(i) his immediate family;

(ii) a trustee of any trust of which the individual or any member of the individual's immediate family is:

(A) a beneficiary; or

(B) where the trust of a discretionary trust a discretionary object, when the trustee acts in that capacity; or

(iii) any corporation in which he and his immediate family (whether directly or indirectly) have interests in voting shares of not less 30% of the total votes attached to all voting shares

"associated company" : In relation to a corporation and in the context of the description of interested person transactions, means:

(a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or

(b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially

"ATD Creditors" : The creditors of ATD whose proofs of debt have been admitted and adjudicated on by the JMs

"ATD Scheme" : The proposed scheme of arrangement between ATD, the ATD Creditors and the ATD Shareholders under Section 210 (read with Section 227X) of the Singapore Companies Act to be proposed at the ATD Creditors' meeting and the ATD Shareholders' meeting to be held on 26 May 2006, more particularly described in the section "General Information on our Group - The ATD Scheme and the Restructuring Exercise of Our Group – (A) ATD Scheme" on pages 52 to 55 of this Prospectus

"ATD Scheme Effective Date"	:	The date on which the ATD Scheme becomes effective under the terms of the ATD Scheme, being the date on which a copy of the Court order sanctioning the ATD Scheme is lodged with the Registrar of Companies pursuant to the Companies Act or such earlier date as the Court may determine and as may be specified in the Court order
"ATD Share Exchange Ratio"	:	The ratio of 100 existing Shares to be transferred by PT HR for every 1,000 ATD Shares held by, or standing to the credit of the Securities Account of, the ATD Shareholders, fractional entitlements to be disregarded
"ATD Shareholders"	:	Persons who are registered as holders of ATD Shares in the Register of Members of ATD, or where the CDP is the registered holder, the term "ATD Shareholders" shall in relation to such ATD Shares, mean the Depositors whose Securities Accounts are credited with ATD Shares
"ATD Shares"	:	Ordinary shares in the capital of ATD
"Audit Committee"	:	The audit committee of our Company for the time being, and which, as at the date of this Prospectus, comprises Lim Hock San, Rivaie Rachman, Low Sin Leng and Foo Ko Hing
"BIE"	:	Bintan Industrial Estate located in Bintan, Indonesia
"BIP"	:	Batamindo Industrial Park located in Batam, Indonesia
"Board"	:	The board of directors of our Company for the time being
"BR"	:	Bintan Resorts (also known as Bintan Beach International Resort) located in Bintan, Indonesia, certain information on which is provided on pages 69 to 71 of this Prospectus
"Companies Act" or *"Singapore Companies Act"*	:	Companies Act, Chapter 50 of Singapore
"Controlling Shareholder"	:	A person who (a) has an interest in the voting Shares in our Company of an aggregate of not less than 15% of the total votes attached to all the voting Shares in our Company, unless he does not exercise control over our Company; or (b) has an interest in the voting Shares of our Company and who exercises control over our Company
"Court"	:	The High Court of Singapore
"Directors"	:	The directors of our Company as at the date of this Prospectus
"Distribution Shares"	:	An aggregate of 25,053,168 existing Shares comprising 16,800,000 Shares and 8,253,168 Shares to be distributed by PT HR to the ATD Creditors and the ATD Shareholders, respectively, pursuant to the Share Distribution
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per Share

"FY"	:	Financial year ended or, as the case may be, ending 31 December
"HY"	:	Half year ended, or as the case may be, ending 30 June
"Independent Directors"	:	The independent directors of our Company for the time being
"Indonesia"	:	The Republic of Indonesia
"ISO"	:	International Organization for Standardization
"ITA"	:	Income Tax Act, Chapter 134 of Singapore
"JMs"	:	The judicial managers of ATD, namely Ho Ai Lian (Mrs Fang), Ong Yew Huat and Seshadri Rajagopalan, who were appointed as the judicial managers of ATD pursuant to an order of the High Court of Singapore on 5 April 2002 as extended from time to time
"Key Executives"	:	The key executives of our Group named on page 152 of this Prospectus
"Latest Practicable Date"	:	17 March 2006, being the latest practicable date prior to the lodgment of this Prospectus with the Authority
"Listing Manual"	:	The listing manual of the SGX-ST
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Nominating Committee"	:	The nominating committee of our Company for the time being, and which, as at the date of this Prospectus, comprises Rivaie Rachman, Foo Ko Hing and BG (Ret) Chin Chow Yoon
"NAV"	:	Net asset value
"NTA"	:	Net tangible assets
"PER"	:	Price earnings ratio
"Placement Agent"	:	UOB Kay Hian Private Limited
"Placement Agreement"	:	The agreement dated 28 April 2006 between the Vendor, our Company, PT HR and the Placement Agent in relation to the Private Placement
"Placement Price"	:	S$0.50 for each Placement Share
"Placement Shares"	:	The 280,000,000 existing Shares which are the subject of the Private Placement
"Private Placement"	:	The placement by the Vendor of the Placement Shares at the Placement Price by way of invitation, subject to and on the terms and conditions of this Prospectus
"Prospectus"	:	This prospectus dated 28 April 2006
"PT BIC Shares"	:	Ordinary shares of Rp1,822,000 (US$1,000) each in the capital of PT BIC

"PT Elitindo Acquisition"	:	The acquisition by our Company from PT Elitindo of approximately 1.04% of the issued and paid-up share capital of PT BRC, pursuant to the PT Elitindo S&P Agreement, more particularly described in the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (iv) PT Elitindo Acquisition" on page 57 of this Prospectus
"PT Elitindo S&P Agreement"	:	The sale and purchase agreement dated 31 March 2006 made between PT Elitindo and our Company relating to the PT Elitindo Acquisition, more particularly described in the section *"*General Information on our Group - The ATD Scheme and the Restructuring Exercise of our Group - (B) Restructuring Exercise of our Group - (iv) PT Elitindo Acquisition*"* on page 57 of this Prospectus
"PT HR Acquisition"	:	The acquisition by our Company of approximately 50% of the issued and paid-up share capital of PT BIC, pursuant to the PT HR S&P Agreement, more particularly described in the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (i) PT HR Acquisition" on page 55 of this Prospectus
"PT HR S&P Agreement"	:	The sale and purchase agreement dated 16 April 2003 (as amended, *inter alia*, by supplemental agreements dated 8 February 2005, 19 July 2005 and 31 March 2006) made between PT HR and our Company relating to the PT HR Acquisition, more particularly described in the section *"*General Information on our Group - The ATD Scheme and the Restructuring Exercise of our Group - (B) Restructuring Exercise of our Group - (i) PT HR Acquisition*"* on page 55 of this Prospectus
"PVP Acquisition"	:	The acquisition by our Company from PVP XXX of the entire issued and paid-up share capital of Verizon Resorts (Labuan), pursuant to the PVP S&P Agreement, more particularly described in the section *"*General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (iii) PVP Acquisition*"* on page 56 of this Prospectus
"PVP S&P Agreement"	:	The sale and purchase agreement dated 23 December 2004 (as amended by a supplemental agreement dated 31 March 2006) made between PVP XXX and our Company relating to the PVP Acquisition, more particularly described in the section *"*General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (iii) PVP Acquisition*"* on page 56 of this Prospectus
"Remuneration Committee"	:	The remuneration committee of our Company for the time being, and which, as at the date of this Prospectus, comprises Rivaie Rachman, Foo Ko Hing and BG (Ret) Chin Chow Yoon
"Restructuring Exercise"	:	The restructuring exercise undertaken by our Group for the acquisition of interests in Batam and Bintan assets, more particularly described in the sections "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (i) PT HR Acquisition", "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (ii) SCI Acquisition", "General Information on our Group

		– The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (iii) PVP Acquisition", "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (iv) PT Elitindo Acquisition" and "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (v) Ascendas Acquisition" on pages 55 to 57 of this Prospectus
"SARS"	:	Severe Acute Respiratory Syndrome
"Scheme Agreement"	:	The conditional scheme of arrangement agreement dated 8 February 2005 (as amended by supplemental agreements dated 19 July 2005 and 18 January 2006) entered into between ATD, our Company and PT HR relating to, *inter alia*, the ATD Scheme, more particularly described in the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (A) ATD Scheme – Scheme Agreement" on pages 52 to 55 of this Prospectus
"Scheme Meetings"	:	Collectively, the meetings of the ATD Creditors and the ATD Shareholders convened to be held on 26 May 2006 to approve the ATD Scheme
"SCI Acquisition"	:	The acquisition by our Company of 37.5% of the issued and paid-up share capital of PT BIC, 25% of the issued and paid-up share capital of PT BIIE, 30% of the issued and paid-up share capital of BRF and approximately 2.65% of the issued and paid-up share capital of PT BRC from the SCI Group pursuant to the SCI S&P Agreement, more particularly described in the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (ii) SCI Acquisition" on pages 55 and 56 of this Prospectus
"SCI S&P Agreement"	:	The sale and purchase agreement dated 31 March 2006 made between the SCI Group and our Company relating to the SCI Acquisition, more particularly described in the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (ii) SCI Acquisition" on page 55 of this Prospectus
"Securities Account"	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"Service Agreement"	:	The service agreement entered into between our Company and Eugene Cho Park, as described in the section "Information on our Management and Employees - Service Agreement" on pages 150 and 151 of this Prospectus
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore
"SFA Regulations"	:	Securities and Futures (Offers of Investments) (Shares & Debentures) Regulations 2005
"SGX-Sesdaq"	:	The SGX-ST Dealing and Automated Quotation System
"Share Distribution"	:	The proposed distribution by PT HR of the Distribution Shares to the ATD Creditors and the ATD Shareholders under the ATD Scheme, subject to the provisions of this Prospectus

"Share Registrar"	:	Lim Associates (Pte) Ltd
"Share Sub-Division"	:	The sub-division of our Shares in October 2005, as described on page 50 of this Prospectus
"Shareholders"	:	Persons who are registered as holders of Shares in the Register of Members of the Company, or where CDP is the registered holder, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shareholders' Mandate"	:	Has the meaning ascribed to it in the section "Interested Person Transactions – Shareholders' Mandate" on page 180 of this Prospectus
"Shares"	:	Ordinary shares in the capital of our Company
"SLCC"	:	SouthLinks Country Club, located in Batam, Indonesia
"Substantial Shareholder"	:	Has the meaning ascribed thereto by the Singapore Companies Act, being as at the Latest Practicable Date, a person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the company
"US", "USA" or "United States"	:	United States of America
"*VAT*"	:	Value-added tax
"Vendor"	:	PVP XXX

Units and Currencies

"%" or "per cent."	:	Per centum or percentage
"ha"	:	Hectare (equivalent to 10,000 square metres)
"*km*"	:	Kilometre
"KN/m^2"	:	Kilo Newton per square metre
"kV"	:	Kilo Volt
"kW"	:	Kilo Watt
"m"	:	Metre
"m^2"	:	Square metre
"m^3"	:	Cubic metre
"MW"	:	Mega watt
"RM"	:	Malaysian ringgit
"Rp"	:	Indonesian rupiah
"S$", "$" and "cents"	:	Singapore dollars and cents, respectively

"TEU"	:	Twenty foot equivalent unit
"US$" and "US cents"	:	United States dollars and cents, respectively
"V"	:	Volt

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Singapore Companies Act. The term "acting in concert" shall have the meaning ascribed to it in the Singapore Code on Take-overs and Mergers.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa.* References to persons shall include corporations.

Any reference in this Prospectus and the Application Forms to any statute or enactment or the Listing Manual is a reference to that statute or enactment or the Listing Manual as for the time being amended or re-enacted. Any word defined under the Singapore Companies Act, the SFA, the SFA Regulations or the Listing Manual or any modification thereof and used in this Prospectus and the Application Forms shall, where applicable, have the meaning assigned to it under the Singapore Companies Act, the SFA, the SFA Regulations or the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

Any reference in this Prospectus and the Application Forms to Shares being allocation to an applicant shall include allocation to CDP for the account of that applicant.

Any reference to a time of day or date in this Prospectus and the Application Forms shall be a reference to Singapore time or date, as the case may be, unless otherwise stated.

References in this Prospectus to "we", "our", "us", "ourselves" or other grammatical variations thereof shall, unless otherwise stated, mean our Company and/or our Group as the context may require.

Any discrepancies in tables included in this Prospectus between the sum of the figures stated and the totals thereof shown are due to rounding. Accordingly, figures shown as totals in this Prospectus may not be an arithmetic aggregation of the figures which precede them.

GLOSSARY OF TECHNICAL TERMS

The following glossary provides a description of certain technical terms and abbreviations used in this Prospectus in connection with our Group and our business. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

"Bonded Zone"	:	A building, place or area with certain limits wherein business activities of goods and component processing industries, design, engineering, sorting, initial inspection, final inspection and packing of goods and components originating from import or other Indonesian customs areas are carried out, with the output mainly for export from Indonesia. Goods imported for such activities in the Bonded Zones enjoy certain incentives such as postponement of import duties under the Bonded Zone Plus status, further information on which is set out on page F-6 in Appendix F of this Prospectus.
"Generalised System of Preferences"	:	A scheme of generalised tariff preferences whereby a wide range of industrial and agricultural products imported from certain developing countries are given either duty-free access or a tariff reduction to the markets of the European Union, depending on the arrangement enjoyed by the country concerned.
"HGB"	:	Right to build (referred to in Indonesian as *Hak Guna Bangunan*). For further information please refer to the section "Government Regulations" in Appendix F of this Prospectus.
"IDD"	:	International direct dial.
"US-Singapore FTA"	:	The United States-Singapore Free Trade Agreement signed in 2003 between the Singapore and the US governments. In general, pursuant to this agreement, Singapore's exports to the US will enjoy improved access to the US market and tariff savings. In addition, Singapore-based companies may take advantage of the Integrated Sourcing Initiative for certain goods, such as information technology products and medical equipment to be exported from Singapore to the United States. Companies in Singapore that manufacture products listed in the Integrated Sourcing Initiative can source certain components from another country, including Batam and Bintan, and these products may still be treated as if they were Singapore originating goods for the purposes of, *inter alia*, preferential treatment and waiver of the merchandise processing fee when exported to the US.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements, including in press releases and oral statements, that are made or may be made by the Vendor, PT HR, us, our Directors, our officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these forward-looking statements can be identified by terms such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will”, “would” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, performance, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including (but not limited to) statements as to our revenue and profitability, cost measures, expected industry trends, prospects, future plans, planned strategy and other matters discussed in this Prospectus regarding matters that are not historical fact, are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance or achievements expected in, or expressed or implied by, such forward-looking statements. Some of these risk factors are discussed in more detail under the section “Risk Factors” starting on page 30 of this Prospectus, and include other factors beyond our control or expectation. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections entitled “Information on our Businesses”, “Management’s Discussion and Analysis of our Financial Position and Results of Operations” and other matters not yet known to our Company or not currently considered material by us.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected in, or expressed or implied by, the forward-looking statements or financial information set out in this Prospectus, undue reliance must not be placed on them. Neither our Company, the Vendor, PT HR, the Managers, the Placement Agent nor any other party involved in the Share Distribution and/or the Private Placement represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements or financial information. Our actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements as a result of, *inter alia*, the risks faced by us.

Further, our Company, the Vendor, PT HR, the Managers, the Placement Agent and all other parties involved in the Share Distribution and/or the Private Placement disclaim any responsibility to update any of those forward-looking statements or information or publicly announce any revisions to them to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. However our Company is, or will be, as the case may be, subject to the relevant provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, an amendment to this Prospectus may be lodged with the Authority pursuant to Section 240 of the SFA. A supplementary or replacement prospectus may also be lodged with the Authority pursuant to Section 241 of the SFA, if after this Prospectus is registered but before the close of the Share Distribution and the Private Placement, the person making the offer becomes aware of (a) a false or misleading statement in this Prospectus; (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in this Prospectus, if it had arisen before this Prospectus was lodged, and (in each case) that is materially adverse from the point of view of an investor.

This Prospectus includes market and industry data and information that have been obtained from, *inter alia*, internal studies, where appropriate, as well as market research by Colliers International, and publicly available information and industry publications. There can be no assurance as to the accuracy or completeness of such information. While our Company has taken reasonable steps to ensure that the information is extracted accurately, we have not independently verified any of the data from third party sources or ascertained the underlying bases or assumptions relied upon therein.

INFORMATION ON THE SHARE DISTRIBUTION, THE PRIVATE PLACEMENT AND THE LISTING

The Share Distribution and the Private Placement are made pursuant to the Scheme Agreement.

No cash proceeds will accrue to our Company from the Share Distribution and the Private Placement, as all the Distribution Shares and the Placement Shares are to be transferred or disposed of by PT HR and the Vendor respectively.

No Shares will be made available to the public by way of a general public offer on the basis of this Prospectus via electronic applications through any automated teller machine, internet banking website or internet website.

No Shares shall be allocated and/or allotted on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus by the Authority.

SHARE DISTRIBUTION

The Share Distribution relates to the distribution by PT HR under the ATD Scheme of an aggregate of 25,053,168 existing Shares, comprising 16,800,000 Shares and 8,253,168 Shares to the ATD Creditors and the ATD Shareholders, respectively, subject to the provisions of this Prospectus.

Pursuant to the Share Distribution, PT HR will transfer 100 Shares for every 1,000 ATD Shares held by, or standing to the credit of the Securities Accounts of, the ATD Shareholders, and will transfer 1,000 Shares to the ATD Creditors for every S$2,000 of assigned indebtedness, fractional entitlements to be disregarded.

The Share Distribution is conditional upon, *inter alia*, the ATD Scheme becoming effective in accordance with the Companies Act and certain other conditions in the Scheme Agreement. The ATD Scheme will not become effective unless the Court order sanctioning the ATD Scheme (if obtained) is lodged with the Registrar of Companies pursuant to the Companies Act. Please see the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (A) ATD Scheme – Scheme Agreement" on pages 52 to 55 of this Prospectus for certain information on the Scheme Agreement.

PRIVATE PLACEMENT

The Private Placement relates to the placement, subject to and on the terms and conditions of this Prospectus, by the Vendor of 280,000,000 existing Shares at the Placement Price to investors to meet the shareholding spread and distribution requirements applicable to our Company under the Listing Manual. **The Private Placement is conditional upon, *inter alia*, the ATD Scheme becoming effective.**

The Placement Price was determined by the Vendor, in consultation with the Managers and the Placement Agent, after taking into consideration (amongst others) the Adjusted NAV per Share of our Group, prevailing market conditions and estimated market demand for our Shares. The Placement Price is payable in full on application. Based on the Placement Price of S$0.50 for each Placement Share, the net proceeds from the Private Placement (after estimated expenses payable by the Vendor) will be approximately S$133.3 million. As all the Placement Shares are to be sold by the Vendor, our Company will not receive any of the proceeds from the Private Placement and there is no minimum amount which in the reasonable opinion of our Directors must be raised by the Private Placement. Please see paragraph 13 of the section "General and Statutory Information - Placement and Management Arrangements" for certain information on the Placement Agreement.

The Private Placement is underwritten. Pursuant to the Placement Agreement, the Placement Agent has agreed to purchase and/or to procure purchasers for the Placement Shares at the Placement Price not later than the latest time for the application and payment for the Placement Shares in accordance with the terms and conditions of this Prospectus and the Placement Agreement. Purchasers of the Placement Shares may be required to pay a brokerage of 1.0% of the Placement Price to the Placement Agent. Purchasers of the Placement Shares may also be required to pay the prevailing Singapore goods and services tax, if applicable, stamp duties and other similar charges.

Applications for the Placement Shares may only be made by way of Application Forms. The terms, conditions and procedure for application are described in Appendix L on pages L-1 to L-5 of this Prospectus.

To the best of our knowledge and belief, we are not aware of any person who intends to purchase Placement Shares pursuant to the Private Placement amounting to more than 5% of the Placement Shares. However, depending on the demand for the Placement Shares, there may be person(s) who wish to acquire more than 5% of the Placement Shares.

LISTING ON THE SGX-SESDAQ

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our issued Shares (including the Distribution Shares and the Placement Shares) on the SGX-Sesdaq. Such permission will be granted when our Company is admitted to the Official List of the SGX-Sesdaq. The Share Distribution and the acceptance of applications under the Private Placement are conditional upon, *inter alia*, the ATD Scheme becoming effective in accordance with the Companies Act and permission being granted to deal in, and for quotation of, all our issued Shares (including the Distribution Shares and the Placement Shares). Monies paid in respect of any application accepted will be returned, at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claims whatsoever against us, our Directors, PT HR, the Vendor, the Managers, the Placement Agent or any other parties involved in the Share Distribution and/or the Private Placement if the Share Distribution and/or the Private Placement, as the case may be, is not completed because the said permission is not granted or for any other reason.

Subsequent to the listing of our Shares on the SGX-Sesdaq, our Company will have access to the capital markets for future capital raising. It will also provide members of the public with an opportunity to participate in the equity of our Company.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-Sesdaq is not to be taken as an indication of the merits of the Share Distribution, the Private Placement, our Company, our Group or our Shares.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares, including the Distribution Shares and the Placement Shares, as the case may be, being offered for investment.

Under the SFA, the Authority may, in certain circumstances, issue a stop order (the "**stop order**") to the person making the offer, directing that no or no further Shares to which this Prospectus relates, be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement which, in the opinion of the Authority, is false or misleading, (ii) omits any information that is required to be included pursuant to Section 243 of the SFA, (iii) does not, in the opinion of the Authority, comply with the requirements of the SFA, or (iv) should not be registered because it is, in the opinion of the Authority, not in the public interest to do so.

Where the Authority issues a stop order pursuant to Section 242 of the SFA and applications to purchase the Placement Shares have been made prior to the stop order, then:

(a) in the case where the Placement Shares have not been transferred to the applicants, the applications for the Placement Shares pursuant to the Private Placement shall be deemed to have been withdrawn and cancelled and the Vendor shall, within 14 days from the date of the stop order, pay to the applicants all monies which the applicants have paid on account of their applications for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk; or

(b) in the case where the Placement Shares have been transferred to the applicants, the sale of the Placement Shares shall be deemed to be void and the Vendor shall (i) if documents purporting to evidence title have been issued to the applicants, within 7 days from the date of the stop order, inform the applicants to return such documents to it within 14 days from that date, and within 7 days from the date of receipt of such documents (if applicable) or the date of the stop order, whichever is later, pay to the applicants, all monies paid by them for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk; or (ii) if no documents have been issued to the applicants, within 7 days from the date of the stop order, pay to the applicants all monies paid by them for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk.

In each of the above instances where monies are refunded to applicants pursuant to the issue of a stop order, the applicant will not have any claim against our Company, PT HR, the Vendor, the Managers, the Placement Agent or any of the other parties involved in the Share Distribution and/or the Private Placement.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Share Distribution or the Private Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, our Directors, PT HR, the Vendor, the Managers, the Placement Agent or any other parties involved in the Share Distribution and/or the Private Placement.

Neither the delivery of this Prospectus and the Application Forms nor any document relating to the Share Distribution or the Private Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained or referred to in this Prospectus since the Latest Practicable Date or the date of this Prospectus, as the case may be. Where such changes occur and are material or are required to be disclosed by law or the SGX-ST, our Company will make an announcement of the same to the SGX-ST and, if required, the person making the offer shall issue and lodge an amendment to this Prospectus or a supplementary prospectus or replacement prospectus pursuant to Section 240, or as the case may be, Section 241 of the SFA, and take steps to comply with the said Sections. Investors should take note of any such announcements and/or documents and, upon release of such announcements and documents, shall be deemed to have notice of such changes. Nothing herein is, or may be relied upon as, a promise, representation, warranty or covenant as to our future performance or policies.

None of our Company, our Directors, PT HR, the Vendor, the Managers, the Placement Agent and any of the other parties involved in the Share Distribution and/or the Private Placement is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal, tax or other advice regarding an investment in our Shares. Each prospective investor should be aware that it may be required to bear the financial risk of an investment in our Shares for an indefinite period of time. Each prospective investor should consult its own professional or other advisers for business, legal, tax or other advice regarding an investment in our Shares.

Applications for purchase of the Placement Shares are being invited solely on the basis of the information contained in this Prospectus.

This Prospectus has been prepared solely for the purpose of the Share Distribution and the Private Placement and may not be relied upon by any persons, other than the ATD Shareholders and the ATD Creditors in connection with the Share Distribution and the applicants in connection with their application for the Placement Shares, or for any other purpose.

This Prospectus does not constitute an offer, solicitation or invitation to purchase or acquire the Distribution Shares or the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unauthorised or unlawful nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours from:

Asian Corporate Advisors Pte. Ltd.	**Genesis Capital Pte. Ltd.**	**UOB Kay Hian Private Limited**
80 Robinson Road #10-01A Singapore 068898	16 Raffles Quay #27-05/06 Hong Leong Building Singapore 048581	80 Raffles Place #30-01 UOB Plaza 1 Singapore 048624

A copy of this Prospectus is also available on the SGX-ST website http://www.sgx.com.

Details of the procedure for application for the Placement Shares are set out in Appendix L "Terms, Conditions and Procedures for Application and Acceptance" on pages L-1 to L-5 of this Prospectus.

The Vendor and the Placement Agent reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Placement Shares, without assigning any reason therefor, and no enquiry and/or correspondence on the Vendor's and/or the Placement Agent's decision will be entertained. In deciding the basis of allocation, which shall be at the discretion of the Vendor and the Placement Agent, due consideration will be given to the desirability of allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

INDICATIVE TIMETABLE FOR LISTING

Date of the respective meetings of the ATD Creditors and the ATD Shareholders to approve the ATD Scheme	:	26 May 2006
Expected date of hearing to seek sanction of the ATD Scheme by the Court	:	Within about 5 days after the Scheme Meetings
Expected ATD Scheme Effective Date	:	To be announced in due course by ATD, expected to be the Relevant Date defined below
Expected closing date and time for the Private Placement	:	12 noon on 2 June 2006 ("**Relevant Date**")
Expected date of notification of the ATD Creditors and the ATD Shareholders of their individual entitlements to our Shares under the Share Distribution, subject to and on the terms and conditions of the ATD Scheme and the Scheme Agreement	:	Within about 3 days after the ATD Scheme Effective Date
Expected date of listing of our Shares on the SGX-Sesdaq	:	Within about 4 days after the Relevant Date, expected to be about 6 June 2006
Delisting of ATD Shares from the Main Board of the SGX-ST	:	To be announced by ATD or our Company in due course, expected to be about 6 June 2006

The Private Placement will be open from the registration of this Prospectus to the Relevant Date.

The Application List will open at 10.00 a.m. on the Relevant Date and will remain open until 12.00 noon on the same day or for such further period or periods as our Directors and the Vendor may, in consultation with the Managers and the Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary or replacement prospectus is lodged with the Authority, the Application List will remain open for at least 14 days after the date of lodgment (if any) of the supplementary or replacement prospectus (as the case may be).

In the event that a supplementary or replacement prospectus is lodged and prior to the lodgment of the supplementary or replacement prospectus, applications have been made under this Prospectus to purchase the Placement Shares and:

(a) where the Placement Shares have not been transferred to the applicants, the Vendor shall either:

    (i) within 7 days from the date of lodgment of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or

    (ii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and the Vendor shall, within 7 days from the date of lodgment of the supplementary or replacement prospectus, pay to the applicants all monies they have paid in respect of their applications; or

(b) where the Placement Shares have been transferred to the applicants, the Vendor shall either:

    (i) within 7 days from the date of lodgment of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return those Placement Shares which they do not wish to retain title in; or

(ii) treat the sale of the Placement Shares as void, in which case the sale shall be deemed void and the Vendor shall, within 7 days from the date of lodgment of the supplementary or replacement prospectus, pay to the applicants all monies paid by them for the Placement Shares.

An applicant who wishes to exercise his option under paragraph (a)(i) above to withdraw his application shall, within 14 days from the date of lodgment of the supplementary or replacement prospectus, notify the Vendor and our Company of this, whereupon the Vendor shall, within 7 days from the receipt of such notification, pay to him all monies paid on account of his application for those Placement Shares without interest or any share of revenue or other benefit arising therefrom, at the applicant's risk. An applicant who wishes to exercise his option under paragraph (b)(i) above to return the Placement Shares sold to him shall, within 14 days from the date of lodgment of the supplementary or replacement prospectus, notify the Vendor and our Company of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to the Vendor, whereupon the Vendor shall, within 7 days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares and the sale of those Placement Shares shall be deemed to be void.

The above timetable is only indicative as it assumes, *inter alia*, that the Scheme Meetings will be held on 26 May 2006, the ATD Scheme will be approved at the Scheme Meetings, the closing of the Application List will take place on the Relevant Date, the date of the admission of our Company to the Official List of SGX-Sesdaq will be within about 4 days after the Relevant Date, the SGX-ST's shareholding spread requirement will be complied with, and the Placement Shares will be allocated prior to the Relevant Date.

Persons who trade in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or allocated with or are otherwise beneficially entitled to.

The above timetable and procedures may be subject to such modifications as our Company, the Vendor, the Managers and the Placement Agent may in our and their discretion decide. The above timetable may also be subject to such modifications as the SGX-ST may in its discretion decide. In the event the actual dates under the indicative timetable above are finalised or in the event of any changes thereto, we will announce the same:

(i) if we deem necessary, in a local English language newspaper, namely, The Straits Times; and

(ii) through a SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com.

Please refer to future announcement(s) by our Company, ATD and/or the SGX-ST for the exact dates of the aforementioned events.

We will provide details of the results of the Share Distribution and the Private Placement:

(i) through a SGXNET announcement to be posted on the internet at the SGX-ST website, http://www.sgx.com; or

(ii) in a local English language newspaper, namely, The Straits Times.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for or purchase or acquire our Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the lodgment and/or registration of this Prospectus in Singapore in order to permit a public offering of our Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of our Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, our Directors, the Vendor, PT HR, the Managers, the Placement Agent or other parties involved in the Share Distribution and/or the Private Placement.

DILUTION

Dilution refers to the difference between the Placement Price per Share and the NAV per Share as of the latest balance sheet date, being 30 June 2005, after adjusting for the effects of the Private Placement and the Share Distribution and any disposal or acquisition which occurred between 30 June 2005 and the date of registration of this Prospectus. As no new Shares will be issued by the Company under the ATD Scheme and the Private Placement, there will be no dilution in the NAV per Share arising therefrom.

The Share Distribution to the ATD Shareholders is to be effected on the basis of the ATD Share Exchange Ratio. As trading in the ATD Shares on the SGX-ST has been suspended and market quotation of the ATD Shares is not available, we are unable to determine if there is any notional dilution between the price paid per Share and the NAV per Share as at 30 June 2005 in respect of the Share Distribution to the ATD Shareholders.

Our NAV per Share as at 30 June 2005 was 49.42 cents per Share.* The price paid or payable (as the case may be) by the ATD Creditors for each Distribution Share pursuant to the ATD Scheme and each Placement Share pursuant to the Private Placement represents an immediate dilution of 0.68 cents per Share or approximately 1.36% to the ATD Creditors and the placees in the Private Placement.

The following table summarises the total number of Shares acquired by our Substantial Shareholders named below (adjusted for the Share Sub-Division) during the period of 3 years prior to the date of this Prospectus, the total consideration paid by each of them and the effective cash cost per Share to each of our Substantial Shareholders, and to our new investors pursuant to the Share Distribution and the Private Placement:

	Number of Shares Acquired	**Total Consideration (S$)**	**Effective Cash Cost per Share[5] (S$)**
Substantial Shareholders			
PVP XXX	907,293,350[4]	456,139,326	0.50
SembPark Holdings	647,057,166[4]	328,424,284	0.51
PT HR	532,064,886	256,996,688	0.48
Ascendas	176,400,062	89,414,562	0.51
Dornier Profits	84,000,000	42,000,000	0.50
New Investors			
ATD Creditors[1] [3]	16,800,000	8,400,000	0.50
ATD Shareholders[1] [3]	8,253,168	N.A.[2]	N.A.[2]
Placees in the Private Placement[3]	280,000,000	140,000,000	0.50

Notes:

(1) PT HR proposes to acquire ATD in a non-cash acquisition involving the issue of ATD Shares to PT HR, the cancellation of all the ATD Shares held by the ATD Shareholders in exchange for the transfer by PT HR to the ATD Shareholders of an aggregate of 8,253,168 Shares, and the assignment of certain debts owing by ATD to the ATD Creditors in an aggregate amount of S$8,400,000 to PT HR in exchange for an aggregate of 16,800,000 Shares, pursuant to the ATD Scheme.

(2) The Share Distribution to the ATD Shareholders is to be effected on the basis of the ATD Share Exchange Ratio. As trading in the ATD Shares on the SGX-ST has been suspended and market quotation of the ATD Shares is not available, we are unable to determine if there is any dilution in respect of the Share Distribution to the ATD Shareholders.

(3) The Share Distribution and the Private Placement are conditional upon, *inter alia*, the ATD Scheme becoming effective.

(4) The number of Shares acquired by PVP XXX and SembPark Holdings is computed after deducting the Shares disposed of by them to (in the case of PVP XXX) UOB, SembPark Holdings and Richbroad Investments Limited and (in the case of SembPark Holdings) to Dornier Profits, as described in the sections "Restructuring Exercise of our Group" and "Significant Changes in Percentage of Ownership" on pages 55 and 56, and on page 61, respectively of this Prospectus.

(5) The computations above are based on the sale and purchase agreements for the Restructuring Exercise and the transactions refered to in footnote (4) above and in addition, take into account the sharing of part of the estimated costs for the ATD Scheme and the estimated listing expenses (other than the listing fees) between the Shareholders of our Company as at the date of this Prospectus, with the balance being borne by PVP XXX and PT HR.

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* The above NAV per Share has been prepared based on the assumptions and after making the adjustments set out in the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries on pages J-14 to J-16 and J-58 to J-62 in Appendix J of this Prospectus.

STATISTICS IN RESPECT OF THE SHARE DISTRIBUTION AND THE PRIVATE PLACEMENT

Placement Price	50 cents
Exchange Ratio under ATD Scheme	
(a) in respect of ATD Shareholders	100 Shares for every 1,000 ATD Shares
(b) in respect of ATD Creditors	2,000 Shares for every S$1,000 of indebtedness to be assigned to PT HR
Net Tangible Assets	
NTA per Share as at 30 June 2005 of our Group before and after the Share Distribution and the Private Placement, based on our Company's issued share capital of 2,410,423,184 Shares as at the date of this Prospectus	49.32 cents
Earnings	
EPS of our Group for FY2004 based on our Company's issued share capital of 2,410,423,184 Shares as at the date of this Prospectus	0.53 cents
EBITDA per Share of our Group for FY2004 based on our Company's issued share capital of 2,410,423,184 Shares as at the date of this Prospectus	3.35 cents
Price to Net Tangible Assets	
Ratio of Placement Price to NTA per Share as at 30 June 2005 of our Group before and after the Share Distribution and the Private Placement, based on our Company's issued share capital of 2,410,423,184 Shares as at the date of this Prospectus	1.01 times
Price Earnings Ratio	
Ratio of Placement Price to EPS of our Group for FY2004	94.34 times
Ratio of Placement Price to EBITDA per Share of our Group for FY2004	14.93 times
Net Operating Cash Flow[(1)]	
Net operating cash flow per Share of our Group for FY2004 based on our Company's issued share capital of 2,410,423,184 Shares as at the date of this Prospectus	2.83 cents
Price to Net Operating Cash Flow	
Ratio of Placement Price to net operating cash flow per Share for FY2004	17.67 times
Market Capitalisation	
Market capitalisation based on the Placement Price and our Company's issued share capital of 2,410,423,184 Shares as at the date of this Prospectus	S$1.2 billion

Note:

(1) Net operating cash flow is defined as the net cash generated from operating activities of our Group. Please refer to the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries in Appendix J of this Prospectus.

DIVIDENDS

Our Company has not declared and paid any dividends on our Shares since incorporation.

Our Company does not currently have a fixed dividend policy. The form, frequency and amount of future dividends, if any, on our Shares will depend on, *inter alia*, our future earnings, financial condition, operations, capital requirements, cash flow, plans for expansion, general business conditions and other factors, including such legal or contractual restrictions as may apply from time to time, as our Directors may deem relevant.

The declaration and payment of dividends will be determined at the discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare interim dividends without seeking Shareholders' approval. All declarations and payments of dividends are subject to applicable laws.

Please see pages 141 and 165 of this Prospectus for certain information on security created over rights in dividends arising from shares in our subsidiaries which are held by our Group.

For information relating to taxes payable on dividends, please refer to the section entitled "Summary of Taxation" in Appendix G of this Prospectus.

PROSPECTUS SUMMARY

The following summarises information contained elsewhere in this Prospectus. This summary may not contain all of the information that you should consider before deciding to invest in our Shares, and is qualified in its entirety by, and is subject to and should be read in conjunction with, the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. Terms defined elsewhere in this Prospectus have the same meanings when used herein. You should carefully consider all the information presented in this Prospectus, including our consolidated financial statements and related notes and the matters set out under the section "Risk Factors" beginning on page 30 of this Prospectus and the section "Government Regulations" in Appendix F of this Prospectus before making an investment decision.

OUR BUSINESSES

Our Company is a Singapore-incorporated investment holding company focused on regional growth opportunities.

Our existing investments are mainly located in Batam and Bintan in Indonesia. These investments operate four major lines of business:

(i) our industrial parks business owns and operates international standard industrial parks with approximately 63 ha of net lettable area in Batam and Bintan which were valued at approximately S$442 million as at 1 February 2006;

(ii) our utilities business provides telecommunications, electricity and water supply and waste management services from our facilities which cost over S$409 million to develop;

(iii) our resort operations business provides one-stop support services to the four resorts and seven hotel properties in Bintan Resorts, including ferry services, ferry terminal operations, estate management and security, fire-fighting and medical services; and

(iv) our property development business owns land and acts as the masterplanner for industrial park and resort development opportunities in BIE and Bintan Resorts. We have properties for development totalling approximately 18,200 ha valued at approximately S$541 million as at 1 February 2006.

Please refer to Colliers International's valuation certificates set out in Appendix A of this Prospectus for more information, including the bases and assumptions for such valuation.

These businesses were set up to take advantage of the strategic proximity of Batam and Bintan to Singapore, and the Singapore government's close economic cooperation with the Indonesian government to promote investments in the Riau Province of Indonesia and Singapore.

We believe that our current investment portfolio is a good mix of stable cash flow, promising profit-generating capabilities and strong balance sheet from our existing businesses. We intend to organically grow our existing businesses. In addition, we will actively pursue other new business opportunities, strategic partnerships and new investments, using our strong balance sheet.

We believe that we have:

- a strong and lowly-geared balance sheet;

- significant and steady cash flow from our existing businesses;

- significant profit potential from our property development business and properties for development; and

- strong and reliable management team and investment partners.

Our base in Singapore, with its proven legal system and good corporate governance, should help us access regional and international markets and investors.

Property Development Business

Our inventory of land held for development and sale has been valued by Colliers International to be worth approximately S$541 million as at 1 February 2006. Please refer to Colliers International's valuation certificates set out in Appendix A of this Prospectus for more information, including the bases and assumptions for such valuation. As most of our industrial lands in Batam have already been developed, our property development business is currently primarily carried out in Bintan. Our property in Bintan is fairly significant with a total area of approximately 18,200 ha, comprising approximately 14,400 ha for resort, commercial, residential development and approximately 3,800 ha for industrial parks development.

Industrial Parks Business

We own and manage two industrial parks, namely Batamindo Industrial Park ("**BIP**") and Bintan Industrial Estate ("**BIE**"). Tenants in BIP include companies in industries such as electronics and pharmaceuticals while tenants in BIE include companies in industries such as garment and electronics. These industrial parks are developed by PT BIC and PT BIIE. Their activities include the development of the industrial parks, sale or lease of land in the parks as well as the provision of ready-built factories. In addition, to support our investors' and tenants' operations, we provide facilities and services such as logistics and workers' accommodation. We also own and operate medical clinics in Bintan and Batam. The aggregate market value of the industrial properties at BIP and BIE, which are held by us, have been valued by Colliers International at approximately S$442 million as at 1 February 2006. Please refer to Colliers International's valuation certificates set out in Appendix A of this Prospectus for more information, including the bases and assumptions for such valuation.

Resort Operations Business

Our resort operations comprise mainly the provision of overall support facilities and services to resorts located in the area known as Bintan Resorts ("**BR**"), such as workers' accommodation, medical clinic, ferry and terminal services, tour operations, security and fire fighting services.

Currently there are four main resorts located in BR:

- Nirwana Garden Resort (which includes the following hotels, namely Mayang Sari Beach Resort, Nirwana Resort Hotel, Mana Mana Beach Club and Cabanas, Indra Maya Villa and Banyu Biru Villa);

- Laguna Bintan Resort (which includes the following hotels, namely Banyan Tree Bintan and Angsana Resort and Spa, and the Greg Norman-designed Laguna Bintan golf course);

- Ria Bintan Resort (which includes Club Med Ria Bintan hotel and the Gary Player-designed Ria Bintan golf course); and

- Bintan Lagoon Resort (which includes the Bintan Lagoon Hotel and Villas and the Ian Baker-Finch and Jack Nicklaus-designed Bintan Lagoon golf courses).

These hotels and resorts are not owned or operated by us. Our land and buildings in BR (including the Bandar Bentan Telani Ferry Terminal and township providing workers' accommodation) have been valued by Colliers International at approximately S$89 million as at 1 February 2006. Please refer to Colliers International's valuation certificates set out in Appendix A of this Prospectus for more information, including the bases and assumptions for such valuation.

Utilities Business

Our utilities business consists of the provision of electrical power, telecommunications, water and waste management services to our investors and tenants at BIP and BIE as well as the resort operators at BR. From 1990 to the Latest Practicable Date, we have invested approximately S$409 million for the construction and development of our utilities infrastructure and resources, consisting of power generation and distribution facilities, potable water treatment facilities including reservoir, waste water treatment facilities and landfills.

The assets of substantially all of our businesses are held by two sub-groups of companies, one headed by Verizon Resorts (Labuan) and the other by PT BIC (please refer to the section "General Information on our Group – Our Group Structure" on page 64 of this Prospectus).

OUR FINANCIAL HIGHLIGHTS

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries as set out on in Appendix J of this Prospectus, and "Overview of our Operating Results" and "Analysis of our Financial Position" on pages 122 and 137 respectively of this Prospectus.

	Unaudited Proforma				
	FY2002 (S$'000)	**FY2003 (S$'000)**	**FY2004 (S$'000)**	**HY2004 (S$'000)**	**HY2005 (S$'000)**
Revenue	202,308	191,695	201,996	100,746	103,755
Gross profit	81,783	62,608	59,597	30,839	30,239
Profit before taxation	39,582	17,747	22,824	16,640	11,076
Profit after taxation and minority interest	21,058	7,791	12,699	9,522	4,245
EBITDA	99,162	70,435	80,816	43,943	37,613

For FY2005, our Directors expect that our performance will be significantly lower than that for FY2004.

	Unaudited Proforma	
	As at 31 December 2004 (S$'000)	**As at 30 June 2005 (S$'000)**
Non-current assets	811,126	801,320
Current assets	691,313	692,614
Current liabilities	106,668	109,177
Non-current liabilities	173,262	161,715
Minority interest	32,734	31,717
Shareholders' equity	1,189,775	1,191,325

OUR STRENGTHS

Our strengths lie in, *inter alia*:

- our balanced portfolio of assets, comprising both the existing industrial park and utilities businesses in Batam which generate immediate cash flow, and our businesses in Bintan which have growth potential;
- the proximity of Bintan and Batam to Singapore which, with its infrastructure and logistics, and air and sea port facilities, provides our tenants and investors with ready access for the international distribution of their manufactured goods;
- the proximity of Changi International Airport to Tanah Merah Ferry Terminal (the Singapore ferry terminal located closest to BR), which provides international tourists and business visitors with easy access to BR;
- the integrated masterplanning of our industrial parks and BR, which enables co-ordinated long-term planning and development;
- our position as a self-sufficient and self-contained environment backed by our ability to provide a wide range of services (including utilities and infrastructural support, ports and logistics support) to the tenants and investors of our industrial parks and BR, with the advantage of economies of scale;
- our industrial parks offer a competitive alternative to other industrial estates in the region, including China, Thailand and Vietnam, to potential investors and tenants who wish to diversify their manufacturing locations;
- the availability of various investment incentives and privileges such as benefits under the Generalised System of Preferences, Bonded Zone Plus status (further information on which is set out on page F-6 in Appendix F of this Prospectus) and the absence of foreign exchange controls in Indonesia;
- the facilities and services provided by us in respect of BR to enhance visitors' experiences, ranging from ferry services to recreational activities, are fully integrated and co-ordinated and provides our Group with business opportunities;
- the resort attractions of BR complement the city-state of Singapore as an ideal twin resort holiday destination; international awareness of BR as a holiday destination as reflected in the diverse nationalities of the visitors to BR;
- the scenic beauty of BR with approximately 100 km of shoreline; BR has been designed and managed to be environmentally sustainable to preserve its scenic beauty;
- the presence of international resort operators such as Banyan Tree Bintan and Club Med, and golf courses designed by Gary Player, Jack Nicklaus, Greg Norman and Ian Baker-Finch;
- established and experienced management of our companies; and
- access to an abundant workforce at all levels in Indonesia and the labour cost advantage afforded by Indonesia relative to Singapore.

OUR PROSPECTS AND FUTURE PLANS

Our growth strategy is to organically grow our existing businesses and to use our strong balance sheet to explore new business opportunities, strategic partnerships and investments. Our Group, as part of our ordinary business, regularly evaluates and engages in discussions regarding potential investments and acquisitions of properties and/or businesses in Singapore and overseas. As such, our Group is exploring opportunities in this respect. There is no assurance, however, that such investments or acquisitions will materialise or be completed. An announcement may be made by our Group should any material investment or acquisition be successfully concluded.

We plan to expand the development of BR so as to increase the resorts room count and develop additional tourist attractions. In relation to our industrial parks, namely BIP and BIE, we plan to increase the capacity of our ready-built factories. The plans, if implemented, should translate into an increase in the number of rooms and visitors to BR and increased lettable factory space in our industrial parks, and hence increase revenues for our Group's property development, resort operations, industrial parks and utilities businesses.

WHERE YOU CAN FIND US

Our Company's registered office is located at 47 Hill Street, #06-02 Chinese Chamber of Commerce & Industry Building, Singapore 179365. Our Company's principal place of business is located at 371 Beach Road, #13-08 Keypoint, Singapore 199597. Our telephone number is (65) 6389 3535 and our facsimile number is (65) 6396 7758. Our website address is http://www.gallantventure.com. **Information contained on our websites does not constitute a part of this Prospectus**.

An investment in our Shares involves a number of risks, some of which, including market, liquidity, credit, operational, legal and regulatory risks, could be substantial and are inherent in our business.

You should evaluate carefully each of the following considerations and all of the other information set forth in this Prospectus (including the financial statements and the notes thereto) before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic, political and regulatory conditions, the securities markets and ownership of our Shares, including possible future dilution in value of our Shares. These are not the only risks we face. Some risks are not yet known to us and there may be others which we currently believe are not material but may subsequently turn out to be so. Factors that affect the prices of our Shares may change, and the following should not be construed as a comprehensive listing of all the risk factors and investors or prospective investors are advised to apprise themselves of all factors involving the risks of investing in our Shares from their professional advisers before any decision to invest in our Shares.

*If any of the following considerations, risks and uncertainties develops into actual events, our financial position, results, business operations, prospects (collectively referred to as "**Business**" in this section) and any investment in our Shares could be, directly or indirectly, materially and adversely affected. In the event that this occurs, the trading price of our Shares could fluctuate or decline due to any of these considerations, risks and uncertainties and you may lose all or part of your investment in our Shares.*

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Prospectus.

RISKS RELATING TO OUR GROUP

Majority of our assets are in real estate which exposes us to risks relating to investment in real estate

Our Business and any investment in our Shares (including our income and the value of our properties) may be adversely affected by a number of factors, including:

(a) the national and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, space, changes in market rental rates and operating expenses for our properties);

(b) competition from other similar developments in Batam, Bintan or in other geographical markets which may affect rental levels or occupancy levels of our properties;

(c) changes in laws and government regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure or the operating expenses of the tenants and/or investors to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the building standards, laws, city planning laws or guidelines, or the enactment of new laws related to redevelopment as well as environmental issues;

(d) our ability to develop, or the time taken to develop, or our success in developing, our resort properties which may significantly change or increase the financial or operating risk of our Group;

(e) vacancies following the expiry or termination of leases that lead to reduced occupancy rates which may reduce our gross revenue and our ability to recover certain operating costs;

(f) our ability to collect or recover rent from tenants on a timely basis or at all;

(g) tenants seeking the protection of insolvency laws which could result in delays in receipt of rent payments, inability to collect rentals at all or the termination of leases;

(h) the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases; and

(i) the amount and extent to which we are required to grant rebates to tenants due to pressures and factors in the market in which we operate.

Increase in operating costs and expenses

Our Business and any investment in our Shares may be adversely affected by increases in operating costs and expenses without corresponding increases in revenue or reimbursements from tenants. Factors which may contribute towards an increase in operating costs and expenses include:

(a) increase in inflation rate;

(b) increase in fuel prices;

(c) increase in payroll expenses;

(d) increase in property taxes and other statutory charges;

(e) change in statutory laws, regulations or government policies which increase the costs of compliance with the same;

(f) increase in the subcontract costs;

(g) increase in insurance premiums; or

(h) property defects which require rectification causing unforeseen additional expenditure.

For example, our average fuel costs increased by approximately 61% from 1 January 2005 to 30 June 2005 as compared to the average cost as at 31 December 2004, and by approximately an additional 167% from 1 July 2005 to 31 December 2005 as compared to the average cost as at 30 June 2005, which in particular significantly affected our utilities business. We also purchase fuel for our ferries for our resorts operations business. Please also refer to the section "Management's Discussion and Analysis of our Financial Position and Results of Operations" on pages 122 to 139 of this Prospectus.

To reduce our dependence on fuel, we are seeking to utilise natural gas to generate electricity to our tenants in BIP. We have acquired dual-fuel generating engines and are in the process of converting some of our existing diesel generators in BIP to a dual-fuel operation utilising natural gas (the aggregate capital commitment of which amounted to approximately S$49.1 million as at the Latest Practicable Date). There is no assurance that there will be adequate and stable gas supply for these generators. Depending on, *inter alia*, the satisfactory operation of these generators, we may look into converting more of our existing generators. However, there is no assurance that these steps will generate significant cost savings. No such conversion of our diesel generators in BIE and BR has been undertaken as at the Latest Practicable Date, and there is no assurance that our Group will undertake such conversion due to, *inter alia*, limitations in infrastructure in Bintan.

Further, we expect fuel prices to remain volatile in the near term and in the event that there is continued substantial increase in fuel prices, our Business and any investment in our Shares may be adversely affected. Please refer to the section "Information on our Businesses – Background of Utilities Business" on page 72 of this Prospectus, and the section "Information on our Businesses – Our Utilities Business – Prospects and Future Plans" on pages 113 and 114 of this Prospectus, and the risk factor "Increase in fuel prices will affect our business" on page 39 of this Prospectus.

Please also refer to Colliers International's Independent Market Review Report as set out in Appendix B of this Prospectus.

Profits, if any, from our business may be apparent only in the long term

We are the master developer for the industrial land and the land in BR which we own. We have invested in the infrastructure on such lands and may continue to do so. These include investments in, and development of, power plants and power distribution, reservoirs and water treatment plants all of which require significant capital expenditure as well as cost to maintain and returns can be expected only in the long term. Our ability to recover our investment is dependent on our ability to generate land sales revenue from investors as well as the tenants or investors buying utilities services.

Dependence on our Substantial Shareholders or loss of any key personnel may adversely affect us

Our continuing success depends, in part, upon the continued service and performance of our management team. In this regard, the loss of senior management or key personnel without appropriate replacement may have an adverse effect on our Business and any investment in our Shares.

We have entered into agreements with, *inter alia*, SembPark (a member of the SCI Group), PT HR (a member of the Salim Group), ILI and BRDC (companies in which the SCI Group, the Salim Group and the Parallax Group have interests) for the marketing or management of our industrial parks and resort operations. The abovementioned agreements as well as certain transactions in the section "Shareholders' Mandate - Categories of Interested Person Transactions" on pages 181 and 182 of this Prospectus fall within the current Shareholders' Mandate and it is to be noted that such mandate will remain in force until the earlier of (a) our first annual general meeting following our admission to the Official List of the SGX-Sesdaq, or (b) the first anniversary of the date of our admission to the Official List of the SGX-Sesdaq. In the event that any of these agreements are terminated and we are unable to find alternative sources for such services, our Business and any investment in our Shares may be adversely affected. For further information on SembPark's, ILI's and BRDC's services, please refer to "Information on Our Businesses - Our Industrial Parks Business - Marketing" and "Information on Our Businesses - Our Resort Operations Business - Marketing" on pages 88 and 100 respectively of this Prospectus.

Our operations may be affected by labour disputes

Our Group and our tenants, investors and resort operators in our industrial parks and BR employ a large number of Indonesian employees for operations. Potential disputes may arise over wages, employment and other matters. Labour activism and unrest could disrupt our operations or the operations of our tenants, investors and resort operators. This may adversely affect our operations or the operations of our tenants, investors and resort operators, which in turn, may have an adverse impact on our Business and any investment in our Shares.

We may be affected by uninsured or inadequately insured losses to our assets

Our assets could suffer physical damages caused by fire or other causes, resulting in losses (including loss of rent) which may not be compensated (fully or otherwise) by insurance. In addition, certain types of risks (such as war risks and terrorist acts) may be uninsurable or inadequately insured. Should such a loss occur, we could lose the capital invested as well as anticipated future revenue. We would also remain liable for any debt or other financial obligation related to the assets. No assurance can be given that such material losses will not occur in the future. Should there be any loss(es) arising out of damage to our assets which are not covered by our insurance policies, not adequately covered or should such insurance proceeds not be paid out, our Business and any investment in our Shares may be adversely affected.

We may not be able to maintain our current relationships with our counterparties

We currently have established relationships with many of our customers, suppliers and other parties with whom we deal with in the course of our business (collectively, "**counterparties**").

Some of the arrangements underlying these relationships are informal and general in nature. Further, some of these relationships may be non-exclusive and/or dependent on goodwill, and such counterparties are free to cease their business relationships with us.

In the event that any key counterparty ceases such relationship with us, our Business and any investment in our Shares may be adversely affected.

We may be adversely affected by the actions or omissions of our counterparties

We face the risk that our counterparties may fail to honour their contractual obligations to us or may terminate their agreements with us. Non-execution or termination for any reason of contracts by counterparties may lead to us in turn not being able to honour our contractual obligations to third parties. This may subject us to or result in, among others, legal claims and penalties and/or our Business and any investment in our Shares being adversely affected.

We may not be able to protect our intellectual property effectively

We have registered or applied for the registration of our trademarks and designs (see "Information on our Businesses - Intellectual Property"). However, third parties may in future assert claims in relation to our trademarks or designs. In addition, we may incur substantial costs and spend substantial amounts of time in protecting our trademarks and/or designs.

Our assets and operations are located, and our revenue is derived from our activities, in Indonesia, which exposes us to real estate, economic, regulatory, social, political conditions in Indonesia

Most of our assets and operations are in Indonesia, and substantially all of our revenue is derived from our business operations in Indonesia. As such, factors affecting Indonesia could adversely affect our Business (including the value and net operating income of our assets) and any investment in our Shares. These include:

- introduction of or changes in (or in the interpretation or application of) Indonesian laws, regulations, rules, codes, guidelines, standards of performance, directives, policies or other requirements (in each case, whether or not having the force of law) applicable to our Group, our Shareholders (including Substantial Shareholders) or our or their assets or businesses. In particular, decisions by the relevant Indonesian authorities or agencies relating to our or our Substantial Shareholders' assets (including their interests in our Shares), may adversely affect our Business and any investment in our Shares; there is no assurance that our or our Substantial Shareholders' assets or businesses will not be affected by compulsory acquisition, nationalisation, expropriation, seizure or other actions (in each case whether or not having the force of law);

- devaluation of regional currencies;

- changes in taxation;

- political and social instability in countries in the region (including Indonesia);

- war, military conflict or acts of terrorism;

- health epidemics such as SARS and bird-flu;

- other regulatory, political, social or economic developments in or affecting Indonesia, including its domestic real estate conditions (such as oversupply, competition from other competing resorts and industrial properties, whether new or upgraded or refurbished properties, and/or reduced demand from tenants or investors); and

- any deterioration in the relationship between Indonesia and the countries from which our tenants or investors originate.

Please also refer to Colliers International's Independent Market Review Report as set out in Appendix B of this Prospectus.

Potential conflicts of interests

Certain of our Substantial Shareholders following completion of the Restructuring Exercise have affiliates which have interests in, and may, from time to time, invest in and/or acquire companies which carry on the business of (amongst others) resorts operation and/or ownership, developing, managing and/or marketing industrial estates or industrial parks, and/or provide products and services to industrial estates or parks. There is no assurance that such businesses will not compete with our businesses or that the interests of the Group will not be subordinated to our Substantial Shareholders' other interests.

For example, Ascendas is an indirect, wholly owned subsidiary of JTC. However, JTC had indicated in November 2005 its intention to proceed with the divestment of its shareholding in Ascendas Pte Ltd (the holding company of Ascendas) which is expected to be finalised in the second quarter of 2006. JTC is one of the largest industrial land owners (based on land area) and developers of industrial and business park properties in Singapore.

Given its substantial property holdings in Singapore and affiliation with the Singapore government, JTC is likely to have significant influence on the industrial property market in Singapore, including the ability to affect rental rates of industrial and business and science park properties. There can be no assurance that JTC, in determining the rental rates for its properties, will base its decision on maximising the return on such properties. JTC may also take into account the broader national interests and other factors, and these may not be consistent with the interests of our Group and our Group's business operations.

In addition, a number of our Directors are also directors or key executives of companies which are in the business of (amongst others) resorts operation and/or ownership, developing, managing and/or marketing industrial estates or industrial parks, and/or provide products and services to industrial estates or parks or have interests in such companies. As a result, the interests of such Substantial Shareholders and Directors may not be the same as ours or those of our other Shareholders. Although bound by fiduciary duties, there remains the possibility that these Directors may face conflicts of interests arising from holding these positions.

Please refer to the section "Potential Conflicts of Interest" on pages 186 to 191 of this Prospectus for further information on potential conflicts of interest with our Substantial Shareholders.

There is no assurance that our future plans will be commercially successful

Our future plans are set out in the sections "Information on our Businesses – Our Property Development Business – Prospects and Future Plans", "Information on our Businesses – Our Industrial Parks Business – Prospects and Future Plans", "Information on our Businesses – Our Resort Operations Business – Prospects and Future Plans" and "Information on our Businesses – Our Utilities Business – Prospects and Future Plans" on pages 81, 96, 105 and 113 respectively of this Prospectus. There is no assurance that our expenditure on our expansion and other plans will result in the successful implementation of our plans and we cannot assure you that our revenues will increase after such expenditure. Our failure to increase our revenues after these expenditures could affect our Business and any investment in our Shares.

In addition, owing, *inter alia*, to the capital intensive nature of our property development business, we may need to obtain additional debt or equity financing to fund our projects and/or capital expenditure. Additional debt financing may be required which, if obtained, may:

- limit our ability to incur further borrowings or ability to refinance our existing indebtedness;
- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to pursue our growth plan;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry; and/or
- may be dilutive to our Shareholders' interests.

We cannot assure you that we will be able to obtain additional financing on terms that are acceptable to us or at all.

In the future implementation of our expansion strategy, we may acquire interests in such companies which may require larger investments than we have made in the past. These larger investments may place significantly greater strain on our resources, including financial and management resources. Strain on our management resources may also impair the performance and operations of our pre-existing businesses.

Similarly, strategic alliances, acquisitions or investments involve numerous risks including but not limited to difficulties in the assimilation of new management, operations, services, products and personnel associated in such participation. In the event that we are unable to successfully or optimally finance or integrate our newly acquired businesses, our Business and any investment in our Shares may be adversely affected.

RISKS RELATING TO OUR RESORT OPERATIONS BUSINESS

Visa ruling by Indonesia may affect visitor arrivals

In 2004, the Indonesian government imposed a visa-on-arrival fees on visitors from countries which do not enjoy visa-free travel arrangements with Indonesia. Visitors from the affected countries which have to pay the visa-on-arrival fee include, among others, Australia, Canada, Denmark, Germany, Japan, New Zealand, Taiwan, United Kingdom and the USA. This may in the long run have an adverse impact on visitor arrivals from the affected countries, which in turn may have an adverse impact on our Business and any investment in our Shares. In addition, this ruling may affect our marketing efforts to attract visitors from these countries.

Any issuance of travel advisory will affect visitor arrivals

Bintan being a holiday destination is subject to the issue of travel advisories from countries warning their citizens against the risk(s) of travelling to a specific destination or country. These travel advisories can be issued for various reasons, including political instability, public health issues or potential or perceived threats to personal safety from extremist groups or natural disasters. These advisories or any negative publicity on the islands on which our properties are located, will affect visitorships to the Southeast Asia region. These may have an adverse impact on visitors arrivals to the resorts to which our Group provides services. It will also affect our Business and any investment in our Shares.

In addition, BR is located in a malaria-prone area. PT BRC currently has in place malaria prevention and monitoring facilities. If an outbreak does however occur and travel advisories are issued as a result thereof, our Business and any investment in our Shares may be adversely affected.

We are vulnerable to damage to the environment in Bintan

Bintan is located near a busy international shipping lane. Shipping accidents may cause environmental damage (e.g. from oil spill(s)) which may damage the beaches in BR resulting in temporary closure for cleaning / remedy actions.

Sand mining activities in areas outside the resort if permitted may potentially have an adverse impact to the shoreline of the beaches in BR. This will affect the attractiveness of BR.

Any damage to our resort environment will affect visitor arrivals which will adversely affect our Business and any investment in our Shares.

Negative publicity from demonstrations by villagers

Local villagers have been known to demonstrate outside the resort boundaries resulting in negative media coverage. This can potentially discourage visitors from coming to Bintan which may have an adverse impact on our Business and any investment in our Shares.

Access to the resorts in Bintan for international visitors is mainly via Tanah Merah Ferry Terminal in Singapore

Access to the resorts in BR for international visitors is mainly via Tanah Merah Ferry Terminal in Singapore to our ferry terminal at the Bandar Bentan Telani Ferry Terminal. In the event that international visitors' access to Singapore is restricted, this will directly affect their access to the resorts and may have an adverse impact on our Business and any investment in our Shares. Access to Bintan for visitors from Singapore is currently dependent on ferry services provided by our subsidiary, BRF. There is no assurance that BRF will be able to continue operating from Tanah Merah Ferry Terminal, or that it will be the sole ferry operator to Bintan, indefinitely. Increased competition from additional ferry operators or the introduction of budget airlines or otherwise may cause BRF to lower our ferry ticket prices. Any restrictions or change in policy which affects BRF's right to ferry visitors to and from Bintan from Tanah Merah Ferry Terminal or the introduction of additional ferry operators to Bintan or the reduction in ticket prices for an extended period of time may have an adverse impact on our Business and any investment in our Shares.

Our ability to provide services is dependent on the resort operators' performance and our ability to provide quality and uninterrupted services for smooth operation

The resorts that we service are subject to operating risks common to the hotel industry. These risks include, among other things, competition from other hotels and resorts; oversupply in room availability which could adversely affect occupancy rates and average daily rates and, therefore revenue per available room; increases in operating costs due to inflation and other factors; dependence on travellers and tourism; increase in energy and labour costs and other expenses; labour disputes over wages, employment and other matters; risks inherent in real estate investments; and adverse effects of general and local economic conditions. Any of these may adversely affect the operations of the resorts located in BR, which in turn, may have an adverse impact on our Business and any investment in our Shares.

The revenues and profits of our resort operations are dependent on the ability of the operators of the resorts to generate adequate revenues and profits from their resorts. The hotel and resort industry is highly competitive. The resorts we service compete with international and regional resorts. The competitive environment may be adversely affected by changes in economic conditions, changes in local market conditions, changes in regional populations, oversupply of hotel guest rooms, reductions in demand for hotel guest rooms and changes in travel patterns and preferences. There can be no assurance that new or existing competitors will not significantly lower their rates or offer greater services or amenities or significantly expand or improve facilities in our markets, thereby adversely affecting our results of operations. There also can be no assurance that demographic, geographic or other changes in markets will not adversely affect the convenience or desirability of the resorts that we service. The resorts we service may also be adversely affected by interruptions in operations due to earthquakes, tsunamis, fires, floods and/or natural disasters.

In addition, the introduction of budget airlines offering lower or reduced air fares for flights to other destinations within Asia may result in a reduction in tourist arrivals in Bintan or may reduce the attractiveness of the resorts in Bintan as a holiday destination.

If the resort operators are unable to maintain their existing volume of business, or contract to purchase services from the Group at the same rate or price, any adverse effects on their operations may have an adverse on our Business and any investment in our Shares. Apart from the marketing efforts of the resort operators, the ability to attract repeat visitors to BR is also dependent on our Group's ability to maintain or improve our level of services.

Our operating results fluctuate due to the seasonal nature of the travel industry

The type of visitors to BR varies with many factors, including school vacation periods and public holidays in our major markets and weather conditions, and our operating results may fluctuate throughout the year. Our operating results may vary from year to year, depending upon changes in the economy, weather or other factors affecting the tourist industry generally. These fluctuations can be unpredictable and may adversely affect our Business and any investment in our Shares.

Our resorts expansion programme is subject to risks

We are developing an expansion programme which, if implemented as currently planned, would result in increasing the total number of guest rooms/units from approximately 1,370 up to approximately 5,000 guest rooms/units in Bintan in the next phase of our development plans. Please refer to the section "Information on our Businesses – Our Resort Operations Business - Prospects and Future Plans" on page 105 of this Prospectus for further information on our resorts expansion plans. Our ability to implement this expansion programme, and the success of any new resorts, will depend on a number of factors, some of which are outside our control, including the ability to obtain financing on competitive terms, competition in our markets, availability and selection of suitable locations and maintenance of quality and efficient construction. In addition, rapid growth of our resort operations may place additional demands on our management team and our financial reporting and information systems.

There can be no assurance that our expansion plans can be achieved, that we will be able to recruit and retain sufficient numbers of high-quality management and staff personnel to service the additional resorts or that the planned new resorts will meet with consumer acceptance or be operated profitably. Our resort operations will also depend upon, *inter alia*, the political and economic climate and factors affecting the overall level of travel activity in our markets, including changes in travel patterns and foreign exchange fluctuations.

Significant risk in governmental regulation and incentives

The hospitality and resort business is subject to significant risk from changes in governmental regulation, policies and incentives, which may be enacted, modified or varied to provide incentives or benefits to a particular location to maximise the host government's tourism industry. This would affect the viability, prospect or revenues for our resort operations business. There is no assurance that we can continue to maintain or grow our revenues from our resort operations business.

Our development is dependent on our ability to resettle squatters

There is an isolated number of squatters within some of the lands owned by us. Resettlement of these squatters is ongoing and our ability to resettle them could impact the pace at which our development of such land progresses.

RISKS RELATING TO OUR INDUSTRIAL PARKS BUSINESS

The loss of key investors and tenants or a downturn in the business of our investors and key tenants could have an adverse effect on us

Our Business and any investment in our Shares may be adversely affected by the bankruptcy, insolvency or downturn in the business of our key tenants, including their decision not to renew any lease or to terminate any lease before it expires. The renewal of our lease agreements with our tenants will also depend on our ability to negotiate lease terms acceptable to both parties. There is no assurance that all or any of our investors and tenants, including our key tenants, will renew or continue to renew their lease agreements with us, or that the new or renewed lease terms will be as favourable to us as the existing leases.

The revenue and profits of our industrial parks business are dependent on tenants in the electronics and electrical manufacturing sectors in BIP and BIE and garment manufacturers in BIE. In FY2004, approximately 64% of our total gross revenue for BIP and approximately 56% of our total gross revenue for BIE were generated from investors and tenants in the electronics and electrical manufacturing sectors. In HY2005, approximately 63% of our total gross revenue for BIP and approximately 55% of our total gross revenue for BIE were generated from investors and tenants in the electronics and electrical manufacturing sectors. In FY2004, approximately 34% of our total gross revenue for BIE was generated from investors and tenants in the garment manufacturing sector. In HY2005, approximately 33% of our total gross revenue for BIE was generated from investors and tenants in the garment manufacturing sector. Revenue for our industrial parks business decreased by approximately S$4.3 million or 6.3% from approximately S$68.1 million in FY2003 to approximately S$63.8 million in FY2004. This was due, *inter alia*, to a decrease in the number of tenants in these sectors due to consolidation of manufacturing facilities in this region and lower rental rates offered to certain new tenants. Revenue for our industrial parks business for HY2005 increased by approximately S$1.7 million or 5.3% as compared to HY2004.

In the event that any tenant does not renew its lease, we will need to find a replacement tenant or tenants, which could subject us to periods of vacancy and/or refitting for which we would not receive rental income, which in turn could adversely affect our rental income. In addition, there is no assurance that any substitute leases would be on terms that are as favourable as the existing leases.

The number of tenants in BIP had fallen from about 95 to about 80 from 2001 to 30 June 2005, and since 1997, there has been a general decline in the number of companies investing in Batam. Reasons for such decline in the number of tenants and/or investors may be attributable to various factors, including, *inter alia*, the consolidation of manufacturing facilities in this region, the cancellation of some tax exemptions and disruptive labour disputes. The loss of a significant number of our tenants and/or investors which are not replaced by new and/or existing tenants may adversely affect our Business and any investment in our Shares.

We may be exposed to unknown or unforeseen environmental liabilities

We are subject to various national and local environmental laws, ordinances and regulations relating to the environment and the handling of hazardous substances which may impose or create significant potential environmental liabilities. Although we currently are not aware of any material environmental claims pending or threatened against us or any of our properties, no assurance can be given that a material environmental claim will not be asserted against us, and ultimately result in financial liability to our Group.

Our ability to secure investors and tenants is dependent on our ability to provide high standards of services to our tenants and investors

The majority of our tenants require high standards of services and facilities for their manufacturing requirements. Our ability to continually secure renewal of tenancy from these companies is dependent on, *inter alia*, our ability to maintain and upgrade our current facilities and to combat competition (which require capital and other expenditure). Our inability to adequately maintain our facilities and standard of service may result in tenants not renewing their leases or investors shifting their operations out of BIP or BIE, and could also affect our ability to secure new tenants and investors.

Increase in labour costs

The tenants and investors in our industrial parks are mainly labour-intensive manufacturing companies. Any increase in minimum wages for employees in Batam or Bintan may render Batam or Bintan less cost competitive. In addition, the Indonesian labour laws may also serve as an impediment to potential tenants and investors as compared with other industrial parks located outside of Indonesia. These may be factors taken into consideration by prospective tenants or investors in deciding whether to lease or invest in premises in our industrial parks and by our tenants in deciding whether to renew their existing leases with us.

There is no assurance that any special incentive granted to investors and tenants in BIP and BIE will continue indefinitely

Our investors and tenants currently enjoy certain incentives and benefits from the Indonesian government such as Bonded Zone Plus privileges for goods imported from, and exported to, for instance, Singapore. There is no assurance that these incentives granted by the Indonesian government will continue indefinitely. In the event that these incentives and benefits are withdrawn, our ability to renew current tenancies or secure new tenancies or investors may be adversely affected.

Most of our properties' tenancy leases are for periods of up to three years, which exposes our properties to significant rates of lease expiry each year

Most of the tenancies for our properties are for periods of up to three years. As a result, our properties experience lease cycles in which a significant number of leases expire each year. Based on our current leases, approximately 30.8%, 20.2% and 47.6% of our properties in terms of total number of leaseable factories will expire in 2006, 2007 and 2008, respectively or approximately 33.4%, 14.5% and 50.5% of our properties in terms of total lettable area will expire in 2006, 2007 and 2008, respectively. The concentration of leases expiring in any particular year exposes us to certain risks, including the risk that vacancies following expiry of leases may lead to reduced occupancy rates, which will in turn reduce our gross revenue.

In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than current leases. If a large number of tenants do not renew their leases in a year with a high rate of lease expiries and are not replaced by new and/or existing tenants, or if new tenants do not enter into leases on terms that are as or more favourable to the terms of the expiring leases, it could have a material adverse effect on the relevant properties and could affect our Business and any investment in our Shares.

Competition relating to industrial parks business

There are business parks and light industrial properties in Indonesia and other Asian countries which may and do compete with our industrial parks and estates in attracting tenants and investors, including properties owned by industrial parks operated by the SCI Group, the Salim Group and/or the JTC Group. In addition, our financial condition and results of operations may be adversely affected by competition for business and direct investment from other countries in Asia. There can be no assurance that prospective or current tenants will not seek industrial parks in locations outside of Indonesia, which could have an adverse effect on our Business and any investment in our Shares.

Ascendas, its subsidiaries and affiliates are engaged in investment in, and the development and management of, properties in Singapore and elsewhere, including business park and light industrial properties. There may be circumstances where our Group competes directly with Ascendas for property acquisitions and tenants and investors.

In addition, JTC's business parks, light industrial and built-to-suit properties are in direct competition with BIP and BIE. JTC has developed 3 business parks in Singapore, which may compete with our industrial parks for tenants and investors. It is also conceptualising new generation industrial parks like Paya Lebar iPark, which may compete with BIE and/or BIP for tenants. JTC has also been appointed by the Singapore government to be the master developer of "one-north", a mixed-use development located near the Singapore Science Park. "One-north" is expected to provide significant additional capacity when the properties in the development are fully completed. This could have an adverse effect on the occupancy and rental rates of our industrial parks.

The rental prices charged by industrial parks in Singapore and the region may have an indirect impact on our rental rates and our inability to price our rental competitively against industrial and business park properties in Singapore, Malaysia, Thailand, Vietnam and other parts of Indonesia and the region may have an adverse effect on the occupancy and rental rates of our industrial parks.

Our industrial parks currently provide integrated services to the tenants and investors in BIP and BIE. If we are unable to, *inter alia*, continue to provide a wide range of comprehensive services and activities to meet the tenants' and investors' needs and/or to price our services at competitive rates, this may have an adverse impact on the occupancy rates and/or rental rates at our industrial parks. Please also refer to Colliers International's Independent Market Review Report as set out in Appendix B of this Prospectus, which (*inter alia)* refers to the electricity costs charged to BIP and BIE tenants and the need to look into effective cost reduction measures.

RISKS RELATING TO OUR UTILITIES BUSINESS

Increase in fuel prices will affect our business

Fuel used for our utilities business accounted for approximately 72.7% and 71.8% of our total purchases for our utilities business in FY2004 and HY2005, respectively. Please also see the risk factor "Increase in operating costs and expenses" on page 31 of this Prospectus and the section "Management's Discussion and Analysis of our Financial Position and Results of Operations" on pages 122 to 139 of this Prospectus. There is no assurance that any increase in fuel prices can be passed on to our customers via a timely and adequate increase in utility prices. A significant increase in fuel costs, including arising from increases in fuel prices or the removal or reduction in fuel subsidies by the Indonesian government, will significantly increase our operating costs. In the event that we are not able to pass these increases in operating costs in a timely and adequate manner to our customers and/or in passing on such costs, our tenants terminate their leases, our financial performance will be adversely affected. Our other businesses could be affected, including our ability to develop our property development, industrial parks and/or resort operations businesses.

Dependence on supply of fuel oil from one supplier or its associates

We purchase substantially all of our fuel oil including high sulphur fuel oil ("**HSFO**") and light fuel ("**diesel**") from PT Pertamina (Persero) and/or its associates. Any disruption in the provision of such fuel to us could materially and adversely affect us. While we have entered into agreements with PT Pertamina (Persero) and its subsidiary, PT Elnusa Harapan Cabang Batam, for the supply of HSFO, there can be no assurance that any renewal of these agreements will be on similar terms as the existing agreements.

Our utilities business is dependent on our industrial parks and resort operations businesses

Revenue from our utilities business is presently solely derived from our tenants and investors in our industrial parks, namely BIP and BIE, and from the resort operators in BR. Any adverse political, economic, legal and/or regulatory developments may have a negative impact on our industrial parks business, our resort operations business and/or our utilities business and operations. We may also be exposed to credit risks in respect of our utilities customers in our industrial parks and/or BR due to unforeseen circumstances or events not within our control. We would also be adversely affected if our customers face financial difficulties in paying for our utilities services or potential customers are unable to afford our utilities services.

We are dependent on natural sources of water for our water supply

Our water treatment business is based on the purification of raw water drawn from reservoirs at Muka Kuning and Duriangkang in Batam, and from Lake Java in BIE and our reservoir in BR. If the water levels of the reservoirs, lakes and other groundwater sources were to fall sharply for any reason, such as droughts or an increase in water usage by other users, our water treatment plants' capacity may not be fully utilised and our water treatment business would be adversely affected over time.

Our dependence on existing water resources

Based on our estimates, our reservoir within BR has the capacity to cater to approximately 39,000 guest rooms/units. Currently, it caters to approximately 1,370 rooms/units in BR. Water resources from outside BR would need to be tapped once we approach our supply ceiling. This could include water supply from the local water authorities as well as future investment in de-salination facilities by us. The local water authority's inability to provide alternative water resources in the future may affect our Business and any investment in our Shares.

In Batam, we obtain raw water (which we then treat or process) and processed water, for supply to our tenants and investors at BIP. Raw water is purchased from the Batam Industrial Development Authority (BIDA) and processed water is purchased from a local supplier, PT Adhya Tirta Batam ("**PT ATB**"). Such water supply purchased from BIDA is from the Muka Kuning reservoir. As at the Latest Practicable Date, we obtained approximately 37% and 63% of our needs from BIDA and such supplier, respectively. If for any reason our approval for water extraction from BIDA is terminated or adversely affected or we are otherwise not able to extract sufficient water to supply to our customers and/or the cost of extraction is substantially increased, our Business and any investment in our Shares may be adversely affected. Please refer to paragraph 9(f) of the section "General and Statutory Information - Litigation" on page 205 of this Prospectus for information on legal proceedings commenced by PT ATB against PT BIC and its directors in relation to the extraction of water in Batam and supply of water by PT BIC at BIP.

We may face the risk of loss of potable water and risk of contamination

Potable water produced from our treatment plants is distributed through a network of pipes, including underground pipes. As high pressure is used to move the potable water, it is possible that leakage from the pipes may occur. If this happens, our water treatment business could be adversely affected.

There is also the possibility that contamination of the potable water could occur during the distribution process to tenants, investors and/or resort operators. Such occurrences could reduce our ability to attract and retain customers and may have an adverse effect on our Business and any investment in our Shares.

Disruption in the operations at one or more of our utilities plants and facilities may adversely affect our business and operating results

The operation of our facilities involves many risks, including power failures, the breakdown, failure or substandard performance of equipment, natural disasters, catastrophic incidents such as fires and explosions and normal hazards associated with operating a complex infrastructure. If there were a significant interruption of operations at one or more of our key facilities and operations could not be transferred to other locations, we may not meet the needs of our customers, and our business, results of operations and financial condition could be harmed.

Our services are currently carried through our own networks, the networks of local fixed-line operators and the networks of international operators and other network-related infrastructure. Our ability to provide services depends on the stability of this integrated network. This network may be vulnerable to damage or interruptions in operation due to earthquakes, tsunamis, fires, floods, power losses, acts of terrorism, communications failures, network software flaws, transmission cable cuts or other events. Any failure of this integrated network or any link in the delivery chain that results in an interruption in our business, operations or our ability to provide any service, whether from operational disruption, natural disaster, our failure to maintain or otherwise, could reduce our ability to attract and retain customers and materially adversely affect our Business and any investment in our Shares.

We are subject to legislative, regulatory, industrial and environmental laws and regulations of Indonesia

We may be subject to the legislative, regulatory, industrial and environmental laws and regulations of Indonesia which require us to meet certain standards in the quality of water. Our customers or the relevant authorities may seek recourse against us in the event of non-compliance with such laws and regulations. Some of our water treatment and waste treatment processes may become obsolete or inadequate due to changes in legislative, regulatory or industrial requirements that impose more stringent standards. This may affect our ability to attract and retain customers, and materially adversely affect our Business and any investment in our Shares.

RISKS RELATING TO OUR FIXED PROPERTY

We may not be able to extend the tenure for our leasehold properties in Indonesia

The types of rights to land in Indonesia include, *inter alia*, the right to build (otherwise referred to as "**Hak Guna Bangunan**" or "**HGB**"), which is a title to land which gives the holder of such right the right to erect and possess, for a fixed period of time, a construction or building on the relevant land.

We have received advice from the Legal Advisers to the Company on Indonesian Law that under Indonesian law, certificates of HGB (referred to herein as "**HGB Certificates**") are issued by the Land Registration Office/ National Land Office (or "**BPN**") for an initial period of up to 30 years, and that the HGB Certificates will not be issued by BPN for an initial period longer than 30 years. The initial 30-year period may be extended upon application to BPN by the HGB holder for an additional period of up to 20 years and the extended period may be renewed for a further period of 30 years.

(i) *Batam*

In Batam, the Batam Industrial Development Authority ("**BIDA**") is the government entity responsible for the development of Batam and the holder of the "Hak Pengelolaan" (referred to as "**HPL**") over all the land in Batam. BIDA may grant/ transfer the right of land in Batam to third parties on such terms and conditions as may be determined by it, provided that such grant or transfer is in compliance with the Indonesian Basic Agrarian Law.

After BIDA and the third party enter into an agreement relating to the allocation and use of land, the third party is obliged to pay to BIDA the Annual Compulsory Fund of Authority (referred to as the "**Uang Wajib Tahunan Otorita**" or "**UWTO**"), and when the UWTO is paid in full, BIDA will issue its recommendation to enable the party to apply for a HGB Certificate to be issued by the BPN. The UWTO must be paid in full for a 30-year period in accordance with the applicable tariffs. The HGB Certificate in respect of the relevant land will be issued by BPN for an initial period of 30 years.

The Minister of Land Authority / Chairman of BPN has, in its letter dated 10 March 1995 to the State Minister of Research and Technology of Republic Indonesia who was also then the Chairman of BIDA, confirmed that, in principle, a company which has obtained a right of HGB over land in respect of HPL which is owned by BIDA, such right of HGB may be extended by BIDA for a further 20 years and thereafter renewed for an additional 30 years provided that the company continues to use the relevant land in accordance with the initial allocation thereof and that the land is not used as a speculative object by the relevant company.

In this regard, as BIDA is the holder of HPL over all the land in Batam, parties which receive land allocations from BIDA are required to enter into a binding agreement with BIDA in respect of the allocation of land, which agreement stipulates the terms and conditions for such allocation. After BIDA and a third party enter into the binding agreement, the third party must pay the 30 year UWTO and based on the receipt evidencing the full payment of the UWTO, the third party may apply for the HGB Certificate, which will be valid for 30 years.

To seek an extension of the initial 30-year period, the HGB Certificate holder may submit to BPN an application for a 20-year extension of the respective HGB Certificate, and include in such application a receipt evidencing the full payment of the UWTO for 20 years at the tariffs applicable then.

Under general Indonesian Agrarian regulations, the application for extension or renewal (as the case may be) of the HGB Certificate shall be made at least 2 years before the expiration of the validity period of the HGB Certificate. Notwithstanding the Agrarian regulations, each of PT BIC and PT BEV (which holds land with HGB title in Batam) is required to comply with the provisions of its agreement(s) in respect of its land allocation from BIDA (as mentioned below). As such, PT BIC and PT BEV may apply for extension of their respective HGB for a further 20 years, 6 months prior to the expiry of the initial term of the HGB, and apply for renewal of the HGB for an additional 30 years thereafter 1 year prior to the expiration of the extended 20-year period. The amount payable for renewal of the tenure of land will be subject to the tariffs applicable at the relevant time. For example, the amount of UWTO paid by PT BIC to BIDA in 1992 was approximately US$2,726,720 in respect of an area of approximately 801,980m^2.

Notwithstanding any prepayment of the UWTO, the grant by BIDA to the HGB holder of the extension period or renewed period (as the case may be) is subject to certain conditions, including that the usage of the land is in compliance with the zoning of such land and the terms and conditions of the existing binding agreement concerning the allocation of land and the buildings involved are still in a good condition. There is no assurance that such extension or renewal will be granted. We have not made any prepayment for the extension or renewal of HGB in respect of any of our lands in Batam.

(ii) *Bintan*

Our Company has also received advice from M/s Brigitta I. Rahayoe & Syamsuddin, that in relation to the HGB for Bintan, the application for extension or renewal shall be submitted to BPN at least 2 years prior to the expiry of the validity period of the HGB by the holder of the relevant HGB Certificate.

Prepayment for the renewal/ extension of the validity period of the HGB may be made, and where such prepayment has been made, an administrative fee (which will be determined by the Minister of Land/Head of National Land Office as approved by the Minister of Finance in Indonesia when the applications for extension or renewal are made) will only need to be paid on extension or renewal of the HGB Certificate.

M/s Brigitta I. Rahayoe & Syamsuddin has advised that the renewal of HGB is subject to certain conditions, including that the usage of the land is in compliance with the zoning of such land. Other conditions to the renewal of HGB based on Indonesian Government Regulation No. 40/1996 ("**PP No.40/1996**") in respect of rights to utilise lands, rights to build lands and right to use lands are:

- the HGB holder is in compliance with the requirements of the National Land Office for the bestowal of land as prescribed in the decree of granting of land title;
- the HGB holder is still an Indonesian legal entity and/or an Indonesian citizen; and
- the said land still conforms to the Regional Spatial Layout Plan (referred to in Indonesian as *Rencana Tata Ruang Wilayah*) concerned.

We have only made prepayment for the renewal and extension of HGB in respect of approximately 15% of our lands in Bintan. There is no assurance that the extension and renewal of the HGB will be granted when the application for such extension and/or renewal is made, notwithstanding any prepayment which may have been made.

If we are unable to extend and/or renew the HGB, on expiry of the existing HGB term, the relevant land will have to be returned to (in the case of Bintan) the State or (in the case of Batam) to BIDA and this will adversely affect the valuation ascribed to our properties, our Business and any investment in our Shares. See Colliers International's report in Appendix B of this Prospectus. The SGX-ST has granted a waiver to our Company from compliance with the requirement under Rule 222(1) of the Listing Manual, which provides that a property investment/ development company which has properties that have remaining leases of less than 30 years must not, in aggregate, account for more than 50% of the group's operating profits for the past 3 years.

The value of our land may change

The land held by two of our subsidiaries, namely PT BMW and PT SBP, was valued by Colliers International in 2006 and its valuation certificates are set out in Appendix A of this Prospectus. However, the land valuation(s) set out in these reports may change with changes in, *inter alia*, conditions including market and operating conditions, and are not an indication of, and do not guarantee, a sale price in the present or future.

RISKS RELATING TO REGULATORY, ECONOMIC, SOCIAL AND POLITICAL CONDITIONS

Our businesses are subject to government regulation

We are subject to national and local government regulations, including those relating to property investment and development, investment in Indonesian companies, company registration and business registration. We are also subject to laws governing our relationship with our employees, including minimum wage requirements and work permit requirements. Compliance, or failure to comply, with these laws and regulations could adversely affect our Business and any investment in our Shares.

As at the Latest Practicable Date, the following companies in our Group, PT BIC, PT BIIE, PT BEV, PT SBIG, PT BRC, PT SI, PT BMW and PT SBP are foreign investment companies in Indonesia ("**Foreign PMA Companies**"). The shareholding owned by foreign entities in a Foreign PMA Company should be reduced within 15 years of the commencement of commercial production of the Foreign PMA Company. The Decree of the Minister for Mobilization of Investment Funds/ Chairman of BKPM No. 15/SK/1994 dated 29 July 1994 provides that such divestment shall be determined according to the consensus of the relevant parties. The required percentage, if any, of divestment is not stated in the decree. For further information on Foreign PMA Companies, please refer to the section "Government Regulations" in Appendix F of this Prospectus.

Please see the section "Risks Relating to Our Fixed Property" on pages 41 to 43 of this Prospectus and the section "Government Regulations" in Appendix F of this Prospectus for more details.

We may be found to contravene our licences and/or our licences may be revoked or not renewed

Changes in laws, regulations and government policy affecting our business activities or those of our competitors could adversely affect our Business and any investment in our Shares. In particular, decisions by governmental or regulatory authorities in Indonesia relating to the grant, extension and/or renewal of our or our competitors' licences could adversely affect our Business and any investment in our Shares.

Additionally, there can be no assurance that such regulatory bodies will not issue licences to new industrial park operations or resort operations whose services will compete with those offered by us.

As at the date of this Prospectus, we hold licences in Indonesia and Singapore which allow us to carry on our businesses in those jurisdictions. These licences may have expired or are expiring soon (information on certain of such licences is provided in the section "Certain Business Licences" on pages F-4 to F-6 in Appendix F of this Prospectus). In addition, any of our Group companies which is licensed to carry on its business activities or otherwise may be found to be in breach of any condition of the applicable licence(s) or any provision of any code of practice, standard of performance or other governmental regulation or regulatory requirement. The relevant governmental and/or regulatory authorities or agencies may take action against such company, including issuing warnings, imposing penalties (including fines and/or term of imprisonment, where applicable), suspending the licence (or part thereof), reducing the duration of the licence or imposing additional conditions and/or restrictions on the licence, and/or cancelling the licence (in whole or in part).

There is also no assurance that our existing licences will be renewed by the relevant regulatory authority on the expiry of such licences. For example, BRFH is currently licensed by the Singapore Tourism Board to carry on the business of a travel agent under the Travel Agents Act, Chapter 334 of Singapore, and the licence will expire on 31 December 2006. There is no assurance that our existing licences will be extended or renewed by the relevant regulatory authority(ies), and any such licences may be extended or renewed subject to conditions which are more stringent or restrictive than those currently imposed on the existing licences held by our Group.

We may also carry out our business activities and operations in various jurisdictions in reliance on statutory exemptions which exempt us from licensing and other regulatory requirements in such details.

In the event that we are not able to procure or retain licences which are essential to our operations, or where our operations do not meet the requirements necessary to qualify for the relevant statutory exemptions, our Business and any investment in our Shares will be materially and adversely affected.

Please refer to the section "Government Regulations" in Appendix F of this Prospectus for more information.

Compliance with environmental laws and regulations could result in substantial costs to us

Our utilities facilities and industrial parks are located in Indonesia. Environmental laws and regulations in Indonesia are not as evolved as in developed countries. The handling and disposal of waste matter and other materials might become heavily regulated in the countries in which we operate in future. Whilst we cannot currently anticipate the scope and timing of future costs of compliance with such environmental laws and regulations, any significant contamination or any significant changes in environmental laws and regulations may affect our Business and any investment in our Shares.

We face political, economic, social and legal/regulatory risks relating to the countries in which we have operations

In addition to the risks relating specifically to our operating activities described above, our business is also subject to general risks associated with the markets and/or countries in which we operate, such as the prevailing political, economic, social and legal/regulatory conditions.

Our earnings, asset values and prospects continue to be affected by unfavourable developments in respect of inflation, interest rates, government policies, price and wage controls, taxation, social instability and other adverse political, economic or social developments in or affecting the countries and/or the markets in which we operate. We have no control over such developments and conditions and can provide no assurance that they will not adversely affect our Business or any investment in our Shares.

Our utilities business, industrial parks business and resort operations business contributed about 58.9%, 31.6% and 9.5% respectively, of our Group's gross revenue for FY2004. Our utilities business, industrial parks business and resort operations business contributed about 59.0%, 32.9% and 8.1% respectively, of our Group's gross revenue for HY2005. Investors should note that this may not necessarily be representative of the future proportion of revenue contributions of our respective businesses.

A substantial part of our operations, assets and sales are located in Indonesia, a developing market. The legal and regulatory regimes in such markets may be less certain than in more developed markets and may be subject to unforeseen changes. At times, the interpretation or application of laws and regulations may be unclear; neither may the content of applicable laws and regulations be immediately available to the public. Under such circumstances, consultation with the relevant authority in Indonesia may be necessary to obtain better understanding or clarification of applicable laws and regulations.

For example, Indonesia's legal system is a civil law system based on written statutes. Judicial decisions in Indonesia, in particular those rendered by the Supreme Court, are persuasive. However, they are not systematically and immediately published as in developed countries. The application of many Indonesian laws and regulations depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy. Indonesian judges operate in an inquisitorial legal system and Indonesian court decisions may omit express articulation of the legal and factual analysis of the issues presented in a case. As a result, administration and enforcement of laws and regulations by Indonesian courts and governmental agencies may be subject to uncertainty and considerable discretion. There is no assurance that we have complied with all laws and regulations in these relevant jurisdictions. The breach of any law and regulations may have a material adverse effect on our Business and any investment in our Shares.

We may grow our business in other developing markets which may exacerbate the legal and regulatory risks to which we are subject.

We are also subject to a broad range of risks, and we expect these risks to increase as we expand our operations into new countries. These risks include the following:

(a) unexpected changes in governmental laws and regulations;

(b) difficulties and costs of staffing and managing international operations;

(c) the ability of our management to deal with multiple and diverse regulatory regimes and related compliance costs;

(d) potentially adverse tax consequences;

(e) uncertain protection for intellectual property rights;

(f) the risk of nationalisation and expropriation of our assets;

(g) currency fluctuation and regulation risks including imposition or tightening of foreign exchange controls or restrictions on repatriation of dividends or profits;

(h) social unrest or political instability; and/or

(i) adverse economic, political and other conditions.

Any of these factors, many of which are outside our control, may affect our Business and any investment in our Shares.

Terrorist activities in Indonesia could destabilise the country, thereby affecting our business

During 2002 to 2005, several bombing incidents took place in Indonesia, most significantly in Bali in October 2002 and October 2005. Other bombing incidents have also been committed in Indonesia on a number of occasions over the past few years, including at shopping centres and places of worship. In April 2003, a bomb exploded outside the main United Nations building in Jakarta, and in the same month, a bomb exploded at the domestic terminal at Jakarta International Airport. In August 2003, a bomb exploded at the JW Marriott Hotel in Jakarta and on 9 September 2004, a bomb exploded outside the Australian Embassy in Jakarta. Further terrorist acts may occur in the future. Terrorists acts may, for example, be directed at foreigners in Indonesia. Violent acts arising from, and leading to, instability and unrest have in the past had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and may affect our Business and any investment in our Shares.

Economic changes in Indonesia may adversely affect our business

The economic crisis which affected Southeast Asia, including Indonesia, from mid-1997 was characterised in Indonesia by, among other effects, currency depreciation, negative economic growth, high interest rates, social unrest and extraordinary political developments. A re-occurrence of these conditions or a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the Indonesian financial markets and a slowdown or negative growth may affect our Business and any investment in our Shares.

Political uncertainties in the world may affect our business and our profitability

The war in the Middle East has created considerable political and economic uncertainty in many parts of the world. In addition to that, terrorist attacks in Asia and other parts of the world and possible responses to such attacks have led to further political, social and economic uncertainty and affected confidence in the recovery of the economy both in Singapore and in other parts of the world. If there is a protracted economic slowdown due to political and economic uncertainty anywhere in the world, this would adversely affect our Business and any investment in our Shares.

Fluctuations in foreign exchange may affect our reported financial results

We are subject to movements in foreign currency exchange rates as a significant amount of our expenses are incurred in Rp. Our revenue is substantially earned in S$.

Our foreign exchange risk arises mainly from the mismatch between the currency of our revenue, purchases and operating expenses. To the extent that our revenue, purchases and operating expenses are not matched in the same currency, we may be susceptible to foreign exchange exposure. For example, any significant depreciation in the foreign exchange rate of S$ against Rp could result in us incurring net foreign exchange losses. Hence, should there be any significant adverse fluctuations in the exchange rate of S$ against Rp, our financial performance may be adversely affected. We currently do not have any formal policy to hedge our foreign currency exchange exposure although we may from time to time enter into foreign currency forward contracts, where necessary, to hedge our exposure to foreign currency fluctuations. However, there is no assurance that we will be able to successfully hedge all foreign currency exposures.

We are also subject to translation risks as our consolidated financial statements are denominated in S$ while the financial statements of our subsidiaries in foreign countries are prepared in their respective functional currencies. In addition, some of our assets and liabilities are recorded in currencies other than S$. In the preparation of our consolidated financial statements, the financial statements of our subsidiaries in foreign countries are translated from their respective functional currencies based on the prevailing exchange rates on the balance sheet date, except for share capital and reserves (which are translated at historical exchange rates) and profit and loss items which are translated at average exchange rates for the relevant financial year. Any significant appreciation of the S$ against the respective foreign currencies would adversely affect our operating results.

Adverse movements in interest rates may affect our business

Our current borrowings carry, and our future borrowings may carry, interest at floating rates. Therefore, any increase in interest rates would affect our costs of servicing our credit facilities and borrowings, which may adversely affect our Business and any investment in our Shares.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Our Shares have never been publicly traded before and there may not be an active or liquid market for our Shares

Prior to the listing of our Shares on the SGX-Sesdaq, there was no public market for our Shares. We have received approval in-principle for the listing and quotation of our Shares on the Official List of the SGX-Sesdaq. The listing and quotation does not however guarantee, and there can be no assurance, that a trading market for our Shares will develop or be sustained or, if the market does develop, the liquidity of that market for our Shares. Generally, the liquidity of the market for a particular share is dependent on, amongst others, the size of the free float, the price of the board lot, institutional interests, and the business prospects of the company as well as the prevailing market sentiment. The Placement Price has been determined based on several factors and may not be indicative of the market price at which our Shares will trade.

Investors may not be able to resell their Shares at or above the Placement Price. Volatility in the trading price of our Shares may be caused by factors outside of our control and may be unrelated to our operating results.

We would caution that as at the date of this Prospectus, approximately 84.83% of our Shares will be under moratorium for a period after our date of admission to the Official List of SGX-Sesdaq, more particularly set out in the section "General Information on our Group – Moratorium" on page 62 of this Prospectus.

There is a possibility that our Share price may fluctuate widely and this may affect your investment

The market price of our Shares may be highly volatile and could be subject to wide fluctuations. These fluctuations may be exaggerated if the trading volume of our Shares is low. In addition, the market price or our Shares may also rise and fall in response to, amongst others:

(a) the success or failure of our management team in implementing business and growth strategies;

(b) announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, partnerships, joint ventures, capital commitments or new products or services offered by us or our competitors;

(c) gain or loss of important business or other relationships;

(d) variations of our operating results;

(e) additions or departures of our key executives;

(f) changes in, or our failure to meet, analysts' expectations of our financial performance;

(g) changes in general economic, social, political or stock market conditions or other events or factors;

(h) changes or uncertainty in the political, economic and regulatory environment in the markets that we operate in;

(i) changes in share prices of companies with similar business to our Company that are listed in Singapore;

(j) fluctuations of stock market prices and volume; and

(k) our Group's involvement in litigation or other legal proceedings or processes.

Future sales of our Shares could adversely affect our Share price

Any future sale or availability of our Shares can have a downward pressure on our share price. The sale of a significant amount of our Shares in the public market after the Share Distribution and Private Placement, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. These factors also affect our ability to sell additional securities for subscription in future. Except as otherwise described in the section "General Information on our Group – Moratorium" on page 62 of this Prospectus, there will be no restriction on the ability of the Substantial Shareholders to sell their Shares. Any substantial sale of our Shares over a short period after the expiry of the applicable moratorium period of our Substantial Shareholders could cause our Share price to fall.

Our holding company structure and/or other factors and restrictions may impede our ability to service our debt obligations or pay dividends to our Shareholders

We operate under a holding company structure. As a holding company, the level of our income and our ability to service our debt obligations and to pay dividends may depend upon receipt of dividends and distributions from our subsidiaries, associated corporations and equity investments. The payment of dividends by our subsidiaries, associated corporations and equity investments is contingent upon many factors, including their earnings and cash flows, and may be subject to legal, contractual and/or tax and accounting requirements in the relevant jurisdiction and other restrictions on the payment of dividends under the terms of certain agreement(s). As security for a S$112,500,000 term loan facility to our Company, our subsidiary Verizon Resorts (Labuan) has pledged the shares held by it in PT BMW, PT SBP and PT SI and assigned and charged all of its rights, title and interest in dividends arising from such shares to UOB. As at the date of this Prospectus, our Company has also pledged certain of its shares in PT BIC and assigned and charged all its rights, title and interest in dividends arising from such shares to UOB. (See also the section "Capitalisation and Indebtedness" on page 141 of this Prospectus.) In cases where we hold a minority stake in an investee company, we may not be able to control the amount or timing of dividend payments or distributions.

Any such restrictions may impede our ability to service our debt obligations or to pay dividends.

Please refer to the sections "Exchange Controls" on pages 192 and 193 of this Prospectus and "Summary of Taxation" in Appendix G of this Prospectus, for certain information relating to exchange controls and taxation, respectively, in, *inter alia*, Indonesia and Malaysia.

Future dilution due to capital requirements

Our working capital and capital expenditure needs may vary materially from those presently planned, depending on numerous factors, including our strategic alliances, marketing and distribution strategies and other factors which cannot be foreseen. If we do not meet our goals with respect to revenues, or if costs are higher than anticipated, substantial additional funds may be required. Even if we exceed our goals, our success may introduce new opportunities that may have to be fulfilled quickly and this could also result in the need for substantial new capital. To the extent that funds generated from operations have been exhausted, we may have to raise additional funds to meet the new capital requirements. These additional funds may be raised by way of a limited placement or by a rights offering or through the issuance of new Shares. In all such events, if any Shareholder is unable or unwilling to participate in such round of fund raising, such Shareholder may suffer dilution in his investment.

Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues by our Company

If our Company offers or causes to be offered to shareholders rights to subscribe for additional Shares or any right of any other nature, our Company will have certain discretion as to, *inter alia*, the shareholders to whom the offer is to be extended, the procedure to be followed in making such rights available and disposal of such rights and the distribution of the proceeds thereof. For example, in order to avoid violation of overseas securities legislation, our Company may not offer such rights to the holders of Shares having an address in a jurisdiction outside Singapore. Accordingly, shareholders of our Company who have a registered address in a jurisdiction outside Singapore may be unable to participate in rights offerings and may experience a dilution in their shareholdings.

Certain of our loan agreements contain financial and shareholding covenants and restrictions

Currently, our main loans contain various financial and other covenants. If we fail to comply with these covenants, we could be in default under these loans and in that event, the lender(s) would have the right, subject to the terms of the relevant agreements, to accelerate our obligation to repay the outstanding borrowings under these loans. Such a default may also cause cross-defaults under our other loans and may affect our Business and any investment in our Shares. In addition, our loans may require that we obtain written consent from our lender(s) prior to incurring indebtedness or creating security interests over our assets. This may limit our ability to raise future financing.

GENERAL INFORMATION ON OUR GROUP

OUR COMPANY

Our Company was incorporated in Singapore on 7 April 2003 under the Singapore Companies Act as a private company limited by shares under the name of Gallant Venture Pte. Ltd. (Company Registration Number 200303179Z). On 25 April 2006, our Company was converted into a public company limited by shares and changed its name to Gallant Venture Ltd..

SHARE CAPITAL

As at the Latest Practicable Date, the issued and paid-up share capital of our Company is S$2 comprising 20 ordinary shares.

As at 30 June 2005, the authorised share capital of our Company was S$500,000 comprising 500,000 ordinary shares of S$1.00 each and the issued and paid-up share capital of our Company was S$2 comprising 2 ordinary shares of par value S$1.00 each.

At an EGM held on 14 October 2005, the Shareholders of our Company approved, *inter alia*, the following:

(a) the increase in our authorised share capital from S$500,000 divided into 500,000 ordinary shares of S$1.00 each to S$300,000,000 divided into 300,000,000 ordinary shares of S$1.00 each; and

(b) the sub-division of each ordinary share of S$1.00 each in the authorised and issued share capital of our Company into 10 Shares of S$0.10 each ("**Share Sub-Division**").

At an EGM held on 24 April 2006, the Shareholders of our Company approved, *inter alia*, the issue of an aggregate of 2,410,423,164 new Shares in connection with the Restructuring Exercise.

At an EGM held on 24 April 2006, the Shareholders of our Company approved, *inter alia*, the following:

(a) the conversion of our Company into a public limited company and the change of name to Gallant Venture Ltd.;

(b) the adoption of a new set of Articles of Association; and

(c) that authority be given to our Directors to:

(i) (aa) issue 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, 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) (notwithstanding the authority so conferred may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while such authority was in force;

Provided that:

(iii) the aggregate number of Shares to be issued pursuant to such authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the issued Shares of our Company (as calculated in accordance with paragraph (iv) below), and provided further that where Shareholders with registered addresses in Singapore are not given the opportunity to participate in the same on a *pro-rata* basis, then the Shares to be issued under such circumstances (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the issued Shares of our Company (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 Shares that may be issued under paragraph (iii) above, the percentage of issued Shares shall be based on the issued Shares of our Company 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, provided the options or awards were granted in compliance with the Listing Manual; and

(cc) any subsequent consolidation or subdivision of 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) in exercising the authority so conferred, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company; and

(vi) (unless revoked or varied by our 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 our Company is required by law to be held, whichever is the earlier.

As at the date of this Prospectus, there is only one class of shares in our Company, being ordinary shares. Our Articles of Association relating to the voting rights of our Shareholders are set out in Appendix E of this Prospectus.

Details of the issued and paid-up share capital of our Company as at the Latest Practicable Date and the changes in the issued and paid-up share capital of our Company from (and including) 1 January 2005 and up to (and including) 31 December 2005, including the resultant issued and paid-up share capital immediately after the Share Sub-Division, the issue of new Shares pursuant to the Restructuring Exercise and the Share Distribution and the Private Placement, are as follows**:

** Following the coming into effect of the Companies (Amendment) Act 2005 on 30 January 2006, shares of a company shall have no par value.

	Number of shares	Resultant issued share capital (S$)
Issued and paid-up ordinary shares of S$1.00 each as at 1 January 2005	2	2
Issued and paid-up share capital immediately after the Share Sub-Division	20	2
Issued and paid-up ordinary shares of S$0.10 each as at 31 December 2005 and as at the Latest Practicable Date	20	2
Issued and paid-up share capital immediately after the Restructuring Exercise	2,410,423,184	1,205,211,584
Issued and paid-up share capital immediately before and after the Share Distribution and the Private Placement	2,410,423,184	1,205,211,584

Our Company's shareholders' equity as at 30 June 2005 before and after adjustments to reflect the increase in share capital as a result of the Restructuring Exercise are set out below. This should be read in conjunction with the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries set out in Appendix J of this Prospectus.

	As at 30 June 2005 (S$ '000)	After the Restructuring Exercise (S$ '000)
Shareholders' Equity		
Issued and paid-up share capital	–	1,193,292
Share premium[(1)]	–	–
Accumulated losses	(1,967)[(2)]	(1,967)[(2)]
Total shareholders' equity	(1,967)	1,191,325

Notes:

(1) On 30 January 2006, in line with the amendments to the Companies Act, the concepts of par value of shares and authorised share capital were abolished and on that date, the Shares of our Company ceased to have a par value.

(2) This is in respect of administrative expenses and finance costs incurred by our Company, which was dormant prior to the Restructuring Exercise.

THE ATD SCHEME AND THE RESTRUCTURING EXERCISE OF OUR GROUP

(A) ATD SCHEME

Our Company has entered into a scheme agreement which, upon completion, would result in the shareholders and creditors of ATD becoming our Shareholders. Certain information on this agreement and the ATD Scheme is provided below.

Scheme Agreement

The restructuring of ATD and its debts involves a scheme of arrangement between ATD, ATD Shareholders and ATD Creditors in accordance with Section 210 (read with Section 227X) of the Singapore Companies Act.

On 16 April 2003, our Company entered into a scheme of arrangement agreement with ATD and PT HR, and the PT HR S&P Agreement. Subsequently on 8 February 2005, a revised scheme of arrangement agreement (which has since been amended by supplemental agreements dated 19 July 2005 and 18 January 2006) was entered into between our Company, ATD and PT HR.

Our Directors believe that the above scheme of arrangement agreements between our Company, ATD and PT HR were entered into on an arm's length basis.

Certain Proposed Terms of the ATD Scheme Involving the ATD Shareholders

Pursuant to the terms of the Scheme Agreement, it is provided that under the ATD Scheme on or after the ATD Scheme Effective Date, the following shall be effected:

(i) share capital of ATD of S$82,531,680 comprising 82,531,680 ATD Shares shall be cancelled by way of capital reduction;

(ii) PT HR shall transfer to the ATD Shareholders an aggregate of 8,253,168 Shares, representing approximately 0.34% of our issued Shares immediately after the Share Distribution, in accordance with the ATD Share Exchange Ratio; and

(iii) for the purpose of constituting ATD as a wholly-owned subsidiary of PT HR, ATD shall issue and allot two (2) ATD Shares (or such other number of shares in ATD as may be appropriate), credited as fully paid-up, to PT HR.

Based on the Placement Price and the ATD Share Exchange Ratio, the equivalent dollar value for each Share may be considered to be S$0.50 and PT HR will transfer Shares in an aggregate value of S$4,126,584 to ATD Shareholders.

In the event that the ATD Scheme becomes effective on the ATD Scheme Effective Date, PT HR will hold all the issued ordinary shares in ATD.

Certain Proposed Terms of the ATD Scheme Involving the ATD Creditors

Pursuant to the terms of the Scheme Agreement, it is provided that under the ATD Scheme on or after the ATD Scheme Effective Date, the following shall be effected:

(i) ATD Creditors shall assign to PT HR their rights, title and interests to a portion of their approved claims against ATD, which portion shall amount to an aggregate of S$8,400,000 ("**Assigned Indebtedness**");

(ii) PT HR shall transfer to the ATD Creditors an aggregate of 16,800,000 Shares, representing approximately 0.70% of our issued Shares immediately after the Share Distribution, at S$0.50 per Share; and

(iii) the Assigned Indebtedness will be subordinated to the balance of the outstanding claims owed by ATD to the ATD Creditors, subject to the terms and conditions of the Scheme Agreement and the ATD Scheme.

The transfer price of S$0.50 per Share was arrived at taking into account the Adjusted NAV per Share of our Group.

In the event that the ATD Scheme becomes effective, PT HR will become a subordinated creditor of ATD.

Proposed Conditions to the ATD Scheme

The ATD Scheme is proposed to be subject, *inter alia*, to the following conditions being satisfied or waived (as the case may be):

(a) leave of Court having been obtained for the JMs to propose the ATD Scheme and to call for such meetings as are necessary for the ATD Scheme;

(b) all necessary approvals and consents from all relevant government, regulatory and other authorities and third parties in Singapore and other relevant jurisdictions to effect and complete the ATD Scheme being obtained;

(c) the confirmation granted by the SIC that the ATD Scheme is exempt from certain specified rules of the Singapore Code on Take-overs and Mergers (including Rule 14 which deals with the obligation to make a takeover offer), not being revoked or varied;

(d) the eligibility-to-list granted by the SGX-ST for the listing of our Shares on the SGX-Sesdaq not having been revoked or withdrawn;

(e) the requisite approval of the ATD Shareholders and the ATD Creditors including such approvals as may be required under Section 210 (read with Section 227X) of the Singapore Companies Act;

(f) the sanction and confirmation by the Court, *inter alia*, of the ATD Scheme and the reduction of the share capital of ATD; and

(g) the Private Placement having become unconditional in all respects save for any conditions thereof relating to the ATD Scheme and the admission of our Company to the Official List of the SGX-Sesdaq.

If the above conditions are not satisfied or waived by 4 October 2006 or such other date as the parties may agree or the Court may allow, the Scheme Agreement shall terminate and no party shall have any claim against the others save as provided in the Scheme Agreement.

The ATD Scheme will only become fully effective and binding subject to and upon the satisfaction or waiver (as the case may be) of the above conditions and the lodgment with the Registrar of Companies of the order of Court sanctioning the ATD Scheme. It is currently expected that such order of Court, if obtained, will be lodged on the closing date of the Private Placement.

After the ATD Scheme becomes effective, all ATD Shares shall be removed from the Official List of the SGX-ST and the listing and quotation of ATD Shares thereon shall cease. It is expected that the JMs will petition to the Court to place ATD in liquidation shortly after the completion of the ATD Scheme. Subject, *inter alia*, to the ATD Scheme becoming effective and the completion of the Private Placement, all our Shares will be admitted to the SGX-Sesdaq, and dealing and quotation of our Shares on the SGX-Sesdaq shall, subject to the approval of the SGX-ST, commence as soon as practicable thereafter. Please refer to the Indicative Timetable for Listing on pages 19 and 20 of this Prospectus for further information.

The Share Distribution

Pursuant to the Scheme Agreement, on or after the ATD Scheme Effective Date, PT HR will transfer a total of 25,053,168 Shares to the ATD Creditors and the ATD Shareholders as follows:

(a) 16,800,000 Shares to the ATD Creditors; and

(b) 8,253,168 Shares to the ATD Shareholders.

The said 25,053,168 Shares will constitute approximately 1.04% of our issued Shares.

Each ATD Shareholder will receive 100 Shares for every 1,000 ATD Shares held or standing to the credit of his Securities Account, while each ATD Creditor will receive 2,000 Shares for every S$1,000 of Assigned Indebtedness assigned to PT HR. Fractional share entitlements shall be disregarded.

The Approvals

On 6 January 2006, the SGX-ST granted eligibility-to-list for our Shares on the SGX-Sesdaq, subject to certain conditions.

On 9 February 2006, the SIC confirmed that the ATD Scheme is exempt from certain rules of the Singapore Code on Take-overs and Mergers (including Rule 14 which deals with the obligation to make a takeover offer), subject to, *inter alia*, ATD appointing an independent financial adviser to advise the ATD Shareholders on the ATD Scheme.

The ATD Scheme is subject to, *inter alia*, the approval of the ATD Shareholders and the ATD Creditors at the respective Scheme Meetings of the ATD Shareholders and the ATD Creditors. ATD has obtained the leave of the Court to convene the Scheme Meetings by 30 June 2006.

(B) RESTRUCTURING EXERCISE OF OUR GROUP

Our Group will undertake and complete the Restructuring Exercise described below prior to the registration of this Prospectus. A diagrammatic presentation setting out the shareholdings in the companies comprising our Group immediately before the Restructuring Exercise, is set out on page 63 "Shareholdings in the Companies Comprising our Group Immediately Before the Restructuring Exercise" of this Prospectus. Our group structure as at the date of this Prospectus is set out on page 64 of this Prospectus.

(i) PT HR Acquisition

Acquisition by our Company of interests in Batam assets from PT HR

Our Company entered into the PT HR S&P Agreement to acquire from PT HR, 39,999 PT BIC Shares, representing approximately 50.0% of the issued share capital of PT BIC. The aggregate consideration for the purchase of the PT BIC Shares was S$256,996,688. The principal activities of PT BIC are the development and management of industrial estates. The purchase consideration was agreed between the parties taking into account the adjusted audited consolidated NAV of PT BIC of S$413,331,864 as at 30 June 2004.

Completion of the acquisition under the PT HR S&P Agreement will take place prior to registration of this Prospectus. On completion, the purchase consideration is to be fully satisfied by the allotment of 532,064,886 Shares (representing approximately 22.07% of our Shares immediately after the completion of the Restructuring Exercise) by our Company at an issue price of approximately S$0.48 for each Share. The transfers of the PT BIC Shares are to be registered with the relevant Indonesian authorities.

Our Directors believe that the PT HR S&P Agreement was entered into on an arm's length basis.

(ii) SCI Acquisition

Acquisition by our Company of interests in Batam and Bintan assets from the SCI Group

On 31 March 2006, our Company entered into the SCI S&P Agreement to acquire from the SCI Group, 30,000 PT BIC Shares (representing 37.5% of the issued share capital of PT BIC), 28,632,000 ordinary shares in PT BIIE (representing 25% of the issued share capital of PT BIIE after PT BIIE's loan capitalisations in 2006 set out in the section "General and Statutory Information - Share Capital" on page 196 of this Prospectus), 2,100,000 ordinary shares in the capital of BRF (representing 30% of the number of issued shares in the capital of BRF) and 5,205,000 ordinary shares in the capital of PT BRC (representing approximately 2.65% of the issued capital of PT BRC after PT BRC's loan capitalisations in 2006 set out in the section "General and Statutory Information - Share Capital" on page 196 of this Prospectus). The principal activities of PT BIIE are the development, operation, maintenance and management of Bintan Industrial Estate in Bintan, Indonesia, together with the supporting infrastructure support activities. BRF is principally involved in the provision of ferry services between Singapore and Bintan. The principal activities of PT BRC are the development and operation of a tourism area in Bintan, Indonesia, including the sale of land in such area.

Completion of the acquisition under the SCI S&P Agreement will take place prior to registration of this Prospectus. On completion, the aggregate purchase consideration of S$243,889,452 is to be paid by our Company in cash. The purchase consideration was agreed between the parties taking into account the adjusted audited consolidated NAV of PT BIC, PT BIIE, BRF and PT BRC of S$413,331,864, S$167,769,239, S$10,659,910 and S$150,928,884, respectively, as at 30 June 2004. The transfers of the shares in PT BIC, PT BIIE and PT BRC are to be registered with the relevant Indonesian authorities.

On 31 March 2006, our Company entered into a subscription agreement with SembPark Holdings ("**Subscription Agreement**"), pursuant to which SembPark Holdings agreed to subscribe in cash for 477,987,502 new Shares (representing approximately 19.83% of our Shares immediately after the completion of the Restructuring Exercise) at a subscription price of approximately S$0.51 for each Share. Completion of the subscription will take place prior to registration of this Prospectus and our Company will on completion allot and issue 477,987,502 new Shares at the agreed subscription price.

Our Directors believe that the SCI S&P Agreement and the Subscription Agreement were entered into on an arm's length basis.

Pursuant to a sale and purchase agreement entered into between SembPark Holdings and the Salim Group, Dornier Profits, a member of the Salim Group, is to acquire 84,000,000 Shares at the Placement Price subject to the terms and conditions thereof. The sale and purchase is to be completed when the Subscription Agreement is completed. SembPark Holdings also has an option to acquire 233,069,664 Shares from PVP XXX, which is referred to in sub-paragraph (iii) below. Upon the completions of the Subscription Agreement, the aforesaid sale and purchase agreement and option, SembPark Holdings will hold an aggregate of 627,057,166 Shares (representing approximately 26.01% of our issued Shares immediately following the completion of the Restructuring Exercise).

(iii) PVP Acquisition

Acquisition by our Company of interest in Bintan assets from PVP XXX

Our Company entered into the PVP S&P Agreement to acquire from PVP XXX the entire issued share capital of Verizon Resorts (Labuan). Verizon Resorts (Labuan) is an investment holding company with subsidiaries which are principally involved in property development, resort operations and utilities***. The aggregate purchase consideration of S$613,341,220 for the issued share capital of Verizon Resorts (Labuan) was agreed between the parties taking into account the adjusted audited consolidated NAV of Verizon Resorts (Labuan) of S$613,341,219 as at 30 June 2004. In consideration for the sale by PVP XXX of the shares in Verizon Resorts (Labuan), our Company agreed to advance the amount of S$87,500,000 to Verizon Resorts (Labuan). Verizon Resorts (Labuan) in turn loaned S$87,500,000 its then subsidiary, Oasis, to repay bank borrowings. Please see the sections entitled "Capitalisation and Indebtedness" and "Interested Person Transactions – Past Interested Person Transactions" on pages 142 and 166 respectively of this Prospectus.

Under the PVP S&P Agreement, the consideration of S$613,341,220 is to be satisfied by the allotment of 1,220,864,026 Shares to PVP XXX (or as it may direct) (representing approximately 50.65% of our Shares immediately after the completion of the Restructuring Exercise) at an issue price of approximately S$0.50 for each Share. Completion of the acquisition under the PVP S&P Agreement will take place prior to registration of this Prospectus.

Our Directors believe that the PVP S&P Agreement was entered into on an arm's length basis.

Pursuant to options granted by PVP XXX to UOB and SembPark Holdings, UOB Nominees is to acquire 60,501,012 Shares (representing approximately 2.51% of our Shares immediately after the completion of the Restructuring Exercise), at a transfer price of approximately S$0.025 per Share, and SembPark Holdings is to acquire 233,069,664 Shares (representing approximately 9.67% of our Shares immediately after the completion of the Restructuring Exercise), at a transfer price of approximately S$0.025 per Share, from PVP XXX. The sale and purchase under these options are expected to be completed prior to the registration of this Prospectus. Upon the completions of the PVP Acquisition and its option agreements with UOB and SembPark Holdings, PVP XXX will hold an aggregate of 927,293,350 Shares (representing approximately 38.47% of our Shares immediately after the completion of the Restructuring Exercise).

*** These subsidiaries are PT SI, PT BRC, PT SBP, PT BMW, BRF and BRFH.

(iv) PT Elitindo Acquisition

Acquisition by our Company of interests in Bintan assets from the Salim Group

On 31 March 2006, our Company entered into the PT Elitindo S&P Agreement to acquire from PT Elitindo, 2,045,000 ordinary shares in the capital of PT BRC (representing approximately 1.04% of the issued share capital of PT BRC after PT BRC's loan capitalisations in 2006 set out in the section "General and Statutory Information – Share Capital" on page 196 of this Prospectus). The purchase consideration of S$1,569,660 was agreed between the parties taking into account the adjusted audited consolidated NAV of PT BRC of S$150,928,884 as at 30 June 2004.

Completion of the acquisition under the PT Elitindo S&P Agreement will take place prior to registration of this Prospectus. On completion, the purchase consideration is to be fully satisfied by the allotment of 3,106,688 Shares to PT Elitindo (representing approximately 0.13% of our Shares immediately after the completion of the Restructuring Exercise) at an issue price of approximately S$0.51 for each Share. The transfers of the shares in PT BRC are to be registered with the relevant Indonesian authorities.

Our Directors believe that the PT Elitindo S&P Agreement was entered into on an arm's length basis.

(v) Ascendas Acquisition

Acquisition by our Company of interests in Batam and Bintan assets from Ascendas

On 31 March 2006, our Company entered into the Ascendas S&P Agreement to acquire from Ascendas, 10,000 PT BIC Shares (representing 12.5% of the issued share capital of PT BIC) and 17,179,200 ordinary shares in the capital of PT BIIE (representing 15% of the issued share capital of PT BIIE after PT BIIE's loan capitalisations in 2006 set out in the section "General and Statutory Information – Share Capital" on page 196 of this Prospectus). The purchase consideration of S$89,414,562 was agreed between the parties taking into account the adjusted consolidated NAV of PT BIC of S$413,331,864 and the adjusted NAV of PT BIIE of S$167,769,239 as at 30 June 2004.

Completion of the acquisition under the Ascendas S&P Agreement will take place prior to registration of this Prospectus. On completion, the purchase consideration is to be fully satisfied by the allotment of 176,400,062 Shares to Ascendas (representing approximately 7.32% of our Shares immediately after the completion of the Restructuring Exercise) at an issue price of approximately S$0.51 for each Share. The transfers of the PT BIC Shares and the PT BIIE shares are to be registered with the relevant Indonesian authorities.

Our Directors believe that the Ascendas S&P Agreement was entered into on an arm's length basis.

PT AIB CONVERTIBLE LOAN AGREEMENT

PT AIB is involved in the management of hotels and owns the Nirwana Garden Resort in Bintan, Indonesia. The issued share capital of PT AIB is held as to 35% by Verizon Land (Labuan) and 65% by Pulau Holdings Pte Ltd, a member of the SCI Group. Verizon Land (Labuan) is a wholly-owned subsidiary of PVP XXX, a company in which each of the Parallax Group and the Salim Group has an interest. Our Company understands that the SCI Group has or is to acquire an option to purchase 19% of the issued share capital of Verizon Land (Labuan).

Our subsidiary, Verizon Resorts (Labuan) has entered into a convertible loan agreement dated 1 January 2005 with PT AIB ("**PT AIB Convertible Loan Agreement**"). Under this agreement and subject to the terms thereof, a loan in the principal amount of S$62,045,922 owing from PT AIB to Verizon Resorts (Labuan) ("**PT AIB Convertible Loan**") is convertible at the option of Verizon Resorts (Labuan) into shares in the capital of PT AIB ("**PT AIB Shares**") at the par value of each PT AIB share of US$1. The conversion price was agreed between the parties taking into account the unaudited net liabilities of PT

AIB as at 31 December 2004 of approximately S$14.9 million. Interest on the loan is at the rate of 1.5% above the Singapore Inter-bank Offer Rate (SIBOR) on a quarterly basis per annum. As at 30 June 2005, the interest accrued amounted to approximately S$2,369,457. 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. As at the Latest Practicable Date, the conversion of the loan into PT AIB Shares would, based on the current issued share capital of PT AIB, result in Verizon Resorts (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 Verizon Resorts (Labuan) and the businesses of our Group will include the ownership of a resort. The largest amount outstanding for the last three financial years ended 31 December 2005 and up to the Latest Practicable Date is S$65,989,901, which is also the amount outstanding as at the Latest Practicable Date.

The loan under the PT AIB Convertible Loan Agreement had been acquired by Verizon Resorts (Labuan) from Oasis, a company in which each of the Salim Group and the Parallax Group has an interest, for a consideration of S$63,395,658.72 ("**PT AIB Loan Acquisition**").

Our Directors believe that the PT AIB Convertible Loan Agreement and the acquisition from Oasis described above were entered into on an arm's length basis.

OUR SHAREHOLDERS

As at the date of this Prospectus, our issued Shares are held principally by PT HR (a member of the Salim Group), PVP XXX (in which the Parallax Group and the Salim Group have interests), SembPark Holdings (a member of the SCI Group) and Ascendas (a member of the Ascendas Group), as to 22.07%, 37.64%, 26.84% and 7.32%, respectively.

(a) Salim Group

PT HR is one of our Substantial Shareholders with a direct interest in approximately 22.07% of our Company's issued Shares. PT HR was a founding shareholder of PT BIC.

The issued share capital of PT HR is held by PT Gadingpratama Mandiri ("**PT GPM**") as to 84.88%, PT DSU as to 10.55%, PT Arya Indira Utama ("**PT AIU**") as to 4.51% and 4 individuals as to 0.06%. The Salim Group holds the entire issued share capital of PT GPM. It also has an interest in approximately 98.91% of PT DSU's issued shares and in the entire issued share capital of PT AIU.

Accordingly, the Salim Group (including PT GPM) is deemed to be interested in our Shares held by PT HR.

The Salim Group, via Dornier Profits, holds 60% of the issued share capital of PVP XXX which holds 37.64% of our issued Shares. Accordingly, the Salim Group via Dornier Profits is deemed to be interested in our Shares held by PVP XXX.

In addition, the Salim Group has, via PT Elitindo, a direct interest in approximately 0.13% of our issued Shares and has, via Dornier Profits, a direct interest in approximately 3.49% of our issued Shares.

As at the date of this Prospectus, the Salim Group thus has an aggregate interest of approximately 63.33% in our issued Shares via PT HR, PVP XXX, PT Elitindo and Dornier Profits.

In 1999, the Indonesian Bank Restructuring Agency (IBRA) through the management of Holdiko, took control of certain assets held by the Salim Group, including PT BMW, PT SBP and PT BRC (which are now our subsidiaries). Holdiko was established to hold the Salim Group's assets as part of the settlement between the Salim Group and IBRA. The Salim Group's assets were held for the purpose of their orderly disposal for the benefit of IBRA. In March 2004, the Salim Group and IBRA signed a release and discharge letter under which the Indonesian government released and discharged the Salim family (namely Soedono Salim, Anthoni Salim and Andree Halim) following the satisfactory settlement of their liabilities in conjunction with the repayment of loans extended by PT Bank Central Asia Tbk to affiliates of its shareholders. PT Bank Central Asia Tbk was previously controlled by the Salim family.

(b) Parallax Group

PVP XXX is one of our Substantial Shareholders with a direct interest in approximately 37.64% of our Company's issued Shares.

Parallax Venture Fund XXX ("**PV Fund**"), a closed-ended fund incorporated in the Cayman Islands, holds 40% of the issued share capital of PVP XXX. The balance 60% of PVP XXX is held by the Salim Group.

Parallax Capital Management Pte Ltd ("**PCM**"), an investment manager, owns all the issued management shares carrying voting rights in the capital of PV Fund and as such is, *inter alia*, entitled to appoint all the directors to the board of PV Fund. The manager of PV Fund is Parallax Capital Management (a company incorporated in the Cayman Islands) and is advised by PCM. Based on the articles of association adopted by PV Fund, the investors of the fund (which include Mr Eugene Park and certain of his family members), as holders of non-voting participating redeemable shares, do not have voting rights in respect of their shares in PV Fund and PV Fund's assets, save in limited circumstances. Subject to the Companies Law of the Cayman Islands, the directors of the PV Fund will recommend that PV Fund be wound up upon the expiry of 7 years from 26 August 2004 (being the date of incorporation of PV Fund), provided that the directors of PV Fund have the sole discretion to extend the term of the fund by two further extensions of one year each. Subject to the Companies Law of the Cayman Islands and the passing of a special resolution of the Company in accordance with the Companies Law of the Cayman Islands to wind up PV Fund, PV Fund will be wound up on the expiry of 7 years from 26 August 2004 or the relevant extended term (as the case may be). Upon termination of the fund, Parallax Capital Management will distribute the fund's assets to the holders of non-voting participating redeemable shares of the fund.

Our Chief Executive Officer, Eugene Cho Park, is a director of PCM and PV Fund. He and his brother, Edan Cho Park, hold the entire issued share capital of PCM and are also directors and shareholders of Parallax Capital Management. PV Fund, PCM, Eugene Cho Park and Edan Cho Park are deemed to be interested in our Shares held by PVP XXX. PCM, Eugene Cho Park and Edan Cho Park are under no obligation to act in accordance with the instructions of the Salim Group, SCI or JTC, who are our Substantial Shareholders as disclosed on page 60 of this Prospectus.

Eugene Cho Park is a nominee of PVP XXX (which is a subsidiary of the Salim Group) on our Board. Please see page 155 of this Prospectus. Save as disclosed, Eugene Cho Park is not a nominee on our Board of any of our Substantial Shareholders set out on page 60 of this Prospectus.

(c) SCI Group

SCI has a deemed interest in approximately 26.84% of our Shares through SembPark Holdings, its wholly-owned subsidiary. The SCI Group has been actively involved in the management of our Group's businesses since their inception.

Temasek is the ultimate holding company of SCI. Accordingly, Temasek is deemed to be interested in our Shares held by the SCI Group, amounting to approximately 26.84%.

(d) Ascendas Group

Ascendas is one of our Substantial Shareholders with a direct interest in approximately 7.32% of our Company's issued Shares. Ascendas Pte Ltd, the holding company of Ascendas, is deemed to be interested in our Shares held by Ascendas.

JTC holds the entire issued share capital of Ascendas Pte Ltd. Accordingly, JTC is deemed to be interested in our Shares held by Ascendas, amounting to approximately 7.32%.

Our Directors and Shareholders and their respective direct and deemed shareholding interests after the Restructuring Exercise and the share acquisition described in the section "Significant Changes in Percentage of Ownership" but before the Share Distribution and the Private Placement, and immediately after the Share Distribution and the Private Placement, are set out below:

	Before the Share Distribution and the Private Placement				**After the Share Distribution and the Private Placement**			
	Direct Interest		**Deemed Interest**		**Direct Interest**		**Deemed Interest**	
	Number of Shares	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Substantial Shareholders (5% or more)								
PVP XXX(1)(6)	907,293,350	37.64	–	–	627,293,350	26.02	–	–
SembPark Holdings(2)(3)	647,057,166	26.84	–	–	647,057,166	26.84	–	–
PT HR(4)(5)(6)	532,064,906	22.07	–	–	507,011,738	21.03	–	–
Ascendas(7)	176,400,062	7.32	–	–	176,400,062	7.32	–	–
Dornier Profits(5)(6)	84,000,000	3.49	907,293,350	37.64	84,000,000	3.49	627,293,350	26.02
Others								
(Less than 5%)								
PT Elitindo(5)(6)	3,106,688	0.13	–	–	3,106,688	0.13	–	–
Public								
UOB Nominees(8)	60,501,012	2.51	–	–	60,501,012	2.51	–	–
ATD Shareholders	–	–	–	–	8,253,168	0.34	–	–
ATD Creditors	–	–	–	–	16,800,000	0.70	–	–
Placees in the Private Placement	–	–	–	–	280,000,000	11.62	–	–
TOTAL	2,410,423,184	100.00	907,293,350	37.64	2,410,423,184	100.00	627,293,350	26.02

Notes:

(1) As at the date of this Prospectus, PV Fund holds 40% of the issued share capital of PVP XXX. Accordingly, PV Fund is deemed to be interested in our Shares held by PVP XXX.

PCM, which holds all the voting shares in PV Fund, is also deemed to be interested in our Shares held by PVP XXX.

Our Chief Executive Officer, Eugene Cho Park, and his brother, Edan Cho Park, hold the entire issued share capital of PCM. Accordingly, each of them is deemed to be interested in our Shares held by PVP XXX.

(2) SembPark Holdings is a member of the SCI Group. SCI is deemed to be interested in our Shares held by the SCI Group.

(3) Temasek is the ultimate holding company of SCI. Accordingly, Temasek is deemed to be interested in our Shares held by the SCI Group.

(4) The issued share capital of PT HR is held by PT Gadingpratama Mandiri ("**PT GPM**") as to 84.88%, PT DSU as to 10.55%, PT Arya Indira Utama ("**PT AIU**") as to 4.51% and 4 individuals as to 0.06%. The Salim Group holds the entire issued share capital of PT GPM.

The Salim Group has an interest in approximately 98.91% of PT DSU's issued shares and in the entire issued share capital of PT AIU.

Accordingly, the Salim Group (including PT GPM) is interested in our Shares held by PT HR.

(5) The Salim Group, via Dornier Profits, has a direct interest in 84,000,000 Shares representing approximately 3.49% of our issued Shares. Dornier Profits also holds 60% of the issued share capital of PVP XXX. As such, Dornier Profits is deemed to be interested in our Shares held by PVP XXX. See also notes (4) and (6).

The Salim Group, via PT Elitindo, has a direct interest in 3,106,688 Shares representing approximately 0.13% of our issued Shares.

(6) As at the date of this Prospectus, the Salim Group holds via Dornier Profits 60% of the issued share capital of PVP XXX. As such, the Salim Group is deemed to be interested in our Shares held by PVP XXX.

Accordingly, immediately prior to the Share Distribution and the Private Placement, the Salim Group has an aggregate interest in approximately 63.33% of our issued Shares via PT HR, PT Elitindo, PVP XXX and Dornier Profits.

Immediately after the Share Distribution and the Private Placement, the Salim Group will have an aggregate interest in approximately 50.67% of our issued Shares via PT HR, PT Elitindo, PVP XXX and Dornier Profits.

(7) Ascendas is a wholly-owned subsidiary of Ascendas Pte Ltd. Ascendas Pte Ltd is deemed to be interested in our Shares held by Ascendas. JTC holds the entire issued share capital of Ascendas Pte Ltd. Accordingly, JTC is deemed to be interested in our Shares held by Ascendas.

(8) UOB Nominees is a subsidiary of UOB. UOB is deemed to be interested in our Shares held by UOB Nominees.

The Shares held by our Substantial Shareholders do not carry different voting rights from the Shares which are the subject of the Share Distribution and the Private Placement. Our Directors do not hold any Shares. Our Chief Executive Officer, Eugene Cho Park, has a deemed interest in our Shares held by PVP XXX, as disclosed above.

Save as disclosed above and to the extent known to our Company, our Company is not directly or indirectly owned or controlled by another person or government, whether severally or jointly.

Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed below and in this Prospectus including the sections "(B) Restructuring Exercise of our Group" and "Our Shareholders", there have not been any significant changes in the percentage of ownership of our Shares by our Directors and Substantial Shareholders in the last three years prior to the date of this Prospectus:

	Immediately prior to the Restructuring Exercise		Immediately after the Restructuring Exercise		Immediately after the share acquisition[(3)]	
Substantial Shareholder	**Number of Shares held**	**%[(1)]**	**Number of Shares held**	**%[(2)]**	**Resultant number of Shares held**	**%[(2)]**
PT HR	20	100	532,064,906	22.07	532,064,906	22.07
SembPark Holdings	–	–	627,057,166	26.01	647,057,166	26.84
PVP XXX	–	–	927,293,350	38.47	907,293,350	37.64

Notes:

(1) Based on our Company's issued share capital of 20 Shares immediately prior to the Restructuring Exercise.

(2) Based on our Company's issued share capital of 2,410,423,184 Shares immediately after the Restructuring Exercise.

(3) An acquisition of 20,000,000 Shares was made by SembPark Holdings in connection with the sale by STIC of its 26.25% shareholding in Singapore-Bintan Resort Holdings Private Limited ("SBRH") to Richbroad Investments Limited ("Richbroad"). Richbroad had in March 2006 entered into an agreement to acquire 20,000,000 Shares from PVP XXX. We understand that STIC and Richbroad agreed that Richbroad shall procure the issue of such 20,000,000 Shares to SembPark Holdings in satisfaction of the purchase consideration payable by Richbroad to STIC for the shares in SBRH.

THE VENDOR

Information on the Vendor and its shareholding in our Company is set out below:

Name and Address	Material relationship with our Company	Number of Shares to be placed pursuant to the Private Placement	Before the Private Placement: Number of Shares held	Before the Private Placement: % of the issued Shares[(2)] (%)	After the Private Placement: Number of Shares held	After the Private Placement: % of the issued Shares[(2)] (%)
PVP XXX Offshore Incorporation Centre, PO Box 957, Road Town Tortola, British Virgin Islands	Controlling Shareholder[(1)]	280,000,000, representing 11.62% of our issued Shares[(2)]	907,293,350	37.64	627,293,350	26.02

Notes:

(1) Please see also the sections entitled "PVP Acquisition", "PT AIB Convertible Loan Agreement" and "Interested Person Transactions" on pages 56, 57 and from page 161, respectively, of this Prospectus.

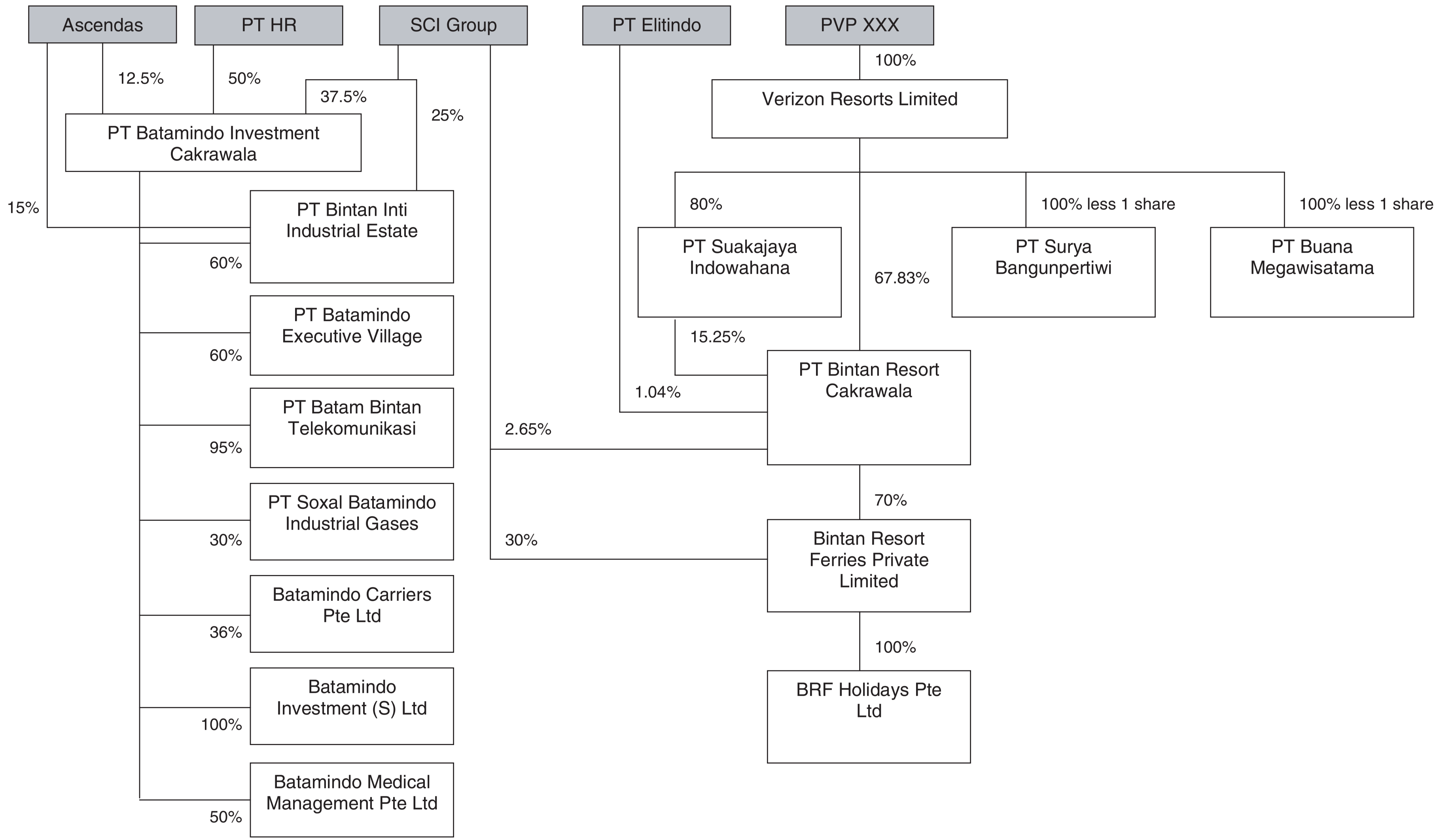
(2) Based on our Company's issued share capital of 2,410,423,184 Shares as at the date of this Prospectus.

MORATORIUM

To demonstrate their commitment to our Company, PT HR, PVP XXX, SembPark Holdings, PT Elitindo, Dornier Profits and Ascendas who have an interest in an aggregate of 2,044,869,004 Shares representing approximately 84.83% of the total number of our issued Shares after the Share Distribution and the Private Placement, have each undertaken not to sell, transfer or otherwise dispose of any part of their respective interests in the Shares for a period of six months commencing from the date of admission of our Company to the Official List of the SGX-Sesdaq ("**Date of Admission**") and, for a further period of six months thereafter, not to sell, transfer or otherwise dispose of their respective interests in more than 50% of the Shares held by each of them as at the Date of Admission.

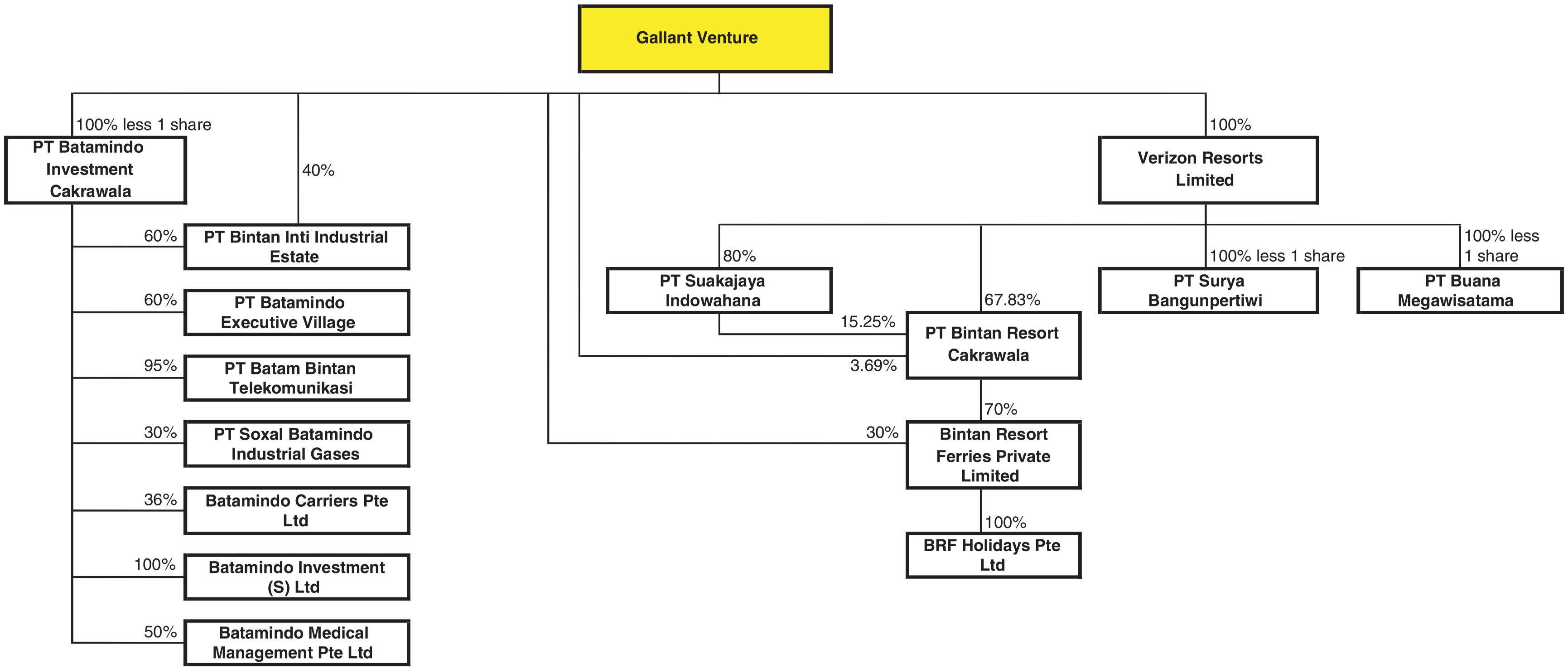
In addition, Eugene Cho Park, Edan Cho Park, the Salim Group and SCI have each given an undertaking to maintain 100% of their effective interest in our Shares for a period of six months commencing from the Date of Admission and, for a further period of six months thereafter, to maintain at least 50% of their effective interest in our Shares.

SHAREHOLDINGS IN THE COMPANIES COMPRISING OUR GROUP IMMEDIATELY BEFORE THE RESTRUCTURING EXERCISE



OUR GROUP STRUCTURE

The corporate structure of our Group and its associated companies immediately after the Restructuring Exercise, as at the date of this Prospectus.



As at the Latest Practicable Date, we have not effected the Restructuring Exercise to acquire the interests in our subsidiaries and associated companies. However, after the Restructuring Exercise is completed, as at the date of registration of this Prospectus, our subsidiaries and our associated companies will be as follows:

Name of company and its principal place of business	Place of Incorporation	Issued and Paid-up Capital	Approximate Percentage ownership interest held by our Company / Group	Principal Activities
PT Batamindo Investment Cakrawala (PT BIC) Wisma Batamindo, Jl. Rasamala 1, Mukakuning - Batam 29433, Indonesia	Indonesia	Rp145,760,000,000 (US$80,000,000)[15]	99.99%[1] & [20]	Development and management of industrial estates
PT Bintan Inti Industrial Estate (PT BIIE) Bintan Industrial Estate, Lobam, Bintan 29154, Indonesia	Indonesia	Rp247,609,536,000 (US$114,528,000)[16]	100%[2] & [20]	Development, operation, maintenance and management of BIE together with the supporting infrastructure support activities
PT Batamindo Executive Village (PT BEV) Jl. Gajah Mada KM. 9, Sei Ladi, Batam, Indonesia	Indonesia	Rp61,950,000,000 (US$30,000,000)[17]	60%[3]	Development and operation of BEV, which includes a golf course at SLCC, condominiums, cottages and other social facilities
PT Batam Bintan Telekomunikasi (PT BBT) Jl. Rasamala I, Batamindo Industrial Park, Mukakuning Batam 29433, Indonesia	Indonesia	Rp11,750,000,000	95%[4]	Telecommunications service provider
Batamindo Carriers Pte Ltd (BC) (Company Registration Number 199005005Z) 151 Chin Swee Road #04-05 Manhattan House Singapore 169876	Singapore	S$500,000	36%[5]	Provision of ship and boat chartering services
PT Soxal Batamindo Industrial Gases (PT SBIG) Lot 221A Jalan Gaharu, Batamindo Industrial Park, Mukakuning, Batam, Indonesia	Indonesia	Rp10,850,000,000 (US$700,000)[18]	30%[6]	Production and sale of industrial gases
Batamindo Investment (S) Ltd (BIS) (Company Registration Number 199507303M) 3 Lim Teck Kim Road #12-02 Singapore Technologies Building Singapore 088934	Singapore	S$2	100%[7]	Dormant

Name of company and its principal place of business	Place of Incorporation	Issued and Paid-up Capital	Approximate Percentage ownership interest held by our Company / Group	Principal Activities
Batamindo Medical Management Pte Ltd (BMM) (Company Registration Number 199106475G) 3 Lim Teck Kim Road #12-02 Singapore Technologies Building Singapore 088934	Singapore	S$10,000	50%[8]	Dormant
Verizon Resorts Limited (Verizon Resorts (Labuan)) Lot 2 and 3, Level 3, Wisma Lazenda, Jalan Kemajuan, 87000 FT Labuan, Malaysia	Malaysia	US$1	100%	Investment holding
PT Buana Megawisatama (PT BMW) Wisma Indosemen, 11th Floor, Jl. Jend. Sudirman Kav. 70-71, Setiabudi, South Jakarta, Indonesia	Indonesia	Rp318,197,000,000	99.99%[9]	Wholesaler of hotels, resorts and golf courses
PT Surya Bangunpertiwi (PT SBP) Wisma Indosemen 11th Floor, Jl. Jend. Sudirman Kav. 70-71, Setiabudi, South Jakarta, Indonesia	Indonesia	Rp59,469,000,000	99.99%[10]	Wholesaler of hotels, resorts and golf courses
PT Bintan Resort Cakrawala (PT BRC) Lj. Raja Haji Teluk Sebong, Lagoi, Bintan Utara, Indonesia	Indonesia	Rp413,979,825,000 (US$196,665,000)[19]	86.77%[11 & 20]	Development and operation of a tourism area in Bintan, including the sale of land in such area
PT Suakajaya Indowahana (PT SI) Wisma Indosemen, 11th floor, Jl. Jend. Sudirman Kav. 70-71, Jakarta 12910, Indonesia	Indonesia	Rp8,000,000,000	80%[12]	Wholesaler
Bintan Resort Ferries Private Limited (BRF) (Company Registration Number 199400625E) 371 Beach Road #25-01 Keypoint Singapore 199597	Singapore	S$7,000,000	100%[13]	Provision of ferry services between Singapore and Bintan
BRF Holidays Pte Ltd (BRFH) (Company Registration Number 200103092G) 371 Beach Road #25-01 Keypoint Singapore 199597	Singapore	S$300,000	100%[14]	Provision of tour operations and related services

Notes:

(1) As at the date of this Prospectus, the remaining 1 share in PT BIC is held by PT Verizon Indonesia. PVP XXX has an interest in 100% of the issued share capital of PT Verizon Indonesia.

(2) Our Group's 100% interest in PT BIIE comprises 40% which is held directly by our Company and 60% which is held through PT BIC.

(3) Our Group's 60% interest in PT BEV is held through PT BIC. The remaining 40% of PT BEV is held by some minority shareholders including Sembawang KMP Corporation Private Limited (a company in which both the SCI Group and the Salim Group have an interest) which holds approximately 5% of PT BEV.

(4) Our Group's 95% interest in PT BBT is held through PT BIC. The remaining 5% of PT BBT is held by a minority shareholder.

(5) Our Group's 36% interest in BC is held through PT BIC. The remaining 64% of BC is held by Batamindo Shipping and Warehousing Pte Ltd (approximately 29%) and an unrelated third party (approximately 35%). SCI's subsidiary, SembPark, has a 50% interest in Batamindo Shipping and Warehousing Pte Ltd.

(6) Our Group's 30% interest in PT SBIG is held through PT BIC. The remaining 70% of PT SBIG is held by an unrelated third party.

(7) Our Group's 100% interest in BIS is held through PT BIC.

(8) Our Group's 50% interest in BMM is held through PT BIC. The remaining 50% of BMM is held by an unrelated third party.

(9) The remaining 1 share in PT BMW is held by PT Verizon Indonesia. PVP XXX has an interest in 100% of the issued share capital of PT Verizon Indonesia.

(10) The remaining 1 share in PT SBP is held by PT Verizon Indonesia. PVP XXX has an interest in 100% of the issued share capital of PT Verizon Indonesia.

(11) Our Group's 86.77% interest in PT BRC comprises 3.69% which is held directly by our Company, 67.83% which is held through Verizon Resorts (Labuan) and 15.25% which is held through PT SI. The remaining 13.23% of PT BRC is held by Singapore-Bintan Resort Holdings Private Limited, in which PVP XXX has an interest via its associate, Great Contribution. As at the Latest Practicable Date, the increases in PT BRC's issued share capital referred to on page 196 of this Prospectus are pending publication in the relevant State Gazette in Indonesia.

Our Group's effective interest in PT BRC is 83.72%.

(12) The transfer of 80% of PT SI's shares to our Group is to be registered with the relevant Indonesian authorities. Such registration may be proceeded with subject to PT SI's conversion into a Foreign PMA Company (please see Appendix F at page F-3 on PT SI's change of status to a Foreign PMA Company). The remaining 20% of PT SI's shares is held by 2 minority shareholders. Our Company proposes to acquire up to the aforesaid 20% from these shareholders within approximately 6 months from the date of admission of our Company to the SGX-Sesdaq, subject (*inter alia*) to all necessary consents and approvals. For further information please refer to paragraph 3 of the section "General and Statutory Information" of this Prospectus.

(13) Our Group's 100% interest in BRF comprises 30% which is held directly by our Company and 70% which is held through PT BRC.

Our Group's effective interest in BRF is 88.6%.

(14) Our Company's 100% interest in BRFH is held through BRF.

Our Group's effective interest in BRFH is 88.6%.

(15) Based on the exchange rate stipulated by the Indonesian Investment Coordinating Board ("**BKPM**") in PT BIC's foreign investment approval of US$1.00 : Rp1,822.

(16) Based on the exchange rate stipulated by the BKPM in PT BIIE's foreign investment approval of US$1.00 : Rp2,162.

(17) Based on the exchange rate stipulated by the BKPM in PT BEV's foreign investment approval of US$1.00 : Rp2,065. The increase in its issued and paid-up capital from Rp162,491,596,000 (US$75,158,000) to Rp247,609,536,000 (US$114,528,000) is to be registered with the Indonesian authorities.

(18) Based on the exchange rate stipulated by the BKPM in PT SBIG's foreign investment approval of US$1.00 : Rp15,500.

(19) Based on the exchange rate stipulated by the BKPM in PT BRC's foreign investment approval of US$1.00 : Rp2,105.

(20) Certain share transfers are to be registered with the relevant Indonesian authorities. See "Restructuring Exercise of our Group" on pages 55 to 57 of this Prospectus.

INFORMATION ON OUR BUSINESSES

OUR HISTORY

Our Company was incorporated in Singapore on 7 April 2003 as an investment holding company. Certain of our subsidiaries commenced operations in the early 1990s with the participation of the Salim Group and several Singapore government-linked investors, such as the SCI Group, the Keppel group and JTC Group. Our businesses in Bintan and Batam benefit from the close economic co-operation between Indonesia and Singapore and the signing in 1990 of the agreement between the governments of Indonesia and Singapore on Economic Cooperation in the Framework of the Development of the Riau Province. The agreement provides for, *inter alia*, the cooperation of both governments to promote international investments in tourist resort development and tourist infrastructure in the Riau Province of Indonesia (especially Bintan), investments in Singapore by Indonesian residents and companies and investments in Indonesia by Singapore residents and companies, and the development of investment projects in the Riau Province and Singapore. Currently both Bintan and Batam are located within the Riau Archipelago in Indonesia, but they became a separate province since 2004.

Batam is an Indonesian island located approximately 20 km south of Singapore and is accessible by air and sea. The Hang Nadim International Airport in Batam has a capacity for handling about 3 million passengers a year. It has seaports located at Batu Ampar and Kabil, and ferry terminals located at Batam Centre, Sekupang, Nongsa, Telaga Punggur and Waterfront Marina.

Bintan is an Indonesian island located approximately 45 km southeast of Singapore. Bintan is accessible by sea and a domestic seaport at Tanjung Uban and international seaports at Tanjung Pinang, Lobam and Lagoi. The seaports and ferry terminals are Sri Bintan Pura Ferry Terminal at Tanjung Pinang, Bintan Sri Udana at Lobam and Bandar Bentan Telani Ferry Terminal at Lagoi.

Our Company's location in Singapore is one of our key assets given Singapore's reputation as a base for multi-national management due to its good infrastructure, a proven legal system and a good corporate governance environment. From our base in Singapore, we are well placed to capitalise on regional and international opportunities.

Currently, we have substantial investments in four principal businesses, namely property development, resort operations, industrial parks and utilities. These businesses were set up to take advantage of the strategic proximity of Batam and Bintan to Singapore, and the Singapore government's close economic cooperation with the Indonesian government to promote investments in the Riau Province of Indonesia and Singapore.

We believe that our current investment portfolio is a good mix of stable cash flow, promising profit-generating capabilities and strong balance sheet from our existing businesses. We intend to organically grow our existing businesses. In addition, we will actively pursue other new business opportunities, strategic partnerships and new investments, using our strong balance sheet.

We believe that we have a strong and lowly-geared balance sheet, significant and steady cash flow from our existing businesses, significant profit potential from our property development business and properties for development, and strong and reliable management team and investment partners.

Background of Property Development Business

Our property development business started in the late 1980s with the establishment of PT BMW in 1988 in Indonesia. In 1990, the Governor of Riau granted PT BMW the right to develop certain land in northern coast of Bintan for the development of resorts.

Since 1990, four major sites totalling about 1,200 ha were sold by our Group to third parties for development into Nirwana Garden Resort, Laguna Bintan Resort, Ria Bintan Resort and Bintan Lagoon Resort as elaborated below:

- Nirwana Garden Resort. This beachfront resort commenced operations in March 1996 and currently has about 245 hotel rooms, 100 chalets and 50 villas located on an approximately 300 ha site in Bintan. It is an integrated resort, combining accommodation with recreational and entertainment facilities offering different resort accommodations with different themes and holiday experiences and a full water sports beach club.

- Laguna Bintan Resort. This beachfront resort, which commenced operations in December 1995, includes Banyan Tree Bintan and Angsana Resort and Spa and currently has about 70 villas, 128 hotel rooms and an 18-hole golf course designed by Greg Norman located on an approximately 220 ha site in Bintan.

- Bintan Lagoon Resort. This beachfront resort commenced operations in 1996 and currently has about 416 hotel rooms and 57 villas. It is located on an approximately 300 ha site in Bintan and has two 18-hole golf courses designed by Jack Nicklaus and Ian Baker-Finch respectively.

- Ria Bintan Resort. Operations at this beachfront resort began in October 1997. It is located on an approximately 400 ha site in Bintan and comprises the Club Med Village (which has about 300 rooms) and a 27-hole championship golf course designed by Gary Player.

The four resorts have since provided the critical mass for our resort operations business with approximately 1,370 hotel rooms. As at the Latest Practicable Date, our Group holds the HGB in respect of approximately 14,400 ha of land intended primarily for resort development in Bintan.

In addition, we hold approximately 3,800 ha of land in Bintan primarily for industrial development.

Our Group is also presently in negotiations to sell a plot of undeveloped land of about 320 ha in Bintan. Based on information as at the Latest Practicable Date, the sale if concluded may have a material impact on our property development business. There is however no assurance that such a transaction will materialise or be completed.

Background of Resort Operations Business

BR is located on the northern coast of Bintan. It was conceptualised and designed as an integrated resort development, with wide-ranging, cost-efficient and competitive services. Since its conceptualisation, BR has been developed into an international resort spanning over 3,000 ha of land and currently houses four major resorts (please see above). The development is equipped with electricity, water, waste management and international telecommunication facilities, road network, transportation, medical clinic, social and recreational amenities, as well as workers' accommodation. Attractions in BR include water sports, tropical-themed spas, souvenir market, nature and cultural heritage tours, elephant camp and go-kart racing course.

Our resort operations business comprises mainly the provision of services to resorts located in BR by PT BRC and ferry services between Singapore and Bintan by BRF.

Key milestones in the development of BR are as follows:

1991	Ground breaking ceremony at BR by Indonesia's then Coordinating Minister for Trade and Industry, Bapak Radius Prawiro and Singapore's then Deputy Prime Minister BG (NS) Lee Hsien Loong.
1992	Construction of Bandar Bentan Telani Ferry Terminal in Bintan and Tanah Merah Ferry Terminal in Singapore.

1994 BRF was established to provide ferry services. BRF commissioned its first ferry, Indera Bupala.

Opening of Mayang Sari Beach Resort and Mana Mana Beach Club in Bintan.

Official opening of Bandar Bentan Telani Ferry Terminal and Tanah Merah Ferry Terminal.

1995 BRF commissioned its second ferry, Aria Bupala. Opening of Banyan Tree Bintan.

1996 Grand opening ceremony of BR with Indonesia's then President Soeharto and Singapore's then Prime Minister Goh Chok Tong in attendance.

Opening of Bintan Lagoon Resort.

1997 Opening of Club Med Ria Bintan and Nirwana Resort Hotel.

2000 Opening of Angsana Resort and Spa in Bintan.
BR received one millionth visitor arrival.

2001 Incorporation of our travel agency, BRFH.

2002 BRF commissioned its third ferry, Arung Mendara.

2003 Implementation of ferry reservation system at Tanah Merah Ferry Terminal with online public reservation and payment gateway.

2004 BR received second millionth visitor arrival.

2005 Inaugural launch of Bintan Triathlon.

Source: ILI

BR received its one millionth visitor in November 2000 and was voted the Best Weekend Getaway in IS Magazine's annual Readers' Choice Awards in 1999 and 2001. Bintan was also one of the 50 international island holiday destinations featured in Conde Nast Traveler magazine in July 1997. In addition, the facilities located in BR have won various accolades, including the following:

- Ria Bintan Golf Club was awarded the Best Course in Asia and the Best Clubhouse in Asia at the Asian Golf Monthly Awards 2005.

- Ria Bintan Golf Club (Ocean Course) was awarded the Best Course in Indonesia award at the Asian Golf Monthly Awards 2005 and Asian Golf Monthly Awards 2004 organised by Asian Golf Monthly. Previously Ria Bintan Golf Club has been awarded the best course in Indonesia (runner-up) in 2003, 2002 and 2000.

- Ria Bintan Golf Club (Ocean Course, 7th Hole) was awarded the Best Par-Five in Asia at the Asian Golf Monthly Awards 2003 organised by Asian Golf Monthly.

- Ria Bintan Golf Club (Ocean Course, 9th Hole) was awarded the Best Par-Three in Asia (Runner-up) at the Asian Golf Monthly Awards 2003 organised by Asian Golf Monthly.

- 2003 PATA Gold Award for Ecotourism / Travel – Related Project.

- Ria Bintan Golf Club was awarded the Best Golf Resort in Asia (First Runner-up) award at the Asian Golf Monthly Annual Awards 2000 organised by Asian Golf Monthly.

To cater for the requirements of the resorts, we developed a township to provide housing and related amenities for the growing number of people employed by the resorts. The township currently has the capacity to accommodate up to 6,000 people and facilities provided include medical, recreational, transportation, religious, food, and assorted retail and markets facilities.

Background of Industrial Parks Business

In the early 1990s, we commenced our industrial parks business with the establishment of PT Batamindo Investment Corporation (which was subsequently renamed to PT Batamindo Investment Cakrawala) in Indonesia. PT BIC is the developer of BIP which is situated on about 273 ha of land in Batam being used by PT BIC pursuant to agreements with the Batam Industrial Development Authority. BIP is located at the crossroad leading to the seaport at Batu Ampar and Hang Nadim International Airport. BIP was conceptualised to be a self-sufficient industrial park set up to tap the resources and maximise the comparative advantages of Singapore and Indonesia. As at the Latest Practicable Date, our Group owns about 236 ha of BIP.

PT BIC was formed in 1991 pursuant to a joint venture agreement dated 11 January 1990 made between PT HR, STIC and Jurong Environmental Engineering Pte Ltd (which is a member of the JTC Group), whereby the parties agreed to enter into a joint venture to develop BIP together with its related activities, such as housing, utilities and telecommunication.

PT BIIE is the developer of BIE, which is situated on about 270 ha of land in Bintan, all of which is owned by our Group as at the Latest Practicable Date. This company was formed pursuant to a joint venture agreement dated 1 March 1994 between PT Lembah Kemakmuran (a company within the Salim Group), STIC and the JTC Group. This piece of land was acquired from PT SBP.

PT SBP, previously a company within the Salim Group, was established in Indonesia in 1992. A permit was granted by the Governor of Riau Province to PT SBP to develop approximately 4,000 ha of land for industrial purposes with supporting housing and commercial facilities. Currently PT SBP holds approximately 3,800 ha of land in Bintan intended mainly for development for industrial purposes.

The following sets out certain key milestones of BIP and BIE:

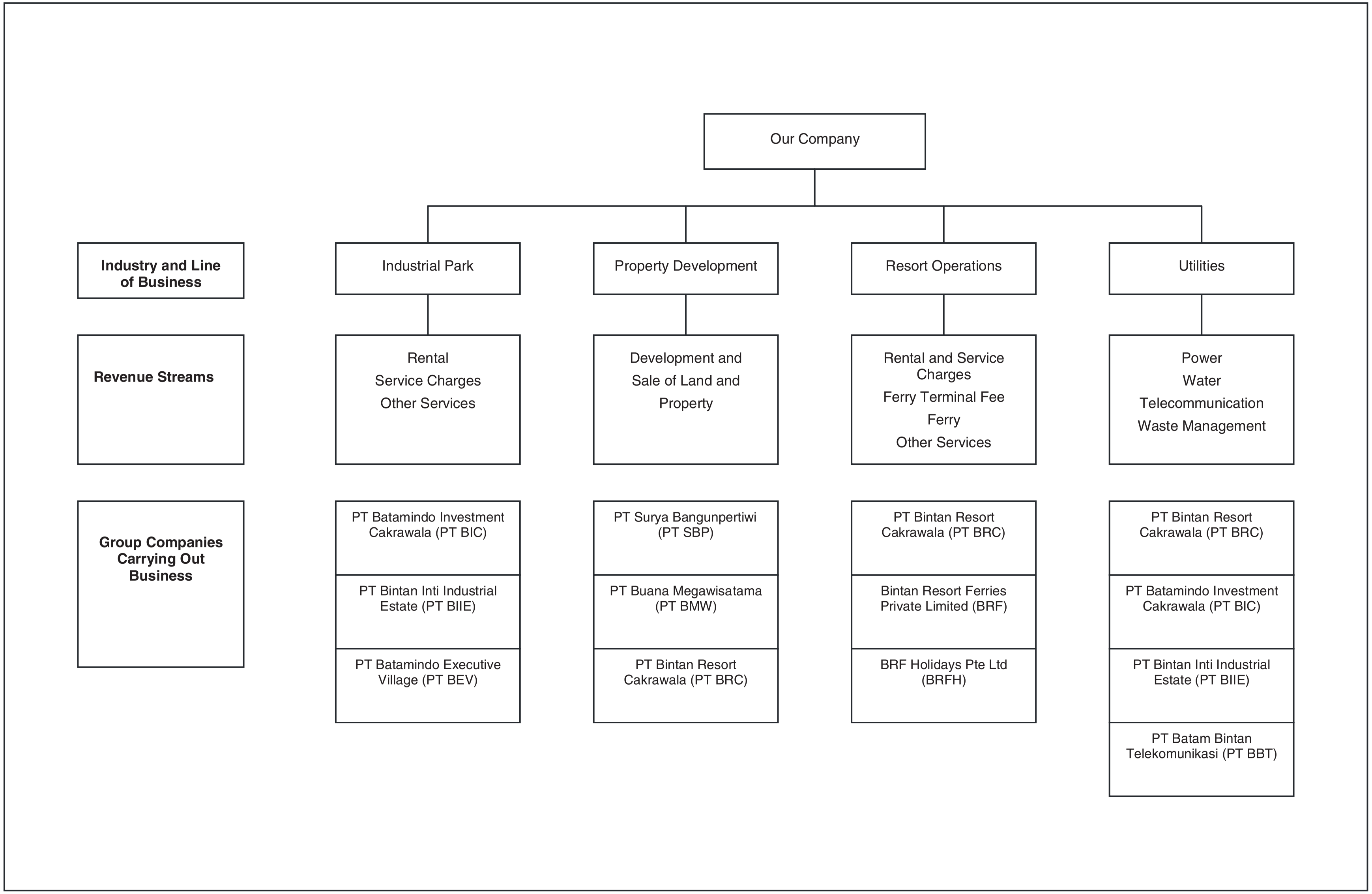
1990	Ground breaking for development of BIP and BIE, respectively.
1992	BIP's official opening by Indonesia's then President Soeharto and Singapore's then Prime Minister Goh Chok Tong. PT Sumitomo Wiring System was the first tenant of BIP.
1993	PT BEV, with its resort-style condominiums and bungalows, was established to provide and meet the accommodation requirements of BIP tenants and investors.
1995	SouthLinks Country Club (SLCC), PT BEV's 18-hole international standard golf and country club, was opened in Batam.
1995	PT BIC obtained ISO 9002:1994 certification for the operation and maintenance of BIP.
1998	PT BEV obtained ISO 9001:2000 certification for the management and operation of golf and resorts facilities at SLCC.
2000	PT BIIE obtained ISO 9002:1994 certification and 9001:2000 certification for the operation and maintenance of BIE.
2004	PT BIC obtained ISO 9001:2000 certification in respect of its quality for the management system for commercial and industrial estate management.
	PT BIC also obtained ISO 14001:1996 certification in respect of its environmental management systems for commercial and industrial estate management.
2005	Installation of 3 units of 6MW dual-fuel generators and transformers and auxiliaries in BIP.

Background of Utilities Business

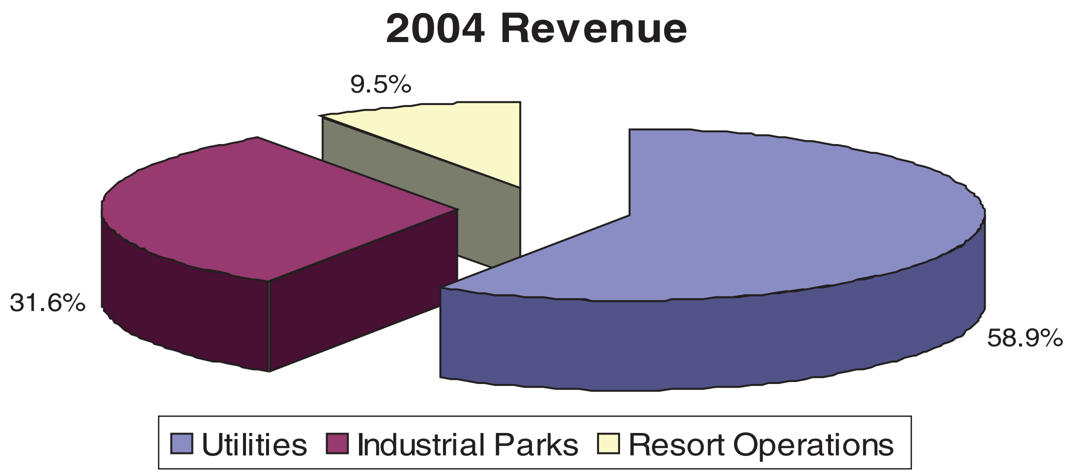
As BR and industrial parks were each conceptualised and designed as an integrated development, which encompasses the provision of utilities services (e.g. electricity and telecommunication and water), we invested in the utilities business to support our investors and tenants. From 1990 to 30 June 2005, we have invested approximately S$362 million for the construction and development of our utilities infrastructure and resources, consisting of power generation and distribution facilities, potable water treatment facilities including reservoir, waste water treatment facilities and landfills. In the second half of FY2005, BIP acquired an additional three 6MW dual-fuel generators and transformers and auxiliaries for about S$21.1 million. This acquisition marks the start of our usage of natural gas to generate electricity to our tenants in BIP. We are seeking to capitalise on the availability of natural gas supply to Batam and to cope with the recent substantial increases in diesel costs. In addition, we are in the process of converting in stages 12 of the existing diesel generators situated in BIP, with a total capacity of 72MW, to a dual-fuel operation utilising natural gas, which is scheduled to be completed by about mid 2006. Our capital commitment for such conversion amounted to approximately S$28 million as at the Latest Practicable Date. We may look into converting more of our existing generators, subject to, *inter alia*, the satisfactory conversion and operation of the above 12 units, the stability of gas supply and the economic viability of such conversion.

BUSINESS STRUCTURE

Currently, we have four principal businesses, namely, property development, resort operations, industrial parks and utilities.



The chart below illustrates the revenue contributions from our four principal businesses in FY2004.



Note: The revenue from the property development business was marginal.

Over the three financial years ended 31 December 2004 and HY2005, there was no revenue from our property development business as interest in land purchases and demand fell due to the negative sentiments after the Asian economic crisis, the terrorist attacks in the US on 11 September 2001, regional terrorist attacks (including in Bali) in the last few years and the SARS epidemic in 2003.

No single customer contributed 5% or more of our Group's total revenue for the three financial years ended 31 December 2004 and HY2005.

Further details on the revenue contribution of our Group's businesses for the three financial years ended 31 December 2004 and HY2005, can be found on pages 127 and 128 of this Prospectus.

Our strengths include profit generation and strong cash flow from our mature and growing businesses, a lowly geared balance sheet, experienced management and established investment partnerships.

Our growth strategy is to organically grow our existing businesses and to use our strong balance sheet to explore new business opportunities including strategic partnerships and investments, and new acquisitions.

OUR PROPERTY DEVELOPMENT BUSINESS

As most of our industrial land in Batam has already been developed, our property development business will derive its revenue from the sale of lands located in the northern and western parts of Bintan. The lands in the north are designated for resort, commercial, residential and support facilities and are primarily owned by PT BMW. They consist of approximately 14,400 ha of land adjacent to the existing resort developments within BR. The lands in west Bintan are earmarked for industrial, commercial and support facilities and are owned by PT SBP. They consist of approximately 3,800 ha of land adjacent to BIE. Please refer to "Background of Property Development Business" and "Information on our Businesses - Our Property Development Business - Prospects and Future Plans" on pages 68 and 69 and on page 81 respectively, of this Prospectus, where certain information is provided on possible divestment(s) of land in Bintan.

Source: ILI

Over the three financial years ended 31 December 2004 and HY2005, there was no land sale revenue from our property development business as interest in land purchases and demand fell due to the negative sentiments after the Asian economic crisis, the terrorist attacks in the United States on 11 September 2001, regional terrorist attacks (including in Bali) in the last few years and the SARS epidemic in 2003.

The aggregate market value of the properties held for development in Bintan has been valued by Colliers International at approximately S$541 million as at 1 February 2006, as follows:

Location of land	Designated Use		Approximate Area (ha)	Approximate Market Value (S$ million)
North of Bintan	Resort, commercial, residential and supporting facilities		14,400	434
West of Bintan	Industrial, commercial and supporting facilities		3,800	107
		TOTAL	18,200	541

Please refer to Colliers International's valuation certificates set out in Appendix A of this Prospectus for more information, including the bases and assumptions for such valuation.

Currently, we have a sizeable inventory of land for development. Our inventory of undeveloped lands for resort and industrial development comprise approximately 14,400 and 3,800 ha respectively in Bintan. However, as we aspire to be a premier niche developer of properties in Bintan, we may increase our properties for development for developmental purposes, subject to financial, economic and strategic fit and feasibility.

Integrated Master Planning

We undertake masterplanning through PT BRC. PT BRC was also the master developer of BR and is responsible for the development and overall operation of BR. The responsibility of PT BRC as a master developer includes the following:

- integrated master planning;
- manage and co-ordinate, consultants for development, including planners, architects, landscape architects, environmental specialists and engineers;
- development of infrastructure and support facilities;
- investment and destination marketing; and
- operation of infrastructure and support facilities and community development.

We are responsible for the overall master planning and development of the infrastructure of roads, water supply, power supply, telecommunications and associated support facilities. One of the support services which we provide is the ferry access between Singapore and BR through our subsidiary BRF. The developed land is then sold to resort developers to build hotels, golf courses, resort homes and other related resort facilities.

Lands for Development

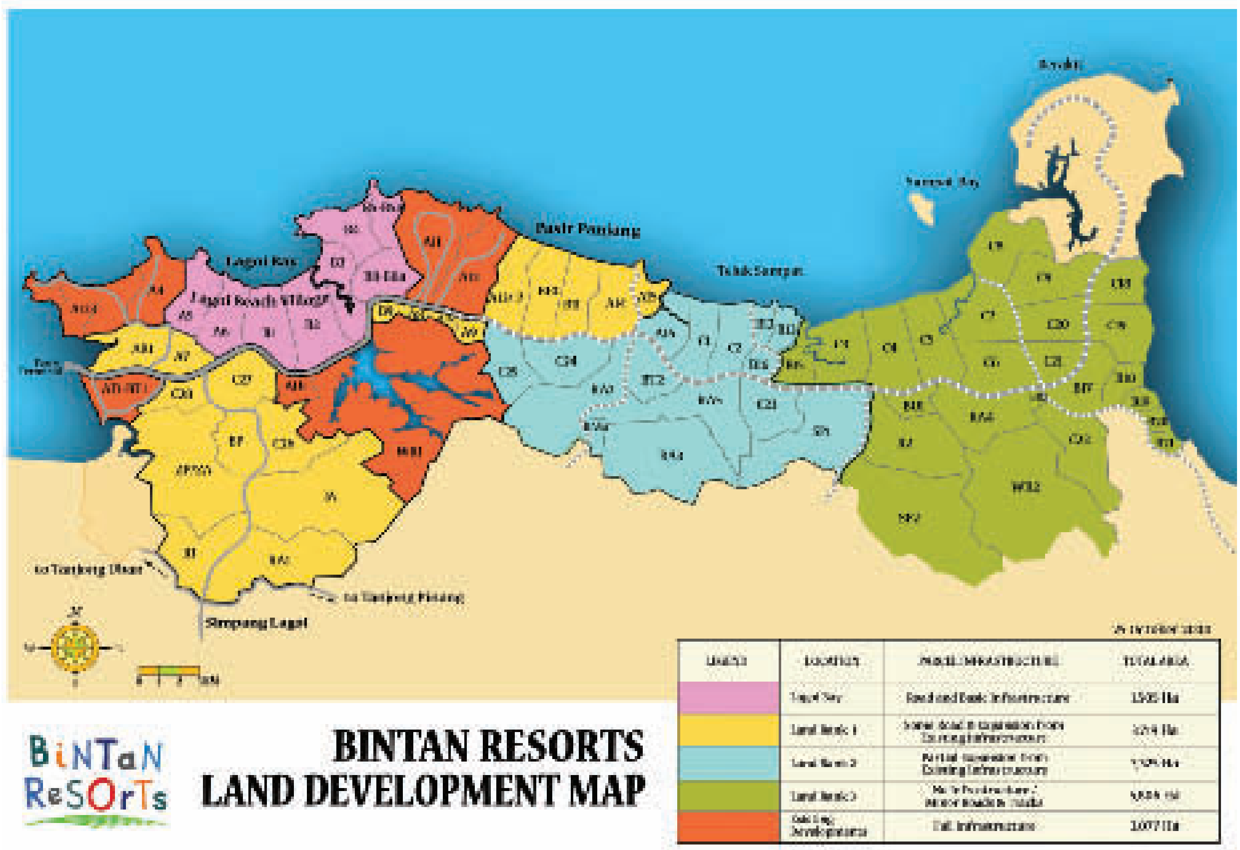
Our property in the northern coast of Bintan for BR is spread over approximately 14,400 ha and divided into approximately 66 land parcels with various levels of infrastructure currently available. The area located in the Lagoi Bay and its vicinity is serviceable by roads and can be easily connected to power supply, potable water supply and telecommunications from the existing utilities centre. These are the locations earmarked for the next phase of development and land sales. The whole of Lagoi Bay will be further sub-divided into smaller lots including the Lagoi Beach Village which is expected to be developed in the immediate future.

The area located to the south of the existing developments within Landbank 1 (see location of Landbank 1 in the map below) is currently served by the road to Simpang Lagoi. Distribution of power supply, potable water supply and telecommunications can be extended and served by the existing utilities centre.

The area located to the east of the existing development (also within Landbank 1), in an area called Pasir Panjang, does not yet have paved road access or other utilities. This area can be served by extending the existing roads, and the power supply, potable water supply and telecommunications from the existing utilities centre.

Most of the areas within Landbank 2 and Landbank 3 (see locations of Landbank 2 and Landbank 3 in the map below) are generally considered green field sites with no ready access to roads and utilities.

We also hold about 3,800 ha of land in west Bintan through PT SBP intended for industrial and commercial development. Adjacent to this land is BIE, an industrial park developed by us, which sits on approximately 270 ha of land. This provides a ready inventory of raw land for BIE's future expansion.



source: ILI

Locations (see map)	Parcel Infrastructure	Number of Parcels	Approximate Land Area (ha)
Lagoi Bay	Road and basic infrastructure	8	1,505
Landbank 1	Some road and expansion from existing infrastructure	19	3,719
Landbank 2	Partial expansion from existing infrastructure	15	3,325
Landbank 3	No infrastructure, minor roads and tracks	24	5,806
	TOTAL	**66**	**14,355***

Note:

* This does not include the 3,800 ha of undeveloped land held by PT SBP referred to above.

Quality Assurance

We accord priority and emphasis on the quality of our developments and the infrastructure and support services. Appropriate procedures are set in place for the development of our properties to ensure that our investors or tenants consistently enjoy quality services.

The following are some of the plans, procedures and guidelines that we have developed and implemented over the years.

Resort Property Development

We, as masterplanner for BR, have developed a number of key developmental guidelines for the development of the resort properties.

The master plan is the overall development concept for the resort that maps out the land uses and development locations. It identifies the various phases of development, factors to be considered and is constantly being reviewed and updated, where appropriate. The development takes into account overall environmental impact assessment guidelines for the resort development and includes the integration of the Environmental Monitoring and Management plans as approved in the Regional Environmental Impact Assessment of the Indonesian Authority.

Our Design and Development Guidelines is the key planning document which developers or investors have to comply with. It encompasses issues on planning, design, construction and operation of the properties to be developed, including environmental issues.

The site development agreement is the main contract that is to be executed by resort property developers. The agreement governs and provides the terms and conditions for the development and operations of the business.

Industrial Property Development

SembPark was contracted as the consultant masterplanner for BIP and BIE. SembPark was awarded ISO 9001:2000 certification for its marketing and project management services to industrial parks in 2000. SembPark has a set of developmental guidelines for the development of the industrial properties. These guidelines encompass issues on planning, design, construction and operation of the industrial park properties, including environmental issues. Please refer to the section “Background of Industrial Parks Business” on pages 71 and 72 of this Prospectus for the ISO certifications awarded to PT BIC in respect of BIP and to PT BIIE in respect of BIE.

Marketing

We continue to market to investors for both the industrial and resort developments. As the industrial developments in Batam and Bintan are developed in conjunction with the inherent advantages of these islands in terms of proximity to Singapore, their comparative advantages in terms of cost as well as the large pool of potential investors in Singapore who are mainly manufacturers, we have a strategic tie-up with SembPark for the marketing of our industrial properties. Please see page 88 of this Prospectus on our alliance with SembPark.

The marketing plan for resort development is an integral part of our future development plans. It is based on targeting new products needed to develop BR and matching these products and services to the prevailing investment climate. Following the sale of lands or properties to the initial group of investors in Bintan, the original masterplan has been further revised for its next phase of development, which essentially is to cater to small and medium sized investments in resorts. With the development of the infrastructure in Bintan through the initial investments made by investors, the next phase is expected to stimulate growth by adding complementary products and services to the existing developments, thus making BR a well-rounded tourist destination. Indonesian investors will be targeted as the main source of investment for BR in the immediate future before targeting regionally and internationally. Potential investors for our resort property development can be broadly classified as individual owners cum operators, individual retail investors, property developers and branded hotel owners/operators as follows:

(a) *Individual Owners cum Operators*

These are individual owners who own and operate hotels, spas, cafes and restaurants. The size of these hotels can range from about 30 to 100 rooms. Investors in this category will typically own and operate these cottages and boutique-style hotels. Investors in this category are expected to contribute to the overall development of Bintan as a resort destination as they contribute with their unique styles and clientele. We have instituted a plan to constantly identify this category of investors and such investors are approached and offered opportunities for development on an individual basis.

We have ear-marked a location with approximately 80 ha at Lagoi Beach Village for sale to this group of investors. The estimated development cost for each such hotel starts at approximately S$5 million.

(b) *Individual Retail Investors*

These are mainly individuals with no direct experience in managing and operating a hotel or resort business. Usually, they will pool funds to invest in a property (e.g. hotel, residential development, small retail kiosk and shopping mall) with professional management. Purchase with leaseback arrangements with the hotel operator are one example. We may take the lead in starting joint developments with this group of investors.

These investors will be approached through general advertising and investment seminars focused within Indonesia. They are targeted for anchor hotel developments in Lagoi Beach Village and retail shopping products. Residential developments within Lagoi Bay are also possible investments for the retail investors. A typical investment could start from about S$150,000 per unit.

We have ear-marked a location with approximately 140 ha west of Lagoi Beach Village for development of such projects to be sold to this group of investors.

(c) *Property Developers*

The target investors in this category are middle to large property developers with interests in hotel, residential, retail and commercial developments. These investors will usually have established track records and upon investment are expected to contribute to our master development in terms of experience and clientele.

We hope to target this category of investors and attract investments via anchor hotel developments (with an average of 300 to 400 rooms per development) and medium sized retail cum entertainment malls. In addition, there are plans to target investors to develop the areas zoned or earmarked for luxury and premier holiday homes and residential developments. The area earmarked is at the west of Lagoi Beach Village with an area of approximately 140 ha. We have instituted a plan to continuously identify and market to this category of investors.

(d) *Hotel Owners/Operators*

The target investors in this category are regional or international hotel owners. As these investors are hotel owners with established brands and international or regional presence, our inventory of resort properties with its strategic locations will provide opportunities for these investors to create a presence in Bintan for resort hospitality business as part of their overall international or regional offering of destinations.

We have ear-marked an area west of Lagoi Beach Village of approximately 140 ha for investments in international class tourist hotels (mostly with 300 to 400 rooms per hotel). To increase value add and add to the overall development, we will provide opportunities to match hotel management companies with international branding to property developers. We have instituted a plan to continuously identify and market to this category of investors.

Credit Management

Payment terms for the sale of land and/or property are negotiated on a case-by-case basis.

Major Customers

Most of our major customers in the past for property development have been large resort developers or property owners. As the master developer, we market the properties for resort development in accordance with type, nature, suitability and branding. As such, the area of the land parcels sold in the past had averaged over 200 ha. We have been successful in developing and attracting an initial core group of resort developers owners and managers and in selling land parcels for four major investments in resort operations. The investors in resort properties developed and sold by us in Bintan are the SCI Group, the Salim Group, Wah Chang group, LG group, Keppel group, and the Kintetsu group.

Likewise, we have been successful in our strategy for partial sales of the industrial properties that we have developed in Batam and Bintan. As at the Latest Practicable Date, approximately 20% of the lettable area for the industrial properties developed in Batam has been sold to certain selected strategic anchor investors.

Our property development business is not materially dependent on any customer.

From FY2002 to FY2004 and HY2005, there was no revenue from our property development business as interest in land purchases and demand fell due to the negative sentiments after the Asian economic crisis, the terrorist attacks in the United States on 11 September 2001, regional terrorist attacks (including in Bali) in the last few years and the SARS epidemic in 2003.

Competition

For the resort properties, the competition for sale of resort properties includes resort areas in the region, such as Phuket, Bali, Pattaya, Koh Samui, Langkawi and Sentosa.

For the industrial properties, we face competition from industrial parks in Batam and Bintan and also in the region, including India, Vietnam, Singapore, Malaysia and China.

Notwithstanding the competition that we face for our property development business, we have the following competitive strengths:

(a) *Integrated masterplanned resort and industrial development*

Our resorts and industrial developments in Bintan have been conceptualised and designed as an integrated resort or industrial park (as the case may be). Our strategy of providing infrastructural support services like power, potable water, industrial waste water management as well as logistics support like ports, shipment, transhipment, cargo handling services including warehousing may not be easily replicated. We manage the overall planning, coordination and operations of the developments. The integrated approach together with dedicated facilities like the port in Bintan has enabled us to provide a wide range of services for our investors and tenants; from infrastructure, environmental and health monitoring, to the ferrying of visitors to and from Singapore.

(b) *Strategic Location*

Bintan is located approximately 45 km to the southeast of Singapore and the duration of the ferry ride is less than an hour from Singapore. Its proximity to Singapore, a major cosmopolitan city in Asia with its reputation as a major hub for international and regional flights, provides easy access to travellers from major cities all over the world and for Singapore residents. This should provide an attractive location for resort development.

(c) *Scenic beauty and environmental sustainability*

Our land in Bintan includes approximately 100 km of shoreline, with long stretches of sandy beaches to small isolated coves, rocky headlands and mangrove rivers. These areas are home to a variety of tropical rainforest flora and fauna. Developed with environmental sustainability in mind, the integrated and comprehensively planned development provides us with an advantage that may be difficult to replicate.

(d) *Comprehensive development and economies of scale*

The significant investments that we have made and the scale of the resort developments envisaged provide us with an advantage as the individual resort properties to be sold in Bintan are part of a comprehensive development plan.

The presence of the four resort developments currently in BR is a further advantage as prospective resort investors or operators will be supported by an established network of travel agents and wholesalers. The facilities and services provided by these four resort developments in BR, further increase the appeal for visitors.

(e) *Experienced management of our companies*

As our subsidiaries have been managing and developing our lands since their inception in the 1990s, we have an experienced management team overseeing our property development business. We are also able to rely on the expertise of the SCI Group and the Salim Group in the development of our lands and properties.

Prospects and Future Plans

The prospects for our property development business hinge primarily on the demand for our lands for resort development. The demand for our lands for resort development will be driven by the growth of the tourism business.

According to Colliers International's outlook for resort/ tourism developments in Bintan, Singapore is the main platform for visitor arrivals into Bintan Island. As such incoming visitor trends into Singapore will serve as a barometer to expected trends into Bintan Island. Looking ahead, Singapore should be able to see healthy visitor arrival growth of at least between 3% to 5% per annum especially with more budget carriers operating in and out of Changi Airport and with the budget terminal in operation. With ongoing and aggressive dual destination promotions by the local tourism bureau, Singapore Tourism Board, and tour operators/ travel agencies as a dual destination and capitalising on the high air traffic in Singapore, Colliers International expects that Bintan Island can potentially capture a larger pie of total visitors into Singapore – 5% to 10% per annum over the next decade. For further details, please refer to "Independent Market Review Report" in Appendix B of this Prospectus.

Resort property developments are essentially long-term investments that require significant amounts of financial and physical resources. The sentiment of investors is a major factor that will determine the amount, timing and type of investments that investors will commit. Sentiments of investors are affected by (amongst others) risk/returns factors, perceptions of security, political stability as well as attractiveness and appeal of the developments.

The relative attractiveness of BR as a resort investment, will be influenced by the success of many of our existing resort operators, including the internationally-known brands of Club Med and Banyan Tree.

As at the Latest Practicable Date, we hold the HGB in respect of approximately 14,400 ha of land in Bintan intended for resort, commercial, residential development, giving our Group a long-term property development opportunity and potential for capital appreciation. As at the Latest Practicable Date, we do not have any material contractual commitment for the sale of such land. Our Group is also presently in negotiations to sell a plot of undeveloped land of about 320 ha in Bintan. Based on information as at the Latest Practicable Date, the sale if concluded may have a material impact on our property development business. There is however no assurance that such a transaction will materialise or be completed.

Our marketing plan for BR is to generate land sales with a view to increasing the current room count of approximately 1,370 rooms and over 300,000 annual visitor arrivals to Bintan, to over 5,000 rooms and 1 million annual visitor arrivals to BR. In order to achieve this goal, we have identified specific development targets to develop BR into a destination for visitors to stay over a stretch of 4 to 5 nights. This will include consumer product enhancement, increase the room count to 5,000 rooms, infrastructure and support facilities for new rooms and tourist arrivals, greater destination awareness and new tourist markets, so as to give visitors a complete experience of the nature and culture of the island.

The next phase of development will be focused on Lagoi Beach Village. Lagoi Beach Village will complement the existing resorts and offer added activities encouraging visitors to extend their stay. The inclusion of accommodations ranging from cottages to 3-star hotels will increase the low to moderately priced accommodations all within the resort centre, assuring that a critical mass will always be present. Hotel F&B (food and beverage), nightlife and sea attractions will also be targeted for enhancement in the short term. In the medium term, the developments of Lagoi Beach Village will introduce new out-of-hotel activities such as pubs and F&B outlets. The size of the lots in Lagoi Beach Village will be available for as small as half a ha for individual hotels, and can be developed for investments in the region of approximately S$5 million.

In addition to Lagoi Beach Village, other property investments opportunities will be marketed. Landbank 1 includes a stretch of beach called "Pasir Panjang". This is the longest stretch of sandy beach in BR. These parcels will be available in sizes of approximately 200 ha each, and will target investors interested in developing comprehensive integrated resorts with hotels, golf courses, recreation and residential developments all situated in one location.

Another location to be marketed along within Landbank 1 is the land along the road to "Simpang Lagoi", the southern and only land entrance to BR from the rest of the island. The location is an inland area with a slightly rolling topography. This area will be suitable for residential townships as well as some agricultural and recreational activities.

Colliers International is of the opinion that the take-up rate for the smaller lots of less than 1 ha at Lagoi Beach Village is about 3% to 5% for 2006 with an upward incremental to between 5% to 10% for 2007. Average annual take-up rate thereafter of these smaller land lots is projected to stabilise and range between 5% to 10% per annum. Colliers International has projected that the projected sale of smaller land plots from 2005 onwards would be likely to trigger interest in larger land plots when investors begin to see more activities and developments especially at the Lagoi Bay area. Colliers International has opined that the take-up rate for bigger plots will be between 3% to 5% for 2006 to 2007 and gradually increasing to 5% to 10% per annum. Colliers International's opinion is based on the assumptions set out on page B-36 of their Independent Market Review Report in Appendix B. Please refer to Appendix B "Independent Market Review Report" for details.

OUR INDUSTRIAL PARKS BUSINESS

Our industrial parks business was formed to own, invest, operate, manage and maintain a portfolio of industrial properties in Batam and Bintan. Currently, we operate and maintain two industrial parks, BIP in Batam and BIE in Bintan.

BIP comprises approximately 530,000 m^2 of net lettable area as at 30 June 2005. Tenants of BIP are served by the Batu Ampar and Kabil seaport, Batam Hang Nadim International Airport and 5 ferry terminals (namely Batam Centre, Sekupang, Nongsa, Punggur and Waterfront Marina). Batu Ampar is about 25 km west of BIP and has berth capacity of 35,000 Deadweight (DWT). Tenants of BIP include electronics and electrical products and component manufacturers, pharmaceutical companies, precision parts manufacturers and plastic moulding companies. Batam was one of the first beneficiaries of the economic cooperation between the Singapore and the Indonesian governments. BIP investors and tenants may enjoy the benefits under the Generalised System of Preferences and Bonded Zone Plus privileges. There are presently no foreign exchange controls in Indonesia and investors and tenants enjoy suspension of import duties in the Bonded Zones. In addition, investors and tenants enjoy the benefit of having 25% of the total export volume permitted for domestic market.

BIE comprises approximately 106,000 m^2 of net lettable area as at 30 June 2005. It is self-contained with its own port and ferry terminal, Bintan Sri Udana, and customs, immigration and quarantine facilities to expedite shipping and ensure the smooth flow of raw materials and finished goods in and out of the park. Accessibility to the surrounding islands is available via the ferry terminals, Bandar Bentan Telani Ferry Terminal at BR and Sri Bintan Pura Ferry Terminal at Tanjung Pinang. Tenants of BIE include electrical and electronic manufacturers and garment manufacturers. Bintan was also one of the first beneficiaries of the economic cooperation between the Singapore and the Indonesian governments. BIE offers investors and tenants an abundance of land, labour and water resources, as well as access to world markets via Singapore transport and logistics infrastructure. Focusing mainly on the electronics and resource-intensive light industries, BIE was conceived to capitalise on the synergies that exist between Singapore and Indonesia. As a result, BIE investors and tenants also enjoy a series of incentives similar to those of BIP's such as the preferential duties under the Generalised System of Preferences, suspension of import duties in the Bonded Zones and, presently, the absence of foreign exchange controls in Indonesia. In addition, investors and tenants enjoy the benefit of having 25% of the total export volume permitted for domestic market.

BIP and BIE are industrial parks providing comprehensive industrial park facilities, utilities and support services to their tenants and investors. Both industrial parks are conceptualised and designed to have a self-sufficient and self-contained manufacturing environment. Support facilities in the parks include residential, recreational and medical amenities. Each industrial park has a medical clinic within the park which is staffed with doctors, nurses, and paramedics, and is equipped with dental, x-ray and minor surgical facilities. As for security and related support, the industrial parks' trained security personnel patrol and guard the premises with night patrols. We also have our own fire fighting team for our industrial parks. In addition, both BIP and BIE have commercial centres, housing, restaurants, local and international banks, sundry shops, mosques and church. Other amenities include automated-teller machines, IDD phone booths, food centres, wet market, community hall, and social and recreational facilities. The aggregate market value of our industrial properties in Batam and Bintan as valued by Colliers International is approximately S$442 million as at 1 February 2006.

BIP and BIE are positioned to complement Singapore, to offer multi-national manufacturers with alternative production locations. Their proximity to Singapore is one of our key assets, given Singapore's reputation as a base for multi-national management due to its good infrastructure, a proven legal system and a good corporate governance environment. Our tenants and investors are able to take advantage of Singapore's infrastructure and logistics, and air and sea port facilities, which provide them with ready access for the international distribution of their manufactured goods.

Our tenants include companies from the following groups: Ciba Vision, Solectron, Perkin Elmer, Philips, Thomson, Schneider Electronics, Varta, Siemens, Panasonic, TEAC, Sony Chemicals, Sanyo, Sumitomo and Venture Electronics.

Factory Characteristics

We provide ready-built factories for rental or sale at our industrial parks. At BIP, the factories are generally able to handle a floor loading capacity of up to 15 KN/m^2 and are built to accommodate the requirements of industries such as those in electronics, electrical and precision parts manufacturing. The types of factories currently available are as follows:

Type	Description	Approximate Production Area (m^2)	Floor Loading Capacity	No. of units (approximate)
A	Three-storey building	9,217	7.5 KN/m^2 per storey	20
B	Single-storey detached factories with mezzanine floor	2,100 to 2,700	7.5 KN/m^2 or 15 KN/m^2 (ground floor) 2.5 KN/m^2 (mezzanine floor)	76
C	Single-storey terrace type factories with mezzanine floor	972	10.0 KN/m^2 (ground floor) 2.5 KN/m^2 (mezzanine floor)	22
D	Two-storey detached factories with mezzanine floor	5,571	15.0 KN/m^2 (ground floor) 7.5 KN/m^2 (second floor) 2.5 KN/m^2 (mezzanine floor)	4
E	Single-storey semi-detached factories with mezzanine floor	2,920	15.0 KN/m^2 (ground floor) 2.5 KN/m^2 (mezzanine floor)	6

At BIE, the factories are generally able to handle a floor loading capacity of up to 7.5 KN/m^2 to 10 KN/m^2 and are built to accommodate the requirements of industries such as those in electronics, electrical and garment manufacturing. The types of factories currently available are as follows:

Type	Description	Approximate Production Area (m^2)	Floor Loading Capacity	No. of units (approximate)
Terrace	Single-storey terrace factory	504	7.5 KN/m^2	16
Semi-detached	Single-storey semi-detached factory	1,104	7.5 KN/m^2	53
Detached	Single-storey detached factory with mezzanine floor	2,100	10.0 KN/m^2 (ground floor) 2.5 KN/m^2 (mezzanine floor)	19

The ready-built factories at the industrial parks are designed with flexible layouts and ease of set-up. Separate areas are broadly designed for offices, production, as well as loading and unloading of goods. To meet the needs of investors and tenants who may require specifications unique to their operations in the factories, the factories may be customised by the amalgamation of existing factories, taking into consideration space and loading requirements.

Lease Characteristics

Most of the lease agreements for the factories are for periods of three years (“**Lease Term**”). Generally, upon the expiry of the Lease Term, the lease agreement is automatically renewed for the same number of years. However pursuant to the agreements, either the tenants or PT BIC or PT BIIE (as the case may be) may, prior to the expiry of the Lease Term or the renewed term, notify the other to terminate the lease. The lease agreements are governed by Indonesian law.

The table below sets out information on the expired leases that were renewed for the industrial properties in BIP and BIE for FY2002, FY2003, FY2004 and HY2005:

Period	Number of leases expired	Approximate expired lease area (m^2)	Number of leases renewed	Approximate total renewed area (m^2)	Renewal rate by number of leases (approximate)	Renewal rate by expired lease area (approximate)
FY2002	85	162,868	82	157,696	96.5%	96.8%
FY2003	54	123,282	44	103,239	81.5%	83.7%
FY2004	41	81,321	32	68,437	78.0%	84.1%
HY2005	91	170,729	74	130,517	81.3%	76.5%

Tenants generally pay rent and service charges quarterly in advance. The service charge may include maintenance fees for the maintenance of the building and the upkeep of common areas and infrastructure, such as roads. The service fee is charged based on the factory area leased by the tenant.

Occupancy Rate

For FY2002, FY2003, FY2004 and HY2005, our industrial parks had average occupancy rates of approximately 89.6%, 83.2%, 85.3% and 83.7%, respectively, as at the end of the respective financial periods.

Our properties at BIP had average occupancy rates of approximately 90.7%, 83.4%, 84.4% and 82.8% for FY2002, FY2003, FY2004 and HY2005, respectively, as at the end of the respective financial periods. A breakdown of occupancy rates for BIP as at the end of FY2002, FY2003, FY 2004 and HY2005 is as follows:

	Approximate occupancy rate			
Batamindo Industrial Park	**FY2002**	**FY2003**	**FY2004**	**HY2005**
Type A Factory	88.4%	82.0%	84.1%	78.3%
Type B Factory	95.7%	87.8%	86.5%	87.5%
Type C Factory	81.9%	81.7%	79.3%	78.6%
Type D Factory	61.9%	38.0%	62.8%	74.7%
Type E Factory	100.0%	100.0%	96.5%	87.5%
Average	**90.7%**	**83.4%**	**84.4%**	**82.8%**

Note:

Figures in the above table have been computed based on total leased area divided by net lettable area of properties for the period or financial year, as the case may be.

The reduction in occupancy in FY2003 was mainly due to the departure of certain tenants, who served their notices of termination in the second half of 2002, in view of the global electronic industry downturn. The trend towards termination and non-renewal of the leases is attributable to the poor investor sentiment ceased in about early 2003. The reduction in occupancy rates for BIP for HY2005 was mainly due to the non-renewal of lease by a tenant.

Our properties at BIE had average occupancy rates of approximately 83.1%, 82.0%, 89.5% and 87.7% for FY2002, FY2003, FY2004 and HY2005, respectively, as at the end of the respective financial periods. A breakdown of occupancy rates for BIE as at the end of FY2002, FY2003, FY2004 and HY2005 is as follows:

	Approximate occupancy rate			
Bintan Industrial Estate	**FY2002**	**FY2003**	**FY2004**	**HY2005**
Terrace	38.0%	44.0%	43.8%	43.8%
Semi Detached	87.0%	91.0%	96.2%	96.2%
Detached (single-storey)	88.0%	75.0%	88.8%	84.2%
Average	**83.1%**	**82.0%**	**89.5%**	**87.7%**

Note:

Figures in the above table have been computed based on total leased area divided by net lettable area of properties for the period or financial year, as the case may be.

The average occupancy rates for BIE increased to 89.5% in FY2004 due to new rental of semi-detached factories from manufacturers in the electronic sector. Improving factory occupancy rate was mainly due to successful creation of garment manufacturing clusters with supporting industries and integrated logistic support services as well as building up of electronic cluster in BIE. The reduction in occupancy rate for BIE in HY2005 was mainly due to the addition of new detached factories for lease to investors in HY2005.

Other Services Offered

Logistics Services

Through BC, we offer a range of logistics services to our tenants at BIP as stated below.

(a) *Shipping Services.* We provide daily shipping service for containerised and conventional cargoes for shipping services between Singapore and Batam, as well as provision of documentation services.

(b) *Transhipment Services.* To enhance and provide the timeliness of transhipment services for inbound and outbound cargo via Singapore, we are connected via a system of computers and networks to the Maritime Port Authority of Singapore and International Enterprise Singapore for the latest shipping updates.

(c) *Cargo Services.* We provide services and manage the transportation of light to heavy cargo between Singapore and Batam for many BIP tenants and services provided include clearance of transportation documents, international forwarding, transhipment transfers, distribution, special ground handling and land haulage.

At BIE, we support the manufacturing activities of our tenants via our own port and ferry terminal. The port, which is located in BIE, is capable of handling up to 6,200 TEUs of container each month.

Accommodation and Amenities

We provide a variety of accommodation to meet the requirements of our tenants. Factory workers are housed in dormitories with common amenities. Tenants can lease dormitories for their workers. Larger quarters are provided for supervisors. BIP has a community centre that caters to the recreational needs of factory workers living within BIP and offers a variety of sports facilities.

In addition, our subsidiary, PT BEV, provides resort style condominiums and bungalows located 15 minutes away from BIP to executives living in Batam. Residents of the Batamindo Executive Village ("**BEV**") are entitled to membership privileges at the SLCC, which is part of BEV. SLCC provides recreational facilities, such as an international standard 18-hole golf course, a day and night driving range, a fully equipped gymnasium, swimming and wading pools and tennis courts.

In Bintan, we provide accommodation for the employees of our tenants and investors at BIE. Factory workers are accommodated in dormitories, and recreational needs and the daily needs of factory workers are catered to by the community centre, town centre and food centre. Executives are accommodated in condominiums and the Bintan Inti Executive Village caters to the recreational needs of the executives.

Other support facilities include a fire station at BIP and medical facilities, including a polyclinic within the industrial parks which is staffed with doctors, nurses, and paramedics, and is equipped with dental, x-ray and minor surgical facilities.

Quality Assurance

We accord priority and emphasis on the quality of our services, and procedures are set in place for each service with a view to ensuring that our tenants are consistently provided with quality services. Some of the measures are set out below.

Estate and Township Division

The maintenance of our industrial parks is undertaken by our Estate and Township Division ("**ETD**") which, together with its team of technical and administrative personnel and third party contractors, provides the following:

(a) *Regular Maintenance.* We have several regular maintenance contracts with contractors to provide for the upkeep of buildings, amenities, roads, drains, greeneries and mechanical and engineering equipment.

The industrial parks business has established procedures for modifications of the factory premises undertaken by the tenants.

In addition, we have programs to provide for the maintenance of the industrial parks on a regular basis. The following sets out the existing programs for maintenance:

Scope of work	Duration (approximate)
Building repainting and minor repairs	Once in 5 years
Water tank washing and flushing	Once in 2 years, unless there is a problem with water quality
Servicing of air-conditioners	Quarterly
Grass cutting	Weekly
Road and drain cleaning	Daily
Sewage Treatment Plant - washing and flushing of entire system	Yearly
Dislodging of septic tanks	Monthly

(b) *Repairs.* We provide rectification and repairs of faults or defects our buildings as well as malfunctioning of mechanical, engineering systems and equipment maintained by us. We conduct regular inspections of our buildings and equipment. This ensures that our buildings and equipment are consistently maintained at an acceptable standard. Our ETD assesses the repairs required, recommends proposals for repairs and supervises the repair works carried out by contractors.

Fire Safety

We have established a fire protection system for factories in our industrial parks. Our fire protection facilities are manned on a 24-hour basis by trained personnel. Each of the factories in BIP and BIE is equipped with a fire protection system which includes smoke detectors and fire extinguishers.

To ensure that the fire protection system and equipment are maintained and equipped adequately, we conduct periodic fire safety audits. Currently, this is on an annual basis and the audit includes the evaluation of all fire protection systems and equipment as well as testing of fire hydrants. In the event that the results for the audit are below our requirements, a re-audit is conducted after rectification of the issues that do not meet with such requirements. A fire evacuation drill is also conducted at least once a year at BIP and BIE.

Environment and Health

The following are some of the procedures implemented by us:

(a) *Sewage treatment plant.* Although there are currently no requirements for testing of the sewage plant by an independent laboratory, we conduct regular tests on the sewage treatment plant's effluence. Such tests are conducted monthly.

(b) *Vector monitoring.* Vector inspections are carried out regularly at potential mosquito breeding sites in our industrial parks.

(c) *Solid waste collection and landfill.* We provide solid waste collection and landfill services to the tenants and investors in our industrial parks. Solid waste is collected on a daily basis from the bin centres located outside each factory in our industrial parks.

Government Regulations

The industrial properties are subject to various governmental regulations, including regulations in Batam and Bintan and general building and zoning requirements.

Tenants of industrial properties are also subject to various laws and regulations relating to the environment and the handling of hazardous substances which may impose or create significant potential environmental liabilities. We believe that none of our tenants in our industrial parks are involved in the production of hazardous materials.

Marketing

SembPark has marketing agreements with both PT BIC and PT BIIE, under which SembPark has been appointed the exclusive marketing agent for the promotion and marketing of the two industrial parks worldwide, except Indonesia.

SembPark provides advice to the industrial parks on market positioning and design of factories and product development. It also helps to identify target industry sectors for the industrial parks and assists in the lease and sale documentation for both industrial parks.

SembPark's marketing activities are undertaken by an experienced marketing team.

SembPark prepares proposals for prospective and existing tenants and investors which are based on terms and conditions set by our management. The ultimate decision on rates and terms resides with our management. In addition, value-added packages may be tailored to meet the specific needs of prospective tenants and investors. Some of the features in these packages include matching cash flow to rental periods and rates, varying utilities set-up as well as customising factory layout.

We have also entered into a technical services agreement with Riau Infrastructure Management Services Pte Ltd ("**RIM**"), a subsidiary of SembPark, pursuant to which RIM provides technical assistance services, such as masterplanning and providing advice on estate management, industrial parks operations and project management. SembPark also provides marketing services to PT BEV. We also offer the investors and tenants in our industrial parks a one-stop service environment.

Credit Management

The majority of the tenants in our industrial parks business are corporate tenants. As part of our risk management and business strategy, we obtain and evaluate information regarding the customer's creditworthiness and financial standing, prior to seeking approval from management for granting of credit.

Tenants of our industrial parks business generally pay rent in advance quarterly and service fees on monthly basis. At the time of entering into a lease, tenants are required to pay a security deposit in cash of up to three months' rent, as well as three months' rent in advance. In event of any payment default by tenants, we may utilise the deposits to offset unpaid trade balances.

We monitor our debtors on a monthly basis and may actively seek recovery of debts that are outstanding for more than 90 days. For long outstanding debts, we may work with the tenants to structure a repayment plan (e.g. repayment by instalments). Where the debt recovery is doubtful, the security deposits collected for leases may be used to offset the amounts outstanding.

Revenue Mix

Revenue from our industrial parks business is primarily derived from rental as well as service and maintenance charges.

Analysis of revenue contribution by types of factories

A breakdown of our rental and service fee revenue in respect of BIP for FY2002, FY2003, FY2004 and HY2005 is as follows:

	FY2002		FY2003		FY2004		HY2005	
Type of Factory	Annual Gross Revenue (S$ million)	Contribution (%)	Annual Gross Revenue (S$ million)	Contribution (%)	Annual Gross Revenue (S$ million)	Contribution (%)	Annual Gross Revenue (S$ million)	Contribution (%)
Batamindo Industrial Park								
Type A	20.08	31.6	18.20	35.2	14.67	35.5	7.12	34.2
Type B	17.87	28.1	12.52	24.2	11.62	28.1	6.01	28.9
Type C	1.10	1.7	1.17	2.3	0.90	2.2	0.59	2.8
Type D	0.98	1.5	0.53	1.0	0.75	1.8	0.43	2.1
Type E	1.97	3.1	1.93	3.7	1.77	4.3	0.78	3.8
Others (executive apartments, dormitories, clinics, wet market and commercial complex)	21.56	33.9	17.33	33.5	11.59	28.1	5.81	28.2
Total	63.56	100.0	51.68	100.0	41.30	100.0	20.74	100.0

Note:

Percentage contribution is computed based on annual gross revenue from each factory type as a percentage of total gross revenue for BIP.

Types A and B factories are most popular to tenants and investors as the factory size and layout is suitable for most types of manufacturing activities. As BIP has fewer Type D and Type E factories, we have lower revenue contributions from these two types of factories.

A breakdown of our rental and service fee revenue for BIE for FY2002, FY2003, FY2004 and HY2005 is as follows:

	FY2002		FY2003		FY2004		HY2005	
Type of Factory	Annual Gross Revenue (S$ million)	Contribution (%)	Annual Gross Revenue (S$ million)	Contribution (%)	Annual Gross Revenue (S$ million)	Contribution (%)	Annual Gross Revenue (S$ million)	Contribution (%)
Bintan Industrial Estate								
Terrace Factory	0.29	1.7	0.43	2.6	0.26	2.4	0.15	2.7
Semi Detach Factory	3.40	20.4	4.17	25.5	3.24	30.5	1.70	31.6
Detached (single storey) factory	2.72	16.3	2.78	17.0	1.66	15.6	0.98	18.2
Others (dormitories, clinic, wet market)	10.25	61.5	8.98	54.9	5.46	51.4	2.56	47.5
Total	16.66	100.0	16.36	100.0	10.63	100.0	5.39	100.0

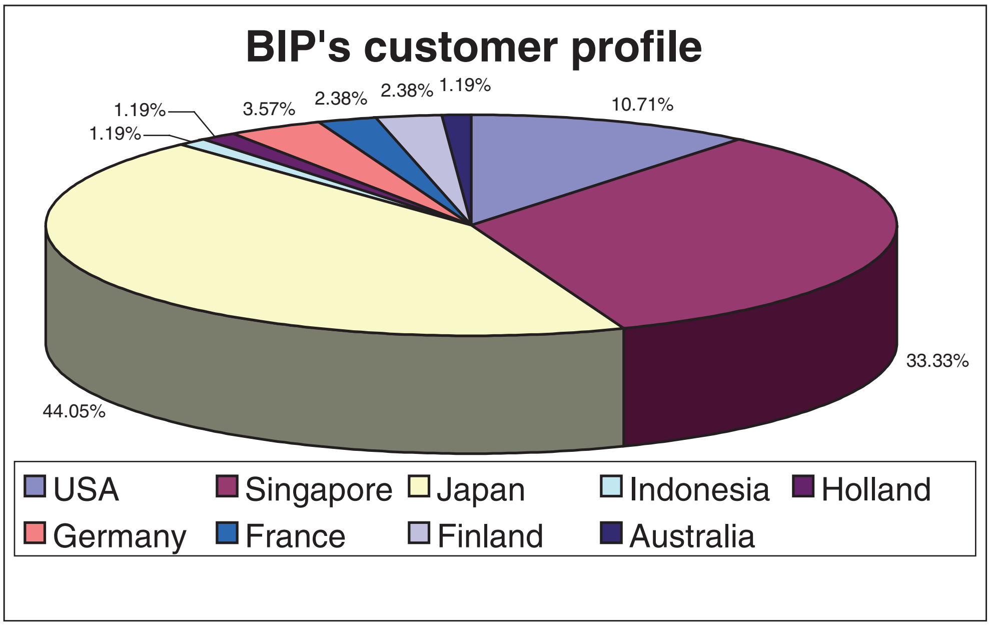
Note:

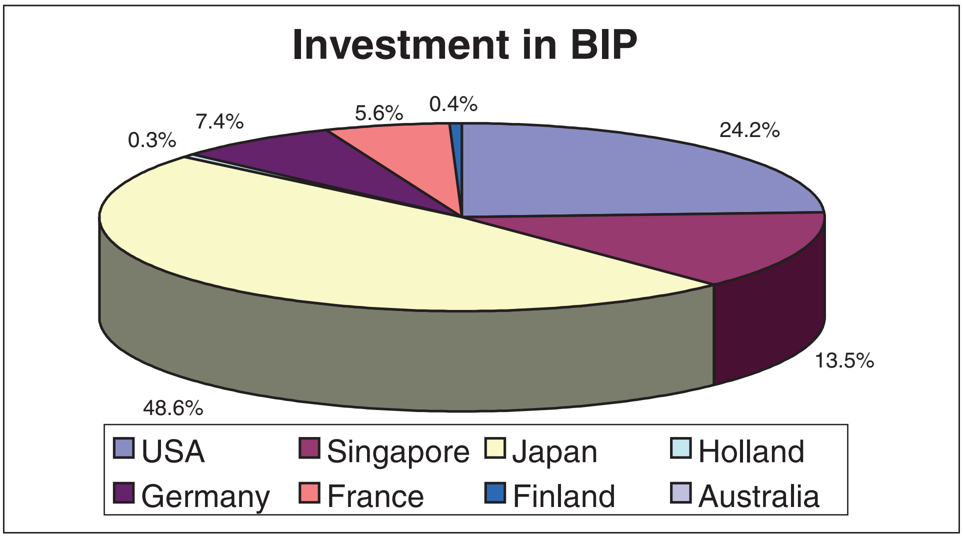
Percentage contribution is computed based on annual gross revenue from each factory type as a percentage of total gross revenue for BIE.

Semi-detached factories provide large manufacturing spaces for the tenants and investors and allow adjoining of two or more units for larger production capacity. Our terrace factories are mainly for smaller manufacturing activities in the support business sector. Accordingly, we have lower revenue contribution from this type of factory. As BIE is located at the western end of Bintan with limited residential facilities in the vicinity, our BIE tenants and investors lease dormitories and executive apartments for their employees from us. Accordingly, lease incomes from other facilities (such as dormitory, executive apartment, shop houses) contribute significantly to the revenue of BIE.

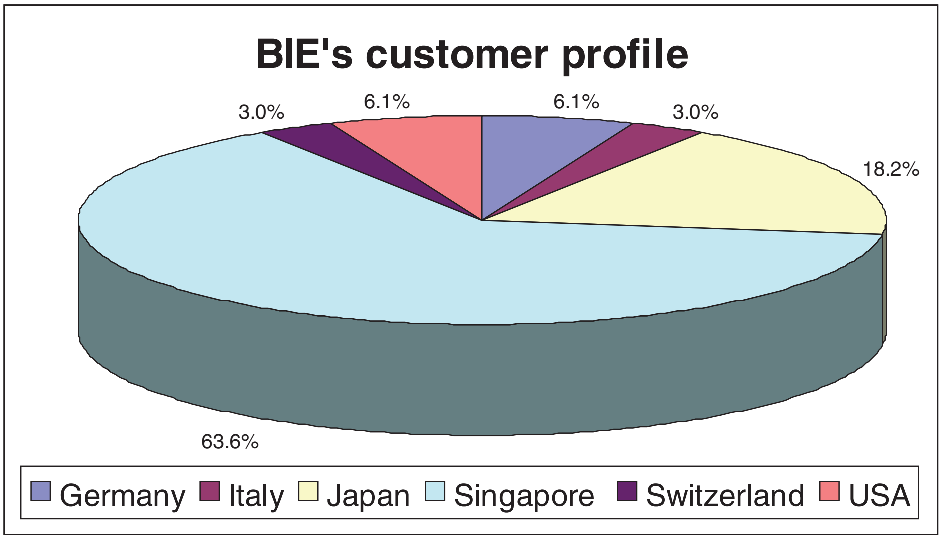
Analysis of customer / investor profile

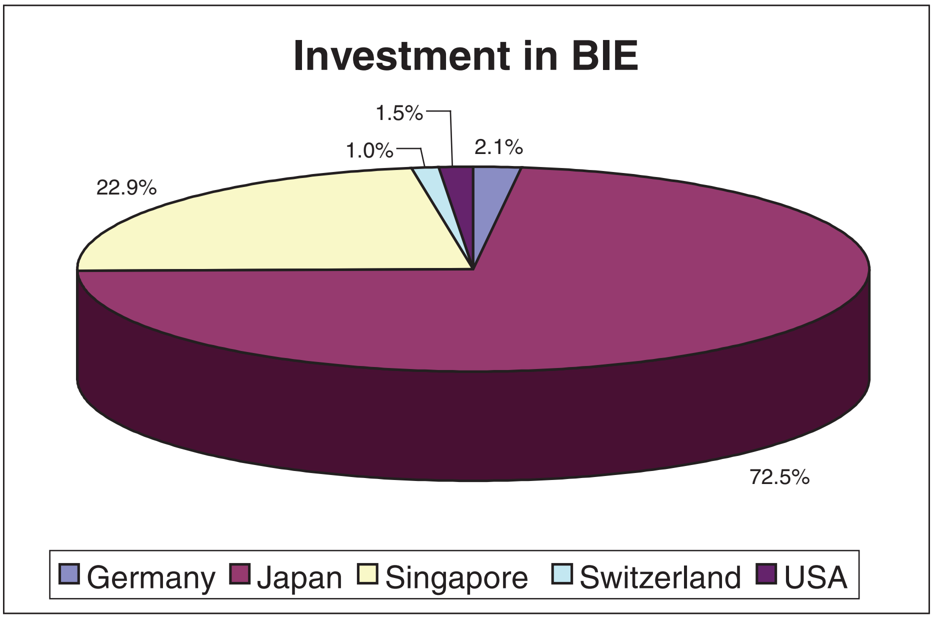
Most of our tenants at BIP are companies based in Japan and Singapore. As at 30 June 2005, approximately 44.1% of BIP tenants were from Japan and 33.3% from Singapore with the remainder from countries like Indonesia, USA, Germany, France, Finland, Holland and Australia. The charts below illustrate the customer and investment profiles in BIP as at 30 June 2005:





The majority of our tenants at BIE are involved in lighter manufacturing activities and are Singapore-based companies. As at 30 June 2005, approximately 63.6% of the tenants in BIE were from Singapore and 18.2% from Japan, with the remainder from Italy, Germany, Switzerland and USA. The charts below illustrate the customer and investment profiles in BIE as at 30 June 2005:





Analysis of occupancy and revenue contribution by sectors

Most of our tenants at BIP are involved in manufacturing industries. Our tenants involved in electronic and electrical products manufacturing, pharmaceutical-related manufacturing, plastic moulding manufacturing and precision parts manufacturing occupied approximately 59%, 9%, 11% and 13%, respectively, of our total occupied lettable area in BIP as at 31 December 2004 and accounted for approximately 64%, 8%, 9% and 11%, respectively, of our total gross revenues from BIP in FY2004. Our tenants involved in electronic and electrical products manufacturing, pharmaceutical-related manufacturing, plastic moulding manufacturing and precision parts manufacturing occupied approximately 58%, 12%, 5% and 17%, respectively, of our total occupied lettable area in BIP as at 30 June 2005 and accounted for approximately 63%, 10%, 10% and 12%, respectively, of our total gross revenues from BIP in HY2005. The following table sets out information on the types of industries that tenants of BIP operated in as at the end of FY2002, FY2003, FY2004 and HY2005.

	FY2002		FY2003		FY2004		HY2005	
Sector	% of Total Occupied Lettable Area	% of Total Gross Revenue	% of Total Occupied Lettable Area	% of Total Gross Revenue	% of Total Occupied Lettable Area	% of Total Gross Revenue	% of Total Occupied Lettable Area	% of Total Gross Revenue
Batamindo Industrial Park								
Electronic & Electrical	57	65	62	68	59	64	58	63
Precision Parts	14	13	11	11	13	11	17	12
Pharmaceutical	13	12	9	8	9	8	12	10
Plastic Moulding	5	3	12	7	11	9	5	10
Packaging	7	4	5	5	6	5	5	4
Others	4	3	1	1	2	3	3	1
Total	100	100	100	100	100	100	100	100

Notes:

(1) % of total occupied lettable area in the above table is computed based on total leased area divided by net lettable area of properties for the period or financial year, as the case may be.

(2) % of total gross revenue contribution is computed based on annual gross revenue from each factory type as a percentage of total gross revenue for BIP.

Most of our tenants at BIE are involved in lighter industries, such as electronics manufacturing and garment manufacturing. Tenants involved in electronics manufacturing and garment manufacturing occupied approximately 45% and 37%, respectively, of our total occupied lettable area in BIE as at 31 December 2004 and accounted for approximately 56% and 34%, respectively, of our total gross revenues from BIE in FY2004. Tenants involved in electronics manufacturing and garment manufacturing occupied approximately 49% and 36%, respectively, of our total occupied lettable area in BIE as at 30 June 2005 and accounted for approximately 55% and 33%, respectively, of our total gross revenues from BIE in HY2005. The following table sets out information on the types of industries that tenants of BIE operated in as at the end of FY2002, FY2003, FY2004 and HY2005.

	FY2002		FY2003		FY2004		HY2005	
Sector	% of Total Occupied Lettable Area	% of Total Gross Revenue	% of Total Occupied Lettable Area	% of Total Gross Revenue	% of Total Occupied Lettable Area	% of Total Gross Revenue	% of Total Occupied Lettable Area	% of Total Gross Revenue
Bintan Industrial Estate								
Electronic & Electrical	48	44	44	65	45	56	49	55
Garment	42	50	42	28	37	34	36	33
Supporting Industries/Others	10	6	14	7	18	10	15	12
Total	100	100	100	100	100	100	100	100

Notes:

(1) % of total occupied lettable area in the above table is computed based on total leased area divided by net lettable area of properties for the period or financial year, as the case may be.

(2) % of total gross revenue contribution is computed based on annual gross revenue from each factory type as a percentage of total gross revenue for BIE.

Major Customers

Rental and service charge revenue from PT Panasonic Shikoku Electronics Batam (formerly known as PT Matsushita Kotobuki Electronics Peripherals Indonesia) accounted for approximately 5.5%, 4.8%, 6.1% and 6.8% of our revenue from our industrial parks for FY2002, FY2003, FY2004 and HY2005, respectively. For HY2005, PT Ciba Vision Batam accounted for 5.4% of our revenue from our industrial parks.

Save for PT Panasonic Shikoku Electronics Batam and PT Ciba Vision Batam, none of the other tenants in our industrial parks accounted for 5% or more of our revenue from our industrial parks for FY2002, FY2003, FY2004 and HY2005. Although our industrial parks business is not materially dependent on any specific tenant, a substantial portion of our industrial parks business revenue is derived from tenants in the electronics and electrical sectors. Please refer to the section "Revenue Mix" on pages 88 to 92 of this Prospectus.

Major Suppliers

Supplies required for our industrial parks business include marketing services, construction of factories and supplies for maintenance of the industrial parks. The table below sets out information on suppliers who accounted for 5% or more of our total purchases for our industrial parks business for FY2002, FY2003, FY2004 and HY2005:

Name of supplier	Type of supplies provided	% of Total Purchases for our Industrial Parks Business (approximate)			
		FY2002	FY2003	FY2004	HY2005
SembPark	Marketing and management services	17%	24%	27%	30%
PT Tunaskarya Indoswasta	Human resource management	*	*	5%	5%

Note:

* Our purchases from the supplier were less than 5% of our total purchases for our industrial parks business for the relevant financial period.

Over the 3 financial years ended 31 December 2004 and for HY2005, the amount of monies we have paid to SembPark for its marketing and management services has been relatively constant. However the amount of our total purchases for our industrial parks business decreased in FY2003, FY2004 and HY2005 due to a decrease in the amount of development work in our industrial parks.

For further information on the fees paid to PT Tunaskarya Indoswasta, please refer to pages 170 and 171 of this Prospectus.

Our industrial parks business is not materially dependent on any of our suppliers.

Competition

The competitors for our industrial parks business include owners, managers and operators of industrial parks located in Asia (including China, Thailand, Malaysia, Vietnam, India, Singapore and Indonesia). There are currently 16 industrial parks in Batam, other than BIP, offering industrial factory rental services. However, we believe that the owners, managers or operators of these industrial parks do not provide infrastructure or supporting services as comprehensive as our industrial parks'.

The following tabulation lists the significant industrial parks located in Batam (including BIP):

Industrial Park	Location	Approximate Size of Industrial Park (ha)
Panbil Industrial Estate	Mukakuning, Batam	130
Taiwan International Industrial Estate	Kabil, Batam	300
Latrade Industrial Park	Tanjung Uncang, Batam	230
Kabil Industrial Park	Kabil, Batam	180
Bintang Industrial Park I	Batu Ampar, Batam	18
Bintang Industrial Park II	Tanjung Uncang, Batam	70
Puri Industrial Park	Batam Centre, Batam	40
Kara Industrial Park	Batam Centre, Batam	30
Tunas Industrial Park	Batam Centre, Batam	16.6
Cammo Industrial Park	Batam Centre, Batam	15
BIP	Mukakuning, Batam	320

Source : Colliers International

We also compete with industrial parks in the region. Competition amongst industrial parks for investors or tenants depends on the various incentives, tax holidays and trade arrangements that the host countries where these industrial parks are located, may have with various markets like the US and the European Union. Other factors include rental rates, utilities costs, transportation costs and labour costs in the host countries.

Some of our competitors are:

Industrial Park	Location	Approximate Size* (ha)	Target Industries
Wuxi Huishan Industrial Park	Wuxi, China	3,000	Automobile, chemical and life sciences
Wuxi Xishan Industrial Park	Wuxi, China	3,000	Machinery, textile and electronics
Suzhou Industrial Park**	Suzhou, China	7,000	Innovation and science park
Vietnam-Singapore Industrial Park**	Binh Duong Province, Vietnam	465	Manufacturing, export processing
Samut Prakarn	Thailand	500	Manufacturing, export processing
Ayutthaya	Thailand	650	Hi-tech, export processing
Chon Buri	Thailand	5,000	General industry
Eastern Seaboard Industrial Estate	Thailand	7,000	General industry
Johor Technology Park	Malaysia	180	Hi-tech, research and development and general manufacturing
Pasir Gudang	Malaysia	940	Light to medium manufacturing
Bukit Minyak Industrial Park	Malaysia	600	General manufacturing

Notes:

* Based on information from SembPark and/or public sources.

** The above industrial parks are owned and/or managed by the SCI Group.

Competitive Strengths

Notwithstanding the competition which we face in our industrial parks business, the following are our competitive strengths:

(a) *Proximity to Singapore*

The proximity of Bintan and Batam to Singapore allows us to leverage on the accessibility afforded by Singapore's air and sea port facilities, the supporting logistics and infrastructure, in order to provide our tenants and investors with ready access for the international distribution of their manufactured goods. We are also able to leverage on the wide array of financial services available in Singapore.

(b) *Comprehensive infrastructure and services for our tenants and investors*

We offer our tenants and investors one-stop integrated services, which extend from the setting up of operations in Batam and Bintan to the provision of utilities and other services. We assist our new and existing tenants and investors in the application for or renewal of investment licences and operating permits, procedures for incorporation of company in Indonesia, manpower recruitment and management, as well as immigration procedures for expatriates and employees. This provides them an added advantage in their businesses.

We also provide a wide range of utilities services, thus ensuring that BIP and BIE are self-sufficient and operational in terms of utilities requirements. We have developed the following infrastructure:

- potable water supplies;
- telecommunication infrastructures such as IDD, fax, local and dedicated leased lines, as well as a microwave tower, that supplements the local telecommunication network;
- industrial waste water treatment plants that meet the local authority's environmental standards;

- lodging for workers as well as recreational facilities within BIP and BIE; and
- various logistics services to meet tenants' requirements for shipping, transhipment, cargo, warehousing and distribution as well as factory relocation.

The above advantages allow us to market our industrial parks as a competitive alternative to other industrial estates in the region (including China and Thailand) to potential tenants and investors who wish to diversify their manufacturing locations.

(c) *Economies of scale*

We enjoy significant economies of scale. The large pool of tenants and investors in our industrial parks has allowed us to provide utilities, logistics and other services and facilities to them. In addition, this has allowed us to offer our tenants and investors a competitive position and advantage to operate from in terms of overall cost and ability to manufacture and transport goods and products.

(d) *Barriers to entry*

The barriers to entry for industrial parks business are high and the ability to provide a wide range of comprehensive and reliable services in Batam and Bintan such as logistics and utilities that meet the requirements of multinational and regional companies, is a resource that may not be easily replicated within a short time frame.

(e) *Incentives*

Various incentives have provided tenants and investors in BIP and BIE with opportunities for lowering their overall costs of production or costs of sales. Our investors and tenants enjoy the benefits under the Generalised System of Preferences and Bonded Zone Plus privileges. There are no foreign exchange controls in Indonesia and our investors and tenants enjoy suspension of import duties in the Bonded Zones. In addition, investors and tenants enjoy the benefit of having 25% of the total export volume permitted for domestic market.

(f) *Cluster concept*

Our provision of integrated services has enabled us to develop marketing strategies premised on providing industrial space in the same vicinity, to tenants whose businesses are similar, complementary or inter-dependent. For example, we cluster together in our industrial parks certain electronic manufacturing tenants with packaging manufacturing tenants, and certain tenants who are suppliers and customers of each other. This has allowed us to add value to our tenants' operations in terms of overall cost, inventory and time management.

(g) *Flexible layouts and designs*

We have an inventory of ready-built factories of various sizes to suit different manufacturing needs. These factories are designed in accordance with Singapore and British factory building standards and are in move-in condition. For certain prospective investors or tenants that require factory layouts or designs not available in our inventory, we are able to explore alternatives with the investors or tenants, as the case may be, to meet their requirements. For example, for tenants that require a larger factory area not available in our inventory of ready-built factories, we may adjoin two factories to meet their needs.

(h) *Strategic Alliance with the SCI Group*

The SCI Group is both a Controlling Shareholder of our Company and our strategic partner for our industrial parks business. SCI is represented on our Board. The SCI Group has signed various business agreements with us in relation to our industrial parks business. The strategic tie-up with the SCI Group, whose interests include businesses that develop, manage and market industrial estates or parks, allows us access to a network of business partners and provides us with the operational experience and knowledge in running industrial parks.

(i) *Experienced management expertise*

As PT BIC and PT BIIE have been managing and operating our industrial parks since their inception in the 1990s, we have an experienced management team overseeing our industrial parks business. We are also able to tap on the experienced management and marketing services of the SCI Group and the Salim Group in the operation of our industrial parks, and in the marketing of our industrial properties worldwide.

(j) *Access to abundant workforce*

The large pool of workers in the Indonesian market provides our tenants and investors with a ready supply of labour to meet their operating requirements, and also offers them labour cost advantages relative to Singapore.

Prospects and Future Plans

Our prospects and ability to expand our industrial parks business are dependent on our ability to lease our industrial properties to prospective tenants. We market our industrial parks based on their proximity to Singapore and the comparative advantages of Singapore and Indonesia, referred to on page 94 of this Prospectus. The economic recovery in Singapore and neighbouring countries should contribute positively to the take-up rate for industrial space at BIP and BIE. In addition, our tenants and investors may benefit from the US-Singapore FTA. Companies in Singapore that manufacture certain products can source components from Batam and Bintan and these products may still be treated as if they are made in Singapore and receive preferential tariff treatment under the US-Singapore FTA.

Whilst China has been viewed by potential investors and tenants as providing an attractive investment environment, in particular for those targeting the large Chinese domestic market, our Directors believe that BIP and BIE can provide investors and tenants with a viable alternative in light of the comparative advantages mentioned above.

Colliers International's prospective outlook for Batam is that demand for leased industrial space in Batam is expected to grow at a moderate pace over the next 2 years. Take-up rate at BIP will increase at a moderate pace of approximately 10% to 15% per annum in years 2006 and 2007 and thereafter stabilise at around 5% to 10% per annum. Rental rates at BIP are expected to moderate in line with the slower rate of demand growth. Rentals are unlikely to reach pre-2001 levels of between approximately S$11 to S$13 per m^2 in the short to medium term in view of increased regional competition and uncertainties. They project that rental rates for the next 3 years would range from about S$6 to S$8 per m^2 increasing gradually to about S$8 to $10 per m^2. Colliers International expects BIE to continue to attract tenants at rental rates of between S$6.50 to S$8 per m^2. Take-up rate will be steady at an average of between 4% to 7% per annum over the next 5 to 9 years and, overall, occupancy is expected to stabilise at around 85% to 90%. The Independent Market Review Report by Colliers International is set out in Appendix B.

As at the Latest Practicable Date, outstanding rental commitments from our tenants amounted to approximately S$54.30 million, of which rental commitments of approximately S$27.79 million are expected to expire in FY2006 and are subject to renewal upon maturity of the leases. Tenants may, however, terminate their leases earlier. As such, our order book as at any particular date may not be indicative of our revenue for any succeeding period due to the possibility of changes in tenancy periods. Please also see the section "Risk Factors – Risks Relating to Our Industrial Parks Business – Most of our properties' tenancy leases are for periods of up to three years, which exposes our properties to significant rates of lease expiry each year" on page 38 of this Prospectus.

The future plans of our industrial parks business are as follows:

(a) *Development of New Industrial Parks in Bintan*

Our land bank inventory currently includes a land bank of approximately 3,800 ha in Bintan which is situated next to BIE. Our existing infrastructure and facilities in BIE (including roads, international ferry terminal, port and utilities facilities) allows us to readily develop such land to expand BIE if and when opportunities for such expansion arise.

(b) *Retention of Existing Tenants*

We intend to maintain our focus on customer service. Our inherent large economies of scale in terms of industrial properties and utilities assets owned, allows us to address the requirements of our tenants. In addition, our multi-lingual staff (e.g. Japanese-, Chinese- and English-speaking) continues to maintain strong relationships with our tenants.

We have established feedback channels like the Batamindo Business Council (BBC). Through forum and regular dialogue sessions, we continue to work closely with our existing tenants. This allows us to understand the needs and expansion or business diversification plans of our tenants.

(c) *Target Niche Industry Sectors*

In addition to tenants and investors in the electronics sector, we intend to continue to target specific industries, such as pharmaceuticals and medical supplies, as we are able to provide infrastructure and facilities to cater to the specific needs of these sectors (which include uninterrupted power supply).

We also intend to target prospective tenants and investors whose businesses are similar to, complementary with, or inter-dependent on our existing tenants or investors.

(d) *Proactive Asset Management and Asset Enhancement*

We believe that opportunities exist to increase yields and returns from our assets in the industrial parks business by adding and/or optimising factory space, i.e., asset enhancement. In this respect, we will focus on the following criteria:

- *Diversify tenant base*. We will seek to further diversify the tenant base and mix. This will assist us in managing our exposure to the general economic cycles as well as differing business cycles of our tenants.

- *Create higher value rentable area.* We will continue to actively review the zoning and plot ratios of our properties with a view to maximising rental yield. To the extent possible, where there is any unutilised plot ratio, we will consider the possibility of capitalising the value of the unutilised plot ratio by *inter alia* creation of additional factory space.

- *Raise profile and visibility of our industrial parks*. We propose, through focused advertising and promotion, to raise the profile and enhance the image of our industrial parks.

- *Manage operating expenses.* We will continue to manage our operating expenses, without compromising the quality of the services and facilities provided, by taking advantage of the economies of scale created from operating the assets. These expenses include maintenance of common areas and asset insurance. We also intend to conduct regular reviews of our cost control management systems.

OUR RESORT OPERATIONS BUSINESS

Our resort operations business is located in BR in the northern part of Bintan. The resorts currently located within BR comprise Nirwana Garden Resort, Laguna Bintan Resort, Bintan Lagoon Resort and Ria Bintan Resort.

In this segment of our business, we provide services to resort operators in BR, including ferry services, ferry terminal operations, workers' accommodation, security, fire fighting services and other support services and facilities required by resort operators. These activities were started primarily to support our resort property development business and the operators of BR.

In addition, PT BRC, our subsidiary, undertakes destination marketing, providing leadership and coordination in joint marketing efforts with hotel operators while BRFH, our travel agency subsidiary, markets, distributes and offers packages of BR products to consumers in Singapore, currently the largest single market for BR.

In short, the activities of our resort operations business may be categorised as ferry operations, travel agency, property rental and service and conservancy.

Ferry Operations

We provide and operate ferry services from Tanah Merah Ferry Terminal in Singapore (which is located a short distance away from Changi International Airport) to the Bandar Bentan Telani Ferry Terminal which we own, operate and manage. At the Bandar Bentan Telani Ferry Terminal, we provide services for loading and unloading as well as embarkation and disembarkation of passengers. In addition, we own three Singapore-registered catamaran ferries which collectively have a maximum seating capacity of approximately 860 passengers. Our largest ferry can seat approximately 300 passengers, and provides visitors from outside Singapore with ready access to BR. We ferried approximately 332,100, 263,000, 301,000 and 123,000 passengers to Bintan in FY2002, FY2003, FY2004 and HY2005, respectively. Revenue from our ferry operations was approximately S$11.7 million, S$9.8 million, S$10.0 million and S$3.9 million for FY2002, FY2003, FY2004 and HY2005, respectively.

Travel Agency

Apart from existing worldwide sales by third party travel agents, we provide hotel and travel reservation services for visitors to BR through our travel agency, BRFH. These services include incentive tour and seminar packages, eco-tourism tours, team building and leadership courses. BRFH was set up to reduce our Group's reliance on any single travel agency owned by third parties that may have different priorities in promoting BR as a holiday destination.

Although we specialise in Bintan as a destination, approximately 40% of BRFH's sales are from hotel reservation, ticketing and tour packages to other destinations. BRFH's revenue was about S$2.2 million, S$2.9 million, S$3.7 million and S$1.8 million for FY2002, FY2003, FY2004 and HY2005, respectively.

Our travel agency business accounted for approximately 4%, 5%, 6% and 12.4% of the overall sales of ferry tickets to BR in FY2002, FY2003, FY2004 and HY2005, respectively.

Property Rental

Property rental consists mainly of staff housing for workers in BR with some market and retail space. Staff housing is leased to the resort operators for their employees and is designed for three categories of resort employees, namely managers, supervisors and non-executives.

	Type A Managerial	**Type B Supervisory**	**Type C Non-Executive**	**Type C1 / C2 Non-Executive**
Floor Area per unit (approximate)	$78m^2$	$120m^2$	$789m^2$	$108m^2$
No. of Units	200	56	19	215
Capacity per unit (approximate)	4	8	114	16

Our revenue from property rental was about S$3.9 million, S$3.9 million, S$4.0 million and S$2.1 million for FY2002, FY2003, FY2004 and HY2005, respectively.

Service and Conservancy

We provide services such as fire fighting, security, vector monitoring, coral reef monitoring, road and drain maintenance to the common areas in BR. Our service and conservancy charges are levied quarterly based on a combination of factors including size of the resort's land parcel, number of occupants, and building area on a cost-plus basis.

Our revenue from service and conservancy charges was approximately S$1.1 million, S$1 million, S$0.8 million and S$0.4 million for FY2002, FY2003, FY2004 and HY2005, respectively.

Quality Assurance

We accord priority and emphasis on quality assurance. Appropriate procedures are set in place for each area of our operations to ensure that customers consistently enjoy quality services. Some of our procedures are set out below.

Operations Centre – 24-hour Crisis Centre

This is our nerve centre for the operations of BR which was set up to coordinate and handle crisis situations in BR, including coordination among the various BR departments, government security and local hospitals. Procedures are also in place to evacuate casualties to Singapore if required.

Security

Currently, we have about 100 security officers covering 10 strategic locations in BR over three shifts each day. In addition, there is a police post and navy post located in BR.

Environment and Health

We currently have a team of about 80 persons who monitor and manage the environment and health aspects of BR. This includes monthly monitoring and management of BR's sewerage treatment plants' effluents to ensure compliance with our Design and Development Guidelines. To monitor the mosquito population and test for malaria carriers, we carry out monthly trapping of adult mosquitoes and conduct monthly screenings on 5% to 15% of the employee population in BR.

We manage the clinic that serves both BR's employees and tourists to the resorts located in BR. Medical screening is done annually for food handlers in BR. In addition, all food establishments in BR are checked for hygiene standards on a monthly basis.

Estate and Township

We carry out regular maintenance in BR which includes basic road and drainage cleaning, grass cutting, air conditioning servicing, sewage treatment plant flushing, septic tank de-sludging, water tank flushing and painting of buildings. Other repairs and maintenance works are also carried out as and when the need arises.

Fire Safety

Our fire fighting and safety operation is housed at the fire station located at the current centre of BR, giving it ready access to each end of the existing developments in BR. Currently, we have about 75 personnel divided into three teams, with a team on duty at the fire station at all times and a team on call within the resort 24 hours. Our fire department does fire safety auditing of the resorts in BR, hydrant testing, firefighting drills and observes fire drills conducted by the resort operators.

Ferry Terminal Operations

Our ferry terminal in Bintan is the entry point for virtually all the visitors to BR. We run the overall terminal operations and coordinate the facilities for certain Indonesian government departments which include the immigration, customs and port authorities. Procedures are in place for key operations, including issuing of boarding passes, berthing of vessels, handling of embarkation and disembarkation manifests, loading and unloading of baggage and security checks for passengers and baggage. Our ferry terminal operations comply with the International Code for the Security of Ships and Port Facilities ("**ISPS Code**"), an international maritime regulation implemented since July 2004 which regulates the safety and security aspects on land and from sea ports and vessels. Vehicles, staff, visitors and passengers entering the ferry terminal in BR are checked at the main gate of the terminal. These checks include verification of working passes and physical checks.

Ferry Operations

For our ferry operations between Singapore and Bintan, we have in place procedures to ensure that our ferries comply with the Maritime Port Authority of Singapore regulations and the ISPS Code. All of our three ferries undergo annual docking where the class surveyors and the Maritime Port Authority of Singapore will audit them for safety of equipment and machinery. All major repairs are carried out during docking. We also follow the manufacturer's specifications for ferry maintenance and upgrade the interiors of our ferries when necessary.

Quality of service is maintained through regular crew training. Our ferries' key personnel are qualified as required by the Maritime Port Authority of Singapore and have obtained the necessary certifications. The crew are also sent for simulation continuation training in emergency situations and seamanship. All crew are subject to yearly medical examinations. Emergency safety drills and safety management reviews are carried out at regular intervals.

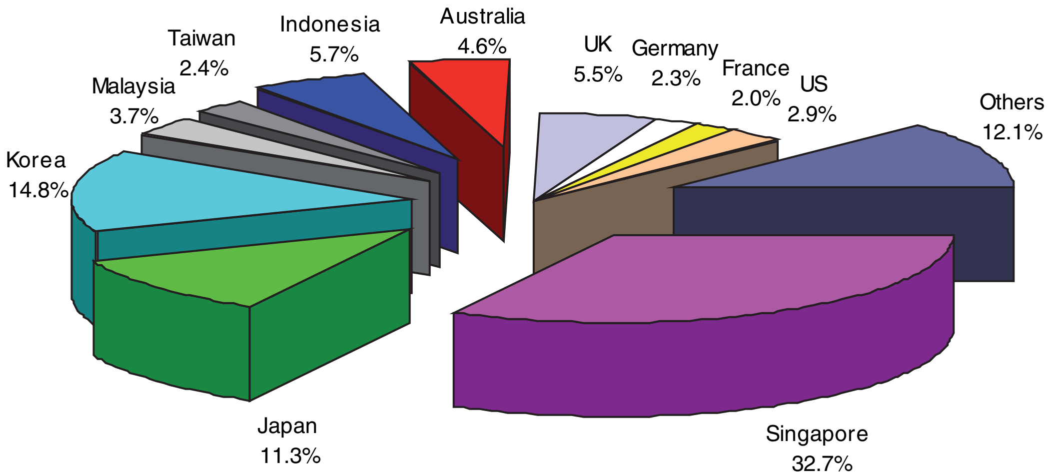
Distribution of tickets is monitored by our Integrated Ferry Operating System ticket module. Lost or stolen tickets can be declared void. We also continually monitor passenger traffic to cope with seasonal peaks and increase the scheduled ferries as required.

Customer feedback forms are available on our ferries and BRF's website. In addition, PT BRC carries out yearly surveys for BR visitors and ferry service is included as one of the services in the survey providing us with an additional avenue of feedback in respect of our ferry operations.

Marketing

We market BR as an internationally recognised tourist destination with the dual aims of growing awareness for the destination and increasing annual visitor arrivals. Currently, we have an agreement with ILI for the provision of overall infrastructure and financial planning services for BR, and an agreement with BRDC for the provision of planning and development consultancy services in respect of BR. In addition, the operators of the resorts in BR also market their respective resorts.

The majority of the visitors to BR come from within Asia. Visitors from Asia countries constituted about 71% of the total number of visitor arrivals to BR in 2005. Asia is expected to remain our primary source of tourists for the near future. The chart below provides a breakdown of the nationality of the tourists who visited BR (excluding domestic visitor arrivals from within Indonesia) in FY2005.



Source: BRF

Visitors from Singapore, Japan, Korea, United Kingdom, Indonesia, Malaysia and Australia constituted approximately 32.7%, 11.3%, 14.8%, 5.5%, 5.7%, 3.7% and 4.6%, respectively, of the total number of visitors to BR in 2005. Singapore has been the major market for BR for the three financial years ended 31 December 2004. Japanese tourists and Korean tourists have also been among the top three nationalities of visitor arrivals to BR for the three financial years ended 31 December 2004.

Our marketing plan for resort development is an integral part of our Group's future development plans. It is based on targeting new products needed to develop BR and matching these products to the prevailing investment climate. We undertake various trade and consumer marketing activities throughout the year to raise the level of awareness for BR.

Trade Marketing

We have implemented the following programmes to promote the products, tours and itinerary opportunities that BR has to offer:

(a) *Trade Events.* We participate in travel tradeshows and organise seminars for travel agents to promote BR as a destination for resort holidays. Over the three financial years ended 31 December 2004, we have taken part in 18 trade shows in Asia and Europe and made sales calls to travel agents overseas.

(b) *Trade Familiarisation Trips*. Frontline staff from various travel agencies are often invited on fully-hosted familiarisation trips to educate them about BR's tours and resorts. Over the three financial years ended 31 December 2004, we have hosted over 1,500 agents from travel agencies from Singapore, Indonesia and elsewhere. These trips are usually coordinated by us in association with the resort operators. A typical familiarisation trip would include the inspection of hotel properties, sampling of food and beverage outlets and experiencing the nature and heritage tours in BR.

(c) *Media Familiarisation Visits*. We promote and generate media coverage for BR as a resort destination by hosting media familiarisation visits and programmes for travel and lifestyle journalists and filming crew. Over the three financial years ended 31 December 2004, we have hosted about 300 guests from the media around the world. These trips are usually coordinated by us in association with the resort operators. The media visit would include inspection of the hotel properties, sampling of food and beverage outlets and experiencing spas or nature and heritage tours.

(d) *Publicity Programmes*. We create and maintain advertising as part of our efforts to ensure awareness of BR as a resort destination. For the three financial years ended 31 December 2004, advertising of promotions has been targeted at the Singapore market in conjunction with travel agents or the operators of resorts located in BR.

(e) *Promotional Materials*. We produce comprehensive destination promotional materials for BR including the Bintan Resorts Handy Guide. This guide is an all-in-one guide that provides information on travel tips, ferry services to BR, and the accommodations, attractions and places of interest in BR. We have coordinated a joint Singapore-BR brochure promoting the twin destinations in conjunction with the Singapore Tourism Board. This brochure is distributed internationally through the travel trade and Singapore Tourism Board offices overseas.

With a large percentage of the tourists coming from non-English speaking countries, we also publish select marketing materials in Japanese, Korean, Chinese, German and Indonesian. We also produce other promotional media such as destination videos, attractions videos and maps and flyers promoting the various nature and cultural tours in BR.

(f) *E-Newsletter and Email Updates*. We recently started providing quarterly e-newsletters and email updates on BR to the travel trade industry. These newsletters and email updates focus on upcoming events and new attractions in BR and other information to update the industry about BR.

(g) *Ferry Marketing.* As access to the resorts in BR by sea from Singapore is only available via the Bandar Bentan Telani Ferry Terminal and we are currently the sole operator for the ferries to and from BR, we are in a position to provide our ferry services and operations to other travel agents as well as resort operators in BR.

Consumer Marketing

We promote BR as a holiday destination to consumers through consumer advertising, travel trade events, media publicity, BR's internet website and other marketing materials. We market our ferry business and distribute ferry tickets mainly through wholesale and retail travel agents.

Credit Management

The Group currently does not have an established policy for determining the general allowance made for doubtful debts and bad debts written-off. Allowance for doubtful debts and bad debts written-off is made based on the management's judgment and estimate of possible future losses and irrecoverable amounts after considering prior dealings with the customer, its financial condition as well as current economic environment.

For ferry operations and travel agency, the transactions are on cash terms.

For property rental, tenants are allowed credit terms of up to 30 days. Tenants generally pay rent and a service charge monthly. At the time of entering into a lease, tenants are required to pay a security deposit.

Service and conservancy charges are collected quarterly from resort operators.

We monitor our debtors on a monthly basis. We may actively seek recovery of long outstanding debts from resort operators.

Revenue Mix

Our revenue for our resort operations business for the three financial years ended 31 December 2004 and HY2005 is derived from our ferry operations, travel agency, property rental and service and conservancy charges as set out below:

Type of activities	**% of Revenue of our Resort Operations Business (approximate)**			
	FY2002	**FY2003**	**FY2004**	**HY2005**
Ferry Operations	61%	54%	52%	46%
Travel Agency	12%	16%	19%	21.3%
Property Rental	20%	21%	21%	24.6%
Service and Conservancy	6%	6%	4%	5.0%
Others	1%	3%	4%	3.1%
TOTAL	100%	100%	100%	100%

Ferry operations have consistently provided the majority of our revenues for this segment of our business. Our travel agency, which commenced operations in FY2001, is a growing business.

The visitorship to BR varies with many factors, including school vacation periods and public holidays in our major markets and weather conditions or other factors affecting the tourist industry generally.

Major Customers

The major customers of our resort operations business include tourists visiting BR and travel agencies and hotels and resorts located in BR. For rental-related revenues, the operators of the resorts in BR are our major customers and are set out below in respect of the three financial years ended 31 December 2004 and HY2005 :

Name of Customer	% of Revenue of our Resort Operations Business (approximate)			
	FY2002	FY2003	FY2004	HY2005
PT AIB	6%	7%	8%	6%
PT Bintan Hotels	5%	5%	*	5%
PT Straits CM Village	8%	7%	8%	*
PT Ria Bintan	*	5%	6%	*
PT Bintan Lagoon Resort	14%	15%	17%	11%

Note:

* Less than 5%.

For the three financial years ended 31 December 2004 and HY2005, our revenues from these resort operators have been relatively stable. Save for the above, no other customer of our Group accounted for more than 5% of our Group's revenues from our resort operations business during the 3 financial years ended 31 December 2004 and for HY2005.

Major Suppliers

The suppliers who accounted for 5% or more of our purchases for our resort operations business in respect of the three financial years ended 31 December 2004 and HY2005 are set out below:

Name of Suppliers	Type of Supplies	% of Purchases for our Resort Operations Business (approximate)			
		FY2002	FY2003	FY2004	HY2005
Victory Petroleum Trading Pte Ltd	Bunker fuel	10%	10%	11%	13%
Singapore Cruise Centre Pte. Ltd.	Rent and berthing	11%	11%	9%	7%
ILI	Resort management services	31%	25%	24%	24%

Victory Petroleum Trading Pte Ltd provides bunker fuel for our ferries' operation. The amount of bunker fuel purchased depends on the number of ferry trips made between Singapore and BR annually. We have a contract with Victory Petroleum Trading Pte Ltd relating to the type and composition of the bunker fuel. We do not currently have any hedging policy in relation to bunker fuel purchases.

Singapore Cruise Centre Pte. Ltd. provides services for berthing of our ferries and passenger check-in at Tanah Merah Ferry Terminal.

ILI provides, *inter alia*, overall infrastructure and financial planning services in respect of BR.

Save for the above, no other supplier accounted for more than 5% of the purchases for our Group's resort operations business for the three financial years ended 31 December 2004 and for HY2005.

Competition

As providers of support facilities to the resort operators in BR, our success and operations are dependent on the success of BR as a resort destination.

Currently, we provide the only ferry service between Singapore and BR. Bandar Bentan Telani Ferry Terminal, which we own, is the only ferry terminal in BR. Our investments in our ferries and the ferry terminal provide us with a critical resource that is difficult for potential competitors to replicate due to the high-entry costs.

BRFH competes in the travel agency business against other travel agents, travel wholesalers, on-line travel agencies and the resort operators for the sale of accommodation in the resorts in BR. The objective of establishing BRFH was to ensure that BR is continuously marketed as a holiday destination and is promoted and packaged as intended by PT BRC, the master developer of BR. Currently, the resorts in BR sell their services through travel agencies, travel wholesalers and directly to consumers through their own websites and other channels such as direct phone booking and through credit card companies. We have not entered into any exclusive marketing arrangement with any resort in BR.

BR as a resort holiday destination is relatively new to the resort industry and may initially face several constraints, such as a limited number of hotel rooms and recreational activities as compared to its competitors. The following resort destinations are viewed by our Group as competitors to BR:

Regional competitor resort destinations	International competitor resort destinations
Bali	Hawaii
Phuket	Spain
Pattaya	Mediterranean
Koh Samui	Caribbean
Langkawi	Dubai
Boracay	Islands in the South Pacific
Hainan	
Sentosa	

Competitive Strengths

The competitive strengths and advantages of our resort operations include:

(a) *Proximity of BR to Singapore*

BR is located approximately 45 km to the southeast of Singapore and is less than an hour's ferry ride from Tanah Merah Ferry Terminal. Furthermore, the Changi International Airport is a short distance away from Tanah Merah Ferry Terminal. The proximity of Bintan to Singapore allows us to leverage on the accessibility afforded by the Changi International Airport, and offer international tourists and business visitors easy access from Singapore to BR.

(b) *Twin holiday destinations of BR and Singapore*

The resort attractions of BR complement the urban city environment of Singapore. The complementary attractions of BR and Singapore, coupled with BR's proximity to Singapore, has allowed us to position BR as a "twin holiday destination" with Singapore to international business and leisure travellers.

(c) *Integrated Masterplanned Development of BR*

The resorts developed in BR are conceptualised and designed as an integrated masterplanned resort destination to cater to the needs of the resort operators, which integrates the overall planning, coordination and operations of BR. This includes infrastructure, ferry terminal operations, security services, fire safety services, clinic and environmental health monitoring.

Furthermore, the facilities and services provided by us in respect of BR to enhance visitors' experiences, ranging from ferry services to recreational activities, are fully integrated and co-ordinated and provides our Group with business opportunities.

(d) *Scenic beauty and environmental sustainability*

BR has approximately 100 km of shoreline in Bintan, with long stretches of sandy beaches, small isolated coves, rocky headlands and mangrove rivers. These areas are home to a variety of tropical rainforest flora and fauna. BR has been developed with environmental sustainability in mind to preserve its scenic beauty.

The waters in BR are generally calm and suitable for a variety of water activities and sports ranging from swimming and diving to jet skiing. Between November and February when the northeastern winds blow, wind surfing, boardsurfing and body surfing may also be enjoyed.

In addition, based on the natural and cultural heritage of Bintan, we have also developed several nature and culture-based tours including the Mangrove Discovery Tour which was awarded the 2003 PATA Gold Award for Ecotourism/ Travel – Related.

(e) *Presence of international brands*

BR currently has international resort operators including Club Med and Banyan Tree. The golf courses in BR are designed by Gary Player, Jack Nicklaus, Greg Norman and Ian Baker-Finch. Their presence enhances the attractiveness of BR as a resort and golf destination.

(f) *International awareness of BR as a holiday destination*

There is international awareness of BR as a holiday destination, as reflected in the diverse nationalities of visitors to BR (please refer to the chart reflecting the breakdown of the nationality of the tourists visiting BR in 2004 on page 100 of this Prospectus).

(g) *Experienced management expertise*

As PT BRC has been managing and developing BR since its inception in the 1990s, we have an experienced management team overseeing our resort operation business. We are also able to tap on the experienced management and marketing services of the SCI Group and the Salim Group in the operation of BR, and in the marketing of BR worldwide.

Prospects and Future Plans

The revenue for our resort operations business is in the nature of charges collected from our ferry operations and travel agency services and our property rental and service and conservancy charges, and depends, *inter alia*, on the usage of our services. As sales from our ferry operations and travel agency services (which contributed the majority of our revenue for our resort operations business for the three financial years ended 31 December 2004 and HY2005) are generally only made over the counter, the order book concept is not applicable to this business. As at the Latest Practicable Date, outstanding property rental commitments amounted to approximately S$2.44 million.

The prospects for our resort operations business are dependent on the prospects of the travel industry and the implementation of our resort property development business plans in BR. For further details on the future plans of our property development business, please refer to the section "Our Property Development Business – Prospects and Future Plans" on pages 81 and 82 of this Prospectus.

Currently, our resort operations business provides services to the resorts in BR as an integral part of our service offerings. The prospects of our resort operations business are dependent on the success of the resort operators and the quality of service provided by them. As BR competes with other regional and international resort destinations for visitors, the prospects for BR also depends on its relative appeal as compared to other destinations.

To maintain and strengthen our existing major markets, as well as increase the visitors' length of stay in BR, we plan to:

- participate in travel trade events;
- organise seminars for travel agents and media;
- organise promotions with airlines in key markets;
- introduce new products and tours;
- organise familiarisation visits for travel agents and media to promote destination awareness of BR as a holiday destination; and
- develop Lagoi Beach Village to complement the existing resorts in BR (for further information on the proposed development, please refer to the section "Our Property Development Business – Prospects and Future Plans" on pages 81 and 82 of this Prospectus).

We also plan to target new emerging tourist markets in Indonesia, Malaysia and China.

Indonesia

A new direct scheduled ferry link between Nongsapura Ferry Terminal in Batam and BR has recently commenced operations. Batam has direct air access to major cities in Indonesia through its Hang Nadim International Airport. We expect the new ferry link to increase the accessibility of BR to the large Indonesian market. We have also established distribution channels with travel agents in Indonesia to market BR as a holiday destination and sell BR tour packages to the local consumers. We plan to reach out and market to major Indonesian cities like Jakarta, Surabaya and Medan.

Malaysia

We plan to market BR in two major cities in Malaysia, namely Johor Bahru and Kuala Lumpur. We plan to make inroads into both markets by working with tour wholesalers and retail travel agencies. We intend to work with the Singapore Tourism Board to tap on the ever-growing Malaysian tourist arrivals into Singapore by offering Singapore and BR as twin holiday destinations.

China

China, a fast-growing outbound tourist market, has been targeted by the Singapore Tourism Board. We plan to capitalise on this initiative by offering BR as a twin holiday destination with Singapore. We also plan to participate in travel trade events and establish distribution channels with travel agents in major cities in China to market BR as a holiday destination and offer BR tour packages to the consumers.

OUR UTILITIES BUSINESS

Our utilities business supplies power, water, telecommunications and waste management services to BIP and BIE as well as the resorts in BR. We own power generation plants and facilities, water treatment plants and equipment, telecommunication plants and equipment as well as waste management plants and facilities.

For FY2002 and FY2003, utilities revenue for PT BIIE was recognised through assets lease fees and utilities management fees received from PT Bintan Servicatama Perkasa ("**PT BSP**"). For more information on the asset lease agreements and the utilities management agreements with PT BSP, please refer to the section "Interested Person Transactions – Past Interested Person Transactions" on pages 161 and 162 of this Prospectus. In FY2004, the above arrangements with PT BSP ceased and all utilities revenue and costs have been reflected in our Group's accounts as PT BIIE billed the tenants in BIE directly for utilities charges. The comparative financial information presented in this section "Our Utilities Business" includes for FY2002 and FY2003 the assets lease fees and utilities management fees.

Power

We own power generation facilities in BIP, BIE and BR. Power generated by the power plants located at BIP and BIE is distributed via underground cables to tenants in the industrial parks. The power is distributed at 20kV and stepped-down to 380V at the sub-station installed in each factory. Our generators in BIE do not supply electricity to the resort operators. Power generated by the power plant located at BR is distributed via overhead cables to the various resort parcels' sub-stations.

Our power plants are designed with system redundancy to cater for routine maintenance of generators and to cope with any potential surge in electricity consumption. The plants are regularly maintained by a team of technical staff and overhaul works are done jointly with engine specialists of supplier. Fuel for our power plants is purchased from PT Pertamina (Persero) and its associates to run the plants.

Currently, we have 16 diesel fired generators and 3 dual-fuel fired generators at BIP handling an aggregate peak load of approximately 81MW, four generators at BIE handling an aggregate peak load of 11MW and four generators at BR handling an aggregate peak load of 8.2MW. Over the three financial years ended 31 December 2004 and for HY2005, BIP did not suffer any total power outage, although there was one incident in FY2003 where 30% of BIP's load was interrupted for about 10 minutes, and none in FY2004 and HY2005. BIE suffered two minor power outages in FY2002 and FY2003 for durations of about 35 minutes and 13 minutes, respectively. It did not suffer any total power outage in FY2004 and HY2005. BR suffered 14 total power outages in the three financial years ended 31 December 2004 and HY2005, in each case for a period of generally not more than 10 minutes. In general, our generators' peak utilisation rate is approximately 76% with the remaining capacity serving as spinning reserve and generators under maintenance.

Our generators' approximate peak load at each location for the three financial years ended 31 December 2004 and HY2005 were as follows:

Location	FY2002		FY2003		FY2004		HY2005	
	Peak load(1) (kW)	% of total operational capacity(2) (approximate)	Peak load(1) (kW)	% of total operational capacity(2) (approximate)	Peak load(1) (kW)	% of total operational capacity(2) (approximate)	Peak load(1) (kW)	% of total operational capacity(2) (approximate)
BIP	67,300	90%	70,600	94%	80,600	94%	77,000	91%
BIE	10,960	91%	10,780	90%	11,200	93%	11,600	97%
BR	8,200	68%	7,440	62%	7,470	62%	7,600	63%

Notes:

(1) Peak load refers to the highest recorded usage for the financial year.

(2) Total operational capacity does not take into account the capacity of generators on stand-by. Generally speaking, of our 18, 4 and 4 generators at BIP, BIE and BR respectively, at least 2 of such generators are on stand-by at any one time.

In FY2002, our electronic manufacturing tenants in BIE increased their power consumption, resulting in the increase in peak load from FY2001. With the recovery of electronic manufacturing sector in FY2003, the peak load in our industrial parks' power plants increased due to increased power consumption by our tenants in this sector. The resort operations' peak load reduced from 8.2MW in FY2002 to approximately 7.5MW in FY2004 due to lower consumption by resort operators as a result of fewer tourist arrivals to BR in FY2003 and FY2004 as compared to tourist arrivals in FY2002. The peak load in BIP and BIE increased in HY2005 due to a change in the consumption profile of the tenants in BIP and BIE.

Water

We provide treated water to the industrial parks and resorts in Batam and Bintan. This treated water is either purchased from third parties or treated by our Group. In Batam, water is sourced from two reservoirs at Muka Kuning and Duriangkang which are owned by the local governmental authority. In Bintan, we have our own water sources at Lake Java for BIE and a reservoir for BR.

We have water treatment plants and facilities in Batam and Bintan where water is treated to specifications that conform to the Guidelines for drinking-water quality (Second Edition) issued by the World Health Organization. Treated water is stored in our water tanks which have an aggregate storage capacity of up to about 16,000m^3 and is sufficient for about 2 days' of usage at our industrial parks and resorts in Batam and Bintan. Further, in Batam, we are supported by an alternative source of treated water from the local water supplier.

Our water treatment plants can currently treat up to about an aggregate of 21,200m^3 of potable water each day. The approximate capacity and production of our water treatment plants at each location over the three financial years ended 31 December 2004 and HY2005 are as follows:

	FY2002			FY2003			FY2004			HY2005		
Water Treatment	Capacity (m^3 / year)	Production (m^3 / year)	Utilisation %	Capacity (m^3 / year)	Production (m^3 / year)	Utilisation %	Capacity (m^3 / year)	Production (m^3 / year)	Utilisation %	Capacity (m^3 / ½ year)	Production (m^3 / ½ year)	Utilisation %
BIP	2,372,500	1,393,086	58.7%	2,372,500	1,391,885	58.7%	2,379,000	1,797,638	75.6%	1,176,500	1,057,699	89.9%
BIE	1,825,000	1,769,828	97.0%	2,737,500	1,694,791	61.9%	2,745,000	1,626,041	59.2%	1,357,500	815,149	60.0%
BR	2,628,000	1,175,088	44.7%	2,628,000	1,081,585	41.2%	2,635,200	1,101,356	41.8%	1,303,200	529,187	40.6%

BIP has gradually improved its water treatment plant efficiency over the three financial years ended 31 December 2004 and HY2005. BIE's water treatment plant utilisation rate was more than 90% in FY2002. Accordingly, BIE increased its production capacity from 5,000m^3 per day to 7,500m^3 per day in FY2003. Thereafter, BIE's utilisation rate for its water treatment plant has been around 60%. As there was no increase in resort operators in BR, water consumption in the past three years did not fluctuate materially.

Telecommunications

PT BBT has telecommunication capacities for about 14,000 lines for broadband, IDD, fax, local and dedicated lease lines to provide quality telecommunication services to its tenants and investors. PT BBT also has a 100m high microwave tower that supplements the local authority's optical fibre networks and ensures that there will be no interruptions to telecommunications requirements of its customers. PT BBT also provides 3,000 lines for broadband, IDD, fax, local and dedicated lease lines to PT BIIE and PT BRC to service the telecommunication requirements of its tenants and investors. The telephone lines utilisation rates are as follows:

	Telephone Lines Utilisation Rate (%)			
Location	**FY2002**	**FY2003**	**FY2004**	**HY2005**
BIP	74	73	74	68
BIE	28	28	27	27
BR	27	28	29	29

For BIP, the utilisation rate for FY2002, FY2003 and FY2004 has remained relatively unchanged as there was no substantial change in subscribers. The utilisation rate for BIP decreased in HY2005 due mainly to increased competition from alternative telecommunication services such as Voice Over Internet Protocol (VOIP). The utilisation rates in BIE and BR were constant, in the region of 27% and 29%, respectively.

Waste Management

At BR, sewage treatment is undertaken by each resort developer while PT BRC monitors the effluent quality to ensure that they comply with our Design and Development Guidelines.

Our sewage treatment plant in BIP has a total designed capacity of up to about 10,000m^3 per day of sewage. Currently, its utilisation rate is between 25% and 53%. The sewage treatment plant in BIE has a capacity of about 3,000m^3 per day.

We have waste water treatment facilities at BIP and BIE. Through these facilities, our industrial parks ensure that treated waste water adheres to the local authority's environmental standards. Our waste water treatment plants can treat up to 12,000m^3 of industrial waste water each day. The approximate capacity and production of our waste water treatment facilities over the three financial years ended 31 December 2004 and for HY2005 are as follows:

Waste water treatment	FY2002			FY2003			FY2004			HY2005		
	Capacity (m^3 / year)	Production (m^3 / year)	Utilisation %	Capacity (m^3 / year)	Production (m^3 / year)	Utilisation %	Capacity (m^3 / year)	Production (m^3 / year)	Utilisation %	Capacity (m^3 / ½ year)	Production (m^3 / year)	Utilisation %
BIP	3,650,000	1,874,446	51.4%	3,650,000	1,955,007	53.6%	3,660,000	1,884,735	51.5%	1,810,000	1,551,668	85.7%
BIE	730,000	73,010	10.0%	730,000	101,732	13.9%	732,000	139,323	19.0%	362,000	73,806	20.4%

The utilisation rate of BIP's treatment facility was around 52% with marginal fluctuation in factory occupancy rate. BIE, on the other hand, experienced an increase in factory occupancy rate from about 83% in FY2002 to about 90% in FY2004. Accordingly, the utilisation rate of the treatment facility in BIE increased from about 10% in FY2002 to about 19% in FY2004. The increase in production in HY2005 for BIP was due mainly to increased water consumption by our tenants.

The cost of waste water and sewage treatment is partially recovered from the water tariffs charged to our industrial parks' tenants.

Quality Assurance

We place emphasis on quality assurance and have procedures to ensure our customers enjoy consistent standards in our utilities services. We have standard operating procedures for the various facilities, and employees at these facilities are required to familiarise themselves and comply with the procedures.

We have policies and processes to minimise equipment downtime. We conduct regular staff training. We upgrade and maintain our plants and equipment based on the recommendations and schedules of the manufacturers. In addition, we maintain an inventory of critical spare parts needed for smooth operation and minor generator overhaul of our utilities business.

We undertake the following measures to ensure a consistent standard of supply of utilities:

(a) *Power*

In addition to our operational capacity, we have stand-by generating capacity amounting to approximately 30% of our installed capacity. This is to back up the operational generators and allow their routine maintenance and overhaul. In addition, to ensure an adequate supply of fuel oil needed to operate our generators, we maintain a reserve supply of fuel oil sufficient to last for 15 to 60 days.

Quality assurance measures at BR includes 24-hour security at the power house. Staff are trained in fire safety and worker safety. Regular inspections are carried out on the overhead cables and transmission towers in BR. Lubricating oils are tested to ensure they meet manufacturers' specifications. Generators and switchgears are maintained according to manufacturers' schedules based on running hours. During thunderstorms, one generator will be set into an idle running position in readiness to respond to lightning.

We have not experienced any major interruption in our provision of utilities.

(b) *Water*

Water sold and distributed by us is treated at our treatment plants and our treated water conforms to the Guidelines for drinking-water quality (Second Edition) issued by the World Health Organization. To ensure an adequate supply of water to our customers, we maintain up to 2 days of treated water supply. In addition, BIP is supplemented by water supply from the local authority.

Our treated potable water is tested daily and is tested on a monthly basis by an independent laboratory. We have sufficient chemicals to treat potable water for up to 30 days.

The quality assurance measures for our potable water supply in BR include a treatment plant module on stand-by, spare pumps available for raw water transfer, a standby generator for pumping station, regular maintenance for the water filtration system, random checks on chemical supply for compliance to specifications. The entire treatment facility is fenced off and with 24-hour security. The reservoir is patrolled regularly and the dam is checked every 5 years by an accredited dam consultant.

(c) *Telecommunications*

We regularly test and inspect our telecommunication equipment as we maintain connectivity with other telecommunication companies. This ensures an uninterrupted supply of telecommunication services to our customers and interconnection for international communication. To keep pace with changes in telecommunication technology, we regularly review new technologies and explore upgrading opportunities so as to serve our customers better.

(d) *Waste Management*

Designated sanitary landfills are used for disposal of solid wastes. Treated sewage is discharged into dedicated ponds for BIP and BIE. Resort operators in BR handle liquid wastes treatment themselves but the discharge standard is set and monitored by our Group.

Marketing

Our tenants and investors in our industrial parks are required to purchase utilities from us. Generally we also require the resort operators in BR to purchase our utilities services. Our utilities services are marketed as integral support services to our industrial and resort developments. There are currently no other providers of utilities services to our industrial parks and BR.

Credit Management

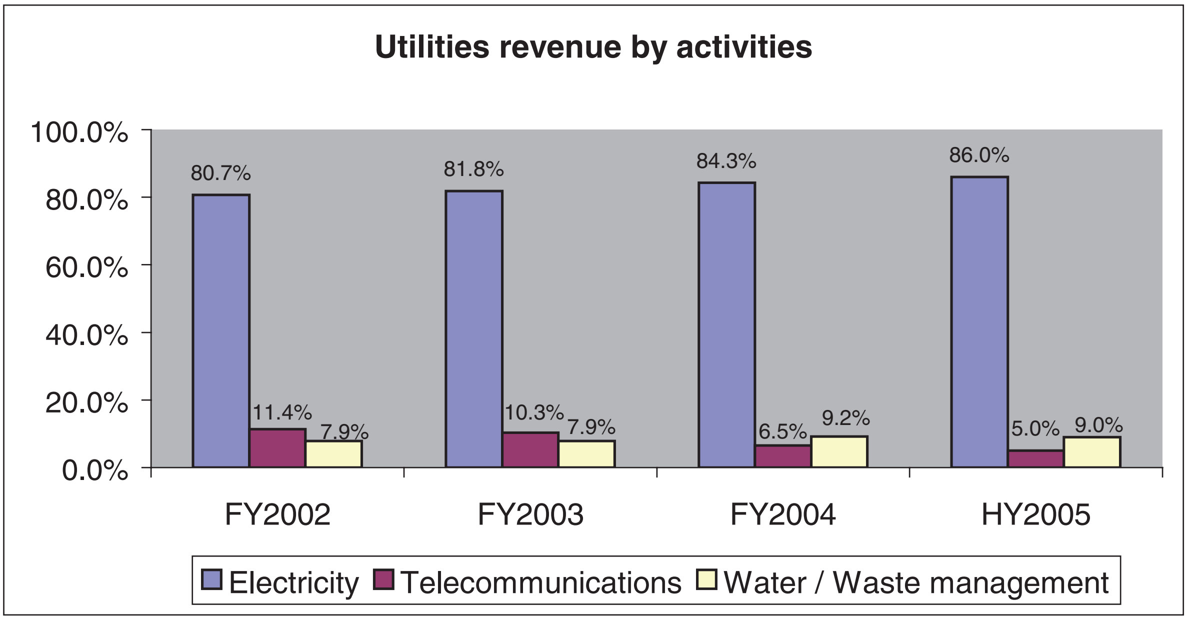
We obtain and evaluate information on the creditworthiness and financial standing of our new customers, before granting credit. Existing customers are likewise evaluated on the renewal of the agreement or as part of our annual review. In addition, tenants and investors in our industrial parks are required to place security deposits with us for an amount, which is equivalent to up to 3 months of their estimated utilities requirements.

Revenue Mix

The revenue derived from our utilities business is in the nature of tariffs for the supply or provision of electricity, telecommunications, water and waste management services. For FY2002, FY2003, FY2004 and HY2005, our utilities business contributed approximately 50.9%, 55.0%, 58.9% and 59.0%, respectively, to our total revenue.

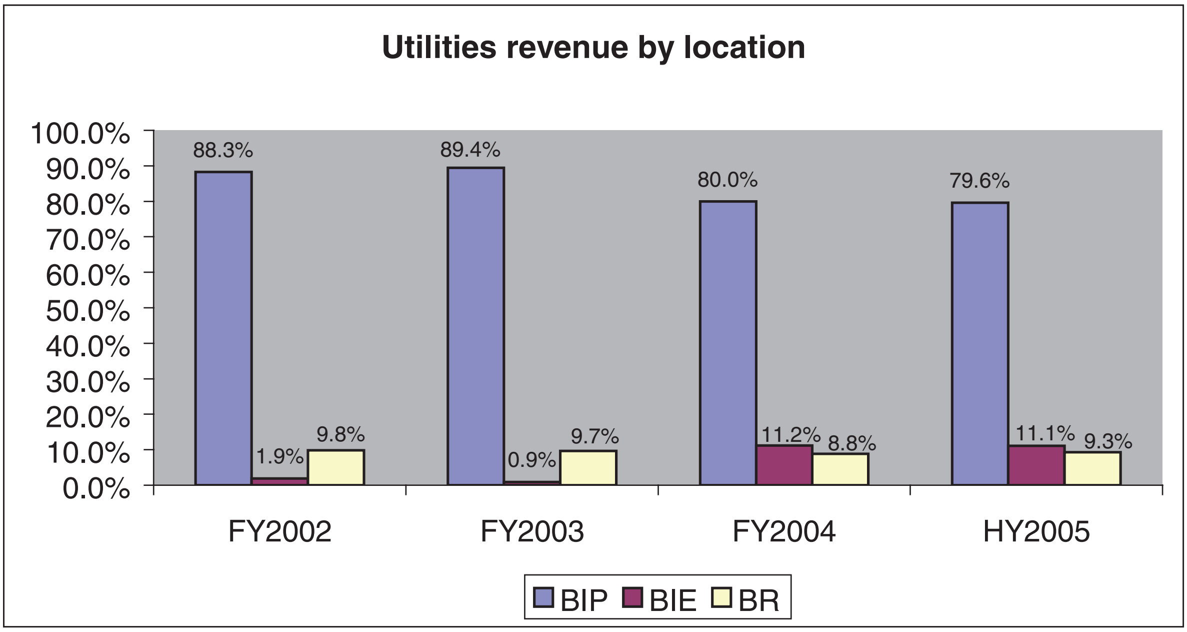
In response to the increase in fuel prices, BIP increased its electricity tariffs from 15.1 cents/kWh to 18.9 cents/kWh, BIE increased its tariffs from 16.9 cents/kWh to 29.4 cents/kWh and BR increased its tariffs from 23.8 cents/kWh to 44 cents/kWh. The tariff increases were imposed progressively from the second quarter of 2005 and the latest increase was effected in August 2005.

Analysis of revenue contribution by activities



A substantial number of our Group's customers involved in manufacturing operate on a 24-hour basis and require uninterrupted power supply. Accordingly, electricity revenue contributes significantly to our utilities business. Revenue from the supply and distribution of electricity accounted for between 80.7% and 86.0% of our utilities revenue for FY2002, FY2003, FY2004 and HY2005 respectively. Telecommunication and water/ waste management contributed between 5.0% and 11.4% and between 7.9% and 9.2% respectively of our utilities revenue for FY2002, FY2003, FY2004 and HY2005.

Analysis of revenue contribution by location



BIP is in its mature stage of development with a high factory occupancy rate and has tenants with high electricity consumption. This has contributed significantly to our utilities business in comparison to BR and BIE. BIP accounted for between 79.6% and 89.4% of our utilities revenue for FY2002, FY2003, FY2004 and HY2005. BIE and BR accounted for between 0.9% and 11.2% and between 8.8% and 9.8% respectively of our utilities revenue for FY2002, FY2003, FY2004 and HY2005. PT BIIE's contribution of utilities revenue increased from 0.9% for FY2003 to 11.2% for FY2004 as a result of the cessation of the assets lease and utilities management arrangements between PT BIIE and PT Bintan Servicatama Perkasa in December 2003 and the recognition in full by PT BIIE of electricity revenue from BIE in FY2004.

The initial strategy for our utilities business included the development of utilities assets and facilities to provide services to the tenants of our industrial and resort properties. As the development of our industrial park in Batam is almost completed, while the industrial park and resorts in Bintan are at an earlier stage of development, the tenants of BIP contributed about 80.0% of our utilities revenue, and BIE and BR contributed 11.2% and 8.8%, respectively, to our utilities revenue for FY2004. The tenants of BIP, BIE and BR contributed about 79.6%, 11.1% and 9.3%, respectively, to our utilities revenue for HY2005.

Analysis of revenue contribution by industry sectors

Our customers for the utilities business are involved in a number of diversified businesses, ranging from manufacturing to resort operations. The table below sets out the breakdown of our utilities revenue by industries in which our customers operate:

	% of our Utilities Revenue by Industry			
Industry	**FY2002**	**FY2003**	**FY2004**	**HY2005**
Electronic and Electrical	61%	67%	61%	62%
Garment manufacturing	2%	2%	2%	2%
Pharmaceutical	5%	5%	5%	6%
Packaging	3%	3%	3%	3%
Plastic Moulding	6%	5%	9%	7%
Precision Parts	8%	7%	9%	9%
Resorts	9%	10%	9%	10%
Supporting Industries / others	6%	1%	2%	1%
TOTAL	100%	100%	100%	100%

Note:

The above percentages are based on the aggregate revenues for each industry for the relevant period as compared to the total utilities revenues for the same period.

Major Customers

Customers who contributed 5% or more of our utilities revenue for the three financial years ended 31 December 2004 and HY2005 are:

Name of Customer	Industrial Park	Customer Activity	% Contributed to our Utilities Revenue FY2002	FY2003	FY2004	HY2005
PT Advanced Interconnet Tech.	BIP	Electronic	6.5%	6.9%	7.2%	7.8%
PT Panasonic Shikoku Electronics Batam	BIP	Electronic	5.0%	6.0%	7.3%	7.9%

We are not materially dependent on any single customer for our revenue from the utilities business.

Major Suppliers

Our utilities business requires us to purchase fuel oil, spare parts and other supplies and equipment for our electricity business and chemicals for waste and water treatments, and to incur inter-connection charges for our telecommunication business.

We purchase substantially all of our fuel oil, which includes high sulphur fuel oil ("**HSFO**") and light fuel ("**diesel**") oil, from PT Pertamina (Persero) or its associates. We are allocated supplies for fuel oil based on electricity generation demand. We are required to pay in advance for our fuel oil supplies prior to delivery.

Our primary source of untreated water comes from Lake Java and our own reservoir in Bintan, and from government-owned reservoirs in Batam. PT BIC purchases some treated water from PT PAM (PT Perusahaan Air Minum) to supplement BIP's portable water requirements.

Our telecommunication access for IDD connections out of Indonesia is purchased substantially from PT Telkom Indonesia Tbk.

The table below sets out information on our suppliers who account for 5% or more of the purchases for our utilities business for FY2002, FY2003, FY2004 and HY2005:

Name of Suppliers	Type of Supplies	% of Purchases for our Utilities Business (approximate) FY2002	FY2003	FY2004	HY2005
PT Pertamina (Persero)	Fuel oil for power	61%	61%	55%	72%
PT Elnusa Harapan Cabang Batam	Fuel oil for power	–	*	18%	*
Wartsila Singapore Pte Ltd	Spare parts for generators	6%	*	5%	10%
PT Adhya Tirta Batam	Treated water	7%	6%	7%	*

Note:

* Less than 5%.

Fuel cost forms a substantial portion of our utilities business' cost of operating revenue. Currently, we do not have a formal hedging policy for our supplies. Our management will monitor fluctuations in fuel prices and take appropriate measures to hedge fuel cost exposure, if required, which may include entering into forward fuel purchase contracts. We may revise electricity tariffs to reflect fluctuations in energy costs. In sourcing for fuel supplies from our suppliers above, we take into account, amongst other factors, pricing, fuel quality, availability and the quality of service. These factors determine the quantum of fuel purchased from such suppliers.

Competition

Our utilities business is an integral part of the services provided by us for our property development, industrial parks and resort operations businesses. The dedicated facilities developed by us include generators, water treatment plants, waste water treatment plants and reservoirs. Currently, there are no other suppliers for utilities services to our industrial parks and BR. As part of our lease arrangements and contracts, tenants at our industrial parks and operators of the resorts have to seek our approval if they wish to contract or source utilities supplies from any third party. Our significant customer base has provided us with economies of scale in the investment in and maintenance of our utilities assets. These economies of scale will position us favourably in terms of pricing and quality of our utilities services.

Competitive Strengths

(a) *Reliability*

Our power plants are configured with spare capacity so as to allow for regular maintenance and overhauls. In addition, in the event of a failure in any of our operating generators, the backup units are designed to commence production immediately to compensate for any loss in power supply. This configuration is intended to provide our industrial parks and BR with an uninterrupted power supply. Generally, our Group sets aside approximately 30% of our generators, on rotation, as backup units.

(b) *Ready pool of customers*

Our utilities business is an integral part of the services provided by our property development, industrial parks and resort operations business. The large pool of tenants and investors in our industrial parks and resort operators in BR has given our utilities services a competitive position and advantage.

Prospects and Future Plans

The revenue derived from our utilities business is in the nature of tariffs collected for the supply or provision of electricity, telecommunications, water and waste management services, and depends, *inter alia*, on the usage by our customers and the tariffs charged for our utilities services. As our customers are charged based on their monthly utilities consumption which may vary from month to month, the order book concept is not applicable to our utilities business.

The prospects for our utilities business are dependent on the implementation of our property development business plans. For further details on the future plans of our property development business, please refer to the section "Our Property Development Business – Prospects and Future Plans" on pages 81 and 82 of this Prospectus.

Both BR and BIE are in the initial phases of development. We have invested in and developed infrastructure capable of supporting additional new developments for resorts and industrial tenants and investors. In particular, the developed infrastructure for resorts in Bintan can cater for approximately another 400-room hotel while that for industrial estates in Bintan can support about twice the number of tenants that BIE currently has. Our masterplan for BR is to generate land sales with a view to increasing the current room count of approximately 1,370 rooms and over 300,000 annual visitor arrivals to Bintan, to over 5,000 rooms and 1 million annual visitor arrivals to Bintan. As our property development gathers momentum, we expect our utilities business to grow.

Our experience in utilities management and extensive utilities infrastructure for BR, BIE and BIP will allow us to expand our services to customers outside its current customer base. This may include the supply of electricity or water via the national grid or distribution system.

The Indonesian government began lifting its fuel subsidy in stages commencing in 2002 and marked its fuel prices to international market prices in 2005. These resulted in substantial increases in fuel costs. Our average fuel costs increased by approximately 61% from 1 January 2005 to 30 June 2005 as compared to our average fuel cost as at 31 December 2004 and by approximately an additional 167% from 1 July 2005 to 31 December 2005 as compared to our average fuel cost as at 30 June 2005. As a result, our Group made certain increases to tariffs charged to our tenants and resort operators from the second quarter of 2005 to partially offset the increase in fuel costs (see "Our Utilities Business – Revenue Mix" on page 110 of this Prospectus). Further, we expect fuel prices to remain volatile in the near term and in the event that there is continued substantial increase in fuel prices, our financial performance may be adversely affected. Currently our utilities business is a major contributor to our Group's results. We expect that our Group's performance in our utilities business for the second half of FY2005 will be significantly lower than that for the first half of FY2005.

We have entered into agreements for the design, supply, delivery and installation of three dual-fuel generators and transformers and auxiliaries for about S$21.1 million in aggregate for one of our power plants in Batam. The purchase of the dual-fuel generators, transformers and auxiliaries was financed by internal funds and bank borrowings. These generators are currently operational. Accordingly, our power plant in Batam has the infrastructure and capacity to operate on fuel or gas, which should enable us to provide our power supply utilities services in BIP at more competitive rates and reduce our dependency on fuel as a raw material for our utilities business. However, as the generators are currently intended as an alternative to our fuel engines, we do not presently anticipate any significant increase in the production capacity of our power plants. In addition, we are in the process of converting in stages 12 of the existing diesel generators situated in BIP, with a total capacity of 72MW, to a dual-fuel operation utilising natural gas, which is scheduled to be substantially completed by mid 2006. Our capital commitment for such conversion amounted to approximately S$28 million as at the Latest Practicable Date. We may look into converting more of our existing generators, subject to, *inter alia*, the satisfactory conversion and operation of the above 12 units, the stability of gas supply and the economic viability of such conversion.

We also evaluate ways to reduce our costs, including costs of purchasing gas, water and HSFO.

RESEARCH AND DEVELOPMENT

We do not undertake any research and development activities. However, we do monitor developments in our business segments to maintain our competitiveness.

OUR FIXED ASSETS

As at the date of this Prospectus, we own the following material tangible fixed assets:

Type of Asset	Net book value as at 30 June 2005 (S$)	Location / Brief Description	Usage
Land use rights (HGB)	18,302,304	BIP, Mukakuning, Batam Approximately 236.2 ha of land is held under various certificates of HGB with expiry dates ranging from 2019 to 2031. Subject to, *inter alia*, regulatory approval, the initial period of HGB for such land may be extended for up to 20 years and the extended period may be renewed for a further 30 years.	Land for industrial, commercial and residential development
	10,761,835	BIE, Lobam, Bintan Approximately 168.6 ha of land is held under various certificates of HGB all expiring in 2025. Subject to, *inter alia*, regulatory approval, the initial period of HGB for such land may be extended for up to 20 years and the extended period may be renewed for a further 30 years.	Land for industrial, commercial and residential development
	49,126,760	BR, Lagoi, Bintan Approximately 1,819 ha[(1)] of land is held under various certificates of HGB with expiry dates ranging from 2023 to 2025. Subject to, *inter alia*, regulatory approval, the initial period of HGB for such land may be extended for up to 20 years and the extended period may be renewed for a further 30 years.	Land for utilities and common facilities
Buildings and infrastructure	62,766,563	BIP, Mukakuning, Batam	Buildings (such as administrative buildings, commercial centres, clinics, fire station, hawker centre, staff housing, ferry terminals and wharfs) and infrastructure (such as roads, street lighting and drainage)
	10,088,351	BIE, Lobam, Bintan	
	48,457,678	BR, Lagoi, Bintan	
	457,085	Lobam, Bintan	
	127,155	Lagoi, Bintan	
Golf course	19,142,535	SouthLinks Country Club, Sekupang, Batam Approximately 213 ha of land is held under various certificates of HGB expiring in 2020. Subject to, *inter alia*, regulatory approval, the initial period of HGB for such land may be extended for up to 20 years and the extended period may be renewed for a further 30 years.	Golf course in Batamindo Executive Village
Utilities assets	47,636,961	BIP, Mukakuning, Batam	Power Houses, Water Treatment Plant, Waste Treatment Plant and Sewage Treatment Plant
	40,423,810	BIE, Lobam, Bintan	
	18,305,424	BR, Lagoi, Bintan	

Type of Asset	Net book value as at 30 June 2005 (S$)	Location / Brief Description	Usage
Machinery and equipment	234,912	BIP, Mukakuning, Batam	Office equipment and machinery and equipment used in normal course of operations in the industrial parks and resorts
	636,555	BR, Lagoi, Bintan	
	4,466	Lobam, Bintan	
	36,673	Lagoi, Bintan	
	27,291	Corporate office of Gallant Venture, Singapore	
Vessels and ferry equipment[(2)]	9,520,405	3 Singapore-registered vessels, namely: (a) 'Aria Bupala', a 270-seater ferry with gross tonnage of 478 tons; (b) 'Indera Bupala', a 306-seater ferry with gross tonnage of 478 tons; and (c) 'Arung Mendara', a 280-seater ferry with gross tonnage of 445 tons.	Ferries operating between Singapore and Bintan
Transportation equipment / vehicles	250,661	BIP, Mukakuning, Batam	Vehicles for own use
	317,083	BR, Lagoi, Bintan	
	122,711	Lobam, Bintan	
	111,270	Lagoi, Bintan	
Medical equipment	11,071	BIP, Mukakuning, Batam	Medical equipment for clinic in the industrial park
Furniture, fixtures and fittings	4,644,043	BIP, Mukakuning, Batam	Assets for own use
	147,710	BIE, Lobam, Bintan	
	507,225	BR, Lagoi, Bintan	
	135,092	#13-08/09, Keypoint, Singapore. Corporate office of Gallant Venture.	
Reservoir	8,279,951	BR, Lagoi, Bintan	Dam and reservoir for potable water storage
Telecommunications equipment	1,690,060	BIP, Mukakuning, Batam	Telecommunications equipment providing IDD, internet and other fixed line communication services
	3,121,433	BIE, Lobam, Bintan	
Buildings under construction	7,761,349	BIP, Mukakuning, Batam	Mainly construction of factory buildings, residential and commercial units for lease
	1,070,039	Batamindo Executive Village, Sekupang, Batam	
	1,373,898	BIE, Lobam, Bintan	
	691,323	BR, Lagoi, Bintan	
TOTAL	**366,291,682**		

Notes:

(1) Approximately 1,698 ha of land has been encumbered in favour of PT Bank Mega Tbk to secure a facility to our Group.

(2) The vessels and ferry equipment owned by BRF have been mortgaged in favour of UOB to secure certain term loan and credit facilities to our Group.

We also hold the land use rights (HGB) to land in Bintan as inventory for property development, totalling approximately 18,200 ha in area, and valued by Colliers International at an aggregate of approximately S$541 million as at 1 February 2006. The land is held under various certificates of HGB, with expiry dates ranging from 2023 to 2028. All leases have an option to extend the initial period for up to 20 years and the extended period is renewable for a further 30 years. Please also see the sections "Risk Factors – Risks Relating to Our Fixed Property – We may not be able to extend the tenure for our leasehold properties in Indonesia" on page 41 and the sections "Overview of Indonesian Land Laws", "Types of Right To Land Under Indonesian Law" and "Environmental Laws in Indonesia" on pages F-1, F-1 to F-2 and F-8 respectively in Appendix F of this Prospectus.

Save as disclosed, none of our fixed assets above are subject to any major encumbrance.

The following are the material properties leased to our Group as at the date of this Prospectus:

Description / Location	Term	Approximate Gross Area (m^2)	Use of Property
Wisma Indosemen 10th Floor, Jl. Jendral Sudirman Kav. 70-71 Setiabudi, Jakarta 12910, Indonesia	1 October 2005 to 30 September 2006	69	Office
Wisma Indosemen 11th Floor, Jl. Jendral Sudirman Kav. 70-71 Setiabudi, Jakarta 12910, Indonesia	15 January 2006 to 14 January 2007	115	Office
Wisma Indosemen 12th Floor, Jl. Jendral Sudirman Kav. 70-71 Setiabudi, Jakarta 12910, Indonesia	1 May 2005 to 30 April 2006	210	Office
371 Beach Road #25-02 Keypoint Singapore 199597	1 June 2005 to 31 May 2008	204	Office
371 Beach Road #01-17D Keypoint Singapore 199597	16 November 2005 to 15 November 2008	82.6	Retail space for our travel agency BRFH
371 Beach Road #13-08 Keypoint Singapore 199597	1 June 2005 to 31 May 2008	171	Office
Building B, International Ferry Terminal Sekupang, Batam, Indonesia	1 April 2006 to 30 June 2006	6	Office
Lot 6, 3rd Floor, Batam Center International Passenger Public Port, Indonesia	1 November 2003 to 31 October 2006	36.44	Customer service

As at the date of this Prospectus, PT BIC is leasing the following premises to PT SBIG:

Lot 221A, Batamindo Industrial Park, Indonesia	1 October 1998 to 15 December 2019	745	Gas storage facilities
	1 October 1998 to 30 September 1999, and automatically renewed annually unless terminated by either party on giving not less than 6 months' notice	824	Gas storage facilities

INTELLECTUAL PROPERTY

As at the date of this Prospectus, our business and profitability are not materially dependent on any patent or intellectual property licence. Save for general business software applications which are used in the ordinary course of business, our Group has not acquired or obtained any licences to use any intellectual property rights owned by third parties. The licence or user agreements for some of the software applications which are used by our Group have been entered into by Singapore Technologies Pte Ltd; however, these licences or user agreements have granted certain companies in our Group the right to use the licensed software.

As at the Latest Practicable Date, our Group has registered the following trademarks:

Group Company		Country / Place of Registration	Class	Duration of Validity	Registration No.
PT BRC(1)	Mayang Sari beach resort	Singapore	3	24 August 2004 – 24 August 2014	T94/07345A
	Mayang Sari beach resort	Singapore	8	24 August 2004 – 24 August 2014	T94/07346Z
	Mayang Sari beach resort	Singapore	24	24 August 2004 – 24 August 2014	T94/07348F
	Mayang Sari beach resort	Singapore	35	24 August 2004 – 24 August 2014	T94/07349D
	Mayang Sari beach resort	Singapore	36	24 August 2004 – 24 August 2014	T94/07350H
	Mayang Sari beach resort	Singapore	37	24 August 2004 – 24 August 2014	T94/07351F
	Mayang Sari beach resort	Singapore	42	24 August 2004 – 24 August 2014	T94/07352D
	Mayang Sari beach resort	Singapore	21	24 August 2004 – 24 August 2014	T94/07347H

Group Company		Country / Place of Registration	Class	Duration of Validity	Registration No.
	Mayang Sari beach resort	Singapore	16	16 September 2004 – 16 September 2014	T94/08047D
	Mayang Sari beach resort	Singapore	25	16 September 2004 – 16 September 2014	T94/08049J
	Mayang Sari beach resort	Singapore	18	16 September 2004 – 16 September 2014	T94/08048B
	BiNTaN ReSOrTs	Singapore	6	10 October 1996 – 10 October 2006	T96/10934H
	BiNTaN ReSOrTs	Singapore	16	10 October 1996 – 10 October 2006	T96/10935F
	BiNTaN ReSOrTs	Singapore	18	10 October 1996 – 10 October 2006	T96/10936D
	BiNTaN ReSOrTs	Singapore	20	10 October 1996 – 10 October 2006	T96/10937B
	BiNTaN ReSOrTs	Singapore	21	10 October 1996 – 10 October 2006	T96/10938J
	BiNTaN ReSOrTs	Singapore	25	10 October 1996 – 10 October 2006	T96/10939I
	BiNTaN ReSOrTs	Singapore	35	10 October 1996 – 10 October 2006	T96/10941J

Group Company		Country / Place of Registration	Class	Duration of Validity	Registration No.
	BiNTaN ReSOrTs	Singapore	6	10 October 1996 – 10 October 2006	T96/10942I
	BiNTaN ReSOrTs	Singapore	16	10 October 1996 – 10 October 2006	T96/10943G
	BiNTaN ReSOrTs	Singapore	18	10 October 1996 – 10 October 2006	T96/10944E
	BiNTaN ReSOrTs	Singapore	20	10 October 1996 – 10 October 2006	T96/10945C
	BiNTaN ReSOrTs	Singapore	21	10 October 1996 – 10 October 2006	T96/10946A
	BiNTaN ReSOrTs	Singapore	25	10 October 1996 – 10 October 2006	T96/10947Z
	BiNTaN ReSOrTs	Singapore	28	10 October 1996 – 10 October 2006	T96/10948H
	BiNTaN ReSOrTs	Singapore	35	10 October 1996 – 10 October 2006	T96/10949F
BRF	BINTAN RESORT FERRIES	Singapore	39	29 August 2004 – 29 August 2014	T94/07510A

Notes:

(1) No fees are being charged by our Group for PT AIB's use of the "Mayang Sari beach resort" trademarks.

PT BIC had on 4 August 2004 submitted an application for registration of the trademark BATAMINDO INVESTMENT CAKRAWALA with the Directorate General of Intellectual Property Rights of the Ministry of Justice and Human Rights of the Republic of Indonesia, which has in April 2005 issued a letter stating that the application has satisfied all formal requirements. In accordance with the applicable regulations the application is then referred for substantive verification which will be conducted during a 9-month period. As at the Latest Practicable Date, the registration is still pending.

PT BRC had, on 17 October 1996, also registered the following design with the UK Patent Office:

Under the United Kingdom Designs (Protection) Act, Chapter 339 of Singapore (now repealed), the protection of this design registration was extended to Singapore. This design has since been renewed on 17 October 2001 with the Singapore Registry of Designs and the next renewal will be due on 17 October 2006.

PT BRC had also, on 12 March 1999, registered the following design in Japan:

Following renewal, the registration is valid until 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following financial information and discussion of our operating results and financial position has been prepared by our management and should be read in conjunction with the full text of this Prospectus, including the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries included in Appendix J of this Prospectus.

The proforma financial results of our Group, as presented below, have been compiled based on the audited financial statements of the companies within our Group and on the basis that our Group had been in existence since 1 January 2002. For FY2002 and FY2003, utilities revenue for PT BIIE was recognised through assets lease fees and utilities management fees received from PT Bintan Servicatama Perkasa ("**PT BSP**"). For more information on the asset lease agreements and the utilities management agreements with PT BSP, please refer to the section "Interested Person Transactions – Past Interested Person Transactions" on pages 161 and 162 of this Prospectus. In FY2004, the above arrangements with PT BSP ceased and all utilities revenue and costs have been reflected in our Group's accounts as PT BIIE billed the tenants in BIE directly for utilities charges.

The purpose of this section on the unaudited proforma financial statements of our Group is to show, illustrate and highlight the historical information, had our Group existed at an earlier date. The analysis of our operating results and financial position are not necessarily indicative of the prospects, results of the operations or the financial position that would have been attained had our Group actually existed earlier. In our opinion, the analysis reflects all adjustments necessary for an appropriate presentation of the proforma results of our operations.

OUR OPERATING RESULTS

Overview of our Operating Results

Unaudited Operating Results of our Proforma Group (1)

	FY2002 S$'000	FY2003 S$'000	FY2004 S$'000	HY2004 S$'000	HY2005 S$'000
Revenue	202,308	191,695	201,996	100,746	103,755
Cost of sales	(120,525)	(129,087)	(142,399)	(69,907)	(73,516)
Gross profit	81,783	62,608	59,597	30,839	30,239
General and administration expense	(2,345)	(3,069)	(2,540)	(1,356)	(1,743)
Operating expenses	(41,157)	(42,499)	(40,302)	(19,928)	(19,298)
Other income (3)	2,215	3,799	9,412	6,906	671
	40,496	20,839	26,167	16,461	9,869
Exchange (loss)/gain	2,880	(683)	3,287	2,124	3,005
Interest income	794	558	2,033	1,013	1,500
Profit from operations	44,170	20,714	31,487	19,598	14,374
Financing costs	(4,742)	(3,081)	(8,833)	(3,090)	(3,495)
	39,428	17,633	22,654	16,508	10,879
Share of associate results	154	114	170	132	197
Profit before taxation	39,582	17,747	22,824	16,640	11,076
Taxation	(20,649)	(12,330)	(11,697)	(7,437)	(7,750)
Profit after taxation but before Minority interests	18,933	5,417	11,127	9,203	3,326
Minority interests	2,125	2,374	1,572	319	919
Net profit for the period	21,058	7,791	12,699	9,522	4,245
Earnings per Share (2)	0.87 cents	0.32 cents	0.53 cents	0.40 cents	0.18 cents

Notes:

(1) The financial results of our Group for the period under review have been prepared on the basis that our Group has been in existence throughout the period under review.

(2) For comparative purposes, the proforma earnings per Share for the period under review has been computed based on the net profit for the period and our Company's issued share capital of 2,410,423,184 Shares.

(3) Other income comprises mainly writeback of doubtful debt provision, gain on settlement of claims, tax refund and account payables written off.

Our Revenue

Our revenue is derived mainly from our property development, utilities, industrial parks and resort operations businesses.

Property Development Business

Revenue from our property development business is derived from the sale of lands located in the northern and western parts of Bintan, Indonesia. The lands in the north are designated for resort, commercial and residential use and are primarily owned by PT BMW (approximately 14,400 ha). The lands in the west of Bintan are earmarked for industrial, commercial and support facilities use and are owned by PT SBP (approximately 3,800 ha).

Factors that may affect revenue from our property development business include the following:

(a) *use of land*. The lands acquired and owned by our subsidiaries are registered for certain purpose(s) / use(s). Any sale of land needs to comply with the terms and conditions in land lease agreement consistent with the master plans for the development of resorts and industrial parks; and

(b) *political and economic stability in the region*. Property development has a long investment time horizon and is influenced by the political and economic development in the host country and the region. With the improved economic conditions, favourable investment climate and political stability in Indonesia, we are confident of the continued interest in property development and the inflow of investments into Bintan for resorts and industrial developments.

Over the three financial years ended 31 December 2004 and the half year ended 30 June 2005, there was no revenue from our property development business as interest in land purchases and demand fell due to the negative sentiments after the Asian economic crisis, the terrorist attacks in the United States on 11 September 2001, regional terrorist attacks (including in Bali) in the last few years and the SARS epidemic in 2003.

Utilities Business

In our utilities business, we provide integrated infrastructure support and services to our tenants and investors in the industrial parks and resorts. We own, *inter alia*, power generation facilities, potable water supply facilities, waste management facilities and telecommunication facilities.

Revenue from our utilities business is derived primarily from the supply of electricity, treated water, waste management services and supply of telecommunication services. Revenue is recognised upon consumption and acceptance by our customers. Revenue from our utilities business accounted for approximately 50.8%, 55.0%, 58.9% and 59.0% of our total revenue for FY2002, FY2003, FY2004 and HY2005, respectively.

Significant factors that may affect revenue from our utilities business include the following:

(a) *electricity and water consumption and use of waste management services*. Utilities consumption is a function of the type of activities that our customers undertake and their utilities requirements. The mix of tenants and investors within the industrial and resort businesses as well as the underlying economics of their business and the markets for which they sell to will ultimately affect the amount of utilities purchased and the pattern or trend of usage;

(b) *factory, resort and dormitory occupancy rate*. A change in the factory occupancy rate may have an impact to our utilities revenue. However, as utilities revenue from resort and dormitories forms accounts for a small proportion of our business, a change in resort and dormitory occupancy rate may not have any material impact on our utilities revenue; and

(c) *growth in property development*. BR and BIE are in the early phases of development and the existing infrastructure may be extended to support future developments and reduces time required for investors and tenants to commence operation and accordingly generate revenues for downstream businesses such as utilities services.

Industrial Parks Business

We sell and rent our industrial properties in Batam and Bintan. We provide a wide range of services to our investors and tenants including commercial, residential and medical amenities.

Revenue from our industrial parks business is derived primarily from rental of factory buildings, dormitories, executive apartments, shop-houses, plaza, food courts and wet markets as well as service charges for estate maintenance. Revenue is recognised proportionately over the rental lease term or when services are rendered. The industrial parks business accounted for approximately 39.7%, 35.5%, 31.6% and 32.9% of our total revenue for FY2002, FY2003, FY2004 and HY2005, respectively.

Significant factors that may affect revenue from our industrial parks business include the following:

(a) *factory and dormitory occupancy rates.* We have a range of ready-built factories to cater to a range of industrial requirements. Our industrial factories are leased for an average period of three years with automatic renewal. The requirements for industrial factories are dependent on the current and anticipated factory space requirements of our tenants and investors. As part of our integrated offering, we provide dormitories and executive apartments to tenants and investors of our industrial parks business and revenue contribution from these is dependent on the occupancy rate of the industrial parks;

(b) *investment climate.* Our industrial parks business is affected by the country risk of Indonesia and its governmental policies and incentives in attracting overseas investors and tenants. During periods of economic and political uncertainties, tenants and investors may not locate their operations in our industrial parks and this would accordingly affect revenue contribution from our industrial parks business; and

(c) *competition from neighbouring industrial parks.* Although there are other industrial parks in Batam, our industrial parks currently provide integrated services to the tenants and investors in BIP and BIE. Our occupancy and rental rates are dependent on our ability to provide a range of services and activities to meet the needs of our investors and tenants.

Resort Operations Business

Our resort operations comprise mainly the provision of overall support facilities and services to resorts located in BR, such as workers' accommodation, medical clinic, ferry and terminal services, tour operations, security and fire fighting services.

Revenue from our resort operations business is derived primarily from rental of dormitories, executive apartments and shophouses as well as service charges for estate maintenance, operation of ferry services and operation of travel agency. The resort operations business accounted for approximately 9.5% of our revenue for each of FY2002, FY2003 and FY2004 and 8.1% of our revenue for HY2005.

Significant factors that may affect our resort operations business revenue include the following:

(a) *safety, security and health*. Any travel advisory to the region due to terrorist and/or health concerns or perceptions may have an impact on the tourist arrivals and the revenue from our resort operations; and

(b) *attractiveness of BR*. As we compete with other regional tourist destinations (i.e. Bali, Phuket, etc) to be the choice travel destination in this region, the attractiveness of Bintan as a destination for tourists and investments is dependent on our ability to master plan, develop and market this destination as well as the other competing forces for the regional resort business.

Cost of Operating Revenue

Our cost of operating revenue comprises mainly the fuel costs, depreciation, direct staff related expenses, property tax, insurance premium, industrial and customer relations costs, security related expenses and estate management and maintenance related expenses. Our cost of operating revenue accounted for approximately 79.9%, 89.1%, 87.0% and 90.3% of our revenue in FY2002, FY2003, FY2004 and HY2005, respectively.

Property Development

The cost of operating revenue for our property development business was approximately S$4.0 million, S$4.2 million, S$4.2 million and S$2.5 million for FY2002, FY2003, FY2004 and HY2005, respectively. The main components of the cost of operating revenue for our property development business are the cost of providing, developing and construction of the infrastructure. In our property development business, we are primarily involved in land sales and our main expenses include salaries, cost of infrastructure development and security management expenses. Significant factors that may affect the cost of operating revenue for our property development business include the following:

(a) *fluctuation in the cost of construction materials*. The prices of materials used for construction of infrastructure such as cement and steels have been volatile in the past. Any material fluctuation in these prices will adversely affect the cost of our infrastructure; and

(b) *wage costs.* We have full time employees responsible for security management and part of the infrastructure development process. Salaries in Indonesia are subject to annual review with the union and any material wage adjustment will affect the operating cost of our property development business.

Utilities

The cost of operating revenue of our utilities business accounted for approximately 68.9%, 78.2%, 82.2% and 85.4% of our utilities revenues in FY2002, FY2003, FY2004 and HY2005, respectively. The main components of the cost of operating revenue for our utilities business are the fuel costs and cost of spare parts used in maintenance of generators. In addition, the cost of depreciation and maintenance of our utilities facilities constitute a significant portion of our cost of operating revenue. Significant factors that may affect the cost of operating revenue for our utilities business include the following:

(a) we use fuel oil in the power plant to generate electricity. Fuel prices are affected by global supply and demand of high sulphur fuel oil (HSFO) and light fuel oil (diesel). Any adverse fluctuation in fuel prices will affect our cost in operating the power plant;

(b) the spare parts used in maintenance of our power plants are purchased from the manufacturer of the generators. Any fluctuation in the prices or foreign exchange rates (i.e. US$) which the spare parts are priced will adversely affect our maintenance cost; and

(c) the generators need regular maintenance to operate optimally (i.e. generate at a level recommended by the manufacturer of the generators) and any sub-optimal operation will affect fuel consumption and accordingly increase operating costs.

Industrial Parks

The cost of operating revenue of our industrial parks business accounted for approximately 77.5%, 87.8%, 75.5% and 77.2% of our industrial parks revenue in FY2002, FY2003, FY2004 and HY2005, respectively. The main components of the cost of operating revenue for our industrial parks business are security management expenses, depreciation of factory buildings, insurance premiums, property taxes and cost of our subcontractors for the maintenance of the industrial parks. However, a substantial portion of these expenses are fixed (e.g. depreciation) and do not fluctuate with the revenue. Significant factors that may affect the cost of operating revenue for our industrial parks business include the following:

(a) fluctuation in the cost of construction materials. The prices of materials used for construction of factory buildings such as cement and steels have been volatile for the past two years. Any material increase in these prices will adversely affect the cost our buildings and accordingly increase our depreciation; and

(b) our assets in our industrial parks are insured for industrial all-risk and other commercial insurance so to mitigate any financial impact in event of damages / losses. Any unfavourable political or security development in Indonesia (such as terrorist attacks) will increase our insurance premium adversely.

Resort Operations

The cost of operating revenue of our resort operations business accounted for approximately 128.1%, 133.4%, 132.6% and 150.1% of our resort operations business revenue in FY2002, FY2003, FY2004 and HY2005, respectively. The main components of the cost of operating revenue for our resort operations business are manpower cost, management and marketing fee and costs payable to third parties for services such as estate maintenance services. Cost of property management, manpower cost, insurance premium, property tax and government levies also form a significant portion of cost of operating revenue. Significant factors that may affect the cost of operating revenue for our resort operations business include the following:

(a) our assets in BR are insured for to mitigate any financial impact in event of damages / losses. Any unfavourable political or security development in Indonesia (such as terrorist attacks) will increase our insurance premium adversely; and

(b) we have full-time employees responsible for security management and maintaining the resort. Salaries in Indonesia are subject to annual review with the union and any material wage adjustment will affect the operating cost of our resort operations business.

Financing Costs

Financing costs accounted for approximately 2.3%, 1.6%, 4.4% and 3.4% of our revenue for FY2002, FY2003, FY2004 and HY2005, respectively. Financing costs comprise mainly interest expense on bank borrowings and borrowings from related parties.

Taxation

Our Company is incorporated in Singapore. As the control and management of our business is exercised in Singapore, we are regarded as a resident in Singapore under the tax laws in Singapore. The statutory tax rates in Singapore were 22.0%, 22.0%, 20.0% and 20.0% for FY2002, FY2003, FY2004 and HY2005, respectively.

Our subsidiaries which are incorporated and operate in Indonesia are taxed in accordance with the prevailing tax regulations in Indonesia. Some of our revenue (such as rental and service charges) have been taxed on the basis of 10% on gross revenue (known as final tax) while the remaining have been taxed at progressive tax rates of up to 30%.

Currently, PT BIC is a major contributor to the Group's turnover and profit before taxation. PT BIC paid final tax for FY2002, FY2003 and FY2004 for a substantial part of its revenue (i.e. 10% of gross revenue).

In HY2005, the Group reported a profit before tax of approximately S$11.1 million. PT BIC contributed a profit before tax of approximately S$15.7 million which was offset by losses incurred by other subsidiaries in the Group. The Group's taxation for HY2005 was approximately S$7.7 million. PT BIC's tax payment / provision amounted to approximately S$7.4 million (representing approximately 96% of the Group's tax obligation) of which approximately S$6.6 million related to final taxation. In the absence of any opportunity to offset losses of certain subsidiaries against profit making subsidiaries (i.e. PT BIC), the Group's effective tax rate is approximately 70.0% for HY2005.

Please also see the section "Summary of Taxation" in Appendix G of this Prospectus.

Analysis of Our Operating Results

Breakdown of our revenue by geographical segments

Presently, our revenues are predominantly derived from our operations located in Indonesia. A breakdown of our revenue for the three financial years ended 31 December 2004 and HY2005 by geographical segments is as follows:

	FY2002		FY2003		FY2004		HY2004		HY2005	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Indonesia	188,482	93.2	179,463	93.6	188,237	93.2	94,381	93.7	98,114	94.6
Singapore	13,826	6.8	12,232	6.4	13,759	6.8	6,365	6.3	5,641	5.4
Total	202,308	100.0	191,695	100.0	201,996	100.0	100,746	100.0	103,755	100.0

Analysis by business segments of our Group

In our discussion below, we have analysed our revenue and profits (in dollar and percentage terms) according to our four business segments, namely property development, industrial parks, resort operations and utilities businesses.

For the purposes of our analysis, we have included our share of profits from our associated companies under the respective business segments. The analysis below has eliminated all intra-segment or inter-segment transactions.

	FY2002		FY2003		FY2004		HY2004		HY2005	
	S$'000	%	S$'000	%	S$'000	%	S$'000	%	S$'000	%
Revenue										
Industrial Parks	80,219	39.7	68,052	35.5	63,780	31.6	32,447	32.2	34,167	32.9
Property Development	–	–	–	–	–	–	–	–	–	–
Resort Operations	19,187	9.5	18,168	9.5	19,199	9.5	9,097	9.0	8,383	8.1
Utilities	102,902	50.8	105,475	55.0	119,017	58.9	59,202	58.8	61,205	59.0
Group Total	202,308	100.0	191,695	100.0	201,996	100.0	100,746	100.0	103,755	100.0
Cost of Operating Revenue										
Industrial Parks	(62,166)	38.4	(59,735)	35.0	(48,136)	27.4	(21,342)	25.4	(26,389)	28.2
Property Development	(3,969)	2.5	(4,249)	2.5	(4,228)	2.4	(1,870)	2.2	(2,455)	2.6
Resort Operations	(24,575)	15.2	(24,230)	14.2	(25,467)	14.5	(11,603)	13.8	(12,583)	13.4
Utilities	(70,948)	43.9	(82,529)	48.3	(97,828)	55.7	(49,338)	58.6	(52,262)	55.8
Group Total	(161,658)	100.0	(170,743)	100.0	(175,659)	100.0	(84,153)	100.0	(93,689)	100.0

	FY2002		FY2003		FY2004		HY2004		HY2005	
	S$'000	**%**	**S$'000**	**%**	**S$'000**	**%**	**S$'000**	**%**	**S$'000**	**%**
Operating Profit (before foreign exchange difference, finance cost, taxation and minority interests and including shares of associates)										
Industrial Parks	18,053	44.4	8,317	39.7	15,644	59.4	11,105	66.9	7,778	77.3
Property Development	(3,969)	(9.7)	(4,249)	(20.3)	(4,228)	(16.1)	(1,870)	(11.2)	(2,455)	(24.4)
Resort Operations	(5,388)	(13.3)	(6,062)	(28.9)	(6,268)	(23.8)	(2,506)	(15.1)	(4,200)	(41.7)
Utilities	31,954	78.6	22,946	109.5	21,189	80.5	9,864	59.4	8,943	88.8
Group Total	40,650	100.0	20,952	100.0	26,337	100.0	16,593	100.0	10,066	100.0
Add/(Less)										
Foreign Exchange Differences	2,880		(683)		3,287		2,124		3,005	
Finance Expenses	(3,948)		(2,522)		(6,800)		(2,077)		(1,995)	
Net Profit before tax	39,582		17,747		22,824		16,640		11,076	
Net Profit after Tax and minority interest	21,058		7,791		12,699		9,522		4,245	
Industrial Parks	45,925		34,587		43,583		24,276		20,872	
Property Development	(3,421)		(3,948)		(4,641)		(2,390)		(2,257)	
Resort Operations	1,068		391		5,167		4,239		2,193	
Utilities	55,590		39,405		36,707		17,818		16,805	
EBITDA	99,162		70,435		80,816		43,943		37,613	
Operating Profit as Percentage of Revenue										
Industrial Parks	22.5		12.2		24.5		34.2		22.8	
Property Development	N.M.		N.M.		N.M.		N.M.		N.M.	
Resort Operations	(28.1)		(33.4)		(32.6)		(27.5)		(50.1)	
Utilities	31.1		21.8		17.8		16.7		14.6	
Group Total	20.1		10.9		13.0		16.5		9.7	

Note:

"N.M." denotes not meaningful.

Over the three financial years ended 31 December 2004 and HY2005, there was no revenue from our property development business as interest in land purchases and demand fell due to the negative sentiments after the Asian economic crisis, the terrorist attacks in the United States on 11 September 2001, regional terrorist attacks (including in Bali) in the last few years and the SARS epidemic in 2003.

FY2002 vs FY2003

Revenue

Revenue for our Group decreased by approximately S$10.6 million or 5.2% from approximately S$202.3 million in FY2002 to approximately S$191.7 million in FY2003.

Revenue for our industrial parks business decreased by approximately S$12.2 million or 15.2% from approximately S$80.2 million in FY2002 to approximately S$68.1 million in FY2003. This was due mainly to a decrease in the number of tenants in our industrial parks especially with the departure of approximately 20 tenants in BIP in view of the global electronic industry downturn in FY2002.

Revenue for our resort operations business decreased by approximately S$1.0 million or 5.3% from approximately S$19.2 million in FY2002 to approximately S$18.2 million in FY2003. This was due mainly to health-related travel advisory issued against travelling to this region with the outbreak of SARS which significantly affected the travel industry. As a result, tourist arrivals reduced significantly in HY2003 and recovered in end FY2003.

Revenue for our utilities business increased by approximately S$2.6 million or 2.5% from approximately S$102.9 million in FY2002 to approximately S$105.5 million in FY2003. This was due mainly to higher electricity usage by certain of our industrial parks' tenants.

Cost of Operating Revenue

Cost of operating revenue for our Group increased by approximately S$9.1 million or 5.6% from approximately S$161.7 million in FY2002 to approximately S$170.7 million in FY2003.

Cost of operating revenue for our property development business increased by approximately S$0.3 million or 7.1% from approximately S$4.0 million in FY2002 to approximately S$4.2 million in FY2003. This was due mainly to an increase in expenses such as salaries and security related expenses.

Cost of operating revenue for our industrial parks business decreased by approximately S$2.4 million or 3.9% from approximately S$62.2 million in FY2002 to approximately S$59.7 million in FY2003. This was due mainly to a decrease in depreciation with the increase in the number of fully depreciated factory buildings in BIP and saving on certain maintenance expenses through sub-contractors.

Cost of operating revenue for our resort operations business decreased by approximately S$0.3 million or 1.4% from approximately S$24.6 million in FY2002 to approximately S$24.2 million in FY2003.

Cost of operating revenue for our utilities business increased by approximately S$11.6 million or 16.3% from approximately S$70.9 million in FY2002 to approximately S$82.5 million in FY2003. This was due mainly to the removal of fuel subsidies by the Indonesian government.

Operating Profit / (Loss)

Operating profit for our Group decreased by approximately S$19.7 million or 48.5% from approximately S$40.7 million in FY2002 to approximately S$21.0 million in FY2003.

Operating loss for our property development business increased by approximately S$0.3 million or 7.1% from approximately S$4.0 million in FY2002 to approximately S$4.2 million in FY2003. As we did not conduct any land sale in FY2003, our property development business continued to record a loss and the increase was due to the increase in the cost of operating revenue for our property development business.

Operating profit for our industrial parks business decreased by approximately S$9.7 million or 53.9% from approximately S$18.1 million in FY2002 to approximately S$8.3 million in FY2003. This was due mainly to the decrease in revenue with the decrease in the number of tenants in our industrial parks and the fact that a substantial portion of the cost of operating revenue was fixed.

Operating loss for our resort operations business increased by approximately S$0.7 million or 12.5% from approximately S$5.4 million in FY2002 to S$6.1 million in FY2003. The decrease was due mainly to the decrease in revenue as a result of health-related travel advisory issued against travelling to this region with the outbreak of SARS which significantly affected the travel industry.

Operating profit for our utilities business decreased by approximately S$9.0 million or 28.2% from approximately S$32.0 million in FY2002 to approximately S$22.9 million in FY2003. This was due mainly to an increase in cost of operating revenue with the removal of fuel subsidies by the Indonesian government. In our effort to remain competitive, we maintained our electricity tariff and charges to our tenants and investors.

EBITDA, Profit before Taxation and Net Profit for the Period

While operating profit for our Group decreased by approximately S$19.7 million or 48.5% from approximately S$40.7 million in FY2002 to approximately S$21.0 million in FY2003:

- EBITDA for our Group decreased by S$28.7 million or 29.0% from approximately S$99.2 million in FY2002 to approximately S$70.4 million in FY2003. This was due mainly to the recognition of unrealised foreign exchange loss of about S$3.6 million and the decrease in depreciation of about S$5.5 million in FY2003 which is accounted for in our operating profits but not for EBITDA;

- profit before taxation for our Group decreased by approximately S$21.8 million or 55.2% from approximately S$39.6 million in FY2002 to approximately S$17.7 million in FY2003. This was due mainly to a decline in operating profit before foreign exchange and finance costs of approximately S$19.7 million and unrealised foreign exchange losses of approximately S$3.6 million on translation of foreign currency denominated assets and liabilities in FY2002 which was offset by the reduction in net finance costs of approximately S$1.4 million; and

- net profit for the period for our Group decreased by approximately S$13.3 million or 63.0% from approximately S$21.1 million in FY2002 to approximately S$7.8 million in FY2003. This was due mainly to the increase in effective tax rate for our Group from 52.2% in FY2002 to 69.5% in FY2003 as some of our revenue are assessed on a final tax basis.

FY2003 vs FY2004

Revenue

Revenue for our Group increased by approximately S$10.3 million or 5.4% from approximately S$191.7 million in FY2003 to approximately S$202.0 million in FY2004.

Revenue for our industrial parks business decreased by approximately S$4.3 million or 6.3% from approximately S$68.1 million in FY2003 to approximately S$63.8 million in FY2004. This was due mainly to expiry and/or non-renewal of 1 and 8 rental leases in BIP and BIE, respectively.

Revenue for our resort operations business increased by approximately S$1.0 million or 5.7% from approximately S$18.2 million in FY2003 to approximately S$19.2 million in FY2004. This was due mainly to higher tourist arrival into BR and improved resort occupancy rate in FY2004. The tourist arrivals into BR increased from approximately 262,000 in FY2003 to approximately 301,000 in FY2004.

Revenue for our utilities business increased by approximately S$13.5 million or 12.8% from approximately S$105.5 million in FY2003 to approximately S$119.0 million in FY2004. This was due mainly to the integration of our power plant business in PT BIIE and the recognition in full by PT BIIE of electricity revenue from BIE in FY2004. Prior to that, PT BIIE had assets lease and utilities management arrangements with PT Bintan Servicatama Perkasa, and revenues for our power plant business in BIE were recorded through such arrangements.

Cost of Operating Revenue

Cost of operating revenue for our Group increased by approximately S$4.9 million or 2.9% from approximately S$170.7 million in FY2003 to approximately S$175.7 million in FY2004.

Cost of operating revenue for our industrial parks business decreased by approximately S$11.6 million or 19.4% from S$59.7 million in FY2003 to approximately S$48.1 million in FY2004. This was due mainly to lower salary-related expenses of approximately S$1.2 million and reversal of certain doubtful debts provision in relation to an amount due from PT Bintan Servicatama Perkasa of approximately S$4.0 million. Prior to FY2004, PT BIIE leased utility assets and provided utilities management services to PT Bintan Servicatama Perkasa. PT BIIE partially recovered the debts (due from PT Bintan Servicatama Perkasa) through collection of utility charges from tenants on behalf of PT Bintan Servicatama Perkasa. There was a shortfall from collections as compared to the amount billed to PT Bintan Servicatama Perkasa for asset lease fee and utility management fee. As PT Bintan Servicatama Perkasa was not able to repay the shortfall, PT BIIE made full provisions for the debt amounting to S$4.0 million. Subsequently in FY2004, PT BIIE entered into a settlement agreement with PT Bintan Servicatama Perkasa to settle the outstanding debt and has accordingly written back the provision that is no longer needed.

Cost of operating revenue for our resort operations business increased by approximately S$1.2 million or 5.1% from approximately S$24.2 million in FY2003 to approximately S$25.5 million in FY2004. The marginal increase in operating expenses was in line with the increase in revenue.

Cost of operating revenue for our utilities business increased by approximately S$15.3 million or 18.5% from approximately S$82.5 million in FY2003 to approximately S$97.8 million in FY2004. This was due mainly to the integration of our power plant business in PT BIIE and the recognition in full by PT BIIE of electricity revenue from BIE in FY2004. Prior to that, PT BIIE had assets lease and utilities management arrangements with PT Bintan Servicatama Perkasa, and no costs were recorded for our power plant business in BIE for such arrangements.

Operating Profit / (Loss)

Operating profit for our Group increased by approximately S$5.4 million or 25.7% from approximately S$21.0 million in FY2003 to approximately S$26.3 million in FY2004.

Operating loss for our property development business remains at approximately S$4.2 million in FY2004, as compared to FY2003, as we did not conduct any land sale in FY2004 and operating expenses were maintained.

Operating profit for our industrial parks business increased by approximately S$7.3 million or 88.1% from approximately S$8.3 million in FY2003 to approximately S$15.6 million in FY2004. This was due mainly to lower salary-related expenses of about S$1.2 million and write back of certain doubtful debt provisions of about S$4.0 million.

Operating loss for our resort operations business increased by approximately S$0.2 million or 3.4% from approximately S$6.1 million in FY2003 to approximately S$6.3 million in FY2004. The marginal increase was mainly due to an increase in expenses relating to site preparation for property development in FY2005.

Operating profit for our utilities business decreased by approximately S$1.8 million or 7.7% from approximately S$22.9 million in FY2003 to approximately S$21.2 million in FY2004. This was due mainly to the integration of our power plant business in PT BIIE and the recognition in full by PT BIIE of electricity revenue and costs from BIE in FY2004. Prior to that, PT BIIE had assets lease and utilities management arrangements with PT Bintan Servicatama Perkasa.

EBITDA, Profit before Taxation and Net Profit for the Period

In line with increase in our Group's operating profit by approximately S$5.4 million or 25.7% from approximately S$21.0 million in FY2003 to approximately S$26.3 million in FY2004:

- EBITDA for our Group increased by approximately S$10.4 million or 14.7% from approximately S$70.4 million in FY2003 to approximately S$80.8 million in FY2004. This was due mainly to approximately S$3.9 million increase in gains from the recognition of unrealised foreign exchange gains on translation of foreign currency denominated assets and liabilities in FY2004 and the increase in other income of approximately S$5.6 million arising mainly from a write back in provision for doubtful debts of approximately S$4.0 million;

- profit before taxation for our Group increased by approximately S$5.1 million or 28.6% from approximately S$17.7 million in FY2003 to approximately S$22.8 million in FY2004. This was due mainly to higher operating profit and the recognition of unrealised foreign exchange gains on translation of foreign currency denominated assets and liabilities in FY2004 and increase in other income which were offset by approximately S$4.3 million in net finance costs; and

- net profit for the period for our Group increased by approximately S$4.9 million or 63.0% from approximately S$7.8 million in FY2003 to approximately S$12.7 million in FY2004. This was due mainly to the lower effective tax rate for our Group in FY2004 of 51.2% as compared to 69.5% in FY2003, as the proportionate increase in our profit before taxation was more than that for our revenue as some of our revenue is assessed on a final tax basis.

HY2004 vs HY2005

Revenue

Revenue for our Group increased by approximately S$3.0 million or 3.0% from approximately S$100.7 million in HY2004 to approximately S$103.8 million in HY2005.

Revenue for our industrial parks business increased by approximately S$1.7 million or 5.3% from approximately S$32.4 million in HY2004 to approximately S$34.2 million in HY2005. This was due mainly to sale of one factory building to an investor in HY2005.

Revenue for our resort operations business decreased by approximately S$0.7 million or 7.8% from approximately S$9.1 million in HY2004 to approximately S$8.4 million in HY2005. This was due mainly to lower tourist arrivals into BR in HY2005. The tourist arrivals into BR decreased from approximately 139,000 in HY2004 to approximately 126,000 in HY2005.

Revenue for our utilities business increased by approximately S$2.0 million or 3.4% from approximately S$59.2 million in HY2004 to approximately S$61.2 million in HY2005. This was due mainly to an increase in electricity tariff so as to partially offset increase in generating cost as the result of fuel cost escalation in HY2005.

Cost of Operating Revenue

Cost of operating revenue for our Group increased by approximately S$9.5 million or 11.3% from approximately S$84.2 million in HY2004 to approximately S$93.7 million in HY2005.

Cost of operating revenue for our property development business increased by approximately S$0.6 million or 31.3% from approximately S$1.9 million in HY2004 to approximately S$2.5 million in HY2005. This was mainly due to loss on disposal of fixed assets and provision of long-term investment.

Cost of operating revenue for our industrial parks business increased by approximately S$5.0 million or 23.6% from approximately S$21.3 million in HY2004 to approximately S$26.4 million in HY2005. This was mainly due to recognition of cost relating to the factory sale in HY2005 and reversal of certain doubtful debts provision of about S$4.0 million in HY2004.

Cost of operating revenue for our resort operations business increased by approximately S$1.0 million or 8.4% from approximately S$11.6 million in HY2004 to approximately S$12.6 million in HY2005. The increase in operating expenses was mainly due to higher operation expenses such as increased fuel cost for the ferries.

Cost of operating revenue for our utilities business increased by approximately S$2.9 million or 5.9% from approximately S$49.3 million in HY2004 to approximately S$52.3 million in HY2005. This was due mainly to increase in fuel cost used in generation of electricity. The price for HSFO and LFO in Indonesia progressively increased from 1 March 2005 and the Group partially and progressively revised its electricity tariff from 1 March 2005 and absorbed part of the fuel cost increase.

Operating Profit / (Loss)

Operating profit for our Group decreased by approximately S$6.5 million or 39.3% from approximately S$16.6 million in HY2004 to approximately S$10.1 million in HY2005.

Operating loss for our property development business increased by approximately S$0.6 million or 31.3% from approximately S$1.9 million in HY2004 to approximately S$2.5 million in HY2005. This was mainly due to loss on disposal of fixed assets and provision of long-term investment.

Operating profit for our industrial parks business reduced by approximately S$3.3 million or 30.0% from approximately S$11.1 million in HY2004 to approximately S$7.8 million in HY2005. This was due mainly write back of certain doubtful debt provisions of about S$4.0 million in HY2004 and offset by profit from sale of factory building in HY2005.

Operating loss for our resort operations business increased by approximately S$1.7 million or 67.6% from approximately S$2.5 million in HY2004 to approximately S$4.2 million in HY2005. The increase was mainly due to lower revenue coupled with increased operation cost in HY2005.

Operating profit for our utilities business decreased by approximately S$0.9 million or 9.3% from approximately S$9.9 million in HY2004 to approximately S$8.9 million in HY2005. This was due mainly to increase in generation cost due to fuel price increase.

EBITDA, Profit before Taxation and Net Profit for the Period

In line with the decrease in our Group's operating profit by approximately S$6.5 million or 39.3% from approximately S$16.6 million in HY2004 to approximately S$10.1 million in HY2005:

- EBITDA for our Group decreased by approximately S$6.3 million or 14.4% from approximately S$43.9 million in HY2004 to approximately S$37.6 million in HY2005. This was due mainly increased operating cost and write back of provision for doubtful debts of approximately S$4.0 million in HY2004;

- profit before taxation for our Group decreased by approximately S$5.6 million or 33.4% from approximately S$16.6 million in HY2004 to approximately S$11.1 million in HY2005. This was due mainly to higher operating expenses and write back of provision of doubtful debts in HY2004 and partially offset by increased revenue for HY2005; and

- net profit for the period for our Group decreased by approximately S$5.3 million or 55.4% from approximately S$9.5 million in HY2004 to approximately S$4.2 million in HY2005. This is in line with the decrease in profit before tax.

OUR LIQUIDITY

Our sources of funds may be categorised as internal or external. Internal source of funds refers to cash generated from our operating activities. Our operations are primarily financed through cash generated from operations. External sources of funds comprise mainly credit granted by our suppliers, capital and loans from our shareholders and loans from financial institutions. Longer-term capital commitments are funded with borrowings.

As at the Latest Practicable Date, we had bank and cash balances of about S$73.0 million, as well as bank borrowings and bank facilities of approximately S$146.8 million.

Our Directors are of the opinion that, after taking into account the cash generated from operations, our bank and cash balances, the amounts available under existing bank facilities, as at the date of lodgment of this Prospectus, our Group has adequate working capital to meet its present requirements.

We set out below the cash flow summary of our Group for FY2004 and HY2005:

	FY2004 (S$'000)	HY2005 (S$'000)
Cash from operations before changes in working capital	82,358	33,440
Changes in working capital and payments	(14,237)	(7,349)
Net cash generated from operating activities	68,121	26,091
Net cash used in investing activities	(7,087)	(12,417)
Net cash used in financing activities	(55,087)	(12,573)
Increase in cash and cash equivalents	5,947	1,101
Cash and cash equivalents at beginning of year	59,621	65,568
Cash and cash equivalents at end of year	65,568	66,669

FY2004

Net cash generated from operating activities

In FY2004, there was net cash inflow of approximately S$82.4 million from operations before changes in working capital and payments. Net cash generated from operating activities was accounted for mainly by our profit before taxation for FY2004 of approximately S$22.8 million and the depreciation of property, plant and equipment and investment properties of approximately S$51.2 million and after taking into account a net decrease in working capital and payments of approximately S$14.2 million. The working capital changes were due mainly to the following:

- decrease in trade payables of approximately S$4.9 million due to lesser factory construction activity in FY2004;
- increase in inventories of approximately S$2.3 million resulting from an increase in holdings of certain consumables and spare parts;
- decrease in trade receivables of approximately S$2.1 million due to faster repayments from customers; and
- decline in owings to related parties of approximately S$10.0 million and a decline in owings from related parties of S$16.1 million, resulting in a net decline in owings from related parties of approximately S$6.1 million.

Other than the working capital changes above, we made payments of approximately S$7.3 million and approximately S$7.7 million in income taxes and interest respectively in FY2004, which resulted in net cash generated from operating activities in FY2004 of approximately S$68.1 million.

Net cash used in investing activities

Net cash outflow from investing activities amounted to approximately S$7.1 million and was due mainly to payments made for the acquisition of property, plant and equipment of approximately S$10.4 million which were offset by the proceeds from the disposal of property, plant and equipment of approximately S$3.1 million.

Net cash used in financing activities

Net cash outflow from financing activities amounted to approximately S$55.1 million and was due mainly to the repayment of loans to financial institutions of approximately S$25.8 million, repayment of advances from third parties of approximately S$15.3 million, dividend payment of approximately S$15.0 million and offset by receipt of rental deposits from tenants amounting to approximately S$1.3 million.

HY2005

Net cash generated from operating activities

In HY2005, there was net cash inflow of S$33.4 million from operations before changes in working capital and payments. Net cash generated from operating activities was accounted for mainly in our profit before taxation for HY2005 of S$11.1 million and the depreciation of property, plant and equipment and investment properties of S$24.5 million and after taking into account a net increase in working capital and payments of S$7.3 million. The working capital changes were due mainly to the following:

- decrease in trade and other payables of approximately S$1.3 million due to repayment to creditors for HY2005;

- increase in inventories of approximately S$1.8 million resulting from an increase in holdings of certain consumables and spare parts;

- decrease in trade and other receivables of approximately S$3.9 million due to payments from tenants and investors in the first half of FY2005; and

- increase in owings to related parties of approximately S$1.1 million and an increase in owings from related parties of approximately S$0.6 million, resulting in a net increase in owings to related parties of approximately S$0.5 million.

Other than the working capital changes above, we made payments of approximately S$5.6 million and approximately S$3.4 million in income taxes and interest respectively in HY2005, which resulted in net cash generated from operating activities in HY2005 of S$26.1 million.

Net cash used in investing operating activities

Net cash outflow from investing activities amounted to approximately S$12.4 million and was due mainly to payments made for the acquisition of property, plant and equipment of approximately S$15.3 million which were offset by the proceeds from the disposal of property, plant and equipment of approximately S$0.8 million and the sale of a factory building of approximately S$2.3 million.

Net cash used in financing activities

Net cash outflow from financing activities amounted to approximately S$12.6 million and was due mainly to the repayment of loans to financial institutions of approximately S$12.8 million, refund of deposits to tenants of approximately S$0.4 million and offset by loans from financial institutions of approximately S$2.0 million.

OUR FINANCIAL POSITION

Overview of our Financial Position as at 30 June 2005

Non-Current Assets

Our non-current assets comprise property, land under development, plant and equipment, investment properties, deferred tax assets, investment in unquoted equity shares and a convertible loan of about S$62.0 million pursuant to the PT AIB Convertible Loan Agreement. Property, plant and equipment and investment properties are stated net of depreciation and include land use rights but exclude land inventories that are for sales. Property, plant and equipment, including land use rights, and investment properties are depreciated on a straight line basis over the term of the lease. Deferred tax assets relate to deductible temporary differences arising from allowance for doubtful debts and property, plant and equipment and are recorded in consideration that it is probable that future taxable profit will be available against which our Group can utilise the benefits.

Current Assets

Our current assets comprise mainly cash and bank balances, trade and other receivables, due from related parties of approximately S$12.6 million, land inventories and inventories. The cash and bank balances (including restricted cash) of approximately S$94.7 million include amounts arising from the tenancy deposits for the industrial parks tenants and the deposits of golf membership of approximately S$39.4 million in aggregate. As part of the term loan financing, PT BIC maintained an escrow account for quarterly repayment of loan principal and interest. The amounts set aside in the escrow account, reflected in the accounts as restricted cash, is approximately S$28.0 million.

Out of the approximately S$12.6 million due from related parties, approximately S$4.9 million is non-trade-related, of which approximately S$3.3 million has already been provided for as at 30 June 2005. Please refer to the section "Interested Person Transactions – Advances by our subsidiary, PT BIIE, to PT Karimun Indojaya Cakrawala" on page 166 of this Prospectus and paragraph 12 of the section "General and Statutory Information" on page 206 of this Prospectus for certain information on these.

Non-Current Liabilities

Our non-current liabilities comprise mainly of deposits from tenants and golf memberships, deferred tax liabilities and loans and borrowings. The rental deposits from tenants are refundable upon termination of leases after offsetting certain administrative and factory retrofitting expenses. The golf membership deposits are refundable on the transfer of the membership.

Current Liabilities

Our current liabilities comprise mainly trade and other payables, due to related parties of approximately S$45.3 million, taxes payable and current portion of loans and borrowings of approximately S$37.6 million.

Shareholders' Equity

Our shareholders' equity comprises mainly share capital, accumulated revenue reserve carried forward and foreign currency translation reserve from translation of foreign subsidiaries.

Analysis of Our Financial Position

Unaudited Financial Position of our Proforma Group

	As at 31 December 2004 S$'000	As at 30 June 2005 S$'000
ASSETS		
Non-current assets		
Property, plant and equipment	370,812	366,291
Investment properties	354,615	348,772
Land under development	12,917	12,917
Investments in unquoted equity shares	968	978
Deferred tax assets	4,544	5,112
Other non-current assets	67,270	67,250
	811,126	801,320
Current assets		
Land inventories	541,350	541,366
Inventories	8,122	9,873
Trade receivables	34,170	31,154
Other receivables	2,801	2,905
Due from related parties	12,001	12,638
Restricted cash	27,301	28,009
Cash and bank balances	65,568	66,669
	691,313	692,614
Total assets	**1,502,439**	**1,493,934**
LIABILITIES AND EQUITY		
Non-current liabilities		
Deposits from tenants/golf membership	39,852	39,449
Deferred tax liability	316	324
Employee benefit liabilities	3,128	3,380
Loans and borrowings	129,966	118,562
	173,262	161,715
Current liabilities		
Trade payables	20,870	19,450
Other payables	2,642	2,818
Due to related parties	44,111	45,271
Taxes payable	1,425	4,076
Current portion of loans and borrowings	37,620	37,562
	106,668	109,177
Total liabilities	**279,930**	**270,892**
Shareholders' equity	**1,189,775**	**1,191,325**
Minority interest	**32,734**	**31,717**
Total liabilities and shareholders' equity	**1,502,439**	**1,493,934**
Net tangible assets	**1,187,370**	**1,188,920**
Net assets	**1,189,775**	**1,191,325**
NTA per Share [(1)] (cents)	**49.26**	**49.32**
Debt-to-Equity ratio	0.16	0.15

Note:

(1) For comparative purposes, the NTA per Share has been computed based on our Company's issued share capital of 2,410,423,184 Shares.

FY2004

Our property, plant and equipment decreased by approximately S$27.9 million or 7.0% from approximately S$398.7 million as at 31 December 2003 to approximately S$370.8 million as at 31 December 2004. This was due mainly to depreciation of approximately S$31.6 million which was offset by additions of property, plant and equipment of approximately S$10.4 million in FY2004.

Our investment properties decreased by approximately S$17.9 million or 4.8% from approximately S$372.5 million as at 31 December 2003 to approximately S$354.6 million as at 31 December 2004. This was due mainly to depreciation of approximately S$19.6 million in FY2004.

Our other non-current assets increased by approximately S$54.0 million or 405.4% from approximately S$13.3 million as at 31 December 2003 to approximately S$67.3 million as at 31 December 2004. This was mainly due to investment in PT AIB via a convertible loan of principal amount of S$62.0 million.

Deferred tax assets increased by approximately S$1.0 million or 26.7% from approximately S$3.6 million as at 31 December 2003 to approximately S$4.5 million as at 31 December 2004. This was due mainly to additional accrual of deferred taxation in FY2004.

Our current assets increased by approximately S$17.3 million or 2.6% from approximately S$674.0 million as at 31 December 2003 to approximately S$691.3 million as at 31 December 2004. The increase in current assets was attributed to the increase in cash (including restricted cash) of approximately S$31.3 million, increase in inventory of approximately S$2.3 million which was off-set by the reduction in dues from related parties of approximately S$16.1 million, land inventories of approximately S$1.1 million and trade receivables of approximately $0.6 million. The increase in cash was mainly due to faster recovery of outstanding trade debts.

Our non-current liabilities increased by approximately S$58.8 million or 51.4% from approximately S$114.4 million as at 31 December 2003 to approximately S$173.2 million as at 31 December 2004. This was due mainly to the increase in the non-current portion of bank borrowings of approximately S$72.9 million to our Company, increase in deposits received from tenants/ from golf memberships of approximately S$1.3 million and offset by settlement of other payables of approximately S$15.3 million (mainly through the repayment of the promissory notes – please refer to the section "Capitalisation and Indebtedness").

Our current liabilities increased by approximately S$4.7 million or 4.6% from about approximately S$102.0 million as at 31 December 2003 to about approximately S$106.7 million as at 31 December 2004. This was mainly due to reduction in dues to related parties of about approximately S$4.2 million and reduction in trade payables of about approximately S$4.9 million which was off-set by the net increase in the current portion of loans and borrowings of approximately S$13.9 million (as a result of the loan obtained by the Company from UOB referred to on page 141 of this Prospectus).

Our debt-to-equity ratio increased from 0.10 as at 31 December 2003 to 0.16 as at 31 December 2004. This is in line with the increase in bank borrowings as mentioned above.

HY2005

Our property, plant and equipment decreased by approximately S$4.5 million or approximately 1.2% from approximately S$370.8 million as at 31 December 2004 to approximately S$366.3 million as at 30 June 2005. This was due mainly to depreciation of approximately S$14.9 million which was offset by the addition of fixed assets of approximately S$14.2 million, disposal of assets amounting to approximately S$0.6 million and transfer to investment properties of approximately S$3.3 million in HY2005.

Our investment properties decreased by approximately S$5.8 million or 1.6% from approximately S$354.6 million as at 31 December 2004 to approximately S$348.8 million as at 30 June 2005. This was due mainly to depreciation of approximately S$9.6 million, disposal of factory building of S$0.5 million and offset by the addition of new buildings amounting to approximately S$4.4 million.

Our other non-current assets remain at approximately S$67.3 million as at 30 June 2005.

Our deferred tax assets increased by approximately S$0.6 million or 12.5% from approximately S$4.5 million as at 31 December 2004 to approximately S$5.1 million as at 30 June 2005. This was mainly due to an increase in accrual of deferred tax assets for HY2005.

Our current assets increased by approximately S$1.3 million from S$691.3 million as at 31 December 2004 to approximately S$692.6 million as at 30 June 2005. The increase in current assets was attributed to the increase in cash (including restricted cash) of approximately S$1.8 million, increase in inventory of approximately S$1.8 million, decrease in trade and other receivables of approximately S$2.9 million and increase in amounts due from related parties of approximately S$0.6 million.

Our non-current liabilities reduced by approximately S$11.5 million or 6.7% from approximately S$173.3 million as at 31 December 2004 to approximately S$161.7 million as at 30 June 2005. This was due mainly to a decrease in non-current portion of bank borrowings of approximately S$10.8 million.

Our current liabilities increased by approximately S$2.5 million or 2.4% from approximately S$106.7 million as at 31 December 2004 to approximately S$109.2 million as at 30 June 2005. This was mainly due to increase in dues to related parties of approximately S$1.2 million and increase in tax provision of approximately S$2.7 million.

Our debt-to-equity ratio reduced from 0.16 as at 31 December 2004 to 0.15 as at 30 June 2005. This is in line with repayment of bank borrowings.

FOREIGN EXCHANGE MANAGEMENT

Most of our revenue is generated in S$ while a substantial portion of our costs is incurred in Rp. Our management considers that the S$ is the primary currency of the economic environment in which we operate. Thus, the functional and reporting currency of our Group is the S$.

Currently, we do not have a formal hedging policy for foreign currencies or foreign currency transactions as our Directors consider that it is more efficient to assess each foreign currency transaction individually. Our management will monitor foreign exchange rates and take appropriate measures to hedge its foreign currency exposure, if required, which may include entering into forward foreign currency contracts for committed foreign purchases and/or receivables. In the event that our Company proposes to enter into foreign exchange hedging transactions, we will establish adequate procedures for such transactions, which will be reviewed and approved by our Audit Committee and approved by our Board. Our Audit Committee will periodically review such procedures.

CHANGES IN OUR ACCOUNTING POLICIES

Our Group adopts accounting policies that are consistent with International Accounting Standards or relevant standards or practices relevant to the countries that our companies operate in.

There has been no change in accounting policy in the three financial years ended 31 December 2004 or in FY2005. However, in FY2003, there was a change by PT BIC in its accounting estimate of the useful lives of certain utilities assets from 10 years to between 15 and 20 years. PT BIC believes that the revised depreciation period will reflect a more realistic and rational allocation of the cost of the assets over their economic lives. As a result of the change in the depreciation period, net profit for the year ended 31 December 2003 was approximately S$6.9 million higher than it would have been, if the change had not been made.

CAPITALISATION AND INDEBTEDNESS

The Share Distribution and the Private Placement are not expected to affect the capitalisation and indebtedness of our Group. We set forth in the following table the capitalisation and indebtedness of our Group:

(i) based on the unaudited proforma balance sheet of our Group as 30 June 2005; and

(ii) as adjusted to take into account the Restructuring Exercise.

The following table should be read in conjunction with the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries included in Appendix J of this Prospectus and the section "Management's Discussion and Analysis of our Financial Position and Results of Operations" on pages 122 to 139 of this Prospectus.

	Proforma As at 30 June 2005 (S$'000)	**As at 31 January 2006 (S$'000)**
Cash and bank balances (including restricted cash)	94,678	74,814
Short-term indebtedness		
Term Loan I – Bank loans (secured)	22,500	11,250
Term Loan II – Bank loans (secured)	15,000	15,000
Term Loan III (unsecured – interest bearing)	62	–
Term Loan IV – Bank loans (secured)	–	4,160
Minority shareholders loan (unsecured)	2,696	2,672
Advances (unsecured – non interest bearing)	24,195	24,854
	64,453	**57,936**
Long-term indebtedness		
Promissory Notes issued by subsidiaries (unsecured)	19,970	19,751
Revolving credit facility (secured)	2,000	500
Term Loan II – Bank loans (secured)	97,500	90,000
Term Loan IV – Bank loans (secured)	–	15,840
	119,470	**126,091**
Total Indebtedness	**183,923**	**184,027**
Shareholders' equity	**1,191,325**	**1,191,325**[1]
Total capitalisation and indebtedness	**1,375,248**	**1,375,352**

Note:

(1) This figure is based on shareholders' equity as at 30 June 2005 and does not take into account the movement in shareholders' equity after 30 June 2005, such as changes in our accumulated profits arising from day-to-day operations in the ordinary course of business.

For the period from 31 January 2006 to the Latest Practicable Date, there were no material changes in our capitalisation and indebtedness (as adjusted for the Restructuring Exercise) as disclosed above, save for:

(a) instalment repayments according to loan repayment schedules;

(b) changes in our reserves arising from our day-to-day operations in the ordinary course of business; and

(c) a secured US$7.0 million facility granted to our Group by PT Bank Mega Tbk in March 2006, for working capital purposes.

Indebtedness

Our banking facilities generally comprise floating rate term loans and revolving credit.

For FY2005, Term Loan I carried interest at the rate ranging from 3.41% to 4.15% per annum. The loan was agreed to be repaid in 16 equal quarterly instalments beginning June 2002. The loan is secured by an assignment of certain of PT BIC's receivables and the escrow accounts maintained with the lenders (financial institutions).

Our revolving credit facility bears interest of 1% above swap rate (effectively 2.15% per annum in FY2004 and between 2.15% to 2.97% per annum for the half year ended 30 June 2005). The revolving credit and Term Loan II are secured by the following:

(a) deed of debenture creating a fixed and floating charge over BRF's assets both present and future including goodwill and uncalled capital;

(b) first legal mortgage over BRF's vessels;

(c) corporate guarantee from PT BRC; and

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

Term Loan II is a term loan facility in the principal amount of S$112,500,000 from UOB to Gallant granted under a facility agreement dated 23 December 2004 (as amended by a supplemental agreement dated 21 March 2005) between UOB and Gallant ("**Facility Agreement**"). The loan bears interest at the rate of the relevant Singapore Interbank Offer Rate plus 2.25%. Repayment of the loan is scheduled as follows:

- 3 half-yearly instalments of S$7.5 million from August 2005;
- 2 half-yearly instalments of S$12 million from February 2007;
- 2 half-yearly instalments of S$16 million from February 2008; and
- 2 half-yearly instalments of S$17 million from February 2009.

The loan is secured by, *inter alia*,:

(i) pledges of shares in the capital of certain companies in our Group, namely PT BIC, PT BMW, PT SBP and PT SI;

(ii) pledges by certain Associates of PVP XXX of shares in the capital of Avonian Pte Ltd, PT Citra Karimun Perkasa, PT AIB and Great Contribution. See also the section "Interested Person Transactions – On-going Interested Person Transactions" on pages 176 to 178 of this Prospectus;

(iii) deeds of assignment and charge over account, whereby the relevant chargors assigned and charged to UOB all their rights, title and interest in dividends arising from, *inter alia*, the shares pledged to UOB mentioned in sub-paragraphs (i) and (ii) above, such dividends to be deposited into an interest-bearing account opened by the relevant chargor with UOB; and

(iv) a cash deposit of S$25 million deposited in an interest-bearing account opened by our Company with UOB.

S$87.5 million of the above loan to our Company under the Facility Agreement has been on-lent to our subsidiary, Verizon Resorts (Labuan), in connection with the PVP S&P Agreement. Verizon Resorts (Labuan) in turn loaned a sum of S$87.5 million to Oasis, then its subsidiary, to repay bank borrowings. Please see the section "Interested Person Transactions – Past Interested Person Transactions" on pages 166 and 167 of this Prospectus.

Term Loan IV relates to a credit agreement dated 11 November 2005 entered into by PT BIC relating to a S$25 million term loan facility from UOB, for the purpose of purchasing generators for BIP and conversion of existing generators at BIP from fuel fired into dual-fuel fired generators. The loan is secured by (i) a fiduciary security over receivables of PT BIC from present and future leases and occupancy of certain premises in BIP, (ii) a fiduciary security over a bank account with UOB, which is maintained for the collection of such receivables, and (iii) an assignment over such leases. The loan bears interest at 1.4% per annum above the swap rate (effectively 4.37% per annum for FY2005), and is payable in 12 quarterly instalments beginning on 15 August 2006.

As at the Latest Practicable Date, we do not have any unutilised banking facilities save for the US$7.0 million facility.

Our Group has been granted a few advances from shareholders and related parties, which are short-term and interest free in nature.

PT BEV has outstanding shareholder loans owing to its shareholders which include PT BIC and Sembawang KMP Corporation Pte Ltd. As at the Latest Practicable Date, the principal amounts owing by PT BEV to Sumitomo Electric Finance UK Limited, Sumitomo Rubber Industries Ltd, Obayashi Corporation and Sembawang KMP Corporation Pte Ltd were approximately US$400,000, US$600,000, US$400,000, and US$200,000, respectively. Interest on the shareholder loans (other than for Sumitomo Electric Finance UK Limited) is at 1.5% above the interbank rate (being the rate per annum at which placements in US$ are offered to the lender for such period by the Bank of Tokyo and the Development Bank of Singapore in the Singapore Interbank Market at 11 a.m. Singapore time on the date 2 banking days prior to the first day of the relevant interest period) applicable to such interest period, provided that where the interbank rate exceeds 10% of the aforesaid rate, the interbank rate for the purposes of interest calculation shall be increased according to the ratio of 0.15% for every 1% the interbank rate exceeds 10%. Interest on the loan from Sumitomo Electric Finance UK Limited is at 0.7% above the interbank rate (being the rate per annum at which placements in US$ are offered to the lender for such period by the Bank of Tokyo-Mitsubishi, Ltd in the London Interbank Market at 12 p.m. London time on the date 2 banking days prior to the first day of the relevant interest period) applicable to such interest period, provided that where the interbank rate exceeds 10% of the aforesaid rate, the interbank rate for the purposes of interest calculation shall be increased according to the ratio of 0.15% for every 1% the interbank rate exceeds 10%.

Please refer to the section "Interested Person Transactions – On-going Interested Person Transactions" on pages 167 to 180 for further information on certain other loans owing by our Group to interested persons.

In an effort to aggregate the various long outstanding inter-company loans amongst the resorts businesses:

(i) PT SI issued a promissory note to Jiangjun Limited (formerly known as Parallax Venture Partners II Limited****) ("**Lender**") dated 22 December 2003 (as amended on 11 October 2005) in respect of a principal amount of Rp106,251,220,878 payable to the Lender on 31 December 2006 and interest accrued thereon at the rate of 2.25% per annum from and including 1 January 2004 until the date of payment. As at 31 January 2006, the amount outstanding under the promissory note was Rp111,319,158,221 (including interest accrued) and the aggregate amount of accrued interest payable by PT SI in respect of the promissory note for the period from 1 January 2004 to 31 January 2006 was Rp5,067,937,343.

**** Jiangjun Limited was sold by PCM to third parties in May 2004 and is not related to the Parallax Group.

(ii) PT SBP issued to the Lender:

(a) a promissory note dated 22 December 2003 (as amended on 11 October 2005) in respect of a principal amount of Rp700,000,800 payable to the Lender on 31 December 2006 and interest accrued thereon at the rate of 2.25% per annum from and including 1 January 2004 until the date of payment; and

(b) a promissory note dated 5 January 2004 (as amended on 11 October 2005) in respect of a principal amount of Rp950,000,000 payable to the Lender on 31 December 2006 and interest accrued thereon at the rate of 2.25% per annum from and including 5 January 2004 until the date of payment.

As at 31 January 2006, the amount outstanding under the promissory notes was Rp2,238,826,959 (including interest accrued) and the aggregate amount of accrued interest payable by PT SBP in respect of the promissory notes was Rp47,563,033.

(iii) PT BMW issued to the Lender promissory note dated 18 December 2003 (as amended on 11 October 2005) in respect of a principal amount of Rp68,174,768,484 payable to the Lender on 31 December 2006 and interest accrued thereon at the rate of 2.25% per annum from and including 1 January 2004 until the date of payment. As at 31 January 2006, the amount outstanding under the promissory note was Rp3,037,456,167 (including interest accrued) and the aggregate amount of accrued interest payable by PT BMW in respect of the promissory note was Rp1,531,391,333.

Contingent Liabilities

As at 31 January 2006, in relation to the legal proceedings between PT BEV and PT Karya Titan and Akira Heavy Machinery & Construction Pte Ltd (as set out in the section "General and Statutory Information – Litigation" in this Prospectus), PT BEV had contingent liabilities amounting to approximately S$450,000.

PT BIC is also involved in legal proceedings in Indonesia, information of which is set out in paragraph 9(f) of the section "General and Statutory Information – Litigation" of this Prospectus.

Commitments

Material capital expenditure made by our Group for the three financial years ended 31 December 2004 and during the period from 1 January 2005 up to the Latest Practicable Date is as follows:

	FY2002 S$'000	FY2003 S$'000	FY2004 S$'000	As at the Latest Practicable Date S$'000
Landrights	–	–	1,278	2,422
Landfills	–	–	132	108
Construction of industrial buildings and development of infrastructure	–	228	347	543
Development of golf course	–	–	–	–
Utilities	–	166	–	45,830
Machinery and equipment	637	41	929	124
Vessels and ferry equipment	3,202	92	1,794	138
Transportation equipment and vehicles	534	523	220	66
Medical equipment	24	–	7	–
Furniture, fixture and equipment	920	801	2,294	1,398
Office equipment	255	229	169	114
Resort equipment	459	169	223	15
Telecommunication equipment	572	320	270	25
Construction of industrial factories	7,040	2,139	2,741	–
Investment properties	389	66	26	249
TOTAL	14,032	4,774	10,430	51,032

No material capital divestment was made by our Group in the three financial years ended 31 December 2004 and during the period from 1 January 2005 up to the Latest Practicable Date.

As at the Latest Practicable Date, our capital commitments amounted to approximately S$35.54 million and includes outstanding uncompleted contracts for (i) construction-in-progress projects of PT BIC and PT BIIE in Batam and Bintan, and (ii) the acquisition of the gas engines, transformers and auxiliaries referred to in the section "Information on our Businesses – Our Utilities Business – Prospects and Future Plans" on pages 113 and 114 of this Prospectus.

As at the Latest Practicable Date, we are committed to making the following payments in respect of non-cancellable operating lease(s) with a term of more than one year:

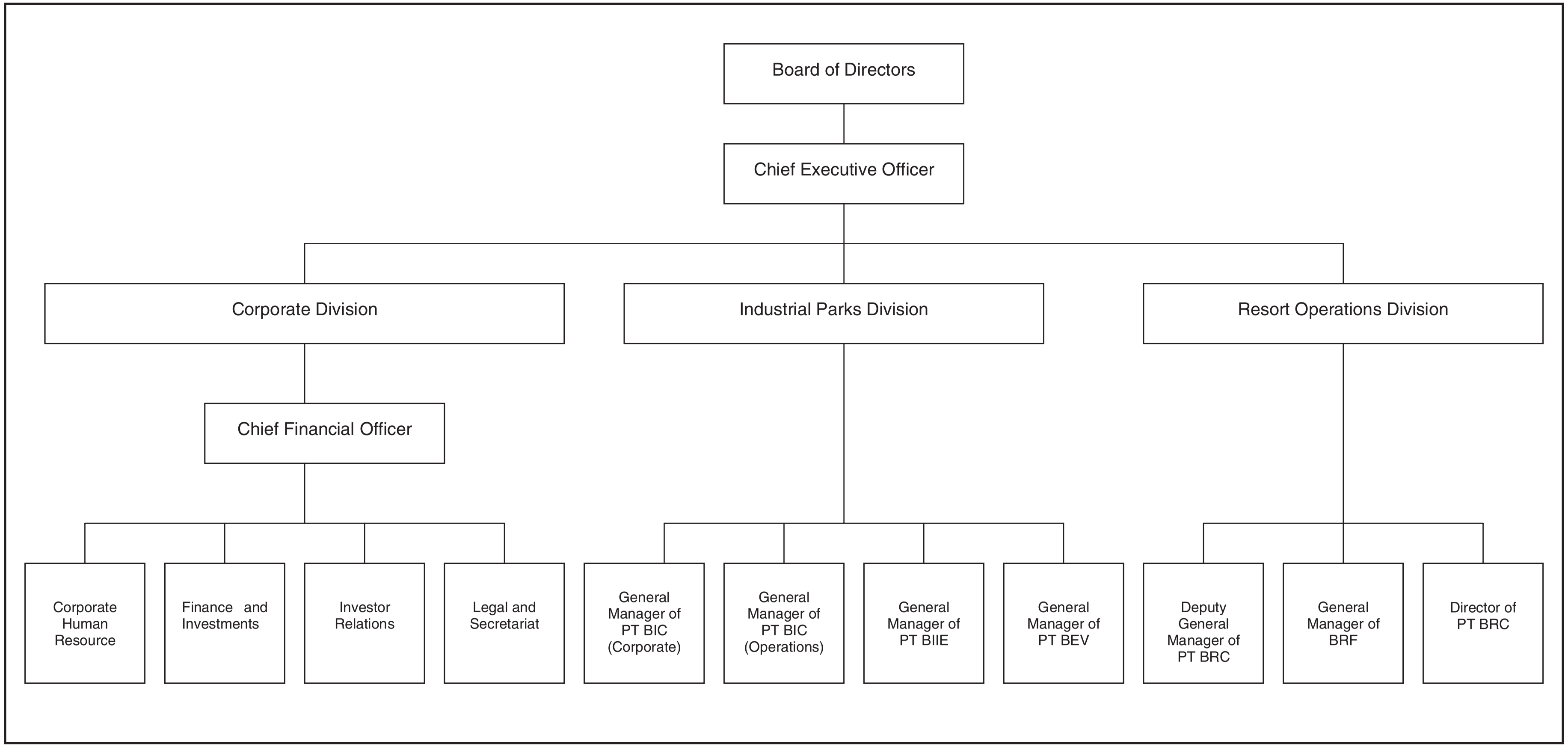
	As at the Latest Practicable Date S$'000
Lease which expires:	
Not later than one year	218
Later than one year and not later than five years	305
Later than five years	–

Our Directors are of the opinion that, after taking into account our present banking facilities, shareholders' equity, retained earnings and cash flows from our operations, as at the date of lodgment of this Prospectus, the working capital available to our Group is sufficient for our present requirements.

INFORMATION ON OUR MANAGEMENT AND EMPLOYEES

OUR MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the date of this Prospectus:



OUR DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. Their particulars are listed below:

Name	Age	Address	Current Occupation
Lim Hock San	59	10 Peirce Road Singapore 248529	Business Executive
Eugene Cho Park	46	38 Stevens Road #05-01 Singapore 257845	Managing Director of Parallax Capital Management Pte Ltd
Low Sin Leng	53	42 Thomson Hill Singapore 574808	Senior Executive Director of SembCorp Industries Ltd, Executive Chairman of SembCorp Parks Holdings Ltd, Executive Chairman of SembCorp Parks Management Pte Ltd and Vice-President Director of PT BIC and PT BIIE
BG (Ret) Chin Chow Yoon	59	10 Dover Rise #19-03 Singapore 138680	Vice-President Director of PT BRC
Rivaie Rachman	71	Jalan Diponegoro, No. 18 Pekanbaru 28716, Indonesia	Consultant for Riau Economic Development Board
Foo Ko Hing	48	40 Cairnhill Road #07-01 Hillcourt Singapore 229660	Chief Financial Officer and Director of Biovate Corp Bhd

The working and business experience of our Directors are set out below:

Lim Hock San is the non-executive Chairman and Independent Director of our Company. Mr Lim was appointed to our Board on 1 February 2006. Mr Lim is presently the President and Chief Executive Officer of United Industrial Corporation Limited as well as Singapore Land Limited. He started his career in 1966 as an Assistant Tax Examiner with the then Inland Revenue Department. He became an Accountant at Mobil Oil Malaya Sdn Bhd in 1967 before joining the Port of Singapore Authority in 1968, where he served in various management positions. From 1975 to 1992, he was with the Civil Aviation Authority of Singapore finally becoming the Director-General of Civil Aviation Authority of Singapore. He has a Bachelor of Accountancy degree from the then University of Singapore, a Master of Science (Management) degree from the Massachusetts Institute of Technology and attended the Advanced Management Program at Harvard Business School. He is also a fellow of The Chartered Institute of Management Accountants (UK). He is also a recipient of the Singapore Government Public Administration Medal (Gold) and the Public Service Medal.

Eugene Cho Park is an Executive Director and the Chief Executive Officer of our Company. He was appointed to our Board on 1 February 2006, and is responsible for the overall management of our Group. Mr Park is a founder of the Parallax Capital Management group ("**Parallax**") which commenced operations in 1999. It operates in the Cayman Islands through Parallax Capital Management, a Cayman Islands registered fund manager and in Singapore through PCM, an alternative investment manager. Prior to the founding of Parallax, Mr Park had more than 15 years' investment banking experience with Credit Suisse First Boston in London, Chase Manhattan Asia Ltd in Hong Kong and Banque Paribas in Singapore. Mr Park is also a director of several companies of which Parallax is a manager or in which Parallax has invested which include PV Fund which is managed by Mr Park with his partners. Mr Park graduated with a degree in Chemistry from Princeton University and has a Master of Business Administration from INSEAD in France.

Low Sin Leng is a non-executive Director of our Company. She was appointed to our Board on 8 December 2004. Ms Low is the Executive Chairman of SembCorp Parks Holdings Ltd and SembCorp Parks Management Pte Ltd. Concurrently, she is also the Senior Executive Director of SembCorp Industries Ltd, Vice-President Director of PT BIC and PT BIIE and Chairman of SemHotel Management Pte Ltd. She joined SembCorp Industries Ltd in 2000 as Group Chief Operating Officer and prior to that, was the Executive Vice President of Singapore Power Ltd and Managing Director in SP Telecommunications Pte Ltd between 1998 and 2000. Ms Low was a President's Scholar and had served in the Administrative Service of the Singapore government from 1975 to 1995. She graduated with a Bachelor of Engineering (Electrical & Electronics) (First Class Honours) from the University of Alberta, Canada in 1975 and holds a Master of Business Administration (High Distinction) from the Catholic University of Leuven, Belgium and had also attended the Harvard University's Advanced Management Programme in 1994.

BG (Ret) Chin Chow Yoon is a non-executive Director of our Company and was appointed to our Board on 8 December 2004. BG (Ret) Chin is the Vice-President Director of PT BRC and Chief Executive Officer of Bintan Resort Development Corporation Pte Ltd. He is also an executive director of Singapore Discovery Centre Ltd. BG (Ret) Chin joined our Group in 1997 as the Vice-President Director and General Manager of PT BRC. Prior to that, he served as Chairman of BRF from 1997 to 2005 and as a director on the boards of Chartered Firearms Industries Private Limited (now known as Ordnance Development and Engineering Company of Singapore (1966) Private Limited) from 1994 to 1996, Singapore Commuter Private Limited from 1991 to 1993, and Vickers Capital Limited (formerly known as SAL Industrial Leasing Limited) from 1984 to 1990. He was also the Chairman of Singapore Pools (Private) Limited from 2002 to 2004. BG (Ret) Chin started his career with the Singapore Armed Forces ("**SAF**") in 1966. In his 30 years of service with the SAF, he has held several key senior positions and he retired from the SAF with the rank of Brigadier-General. BG (Ret) Chin graduated from the US Army War College in 1991 and the US Marine Corps Command and Staff College in 1976. He also attended the Stanford-NUS Executive Program in 1986.

Rivaie Rachman is an Independent Director of our Company. He was appointed to our Board on 8 December 2004. Mr Rachman is and has been a Consultant for the Riau Economic Development Board since 1970. He was also the Vice Governor of Riau Province from 1994 to 1999, Head of the Riau Investment Coordination Board from 1988 to 1994 and Head of the Riau Economic Planning Board from 1978 to 1988. Prior to that, he was the Head of the Riau Economic Development Board from 1968 to 1978, President Director of the Development Bank of Riau from 1965 to 1968 and the Head of Finance in the Riau Governor Office from 1963 to 1965. Mr Rachman graduated with a Bachelor of Economics from the University of Padjajaran, Bandung, in 1963.

Foo Ko Hing is an Independent Director of our Company. Mr Foo was appointed to our Board on 8 December 2004. Mr Foo graduated with a Bachelor of Arts (Honours) Degree in Economics and Accounting from University of Newcastle Upon Tyne, United Kingdom in 1981. Upon graduation, Mr Foo started his career as an auditor with PriceWaterhouse, Singapore, involved in audit, insolvency, consultancy and tax work. In late 1986, Mr Foo joined The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") as the Head of Business Development specialising in trust services for corporate and private clients. During his time with HSBC, he became the Executive Director of the HSBC Jersey Branch in the Channel Islands. Since returning to Singapore in 1991, he re-joined HSBC Investment Bank in the HSBC Investment Group Private Banking and Trust Services as an Executive Director. Over his 14 years tenure in HSBC, Mr Foo was chiefly responsible in setting corporate and investment strategies, company and departmental goals, budgets, logistical support and tailoring products to suit the diverse client base. Between 2000 and 2001, he was the Executive Director and Chairman of the Exco of CAM International Holdings Ltd ("**CAM**"), a Singapore public listed company. His key responsibilities encompassed corporate finance and corporate governance, as well as restructuring of the CAM group's assets and general operations. Currently, Mr Foo is the Chief Financial Officer and a director of Biovate Corp Bhd.

The list of principal present and past directorships of each Director in the last five years preceding the date of this Prospectus, other than that held in our Company, is set out below:

Director	Principal Present Directorships	Principal Past Directorships
Lim Hock San	Ascendas Pte Ltd Interra Resources Limited Health Sciences Authority Keppel Corporation Limited MPC Holdings Ltd Mount Alvernia Hospital Singapore Land Limited United Industrial Corporation Limited United Test and Assembly Center Ltd	Advanced Materials Technologies Pte Ltd Civil Aviation Authority of Singapore Keppel Tat-Lee Finance Limited (now known as KTF Limited) Singapore Soviet Shipping Co. Private Ltd. (in creditors' voluntary winding up) Yongnam Holdings Ltd
Eugene Cho Park	Echo Holdings Pte. Ltd. FIRM Advisors Ltd Hi Net Global Pte Ltd Hinet Pte. Ltd. HN Fund Ltd IMSI Singapore Pte. Ltd. Metro Strategic Infrastructure Holdings Ltd Parallax Capital Management Ltd Padma Investments Pte. Ltd. Parallax Capital Management Pte Ltd Parallax Venture Fund XXVII Parallax Venture Fund XXX Parallax Venture Partners I Ltd Parallax Venture Partners III Ltd Parallax Venture Partners V Ltd Parallax Venture Partners VII Ltd Parallax Venture Partners VIII Ltd Parallax Venture Partners IX Ltd Parallax Venture Partners XII Ltd Parallax Venture Partners XIII Ltd Parallax Venture Partners XVIII Ltd Parallax Venture Partners XXX Ltd PVP V (Labuan) Ltd PVP XVIII Pte. Ltd. Smarttrack (Singapore) Pte. Ltd. ST World Manufacturing Pte. Ltd. Verizon Pte. Ltd. (under voluntary liquidation) Xin Yuan Investments Ltd Xin Yuan Investments Pte. Ltd. Xin Yuan Trading Ltd **Appointed to the Board of Commissioners of:** PT Indomobil Sukses Internasional Tbk PT Multi Strada Arah Tbk	Ojai Goliad Pte. Ltd. Parallax Venture Partners II Ltd (now known as Jiangjun Limited) Theglobalgrocer.com Pte Ltd (struck off) Thinking Pictures Asia Pte. Ltd.
Low Sin Leng	Batamindo Carriers Pte Ltd Batamindo Investment (S) Ltd Batamindo Shipping & Warehousing Pte Ltd Bintan Resort Ferries Private Limited Norfolk Development Group (Norfolk Hotel) Limited Norfolk Hotel Joint Venture Company Limited Phu My 3 BOT Power Company Precision Products Singapore Pte Ltd PT Batam Bintan Telekomunikasi PT Batamindo Executive Village PT Batamindo Investment Cakrawala PT Bintan Inti Industrial Estate	Bintan Lagoon Resort Ltd (in liquidation-compulsory winding up) Camerlin Group Berhad (alternate director) Cathay International Water Ltd Cathech Investments Ltd Chemxlog Pte Ltd Intraco Limited Pacfusion Limited Pacific Internet Limited PT Bintan Lagoon Resort Sembawang Industrial Pte Ltd SembCorp Financial Services Pte. Ltd. SembCorp Marine Ltd SembCorp Sita Pte Ltd Singapore Mint Pte Ltd

Director	Principal Present Directorships	Principal Past Directorships
	Pulau Holdings Pte Ltd Pyramid Hill Properties Pte Ltd Sedona Hotel Bintan Management Pte Ltd Sembawang Corporation Limited Sembawang KMP Corporation Pte Ltd Sembawang Nominees Pte Ltd SembCorp Cogen Pte Ltd SembCorp Energy Pte Ltd SembCorp Investment Pte. Ltd. SembCorp Parks Holdings Ltd SembCorp Parks Management Pte Ltd SembCorp Properties Pte Ltd SembCorp Utilities Pte Ltd SemHotel Management Pte Ltd Singapore-Bintan Resort Holdings Pte Ltd Singapore Technologies Industrial Corporation Ltd Singapore-Suzhou Township Development Pte Ltd Singapore-Wuxi Investment Holdings Pte Ltd STIC Investments Pte Ltd Tianjin Jin Zhu Automobile Wiring Systems Co., Ltd Vietnam Singapore Industrial Park JV Co., Ltd Vietnam Singapore Industrial Park Pte Ltd Wuxi Garden City Mall Hotel Co., Ltd Wuxi Singapore Industrial Park Development Co., Ltd **Appointed to the Board of Commissioners of the following companies:** PT Alam Indah Bintan PT Karimun Indojaya Cakrawala PT Soxal Batamindo Industrial Gases	Singapore Computer Systems Limited Winners Path Pte Ltd
BG (Ret) Chin Chow Yoon	Bintan Resort Development Corporation Pte Ltd PT Bintan Resort Cakrawala Singapore Discovery Centre Ltd Verizon Pte. Ltd. (under voluntary liquidation)	Bintan Resort Ferries Private Limited Bintan Resort Management Pte Ltd BRF Holidays Pte Ltd Island Leisure (International) Pte Ltd Singapore Pools (Private) Limited. Singapore Precision Industries Pte Ltd
Rivaie Rachman	PT Bintan Resort Cakrawala	Nil
Foo Ko Hing	Abbey Capital (S) Pte. Ltd. Biovate Corp Bhd Cerealtech Pte Ltd Dynamic Asia Consultants Pte. Ltd. H&K Holdings (S) Pte Ltd	CAM International Holdings Ltd CAM International Trading & Investments Pte Ltd CAM Technology Center (S) Pte Ltd

REMUNERATION OF OUR DIRECTORS

The remuneration (including salary, bonus, CPF contribution, Director's fees and benefits-in-kind) paid to our Directors on a proforma basis and in remuneration bands for FY2004, FY2005 and the estimated remuneration paid and payable to them on a proforma basis and in remuneration bands for FY2006, are as follows:

Director	FY2004	FY2005	FY2006 (estimated)
Lim Hock San(1)	–	–	Band A
Eugene Cho Park(2)	–	–	Band A
Low Sin Leng(3)	–	–	Band A
BG (Ret) Chin Chow Yoon(3)	–	–	Band A
Rivaie Rachman(3)	–	–	Band A
Foo Ko Hing(3)	–	–	Band A

Notes:

(1) Lim Hock San was appointed to our Board in February 2006.

(2) Eugene Cho Park was appointed to our Board in February 2006.

(3) Low Sin Leng, BG (Ret) Chin Chow Yoon, Rivaie Rachman and Foo Ko Hing were appointed to our Board in December 2004.

Remuneration bands:

(i) Band A means between S$0 to S$250,000.
(ii) Band B means between S$250,001 to S$500,000.
(iii) Band C means between S$500,001 and above.

SERVICE AGREEMENT

On 1 February 2006, Eugene Cho Park (the "**Appointee**"), our Chief Executive Officer, entered into a service agreement with the Company ("**Service Agreement**") for an initial term of three (3) years commencing on 1 February 2006, and will continue thereafter for successive terms of one year until terminated by not less than three (3) months' notice in writing served by either party or the payment of a sum equivalent to three (3) months' salary in lieu of notice.

The Service Agreement may be terminated by our Company forthwith by service of summary notice upon the occurrence of certain events, including without limitation, in the event that the Appointee is disqualified to act as a director of any Group Company under any applicable law, regulation or rules of any stock exchange, or is (in the opinion of our Company) guilty of any dishonesty, gross misconduct or wilful neglect of duty or commits any material or persistent breach of the terms of his service agreement, as stipulated in the service agreement.

Under the Service Agreement, the Appointee is entitled to a basic salary subject to such increments as the Board or the Remuneration Committee may determine from time to time. The Appointee is also entitled to an additional bonus payment equivalent to one (1) month's salary on or before 31 December of each year, provided that if on the date of payment of such bonus the Appointee has been employed by our Company for less than twelve (12) months, the amount of such bonus shall be pro-rated accordingly.

The current basic annual salary of the Appointee under his Service Agreement is S$169,980 (excluding his 1 month's salary bonus payment).

Over and above the salary and bonus payment, the Appointee shall also be entitled to a management bonus in respect of each financial year of the Company in an amount (if any) to be determined by the Board or the Remuneration Committee. Payment of such bonus shall be made on such date as the Board may determine. The Appointee may not vote on any resolution of the Board or the Remuneration Committee regarding the amount of the management bonus (if any) payable.

The Appointee is bound under the Service Agreement to devote substantially all of his time, attention and abilities during normal business hours and such additional hours as may reasonably be required to administer, supervise and manage the business of our Group and use his best endeavours to promote the business interests of our Group and manage and supervise the business of our Group (save for any specific directorships in companies outside the Group which have received the prior approval of the Board).

The Appointee is also subject to certain clauses relating to the non-solicitation of, *inter alia*, employees and former employees of the Group (save for former employees whose employment with the Group has been terminated for a period of more than one year prior to their engagement by the Appointee) which shall be apply for the term of his appointment and for a period of twelve (12) months thereafter.

The Appointee has undertaken to the Company to as soon as practicable disclose and declare to the Board of the Company any conflict of interests which may arise from time to time, and has undertaken to abstain from voting on any matter or business opportunity put forward to the Board of our Company for evaluation in which the Parallax Group and/or himself may be interested.

The Appointee has also undertaken that he shall not, without the prior approval of the Board, beneficially own or control shares in any company whose principal business is in direct competition with any business carried on by the Group in Bintan and Batam unless such ownership or control does not exceed 5% of the company's capital. Nothing shall prevent PCM, which is an investment manager, and its related corporations and associated companies (in their capacity as an investment manager) and any funds managed by any of the above from being engaged, concerned or interested in any business competing with the business carried on by our Group in Bintan and Batam.

The Appointee has also undertaken that he shall not at any time during or after the term of his appointment use, divulge or communicate to or cause or enable any third party (other than any officer or employee of any Group Company whose province it is to know the same) to use, take away, conceal, destroy or retain for his own or some other person's advantage or to the detriment of any Group Company any trade secret or other confidential information which the Appointee may receive or obtain in relation to the business, finances, dealings, affairs or otherwise of any Group Company or any principal, joint venture partner, contracting party, client, customer or supplier of our Group, provided that such confidentiality obligations will not apply to any information or material which is in the public domain other than as a result of any unauthorised disclosure.

Our Directors are of the view that Mr Park will be able to devote his time as Chief Executive Officer of our Company taking into account the following:

(a) Mr Park's primary role is the management of our Company (which is an investment holding company) and to explore investment opportunities for our Group. Day-to-day management of our Company itself will rest with direct GV employees. In respect of our subsidiaries, day-to-day management will remain with the Key Executives (namely, Albel Singh, Kuharajahsingam s/o Karalasingam, Gunawan Adiwibowo, Johannes Sulistijawan Surjaatmadja, Malcolm Alphonso and L/LTC (Ret) Wee Guan Yak). These Key Executives continue to report to Ms Low Sin Leng on the industrial parks business and to BG (Ret) Chin on the resort operations business, who have both been responsible for oversight of these lines of business for substantial periods of time;

(b) under the Service Agreement, Mr Park is bound, subject to the terms of the agreement, to devote substantially all of his time, attention and abilities to administer, supervise and manage the business of our Group and use his best endeavours to promote the business interests of our Group and manage and supervise the business of our Group (please see above); and

(c) the Board understands that Mr Park's partners will be the principal persons handling day-to-day management of the funds in the Parallax Capital Management group other than PV Fund (which is managed by Mr Park with his partners), and that Mr Park will be active in the funds on an as-needed basis.

There are no other existing or proposed service agreements entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

OUR KEY EXECUTIVES

The day-to-day operations of our Group are entrusted to our Chief Executive Officer and an experienced and qualified team of key executives responsible for the different functions of our Group. The particulars of our Key Executives as at the Latest Practicable Date are set out below:

Name	Age	Address	Current Occupation
Choo Kok Kiong	36	5A Cashew Crescent, Singapore 679867	Chief Financial Officer
Elfast Goh Eng Pheng	42	Block 505 Jelapang Road, #03-434, Singapore 670505	Corporate Human Resource Manager
Albel Singh	57	71 Lorong Tanggam, Singapore 798759	General Manager, PT BRC
Kuharajahsingam s/o Karalasingam	54	Block 10F Braddell Hill, #19-21, Singapore 579725	General Manager, BRF
Gunawan Adiwibowo	56	Jl. Sukajaya III No. 27, Bogor 12910, Indonesia	Director, PT BRC
Johannes Sulistijawan Surjaatmadja	57	Jl. Rasamala No. 15, Muka Kuning, Batam, Indonesia	General Manager (Corporate), PT BIC(1)
Malcolm Alphonso	57	66 Bedok Terrace, Singapore 469225	General Manager, PT BIIE(2)
L/LTC (Ret) Wee Guan Yak	57	47 Kingswear Avenue, Singapore 557228	General Manager, PT BEV(3)

Notes:

(1) Johannes Sulistijawan Surjaatmadja has been seconded by SembPark on a full-time basis to PT BIC since 1990, as STIC, a member of the SCI Group, had a shareholding interest of 37.5% in PT BIC prior to the Restructuring Exercise.

(2) Malcolm Alphonso has been seconded by SembPark on a full-time basis to PT BIIE since 1994, as STIC, a related corporation of SembPark, had a shareholding interest of 25% in PT BIC prior to the Restructuring Exercise.

(3) L/LTC (Ret) Wee Guan Yak has been seconded by SembPark on a full-time basis to PT BEV since 1997. PT BEV is a subsidiary of PT BIC.

See also "Interested Person Transactions – On-going Interested Person Transactions – Secondment Agreements between our Group and SembPark" on page 179 of this Prospectus.

Information on our Key Executives' working and business experience is set out below:

Choo Kok Kiong is our Group's Chief Financial Officer and oversees the Corporate Services Division of our Group. Mr Choo joined our Group on 1 January 2005. Prior to joining our Group, Mr Choo held various management positions in the SCI Group, and was the Vice President of the finance division of SembPark and SembCorp Parks Holdings Ltd from 2003 to 2004. Prior to that, he was with SCI from 2001 to 2003 and his last held appointment in SCI was Assistant Vice President of SCI Group's finance department. Between 1996 and 2001, he was with Singapore Precision Industries Pte Ltd overseeing its accounts and finance department's operations and last held the position of Accounts Manager before his transfer to SCI. From 1995 to 1996, he was a Group Accountant with PT Trakindo Utama (including its Singapore subsidiaries Trakindo Utama Pte Ltd and Nusuntara Support Services Pte Ltd). Mr Choo began his career as an Accounts Officer with OCBC Finance (S) Ltd in 1993. Mr Choo obtained a diploma in accountancy (with Merit) from Ngee Ann Polytechnic in 1990 and holds a Master of Business Administration jointly awarded by the University of Wales and the University of Manchester. He has been a member of the Institute of Certified Public Accountants of Singapore (ICPAS) since 1997 and is also a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.

Elfast Goh Eng Pheng is our Corporate Human Resource Manager and is responsible for the strategic human resource management of our Group. His key responsibilities include conceptualising human resource policies and managing our Group's human resource policies and related matters. Mr Goh joined our Group on 1 October 2004. Prior to joining our Group, Mr Goh was the Human Resource Manager of ILI from 2002 to 2004, Delifrance Singapore Pte Ltd from 2000 to 2001 and The Coffee Bean & Tea Leaf (Singapore) Pte Ltd from 1997 to 2000. Mr Goh also held various human resource supervisory positions in several companies between 1981 to 1997, including in Rubycon Singapore Pte Ltd and Pentex-Schweizer Circuits Limited. Mr Goh holds an Advanced Diploma in Strategic Management of Human Resources from Nanyang Polytechnic and has a Bachelor of Arts in Chinese Language and Culture from Beijing Language and Culture University. He also holds a Bachelor of Business Administration from Vancouver University.

Albel Singh is the General Manager of PT BRC and is responsible for the day-to-day management of BR. Mr Albel Singh joined our Group as Assistant General Manager of PT BRC in 2002. Prior to joining our Group, Mr Singh worked with the Ministry of Home Affairs as a Chief Training Officer after 30 years of service in the Ministry of Defence where he rose to the position of Brigade Commander holding the rank of Lieutenant-Colonel. Mr Albel Singh has a Diploma in Management Studies from the Singapore Institute of Management.

Kuharajahsingam s/o Karalasingam is the General Manager of BRF, and is responsible for operation of our ferry services between Singapore and BR. Mr Kuharajahsingam joined BRF in 2003. Prior to joining BRF, Mr Kuharajahsingam was with the Singapore Armed Forces for more than 30 years where he rose to the position of Colonel before joining the Defence Science and Technology Agency as a Project Officer from 2001 to 2003. Mr Kuharajahsingam completed his secondary school education in Singapore and attended the Stanford-NUS Executive Program jointly conducted by Stanford University and the National University of Singapore in 1986. He has also been awarded diplomas for attending remedial programs at Air University, United States Air Force, Alabama. Mr Kuharajahsingam has been awarded several medals for his service in the Singapore Armed Forces, including the Long Service Medal in 1994 and 1995, the Public Administration Medal (Silver) in 1990 and the Public Administration Medal (Bronze) in 1978.

Gunawan Adiwibowo is the Director of PT BRC, and is responsible for our Group's property development business. His responsibilities include management of the land sale business and infrastructure development in Bintan. Mr Adiwibowo joined our Group in 1994. Prior to joining our Group, Mr Adiwibowo was the Head of the Sales and Marketing Division in PT Wahana Inti Central Mobilindo from 1989 to 1994, and the Product/ Sales Manager of PT Indoturbine from 1987 to 1988. Prior to his employment with PT Indoturbine, Mr Adiwibowo worked in various positions in several companies between 1971 to 1987, including as a Sales Manager in PT Asosiasi Perdagangan International, and a Sales Engineer in PT Satya Wirya. Mr Adiwibowo graduated with a Diploma in Process Engineering from Frankfurt Hochschule in Germany.

Johannes Sulistijawan Surjaatmadja is the General Manager (Corporate) of PT BIC and is responsible for overseeing the operation of the General Administration Division, Finance Division General Affairs and Human Resource Division of PT BIC. Mr Surjaatmadja has been seconded by SembPark to our Group since 1990. Prior to 1990, Mr Surjaatmadja was the General Manager of PT Inti Salim Perkasa from 1984 to 1990. Mr Surjaatmadja was the Manager of Finance and Control in Freeport Indonesia Incorporated from 1974 to 1984 and prior to that, was a lecturer at the Universitas Negeri Diponegoro in Indonesia from 1970 to 1974. Mr Surjaatmadja graduated with a Bachelor of Economics from Universitas Diponegoro in 1970 and obtained a Master of Economics from Universitas Negeri Diponegoro in 1973. He obtained a Doctor of Economics from the University of Airlangga in 2005 and also holds a Master of Business Administration from the University of South Australia.

Malcolm Alphonso is the General Manager of PT BIIE and is responsible for the planning, development and growth of BIE. As General Manager, he is also responsible for the linkage amongst the tenants' Singapore headquarters, BIE and all other related agencies. Mr Alphonso joined SembPark in 1994 as the Assistant General Manager for PT BIIE. Prior to that, he was with the Singapore Armed Forces in numerous staff and command appointments, including overseas postings, from 1967 to 1994 where he rose to the rank of Lieutenant-Colonel. Mr Alphonso obtained a Diploma in Training and Development Management from the Singapore Institute Management in 1989.

L/LTC (Ret) Wee Guan Yak is the Executive Director and General Manager of PT BEV and is responsible for the management and operations of PT BEV. L/LTC (Ret) Wee joined SembPark in 1997 and has been seconded by SembPark to our Group since 1997 and was previously the General Manager (Operations) with 2 Indonesian companies from 1994 to 1997. Prior to that, he was with the Ministry of Defence from 1991 to 1994, after having worked in various command staff and instructional appointments in the Singapore Armed Forces from 1967 to 1991 where he rose to the rank of Colonel. L/LTC (Ret) Wee completed his pre-university school education in Singapore and completed the Strategic Management Services programme with INSEAD in France in 2001.

The principal present and past directorships of each Key Executive in the last five years preceding the date of this Prospectus are as follows:

Key Executive	Principal Present Directorships	Principal Past Directorships
Choo Kok Kiong	Nil	Regional Infrastructure Management Pte Ltd Riau Infrastructure Management Services Pte Ltd Vietnam Singapore Industrial Park Pte Ltd
Elfast Goh Eng Pheng	Nil	Nil
Albel Singh	Nil	Nil
Kuharajahsingam s/o Karalasingam	BRF Holidays Pte Ltd	Nil
Gunawan Adiwibowo	Bintan Resort Ferries Private Limited Bintan Lagoon Resort Ltd (as alternate director) (in liquidation-compulsory winding up) Bintan Resort Management Pte Ltd PT Alam Indah Bintan PT Bintan Inti Industrial Estate PT Bintan Resort Cakrawala PT Bintan Usahatama PT Elitindo Citralestari PT Karimun Indojaya Cakrawala PT Nuansa Lintas Nusantara PT Ria Bintan PT Straits CM Village Straits-KMP Resort Development Pte Ltd Straits-CM Village Hotel Pte Ltd **Appointed to the Board of Commissioners of the following companies:** PT Adibatama Sapiterna PT Arta Anugrahpertiwi PT Bintan Resort Servicatama PT Bintara Hardasurya PT Erapembangunan Pertiwi PT Indomarine Jayasamudra PT Indomega Dirgasakti PT Karimun Investama Cakrawala PT Karimun Resosindo PT Langgeng Upayatama PT Lembah Kemakmuran PT Pelayaran Perkasajaya Samudrajaya PT Piranti Tatakreasi PT Tricitra Usahamakmur PT Zouk PT Zouk Hotel	Bintan Resort Ferries Private Limited (as alternate director) Tropical Bintan Pte Ltd (as alternate director)

Key Executive	Principal Present Directorships	Principal Past Directorships
Johannes Sulistijawan Surjaatmadja	**Appointed to the Board of Commissioners of the following company:** International University of Batam	
Malcolm Alphonso	Bintan Carrier Services Pte Ltd Bintan Shipping Services Pte Ltd PT Batam Bintan Telekomunikasi PT Karimun Indojaya Cakrawala PT Soxal Batamindo Industrial Gases	Batamindo Carriers Pte Ltd Batamindo Shipping & Warehousing Pte Ltd
L/LTC (Ret) Wee Guan Yak	Allcare Pte. Ltd.	Nil

Save as disclosed, none of our Directors and Key Executives are related by blood or marriage to each other, nor are they so related to any of the Substantial Shareholders of our Company. The following are noted:

(a) Ms Low Sin Leng is a nominee director of the SCI Group on our Board.

(b) Mr Eugene Cho Park is a controlling shareholder of PCM. He is also an executive director of PCM and PVP XXX, our Controlling Shareholders. He is a nominee director of PVP XXX on our Board.

(c) BG (Ret) Chin Chow Yoon is a nominee director of PVP XXX on our Board.

To the best of our knowledge and belief, save as disclosed above, there are no arrangements or understandings with any of our Company's Substantial Shareholders, customers or suppliers or any other person, pursuant to which any of our Directors and Key Executive was appointed.

REMUNERATION OF OUR KEY EXECUTIVES

The remuneration (including salary, bonus, CPF contribution and benefits-in-kind) paid to our Key Executives on a proforma basis and in remuneration bands for FY2004 and FY2005, and the estimated remuneration paid and payable to them on a proforma basis and in remuneration bands for FY2006, are as follows:

Key Executive	FY2004	FY2005	FY2006 (estimated)
Choo Kok Kiong(1)	–	Band A	Band A
Elfast Goh Eng Pheng(2)	Band A	Band A	Band A
Albel Singh	Band A	Band A	Band A
Kuharajahsingam s/o Karalasingam	Band A	Band A	Band A
Gunawan Adiwibowo	Band A	Band A	Band A
Johannes Sulistijawan Surjaatmadja(3)	Band A	Band A	Band A
Malcolm Alphonso(3)	Band A	Band A	Band A
L/LTC (Ret) Wee Guan Yak(3)	Band A	Band A	Band A

Notes:

(1) Joined our Group in January 2005.

(2) Joined our Group in October 2004.

(3) Johannes Sulistijawan Surjaatmadja, Malcolm Alphonso and L/LTC (Ret) Wee Guan Yak are seconded by SembPark on a full-time basis to our Group. Their respective remuneration is the amount reimbursed by our Group to SembPark for their respective secondments.

Remuneration bands:

(i) Band A means between S$0 to S$250,000.
(ii) Band B means between S$250,001 to S$500,000.
(iii) Band C means between S$500,001 and above.

On 5 January 2004, PT SBP entered into "Perjanjian Pemanfaatan Layanan Program Pensiun" (an agreement on the Services Utility of Pension Program) with "Dana Pensiun Lembaga Keuangan" (Pension Fund Finance Institution) of PT Indolife Pensiontama ("**DPLK**"). Pursuant to the aforesaid program, PT SBP must pay 15% of the monthly salary of each PT SBP employee to DPLK and the employees of PT SBP will receive the benefits of pension fund as provided for in the agreement.

PT BMW has also entered into a "Perjanjian Pemanfaatan Layanan Program Pensiun" with DPLK on 5 January 2004. Further to this agreement, PT BMW must pay 15% of the monthly salary of each of its employees to DPLK and the employees of PT BMW will receive the benefits of the pension fund as provided for in the agreement.

Several companies in our Group, namely, PT SBP, PT BMW, PT BRC, PT BIC, PT BIIE, PT BEV, PT BBT and PT SBIG, participate in the manpower social security program in Indonesia (known by its Indonesian acronym JAMSOSTEK). For more information on JAMSOSTEK, please refer to the section "Government Regulations – Employment Laws in Indonesia" in Appendix F of this Prospectus.

Save as disclosed above, we have not set aside nor accrued any amounts for our Directors and Key Executives to provide for pension, retirement or similar benefits.

OUR EMPLOYEES

As at the Latest Practicable Date, our Group had approximately 1,963 full-time employees and 39 personnel seconded from SembPark.

The table below shows the breakdown of our full-time employees (excluding seconded personnel from SembPark) by companies as at the end of each of the three financial years ended 31 December 2005:

	As at 31 December 2003 (approximate)	As at 31 December 2004 (approximate)	As at 31 December 2005 (approximate)
Our Company	0	2	5
PT BIC and its subsidiaries	1,285	1,244	1,192
PT BRC	512	426	496
BRF and BRFH	85	78	82
PT BMW	138	128	122
PT SBP	72	64	66
PT SI	0	0	0
TOTAL	**2,092**	**1,942**	**1,963**

The reduction in number of our full-time employees in 2004 was due mainly to the rationalisation of certain support services of our Group and the outsourcing of certain services to external parties.

The number of seconded personnel from SembPark as at 31 December 2003, 31 December 2004 and 31 December 2005 was 40, 42 and 40, respectively. The average number of personnel seconded from SembPark in FY2005 was 41.

In Indonesia, for companies with 50 employees or more, the employees of such companies may form their own labour union. The employees of PT BIC, PT BRC and PT BEV are unionised.

The relationship and co-operation between our management and employees, and between our management and the labour unions, have generally been good and this is expected to continue in the future.

As at the Latest Practicable Date, no employee of our Group is related to any Director or Key Executive.

STAFF TRAINING

To maintain our competitive position and further develop our businesses, we train our employees to ensure that they develop and maintain their technical expertise and skills. In addition to our in-house training, from time to time, we also send our staff for external upgrading courses. Our staff training expenditure incurred as a percentage of our operating expenses in the 3 financial years ended 31 December 2004 and HY2005 is not significant.

CORPORATE GOVERNANCE

Our Board Practices

Our Articles provide that our board of Directors will consist of not less than two Directors. Other than our Chief Executive Officer, Eugene Cho Park, none of our other Directors are appointed for any fixed terms. Under our Articles, every director of our Company shall retire from office at least once every 3 years. A retiring director shall be eligible to stand for re-election.

One of our Independent Directors is Mr Lim Hock San, who is presently non-executive acting Chairman of Ascendas Pte Ltd, the holding company of Ascendas, one of our Company's Substantial Shareholders.

Mr Lim has given a written confirmation to our Company that he considers himself to be independent and is able to discharge his duties and responsibilities as an Independent Director of our Company, based on the following:

(a) Mr Lim has not entered into any service or employment agreement with Ascendas Pte Ltd. His role as a non-executive director of Ascendas Pte Ltd is to provide an independent objective view to the board of Ascendas Pte Ltd in relation to its corporate affairs;

(b) save as described above and in relation to his appointment as one of our Independent Directors for which he will be paid directors' fees, he does not have any other material business dealings or financial connection with our Group and does not otherwise have any relationship with our Group that could interfere with the exercise of his independent business judgment with a view to the best interests of our Company;

(c) he is fully cognizant of the duties and responsibilities of an independent director and believes that he is independent and is able to discharge his duties and responsibilities as such; and

(d) he has given an undertaking to our Company to observe his fiduciary duties and to act in the best interests of the Company as an Independent Director of our Company.

Based on Mr Lim's confirmation and taking into account the foregoing, our other Directors have accepted his appointment as an Independent Director of our Company and believe that Mr Lim will be able to discharge his duties and responsibilities in such position.

One of our Independent Directors is Mr Rivaie Rachman, who is also a non-executive director of our subsidiary, PT BRC.

Mr Rachman has given a written confirmation to our Company that he considers himself to be independent and is able to discharge his duties and responsibilities as an Independent Director of our Company, based on the following:

(a) Mr Rachman has not entered into any service or employment agreement with PT BRC and has not been paid any remuneration and directors' fees for his directorship in PT BRC in the past 3 financial years. His role as a non-executive director of PT BRC is to provide an independent objective view to PT BRC's board in relation to its corporate affairs;

(b) save as described above and in relation to his appointment as one of our Independent Directors for which he will be paid directors' fees, he does not have any other material business dealings or financial connection with our Group and does not otherwise have any relationship with our Group that could interfere with the exercise of his independent business judgment with a view to the best interests of our Company;

(c) he is fully cognizant of the duties and responsibilities of an independent director and believes that he is independent and is able to discharge his duties and responsibilities as such; and

(d) he has given an undertaking to our Company to observe his fiduciary duties and to act in the best interests of the Company as an Independent Director of our Company.

Based on Mr Rachman's confirmation and taking into account the foregoing, our other Directors have accepted his appointment as an Independent Director of our Company and believe that Mr Rachman will be able to discharge his duties and responsibilities in such position.

As Mr Rivaie Rachman is 71 years old, under the Singapore Companies Act, he will require an ordinary resolution to be passed at our Company's AGMs re-appointing him as a director of our Company or authorising him to continue in office as a director of our Company until the next AGM.

We recognise the importance of corporate governance and have established a Remuneration Committee, a Nominating Committee and an Audit Committee.

Corporate Governance Committees

(a) Remuneration Committee

Our Remuneration Committee comprises Rivaie Rachman, Foo Ko Hing and BG (Ret) Chin Chow Yoon. The chairman of our Remuneration Committee is Rivaie Rachman. Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each executive Director. The recommendations of our Remuneration Committee will be submitted for endorsement by our Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

(b) Nominating Committee

Our Nominating Committee comprises Rivaie Rachman, Foo Ko Hing and BG (Ret) Chin Chow Yoon. The chairman of our Nominating Committee is Rivaie Rachman. Our Nominating Committee will be responsible for the following:

(i) re-nomination of our Directors, having regard to each Director's contribution and performance;

(ii) determining annually whether or not a Director is independent; and

(iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

Our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term shareholders' value. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director.

(c) Audit Committee

Our Audit Committee comprises Lim Hock San, Rivaie Rachman, Low Sin Leng and Foo Ko Hing. The Chairman of our Audit Committee is Lim Hock San. Our Audit Committee will meet periodically to perform the following functions:

(i) review the audit plans of our Company's external auditors and the external auditors' reports;

(ii) review the internal controls and procedures (including adequacy of the finance functions and the quality of finance staff) and co-operation given by our Company's management to the external auditors and discuss with a view to resolving problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our Company's management where necessary);

(iii) consider the appointment or re-appointment of our Company's external auditors;

(iv) review the financial statements of our Company and our Group before their submission to our Board for approval;

(v) review interested person transactions (if any);

(vi) undertake such other reviews as may be requested by our Board, and will report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

(vii) generally undertake such other functions and duties as may be required by statute, regulations or the Listing Manual, or by such amendments as may be made thereto from time to time.

As at the Latest Practicable Date, the internal audit functions of our subsidiaries are performed and administered by SCI and the Salim Group with the exception of PT BRC, where certain internal audit functions are performed by Prasetio, Sarwoko & Sandjaja on an assignment basis. It is proposed that following its listing, our Company will appoint an external audit firm to perform internal audit functions for its subsidiaries. Our Company is in the process of evaluating and negotiating the appointment of an external audit firm for this purpose and intends to finalise the decision by the second quarter of 2006.

Our Company has undertaken to the SGX-ST that our Audit Committee will (a) commission an external auditor or a suitable accounting firm to conduct a full review of our Group's internal controls, (b) review with a view to ensuring that internal control weaknesses if any are satisfactorily and properly rectified and (c) update the SGX-ST on any findings of the external auditor or accounting firm and any follow-up action taken by the Audit Committee within one year after the date of our Company's listing. Our Company has also undertaken that subsequent to the 1-year period, the Audit Committee will periodically review whether there is a need to undertake further reviews of our Group's internal controls. Subsequent to this one-year period, we intend that the external auditor or accounting firm will continue to perform our internal audit functions. Taking into account the cost of appointment, our Company may instead recruit in-house personnel to perform such functions for the subsequent years who will then report to our Audit Committee.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law which has or is likely to have a material adverse impact on our operating results and/or financial position.

In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction and from voting on any resolutions in respect of any matter(s) in which he is interested.

Panel of Advisors

In addition to the above corporate governance committees, we have a panel of advisors comprising Philip Yeo Liat Kok (Chairman), Barry Desker, Tan Chin Nam, Lim Neo Chian, David Lim Tik En and Ernest Wong Yuen Weng. Mr Philip Yeo is currently, *inter alia*, the chairman of the Agency for Science, Technology and Research. Mr Barry Desker is currently, *inter alia*, a director of the Institute of Defence and Strategic Studies at the Nanyang Technological University and the chairman of the board of the Singapore International Foundation, Jurong Port Pte Ltd, and Singapore Technologies Marine Ltd. Tan Chin Nam is currently, *inter alia*, the permanent secretary to the Ministry of Information, Communications and the Arts and was formerly the chief executive of the Singapore Tourism Board. Lim Neo Chian is currently, *inter alia*, the deputy chairman and chief executive of the Singapore Tourism Board. David Lim is currently, *inter alia*, the Group President and Chief Executive Officer and director of Neptune Orient Lines Limited. Ernest Wong is currently a member of the Temasek Advisory Panel of the Temasek Group. Their extensive business experience and expertise will be invaluable in furthering the business interests of our Group and achieving our strategic goals.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group (when used in this section our "Group" refers to our Company, our subsidiaries and associated companies) and any of its interested persons (namely, the Directors, Chief Executive Officer or Controlling Shareholders or their respective Associates) would constitute interested person transactions.

Our interested persons include (1) members of the SCI Group, (2) Temasek and its subsidiaries ("**Temasek Group**"), (3) members of the Salim Group and (4) members of the Parallax Group.

The following discussion on material interested person transactions for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date is based on the Proforma Group and interested persons are construed accordingly.

Save as disclosed below and as set out in the sections "(B) Restructuring Exercise of our Group", "PT AIB Convertible Loan Agreement" and "Potential Conflicts of Interest" in this Prospectus, there are no other transactions undertaken between our Group and any of our Directors or Controlling Shareholders or their Associates during the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date which are material in the context of the Share Distribution and the Private Placement.

We have also disclosed interested person transactions which may not be material, but for which we intend to seek our Shareholders' Mandate if they are to be renewed.

PAST INTERESTED PERSON TRANSACTIONS

Sale of land by our subsidiary, PT BRC, to PT Ria Bintan

PT Ria Bintan is an Associate of the Salim Group and the Parallax Group (as PVP XXX is interested in 100% of the issued share capital of Great Divine, which in turn has an interest in approximately 49% of the issued share capital of PT Ria Bintan). Our Company understands that the SCI Group has or is to acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Hotels (Labuan), the holding company of Great Divine.

In 1999, PT BRC agreed to sell to PT Ria Bintan land of an area of approximately 447 ha in Bintan on which Ria Bintan resort is situated. The aggregate purchase price was S$26,820,000.

Approximately 163 ha of the land was transferred in 1999 and payment of S$13.41 million was made. The remaining purchase consideration of S$13.41 million was paid in December 2004. A further 205 ha of land was transferred from PT BRC to PT Ria Bintan in 2005. As at the Latest Practicable Date, the transfer of the remaining 79 ha of land from PT BRC to PT Ria Bintan is still pending.

Our Directors believe that the agreement was entered into on an arm's length basis.

Assets lease agreement between our subsidiary, PT BIIE, and PT Bintan Servicatama Perkasa

PT Bintan Servicatama Perkasa ("**PT BSP**") is a member of the Salim Group.

PT BIIE had been leasing to PT BSP certain equipment and infrastructure assets located in BIE pursuant to, *inter alia*, agreements dated, *inter alia*, 28 August 2003. Under the agreements, the duration of the assets lease was for a period of 1 year commencing from 1 January to 31 December of the relevant year, unless otherwise terminated earlier by either party giving at least three months' prior notice. This arrangement ceased in December 2003. Our Directors believe that the agreements were entered into on an arm's length basis.

The annual rentals paid by PT BSP to our Group for the above lease of assets for the past three financial years ended 31 December 2005 and up to the Latest Practicable Date were as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Annual rental paid by PT BSP (S$)	3,810,466	–	–	–

Utilities management agreement between our subsidiary, PT BIIE, and PT BSP

PT BSP had appointed PT BIIE to manage the operation of certain utilities infrastructure and equipment in BIE pursuant to, *inter alia*, agreements dated 28 August 2003. Under the agreements, the duration of the assets lease was for a period of 1 year commencing from 1 January to 31 December of the relevant year, unless otherwise terminated earlier by either party giving at least three months' prior notice. This arrangement ceased on 31 December 2003. Our Directors believe that the agreements were entered into on an arm's length basis.

The fees paid by PT BSP to PT BIIE for the provision of services pursuant to such appointment for the past three financial years ended 31 December 2005 were as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees paid by PT BSP (S$)	911,756	–	–	–

Loans owing by our subsidiaries, PT SBP, PT BMW and PT BRC

Holdiko is a company legally owned by the Salim Group and effectively controlled by IBRA. It was set up to hold certain assets of the Salim Group under the settlement between the Salim family and IBRA, in connection with the repayment of loans extended by PT Bank Central Asia Tbk (previously controlled by the Salim family) to affiliates of its shareholders. The Salim Group assets were held for the purpose of their orderly disposal for the benefit of IBRA. Holdiko is in the process of being liquidated.

Certain of our subsidiaries were indebted to Holdiko under the following loans:

(a) PT SBP owed Holdiko the aggregate principal amount of Rp9,909,000,000 under certain loans. The loans had no fixed repayment terms. Interest was payable thereon at the rate of 18% per annum. The loans were transferred to Holdiko as part of the settlement between the Salim family and IBRA. The largest amount outstanding from PT SBP to Holdiko in respect of such loans during the last three financial years ended 31 December 2005 and up to the Latest Practicable Date was Rp16,174,674,117 (on the basis that there was interest accrued thereon).

    These loans were subsequently transferred by Holdiko and ultimately held by Verizon Resorts (Labuan), thereby becoming inter-company loans in our Group. The outstanding loans were settled by PT SBP in 2005 by the repayment in cash of S$1,200,000 and the allotment and issue to Verizon Resorts (Labuan) of an aggregate of 3,403 shares in the capital of PT SBP.

(b) PT BMW owed Holdiko the aggregate principal amount of Rp19,579,555,555 under certain loans. The loans had no fixed repayment terms. The loans were transferred to Holdiko as part of the settlement between the Salim family and IBRA. The largest amount outstanding from PT BMW to Holdiko in respect of such loans during the last three financial years ended 31 December 2005 and up to the Latest Practicable Date was Rp19,579,555,555.

These loans were subsequently transferred by Holdiko and ultimately held by Verizon Resorts (Labuan), thereby becoming inter-company loans in our Group. The outstanding loans were settled by PT BMW in 2005 by the repayment in cash of Rp555,555 and the allotment and issue to Verizon Resorts (Labuan) of an aggregate of 19,579 shares in the capital of PT BMW.

(c) PT BRC owed Holdiko the aggregate principal amounts of S$124,509,901 and US$60,164,258 under certain loans. Interest was payable on the loans at the rate of 8.5% per annum for the S$ loan and 10% per annum for the US$ loan. The loans had no fixed repayment terms. The loans were transferred to Holdiko as part of the settlement between the Salim family and IBRA. The largest amount outstanding from PT BRC to Holdiko in respect of such loans during the last three financial years ended 31 December 2005 and up to the Latest Practicable Date was S$158,726,029.12 and US$91,882,377.14 respectively (on the basis that there was interest accrued thereon).

These loans were subsequently transferred by Holdiko and ultimately held by Verizon Resorts (Labuan), thereby becoming inter-company loans in our Group. The outstanding loans were settled by PT BRC in 2005 by the allotment and issue to Verizon Resorts (Labuan) of an aggregate of 133,400,000 shares in the capital of PT BRC.

Our Directors believe that each of the above agreements was entered into on an arm's length basis.

The above loans held by Verizon Resorts (Labuan) were acquired from Oasis (please see the interested person transaction entitled "Loan by our subsidiary, Verizon Resorts (Labuan), to Oasis and acquisition of certain assets and assumption of certain liabilities of Oasis" on pages 166 and 167 of this Prospectus below).

Shareholders' advances to our subsidiary, PT BRC, by PT Elitindo and STIC

PT BRC had been extended certain advances by, *inter alia*, PT Elitindo (a member of the Salim Group), STIC and STICI (STIC and STICI being members of the SCI Group), in the amounts of S$3,480,000, S$2,320,000 and S$4,500,000, respectively. Interest was payable to STICI at the rate of 7% per annum. These advances were for working capital purposes, and had no fixed repayment terms. The largest amount outstanding from PT BRC to PT Elitindo, STIC and STICI in respect of such advances during the last three financial years ended 31 December 2005 and up to the Latest Practicable Date was S$3,480,000, S$2,320,000 and S$6,542,295 respectively.

The outstanding loans were discharged in full in 2005 by PT BRC by, *inter alia*, the allotment and issue to PT Elitindo, STIC and STICI of 2,045,000, 1,360,000 and 3,845,000 shares in the capital of PT BRC, respectively.

Our Directors believe that the above agreement was entered into on an arm's length basis.

Shareholders' loan advanced to our subsidiary, PT BRC by, *inter alia*, Singapore–Bintan Resort Holdings Private Limited

Great Contribution, an Associate of PVP XXX, has an interest of 7.5% of the issued share capital of Singapore–Bintan Resort Holdings Private Limited ("**SBRH**"). Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Hotels (Labuan), the holding company of Great Contribution. At the time of the transaction described below, SBRH was one of the shareholders of PT BRC.

Pursuant to an agreement dated 14 October 1994, SBRH, amongst others, agreed to advance to PT BRC an aggregate principal amount of S$10,232,434, at an interest rate of 1% per annum. The loan was granted to PT BRC for the development of BR.

The largest amount outstanding from PT BRC to SBRH in respect of the loan during the last three financial years ended 31 December 2005 and up to the Latest Practicable Date was S$10,232,434.

Our Directors believe that the agreement was entered into on an arm's length basis.

The amount of the interest waived by SBRH and that would otherwise have been payable by PT BRC to SBRH for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 to the Latest Practicable Date was as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Amount of interest waived/ payable to SBRH on the loan (S$)	511,621.70	511,621.70	–	–

The outstanding loans were discharged in full by PT BRC in 2005 by the payment of US$4,079 (or approximately S$6,934, based on an exchange rate of US$1.00 : S$1.70) in cash and by the allotment and issue to SBRH of 6,015,000 shares in the capital of PT BRC.

Shareholder's loans advanced to our subsidiary, PT BIIE, by, *inter alia*, STIC

PT BIIE had been extended shareholders' loans by STIC, Ascendas and PT DSU (collectively, the "**PT BIIE Lenders**") under an agreement dated 25 February 2002, in the amounts of S$16,250,000, S$9,750,000 and S$39,000,000, respectively, at an interest rate of 8% per annum. The loans were extended to PT BIIE for the purpose of developing BIE and working capital purposes. The loans were to be repaid at any time after 1 year from the date of the agreement within 2 months from the date of receipt by PT BIIE of a written demand from any PT BIIE Lender. As at the Latest Practicable Date, PT BIIE has not received any written demand for payment from any PT BIIE Lender.

PT DSU transferred, *inter alia*, its shareholder's loan to PT BIC in 2002, in connection with PT BIC's acquisition of interests in PT BIIE.

PT BIC, STIC, Ascendas and PT BIIE agreed to reduce the interest payable by PT BIIE on the loans from 8% per annum to 4% per annum for the period from 2001 to 31 March 2004 and with effect from 1 April 2004 (unless otherwise revised by the parties in writing), pursuant to supplementary agreements dated 1 June 2002, 15 December 2003 and 15 December 2004.

The largest amount outstanding from PT BIIE to STIC in respect of its shareholder's loan during the last three financial years ended 31 December 2005 and up to the Latest Practicable Date was S$19,877,361. As at the Latest Practicable Date, the amount outstanding from PT BIIE to STIC was S$19,833,280.

The largest amount outstanding from PT BIIE to Ascendas in respect of its shareholder's loan during the last three financial years ended 31 December 2005 and up to the Latest Practicable Date was S$11,924,250. As at the Latest Practicable Date, the amount outstanding from PT BIIE to Ascendas was S$11,913,416.

Our Directors believe that the agreements were entered into on an arm's length basis.

The interest paid or payable by PT BIIE to STIC and PT DSU respectively in respect of their shareholders' loans for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 to the Latest Practicable Date is as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Interest paid/ payable by PT BIIE to STIC on its shareholder's loan (S$)	732,253	702,160	451,389	–
Interest paid/ payable by PT BIIE to PT DSU on its shareholder's loan (S$)	–	–	–	–

The principal amount of the outstanding loans were discharged by PT BIIE in January 2006 by the allotment and issue to STIC, Ascendas and PT BIC of 9,842,500, 5,905,500 and 23,622,000 shares, respectively, in the capital of PT BIIE. The interest payable was settled via the repayment by STIC, Ascendas and PT BIC of the amounts of S$3,669,872, S$2,215,372 and S$8,939,428 respectively in cash.

Security provided by PT HR to UOB to secure term loan facility granted to our Company

PT HR had entered into the following security documents to secure amounts owing to UOB by our Company under a facility agreement dated 23 December 2004 (as amended by a supplemental agreement dated 21 March 2005) relating to a S$112.5 million term loan facility from UOB to our Company (please see the "Capitalisation and Indebtedness" section for information on the facility):

(a) Pledge of Shares Agreement dated 21 March 2005 between PT HR and UOB, whereby PT HR pledged to UOB all of its 40,000 PT BIC Shares; and

(b) Deed of Assignment and Charge Over Account dated 21 March 2005 between PT HR and UOB, whereby PT HR assigned and charged to UOB all its rights, title and interest in dividends arising from the PT BIC Shares pledged by PT BIC to UOB under the pledge of shares agreement referred to in sub-paragraph (a) above, such dividends to be deposited into an interest-bearing account opened by PT HR with UOB.

On completion of the Restructuring Exercise, the above securities were released and were replaced by (i) a pledge of shares agreement between our Company and UOB whereby our Company pledged to UOB 69,999 PT BIC Shares (of which 39,999 PT BIC Shares were acquired pursuant to the PT HR Acquisition and 30,000 PT BIC Shares were acquired pursuant to the SCI Acquisition), and (ii) a deed of assignment and charge over account between our Company and UOB in respect of dividends arising from the PT BIC Shares.

Our Directors believe that the agreements were entered into on an arm's length basis.

Shareholders' and Joint Venture Agreements

Our Group had entered into the following joint venture or shareholders' agreements:

(a) shareholders' agreement dated 1 December 2003 entered into between PT SI, STIC, Tropical Resorts Limited, KMP BinCorp Investments Pte Ltd, Keppel Land Limited and ILI relating to their joint venture in respect of the establishment and operation of ILI to undertake, *inter alia*, the masterplanning, conceptualising and marketing of the development of BR. ILI has been providing certain services to PT BRC in respect of BR, including assisting in the overall infrastructure and financial planning of BR, providing assistance in international sourcing of consultants, contractors and suppliers and promoting the sale of land in BR (for further information, please refer to the agreement entered into between PT BRC and ILI on page 171 of this Prospectus). PT SI ceased to have an interest in ILI's shares in 2005;

(b) shareholders' agreement dated 1 December 2003 entered into between PT SI, STIC, Tropical Resorts Limited, KMP BinCorp Investments Pte Ltd, Keppel Land Limited and Bintan Resort Development Corporation Pte Ltd ("**BRDC**") relating to their joint venture in respect of the establishment and operation of BRDC to undertake, *inter alia*, the masterplanning, conceptualising and marketing of the development of BR. BRDC has been providing planning and development consultancy services to PT BRC in respect of BR, including assisting in the infrastructural financial planning of BR and promoting BR as a holiday destination (for further information, please refer to the agreement entered into between PT BRC and BRDC on page 172 of this Prospectus). PT SI ceased to have an interest in BRDC's shares in 2005;

(c) joint venture agreement dated 1 March 1994 entered into between PT BIIE and PT LK relating to their joint venture in respect of PT Bintan Industrial Estate Servicatama to carry on the business of constructing and providing utilities and infrastructural facilities in BIE. The joint venture agreement was terminated on 1 June 2004 with effect from 1 March 2004; and

(d) joint venture agreement dated 15 September 1991 entered into between PT SI and Singapore-Bintan Resort Holdings Pte Ltd relating to their joint venture in respect of PT BRC for the purpose of developing BR.

Our Directors believe that these agreements were entered into on an arm's length basis.

Advances by our subsidiary, PT BIIE, to PT Karimun Indojaya Cakrawala

The Salim Group has a shareholding interest in 60% of the issued share capital of PT Karimun Indojaya Cakrawala ("**PT KIC**"). The remaining 40% of PT KIC's issued share capital is held by an investment holding company, Karimun Investment Holdings Pte Ltd, in which the SCI Group and the Ascendas Group have shareholding interests of 75% and 25% respectively. PT BIIE advanced an aggregate of Rp4,148,423,963 to PT KIC for PT KIC to meet its interest repayments on bank borrowings. At the time of the advances, both PT BIIE and PT KIC were related companies with common shareholders.

The largest amount outstanding from PT KIC to PT BIIE in respect of the loan during the last three financial years ended 31 December 2005 and up to the Latest Practicable Date was Rp4,148,423,963. As at the Latest Practicable Date, the amount outstanding from PT KIC to PT BIIE was Rp4,148,423,963. The advances were interest-free with no fixed terms of repayment.

The advances have been fully provided for in the audited accounts of PT BIIE.

As the advances were interest-free, our Directors believe that the advances were not made on an arm's length basis.

Loan by our subsidiary, Verizon Resorts (Labuan), to Oasis and acquisition of certain assets and assumption of certain liabilities of Oasis

Salim Group and the Parallax Group are interested in the entire issued share capital of Verizon Land (Labuan), which is the holding company of Oasis. Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Land (Labuan).

Verizon Resorts (Labuan) had advanced an interest-free loan to Oasis in an amount of S$87.5 million under a promissory note dated 22 March 2005. At the time of the loan, Oasis was a subsidiary of Verizon Resorts (Labuan). The loan was unsecured and was repayable on demand. The loan was advanced for the purpose of on-lending to Oasis' subsidiary, Verizon Pte. Ltd. ("**Verizon**") for the repayment of bank borrowings.

The largest amount outstanding from Oasis to Verizon Resorts (Labuan) in respect of the loan from 1 January 2005 and up to the Latest Practicable Date was S$87,500,000. The loan was settled after setting off an amount of S$63,395,658.72 due from Verizon Resorts (Labuan) to Oasis for the PT AIB Loan Acquisition (as defined on page 58 of this Prospectus) and via (i) an assignment to Verizon Resorts (Labuan) of certain loan assets of Oasis for S$19,598,318.60 ("**Acquired Loans**"), and the assumption by Verizon Resorts (Labuan) of certain liabilities of Oasis amounting to S$13,153,727.78; and (ii) a waiver by Verizon Resorts (Labuan) of the remaining amount of S$17,659,750.46. The aggregate face value of the Acquired Loans was S$231,038,807.60. These Acquired Loans have since been capitalised into shares in the capital of PT SBP, PT BMW and PT BRC respectively (please see the section "Interested Person Transactions – Past Interested Person Transactions – Loans owing by our subsidiaries, PT SBP, PT BMW and PT BRC" on pages 162 and 163 of this Prospectus).

Out of Oasis' liabilities of S$13,153,727.78 which were assumed by Verizon Resorts (Labuan), S$4,868,517 in the form of an interest-free loan was owing to PT HR ("**PT HR Debt**") and S$5,700,000 in the form of an interest-free loan was owing to SembPark Holdings ("**SCPH Debt**"). The SCPH Debt is to be assigned by SembPark Holdings to PVP XXX in connection with the option agreement entered into between PVP XXX and SembPark Holdings (please see the section "General Information on our Group – The ATD Scheme and the Restructuring Exercise of our Group – (B) Restructuring Exercise of our Group – (iii) PVP Acquisition" on page 56 of this Prospectus for information on the option). As at the Latest Practicable Date, these amounts remain outstanding.

The largest amount outstanding from Verizon Resorts (Labuan) to PT HR in respect of the PT HR Debt for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date was S$4,868,517.

The largest amount outstanding from Verizon Resorts (Labuan) to SembPark Holdings in respect of the SCPH Debt for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date was S$5,700,000.

The largest amount outstanding from Verizon Resorts (Labuan) to PVP XXX in respect of the SCPH Debt for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date was S$5,700,000.

Our Directors believe that the above transactions were on an arm's length basis.

ON-GOING INTERESTED PERSON TRANSACTIONS

Provision of offshore marketing and financial planning services to our subsidiary, PT BIIE, by SembPark

SembPark, a member of the SCI Group, has been providing, *inter alia*, offshore marketing services, including promoting, (in all countries other than Indonesia) marketing and introducing potential investors to PT BIIE in respect of BIE and financial planning services to PT BIIE pursuant to, *inter alia*, agreements dated, *inter alia*, 21 August 2003, 15 January 2004, 24 March 2005 and 9 February 2006, respectively, entered into between SembPark and PT BIIE. Our Directors believe that these agreements were entered into on an arm's length basis.

The fees paid by PT BIIE to SembPark for the provision of these services for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees paid to SembPark (S$)	2,530,000	2,280,000	2,530,000	421,667

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of marketing agent services to our subsidiary, PT BIC, by SembPark

SembPark has been appointed by PT BIC as its sole and exclusive marketing agent for, *inter alia*, the promotion of, and solicitation of investors and tenants for, BIP in all countries (other than Indonesia) pursuant to marketing agency agreements dated, *inter alia*, 1 July 2003, 10 August 2004, 24 March 2005 and 9 February 2006 entered into between SembPark and PT BIC. Our Directors believe that these agreements were entered into on an arm's length basis.

The fees paid by PT BIC to SembPark for the provision of these services for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees paid to SembPark (S$)	4,225,000	4,225,000	4,225,000	704,167

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of technical assistance services to our subsidiaries, PT BIC and PT BIIE, by Riau Infrastructure Management Services Pte Ltd

Riau Infrastructure Management Services Pte Ltd ("**RIM**"), a member of the SCI Group, is a wholly-owned subsidiary of SembPark.

RIM has been providing technical assistance services to PT BIC for BIP and other projects in Batam, including masterplanning and providing advice on estate management, industrial park operations and project management. This was pursuant to agreements dated, *inter alia*, 1 July 2003, 10 August 2004, 24 March 2005 and 9 February 2006 between the respective parties. RIM has also been providing technical assistance services such as project management and estate management to PT BIIE pursuant to agreements dated, *inter alia*, 21 August 2003, 15 January 2004, 24 March 2005 and 9 February 2006.

Our Directors believe that the above agreements were entered into on an arm's length basis.

The fees paid by our Group to RIM for the provision of these services for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees paid to RIM (S$)	245,000	245,000	245,000	40,833

We intend to continue these arrangements after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of services for the promotion of golf memberships to our subsidiary, PT BEV, by SembPark

SembPark has been appointed by PT BEV as the exclusive marketing agent for the promotion and sale of golf memberships in respect of a golf-cum-residential development, Batamindo Executive Village, located in Batam, Indonesia, pursuant to an agreement dated 6 January 2000 made between Batamindo Industrial Management Pte Ltd ("**BIM**"), SembPark and PT BEV (which novated a marketing agency agreement dated 29 June 1995 between BIM and PT BEV for the provision of such services). Under the agreement, SembPark is to be paid (i) a commission of 5% of the membership price of each golf membership for the first 500 memberships sold, (ii) thereafter, a commission of 6% per golf membership for any other golf memberships sold, and (iii) a performance bonus of S$250,000 when 750 golf memberships have been sold by SembPark. As at the Latest Practicable Date, SembPark has not sold any golf memberships. The agreement shall continue unless otherwise terminated by either party giving at least 3 months' prior notice. Our Directors believe that the agreement was entered into on an arm's length basis.

No commissions and bonus were paid by PT BEV to SembPark under this agreement for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date under the agreement.

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of marketing services and other services relating to Batamindo Executive Village to our subsidiary, PT BEV, by SembPark

SembPark has been providing, *inter alia*, marketing and management services to PT BEV in respect of bungalows and condominiums in Batamindo Executive Village. It has also been appointed to co-ordinate the marketing activities of various marketing agents appointed by PT BEV for the promotion of memberships in the club.

The above arrangements are pursuant to a membership services and marketing agreement dated 29 June 1995 originally between BIM and PT BEV (and novated to SembPark under an agreement dated 6 January 2000 between BIM, PT BEV and SembPark), as amended by supplementary agreements dated, *inter alia*, 1 March 2004, 8 March 2004, 24 March 2005 and 9 February 2006, respectively ("**Agreement**").

The Agreement shall continue unless otherwise terminated by either party giving at least 3 months' prior notice. Our Directors believe that the Agreement was entered into on an arm's length basis.

The fees paid by PT BEV to SembPark for the provision of these services for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Fees paid to SembPark (S$)	162,155	162,691	162,156	22,067

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to review procedures under our Shareholders' Mandate.

Provision of port management and operation services to our subsidiary, PT BIIE, by Sembawang Kimtrans Ltd

Sembawang Kimtrans Ltd ("**Sembawang Kimtrans**") is an associated company of the SCI Group.

PT BIIE has entered into an agreement dated 22 September 2003 with Sembawang Kimtrans for the management and operation by Sembawang Kimtrans of the port at Lobam in Bintan owned by PT BIIE. The term of the agreement is for a period of 5 years commencing from 22 September 2003 ("**First Period**"). The term may be extended for a further 5-year period ("**Second Period**") at the option of Sembawang Kimtrans upon the issue of a written notice by Sembawang Kimtrans no less than 6 months prior to the expiry of the First Period, and for another 5 years at the option of PT BIIE upon the issue of a notice by PT BIIE no less than 6 months prior to the expiry of the Second Period. Our Directors believe that the agreement was entered into on an arm's length basis.

The fees paid by Sembawang Kimtrans to PT BIIE under this agreement for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees paid by Sembawang Kimtrans (S$)	50,416	257,583	264,000	44,000

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of human resource management services to our subsidiaries, PT BIIE, PT BRC and PT BIC, by PT Tunaskarya Indoswasta

PT Tunaskarya Indoswasta ("**PT TI**") is a member of the Salim Group. Our Group has entered into the following agreements with it:

(a) PT BIIE

On 16 December 1996, PT BIIE entered into an agreement with PT TI (as amended by a supplemental letter dated 5 November 2002 taking effect from 1 October 2002) for the provision by PT TI of human resource management services in respect of BIE. The agreement is automatically renewed for successive 1-year periods unless otherwise terminated by either party giving 3 months' prior notice.

(b) PT BRC

PT TI has been providing human resource management services to PT BRC since 2001. On 9 September 2003, PT BRC entered into an agreement with PT TI for the provision by PT TI of human resource management services in respect of BR. The agreement is automatically renewed for successive 1-year periods unless otherwise terminated by either party giving 3 months' prior notice.

(c) PT BIC

On 1 January 1997, PT BIC entered into an agreement with PT TI (as amended by amendment agreements dated, *inter alia*, 1 January 2001 and 1 January 2002) for the provision by PT TI of human resource management services in respect of BIP for a term of 6 years from the date of the agreement. On 11 November 2003, the parties entered into a fresh agreement for the provision of human resource management services by PT TI in respect of BIP from 1 July 2003 until the agreement is terminated by either party in accordance with the terms thereof.

The services provided by PT TI under the above agreements comprise mainly the recruitment of factory workers for tenants and the management of labour relations with the factory workers.

The fees paid by our Group to PT TI for the provision of these services for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees paid by our Group to PT TI (S$)	726,678	737,403	819,078	209,157

Our Directors believe that the agreements were entered into on an arm's length basis.

We intend to continue these arrangements after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of management services to our subsidiary, PT BIC, by PT HR

On 8 January 1997, PT BIC entered into an agreement with PT HR, one of our Controlling Shareholders, for the provision by PT HR of management, technical and financial services to PT BIC. The agreement shall continue unless terminated by either party by giving 1 month's prior notice. Our Directors believe that the agreement was entered into on an arm's length basis.

The fees paid by PT BIC to PT HR for the provision of these services for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Fees paid to PT HR (US$)	180,000	180,000	178,200	26,813

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of infrastructure, financial planning and other services relating to BR to our subsidiary, PT BRC, by ILI

STIC, PVP XXX and KMP BinCorp Investments Pte Ltd hold 28%, 40% and 8%, respectively, of the issued share capital of ILI. STIC is a member of the SCI Group. KMP BinCorp Investments Pte Ltd is an Associate of PVP XXX.

ILI has been providing certain services to PT BRC in respect of BR, including assisting in the overall infrastructure and financial planning of BR, providing assistance in international sourcing (outside of Indonesia) of consultants, contractors and suppliers and promoting the sale of land in BR, pursuant to agreements dated, *inter alia*, 15 January 2003, 15 January 2004, 22 January 2005 and 23 March 2006. The term of each agreement is for 1 year commencing from 1 January of the relevant year. Our Directors believe that the agreements were entered into on an arm's length basis.

The fees and commission paid by PT BRC to ILI for the provision of these services for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Fees and commission paid to ILI (S$)	3,083,474	3,758,643	2,728,414	425,488

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of planning and development consultancy services relating to BR to our subsidiary, PT BRC, by BRDC

STIC, PVP XXX and KMP BinCorp Investments Pte Ltd hold 28%, 40% and 8%, respectively, of the issued share capital of BRDC.

BRDC has been providing planning and development consultancy services to PT BRC in respect of BR, including assisting in the infrastructural financial planning of BR and promoting BR as a holiday destination (outside of Indonesia), pursuant to agreements dated, *inter alia*, 15 January 2003, 15 January 2004, 22 January 2005 and 23 March 2006. The term of each agreement is for 1 year commencing from 1 January of the relevant year. Our Directors believe that the agreements were entered into on an arm's length basis.

The fees paid by PT BRC to BRDC for the provision of these services for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Fees paid to BRDC (S$)	343,847	348,753	986,609	90,414

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Insurance broking arrangements between our subsidiaries, PT BRC and PT BIC, and Zuellig Insurance Brokers Pte Ltd

SembCorp Logistics Ltd, a member of the SCI Group, has a direct interest of 49% in the issued share capital of Zuellig Insurance Brokers Pte Ltd ("**Zuellig**"). Zuellig carries on business as a general insurance broker and risk manager.

From time to time, our Group has entered into insurance broking arrangements with Zuellig to arrange for the provision of insurance to companies in our Group, including general liability insurance and marine hull insurance. Our Directors believe that the insurance broking arrangements were entered into on an arm's length basis.

The value of the insurance premiums paid or payable by our Group to Zuellig for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Insurance premiums paid/ payable to Zuellig (S$)	92,913	73,249	–	–

We intend to continue with our transactions with Zuellig after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Insurance policies taken by our Group with PT Asuransi Central Asia

PT Asuransi Central Asia ("**PT ACA**") is a member of the Salim Group. PT ACA is a general insurance company.

From time to time, our Group has taken out insurance policies with PT ACA, including general liability insurance, special property all risk insurance, and combined property damage and business interruption insurance. Our Directors believe that the insurance policies were entered into on an arm's length basis.

The value of the insurance premiums paid or payable by our Group to PT ACA for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Insurance premiums paid/ payable to PT ACA (S$)	167,509	301,210	561,580	259,079
Amounts paid by PT ACA to our Group under the insurance policies (S$)	163,257	–	–	–

We intend to continue with our transactions with PT ACA after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

General transactions, in the ordinary course of business in BR, between our Group and our interested persons including PT Ria Bintan, PT Bintan Lagoon Resort, PT AIB, PT Straits CM Village and the SCI Group

Great Divine, an Associate of PVP XXX, has an indirect interest in approximately 49% of the issued share capital of PT Ria Bintan and PT Straits CM Village. Accordingly, the Salim Group and the Parallax Group are interested in the issued share capital of PT Ria Bintan and PT Straits CM Village. Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Hotels (Labuan), the holding company of Great Divine. The SCI Group holds 65% of the issued share capital of PT AIB. The remaining 35% of the issued share capital of PT AIB is held by Verizon Land (Labuan), an Associate of PVP XXX. Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Land (Labuan).

From time to time, our subsidiary, BRF, has sold and may sell ferry tickets to PT Ria Bintan, PT Straits CM Village, PT AIB and companies in the SCI Group. Our Directors believe that these sales were carried out on an arm's length basis.

From time to time, in connection with our subsidiary BRFH's business as a travel agency, BRFH has purchased and may purchase accommodation from PT AIB and PT Straits CM Village, and golf packages with access to play golf at the golf courses managed or operated by PT Ria Bintan. Our Directors believe that these purchases were carried out on an arm's length basis.

In addition, PT BRC supplies utilities such as electricity and water to PT AIB, PT Ria Bintan and PT Straits CM Village. PT BRC's charges for these utilities services were determined based on our standard rates applicable to unrelated third parties for the same services. Our Directors believe that the provision of utilities was carried out on an arm's length basis.

PT BRC has also leased and may from time to time lease staff housing in Bintan to PT AIB, PT Ria Bintan and PT Straits CM Village. Our Directors believe that the lease arrangements were entered into on an arm's length basis.

PT BRC has also leased and may from time to time lease shop units in the Bandar Bentan Telani Ferry Terminal in Bintan to PT AIB and PT Straits CM Village. Our Directors believe that the leases were entered into on an arm's length basis.

PT AIB, PT Ria Bintan and PT Straits CM Village have also paid and may from time to time pay to PT BRC certain service and conservancy charges for the common area in respect of BR pursuant to certain use or site development agreements. Our Directors believe that the charges under these use or site development agreements are on an arm's length basis.

The value of our Group's transactions with PT Ria Bintan, PT Straits CM Village, PT AIB and the SCI Group, respectively, for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 to the Latest Practicable Date is as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Sales				
Sales to PT AIB (S$)	3,713,989	4,116,137	2,505,658	824,442
Sales to PT Ria Bintan(S$)	1,350,200	1,566,243	972,638	224,279
Sales to PT Straits CM Village (S$)	3,070,986	3,638,467	1,826,224	652,540
Sales to the SCI Group (S$)	64,206	165,103	122,418	15,783
Purchases				
Purchases from PT AIB (S$)	588,863	615,021	33,341	912
Purchases from PT Ria Bintan (S$)	55,027	42,372	86,833	13,956
Purchases from PT Straits CM Village (S$)	75,753	29,798	–	–

We intend to continue with such transactions, which are in the ordinary course of business in BR, with our interested persons, including PT Ria Bintan, PT AIB, PT Straits CM Village and the SCI Group after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of berthing slots and lease of check-in counter and shop unit at Tanah Merah Ferry Terminal to our subsidiary, BRF, by the Temasek Group

We have the following arrangements with the Temasek Group:

(a) The Temasek Group provides berthing slots at Tanah Merah Ferry Terminal to BRF pursuant to an agreement dated 1 December 2003. The agreement may be terminated by either party giving 30 days' notice.

(b) The Temasek Group also leases to BRF a check-in counter at the Tanah Merah Ferry Terminal for the purpose of checking in of passengers for ferries and sale of ferry tickets, and a shop unit at the ferry terminal. The leases are on a month-to-month basis.

Our Directors believe that these arrangements were entered into on an arm's length basis.

The fees and rental paid by our Group to the Temasek Group for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees and rental paid to the Temasek Group (S$)	1,319,076	1,437,929	1,347,059	222,077

We intend to continue these arrangements after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate as long as it is in our interest to do so. The continuance or renewal of these arrangements will be subject to the review procedures under our Shareholders' Mandate.

Provision of utilities to our Group by Singapore Power Limited

Singapore Power Limited ("**SingPower**") is a member of the Temasek Group. Pursuant to transactions entered into by our Group in the ordinary course of business, the SingPower group has been providing our Group with utilities from time to time. Our Directors believe that the transactions with the SingPower group are carried out on an arm's length basis.

The amounts paid by our Group to the SingPower group for the provision of such utilities for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees paid to SingPower group (S$)	17,824	21,637	20,023	5,727

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of telecommunications services to our Group by Singapore Telecommunications Limited

Singapore Telecommunications Limited ("**SingTel**") is a member of the Temasek Group. Pursuant to transactions entered into by our Group in the ordinary course of business, the SingTel group has been providing our Group with telecommunications services from time to time. Our Directors believe that the transactions with the SingTel group are carried out on an arm's length basis.

The amounts paid by our Group to the SingTel group for the provision of such telecommunications services for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date are as follows:

	FY2003	FY2004	FY2005	For the period from 1 January 2006 up to the Latest Practicable Date
Fees paid to SingTel group (S$)	83,631	78,490	62,953	9,763

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Provision of air-time entitlement to our subsidiary, BRF, by TVMobile Pte Ltd

TVMobile Pte Ltd ("**TVMobile**") is a member of the Temasek Group. Pursuant to an agreement dated 21 October 2001 and a renewal agreement dated 25 August 2004 between TVMobile and BRF, TVMobile had certain equipment (including receivers, antenna) installed on the ferries owned by BRF and broadcasts the TVMobile channel on the television screens on BRF's ferries.

In consideration of BRF agreeing to allow TVMobile to install the equipment and broadcast the TVMobile channel to passengers in the ferries, TVMobile has granted BRF certain air-time entitlement, amounting to a value of S$40,000 per annum, for the display of advertisements on the TVMobile channel. TVMobile shall also pay a commission for the sales of airtime for the display of advertisements on the TVMobile channel resulting from sales leads introduced by BRF to TVMobile.

The term of the agreement has been extended to 29 November 2006. Either party may terminate the agreement by giving not less than 3 months' prior notice. In addition, TVMobile may terminate the agreement at any time upon giving notice to BRF in the event that TVMobile ceases to hold its broadcast licence. Our Directors believe that the agreement was entered into on an arm's length basis.

No commission was paid by TVMobile to BRF for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date.

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to review procedures under our Shareholders' Mandate.

Loan to our subsidiary, PT BIIE, from PT LK

PT LK, a member of the Salim Group, has granted an interest-free loan to PT BIIE in an amount of S$12,370,282 under an agreement dated 8 October 2004. The loan is unsecured and there are no fixed repayment terms. The loan was extended for working capital purposes and for the acquisition of certain assets, including power plant.

The largest amount outstanding from PT BIIE to PT LK in respect of the loan for the last three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date was S$12,336,996. As at the Latest Practicable Date, the amount outstanding from PT BIIE to PT LK was S$9,877,457.

Our Directors believe that the loan arrangement was entered into on an arm's length basis.

Security provided by Associates of PVP XXX to UOB to secure term loan facility granted to our Company

Certain Associates of PVP XXX have given security to UOB to secure amounts owing to UOB by our Company under a facility agreement dated 23 December 2004 (as amended by a supplemental agreement dated 21 March 2005) relating to a S$112.5 million term loan facility from UOB to our Company.

The following security documents were executed by Associates of PVP XXX in relation to the facility agreement:

(a) Great Divine

The Salim Group and the Parallax Group are each interested in the entire issued share capital of Great Divine through PVP XXX. Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Hotels (Labuan), the holding company of Great Divine. Great Divine has entered into the following security documents with UOB:

(i) Deed of Charge over Shares dated 21 April 2005 between Great Divine and UOB, whereby Great Divine charged to UOB all of its 50,209,000 shares in the capital of Avonian Pte Ltd; and

(ii) Deed of Assignment and Charge over Account dated 21 April 2005 between Great Divine and UOB, whereby Great Divine assigned and charged to UOB all its rights, title and interest in dividends arising from, *inter alia*, the shares pledged by Great Divine to UOB under the deed of charge of shares referred to in sub-paragraph (i) above, such dividends to be deposited into an interest-bearing account opened by Great Divine with UOB.

(b) Verizon Land (Labuan)

The Salim Group and the Parallax Group are each interested in the entire issued share capital of Verizon Land (Labuan) through PVP XXX. Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Land (Labuan). Verizon Land (Labuan) has entered into the following security documents with UOB:

(i) Deed of Pledge of Shares Agreement dated 24 March 2005 between Verizon Land (Labuan) and UOB, whereby Verizon Land (Labuan) pledged to UOB all of its 15,107,820 shares in the capital of PT AIB; and

(ii) Deed of Assignment and Charge over Account dated 21 April 2005 between Verizon Land (Labuan) and UOB, whereby Verizon Land (Labuan) assigned and charged to UOB all its rights, title and interest in dividends arising from, *inter alia*, the shares pledged by Verizon Land (Labuan) to UOB under the deed of pledge of shares referred to in sub-paragraph (i) above, such dividends to be deposited into an interest-bearing account opened by Verizon Land (Labuan) with UOB.

(c) PT Verizon Indonesia ("**PT VI**")

The Salim Group and the Parallax Group are each interested in the entire issued share capital of PT VI. Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Hotels (Labuan), the holding company of PT VI. PT VI has entered into the following security documents with UOB:

(i) Deed of Pledge of Shares Agreement dated 24 March 2005 between PT VI and UOB, whereby PT VI pledged to UOB its 1 share in the capital of PT BMW;

(ii) Deed of Pledge of Shares Agreement dated 24 March 2005 between PT VI and UOB, whereby PT VI pledged to UOB its 1 share in the capital of PT SBP;

(iii) Deed of Pledge of Shares Agreement dated 24 March 2005 between PT VI and UOB, whereby PT VI pledged to UOB its 1 share in the capital of PT Citra Karimun Perkasa; and

(iv) Deed of Assignment and Charge over Account dated 21 April 2005 between PT VI and UOB, whereby PT VI assigned and charged to UOB all its rights, title and interest in dividends arising from, *inter alia*, the shares pledged by PT VI to UOB under the deeds of pledge of shares referred to in sub-paragraphs (i), (ii) and (iii) above, such dividends to be deposited into an interest-bearing account opened by PT VI with UOB.

Our Company understands that it is expected that PT VI will enter into a Pledge of Shares Agreement with UOB pledging its 1 share in the capital of PT BIC to UOB prior to the registration of this Prospectus.

(d) Verizon Hotels Limited ("**Verizon Hotels (Labuan)**")

The Salim Group and the Parallax Group are each interested in the entire issued share capital of Verizon Hotels (Labuan)'s issued share capital through PVP XXX. Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Hotels (Labuan). Verizon Hotels (Labuan) has entered into the following security documents with UOB:

(i) Mortgage of Securities Agreement dated 21 April 2005 between Verizon Hotels (Labuan) and UOB, whereby Verizon Hotels (Labuan) mortgaged to UOB its 1 share in the capital of Great Contribution Investments Limited; and

(ii) Deed of Assignment and Charge over Account dated 21 April 2005 between Verizon Hotels (Labuan) and UOB, whereby Verizon Hotels (Labuan) assigned and charged to UOB all its rights, title and interest in dividends arising from, *inter alia*, the shares mortgaged by Verizon Hotels (Labuan) to UOB under the mortgage of securities agreement referred to in sub-paragraph (i) above, such dividends to be deposited into an interest-bearing account opened by Verizon Hotels (Labuan) with UOB.

(e) Verizon Investments Limited ("**Verizon Investments (Labuan)**")

The Salim Group and the Parallax Group are each interested in the entire issued share capital of Verizon Investments (Labuan) through PVP XXX. Our Company understands that the SCI Group may acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Investments (Labuan). Verizon Investments (Labuan) has entered into the following security documents with UOB:

(i) Deed of Pledge of Shares Agreement dated 24 March 2005 between Verizon Investments (Labuan) and UOB, whereby Verizon Investments (Labuan) pledged to UOB its 45,723 shares in the capital of PT Citra Karimun Perkasa; and

(ii) Deed of Assignment and Charge over Account dated 21 April 2005 between Verizon Investments (Labuan) and UOB, whereby Verizon Investments (Labuan) assigned and charged to UOB all its rights, title and interest in dividends arising from, *inter alia*, the shares pledged by Verizon Investments (Labuan) to UOB under the deed of pledge of shares referred to in sub-paragraph (i) above, such dividends to be deposited into an interest-bearing account opened by Verizon Investments (Labuan) with UOB.

Our Directors believe that the above agreements were entered into on an arm's length basis.

Sale of land by our subsidiary, PT BRC, to PT AIB

In 1997, PT BRC agreed to sell to PT AIB land of an area of approximately 290 ha in Bintan which is part of the land on which the Nirwana Garden Resort is situated. The aggregate purchase price payable by PT AIB under the agreement was approximately S$23,016,000. The purchase price has been fully paid by PT AIB.

Under the agreement, PT AIB was granted an option to purchase additional land of approximately 386,780m^2 of land for an aggregate purchase consideration of S$3,088,000. PT AIB exercised the option in 1997. As at the Latest Practicable Date, the land has yet to be transferred to PT AIB.

Our Directors believe that the agreement was entered into on an arm's length basis.

Secondment Agreements between our Group and SembPark

SembPark seconds its executives and other personnel to PT BIC, PT BIIE and PT BEV.

SembPark has entered into secondment agreements with each of PT BIC, PT BIIE and PT BEV each dated 9 February 2006. Under these agreements, SembPark shall (at the request of the relevant company) second to each of PT BIC, PT BIIE and PT BEV, executives and other personnel (including the general manager of the relevant company). PT BIC, PT BIIE and PT BEV (as the case may be) shall each reimburse SembPark for the salaries, wages, allowances, travelling and accommodation expenses and other benefits paid by SembPark to such seconded personnel on a full-time basis.

Each of the secondment agreements may be terminated by either party by giving 6 months' prior notice.

Our Directors believe that the agreements were entered into on an arm's length basis.

The amounts reimbursed by our Group to SembPark in connection with the secondment of SembPark's executives and personnel to our Group for the past three financial years ended 31 December 2005 and for the period from 1 January 2006 up to the Latest Practicable Date were as follows:

	FY2003	**FY2004**	**FY2005**	**For the period from 1 January 2006 up to the Latest Practicable Date**
Fees paid to SembPark (S$)	3,211,559	3,626,564	3,704,385	533,845

We intend to continue this arrangement after the admission of our Company to the Official List of the SGX-Sesdaq under our Shareholders' Mandate. The continuance or renewal of this arrangement will be subject to the review procedures under our Shareholders' Mandate.

Shareholders' and Joint Venture Agreements

KMP BinCorp Investments Pte Ltd is an Associate of PVP XXX. ILI and BRDC are Associates of SCI and PCM. The SCI Group is interested in 50% of the issued share capital of Batamindo Shipping and Warehousing Pte Ltd. SembCorp Logistics Ltd and Sembawang Corporation Limited are members of the SCI Group. In addition, Great Contribution, an Associate of PVP XXX, has an interest in 7.5% of the issued share capital of SBRH and our Company understands that the SCI Group has or is to acquire an option to purchase from PVP XXX 19% of the issued share capital of Verizon Hotels (Labuan), the holding company of Great Contribution. Both the SCI Group and the Salim Group have an interest in 50% and 50% respectively in the issued share capital of Sembawang KMP Corporation Pte Ltd.

Our Group has entered into the following joint venture or shareholders agreements:

(a) joint venture agreement dated 4 October 1990 entered into between PT BIC, Batamindo Shipping and Warehousing Pte Ltd and Java Marine Lines Pte Ltd relating to their joint venture in respect of Batamindo Carriers Pte Ltd to, *inter alia*, carry on the business of certain freight forwarding operations between Singapore and Batam;

(b) PT BMW entered a joint venture agreement dated 28 May 1993 with Safe Enterprises Pte Ltd, Kintetsu Group (comprising Kinki Nippon Tourist Co., Ltd, Kinki Nippon Railway Co., Ltd, Kintetsu World Express, Inc., KWE-Kintetsu World Express (S) Pte Ltd, Dai Nippon Construction and H&M Insurance Pte Ltd, and collectively referred to as "**Kintetsu Group**"), Temasek and Straits Steamship Company Limited relating to their joint venture in respect of Safe Bintan Resort Ltd (now known as Bintan Resort Lagoon Ltd) to develop Bintan Lagoon Resort in BR ("**Joint Venture Agreement**"). PT BMW, Safe Enterprises Pte Ltd, Kintetsu Group, Seletar Investments Pte Ltd and Straits Steamship Company Limited entered into supplemental agreements dated 13 February 1995 and 20 July 1995 to amend the Joint Venture Agreement;

(c) shareholders' agreement dated 15 September 1991 entered into between PT SI, STIC, Tropical Resorts Limited, KMP BinCorp Investments Pte Ltd and Straits Steamship Land Limited in respect of Bintan Resort Management Pte Ltd to undertake, *inter alia*, the masterplanning, conceptualising and marketing of the development of BR; and a supplemental letter dated 15 September 1991 between the aforesaid parties. Bintan Resort Management Pte Ltd is presently a dormant company;

(d) joint venture agreement dated 28 May 1992 entered into between PT BIC, Sumitomo Rubber Industries Ltd, Sumitomo Electric Industries Ltd, Obayashi Corporation, Pico Batam Development and PT HR relating to their joint venture in respect of PT BEV to undertake the construction, maintenance, operation and/or sale of BEV, as further amended by (i) an amendment agreement dated 12 February 1993 between the above parties, (ii) a second amendment agreement dated 20 April 1995 between the above parties and Sembawang Corporation Investments (S) Pte Ltd, (iii) a third amendment agreement dated 24 January 1997 between PT BIC, Sumitomo Rubber Industries Ltd, Sumitomo Electric Industries Ltd, Obayashi Corporation, Sembawang Corporation Investments (S) Pte Ltd and Sembawang KMP Corporation Pte Ltd;

(e) ratification and accession agreement entered into between STIC, Ascendas and PT BIC on 23 June 2003 pursuant to which PT BIC agreed to be bound by the terms of the joint venture agreement dated 1 March 1994 entered into between PT Lembah Kemakmuran, STIC and Jurong Environmental Engineering Pte Ltd relating to their joint venture in respect of PT BIIE to develop BIE. The joint venture agreement will be terminated prior to registration of this Prospectus;

(f) joint venture agreement dated 11 January 1990 between PT HR, STIC and Jurong Environmental Engineering Pte Ltd relating to their joint venture in respect of PT BIC to carry on the business of developing BIP, and amended by supplemental agreements dated 16 February 1990 and 17 June 2003. The joint venture agreement will be terminated prior to registration of this Prospectus; and

(g) ratification and accession deed dated 18 January 1998 between PT BRC, Jurong Marine Services Pte Ltd, BRF, Kvaerner Fjellstrand (S) Pte Ltd and SembCorp Logistics Ltd (formerly known as Sembawang Maritime Limited); and (ii) ratification and accession deed executed on 15 December 1999 by Sembawang Corporation Limited in favour of BRF and PT BRC, both in respect of a joint venture agreement dated 8 July 1994 entered into between PT BRC, Jurong Marine Services, Kvaerner Fjellstrand (S) Pte Ltd and BRF relating to their joint venture in respect of BRF. The joint venture agreement will be terminated prior to registration of this Prospectus.

Our Directors believe that these agreements were entered into on an arm's length basis.

SHAREHOLDERS' MANDATE

We anticipate that our Group would, in the ordinary course of business, enter into transactions including but not limited to the transactions set out in this section with persons who are considered "interested persons" as defined in Chapter 9 of the Listing Manual. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Under Chapter 9 of the Listing Manual, a listed company may seek a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses.

In view of the time-sensitive nature of commercial transactions and to ensure the smooth and continuous operation of our Group's businesses, it would be advantageous to us to obtain a shareholders' mandate to enter into certain interested person transactions in our normal course of business, provided that such transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and its minority shareholders.

Pursuant to Rule 920(2) of the Listing Manual, our Company may treat a general mandate as having been obtained from our Shareholders ("**Shareholders' Mandate**") for us to enter into certain categories of interested person transactions with the classes of interested persons set out below, if the information required by Rule 920(1)(b) of the Listing Manual is included in this Prospectus. The information required by Rule 920(1)(b) is as follows:

(i) the class of interested persons with which the entity at risk will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the entity at risk;

(iv) the methods or procedures for determining transaction prices;

(v) the independent financial adviser's opinion on whether the methods or procedures in (iv) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;

(vi) an opinion from the audit committee if it takes a different view to the independent financial adviser; and

(vii) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (iv) become inappropriate.

The Shareholders' Mandate will be effective until the earlier of the following:

(a) our first annual general meeting following our admission to the Official List of the SGX-Sesdaq; or

(b) the first anniversary of the date of our admission to the Official List of the SGX-Sesdaq.

Thereafter, we will seek the approval of our shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting of our Company.

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons and their Associates shall abstain from voting on resolutions seeking to approve interested person transactions involving themselves and our Group.

Classes of Interested Persons

The Shareholders' Mandate will apply to our Group's transactions with the following classes of interested persons (the "**Interested Persons**" and each an "**Interested Person**"):

(a) the Temasek Group;

(b) SCI and its Associates;

(c) the Salim Group;

(d) the Parallax Group; and

(e) directors, chief executive officer and Controlling Shareholders of our Company or an Associate of any such director, chief executive officer and controlling shareholder.

Categories of Interested Person Transactions

The Shareholders' Mandate covers the following types of interested person transactions and the benefits to be derived therefrom ("**Interested Person Transactions**"):

(i) rental of vehicles;

(ii) leasing of premises, shop units and check-in counter;

(iii) provision of utilities;

(iv) provision of telecommunication services;

(v) provision of television broadcast services;

(vi) the obtaining of insurance and insurance-related services;

(vii) the sale and purchase of land and properties;

(viii) the obtaining of professional, management, operational, administrative and support services including secondment arrangements and finance and treasury, business development, marketing, planning and development consultancy and technical assistance, management information systems, human resource, corporate communications (including investor relations), taxation, audit, legal, corporate secretarial services and any other professional services ("**Professional, Administrative and Support Services**"); and

(ix) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (viii) above and which are necessary for the day-to-day operations of our Group or arise in the normal course of business of our Group.

Transactions with Interested Persons which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

Rationale for and Benefits of the Shareholders' Mandate

The Interested Person Transactions set out above are entered into or to be entered into by our Group in its ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. Our Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons.

The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions with the Interested Persons arise. In view of the time-sensitive nature of commercial transactions, it would be advantageous for our Group to obtain a Shareholders' mandate to enter into certain interested person transactions in our normal course of business. This will help in reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to us.

The Shareholders' Mandate is intended to facilitate transactions in our normal course of business which are transacted from time to time with the Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and its minority Shareholders.

Following the listing of our Company on the SGX-Sesdaq, disclosure will be made in our annual report of the aggregate value of Interested Person Transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate is in force.

REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

The parties responsible for reviewing and approving Interested Person Transactions are as follows:

(i) All Interested Person Transactions, other than the Professional, Administrative and Support Services

(a) individual transactions less than S$5,000,000 in value will be subject to review and approval by any Executive Director or Chief Executive Officer ("**CEO**") of the Company or such other officer(s) designated by the CEO (who do not have any interest, whether direct or indirect, in the transaction);

(b) individual transactions in value equal to, or exceeding, S$5,000,000 each will be subject to review and approval by the Audit Committee; and

(c) where the aggregate value of all transactions with the same Interested Person in the same financial year is equal to or exceeds S$9,999,999:

(aa) the relevant Interested Person Transaction which will result in the aggregate value of all transactions with the same Interested Person in the same financial year being equal to or exceeding S$10,000,000, will be subject to review and approval by the Audit Committee;

(bb) thereafter, the relevant Interested Person Transaction which will result in the aggregate value of all transactions with the same Interested Person in the same financial year being equal to or exceeding S$15,000,000, will be subject to review and approval by the Audit Committee;

(cc) thereafter, each relevant Interested Person Transaction which will result in the aggregate value of all transactions with the same Interested Person in the same financial year being equal to or exceeding an amount which is a multiple of S$5,000,000 in excess of S$15,000,000, will be subject to review and approval by the Audit Committee; and

(dd) any other transaction(s) with the same Interested Person in the same financial year which does not fall within the review procedures set out in sub-paragraphs (i)(c)(aa) to (cc) above, will be subject to review and approval by any Executive Director or CEO of the Company or such other officer(s) designated by the CEO (who do not have any interest, whether direct or indirect, in the transaction),

Provided that any transaction (1) which has been approved by the Shareholders, or (2) which is of a value below S$100,000, need not be included in the computation of the quantums herein.

(ii) Professional, Administrative and Support Services

The provision of the Professional, Administrative and Support Services to our Group by Interested Persons will be reviewed and approved by the Audit Committee. Prior to approving such transactions, the Audit Committee will satisfy itself that the pricing or fee structure for such service(s) is fair and reasonable and the terms are on normal commercial terms.

To ensure that the Interested Person Transactions are undertaken on normal commercial terms consistent with our usual business practices and policies, which are generally no more favourable to the Interested Person(s) than those extended to unrelated third parties, the following review procedures will be implemented by our Company:

(a) When engaging the services of or purchasing products from an Interested Person (other than Professional, Administrative and Support Services), quotations from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products will be obtained (whenever possible or available) for comparison. The pricing or fees for services or products will not be higher than the most competitive price or fee obtained through the unrelated third party quotations to ensure that the price and terms offered by the Interested Person are fair and reasonable and competitive to those offered by other unrelated third parties for the same or similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, all pertinent factors, including but not limited to quality, delivery time, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors providing or selling a similar type of service or product), the Audit Committee will determine whether the price and terms offered by the Interested Person are fair and reasonable. In determining the transaction price payable to the Interested Person for such services or products, all pertinent factors, including but not limited to quality, delivery time, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

(b) When supplying services or selling products to an Interested Person, the pricing or fees for the services or products are to be carried out at the prevailing market rates or prices of the service or product providers, on terms no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates, process and/or discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

In the event that prevailing market rates or prices are not available (for instance due to the nature of the service to be provided or the product to be sold or if there are no other customers for similar products or services), the transaction prices will, where applicable, be in accordance with our Group's usual business practices and pricing policies, consistent with the usual margin of our Group for the same or substantially similar type(s) of transaction with unrelated third parties. In determining the transaction price payable by the Interested Person for such services or products, all pertinent factors, including but not limited to quantity, duration of contract, volume, strategic purposes of the transaction, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

(c) When renting properties from or to an Interested Person, appropriate steps will be taken to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.

(d) In relation to the engagement of an Interested Person for the provision of any Professional, Administrative and Support Services, the fees to be paid to the Interested Person for such service(s) will be (i) based on the actual cost incurred by the Interested Person in providing such service, or (ii) equal to or less than the fees charged by or paid to unrelated third parties for comparable services rendered by such unrelated third parties.

A register will be maintained by our Company to record all Interested Person Transactions carried out with Interested Persons pursuant to the Shareholders' Mandate, and the records thereof, if any, will be reviewed at least half-yearly by our Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors may also be taken into account.

In the event that a member of the Board or a member of the Audit Committee is interested in any Interested Person Transaction, he will abstain from reviewing that particular transaction. Our Board will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

The annual internal audit plan to be implemented by our Company will incorporate a review of all Interested Person Transactions entered into during the current financial year pursuant to the Shareholders' Mandate to ascertain whether the guidelines and procedures established to monitor the Interested Person Transactions have been complied with.

Our Audit Committee will review from time to time the guidelines and procedures established to monitor Interested Person Transactions to determine if they are adequate and/or commercially practicable in ensuring that transactions between our Group and the Interested Persons are conducted on normal commercial terms. If, during these periodic reviews, our Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these Interested Person Transactions will be on normal commercial terms and will not be prejudicial to our Company and its minority Shareholders, our Company will (pursuant to Rule 920(1)(b)(vii) of the Listing Manual) revert to our Shareholders for a fresh mandate based on new review guidelines and procedures for transactions with the Interested Persons.

Our Audit Committee and our Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within our Company as they deem appropriate.

REVIEW BY AUDIT COMMITTEE

Our Audit Committee will review all other existing and future interested person transactions not subject to the Shareholders' Mandate to ensure that:

(i) they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and its minority shareholders; and

(ii) the then prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

We will also endeavour to comply with the principles of and best practices set out in the "Best Practices Guide" of the Listing Manual.

OPINION OF THE INDEPENDENT FINANCIAL ADVISER

PrimePartners Corporate Finance Pte. Ltd. was appointed as the independent financial adviser to the Independent Directors pursuant to Rule 920(1)(b)(v) of the Listing Manual, to opine on whether the methods and review procedures as set out above for determining transaction prices are sufficient to ensure that our Group's transactions with the Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders.

Having considered, *inter alia*, the types of Interested Person Transactions and our methods and review procedures and subject to the qualifications and assumptions stated in their letter to the Independent Directors dated 28 April 2006 ("**IFA Letter**"), the IFA is of the opinion that our current methods and review procedures as set out on pages 182 to 185 of this Prospectus for determining the transaction prices of Interested Person Transactions are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders.

Please refer to the IFA Letter set out in Appendix C of this Prospectus for more details.

POTENTIAL CONFLICTS OF INTEREST

We summarise below the potential conflicts of interests which may arise from the interests of our Controlling Shareholders and Directors and/or their Associates, and the Ascendas Group, in entities carrying on the same businesses as us.

(a) **SCI Group**

The SCI Group has interests in entities in the hotel and resort industry and/or companies that carry on the business of developing, managing and marketing industrial estates or industrial parks, and/or provide products and services to industrial estates or industrial parks. The SCI Group also has interests in entities that carry on telecommunications, utilities and travel agency businesses. Such businesses may be or may become in direct competition with, or their entities may be major customers or suppliers of, our Group.

The SCI Group has five core businesses in the following areas, namely, Utilities, Engineering and Construction, Environmental Engineering, Logistics and Marine Engineering:

Utilities. Its Utilities business provides utilities, energy and industrial site services primarily to process industry clusters. This includes the provision of such services to industrial estates or industrial parks, as well as the ownership and development of such estates or parks in some cases (such as the Wilton International site in the United Kingdom).

Engineering and Construction, Environmental Engineering. This business provides a full spectrum of engineering and construction services while its Environmental Engineering business offers solutions for waste treatment and environmental project management, catering to the municipal, industrial, commercial and healthcare sectors.

Logistics. This provides end-to-end supply chain management and also operates regional offshore supply bases.

Marine Engineering. This specialises in ship repair, shipbuilding, ship conversion, rig construction and offshore engineering.

The SCI Group's portfolio of businesses includes SembPark, an industrial park operator managing industrial parks and estates in Indonesia, China and Vietnam as well as hotels and resorts. Companies in our Group, including PT BIC and PT BIIE, have appointed SembPark as their exclusive marketing agent to provide marketing services in respect of BIP and BIE. These agreements do not prohibit SembPark or the SCI Group from providing such services to other industrial estates in Batam, Bintan, or in any other territory. SembPark, a member of the SCI Group, is an industrial park operator managing and/or marketing industrial parks and estates in Indonesia, China and Vietnam. There is a risk that SembPark may compete with our Group for property acquisitions, tenants and investors. In addition, the industrial parks and estates managed by the SCI Group in China, Vietnam and elsewhere in Indonesia may be in competition with BIP and BIE.

In addition, SCI Group has a 7.5% interest in Safe2Travel Pte Ltd, an International Air Transport Association accredited travel agency in Singapore. Safe2Travel Pte Ltd is a large local corporate travel agency in Singapore and provides, *inter alia*, hotel and travel arrangement services and offers travel packages to destinations worldwide.

The SCI Group also has interests in Somerset Surabaya Hotel & Service Residence in Indonesia, Summit Parkview Hotel in Myanmar, Wuxi Garden City Mall Hotel Co., Ltd in China and Norfolk Hotel in Vietnam. PT AIB owns and operates Nirwana Gardens Resort located in Bintan. In the event that our Group acquires an equity interest in PT AIB pursuant to the PT AIB Convertible Loan Agreement, such hotels and/or resorts may be in competition with the hotels and/or resorts managed/operated by our Group (please refer to the section "General Information on our Group – PT AIB Convertible Loan Agreement" on page 57 for information on the PT AIB Convertible Loan Agreement).

Low Sin Leng is one of our non-executive Directors. She also sits on the boards of several subsidiaries and associated companies of SCI.

With a view to mitigating certain of the potential conflicts of interest between the SCI Group and our Group, SCI has undertaken that, for so long as the aggregate interest of SCI and its subsidiaries in our Shares is equal to or more than 15% (or such other percentage as the parties may agree, taking into account the definition of "controlling shareholder" in the Listing Manual, such agreement not to be unreasonably withheld), SCI and its subsidiaries which are not listed on any stock exchange ("**Relevant SCI Group**") shall not:

(i) undertake or enter into any agreement, understanding and/or arrangement to undertake any business opportunity in relation to resort operations in Batam and Bintan (collectively, the "**Territory**") (except in relation to the management and operation of Nirwana Resort in Bintan), provided that nothing shall prevent the Relevant SCI Group from developing a resort on any land purchased from our Group so long as the provision and/or supply of utilities, non-internet related telecommunications and/or waste management services to such resort or land is offered to our Group in the first instance. For this purpose, "business opportunity in relation to resort operations" means:

  (a) any proposal to own, develop, market, manage and/or operate any resort, hotel, golf course and/or boat chartering and/or ferry services for the Singapore-Bintan route in the Territory (whether as a master developer and/or in any other capacity);

  (b) any proposal to acquire any interest in or carry on (whether directly or indirectly, and whether as trustee, agent, shareholder, investor, joint venture partner or in any other capacity) any business (except in respect of Nirwana Resort) in direct competition with our Group's resorts operation business in the Territory; and/or

  (c) any proposal to expand the business and operations of the Relevant SCI Group in or into the Territory which may directly compete with our Group's resorts operation business, except in respect of Nirwana Resort;

(ii) undertake or enter into any agreement, understanding and/or arrangement to undertake any business opportunity in relation to industrial parks in the Territory, provided that nothing shall prevent the Relevant SCI Group from developing any industrial park or industrial estate on any land purchased from our Group so long as the provision and/or supply of utilities, non-internet related telecommunications and/or waste management services to such industrial park or industrial estate and tenants or facilities located in such industrial park or industrial estate is offered to our Group in the first instance. For this purpose, "business opportunity in relation to industrial parks" means:

  (a) any proposal to develop, market (whether for sale or lease or otherwise), manage and/or operate any industrial park or industrial estate and/or any supporting infrastructure and services in the Territory (other than the provision of utility services outside BIP and/or BIE);

  (b) any proposal to acquire any interest in or carry on (whether directly or indirectly, and whether as trustee, agent, shareholder, investor, joint venture partner or in any other capacity) any business in direct competition with our Group's industrial parks business in the Territory; and/or

  (c) any proposal to expand the business and operations of the Relevant SCI Group in or into the Territory which may directly compete with our Group's industrial parks business; and

(iii) undertake or enter into any agreement, understanding and/or arrangement to undertake any business opportunity in relation to property development in the Territory. For this purpose, "business opportunity in relation to property development" means:

  (a) any proposal to own, develop, manage and/or market any land and/or property in the Territory except where such proposal relates to land and/or property to be utilised in connection with any SCI Group's businesses which are not related to hotels, resorts or industrial estates or parks;

(b) any proposal to acquire any interest in or carry on (whether directly or indirectly, and whether as trustee, agent, shareholder, investor, joint venture partner or in any other capacity) any business in competition with our Group's property development business in the Territory; and/or

(c) any proposal to expand the business and operations of the Relevant SCI Group in or into the Territory which may compete with our Group's property development business,

unless the Relevant SCI Group entity first offers such opportunity to our Group.

In addition, Ms Low has undertaken to our Company to as soon as practicable disclose and declare to the Board of our Company any conflict of interests that she shall have knowledge of which may arise from time to time, and has undertaken to abstain from voting on any matter or business opportunity put forward to the Board of our Company for evaluation in which the SCI Group and/or herself may be interested. Ms Low shall be released from the above obligations upon SCI being released from the above undertaking or her ceasing to be a director of our Company or upon her ceasing to be an employee of all the companies within the SCI Group.

Each of the deeds of undertaking was entered into by our Company with SCI and Ms Low respectively on an arm's length basis.

(b) **Salim Group**

The Salim Group carries on and has interests in entities that carry on the business of developing, managing and marketing other industrial estates or industrial parks in Indonesia, China and Vietnam, and/or that provide products and services to such industrial estates or industrial parks.

The Salim Group also has interests in hotels and resorts in, *inter alia*, Bali, Vietnam and China. PT AIB owns and operates Nirwana Gardens Resort located in Bintan. In the event that our Group acquires an equity interest in PT AIB pursuant to the PT AIB Convertible Loan Agreement, the hotels and resorts in which the Salim Group has an interest may be in direct competition with the hotels and/or resorts owned and/or operated by our Group.

The Salim Group has interests in telecommunications and property development businesses in Indonesia, the Philippines and China.

With a view to mitigating certain of the potential conflicts of interest between the Salim Group and our Group, PT HR has undertaken that, for so long as the aggregate interest of the group of companies controlled (as defined in the undertaking) by Anthoni Salim in our Shares is equal to or more than 15% (or such other percentage as the parties may agree, taking into account the definition of "controlling shareholder" in the Listing Manual, such agreement not to be unreasonably withheld), the companies controlled by Anthoni Salim (other than members of the Salim Group which are listed on any stock exchange) ("**Relevant Salim Group**") shall not:

(i) undertake or enter into any agreement, understanding and/or arrangement to undertake any business opportunity in relation to resort operations in the Territory (except in relation to the Nirwana Resort, the Ria Bintan Resort and a proposed hotel/resort in Bintan which has been disclosed to our Board prior to the execution of the undertaking and the provision by the Salim Group of ferry services between Batam and Bintan), provided that nothing shall prevent the Relevant Salim Group from developing a resort on any land purchased from our Group so long as the provision and/or supply of utilities, non-internet related telecommunications and/or waste management services to such resort or land is offered to our Group in the first instance. For this purpose, "business opportunity in relation to resort operations" means:

(a) any proposal to own, develop, market, manage and/or operate any resort, hotel, golf course and/or boat chartering and/or ferry services for the Singapore-Bintan route in the Territory (whether as a master developer and/or in any other capacity);

(b) any proposal to acquire any interest in or carry on (whether directly or indirectly, and whether as trustee, agent, shareholder, investor, joint venture partner or in any other capacity) any business in direct competition with our Group's resorts operation business in the Territory; and/or

(c) any proposal to expand the business and operations of the Relevant Salim Group in or into the Territory which may directly compete with our Group's resorts operation business;

(ii) undertake or enter into any agreement, understanding and/or arrangement to undertake any business opportunity in relation to industrial parks in the Territory, provided that nothing shall prevent the Relevant Salim Group from developing any industrial park or industrial estate on any land purchased from our Group so long as the provision and/or supply of utilities, non-internet related telecommunications and/or waste management services to such industrial park or industrial estate and tenants or facilities located in such industrial park or industrial estate is offered to our Group in the first instance. For this purpose, "business opportunity in relation to industrial parks" means:

(a) any proposal to develop, market (whether for sale or lease or otherwise), manage and/or operate any industrial park or industrial estate and/or any supporting infrastructure and services in the Territory (other than the provision of utility services outside BIP and/or BIE);

(b) any proposal to acquire any interest in or carry on (whether directly or indirectly, and whether as trustee, agent, shareholder, investor, joint venture partner or in any other capacity) any business in direct competition with our Group's industrial parks business in the Territory; and/or

(c) any proposal to expand the business and operations of the Relevant Salim Group in or into the Territory which may directly compete with our Group's industrial parks business; and

(iii) undertake or enter into any agreement, understanding and/or arrangement to undertake any business opportunity in relation to property development in the Territory (except in relation to the reclamation, development, management and/or marketing of Batam Centre in Batam). For this purpose, "business opportunity in relation to property development" means:

(a) any proposal to own, develop, manage and/or market any land and/or property in the Territory, except where such proposal relates to land and/or property to be utilised in connection with any of Salim Group's businesses which are not related to hotels, resorts or industrial estates or parks;

(b) any proposal to acquire any interest in or carry on (whether directly or indirectly, and whether as trustee, agent, shareholder, investor, joint venture partner or in any other capacity) any business in competition with our Group's property development business in the Territory; and/or

(c) any proposal to expand the business and operations of the Relevant Salim Group in or into the Territory which may compete with our Group's property development business,

unless the Relevant Salim Group entity first offers such opportunity to our Group.

The deed of undertaking was entered into between PT HR and our Company on an arm's length basis.

As at the Latest Practicable Date, the Company understands that the Salim Group may acquire an interest in an entity which has constructed or proposes to construct a hotel/resort in Bintan. Our Board has indicated that the Salim Group may continue with this investment without offering such opportunity to our Group.

(c) **Parallax Group**

Our Chief Executive Officer, Eugene Cho Park, is a shareholder of PCM, which is the holding company of the Parallax Group. He sits on the boards of companies in the Parallax Group. The funds managed by PCM have invested and/or may, from time to time, invest in companies that compete with, that are customers, suppliers and/or joint venture partners of, our Company or any member of our Group. Mr Park and/or his associates are and/or may become directors of such companies.

The Parallax Group has interests in entities which hold the leasehold of land banks in Bintan and the Karimun Islands. The Parallax Group also has interests in entities which own hotels and golf courses in BR. These are in competition with our Group's operation and management of the golf courses at SouthLinks Country Club in Batam. In the event that our Group acquires an equity interest in PT AIB pursuant to the PT AIB Convertible Loan Agreement, the hotels and resorts in which the Parallax Group has an interest may be in direct competition with the hotels and/or resorts owned and/or operated by our Group.

Mr Park has in his service agreement dated 1 February 2006 with our Company, undertaken to our Company to as soon as practicable disclose and declare to the Board of our Company any conflict of interests which may arise from time to time, and has undertaken to abstain from voting on any matter or business opportunity put forward to the Board of our Company for evaluation in which the Parallax Group, himself and/or any of his associates may be interested. He has also given certain undertakings to our Company to restrict his ownership in companies which compete with our Group in Bintan and Batam and to preserve confidentiality. (For further information on Mr Park's service agreement with our Company, please refer to the section entitled "Service Agreement" on pages 150 and 151 of this Prospectus.)

(d) **Ascendas Group**

The Ascendas Group carries on and has interests in entities that carry on the business of developing, managing and marketing other industrial estates or industrial parks or business parks in Singapore, India, the Philippines, Indonesia, China, Thailand, Taiwan and Vietnam, and/or that provide products and services to such industrial estates or industrial parks.

The Ascendas Group also has interests in entities which develop, manage and/or market science parks, industrial and business spaces which provide office and/or factory space with supporting facilities such as telecommunications and internet and other business services to tenants. There is a risk that companies in the Ascendas Group may compete with our Group for property acquisitions, tenants and investors. In addition, the industrial parks and estates managed by the Ascendas Group in Singapore, China, Thailand, Taiwan, Vietnam and Indonesia may be in competition with BIP and BIE.

Mr Lim Hock San, one of our Independent Directors, is presently the non-executive acting Chairman of Ascendas Pte Ltd.

We believe that potential conflicts of interests are addressed or mitigated as follows:

(a) Our Directors owe fiduciary duties to us, including the duty to act in good faith and in our Company's best interests. Our Directors also have a duty to disclose their interests in respect of any contract, arrangement, proposal, transaction or matter in which they have a personal material interest (including interests that arise from their directorships(s) or shareholding(s) in any other corporation(s)) that may involve them. Upon such disclosure, such Directors shall not participate in any proceedings of our Board, and shall abstain from voting, in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until our Audit Committee has determined that no such conflict of interest exists.

(b) Our Audit Committee will review any actual or potential conflicts of interests that may involve our Directors disclosed by them to our Board and the exercise of Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by a Director, our Audit Committee will evaluate whether it considers a conflict of interests does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interests relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Audit Committee may deem reasonably necessary.

(c) On our listing on the SGX-Sesdaq, we will be subject to the rules in the Listing Manual on interested person transactions. These rules require us to make announcements, disclosures in our annual report and/or seek shareholders' approval for certain material interested person transactions. Our Audit Committee may also appoint independent financial advisers to review interested person transactions and opine whether such transactions are on normal commercial terms and are not prejudicial to our interests and the interests of our minority shareholders.

(d) We have established policies and procedures, including internal audit controls, to ensure that our transactions with our Controlling Shareholders and their Associates are entered into on an arm's length basis and on commercial terms consistent with our Group's usual business practices and policies. PPCF, an independent financial adviser, has reviewed our methods and procedures for determining transaction prices with the Interested Persons, and has opined that such methods and procedures are sufficient to ensure that our transactions with the Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority shareholders. Please see the section "Interested Person Transactions – Opinion of the Independent Financial Adviser" on page 185 of this Prospectus and the IFA Letter set out in Appendix C of this Prospectus.

(e) Under the Listing Manual, our Shareholders' Mandate is subject to annual renewal, and disclosure of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate during each financial year must be made in our annual reports for the years during which the Shareholders' Mandate is in force.

(f) Our Audit Committee will also review from time to time the guidelines and procedures established to monitor interested person transactions to determine if they are adequate and/or commercially practicable in ensuring that transactions between our Group and the interested persons are conducted on normal commercial terms. If a member of our Audit Committee has an interest in a transaction, he shall abstain from participating in the review and approval process of our Audit Committee in relation to that transaction. If, during these periodic reviews, our Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these interested person transactions will be on normal commercial terms and will not be prejudicial to our Company and its minority Shareholders, our Company will (if required by the Listing Manual) revert to our Shareholders for a fresh mandate based on new review guidelines and procedures for transactions with the interested persons.

For further information on our review procedures and internal controls in relation to our transactions with our Controlling Shareholders and their Associates, please refer to the section "Interested Person Transactions – Review Procedures for Interested Person Transactions" on pages 182 to 185 of this Prospectus.

EXCHANGE CONTROLS

The discussion below is not intended to constitute a complete analysis of all exchange control consequences relating to our operations or business in Singapore, Indonesia and Malaysia. Prospective purchasers of our Shares should consult their own legal advisors concerning the exchange control consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as at the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant authorities or the courts could later disagree with the explanations or conclusions set out below.

While there are certain foreign exchange controls in the jurisdiction as discussed below, these foreign exchange controls have not had any material adverse effect on the repatriation of dividends, interest or other payments from our subsidiaries in these jurisdictions to our Company, nor have they had any material adverse effect on our Company's cash flow.

Singapore

Singapore has an Exchange Control Act which seeks to confer powers, and impose duties and restrictions, in relation to gold, currency, payments, securities, debts and the import, export, transfer and settlement of property, and for purposes connected with those matters.

However, the Authority has on 25 May 1978 issued a notice stating, *inter alia*, that with effect from 1 June 1978, all persons are exempted from the provisions, obligations, etc. imposed under various sections of the Exchange Control Act and therefore, no exchange control formalities or approvals are required for all forms of payments or capital transfers.

Indonesia

Indonesia maintains a foreign exchange system based on the free flow of foreign exchange. Residents of Indonesia remain free to hold foreign currencies, and the Rupiah is also freely convertible. Accordingly, remittances of capital, profits, dividends, interest and royalties (subject to payment of withholding tax) in foreign currencies from our subsidiaries in Indonesia, including PT BIC, PT BIIE, PT BEV and PT BRC) to our Company or Verizon Resorts (Labuan) are not subject to any exchange controls. However, pursuant to the Foreign Exchange Flow Law (Law No. 24 of 1999), there is a reporting system administered by Bank Indonesia (the central bank) on foreign currency remittances conducted by banks on behalf of residents. Bank Indonesia controls the Indonesian currency and oversees the conversion of the Rupiah to foreign currencies, which may be effected at the foreign exchange licensed banks and licensed money changers. Monitoring by Bank Indonesia is carried out by requiring all banks in Indonesia to report (i) foreign exchange remittances through the bank either for its own account or the account of its customers, and (ii) changes in the position of the banks' foreign assets and liabilities.

For transactions which are not carried out through the Indonesian banking system, pursuant to Bank Indonesia Regulation No. 4/2/PBI/2002, as amended by Bank Indonesia Regulation No. 5/1/PBI/2003, concerning Monitoring of Foreign Exchange Activities by Non-Financial Institutions, as of 1 June 2002, companies (non-banks and non-financial institutions) having total assets or a total annual gross revenue of at least Rp100 billion are required to report to Bank Indonesia on (i) transactions affecting their offshore assets and liabilities, and (ii) changes in position of their foreign assets and liabilities. Indonesian individual residents are, however, not subject to any direct reporting obligation to Bank Indonesia save for the reporting of offshore obligations arising from, *inter alia*, offshore commercial loans of over US$500,000 as regulated under Regulation of Bank Indonesia No. 2/22/PBI/2000 dated 2 October 2000 and Circular Letter of a Director of Bank Indonesia No. 6/51/DLN dated 31 December 2004, as amended.

In relation to Rupiah remittances, pursuant to Bank Indonesia Regulation Number 7/14/PBI/2005 dated 14 June 2005 and Circular Letter Number 7/23/DPD dated 8 July 2005, as amended by Circular Letter Number 7/44/DPD dated 15 September 2005 on Restrictions on Rupiah Transactions and Foreign Currency Credits Offered by Banks, cross border remittances of Rupiah funds through the Indonesian banking system is prohibited. Pursuant to Bank Indonesia Regulation Number 4/8/PBI/2002 on Requirements and Procedures for Carrying Rupiah out of or into the Customs Areas of the Republic of Indonesia, Rupiah notes or coins amounting to Rp100 million and above may only be taken out of Indonesia with the prior approval of Bank Indonesia.

Malaysia

The rules regarding exchange control are contained in the Exchange Control Act, 1953 (the "**Act**") and the Exchange Control of Malaysia Notices ("**ECM**") issued by the Controller of Foreign Exchange (the "**Controller**") pursuant to the Act.

Generally, foreign direct investors may freely repatriate their investments, including capital, profit, dividends and interest in any currency other than Malaysian Ringgit.

Specifically, Verizon Resorts (Labuan) has been declared a non-resident for exchange control purposes by the Controller under ECM 15, subject to the condition that it shall not undertake any transaction with the residents of, or deal in the currencies of, Israel, Serbia and Montenegro without the prior permission of the Controller of Foreign Exchange.

The effect of being declared a non-resident is that:-

(i) Commercial banks and merchant banks in Malaysia are freely allowed to open foreign currency accounts for Verizon Resorts (Labuan). There are no restrictions on the inflow and outflow of funds through the foreign currency accounts of Verizon Resorts (Labuan).

(ii) Commercial banks and merchant banks in Malaysia may extend credit facilities in Malaysia Ringgit up to the aggregate of RM5 million to Verizon Resorts (Labuan) to finance projects undertaken in Malaysia. The project may be undertaken by Verizon Resorts (Labuan) individually or jointly with residents and/or non-residents. The total amount of credit facilities should not exceed the contract value of the project undertaken by Verizon Resorts (Labuan).

(iii) In addition to the above, commercial banks and merchant banks in Malaysia may extend to Verizon Resorts (Labuan) Malaysian Ringgit overdraft facilities not exceeding RM500,000 in aggregate provided they are secured by fixed deposits placed by Verizon Resorts (Labuan) with the banking institutions.

(iv) Verizon Resorts (Labuan) may open one or more foreign currency accounts in or outside Malaysia.

Verizon Resorts (Labuan) may buy, borrow, sell or lend foreign currency with an authorised dealer, a Tier-1 Merchant Bank, a licensed bank carrying on business in Labuan or any non-resident. Tier-1 Merchant Banks are merchant banks which have been given approval by the Controller to undertake dealings in foreign currency as specified in the ECM. As at the Latest Practicable Date, the Tier-1 Merchant Banks are AmMerchant Bank Berhad, Aseambankers Malaysia Berhad, Commerce International Merchant Bankers Berhad, RHB Sakura Merchant Bankers Berhad and Malaysian International Merchant Bankers Berhad.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND KEY EXECUTIVES

1. Save as disclosed below, none of our Directors, Key Executives or Controlling Shareholders:

   (a) during the last 10 years, has had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner;

   (b) during the last 10 years, has had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity, or where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) has any unsatisfied judgment against him;

   (d) has been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) has been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including pending criminal proceedings of which he is aware) for such breach;

   (f) during the last 10 years, has had judgment entered against him in any civil proceeding in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) has been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) has been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (i) has been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (j) to his knowledge, has been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

      (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

      (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities and futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Mr Lim Hock San has been a director of Singapore Soviet Shipping Co. Private Ltd. ("**SSSCPL**") since 28 April 1992. On 10 March 2003, SSSCPL was put in voluntary creditors' liquidation. The liquidation process is still ongoing. SSSCPL is an associated company of United Industrial Corporation Limited and was directly managed by two joint managing directors. Mr Lim was not engaged in the day-to-day management of SSSCPL.

Since 1993, Mr Anthoni Salim has been a director of Bintan Lagoon Resort Ltd. Mr Gunawan Adiwibowo has been an alternate director (to Mr Anthoni Salim) of Bintan Lagoon Resort Ltd since 4 November 2002. In April 2005, Bintan Lagoon Resort Ltd was placed under compulsory winding-up. The liquidation process is ongoing as at the Latest Practicable Date. Mr Anthoni Salim and Mr Gunawan Adiwibowo were not engaged in the day-to-day management of Bintan Lagoon Resort Ltd. Ms Low Sin Leng was a director in Bintan Lagoon Resort Ltd from 2001 to 2004.

Mr Anthoni Salim and Ms Low Sin Leng are also defendants in legal proceedings commenced in Indonesia, information of which is given in paragraph 9(f) of this section "General and Statutory Information – Litigation".

2. No emoluments (including Central Provident Fund contributions thereon) were paid to our then existing Directors for services rendered in all capacities to our Group for FY2002 to FY2005. The estimated aggregate emoluments payable to our present Directors in FY2006 under the arrangements in force as at the date of this Prospectus (including the Service Agreement referred to on pages 150 and 151 of this Prospectus) is approximately S$185,000 (excluding any performance bonus).

3. Save as disclosed herein, as at the date of this Prospectus, no person (including our Directors and Key Executives) has, or is entitled to be given, an option to subscribe for or purchase any shares in, or debentures of, our Company or any of our subsidiaries.

Our Group proposes to acquire up to 20% of the issued share capital of PT SI from the shareholders within approximately 6 months from the date of admission of our Company to the SGX-Sesdaq, subject (*inter alia)* to all necessary consents and approvals. It is contemplated that if we acquire 20% of PT SI's capital, the purchase consideration for the acquisition will be approximately S$1.0 million, to be satisfied by the issue of 2,059,316 new Shares at an issue price of S$0.50 per Share.

As at the date of this Prospectus, UOB has an option to require PVP XXX to purchase from UOB Nominees all the 60,501,012 Shares held by UOB Nominees for an aggregate purchase price of S$1,500,000. The option may be exercised by UOB in the event that our Company is not admitted to the Official List of the SGX-ST or any securities exchange prior to 1 June 2006, during the period commencing on 1 June 2006 and ending at the earlier of (i) 9 a.m. on the date on which our Company is admitted to the Official List of the SGX-ST or any other securities exchange, whichever is earlier, and (ii) 31 August 2009.

SHARE CAPITAL

4. As at the date of this Prospectus, there is only one class of shares in our share capital. The rights and privileges attached to the Shares are stated in the Articles of Association of our Company.

5. Save as disclosed below and in the section entitled "Share Capital" on pages 50 to 52 of this Prospectus, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries within the last three years preceding the Latest Practicable Date.

Company name/ Date of issue of share(s)	Purpose of issue	Approximate issue price per share	Approximate issue price / Consideration	Number of share(s) issued	Resultant issued share capital
Our Company					
7 April 2003	Subscriber shares	S$1	S$2	20	S$2
BRFH					
19 March 2003	Working capital	S$1	S$100,000	100,000	S$300,000
PT BIIE					
4 July 2002	Capitalisation of shareholder loans owing to STIC, Ascendas and PT BIC	Rp 2,162 (US$1)	Rp 140,871,596,000	65,158,000	Rp162,491,596,000 (US$75,158,000)
15 February 2006*	Capitalisation of shareholder loans owing to STIC, Ascendas and PT BIC	Rp 2,162 (US$1)	S$65,000,000	39,370,000	Rp247,609,536,000 (US$114,528,000)
PT BRC					
16 January 2005	Capitalisation of shareholder loans owing to STIC, STICI, PT Elitindo and SBRH	Rp2,105 (US$1)	S$22,550,500	13,265,000	Rp133,172,825,000 (US$63,265,000)
16 January 2006	Capitalisation of shareholder loans owing to Verizon Resorts (Labuan)	Rp2,105 (US$1)	S$124,509,901 and US$60,164,258	133,400,000	Rp413,979,825,000 (US$196,665,000)
PT SBP					
27 October 2005	Capitalisation of shareholder loan owing to Verizon Resorts (Labuan)	Rp1,000,000	Rp3,403,000,000	3,403	Rp59,469,000,000
PT BMW					
24 October 2005	Capitalisation of shareholder loan owing to Verizon Resorts (Labuan)	Rp1,000,000	Rp19,579,000,000	19,579	Rp318,197,000,000
Verizon Resorts (Labuan)					
5 May 2004	Incorporation	US$1	US$1	1	US$1

* Subject to registration with the Indonesian authorities.

OUR ARTICLES OF ASSOCIATION

6. Our Company is registered with the Accounting and Corporate Regulatory Authority in Singapore, and the registration number with which our Company was incorporated is 200303179Z.

7. Extracts of certain provisions of the Articles of Association of our Company are set out in Appendix E of this Prospectus. The Articles of Association of our Company are available for inspection at our registered office as stated in the section "Documents Available for Inspection" from page 212 of this Prospectus.

MATERIAL CONTRACTS

8. The following contracts (not being contracts entered into in the ordinary course of business of our Company or its subsidiaries (as the case may be)) have been entered into by our Company and/or our subsidiaries within the two years preceding the date of lodgment of this Prospectus and are, or may be, material:

   (a) supplemental agreement dated 30 March 2004 between PT BEV and Obayashi Corporation pursuant to which a credit agreement dated 23 September 1994 between the same parties in respect of a loan of up to US$1,500,000 to PT BEV was extended for a further term to 31 March 2005;

   (b) supplemental agreement dated 1 April 2004 between PT BEV and Sumitomo Electric Finance UK Limited pursuant to which a credit agreement dated 30 April 2002 between the same parties in respect of a loan of up to US$400,000 granted to PT BEV was extended for a further term to 31 March 2005;

   (c) technical assistance agreement dated 10 August 2004 made between PT BIC and RIM for the provision by Riau Infrastructure Management Services Pte Ltd ("**RIM**") of technical assistance including, *inter alia*, master planning, advising on estate management, industrial park operations and maintenance and project maintenance in Batam, Indonesia, for the period from 1 January 2004 to 31 December 2004, for a fee of S$75,000;

   (d) marketing agency agreement dated 10 August 2004 made between PT BIC and SembPark pursuant to which SembPark was appointed as the sole and exclusive marketing agent in respect of BIP for the period from 1 January 2004 to 31 December 2004 for a fee of S$4,225,000;

   (e) renewal agreement dated 25 August 2004 made between BRF and TVMobile Pte Ltd ("**TVMobile**") in respect of the agreement dated 1 October 2001 between the same parties. Under the agreement, in consideration of BRF agreeing to allow TVMobile to install the equipment and broadcast the TVMobile channel to passengers in the ferries, TVMobile granted BRF certain air-time entitlement amounting to a value of S$40,000 per annum for the display of advertisements on the TVMobile channels. Under the agreement, TVMobile shall also pay a commission, to be calculated based on the payment received by TVMobile from the advertiser, for the sales of airtime for the display of advertisements on the TVMobile channel resulting from sales leads introduced by BRF to TVMobile;

   (f) settlement deed dated 30 August 2004 made between PT BRC and PT Tropical Amethyst ("**PT TA**") in respect of arbitration proceedings between PT BRC and PT TA in relation to a site development agreement dated 28 March 1995 entered into between PT BRC, Amethyst Holdings Private Limited and Tropical Bintan Pte Ltd (which was subsequently novated pursuant to a novation agreement dated 10 November 1997 made between PT BRC, PT TA, Amethyst Holdings Private Limited and Tropical Bintan Pte Ltd pursuant to which PT TA was substituted as a party to the agreement in place of Amethyst Holdings Private Limited and Tropical Bintan Pte Ltd). Under the settlement deed, PT TA agreed to pay to PT BRC an aggregate amount of S$583,118.33, being the aggregate outstanding unpaid amounts for electricity and maintenance charges payable by PT TA;

   (g) supplemental agreement dated 6 September 2004 made between PT BEV and Sembawang KMP Corporation Pte Ltd pursuant to which a credit agreement dated 1 May 1995 between PT BEV and Sembawang Corporation Investments (S) Pte Ltd in respect of a loan of up to US$750,000 (which was subsequently assigned by Sembawang Corporation Investments (S) Pte Ltd to Sembawang KMP Corporation Pte Ltd) was extended for a further term to 31 March 2005;

   (h) supplemental agreement dated 15 September 2004 between PT BEV and Sumitomo Rubber Industries Limited pursuant to which a credit agreement dated 23 September 1994 between the same parties in respect of a loan of up to US$2,250,000 to PT BEV was extended for a further term to 31 March 2005;

(i) supplemental agreement dated 22 September 2004 made between PT BEV and PT BIC to a credit agreement dated 23 September 1994 between the same parties in respect of a loan of up to US$6,000,000 granted to PT BEV was extended for a further term to 31 March 2005;

(j) loan agreement dated 8 October 2004 made between PT BIIE and PT Lembah Kemakmuran pursuant to which PT Lembah Kemakmuran advanced a loan of S$12,370,282 to PT BIIE;

(k) supplementary agreement dated 15 December 2004 made between PT BIC, STIC, Ascendas and PT BIIE pursuant to which the parties agreed that the interest payable by PT BIIE on the loans to PT BIIE made under the shareholders' loan agreement dated 25 February 2002 shall be 4% per annum with effect from 1 April 2004 until further revised by the lenders in writing;

(l) sale and purchase agreement dated 23 December 2004 made between our Company and PVP XXX (which was amended by a supplemental agreement dated 31 March 2006 made between our Company and PVP XXX) relating to the acquisition by our Company of the entire issued share capital of Verizon Resorts (Labuan) from PVP XXX for an aggregate purchase consideration of S$613,341,220, and containing, *inter alia*, certain representations and warranties given by each party to the other and limitations on liability in respect of such representations and warranties;

(m) convertible loan agreement dated 1 January 2005 made between Verizon Resorts (Labuan) and PT AIB pursuant to which the parties agreed that the loan in the principal amount of S$62,045,922 owing by PT AIB to Verizon Resorts (Labuan) would, subject to the terms thereof, be redeemed and/or convertible into shares in PT AIB at the option of Verizon Resorts (Labuan), further information of which is furnished on page 57 of this Prospectus;

(n) offshore services agreement dated 22 January 2005 entered into between PT BRC and ILI for the provision by ILI of certain services in respect of BR located in Bintan, Indonesia, including assisting in the overall infrastructure and financial planning of BR, providing assistance in international sourcing of consultants, contractors and suppliers and promoting the sale of land located in Bintan Beach International Resort, for a period from 1 January 2005 to 31 December 2005, for a fee calculated based on, *inter alia*, the costs of providing the services and the amount of revenue earned from the sale of land;

(o) offshore consultancy agreement dated 22 January 2005 entered into between PT BRC and BRDC for the provision by BRDC of certain services in respect of Bintan Beach International Resort, including assisting in the infrastructural financial planning of Bintan Beach International Resort and promoting Bintan Beach International Resort as a holiday destination, for a period from 1 January 2005 to 31 December 2005, for a fee calculated based on, *inter alia*, the costs of providing such services;

(p) scheme of arrangement agreement dated 8 February 2005 made between our Company, ATD and PT HR relating to the ATD Scheme, certain information of which is provided on page 52 of this Prospectus;

(q) supplemental agreement dated 8 February 2005, and second supplemental agreement dated 31 March 2006, made between the Company and PT HR, to the sale and purchase agreement dated 16 April 2003 made between the same parties relating to the acquisition by the Company of an aggregate of 39,999 shares in the capital of PT BIC from PT HR for an aggregate purchase consideration of S$237,496,688, and containing, *inter alia*, certain representations and warranties given by each party to the other and limitations on liability in respect of such representations and warranties;

(r) loan agreement dated 22 March 2005 between our Company and Verizon Resorts (Labuan) relating to a loan from our Company to Verizon Resorts (Labuan) of an amount of S$87,500,000. Verizon Resorts (Labuan) in turn lent, interest-free, an amount of S$87,500,000 to Oasis by way of a promissory note dated 22 March 2005;

(s) supplemental agreement dated 24 March 2005 made between PT BEV and Sembawang KMP Corporation Pte Ltd pursuant to which a credit agreement dated 1 May 1995 between PT BEV and Sembawang Corporation Investments (S) Pte Ltd in respect of a loan of up to US$750,000 (which was subsequently assigned by Sembawang Corporation Investments (S) Pte Ltd to Sembawang KMP Corporation Pte Ltd) was extended for a further term to 31 March 2006;

(t) supplemental agreement dated 24 March 2005 between PT BEV and Sumitomo Rubber Industries Limited pursuant to which a credit agreement dated 23 September 1994 between the same parties in respect of a loan of up to US$2,250,000 to PT BEV was extended for a further term to 31 March 2006;

(u) supplemental agreement dated 24 March 2005 between PT BEV and Obayashi Corporation pursuant to which a credit agreement dated 23 September 1994 between the same parties in respect of a loan of up to US$1,500,000 to PT BEV was extended for a further term to 31 March 2006;

(v) supplemental agreement dated 24 March 2005 made between PT BEV and PT BIC to a credit agreement dated 23 September 1994 between the same parties in respect of a loan of up to US$6,000,000 granted to PT BEV was extended for a further term to 31 March 2006;

(w) supplemental agreement dated 24 March 2005 between PT BEV and Sumitomo Electric Finance UK Limited pursuant to which a credit agreement dated 30 April 2002 between the same parties in respect of a loan of up to US$400,000 granted to PTBEV was extended for a further term to 31 March 2006;

(x) offshore services agreement dated 24 March 2005 made between PT BIIE and SembPark for the provision by SembPark of offshore marketing and financial planning services in respect of BIE, for a period from 1 January 2005 to 31 December 2005, for a fee of S$2,530,000;

(y) technical assistance agreement dated 24 March 2005 made between PT BIIE and RIM for the provision by RIM of technical assistance including, *inter alia*, project management, estate management and site supervision in respect of BIE for the period from 1 January 2005 to 31 December 2005 for a fee of S$170,000;

(z) technical assistance agreement dated 24 March 2005 made between PT BIC and RIM for the provision by RIM of technical assistance including, *inter alia*, master planning, advising on estate management, industrial park operations and maintenance and project maintenance in Batam, Indonesia, for the period from 1 January 2005 to 31 December 2005, for a fee of S$75,000;

(aa) supplementary agreement dated 24 March 2005 entered into between PT BEV and SembPark in respect of a membership services and marketing agreement dated 29 June 1995 entered into between PT BEV and Batamindo Industrial Management Pte Ltd ("**BIM**") (and subsequently novated to SembPark by virtue of a novation agreement between PT BEV, BIM and SembPark dated 6 January 2000) for the provision of marketing services by SembPark in Singapore for a golf club and housing estate situated in Sei Ladi, Sekupang in Indonesia ("**Membership Services and Marketing Agreement**"), pursuant to which the remuneration payable by PT BEV for the provision of marketing services by SembPark for the period from 1 January 2005 to 31 December 2005 was S$162,156;

(bb) marketing agency agreement dated 24 March 2005 made between PT BIC and SembPark pursuant to which SembPark was appointed as the sole and exclusive marketing agent in respect of BIP for the period from 1 January 2005 to 31 December 2005 for a fee of S$4,225,000;

(cc) agreement evidenced by letters dated 6 June 2005 and 7 June 2005 between Verizon Resorts (Labuan) and Oasis pursuant to which the parties agreed, *inter alia*, that an outstanding amount aggregating S$63,395,658.72 (being principal and interest) owing by PT AIB to Oasis would be transferred to Verizon Resorts (Labuan) for a consideration of S$63,395,658.72;

(dd) agreement as evidenced by letter dated 7 June 2005 between Verizon Resorts (Labuan), PT BMW, PT BRC, PT SBP, our Company, PVP XXX, PT Lembah Kemakmuran, Oasis, SembPark Holdings and PT HR whereby, *inter alia*, Verizon Resorts (Labuan) acquired from Oasis certain loan assets of Oasis for S$19,598,318.60 and agreed to assume certain liabilities amounting to S$13,153,727.78. Please see the section "Interested Person Transactions – Past Interested Person Transactions" on pages 166 and 167 of this Prospectus for further information;

(ee) supplemental agreements dated 19 July 2005 and 18 January 2006 made between ATD, PT HR and the Company pursuant to which the parties agreed, *inter alia*, to extend the latest date on which the ATD Scheme is to take effect under the scheme agreement dated 8 February 2005 between the same parties to 4 October 2005 and 4 October 2006 respectively (or such later date as the parties may agree);

(ff) letter dated 11 October 2005 from Jiangjun Limited to PT BMW extending the repayment date under a promissory note dated 18 December 2003 issued by PT BMW to Jiangjun Limited in respect of a principal amount of Rp68,174,768,484 and interest accrued thereon at the rate of 2.25% per annum from 1 January 2004, from 18 December 2004 to 31 December 2006;

(gg) letter dated 11 October 2005 from Jiangjun Limited to PT SI extending the repayment date under a promissory note dated 22 December 2003 issued by PT SI to Jiangjun Limited in respect of a principal amount of Rp106,251,220,878 and interest accrued thereon at the rate of 2.25% per annum from 1 January 2004, from 22 December 2004 to 31 December 2006;

(hh) letter dated 11 October 2005 from Jiangjun Limited to PT SBP extending the repayment date under a promissory note dated 22 December 2003 issued by PT SBP to Jiangjun Limited in respect of a principal amount of Rp700,000,800 and interest accrued thereon at the rate of 2.25% per annum from 1 January 2004, from 22 December 2004 to 31 December 2006;

(ii) letter dated 11 October 2005 from Jiangjun Limited to PT SBP extending the repayment date under a promissory note dated 5 January 2004 issued by PT SBP to Jiangjun Limited in respect of a principal amount of Rp950,000,000 and interest accrued thereon at the rate of 2.25% per annum from 5 January 2004, from 5 January 2005 to 31 December 2006;

(jj) offshore services agreement dated 9 February 2006 made between PT BIIE and SembPark for the provision by SembPark of offshore marketing and financial planning services in respect of BIE, for a period from 1 January 2006 to 31 December 2006, for a fee of S$2,530,000;

(kk) technical assistance agreement dated 9 February 2006 made between PT BIIE and RIM for the provision by RIM of technical assistance including, *inter alia*, project management, estate management and site supervision in respect of BIE for the period from 1 January 2006 to 31 December 2006 for a fee of S$170,000;

(ll) technical assistance agreement dated 9 February 2006 made between PT BIC and RIM for the provision by RIM of technical assistance including, *inter alia*, master planning, advising on estate management, industrial park operations and maintenance and project maintenance in Batam, Indonesia, for the period from 1 January 2006 to 31 December 2006 for a fee of S$75,000;

(mm) marketing agency agreement dated 9 February 2006 made between PT BIC and SembPark pursuant to which SembPark was appointed as the sole and exclusive marketing agent in respect of BIP for the period from 1 January 2006 to 31 December 2006 for a fee of S$4,225,000;

(nn) supplementary agreement dated 9 February 2006 entered into between PT BEV and SembPark in respect of the Membership Services and Marketing Agreement, pursuant to which the remuneration payable by PT BEV for the provision of marketing services by SembPark for the period from 1 January 2006 to 31 December 2006 was S$162,156;

(oo) secondment agreement dated 9 February 2006 made between PT BIIE and SembPark relating to the secondment of executives and other personnel by SembPark to PT BIIE, pursuant to which PT BIIE shall reimburse SembPark for, *inter alia*, the salaries, wages, allowances, travelling and accommodation expenses and other benefits paid by SembPark to such seconded personnel on a full-time basis;

(pp) secondment agreement dated 9 February 2006 made between PT BEV and SembPark relating to the secondment of executives and other personnel by SembPark to PT BEV, pursuant to which PT BEV shall reimburse SembPark for, *inter alia*, the salaries, wages, allowances, travelling and accommodation expenses and other benefits paid by SembPark to such seconded personnel on a full-time basis;

(qq) secondment agreement dated 9 February 2006 made between PT BIC and SembPark relating to the secondment of executives and other personnel by SembPark to PT BIC, pursuant to which PT BIC shall reimburse SembPark for, *inter alia*, the salaries, wages, allowances, travelling and accommodation expenses and other benefits paid by SembPark to such seconded personnel on a full-time basis;

(rr) offshore consultancy agreement dated 23 March 2006 entered into between PT BRC and BRDC for the provision by BRDC of certain services in respect of Bintan Beach International Resort, including assisting in the infrastructural financial planning of Bintan Beach International Resort and promoting Bintan Beach International Resort as a holiday destination, for a period from 1 January 2006 to 31 December 2006, for a fee calculated based on, *inter alia*, the costs of providing such services;

(ss) offshore services agreement dated 23 March 2006 entered into between PT BRC and ILI for the provision by ILI of certain services in respect of BR located in Bintan, Indonesia, including assisting in the overall infrastructure and financial planning of BR, providing assistance in international sourcing of consultants, contractors and suppliers and promoting the sale of land located in Bintan Beach International Resort, for a period from 1 January 2006 to 31 December 2006, for a fee calculated based on, *inter alia*, the costs of providing the services and the amount of revenue earned from the sale of land;

(tt) deed of undertaking dated 31 March 2006 made between our Company and SCI relating to certain undertakings given by SCI, and deed of undertaking dated 31 March 2006 made between our Company and Low Sin Leng relating to certain undertakings given by Low Sin Leng, information of which is furnished on pages 187 and 188 of this Prospectus;

(uu) deed of undertaking dated 31 March 2006 made between our Company and PT HR relating to certain undertakings given by PT HR, information of which is furnished on pages 188 and 189 of this Prospectus;

(vv) sale and purchase agreement dated 31 March 2006 made between our Company, STIC, SCL and STICI relating to the acquisition by our Company of (i) 30,000 shares in the capital of PT BIC, (ii) 28,632,000 shares in the capital of PT BIIE, (iii) 2,100,000 shares in the capital of BRF and (iv) 5,205,000 shares in the capital of PT BRC, for an aggregate purchase consideration of S$243,889,452, and containing, *inter alia*, certain indemnities and representations and warranties given by each party to the other and limitations on liability in respect of such representations and warranties;

(ww) subscription agreement dated 31 March 2006 made between our Company and SembPark Holdings relating to the subscription by SembPark Holdings of 477,987,502 new shares in the capital of our Company for an aggregate subscription price of S$243,889,452;

(xx) sale and purchase agreement dated 31 March 2006 made between our Company and PT Elitindo relating to the acquisition by our Company of 2,045,000 shares in the capital of PT BRC for an aggregate purchase consideration of S$1,569,660, and containing, *inter alia*, certain representations and warranties given by each party to the other and limitations on liability in respect of such representations and warranties; and

(yy) sale and purchase agreement dated 31 March 2006 made between our Company and Ascendas relating to the acquisition by our Company of (i) 10,000 shares in the capital of PT BIC and (ii) 17,179,200 ordinary shares in the capital of PT BIIE for an aggregate purchase consideration of S$89,414,562, and containing, *inter alia*, certain indemnities and representations and warranties given by each party to the other and limitations on liability in respect of such representations and warranties;

(zz) management agreement dated 28 April 2006 made between our Company, the Vendor, PT HR and the Managers relating to the management of the Share Distribution and the Private Placement ("**Management Agreement**"), referred to on page 207 of this Prospectus, and containing, *inter alia*, indemnities, representations and warranties provided to the Managers and termination provisions; and

(aaa) placement agreement dated 28 April 2006 made between our Company, the Vendor, PT HR and the Placement Agent for the placement of the Placement Shares ("**Placement Agreement**"), further information of which is furnished on page 206 of this Prospectus, and containing, *inter alia*, indemnities, representations and warranties provided to the Placement Agent and termination provisions.

LITIGATION

9. Save as disclosed below, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings, including those which, to the knowledge of our Directors, are pending or contemplated, which may have or have had in the last 12 months before the date of lodgment of this Prospectus a material effect on our financial position or profitability:

(a) PT Karya Titan ("**PT KT**") had in 2001 filed a claim against Akira Heavy Machinery & Construction Pte Ltd ("**Akira**") and PT BEV (as co-defendant) in respect of certain payments made by PT BEV pursuant to a joint operation contract made between PT KT and Akira for the construction of a golf course at Batamindo Executive Village. Upon completion of the construction, PT BEV proposed to make a final payment amounting to S$280,000 on the condition that there was no further variation claim under the contract and the final contract value was to be S$21,141,946.01. Akira did not agree to the condition and continued to submit claims to PT BEV. After negotiations, Akira and PT KT agreed to reach a settlement with PT BEV. However, subsequently, Akira withdrew its agreement to the settlement and PT KT claimed that Akira had committed a tort under Indonesian laws and commenced an action in the District Court of Batam, Indonesia, against Akira and PT BEV, claiming for losses it had suffered amounting in aggregate to S$652,040.

On 27 April 2002, the District Court of Batam decided that (i) Akira had committed a tort against PT KT, (ii) PT BEV shall pay S$76,020 to PT KT and S$63,980 to Akira and S$310,000 in a lump sum to Akira, (iii) Akira and PT BEV shall jointly pay material losses to PT KT in the amount of 6% per year (amounting to S$4,561.20), and (iv) Akira shall pay the court fee in the amount of Rp119,000.

PT KT filed an appeal against the decision on 18 May 2002. On 1 November 2002, the High Court of Riau in Pekanbaru, Indonesia, affirmed the decision of the District Court of Batam. An appeal against the decision of the High Court of Riau was filed by PT KT on 22 January 2003, and the matter is currently pending appeal in the Supreme Court of the Republic of Indonesia.

(b) Akira Nagano Machinery and Construction Pte Ltd ("**Akira Nagano**") had in 2002 filed a claim against PT KT and PT BEV (as co defendant) in respect of a claim by Akira Nagano for compensation of the extra costs in respect of an amount of S$504,626.00 paid by Akira Nagano due to PT KT's failure to meet the land clearance deadline for construction of a golf course at BEV by August 1994.

On 31 October 2002, the District Court of Batam ordered PT KT to pay to Akira Nagano at the amount of S$252,313 plus interest at 3% per year since 1 July 1995. PT BEV and PT KT were ordered to jointly pay the court fee of Rp209,000.

On 31 October 2002, PT KT filed an appeal against the decision and on 12 May 2003 the High Court of Riau decided in favour of PT KT and ordered Akira Nagano to pay the court fee of Rp100,000. An appeal against the decision of the High Court of Riau was filed by Akira Nagano on 21 June 2003, and the matter is currently pending appeal in the Supreme Court of the Republic of Indonesia.

(c) PT BIC had entered into a sale and purchase agreement ("**Sale and Purchase Agreement**") dated 15 January 1996 with PT Paper Box Industries Indonesia ("**PT PBII**") for the sale of Lots 113 and 113A in BIP by PT BIC to PT PBII. As at the Latest Practicable Date, the purchase price had been paid to PT BIC.

(i) PT Dutateguh Paperindo Nusa ("**PT DPN**"), a supplier of PT PBII, commenced proceedings against PT PBII, and further to such proceedings, the District Court of Batam, Indonesia, decided on 27 February 2002 in favour of PT DPN and ordered PT PBII to transfer all its assets to PT DPN in settlement of the dispute.

Following the above decision, PT PBII's shareholder, namely PBI Interstate Pte Ltd ("**PBI Interstate**"), lodged a claim against PT PBII and PT DPN, claiming that such transfer of assets was not valid as its consent as the shareholder of PT PBII had not been obtained. The attachment to the land and building located on Lots 113 and 113A were made on 25 July 2002. However, the attachments were subsequently lifted by the District Court of Batam on 30 November 2002.

On 30 October 2002, PT BIC lodged an objection to PBI Interstate's attachment lodged on 25 July 2002 on the ground that such attachment would hinder PT BIC from collecting the balance 10% of the purchase price remaining unpaid from PT PBII under the Sale and Purchase Agreement. The District Court of Batam on 7 June 2003 accepted the objection made by PT BIC to the attachment and the attachment was lifted by the court.

(ii) Another supplier of PT PBII, PT Sinar Dunia Makmur ("**PT SDM**"), separately commenced proceedings against PT PBII and Paper Box Industries (Singapore) Pte Ltd in the District Court of Batam. Further to such proceedings, PT SDM lodged an attachment to the land and building on Lots 113 and 113A on 12 March 2002, which was affirmed by the District Court of Batam. The decision of the District Court was subsequently affirmed by the High Court of Riau, Indonesia, on 25 November 2002. An appeal against the decision of the High Court of Riau was filed by Paper Box Industries (Singapore) Pte Ltd, and the matter is currently pending in the Supreme Court of the Republic of Indonesia.

On 12 April 2003, PT BIC lodged an objection with the District Court of Batam to the attachment made by PT SDM and the hearing by the court in respect of PT BIC's objection was held on 31 July 2003. The court decided on 4 March 2004 against PT BIC's objection and PT BIC was ordered to bear the costs of the legal proceedings amounting to Rp561,000. PT BIC has filed an appeal to the High Court of Riau on 5 May 2004. The decision of the District Court was affirmed by the High Court of Riau in Pekanbaru on 11 August 2004, and PT BIC was ordered to bear the legal costs of the legal proceedings amounting to Rp100,000. An appeal against the decision of the High Court of Riau was filed by PT BIC on 5 November 2004, and the matter is currently pending in the Supreme Court of the Republic of Indonesia.

(d) PT Tropical Amethyst ("**PT TA**") had in November 1999 issued a notice of arbitration to PT BRC in relation to certain claims in respect of a site development agreement dated 28 March 1995 entered into between PT BRC, Amethyst Holdings Private Limited and Tropical Bintan Pte Ltd (the "**Site Development Agreement**") for the sale by PT BRC of a site of approximately 220 hectares within Bintan Beach International Resort in Bintan (the "**Site**"). Pursuant to a novation agreement dated 10 November 1997 entered into amongst PT BRC, Amethyst Holdings Private Limited, Tropical Bintan Pte Ltd and PT TA, PT TA was substituted as a party to the Site Development Agreement in place of Amethyst Holdings Private Limited and Tropical Bintan Pte Ltd.

The main issues in dispute between PT TA and PT BRC in the arbitration related to: (i) PT TA's claim that PT BRC had failed to deliver the whole of the Site with vacant possession and free from encumbrances under the Site Development Agreement; (ii) PT BRC's claim for the balance purchase price of S$6,600,000 for the Site payable by PT TA; and (iii) the basis on which PT BRC should charge PT TA for its provision of utilities to the Site.

Pursuant to a settlement agreement dated 16 March 2001 between PT BRC and PT TA (the "**First Settlement Agreement**"), the disputes described in sub-paragraphs (i), (ii) and part of (iii) above were settled without any admission and/or concession of liability by either party. Under the First Settlement Agreement, PT TA agreed to pay to PT BRC an aggregate sum of S$6,638,203.45 comprising, *inter alia*, the balance purchase price due from PT TA under the Site Development Agreement. Further to the First Settlement Agreement, the arbitration tribunal entered an interim consent award on 28 June 2001 in terms of the First Settlement Agreement. As at the Latest Practicable Date, the outstanding amount and accrued interest payable by PT TA under the First Settlement Agreement is S$2,711,601.72 and S$76,767.53 respectively. Under the terms of the First Settlement Agreement, the aforesaid outstanding amounts were to have been paid by PT TA by 16 October 2003 and PT BRC is entitled at any time after 16 October 2003 to enter summary judgment against PT TA for any unpaid amount, including interest accrued and unpaid. PT BRC is currently in discussions with PT TA for the payment of the balance monies under the First Settlement Agreement.

The dispute described in sub-paragraph (iii) above related to the connection charges, demand charges and consumption charges payable by PT TA in respect of utilities provided by PT BRC. Further the dispute also involved certain maintenance charges payable by PT TA. The issue of connection charges was settled between the parties under the First Settlement Agreement. With respect to the demand charges, consumption charges and maintenance charges payable, the parties have entered into a deed of settlement dated 30 August 2004 (the "**Second Settlement Deed**") in respect of the same. Pursuant to the terms of the Second Settlement Deed, PT TA agreed to pay to PT BRC (aa) S$167,616.33, being the outstanding unpaid amount for electricity charges within 7 days from the execution of the Second Settlement Deed and (bb) S$415,502, being the outstanding unpaid amount for maintenance charges, payable in 5 equal monthly instalments commencing from 31 March 2004. The amounts payable under the Second Settlement Deed have been paid in full by PT TA.

(e) Our subsidiary PT BMW has a shareholding interest in Bintan Lagoon Resort Ltd ("**BLR**"), which is presently under compulsory winding up with effect from April 2005. In about July 1998, BLR purported to issue shares in its capital to its shareholders, including PT BMW at a total issue price of S$3.0 million in cash. In the event that PT BMW disputes that it is obliged to subscribe, its shareholding in BLR would be diluted by the proportion of cash not contributed, resulting in it holding less than 10% of BLR's issued share capital. There is no assurance that the liquidator of BLR will not dispute PT BMW's position; however the Directors do not expect there to be a material adverse effect on the Group.

(f) Legal proceedings have been commenced in Indonesia by PT Adhya Tirta Batam ("**PT ATB**") against our subsidiary PT BIC and, *inter alia*, its directors who include Anthoni Salim and Low Sin Leng. PT ATB is one of PT BIC's sources of water supply in Batam, whilst the other supplier is the local Indonesian authority. Please see the Risk Factor "Our dependence on existing water resources" on page 40 of this Prospectus.

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

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

As at the Latest Practicable Date, PT BIC has sought Indonesian legal advice from James Purba & Partners, and intends to vigorously defend the suit. James Purba & Partners has advised, *inter alia*, that PT BIC's business activity of water extraction and sale of water supply is in accordance with its Articles of Association and PT BIC has obtained the valid permit and approval of the relevant Indonesian authority. The Batam Industrial Development Authority ("**BIDA**") has issued letters to PT BIC approving the extraction of water by PT BIC of up to 4,500 m^3/day in respect of the supply of clean water for BIP ("**BIDA Approval**"). BIDA has also stated that any shortage of water shall be supplied by PT ATB. There is no specified expiry date to such approval. James Purba & Partners has also advised that PT ATB's claim for material and immaterial damages is groundless and that the other allegations and demands are without merit.

As at 26 April 2006, following a mediation hearing on the same date, the mediator ordered that the case proceed to court and a court hearing has been fixed for 3 May 2006.

Having taken into account the legal advice of its Indonesian counsel, PT BIC has not made provision in its accounts in respect of the suit.

Based on the average cost of water charged by PT ATB to our Group as at the Latest Practicable Date, we estimate that PT BIC's cost of operating revenue will increase by about S$1.75 million per annum if PT BIC loses the BIDA approval and we purchase all our present water requirements in respect of BIP from PT ATB. In the event that PT BIC loses the BIDA approval, its water extraction and processing facilities will be impaired resulting in a one-time impairment charge of about S$8.8 million.

USE OF PROCEEDS FROM THE PRIVATE PLACEMENT AND EXPENSES OF THE SHARE DISTRIBUTION AND PRIVATE PLACEMENT

10. Application monies received by the Vendor in respect of successful applications (including successful balloted applications which are subsequently rejected) will be placed in an interest bearing account with The Bank of East Asia, Limited (being the Receiving Banker). All the interest earned from such monies in the account will accrue to the Vendor. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made at their own risk, without any interest or any share of such revenue or other benefit arising therefrom.

11. (a) Based on the Placement Price of S$0.50 for each Placement Share, the net proceeds from the Private Placement (after estimated expenses payable by the Vendor) will be approximately S$133.3 million. No cash proceeds will accrue to our Company from the Share Distribution and the Private Placement, as all the Distribution Shares and the Placement Shares are to be transferred or disposed of by PT HR and the Vendor respectively.

(b) No proceeds from the Private Placement are proposed to be used by the Vendor, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business.

12. The estimated (based on circumstances known to us as at the Latest Practicable Date, which may change) amount of the expenses of the Share Distribution and the Private Placement and the application for listing is approximately S$8,910,000, including listing fees, placement commission, management, audit and legal fees and miscellaneous expenses. Other than the listing fees which will be borne by our Company, S$3,844,000 of the remaining expenses will be borne by the Shareholders of our Company as at the date of this Prospectus, and the balance will be borne by PVP XXX and PT HR. The breakdown of these estimated expenses is as follows:

Listing fees	S$10,000*
Professional fees	S$3,700,000
Placement commission	S$4,200,000
Miscellaneous expenses	S$1,000,000
Total estimated expenses	S$8,910,000

* The listing fees represent 0.11% of the aforesaid total estimated expenses.

As at the Latest Practicable Date, PVP XXX has advanced approximately S$750,000 to our Company towards the settlement by our Company of professional fees and an aggregate amount of about S$2.6 million is owing by PVP XXX to our Company for expenses which have been paid by our Company. The net amount of about S$900,000 is to be paid by PVP XXX to our Company prior to listing.

PLACEMENT AND MANAGEMENT ARRANGEMENTS

13. (a) Purchasers of the Placement Shares may be required to pay a brokerage of 1.0 per cent. of the Placement Price (including the prevailing goods and services tax, if applicable).

(b) Pursuant to the Placement Agreement dated 28 April 2006 (the "**Placement Agreement**") entered into between our Company, the Vendor, PT HR and UOB Kay Hian, UOB Kay Hian has agreed to purchase and/or procure purchasers for the Placement Shares for a placement commission of three(3) per cent. of the Placement Price for each Placement Share which the Placement Agent has purchased or procured purchasers for, payable by the Vendor.

(c) **The Placement Agreement is conditional, *inter alia*, upon the ATD Scheme becoming effective.** In addition, the Placement Agreement may be terminated by the Placement Agent at any time on or before the close of the Application List on the occurrence of certain events, including, *inter alia*,:

(1) (i) any local, national or international occurrence, outbreak or escalation of hostilities whether was has been declared or not, or insurrection or armed conflict (whether or not involving financial markets); or

(ii) any change, or any development involving a prospective change or any crisis in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic or monetary conditions, taxation or exchange controls; or

(iii) any other occurrence of any nature whatsoever, which event or events shall, in the reasonable opinion of the Placement Agent (exercised in good faith):

(aa) result or is likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or elsewhere; or

(bb) materially prejudices or be likely to materially prejudice the success of the Private Placement or purchase or procuring purchasers for the Placement Shares (whether in the primary market or in respect of dealings in the secondary market) or the listing of our Shares on the SGX-Sesdaq; or

(cc) has or is likely to have a material adverse effect on the business, financial results and conditions, operations or prospects of our Company or our Group taken as a whole and is likely to prejudice the success of the Private Placement or purchase or procuring purchasers for the Placement Shares (whether in the primary market or in respect of dealings in the secondary market) or the listing of our Shares on the SGX-Sesdaq; or

(dd) make it commercially unviable for any reasonable placement agent in Singapore to proceed with the Private Placement; or

(2) the issue of a stop order by the Authority in accordance with Section 242 of the SFA.

In the event that the Placement Agreement is terminated, the Vendor reserves the right, in its absolute discretion, to cancel the Private Placement.

(d) Our Company has also agreed that it shall not (*inter alia*) issue at any time on or before the expiry of 180 days after the close of the Application List, any marketable securities or Shares or options therefor, declare or distribute any dividend or vary, alter or otherwise do anything to its capital structure (issued or otherwise), without the Placement Agent's prior written consent (such consent not to be unreasonably withheld).

(e) UOB Kay Hian, the Placement Agent, is an associated company of UOB. UOB is one of our principal bankers and has granted us banking facilities. As at the date of this Prospectus, UOB's subsidiary, UOB Nominees, holds 2.51% of the total number of our issued Shares. Save as disclosed, in the reasonable opinion of our Directors, we do not have any material relationship with the Managers or the Placement Agent.

14. Pursuant to the Management Agreement, PT HR and the Vendor appointed the Managers to manage the Share Distribution and the Private Placement. The Managers have received a management fee from the Vendor for their services rendered in connection with the listing.

MISCELLANEOUS

15. As at the date of this Prospectus, all the corporations which are, by virtue of Section 6 of the Singapore Companies Act, deemed to be related to our Company, are listed in the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries.

16. Details of the names, addresses and professional qualifications (including membership in a professional body) of the auditors of our Company and its subsidiaries for the last three financial years ended 31 December 2005 are as follows:

Financial Year	Name, Professional Qualification / Membership and Address	Professional Body	Partner-in-charge
Gallant Venture Ltd.			
FY2003 FY2004 FY2005	Foo Kon Tan Grant Thornton Certified Public Accountants of Singapore 47 Hill Street, #05-01 Chinese Chamber of Commerce & Industry Building Singapore 179365	Institute of Certified Public Accountants of Singapore	Chia Siew Eng
BIS			
FY2003 FY2004 FY2005	Ernst & Young Certified Public Accountants of Singapore 10 Collyer Quay, #21-01 Ocean Building, Singapore 049315	Institute of Certified Public Accountants of Singapore	Tan Wee Kim
BRF			
FY2003 FY2004 FY2005	TeoFoongWongLCLoong Certified Public Accountants of Singapore 15 Beach Road, #03-10, Beach Centre, Singapore 189677	Institute of Certified Public Accountants of Singapore	John Teo
BRFH			
FY2003 FY2004 FY2005	N.F. Lee & Co. Certified Public Accountants of Singapore 35 Selegie Road, #04-06 Parklane Shopping Mall, Singapore 188307	Institute of Certified Public Accountants of Singapore	Andrew Koo
PT BIC			
FY2003 FY2004 FY2005	Prasetio, Sarwoko & Sandjaja Member of the Indonesian Institute of Accountants Jakarta Stock Exchange Building Tower 2, 7th Floor, Jl. Jend Sudirman Kav. 52-53, Jakarta 12190, Indonesia	Indonesian Institute of Accountants	Angelito P. Tapang
PT BBT			
FY2003 FY2004 FY2005	Prasetio, Sarwoko & Sandjaja Member of the Indonesian Institute of Accountants Jakarta Stock Exchange Building Tower 2, 7th Floor, Jl. Jend Sudirman Kav. 52-53, Jakarta 12190, Indonesia	Indonesian Institute of Accountants	Angelito P. Tapang
PT BEV			
FY2003 FY2004 FY2005	Prasetio, Sarwoko & Sandjaja Member of the Indonesian Institute of Accountants Jakarta Stock Exchange Building Tower 2, 7th Floor, Jl. Jend Sudirman Kav. 52-53, Jakarta 12190, Indonesia	Indonesian Institute of Accountants	Angelito P. Tapang

Financial Year	Name, Professional Qualification / Membership and Address	Professional Body	Partner-in-charge
PT BIIE			
FY2003 FY2004 FY2005	Prasetio, Sarwoko & Sandjaja Member of the Indonesian Institute of Accountants Jakarta Stock Exchange Building Tower 2, 7th Floor, Jl. Jend Sudirman Kav. 52-53, Jakarta 12190, Indonesia	Indonesian Institute of Accountants	Angelito P. Tapang
PT BMW			
FY2003 FY2004 FY2005	Johan Malonda Astika & Rekan Member of the Indonesian Institute of Accountants Jalan Pluit Raya 200, Blok V/1-5, Jakarta 14450, Indonesia	Indonesian Institute of Accountants	Justinus A. Sidharta
PT BRC			
FY2003 FY2004 FY2005	Prasetio, Sarwoko & Sandjaja Member of the Indonesian Institute of Accountants Jakarta Stock Exchange Building Tower 2, 7th Floor, Jl. Jend Sudirman Kav. 52-53, Jakarta 12190, Indonesia	Indonesian Institute of Accountants	Soemarso S. Rahardjo, M.E.
PT SBP			
FY2003 FY2004 FY2005	Johan Malonda Astika & Rekan Member of the Indonesian Institute of Accountants Jalan Pluit Raya 200, Blok V/1-5, Jakarta 14450, Indonesia	Indonesian Institute of Accountants	Justinus A. Sidharta
PT SI			
FY2003 FY2004 FY2005	Johan Malonda Astika & Rekan Member of the Indonesian Institute of Accountants Jalan Pluit Raya 200, Blok V/1-5, Jakarta 14450, Indonesia	Indonesian Institute of Accountants	Justinus A. Sidharta
Verizon Resorts (Labuan)*			
FY2004 FY2005	Chieng & Associates Chartered Accountants Block A, Lot 7, First Floor, Lazenda Phase III Shophouse, Off Jalan OKK Abdullah, P.O. Box 81599, 87025 W.P. Labuan, Malaysia	Malaysian Institute of Accountants	Chieng You Lang

We currently have no intention of changing the auditors of our Company after the admission of our Company to the Official List of the SGX-Sesdaq.

* Foo Kon Tan Grant Thornton, Certified Public Accountants of Singapore, of 47 Hill Street, #05-01, Chinese Chamber of Commerce & Industry Building, Singapore 179365, were also engaged to audit the financial statements of Verizon Resorts (Labuan) for FY2004 and HY2005 for the purposes of this Prospectus.

17. No expert named in this Prospectus is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or any of our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Share Distribution and the Private Placement.

18. Save as disclosed in this Prospectus, our Directors are not aware of any event which has occurred since 30 June 2005 and up to the Latest Practicable Date which may have a material effect on the financial position and results of our Group set out in the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries set out in Appendix J of this Prospectus.

CONSENTS

19. The Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the audited financial statements of Gallant Venture Ltd. for FY2003 and FY2004, and for the six months ended 30 June 2005 as set out in Appendix H of this Prospectus and the Reporting Accountants' Report on the Unaudited Proforma Financial Statements of Gallant Venture Ltd. and its Subsidiaries as set out in Appendix J of this Prospectus, in the form and the context in which they appear in this Prospectus, and references to their name in the form and context in which it appears in this Prospectus, and to act in such capacity in relation to this Prospectus. The Reporting Accountants' Report and the audited financial statements of Gallant Venture Ltd. for the six months ended 30 June 2005 have been prepared for the purpose of incorporation in this Prospectus. The audited financial statements of Gallant Venture Ltd. for the financial years ended 31 December 2003 and 31 December 2004 were not prepared for the purpose of incorporation in the Prospectus.

20. Prasetio, Sarwoko & Sandjaja, the auditors of PT BIC, PT BBT, PT BEV, PT BIIE and PT BRC, have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the consolidated audited financial statements of PT BIC and its subsidiaries for FY2002, FY2003 and FY2004 and for the six months ended 30 June 2005 as set out in Appendix I of this Prospectus, and references to their name in the form and context in which it appears in this Prospectus, and to act in such capacity in relation to this Prospectus. These financial statements have been prepared for the purpose of incorporation in this Prospectus. Please refer to Appendix I.

21. The IFA has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the IFA Letter in the form and context in which it appears in this Prospectus and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus. The IFA Letter has been prepared for the purpose of incorporation in this Prospectus.

22. Colliers International has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the Independent Market Review Report set out in Appendix B of this Prospectus and the valuation certificates set out in Appendix A in the form and context in which it appears in this Prospectus and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus. The Independent Market Review Report and the valuation certificates have been prepared for the purpose of incorporation in this Prospectus.

23. (a) Each of the Legal Advisers to the Company on Indonesian Law, Brigitta I. Rahayoe & Syamsuddin and Mochtar Karuwin Komar, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of references to its name in the form and context in which it appears in this Prospectus. The statements by Brigitta I. Rahayoe & Syamsuddin in the section "Risk Factors - Risks Relating to Our Fixed Property" under the risk factor "We may not be able to extend the tenure for our leasehold properties in Indonesia" were made on 28 March 2006 and were prepared for the purpose of incorporation in the Prospectus. The statements by Mochtar Karuwin Komar in the section "Risk Factors - Risks Relating to Our Fixed Property" under the risk factor "We may not be able to extend the tenure for our leasehold properties in Indonesia" were made on 17 March 2006 and were prepared for the purpose of incorporation in the Prospectus.

(b) James Purba & Partners of Wisma Nugra Santana, 12th Floor Suite 1205, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia, legal advisers to PT BIC in respect of the legal proceedings referred to in paragraph 9(f) of the section "General and Statutory Information - Litigation" of this Prospectus, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of references to its name in the form and context in which it appears in this Prospectus. The statements made by James Purba & Partners in paragraph 9(f) were made on 28 March 2006 and prepared for the purpose of incorporation in the Prospectus.

24. Each of the Managers has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

25. UOB Kay Hian has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

26. Each of the Solicitors to the Company in relation to the Listing, the Share Distribution and the Private Placement as to Singapore law, the Legal Advisers to the Company as to Malaysian Law, the Solicitors to the Joint Lead Managers and the Placement Agent, the Principal Banker, the Receiving Banker, the Placement Agent and the Share Registrar do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and make no representation express or implied regarding, and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for, any statements, information or opinions in or any omissions from this Prospectus.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS, THE VENDOR AND PT HR

27. This Prospectus has been seen and approved by our Directors, the Vendor and PT HR and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that all expressions of opinion, intention and expectation contained herein are honestly held and made after due and careful consideration, and that this Prospectus constitutes full and true disclosure of all material facts about the Share Distribution and the Private Placement and our Group as at the date of this Prospectus, and that there are no material facts the omission of which would make any statement in this Prospectus misleading.

STATEMENT BY THE MANAGERS

28. Each of the Managers acknowledges that, having made due and careful enquiry and to the best of its knowledge and belief, based on information furnished to it by our Group, this Prospectus constitutes full and true disclosure of all material facts about the Share Distribution, the Private Placement and our Group and it is not aware of any other facts the omission of which would make any statements herein misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

29. Copies of the following documents may be inspected at our registered office at 47 Hill Street, #06-02 Chinese Chamber of Commerce & Industry Building, Singapore 179365 during normal business hours for a period of six months from the date of the registration of this Prospectus with the Authority:–

    (a) the Memorandum and Articles of Association of our Company;

    (b) the Reporting Accountants' Report set out in Appendix J of this Prospectus;

    (c) the Service Agreement referred to on pages 150 and 151 of this Prospectus;

    (d) the material contracts referred to on pages 197 to 202 of this Prospectus;

    (e) the letters of consent referred to in paragraphs 19 to 26 above;

    (f) the valuation certificates set out in Appendix A of this Prospectus;

    (g) the Independent Market Review Report set out in Appendix B of this Prospectus;

    (h) the IFA Letter set out in Appendix C of this Prospectus;

    (i) the audited financial statements (and all notes, reports or information relating thereto which are required to be prepared under the Singapore Companies Act) of Gallant Venture Ltd. for the financial years ended 31 December 2003 and 31 December 2004, and for the six months ended 30 June 2005 as set out in Appendix H;

    (j) the audited consolidated financial statements of PT Batamindo Investment Cakrawala and its subsidiaries for the financial years ended 31 December 2002, 31 December 2003 and 31 December 2004, and for the six months ended 30 June 2005 as set out in Appendix I; and

    (k) the respective audited financial statements of all the entities in our Group for each of the financial years ended 31 December 2002, 31 December 2003 and 31 December 2004, and for the six months ended 30 June 2005.

VALUATION CERTIFICATES ISSUED BY COLLIERS INTERNATIONAL

COLLIERS INTERNATIONAL

Colliers International Consultancy & Valuation (Singapore) Pte Ltd
50 Raffles Place
#18-01 Singapore Land Tower
Singapore 048623

Tel 65 6223 2323
Fax 65 6438 6826

RCB No. 198105965E

VALUATION CERTIFICATE

Property	:	Land & Buildings at Batamindo Industrial Park (BIP) Batam Island Indonesia
Brief Description	:	The subject property is located in the central region of Batam Island within the Riau Archipelago. The island is about 20 km southwest or 45 minutes by ferry from Harbour Front Centre, Singapore. An integrated self contained industrial park is built on the site in phases. The completed phases comprise some 131 units of ready built factories, 2,912 units of worker dormitories, prepared land, town center, administrative offices, power plants, water treatment plants, catchment reserve and recreational and other social amenities. The buildings and infrastructure facilities were completed under phase 1 & 2 from 1990 to 1993 while Phase 3, which is currently being developed started in 1996. According to the Master Plan, the subject property is zoned for industrial development.
Site Area	:	Approximately 319.5 hectares
Approx Floor Area	:	Ready-built factories 424,066 sq metres Worker Dormitories 274,110 sq metres Commercial & Social Amenities 29,138 sq metres
Title & Land Use Right	:	30+20+30 years (HGB) title from 1989 for phases 1 & 2 and from 1995 for phase 3. We have assumed that the HGB will be renewed after expiry of the current HGB period for 20 years and an additional 30 years thereafter. Our valuation includes deduction of the land renewal fees and we assumed that no further premium is payable.

Basis of Valuation	:	Vacant land with the completed buildings, improvements and infrastructure facilities	
Valuation As at 1 February 2006	:	<u>Description</u>	<u>Open Market Value</u>
		Vacant land, Factory, Commercial, & Residential Buildings	S$322,000,000/-
		Utilities	S$83,000,000/-
		Open Market Value	$405,000,000/-
		(Singapore Dollars Four Hundred & Five Million Only)	

…………………………………………………………………………………
Colliers International Consultancy & Valuation Singapore Pte Ltd

KN/GSL/ds

This valuation certificate is subject to the attached Limiting Conditions

Colliers International Consultancy & Valuation (Singapore) Pte Ltd
50 Raffles Place
#18-01 Singapore Land Tower
Singapore 048623

Tel 65 6223 2323
Fax 65 6438 6826

RCB No. 198105965E

VALUATION CERTIFICATE

Property	:	Land & Buildings at Bintan Industrial Estate (BIIE) Bintan Island Indonesia
Brief Description	:	The subject property is located within the duty free bonded zone at the south western tip of Bintan Island within the Riau Archipelago. The island is about 50 km southeast or 75 minutes by ferry from Tanah Merah Ferry Terminal. An integrated self contained industrial park is built on the site in phases. The completed phases comprise some 87 units of ready-built factories, 918 units of worker dormitories, executive housing village, clubhouse facilities, prepared land, commercial facilities, administrative offices, power houses, utility centre, catchment reserve and other social amenities. The buildings and infrastructure facilities under phase 1A and 2A were completed in 1990 while Phase 2B is currently under development. According to the Master Plan, the subject property is zoned for industrial development.
Site Area	:	Approximately 273.0 hectares
Approx Floor Area	:	Ready built factories 106,264 sq metres Dormitory & Executive Housing 92,300 sq metres Commercial & Social Amenities 9,255 sq metres
Title & Land Use Right	:	30+20+30 years (total 80 years) from 1989. We have assumed that the HGB will be renewed after expiry of the current HGB period for 20 years and an additional 30 years thereafter. Our valuation includes deduction of the land renewal fees and we assumed that no further premium is payable.

Basis of Valuation	:	Vacant land with the completed buildings, improvements and infrastructure facilities	
Valuation As at 1 February 2006	:	<u>Description</u>	<u>Open Market Value</u>
		Vacant land, Factory, Commercial, & Residential Buildings	S$120,000,000/-
		Utilities	S$45,000,000/-
		Open Market Value	$165,000,000/-
		(Singapore Dollars One Hundred & Sixty Five Million Only)	

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Colliers International Consultancy &
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RCB No. 198105965E

VALUATION CERTIFICATE

Property	:	Parcels 1 to 10, Kecamatan Bintan Utara, Lobam, Bintan Island
Brief Description	:	The subject property comprising 10 land parcels is located at the southwestern part of Bintan Island. It is approximately 50 km southeast of Singapore and 75 minutes by ferry from Tanah Merah Ferry Terminal. The subject lands are sited in the industrial district of Lobam comprising 4 parcels to the east and northwest of Bintan Industrial Estate; 6 parcels to the further north and eastwards towards Tanjong Uban and Busing and a parcel across the straits. The subject lands are vacant, partly encumbered and have flat to hilly contours some below the road level generally. According to the Master Plan, the sites are zoned for industrial and infrastructure development. According to the information provided, the subject lands are reserved for future expansion of the industrial area.
Site Area	:	Approximately 3,868.0 hectares
Title & Land Use Rights	:	30+20+30 years (total 80 years) based on the commencement date of the HGB for the above properties. We have assumed that the HGB will be renewed after expiry of the current HGB period for 20 years and an additional 30 years thereafter. Our valuation includes deduction of the land renewal fees and we assumed that no further premium is payable *(Please refer to Appendix)*

Basis of Valuation	:	On vacant land basis assuming approvals for industrial use
Open Market Value as at 1 February 2006	:	**S$107,500,000/-** (Singapore Dollars One Hundred Seven Million & Five Hundred Thousand Only)

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Appendix

Industrial Land at Kecamatan Bintan Utara

Land Parcel	Gross Area (sq m)	Title & Land Use Right (HGB) Commencement Date	Land Certificate Issue Date
1	2,888,345	26/11/1993	25/08/1995
2	2,805,846	26/11/1993	25/08/1995
3	1,651,790	26/11/1993	08/06/1994
4	1,626,571	26/11/1993	08/06/1994
5	6,446,407	26/11/1993	13/12/1993
5a	1,542,392	26/11/1993	13/12/1993
6	3,860,828	26/11/1993	04/09/1996
7	4,191,647	26/11/1993	04/09/1996
8	4,711,221	26/11/1993	04/09/1996
9	5,125,223	26/11/1993	13/12/1993
10	3,830,000	26/11/1993	13/12/1993
Total	38,680,270		

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VALUATION CERTIFICATE

Property	:	Parcels A5, A6, B1, B2, B3, B4, B5-B5a & B8-B8a, Lagoi Bay Bintan Resorts, Bintan Island
Brief Description	:	The subject property comprising 8 land parcels is located within Bintan Resorts, Bintan Island, approximately 45 km southeast of Singapore and 45 minutes by ferry from Tanah Merah Ferry Terminal. The subject parcels are located along the northern shoreline with approximately 11.0 km of sea and beach frontage to the South China Sea. According to the information provided, the proposed developments will comprise a mixture of hotels, condotels, residential units, recreation and commercial facilities known as Lagoi Beach Village with approximately 6,010 keys/units; Lagoi Residential Estate with approximately 3,935 keys/units; Waterfront Village with approximately 3,686 keys/units and Beachfront Nature Resorts with approx 340 hotel rooms as well as an attractions village. We understand the phased developments are expected to commence after 2007. According to the Master Plan, the sites are zoned for resort development.
Site Area	:	Approximately 1,504.6 hectares
Title & Land Use Rights	:	30+20+30 years (total 80 years) based on the commencement date of the HGB for the above properties. We have assumed that the HGB will be renewed after expiry of the current HGB period for 20 years and an additional 30 years thereafter. Our valuation includes deduction of the land renewal fees and we assumed that no further premium is payable. (Please refer to Appendix)

Basis of Valuation	:	On vacant land basis assuming approvals for the proposed developments
Open Market Value as at 1 February 2006	:	**S$129,500,000/-** (Singapore Dollars One Hundred Twenty-Nine Million & Five Hundred Thousand Only)

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Lagoi Bay

Parcel	Gross Area (ha)	Title & Land Use Right (HGB) Commencement Date	Land Certificate Issue Date
A5	203.7	12/01/1994	10/01/1997
A6	166.0	12/01/1994	08/06/1994
B1	227.0	28/02/1994	08/06/1994
B2	209.7	12/01/1994	08/06/1994
B3	209.7	12/01/1994	08/06/1994
B4	172.4	12/01/1994	25/08/1994
B5	111.8	28/02/1994	10/01/1997
B5a	15.0	28/02/1994	02/11/1998
B8	146.3	12/01/1994	08/06/1994
B8a	43.0	12/01/1994	02/11/1998
Total	1,504.6		

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VALUATION CERTIFICATE

Property	:	Parcels AR1-1a, A7, A8, A9, C26, C27, C28, ZP/ZA, BP, R1, RA1, IA, AR2, B9, A13/17-17a, B10, B11, A14 & A15 Bintan Resorts, Bintan Island
Brief Description	:	The subject property comprises 19 land parcels within Bintan Resorts, Bintan Island, approximately 45 km southeast of Singapore and 45 minutes by ferry from Tanah Merah Ferry Terminal. Parcel A13/17, B10, B11, A14 & A15 are located on the northern shoreline and beachfront to the South China Sea adjacent to Ria Bintan and Bintan Lagoon. The other land parcels are spread to the southwest adjacent to the reservoir along the east-west arterial road from the ferry terminal. The subject lands are vacant and have flat to undulating contours generally. According to the Master Plan, the sites are zoned for residential and resort development. According to the information provided, the sites are for long term phased developments of the resort after 2011.
Site Area	:	Approximately 3,718.5 hectares
Title & Land Use Rights	:	30+20+30 years (total 80 years) based on the commencement date of the HGB for the above properties. We have assumed that the HGB will be renewed after expiry of the current HGB period for 20 years and an additional 30 years thereafter. Our valuation includes deduction of the land renewal fees and we assumed that no further premium is payable. (Please refer to Appendix)

Basis of Valuation	:	On vacant land basis assuming approvals for the proposed developments
Open Market Value as at 1 February 2006	:	**S$194,500,000/-** (Singapore Dollars One Hundred Ninety Four Million & Five Hundred Thousand Only)

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Land Bank 1

Parcel	Gross Area (ha)	Title & Land Use Right (HGB) Commencement Date	Land Certificate Issue Date
AR1 Including AR1a	194.3	12/01/1994	08/06/1994 02/11/1998
A7	143.3	12/01/1994	08/06/1994
A8	30.1	12/01/1994	08/06/1994
A9	33.6	26/11/1993	08/06/1994
C26	200.6	12/01/1994	08/06/1994
C27	179.5	12/01/1994	08/06/1994
C28	201.8	28/02/1994	08/06/1994
ZPZA	480.0	12/01/1994	17/02/1995
BP	185.0	28/01/1994	02/02/1996
R1	215.0	12/01/1994	17/02/1995
RA1	420.0	12/01/1994	17/02/1995
1A	536.0	28/02/1994	02/02/1996
AR2	15.1	12/01/1994	08/06/1994
B9	34.2	12/01/1994	08/06/1994
A13/17 Including A13/17a	192.2	22/09/1993	22/09/1993 02/11/1996
B10	204.8	23/02/1998	22/09/1993
B11	150.0	23/02/1998	22/09/1993
A14	216.9	12/01/1994	01/07/1997
A15	86.1	23/02/1998	22/09/1993
Total	**3,718.5**		

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VALUATION CERTIFICATE

Property	:	Parcels A16, C1, C2, B12, B13, B16, C24, C25, RA2, BT2, RA5A, RA5, RA3, C23, SP1, Bintan Resorts, Bintan Island
Brief Description	:	The subject property comprises 15 land parcels within Bintan Resorts, Bintan Island, approximately 45 km southeast of Singapore and 45 minutes by ferry from Tanah Merah Ferry Terminal. Parcels A16, C1, C2, B12, B13 & B16 are located on the northern shoreline and beachfront to the South China Sea. The other land parcels are to the south adjacent to the reservoir extending southwards from the east-west arterial road from the ferry terminal. The subject lands are vacant and have flat to undulating contours generally. According to the Master Plan, the sites are zoned for residential and resort development. According to the information provided, the sites are for long term phased developments of the resort after 2016.
Site Area	:	Approximately 3,324.7 hectares
Title & Land Use Rights	:	30+20+30 years (total 80 years) based on the commencement date of the HGB for the above properties. We have assumed that the HGB will be renewed after expiry of the current HGB period for 20 years and an additional 30 years thereafter. Our valuation includes deduction of the land renewal fees and we assumed that no further premium is payable (Please refer to Appendix)

Basis of Valuation	:	On vacant land basis assuming approvals for the proposed developments
Open Market Value as at 1 February 2006	:	**S$64,500,000/-** (Singapore Dollars Sixty-Four Million & Five Hundred Thousand Only)

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Land Bank 2

Parcel	Gross Area (ha)	Title & Land Use Right (HGB) Commencement Date	Land Certificate Issue Date
A16	168.2	12/01/1994	10/01/1997
C1	219.2	22/09/1993	22/9/1993
C2	126.5	26/11/1993	04/09/1996
B12	64.6	12/01/1994	10/01/1997
B13	51.5	26/11/1993	04/09/1996
B16	94.0	12/01/1994	10/01/1997
C24	229.3	12/01/1994	08/06/1994
C25	193.8	12/01/1994	08/06/1994
RA2	410.0	28/02/1994	02/02/1996
BT2	179.1	12/01/1994	17/02/1995
RA5A	0.5	12/01/1994	21/03/1995
RA5	399.5	12/01/1994	08/06/1994
RA3	502.0	12/01/1994	17/02/1995
C23	191.5	12/01/1994	17/02/1995
SP1	495.0	12/01/1994	08/06/1994
Total	**3,324.7**		

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VALUATION CERTIFICATE

Property	:	Parcels B15, C3, C4, C5, C6, C7, C8, C9, C20, C21, C18, C19, B17, B18, B19, B20, B21, BR2, BU1, RA4, R2, SP2, C22 & WR2 Bintan Resorts, Bintan Island
Brief Description	:	The subject property comprises 24 land parcels in the eastern part of Bintan Resorts, Bintan Island, approximately 45 km southeast of Singapore and 45 minutes by ferry from Tanah Merah Ferry Terminal. Parcels B15, C3, C4, C5, C7, C8, C9, C18, C19, B18, B19, B20 & B21 are located on the northern shoreline and beachfront to the South China Sea. The other land parcels are green field sites and with the reservoir are spread to the east and southwards from the proposed east-west arterial road. The subject lands are vacant and have flat to undulating contours generally. According to the Master Plan, the sites are zoned for residential and resort development. According to the information provided, the land bank is reserved for long-term expansion of the resort.
Site Area	:	Approximately 5,805.9 hectares
Title & Land Use Rights	:	30+20+30 years (total 80 years) based on the commencement date of the HGB for the above properties. We have assumed that the HGB will be renewed after expiry of the current HGB period for 20 years and an additional 30 years thereafter. Our valuation includes deduction of the land renewal fees and we assumed that no further premium is payable. (Please refer to Appendix)

Basis of Valuation	:	On vacant land basis assuming approvals for the proposed uses.
Open Market Value as at 1 February 2006	:	**S$45,000,000/-** (Singapore Dollars Forty Five Million Only)

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Appendix

Land Bank 3

Parcel	Gross Area (ha)	Title & Land Use Right (HGB) Commencement Date	Land Certificate Issue Date
B15	152.6	26/11/1993	08/06/1994
C3	233.0	12/01/1994	10/01/1997
C4	305.7	12/01/1994	10/01/1997
C5	243.4	12/01/1994	10/01/1997
C6	183.0	09/06/1998	15/06/1998
C7	214.1	12/01/1994	10/01/1997
C8	141.1	28/02/1994	10/01/1997
C9	244.9	28/02/1994	10/01/1997
C20	154.3	09/06/1998	15/06/1998
C21	150.6	09/06/1998	15/06/1998
C18	144.4	12/01/1994	10/01/1997
C19	190.3	26/11/1993	04/09/1996
B17	231.1	26/11/1993	04/09/1996
B18	118.6	12/01/1994	02/02/1996
B19	36.7	12/01/1994	08/06/1994
B20	45.1	12/01/1994	08/06/1994
B21	37.3	12/01/1994	10/01/1997
BR2	15.0	09/06/1998	15/06/1998
BU1	87.3	12/01/1994	08/06/1994
RA4	362.0	12/01/1994	02/02/1996
R2	460.0	12/01/1994	02/02/1996
SP2	856.1	09/06/1993	15/06/1998
C22	256.3	09/06/1998	15/06/1998
WR2	943.0	09/06/1998	15/06/1998
Total	**5,805.9**		

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VALUATION CERTIFICATE

Property	:	Land & Buildings at Plots AT1, BT1, AU1, WR1 & Ferry Terminal, Bintan Resorts, Bintan Island
Brief Description	:	The subject property is located within Bintan Resorts, Bintan Island, approximately 45 km southeast of Singapore and 45 minutes by ferry from Tanah Merah Ferry Terminal The subject development comprises the town center, ferry terminal, infrastructure facilities and utilities that are built on the resort. The main infrastructure includes some 25 km of fully made-up arterial and distributor roads, water reservoir (storage capacity 1.5 million gallons) with reservoir yield of 22,000 cubic meter per day, 24 MW power plants, water treatment plant, telecom facilities, dam, spillway, landfill for solid waste, pumping station and water reticulation system. Facilities in the township include dormitory housing, market, hawker center, shops, food outlets and offices. Other facilities and social amenities include fire station, church, mosque and community center. According to the Master Plan, the subject property is zoned for resort and infrastructure developments.
Site Area	:	Approximately 1,819.0 hectares
Gross Floor Area	:	Approximately 74,953 sq metres

Title & Land Use Rights	:	30+20+30 years (total 80 years) based on the commencement date of the HGB for the above properties. We have assumed that the HGB will be renewed after expiry of the current HGB period for 20 years and an additional 30 years thereafter. Our valuation includes deduction of the land renewal fees and we assumed that no further premium is payable. (Please refer to Appendix)
Basis of Valuation	:	"As-is-where-is" basis

Valuation as at 1 February 2006 :

Description	Open Market Value
Plots AT1, BT1 & Ferry Terminal (193.0 ha) Land & Buildings (Residential, Town Centre, etc)	S$89,000,000/-
Plot AU1 & WR1 (1,626 ha) Infrastructure and Utilities	S$70,000,000/-
Total	**S$159,000,000/-**

(Singapore Dollars One Hundred & Fifty Nine Million Only)

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This valuation certificate is subject to the attached Limiting Conditions

Infrastructure & Utilities for the following parcels

Parcel	Gross Area (ha)	Title & Land Use Right (HGB) Commencement Date	Land Certificate Issue Date
AT1	55.1	12/01/1994	08/06/1994
BT1	135.1	12/01/1994	17/02/1995
Ferry Terminal	2.8	26/11/1993	13/12/1993
AU1	66.0	26/11/1993	13/12/1993
WR1	1,560.0	12/01/1994	17/02/1995
Total	1,819.0		

INDEPENDENT MARKET REVIEW REPORT

OUTLOOK FOR INDUSTRIAL AND RESORT/TOURISM DEVELOPMENTS IN BATAM AND BINTAN ISLANDS

Prepared for

Gallant Venture Ltd.

Prepared by

COLLIERS INTERNATIONAL

50 Raffles Place #18-01
Singapore Land Tower
Singapore 048623

For and on Behalf of

Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Tan Kim Choon
Director
Consultancy & Valuation

17 February 2006

CONTENTS

This Report has been prepared for inclusion in the prospectus ("Prospectus") in connection with the invitation by Gallant Venture Ltd. in respect of the distribution of the Distribution Shares (as defined in the Prospectus) to the ATD Creditors (as defined in the Prospectus) and ATD Shareholders (as defined in the Prospectus) in connection with the ATD Scheme (as defined in the Prospectus) and the placement of the Placement Shares (as defined in the Prospectus).

1.0 OUTLOOK OF INDUSTRIAL PARK DEVELOPMENT IN BATAM ISLAND

1.1 ECONOMIC AND INVESTMENT CLIMATE IN BATAM ISLAND

Batam, which was first established as an industrial area in 1971 and subsequently a bonded area (conferring effective free trade status) in 1978, has become one of the largest investment destinations in Asia Pacific. Today, official estimates put the population at around 600,000 with investments from more than 650 foreign companies with over US$3.7 billion (S$6.3 billion) in foreign investment and 9,800 local companies spread over 17 industrial estates and swathes of other land made available directly by Batam Industrial Development Authority (BIDA) for major establishments such as shipyards. Their existence has provided jobs for some 240,000 workers in the city. The city also attracted close to 3,100 expatriates.

In evaluating the outlook for industrial park developments in Batam Island, several macro factors affecting Batam Island's investment climate and competitiveness and in turn business opportunities and threats would have to be taken into consideration:

1.1.1 OPPORTUNITIES:

Batam Island's success will continue to hinge on the following factors :

- ***Close Proximity to Singapore***
  - Batam Island's sales pitch is centred on its proximity to Singapore which provides companies with lower manufacturing cost in Batam Island and at the same time allows companies immediate access to the established infrastructure of Singapore such as its logistics network, international financial centre, airport and seaport.

- ***Singapore's Continued Efforts to Achieve Free Trade Agreements (FTA) with other Countries***

- Currently, Singapore has concluded FTA with 6 regions (New Zealand, Japan, European Free Trade Association, Australia, United States and Hashemite Kingdom of Jordan)
- At least 10 more are under negotiations (ASEAN and The People's Republic of China, India, Canada, Bahrain, Egypt, Republic of Korea, Mexico, Sri Lanka, Panama, Pacific Three etc).
- Batam Island stands to enjoy positive spin-offs from Singapore's FTA, for instance, Batam Island was incorporated into the US-Singapore Free Trade Agreement signed in 2003.

- ***Duty free and Bonded Zone Plus Status***
  - Companies in Batam Island benefit from the duty free and bonded zone status.
  - In July 2005, the Batam Industrial Bonded Zone has been upgraded to "Bonded Zone Plus" status to improve legal security and provide incentives for investors.
  - Deregulation measures introduced aim to improve export-oriented business and sustainability; reduce and eliminate taxes, simplify procedures and maintain an easy and fast flow of goods in the industrial zones, and liberate imports of used capital goods, including for factory relocation purposes.
  - Successful implementation of the package will put Batam Island in good stead.

- ***Development of Batam Island's Cargo Handling Facilities***
  - In line with the upgrade of Batam Island's Industrial Bonded Zone to a Bonded Zone Plus status, plans have been put in place to develop the island into an integrated cargo-handling hub to match up to Singapore's international standards
  - This will potentially increase Batam Island's viability and its ability to attract foreign investors.

- ***Other Pro Foreign Investment Policies***
  - 100% foreign ownership allowed;
  - No foreign exchange controls;
  - Benefits under Generalised System of Preferences (GSP);
  - Exemption of import tax on raw materials, equipment for 100% export;
  - Continued investments in improving the well established infrastructure

- ***Risk Rating***
  - Batam Island achieved a 4.87 risk rating in a recent survey conducted by Political and Economic Risk Consultancy (PERC), an international independent risk-rating company based in Hong Kong.

- Although Batam Island's rating falls behind Malaysia (4.62) and Singapore (2.28), this is favourable compared to the 7.52 rating for the whole of Indonesia as well as 5.64 for China and 5.7 for Vietnam.
- This puts Batam Island in the forefront as a comparatively more investor-friendly environment. However, the government must continue to ensure that this advantage be improved further.

1.1.2 THREATS:

- ***Regional Competition***
  - Batam Island currently faces regional competition from other industrialised parks in Asia. Over the past 5 years or so, countries such as India, China, Vietnam and Malaysia have witnessed an increasing number of industrial park developments. Manufacturers are very often attracted to these regions primarily for the following reasons :
    - Availability of abundant and cheap labour;
    - Low land cost and rental rates;
    - Tax incentives;
    - Political stability;
    - Availability of raw materials;
    - Proximity to customers.
  - It is therefore essential that the Indonesian Government strategise and develop pro-investment policies and practices to increase Batam Island's stance amidst increasing competition.

- ***Labour Issues***
  - Indonesian labour does not compare particularly well in regional terms. Labour productivity remains low, as some 71% of the country's 100-million-strong workforce is considered to be under-educated; many have less than six years of formal education.
  - The issue of labour as a disincentive to investment has hardened following a shift in emphasis in government policy and tight labour law to favour organised labour. Minimum wages have also increased rapidly in recent years outpacing inflation rate while the labour market remains highly inflexible. The current minimum monthly wages in Batam Island is Rp 635,000 (US$63 or S$107).
  - Investors have repeatedly called for a more balanced approach to industrial relations to weigh workers rights against overall competitiveness. The government has attempted to respond with new manpower and industrial dispute laws but remains faced with fierce political opposition and noncompliance.
  - Additionally, labor strikes have been common in recent years. Although there have been fewer strikes since the economic downturn began in

mid-1997 such events have also created some level of uncertainty to investors.

- The unhappy combination of such market rigidity with low skill and educational levels acts as a major deterrent to investment. Unless Indonesia completely overhauls and improve worker skills and productivity, Indonesia and in turn Batam Island will be at a comparative disadvantage against its main rivals for low-cost manufacturing, such as Vietnam or China.

- ***Corruption***
  - In recent years, considerable attention has been focused on the costs of corruption and influence peddling to local and foreign businesses. The 2004 survey conducted by the PERC found that foreign businesses regarded Indonesia the most corrupt nation in Asia. The World Bank's Doing Business 2006 report ranked Indonesia 133rd place out of 145 for Corruption Perceptions Index for 2005, on par with the Democratic Republic of Congo, Côte d'Ivoire, Georgia and Tajikistan.
  - Demands for "facilitation fees" to obtain required permits or licenses, government award of contracts and concessions based on personal relations, are frequently cited as disincentives to foreign investment. The general perception of corruption in Indonesia has affected investors' view of Batam to some extent.

- ***Unclear Legal Framework***
  - Indonesia has a complex legal environment and its legal system is perceived to be corrupt, inefficient, and opaque. Laws and regulations are constantly changing and are often vague or ambiguous allowing government officials' wide latitude in their interpretation and enforcement, thereby failing to provide a stable foundation and business certainty for business basics such as contract enforcement and property rights.
  - Strengthening the independence of the judiciary, its financing (to nullify graft) and its administrative capacity remain essential. More broadly, stringent action to eradicate endemic corruption is required supported by the creation of an institutionally powerful anti-corruption commission backed up by an anti-corruption court. A blueprint for judicial reform focusing on boosting the powers of the Commercial Court to encourage investment has been formulated by the Supreme Court. Its test will be in its actual implementation.

- ***Increasing Fuel Costs***
  - The recent 126% fuel price hike introduced in 1 October 2005 to relieve the pressure caused by crippling fuel subsidies after global oil prices struck historic highs has resulted in inflation rate soaring to a six-year high of 17.9% in October. In response, the Indonesian Central Bank raised its leading reference rate from 11% to 12.25%.

- The inflation and interest rates surge could have a negative impact on domestic consumption and investment, prompting a moderation in the economy's growth momentum.
- Already, the higher fuel cost has increased operation and manufacturing costs for companies in Batam Island. This has affected existing operators and is expected to erode Batam Island's competitive advantage in attracting new investors to the island. On the same note, increasing fuel costs has also resulted in some level of labour tension. Worker morale is currently low due to higher cost of living and a wage increase is seen as important to boost morale. Yet companies in Batam Island are also hard hit by the fuel price hike and it will be difficult for employers to raise salary or transport allowances for workers. This can potentially pose labour unrest, non-productivity, closure of manufacturing companies and thus unemployment as well as uncertainty to companies in Batam Island.

- ***Avian Flu Pandemic***
    - The World Bank and Asian Development Bank warn that the outbreak of epidemics such as the avian flu in humans that may parallel the effects of the outbreak of severe acute respiratory syndrome (SARS) in 2003 could result in world economic recession as a year-long shock effect could cost Asian economies including (Indonesia) as much as US$283 billion (S$481 billion) and would reduce the region's GDP by 6.5 percentage points.

1.2 CURRENT AND FUTURE DEVELOPMENT OF INDUSTRIAL PARKS IN BATAM ISLAND

Industrial companies in Batam Island are currently accommodated within the 17 industrial estates on the island. Together, these offer more that 1,300 hectares of industrial land. Some of the industrial parks are tabled below. The major competitors of the subject, Batamindo Industrial Park, (BIP) are Panbil Industrial Estate, Kabil Industrial Park and Latrade Industrial Park.

List of Major Industrial Parks in Batam Island

Name of Industrial Park	Location	Size of Industrial Park (ha)
Panbil Industrial Estate	Mukakuning, Batam	130
Taiwan International Industrial Estate	Kabil, Batam	300
Latrade Industrial Park	Tanjung Uncang, Batam	230
Kabil Industrial Park	Kabil, Batam	180
Bintang Industrial Park I	Batu Ampar, Batam	18
Bintang Industrial Park II	Tanjung Uncang, Batam	70
Puri Industrial Park	Batam Centre, Batam	40
Kara Industrial Park	Batam Centre, Batam	30
Tunas Industrial Park	Batam Centre, Batam	16.6

Name of Industrial Park	Location	Size of Industrial Park (ha)
Cammo Industrial Park	Batam Centre, Batam	15
Batamindo Industrial Park	Mukakuning, Batam	320

Source: Colliers International

We have inspected and researched into some of the major industrial parks. The background and performance of these industrial parks are summarised below.

1.2.1 PANBIL INDUSTRIAL ESTATE

Panbil Industrial Estate (PIE) is a US$150 million (S$255 million) development on over 100 hectares of industrial land in Batam Island. It is owned, built and managed by PT. Nusatama Properta Panbil in conjunction with Panbil Investment Holding Company. They are a wholly-owned subsidiary of PT. Harapan Jaya Sentosa group which includes established companies in the spheres of planning, development, construction and management of industrial, commercial, and residential properties.

PIE is supported by its own infrastructure and services, including 40 MW of power supply, waste water treatment plant, commercial center (PMC - Panbil Mall Center where Ramayana sits in as one of the key anchor tenant at the commercial center), executive village, hotel, members club, dormitories for workers, places of worship, sports center, security force and maintenance group.

Standard factories for immediate start-up have factory floor areas ranging from 1,300 sq m to 10,000 sq m, and with factories land areas from 2,500 sq m to 10,000 sq m. Treated land lots are also available for sale and lot sizes vary depending on needs of industrial buyers. Factory spaces for rent are classified by types and the configurations are tabled below.

Type and Configuration of Factories in PIE

Type	Land Area (sq m)	Built Up Area (sq m)
B2 – deatached single storey mezzanine floor	3,600	2,258
B2A – terrace single storey	1,903	1,183
B3 – detached single storey with mezzanine floor	4,370	2,534
C – detached single storey with mezzanine floor	8,201	5,088

Source : PIE

Tenants operating in PIE include companies like Etowa Packaging (from Malaysia), Brilliant Manufacturing and Pacific Coating (from Singapore) etc. The take-up rate of factories as compared to overall availability is about 16%.

Rental rates are priced at US$3.23 per sq m (S$5.50 per sq m) whilst land (including factory) is sold at approximately US$291 per sq m (S$ 495 per sq m), both of which are negotiable. Our market research showed that prices for land lots (without building) of about 8,000 sq m could go as low as US$47 – US$59 per sq m (S$ 80 - S$100 per sq m). Monthly service charge of US$0.18 per sq m (S$0.30 per sq m) is payable.

Factory space is usually let out on a 3-year lease term with 3 months rental deposit and administration charge of US$5,875 (S$10,000) payable upon confirmation via a Letter of Confirmation. Thereafter, rental fee and service charge are payable in advance on a quarterly basis.

Utility charges at PIE are as follows :

- Water : US$1.09/cubic meter or S$ 1.85/cubic meter
- Electricity : US$0.08/KWH or S$0.14/KWH
- One time charge (normal voltage) : US$0.037/VA or S$0.063/VA
- Monthly contracted demand charge : US$1.76/KVA or S$ 3.00/KVA

Besides accommodation facilities (executive housing and workers' dormitories), PIE has a wide array of living amenities for residents and members of working community such as :

- 24 hour medical centre
- Hotels and clubs
- Place of worship
- Commercial and retail centre
- Completed sport facilities included a stadium
- Dining establishments
- Training Centre
- 24 Hour Security

Our survey also showed that PIE has a dedicated and professional team of marketing personnel. Proactive measures are now being taken by developer to form strategic alliance with associations and government bodies in Singapore as well as with Indonesian trade chambers and to organize trade shows outside of Singapore.

1.2.2 KABIL INDUSTRIAL ESTATE

Kabil Industrial Estate (KIE) is a joint venture between the Citramas Group and the Netherlands Development Finance Co Ltd, (FMO). Kabil's development is partially financed by the International Finance Corporation (a member of the World Bank), ING, Internationale Nederlanden Bank and PT Bank Finconesia. KIE is located on the eastern seaboard of Batam Island and lies adjacent to Asia Port, a major deepwater seaport able to handle vessels up to 150,000 dwt, with six terminals for general and specialised cargo.

KIE occupies 180 ha of land specially set aside for light, medium and heavy industries. Phase 1 of this development is zoned for light industrial cluster development comprising ready-to-use factory units on leasehold land of 80 years. There are detached, semi-detached and terrace factories with land sizes ranging from 1,095 sq m to 3,312 sq m and built-up areas ranging from 944 sq m to 2,151sq m. Prices range from US$368,978 (S$628,000) for a 1,095 sq m terrace unit to US$793,185 (S$1.35 million) for a 3,312 sq m detached unit. Our research shows that these prices are negotiable.

Factory space is also available for lease at US$2.35 per sq m (S$4 per sq m) per month excluding services and utility charges. Leases are on 3-year terms with automatic renewals upon expiry. Additionally, our market research showed that 25 plots of land totaling 36,893 sq m are taken up compared to the 180 hectares available. This represents a low take-up of 2%. Whilst the Asian financial crisis has put a dent to the low demand, the low take-up can be attributed to a number of contributory factors - competition and location.
Factory designs in KIE allow flexible interior layout to meet individual operational needs. False ceiling and air-conditioner units are provided for the mezzanine offices and reception areas while roller shutters are provided for entrances into the production area of the factories.

Existing tenants at KIE are predominately companies from the oil and gas industry as well as the construction, telecommunication, logistics, pipe coating, aqua water, metal accessories manufacturing and garment manufacturing sectors. Most of them lease factory space in the park while two occupants bought the land and build their own factory premises.

Industrial facilities and services available at the park include :

- **3-phase Electrical Power of up to 200 KVA Per Standard Lot**
  Electricity charges
  Demand charge US$1.65/KVA/month or S$2.80/KVA/month
  Energy charge US$0.07/KWH or S$0.125/KWH
  One time connection charge US$0.04/VA or S$0.07/VA
  Consumer Deposit Fee US$0.03/VA or S$0.06/VA
  The above charges are slightly lower than that charged by PIE.

- **Advance Telecommunication**
  International telephone lines are connected at US$150 or S$255 per line. Other telecommunication services provided include diversion and extension of telephone lines within the factory lot.

- **Fresh Treated Water Supply and Potable Water**
  Potable water is made available from BIDA's supply at Rp 11,000 (US$1.09 or S$1.85) per cubic meter. KIE supplies industrial water for large consumers

at Rp 8,000 (US$0.79 or S$1.35) per cubic meter. KIE also has a water reservoir.

- **Round-the-clock Security for Common Area**
  KIE is guarded by security officers (SATPAM) for 24 hours.

- **Logistic Support for Mobilising Plant and Machinery**
  KIE provides assistance in mobilising plant and machinery. Services include transport arrangement and getting clearances from local authorities. Transportation charges are billed directly by the transportation company.

- **Administrative Services**
  Services include arrangements for company incorporation (excluding legal charges); obtain business visa, government licensing/permit (excluding fees) and clearance for foreigners who need to enter Batam Island for business.

- **Shipping/Custom Clearance Service**
  Assist in arranging approved shipping agents of various flag lines with different vessel capacities. The agent also provides customs clearance for incoming and outgoing cargo to/from Batam Island.

- **Labour Recruitment Services**
  Support includes arrangements for advertisements in local newspapers, screening and shortlisting of suitable candidates for further selection. Advertisement charges are charged directly by the newspapers.

- **Maintenance and Upkeep of Common Property**
  The industrial estate is managed and maintained by maintenance staff to ensure that common properties - roads, drains, street lights, etc are well taken care of. Service & maintenance charge is pegged at US$0.04 or S$0.07 per sq m of land area per month.

- **Waste disposal Services for non-toxic and non-radioactive waste**
  The park does not have its own land fill and waste disposal charges are as follows:
  0.25 cubic meter/day - US$45/month (S$77/month)
  0.25 to 0.50 cubic meter/day - US$90/month (S$153/month)
  0.50 to 0.75 cubic meter/day - US$135/month (S$230/month)
  0.75 to 1.00 cubic meter/day - US$200/month (S$340/month)

- **Housing for management and workers**
  These are located about 3 km away from industrial park currently in operation.

1.2.3 LATRADE INDUSTRIAL PARK

Latrade Industrial Park (LIP) is situated in Tanjung Uncang, west of Batam Island. The development is backed by two public-listed companies in Singapore with its group of established companies in the civil engineering, general building, manufacturing, distribution and trading industries.

Whilst only 33 hectares of land is currently being marketed, the entire park has over 200 hectares of land. The developer aims to build infrastructure on the first 33 hectares and will then consider opening up prime lands fronting the main road once those on the first 33 hectares are more established.

LIP offers a spectrum of factories with varying designs and sizes, ranging from 900 sq m to 3,000 sq m of built-in factory area. The various types of factory space and lots are classified into superior, deluxe and executive factories and the respective configurations are tabled as follows.

Type and Configuration of Factories in LIP

Block	Type	Land Area (sq m)	Built Up Area (sq m)	No. of Units
A	Deluxe	3,811 – 4,609	2,543 – 2,796	8
B	Executive	2,470 – 2,836	1,409	11
C	Deluxe	3,096 – 3,354	2,096	8
D	Executive	1,790 – 2,228	964	15
E	Executive	2,152 – 3,307	964	10
F	Superior	7,333 – 10,187	3,462	4
G	Superior	7,556	3,462	7
H	Superior	7,054 – 8,728	3,462 –3,801	5

Source: LIP

Prices and Rentals:

Prices and rentals of industrial facilities in LIP are subject to negotiation depending on space and land size requirements. These are summarised below:

(a) Purchase Price

(i) for treated land only : US$29 – US$41 per sq m or S$50 – S$70 per sq m

(ii) for land and factory space : US$176 – US$235 per sq m or S$300 – S$400 per sq m

(b) Rental of Factory Space

(i) for lease of factory space : US$2.64 – US$3.88 per sq m or S$4.50 – S$6.60 per sq m

Seven companies from industries such as furniture, packing, plastic moulding, material processing etc. are operating in LIP. The park is not supported by infrastructure facilities and power, water and telecommunication supply is available from the respective local authorities. Although the park has a backup generator to the equivalent of 6 MW, it is not equipped with water treatment plant or landfill facilities.

Executive housing in LIP is basic and includes motels or serviced apartments of no more than 20 units. Each unit is rented out monthly at about US$294 (S$500). Services include daily cleaning, laundry and breakfast. For an additional US$59 (S$100) per month, tenants can have access to a computer with broadband facility.

We understand that the developer is targeting to attract companies from Singapore and Taiwan through their shareholding network and business contacts. It is our opinion that this park will take more time to achieve higher occupancies in view of its location and the limited supporting infrastructure and facilities.

1.2.4 OTHER INDUSTRIAL PARKS

Some background information of other industrial parks - Taiwan International Industrial Park and Bintang Industrial Park II are summarized as follows:

Other Industrial Parks in Batam Island

Description	Taiwan International	Bintang Industrial Park II
Location	Kabil Centre, Batam	Tanjung Uncang and Tanjung Sengkuan
Service Provided	Industrial land for sale, standard factory for lease	Industrial land for sale and factory building for sale and lease
Plan Area	380 ha	70 ha
Developed area	54 ha	-
Distance to nearest Town	16 km from Nagoya	23 km from Nagoya
Distance to Harbour	Sekupang 26 km Asiaport 5 km	24 km from Batu Ampar
Distance to Airport	Hang Nadim, 9 km	26 km from Hang Nadim
Source of Water Supply	N.A	N.A
Source of Electricity Supply	PLN	PLN 630 MVA
Telecommunications	Telkom	Telkom
No. of Companies Operating in the Park	5 companies	7 companies

Source: Taiwan International Industrial Park & Bintang Industrial Park II

We understand that Taiwan International Park has met with major hitches. The previous developer, a Taiwanese, was only keen in selling the land without infrastructure developments. A few buyers who were caught in this were left to clear the land and develop their own infrastructure needs. We understand that the rest of the land is reverted back to the government authorities. Bintang Industrial Park II is small in scale and most of its tenants are local companies.

Our market research indicates that there are no new industrial parks planned for development over the next 3 years or so. Any additional supply that will come on stream will predominantly be from the remaining unabsorbed supply from existing industrial parks.

Excluding the 320-hectare BIP, the market has a current supply of about 1,030 ha industrial park land. Our market research shows that current average take-up rate of land in each industrial park (excluding BIP) against the supply does not exceed 20%. Assuming an overall average 20% take-up rate, this translates to only 206 hectares of occupied industrial land vis-à-vis a huge future supply of 824 hectares of available land not taken up.

However, if only the major competitors to BIP are taken into account (i.e. Panbil, Kabil and Latrade) total supply is estimated at 540 hectares. Again, assuming 20% of these are presently taken-up, the future supply competing with BIP is approximately 430 hectares.

1.3 PRESENT PERFORMANCE AND FUTURE OUTLOOK FOR BATAMINDO INDUSTRIAL PARK

1.3.1 PRESENT PERFORMANCE

BIP is an established industrial park in Batam Island, commencing its operations in 1991 with approximately 320 hectares of land. It is the first industrial park in the Asia Pacific to be certified ISO 9002 (1995), a testament to the Park's commitment to excellence in creating a manufacturing site that is efficient, cost-effective and environmentally friendly.

A survey with existing tenants revealed that they have chosen to operate in BIP because of the availability of abundant and cheap labour, proximity to Singapore as well as the high level of support provided by BIP. These support include the availability of reliable water and electrical sources, handling of lease, license applications, renewals, operating permits from the local government, company formation, manpower recruitment, immigration for expatriates. Tenants have expressed that they are generally satisfied with the level of support and customer service programme extended by BIP and have given BIP a rating of 6 to 7 (based on a scale of 1 to 10, with 10 being the most satisfied).

The only big concern that needs to be addressed is the current high electricity charge at US$13.69/kw or S$23.30/kw. Indeed, an analysis of costs payable by tenant companies to BIP shows that tenants pay very high electricity charges, amounting to as high as 82% of the total recurrent cost incurred and payable to BIP for support of their operations. Such recurrent costs include rentals for factory and dormitory, electricity, demand charge for electricity, water, air-conditioning and service fee.

Similarly, for companies that are occupying space that is purchased from BIP, electricity cost takes up an extremely high proportion at 91% of their total recurrent cost incurred and payable to BIP for support of their operations.

On an average basis, electricity charges constitute as much as 56% of the total recurring cost incurred by companies. This has inevitably resulted in increased manufacturing cost pressure to companies operating in BIP.

Trade Mix and Countries of Origin

There are 80 tenants in BIP as at 30 June 2005. The types of industries that are attracted to BIP have remained relatively stable and comprise mainly electronic and electrical companies. These companies take up about 58% of the overall tenants at the park as at June 2005. The number of tenants involved in plastic moulding manufacturing, on the other hand, has more than halved from 11% in FY 1994 to 5% as of June 2005.

The majority of companies in BIP are from Japan (44.1%), followed by Singapore (33%) and the remaining are from countries such as USA, Germany, Indonesia, France, Finland and Australia.

Occupancy Rate

Overall, the average occupancy rate of factory space has declined from 91% in 2002 to 83% in June 2005, resulting from the pulling out of tenants and few new take-ups. We understand that there are no take-ups by new tenants but demand stems from expansion plans by existing tenants including NOK. Majority of the existing companies have operated in BIP for at least 6 years. These include Siemens, Philips and Thomson.

BIP currently leases out vacant space to existing companies (e.g. Panasonic) for storage purposes on a yearly lease basis. The short-term leases allows BIP to fill up vacant space and at the same time the flexibility of re-allocating such space to meet leasing demand for operations on the typical 3-year lease tenure.

Selling Prices of Factory and Land

Industrial space in BIP is allocated under several categories, namely: land for sale, factory for sale and factory for lease. Historical data provided by the client showed the following records for land and factory space sold :

Historical Sale Prices and Rental Rates of Industrial Space in BIP

Tenancy Type	Sold (in terms of ha/sq m)	Average Prices / Rental Rates
Land for Sale	86,400	US$58 or S$98 per ha
Factory for Sale	108,707	US$656 or S$1,117 per sq m

Source : BIP

We understand that BIP has since stopped its sales programme for industrial land and factory sale has been capped at 20% of available space. As such, industrial land and factory space are currently marketed for lease only. This will ensure a better control of tenant mix in the park as well as a steady flow of income stream in the future.

Rental Rates

Rental rates in BIP have dipped over the past 3 years, some of which has reduced by as much as 50%. The decrease in rental is attributed to the downsizing or closure of some company operations as a result of the Asian financial crisis. Rentals were revised downwards to retain existing tenants who are cost conscious and who are under pressure to streamline their operations.

Current monthly gross rental rates of factory space in BIP range from US$4 to US$5.90 per sq m (S$7 to S$10 per sq m). Monthly service charge is pegged at US$0.12 per sq m (S$0.20 per sq m). Storage space is currently let out for US$ 0.71 per sq m (S$1.20 per sq m) monthly.

1.3.2 FUTURE OUTLOOK

Looking ahead, we are of the opinion that BIP will continue to be a market leader in the development of industrial parks in Batam Island. The operator's wealth of experience in developing, marketing, managing and maintaining industrial parks in Batam Island as well as other parts of Asia is one significant competitive advantage.

Within Batam Island, BIP will see competition from three competitors. Panbil Industrial Park is deemed to be a primary competitor predominately due to its close proximity to Batamindo and the similar infrastructure facilities available whilst Kabil and Latrade are secondary competitors with regards to amount of land available at the parks.

However, BIP will continue to face regional competition from other industrialised parks in Asia such as India, China, Vietnam and Malaysia. It is therefore essential that Batam Island and BIP continue to strategise and improve to ensure that the competitive advantages favoured by manufacturers are strengthened and maintained.

Trade Mix

BIP will continue to attract a similar mix of tenants particularly labour intensive manufacturing companies requiring reliable and adequate infrastructure, utilities and logistical support. Additionally, BIP should consider extending its tenants base to include companies providing upstream and downstream business to its present tenants. This will also help in retaining existing tenants if such suppliers are available within the park.

Projected Supply and Take-up

Some 20 hectares of land from the current undeveloped pockets and land currently occupied by dormitories can potentially be made available for the next 2 to 3 years.

Despite improving regional economic performance in Singapore and neighbouring countries, increased regional competition, high fuel costs and interest rates as well as looming labour issues and epidemics that may parallel the effects of the outbreak of severe acute respiratory syndrome (SARS) in 2003, pose significant risks and uncertainties to the business climate in Batam Island. As such, we expect demand for leased industrial space in Batam Island to grow at a moderate pace over the next 2 years. Indeed, our research reveals that due to the uncertain outlook, some industrial parks in Batam Island are focusing their efforts on retaining existing tenants. Demand for leased industrial space in BIP is therefore expected to stem from expansion plans from existing tenants in BIP instead of from new tenants. The supply of the 20 hectares in BIP is expected to be absorbed in approximately 6 to 10 years. Take-up rate at BIP will increase, albeit at a moderate rate of approximately 10 - 15% per annum in years 2006 and 2007. Thereafter, demand is projected to stabilise at around 5 – 10 % per annum.

Occupancy rate at BIP is not expected to increase immediately but is projected to stabilise around 85% into 2006.

Projected Rental Rates and Prices

Rentals of industrial space in Batam Island are expected to moderate in line with the slower rate of demand growth. Rentals are unlikely to reach pre-2001 levels of between US$6.46 – US$7.64 per sq m (S$11 – S$13 per sq m) in the short to medium term in view of increased regional competition and uncertainties. We project that rental rates from the next 3 years would range from about US$3.53 – US$4.70 per sq m (S$6 to S$8 per sq m) increasing gradually to about US$4.70 – US$5.88 per sq m (S$8 to S$10 per sq m). Lease terms will remain relatively similar to the current 3-year lease terms with rentals payable in advance every quarterly.

Factory prices are expected to strengthen at a marginal rate by approximately 5 – 10 % in the next 2 years.

1.4 KEY SUCCESS FACTORS

The above projections in take-up, rental rates and selling price could be achieved subject to the presence of the following imperative factors:

1.4.1 FAVOURABLE MACRO FACTORS

Favourable and pro-investment macro political, social, economic and business factors that were highlighted and discussed earlier are necessary to support BIP and industrial developments in Batam Island. These must be present and potential threats must be reduced as far as possible to improve Batam Island's standing.

1.4.2 EFFICIENT COST CUTTING MEASURES AND SAVINGS TO COMPANIES

Fuel price hikes has put an upward pressure in manufacturing costs. Companies in BIP have expressed great concerns about the high electricity cost. This can potentially erode BIP's attractiveness as an industrial park to existing and future investors despite its highly-commended reliability in round the clock electricity supply to industrial operations in the park. It is thus imperative that BIP look into effective cost reduction measures.

We understand that BIP has recently commissioned 3 gas-fuelled generating sets, which primarily burn natural gas for power generation and has started converting its existing liquid fuel burning generating sets to dual-fuelled sets that operate mainly on natural gas.

BIP must ensure that cost savings in generating electrical supply to the park through the alternative method must be passed on to the companies to maintain its competitive advantage.

1.4.3 PROFESSIONAL AND EFFICIENT PROPERTY/FACILITY MANAGEMENT

The park has to be well maintained regularly from its wear and tear. Though present arrangement shows that buildings are repainted and minor repairs held once every 5 years, we recommend that this period be shortened as some existing tenants have expressed poor quality of building, leaking of roof especially during heavy downpour etc.

Infrastructure and utilities requirements should be constantly reviewed to ensure its adequacy of which we believed this is being carried out. We understand that water shortage is probably one of the common problems encountered by tenants.

More assistance and attention should also be given to tenants who may encounter difficulties with regards to changes in custom laws. This is especially in the area of applications and processing.

1.4.4 AGGRESSIVE MARKETING

It is highly recommended that BIP continues to take proactive measures to promote and market its park not only to governmental agencies in Singapore such as Economic Development Board, Spring Singapore, International Enterprise Singapore, trade associations such as American Chamber of Commerce etc, but also to prospective multi-national companies outside Singapore by organizing road shows and trade exhibitions.

1.4.5 COMPREHENSIVE RANGE OF INFRASTRUCTURE, UTILITIES AND LOGISTIC SUPPORT

The wide range of infrastructure, utilities and logistical support presently offered by BIP is probably the main key to its success against its competitors. This should be enhanced to keep pace with the dynamic changes to the business environment. For example, wireless and broadband facilities have to be made readily available.

1.4.6 FLEXIBILITY IN INDUSTRIAL SPACE LAYOUT AND DESIGN

Future tenants space requirements should be reviewed and evaluated objectively against present master plan and design with the objective of accommodating to tenants' specification. One way of doing so is to provide design and build units.

1.4.7 CLUSTER DEVELOPMENT

Evaluating present tenancy will allow BIP to develop marketing strategies allowing integrated services by accommodating to upstream as well as downstream businesses to its present tenants. This is especially so when outsourcing is now becoming more common.

2.0 OVERVIEW OF INDUSTRIAL PARK DEVELOPMENT IN BINTAN ISLAND

Bintan Industrial Estate (BIE) is situated within the duty free bonded zone on the southwestern tip of Bintan Island within the district of Lobam, Riau Archipelago. The site lies to the northwest of the main town of Tanjung Pinang and is a self-contained estate with its own international port and custom facilities. Like the Batam Industrial Bonded Zone, BIE has recently been upgraded to a Bonded Plus Zone.

The present development covers approximately 273 hectares, comprising of 173 hectares of development land and 100 hectares of catchment reserve.

BIE offers terrace, semi detached and detached factory space for sale and lease. Lettable area ranged between 500 sq m to about 2,100 sq m per unit. There are presently about 32 tenants occupying about 88% of available factory space at BIE. About 49% of the tenants are electrical and electronics companies, 36% are from the garment industry and the remaining 15% are companies in the support industries. Most of the companies are from Singapore (66%) and followed by Japan (19%). The remaining companies originate from Germany, USA, Switzerland and Italy.

The estate is supported by limited commercial, retail and leisure facilities though plans are provided to expand such facilities as more industrial users are attracted to the site. A land bank with about 3,800 hectares of land is available for future industrial park developments.

2.1 OUTLOOK FOR INDUSTRIAL PARK DEVELOPMENT IN BINTAN ISLAND

Marketing of Bintan Industrial Estate (BIE) is comparatively more challenging than BIP largely because of Batam Island's more matured and established position as an industrial park first pioneered and marketed in the early 1980s with the strong support of both the Singapore and Indonesian governments. Other industrial parks in Batam Island similarly helped position Batam Island in creating a critical mass and base for industrial park users. This has enabled Batam Island to cater to a good mix of industrial occupiers as opposed to BIE, which is isolated in Lobam. The availability of commercial and recreational facilities such as shopping centers, township, hotels, golf courses, marina clubs etc, also value add to industrial users based in Batam Island, thus making it more marketable and attractive.

Additionally, BIE currently faces a similar set of macro factors as Batam Island *(Please refer to Outlook for Industrial Park Development in Batam Island – Section 1.1 : Economic and investment Climate in Batam Island)*. These macro factors present potential opportunities available to Bintan Indi Industrial Estate (BIIE) and threats that it needs to overcome. Opportunities include : Close Proximity to Singapore; spin-off benefits from Singapore's continued Efforts to Achieve Free Trade Agreements (FTA) with other countries; benefits from duty free and bonded zone plus status and pro foreign investment policies. Threats faced by BIIE are increasing competition from regional industrial parks, labour issues, unclear legal framework, corruption, increasing fuel costs and potential avian flu pandemic.

Companies operating in BIE are generally satisfied with the level of expertise and support extended by BIIE. A rating of 7 to 8 was accorded to BIIE by its tenants (based on a scale from 1 to 10, 10 being the most satisfied). However, once again, one major concern of these companies is the high electricity cost incurred – an average of 30% of total cost incurred and payable by these companies to BIIE for supporting their operations. The electricity costs of some of these companies are as high as 74% of their total cost incurred and payable to BIIE for supporting their operations.

Notwithstanding this, we believe that BIIE, given time, would similarly be able to create a critical mass of industrial park users. The current infrastructure is sufficiently adequate. The macro environmental policies in Bintan Island are in place as catalysts to attract industrial users who are predominately in the electric/electronic manufacturing and garment manufacturing industries. Presently, we witness a growing trend in the formation of a garment-manufacturing cluster with supporting industries. The current tension between USA and China over the textile and garment agreement has benefited garment companies in Indonesia and Bintan Island. We believe that the garment manufacturing sector will continue to be the one of BIIE's main target markets and as more of such operations are based in Bintan Island, other market segments such as in the integrated logistics and support services will follow suit.

Taking cognizance of the above, we project that BIE will continue to attract tenants at rental rates of between US$3.82 - US$4.70 sq m (S$6.50 – S$8.00 per sq m). Take-up rate will be steady at an average of between 4 – 7% per annum over a period of 5 – 9 years. Overall, occupancy is projected to stabilize at around 85% - 90%. Lease terms will remain similar to the current practices.

We further assume that aggressive marketing support, continuous upgrading of infrastructure and a growing economy in Singapore, amongst other critical factors, especially electricity cost reduction measures must continue to be present. More resort and tourism developments on the northern coastline of Bintan Island will also add value to industrial users based in Bintan Island, thereby helping to promote BIE as an attractive base for industrial users.

As for the huge 3,800 hectares of industrial land bank at Lobam, we project that this would take a longer time to market and likely to spread over 15 – 20 years. Market forces will determine the type of land prices and rental rates. Currently, this land is valued at about US$1.06 per sq m (S$1.80 per sq m).

3.0 OUTLOOK FOR RESORT AND TOURISM DEVELOPMENT IN BINTAN ISLAND

3.1 BACKGROUND

Bintan Island is the largest of the 3,200 islands in the Riau Archipelago and the third largest of 27 provinces in Indonesia. Located just 45 kilometres south-east of Singapore and twice its size, northern Bintan is easily accessible via a 45-minute ride on a high speed catamaran from Singapore's Tanah Merah Ferry Terminal. In the northern sector of Bintan Island is Bintan Resorts, a 23,000-hectare development. It is jointly undertaken by the Singaporean and Indonesian governments. It has a 100-km stretch of beaches and waters rich with marine life and offers a retreat destination for those seeking to escape the hustle and bustle of the city.

Accommodation options on the island include deluxe class hotels, condominiums, luxury villas and chalets. It is possible to rent cars and there are transfers from the ferry terminal and between the various hotel resorts. Bintan Resorts has a dedicated sea-sports centre offering a variety of water sports and related activities. Bintan Island also offers several golf courses designed by Jack Nicklaus, Gary Player and Ian Baker-Finch. The island's nature trails also allow visitors to enjoy the lush tropical flora and fauna. In the south is Bintan Island's capital, Tanjung Pinang, a quaint old town characterised by rows of wooden houses on stilts linked by a maze of walkways. Located nearby is a rustic fishing village of Senggarang. Once the home of the Bugis, it now has a strong Chinese population within a Chinese village.

A ten-minute ride on a motorised sampan from Bintan Island is the historical Pulau Penyengat, originally the home of the Melaka Sultanate. This tiny island is distinguished from afar by a glittering dome belonging to its 170-year-old mosque, which houses a rare handwritten Koran. Near the mosque are the royal tombs of past sultans.

The resorts in Bintan Island now employ more than 2,000 locals from the nearby town of Tanjung Uban and many are resettling in new homes in the form of cluster housing and dormitory accommodation at Bintan Resorts. Many new facilities, including a mosque and a park are also provided for the locals.

3.2 TOURISM TRENDS

3.2.1 GLOBAL DEVELOPMENTS

According to World Tourism Organisation (WTO), the world tourism industry has been resilient to external shocks such as Sars, the devastating Indian Ocean seaquake and tsunami, and Bali bomb blast. There are temporary shifts in travel flows and while the impacts are severe in the local affected areas, most cases are short-lived and have not stopped people from traveling. Long-haul travel is strengthening but short-haul and domestic travel are still performing comparatively better due to increasingly low fares for such short haul travels. There is also a recovery in demand for business tourism, including the meetings, incentives, conventions and exhibitions (MICE) sector.

Barring any further shocks that will influence travel trends for the rest of this year, international tourist arrivals is expected to grow at an average rate of 5 – 6% to reach 800 million. The strongest growth is forecast for the Asia Pacific region at 10%. Although the forecast at the global level for 2005 has fallen from over 10% per annum in the peak year of 2004 and is in line with deceleration of world economic output, growth is significantly higher than the 4% average recorded over the period 1990-2004. The same trend is true for various regions including the Asia Pacific.

Looking ahead, WTO's Tourism 2020 Vision forecasts that international arrivals are expected to reach over 1.56 billion by the year 2020. Of these worldwide arrivals in 2020, 1.2 billion will be intraregional and 0.4 billion will be long-haul travelers. The total tourist arrivals by region shows that by 2020, the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and Americas (282 million), followed by Africa, the Middle East and South Asia. East Asia and the Pacific and South Asia are forecasted to record growth at rates of over 5 percent per year, compared to the world average of 4.1 per cent. Long-haul travel worldwide will grow faster, at 5.4 per cent per year over the period 1995-2020, than intraregional travel, at 3.8 per cent. Consequently the ratio between intraregional and long haul travel will shift from around 82:18 in 1995 to close to 76:24 in 2020.

3.2.2 SINGAPORE

Singapore has been enjoying a robust growth in visitor arrivals with over 7.5 million visitors registered for a consecutive 3 years from year 2000, except in 2002 and 2003 due to the outbreak of SARS, Iran/Iraq war and terrorism. Singapore’s incoming visitors in 2004 hit 8.3 million. As at end 2005, Singapore received 8.94 million visitors. Looking ahead, Singapore should see healthy visitor arrival growth of at least between 3 – 5 % per annum especially with more budget carriers already operating in/out of Changi Airport and with the budget terminal presently under construction.

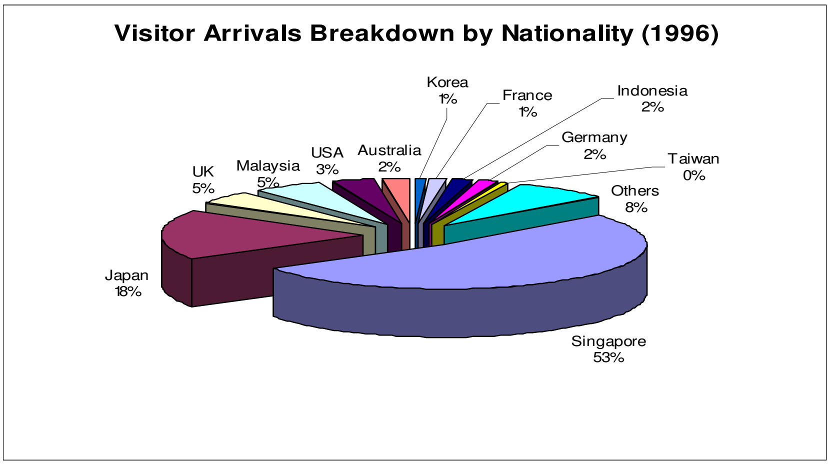
While Indonesian visitors traditionally form the majority of arrivals to Singapore, a notably increasing growth in visitor arrivals from China and India is recorded. In 2005, China visitor arrivals to Singapore totaled 857,792, an increase of 51% from 2003 years ago. Arrivals from India have increased by 89% over the same period to 583,532 as at December 2005. From 2000 to 2005, total annual Chinese visitors to Singapore have increased by 97% to some 857,792 numbers whilst Indian visitors have increased by 69% over the corresponding period. We expect to see strong growth from China and India in view of economic buoyancy from these countries and the relaxation of travel policies that have made travel more affordable and reachable to many. We project that the China and India markets will continue to play a significant part of total visitors to Singapore with growth likely to be in the range of 10 – 15% per annum.

3.2.3 BINTAN ISLAND

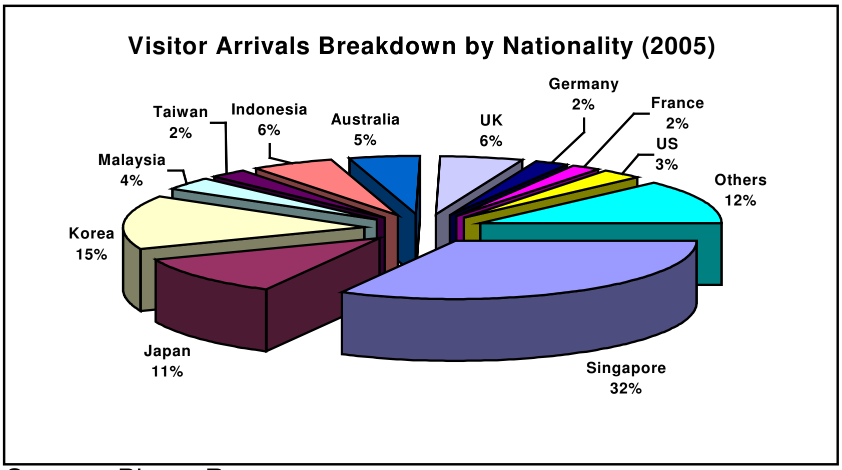
Only 113,49 visitors arrived at Bintan Island in 1996 when it was first developed and promoted as a resort getaway and relatively unknown to many. Arrivals increased significantly by 49% in 1997 but growth rate moderated to 34 % in 1998 mainly due to the Asian crisis. Subsequent arrivals continued to increase by a smaller magnitude from 1999 to 2001. Terrorist threats in 2002 and SARS outbreak in 2003 slowed down traveling and thus a decrease in tourist arrivals by 2.5% and 21% respectively. Boosted by improved conditions and global visitor arrival trend in 2004, Bintan Island received 300,827 visitors in 2004, an increased by 14% from the low base in 2003. In 2005, some 288,083 visitors arrived at the island. This is 4% lower compared to a year ago, the result of a dent in arrival numbers in the early months of 2005 due the ripple effect of the tsunami in December 2004. Nonetheless, the visitor number in 2005 is still 10% higher than that recoded in 2003.

An analysis of historical visitor arrivals trends from 1996 to 2004 shows that approximately 97% - 98% of the total visitors travel to Bintan Island via the international channel through Singapore. The same historical trend analysis from 1996 to 2004 also shows that Bintan Island captures an average of about 3.6% of Singapore's total visitors. The proportion of Singapore's visitors captured by Bintan Island has declined from the highest of 4.5% in 2001 to 3.6% in 2004.

Located close to Singapore, majority of the visitors to Bintan Island comprise of Singaporeans. In 1996, about 53% of visitors to Bintan is made up of Singaporeans. Japan ranked second followed by Malaysians. However, through extensive marketing and combined efforts of the Singapore Tourism Board, Bintan Resort Management and tour operators in promoting Singapore and Bintan as dual destinations over the years, Bintan Island is able to attract a good spread of visitors from North Asia (Japan, Korea and China), India, Australia, UK, France etc. Bintan Island is popular with Korean honeymooners and avid Korean golfers. Indeed the number of Korean visitors to Bintan Island has burgeoned by almost 48 times from 883 visitors in 1996 to 42,525 visitors in 2005. The breakdown of visitor arrivals to Bintan Island by nationality is shown in the following charts.



Source : Bintan Resorts



Source : Bintan Resorts

Additionally, some bright spots in visitor trends have also emerged. Worth mentioning are the growing China and Indian nationals traveling to Singapore and into Bintan Island. This is in line with the arrival trends into Singapore. The following table refers:

Visitor Arrival Numbers to Bintan Island (% Increase from Preceding Year)

Country	2001	2002	2003	2004	2005
China	846	1,050 (+24.1%)	2,071 (+97.2%)	1,754 (-15.3%)	2,610 (+48.8%)
India	1,133	1,280 (+13.0%)	861 (-32.7%)	2,572 (+198.7%)	2,584 (+0.5%)

Source : Bintan Resorts

However, despite the increasing number of visitors from China and India to Bintan Island over the recent years, the island only managed to capture an average of about 0.2% and 0.4% of the Chinese and Indian visitors traveling into Singapore respectively. We believe that this market share could be higher if more moderate and budget class hotels and room accommodations could be made available to cater to this market.

3.3 SWOT ANALYSIS

Having considered tourism and visitor arrival developments in Bintan Island, one also needs to take into account various factors affecting the outlook of resort development in the Island:

3.3.1 STRENGTHS AND WEAKNESSES Of BINTAN ISLAND

STRENGTHS	WEAKNESSES
o Close proximity to Singapore and thus able to tap on the increasing and diversified number of incoming visitors to Singapore as well as the number of airlines including an increasing number of budget carriers operating into and out of Singapore Changi Airport	o Lack of critical mass of resort developments and related facilities in Bintan Island means a lack of economies of scale and savings for existing resort operations. Bintan is thus a more expensive resort destination in the region.
o Easy access. Regular and reliable ferry services allow visitors to enjoy less than an hour travel time to be in a resort destination compared with say land travel to Malaysia or air travel to neighbouring S E Asian resort destinations (2.20 hours to Bangkok, 1.45 hours to Phuket and 2.30 hours to Bali etc)	o Perception of a more expensive resort destination as most facilities and services are charged in S$ as opposed to Rupiah for Indonesia overall

STRENGTHS	WEAKNESSES
o Abundant land for future developments of all sorts	o Lacks cultural and local authenticity, unlike Bali where the Balinese culture is perceived to be mystical and charming and Thailand where the Thais are famed for the Land of Smiles and Enchantment.
o Availability of good infrastructure such as roads, power, water etc and high emphasis on protecting environment from pollution as seen in many new and developed resorts.	o Lack of choices in accommodation types and classes e.g. budget chalets and 3-star hotels for the budget conscious.
o Proper and strategic master planning to avoid haphazard/random and uncontrolled developments which can destroy the overall environmental planning	o No direct access by air. All visitors would have to fly via Singapore or Batam Island. The inconvenience may deter long haul visitors to other more accessible resort destination, especially with budget carriers more common these days.
o Aggressive and active marketing and promotion of Bintan Island as a dual destination including close working cooperation with tourism board and travel agents/tour operators, locally and overseas.	

3.3.2 OPPORTUNITIES AND THREATS TO BINTAN ISLAND

OPPORTUNITIES	THREATS
o More participation from governmental and private sectors in improving, upgrading and protecting the environment in Bintan	o Competition from other existing and popular resort destinations such as Bali and Phuket. These destinations are equipped with a wide selection of accommodation, ranging from budget backpackers' motels to 3-star budget hotels to 5-star and luxury hotels and villas that is lacking in Bintan.
o More political stability for overall Indonesia assumed with the recent new election of government and reorganization of the Cabinet. This should promote better confidence amongst foreign investments into Indonesia, Bintan inclusive.	o Emergence of more island resorts around South East Asia such as Krabi, Ko Sa Mui etc vying for the tourist dollar

OPPORTUNITIES	THREATS
○ The increasing visitor arrivals from China and India to Singapore form a potential tourist base that Bintan Island can tap on.	○ Increasing number of budget airlines offering relatively low fares to holiday destinations of not more than 5 hours travel time. This may capture and divert holiday spending money to these destinations than to Bintan Island
	○ Increasing fuel and wage cost can potentially translate to higher cost of operation for resorts and in turn higher rates charged for resort facilities and ferries. This can turn tourists away to other cheaper resorts in the region especially with the popularity of cheaper budget airlines flying to major resort destinations.
	○ The looming threat of possible outbreak of the avian flu to humans can greatly affect travel and Asian economies. According to the Asian Development Bank, A year-long shock can reduce Asian economies' GDP by 6.5% and even push the world into recession.

3.4 PRESENT RESORT AND TOURISM DEVELOPMENTS IN BINTAN ISLAND

3.4.1 SUPPLY OF HOTEL AND RESIDENTIAL UNITS/CHALETS

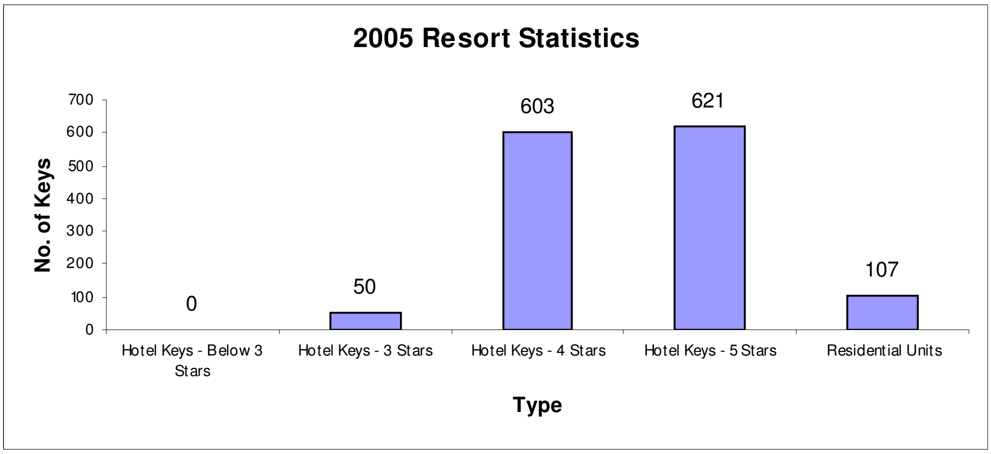
The entire 23,000 hectares on the northern shore of Bintan Island is parceled into various plots. Some of the earliest developments such as Mayang Sari and Mana Mana Club are located on the northwest section. A list of the existing resort developments on the island are tabled in the following:

List of Existing Resort Developments in Bintan Island

Name of Development	Parcel No.	Land Size (ha)	Number of Rooms / units	Year of Commencement
Nirwana Gardens comprising of :				
Nirwana Resort Hotel	A1, A2, A3	13.5	245	1997
Mayang Sari Beach Resort		4.0	50	1995
Indra Mayu Villas		6.0	14	1997
Banyu Biru Villas		12.0	36	1997
Laguna Bintan comprising of :				
Banyan Tree Bintan	A4		72	1995
Angsana Resort & Spa			128	2000
Ria Bintan comprising of :				
Club Med	A11		302	1997
Bintan Lagoon Resort comprising of :				
Bintan Lagoon Resort	A12		416	1997
Bintan Lagoon Resort Villas			57	1997
Township	AT1		Commercial & retail facilities	

Source : Bintan Resorts

Bintan Island currently offers over 1,380 hotel rooms and residential units/chalets. The latest addition to the hotel stock was the 135-room 4-star Angsana Hotel in year 2000. Since than, no new supply came on stream. The current hotel stock is skewed towards higher–star ratings – 4 and 5 star hotels.

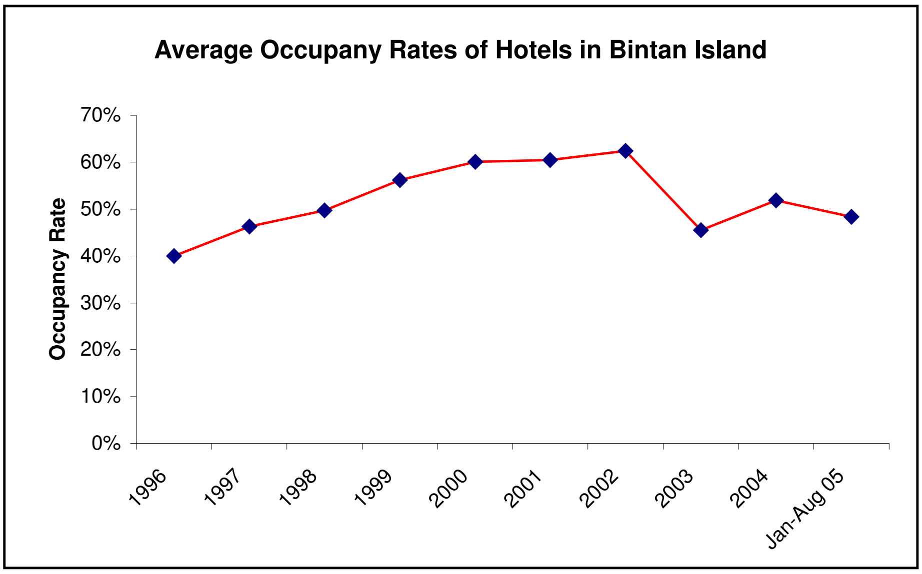


Source : Bintan Resorts

3.4.2 AVERAGE OCCUPANCY OF HOTELS IN BINTAN ISLAND

Overall average occupancy of hotels peaked at 62.4% in 2002 compared with only 40% in 1996 when the island first began to attract tourists. As in any new resort, occupancy improved and would have continued if not for the SARS outbreak in 2003, which saw occupancy dipped to a low of about 46%. This improved to 51.9% in 2004 with increased visitor arrivals to the island.

For the first three quarters of 2005, average occupancy rates reached 48.4%, 4.3 percentage points lower than the same period in 2004. An interesting research observation is the consistently higher occupancy rates achieved by boutique hotels compared to the islandwide average occupancy level. The average occupancy rates of these hotels in each of the 3 quarters in 2005 were 62%, 63% and 76% respectively. The corresponding islandwide average occupancy levels average at 42%, 45% and 58% in the three quarters of 2005. The higher occupancy rates experienced by these boutique hotels could be attributed to the smaller number of rooms and the unique characteristics of such accommodations.



Source : Bintan Resorts

3.4.3 AVERAGE LENGTH OF STAY, DOUBLE OCCUPANCY FACTOR AND TOURISM EXPENDITURE

Records from Bintan Resorts showed that the average length of stay (LOS) at Bintan Island was approximately 2.5 days with double occupancy factor (DOF) of about 2.4 persons per room. Visitor expenditure (including accommodation, F&B,

tours and ferry tickets) is approximately US$103 or S$175 per person per day. This translates to about US$257 or S$437.50 per person on a 2.5-day stay in Bintan Island. Overall, about 30% of visitors spent between US$147 – US$294 or S$250 – S$500 per trip, more details as per table attached.

Tourist Expenditure

Tourist Expenditure (Per Visitor Trip)	Proportion (%)
Less than US$147 or S$250	25.8%
Between US$147 – US$294 or S$250 – S$500	30.4%
Between US$294 – US$441 or S$500 – S$750	16.4%
Between US$441 – US$588 or S$750 – S$1,000	11.0%
More than US$588 or S$1,000	16.4%

Source : Bintan Resorts

The average length of stay in Bintan Island (2.5 days) is shorter compared to other regional resort destinations in Bali (9.47 days) and Phuket (4.9 days). However, the typical average visitor expenditure at Bintan Island is comparatively higher than other well-known regional resorts - Bali (US$95 or S$161.69 per person per day) and Phuket (US$89.38 or S$152.12 per person per day).

Visitors to Bintan Island stay for comparatively fewer days and yet incur a higher expenditure than visitors to other regional resort destinations. Bintan Island may therefore be perceived as a less attractive and expensive resort destination.

A research was done on accommodation costs for a 3-day/2-night trip to Bintan Island, Bali, Langkawi and Phuket in various hotel categories. The results are tabled as follows:

Accommodation Cost for 2 Nights' Stay in Various Destinations (Double Occupancy Basis, Standard / Deluxe Hotel Rooms)

Destination	3 Star Hotel	4 Star Hotel	5 Star Hotel
Bintan Island	US$88 -US$118 (S$150 – S$200)	US$258-US$470 (S$440 - S$800)	US$330 – US$388 (S$560 - S$660)
Bali	US$40 -US$120 (S$68 - S$204)	US$90 – US$250 (S$153 – S$426)	US$176 - US$320 (S$300 - S$545)
Langkawi	US$60 – US$120 (S$102 – S$204)	US$140 – S$280 (S$238 – S$477)	US$230 – US$400 (S$391 – S$681)
Phuket	US$44 – US$136 (S$75 – S$231)	US$80 – US$304 (S$136 – S$517)	US$170 - US$260 (S$289 - S$443)

Source: Colliers International

This again, further re-emphasized the importance of having a range of products from budget class to deluxe resorts accommodation to capture higher traffic volume to Bintan Island. Despite its close proximity and easy access to Bintan from Singapore, the presence of budget carriers operating to Singapore has reduced Bintan's location competitiveness. Bangkok, Phuket, Krabi and Bali are increasingly being served by various budget and full fledge carriers offering inexpensive air travel.

3.5 FUTURE RESORT AND TOURISM DEVELOPMENT IN BINTAN ISLAND

3.5.1 PROJECTED SUPPLY OF HOTEL ROOMS AND RESIDENTIAL UNITS

According to Bintan Resort forecast, a total of about 10,300 hotel rooms and residential units are projected to come on stream from 2007 to 2016, giving an average of 1,037 rooms/units per year. Majority of these developments will comprise of 3 star hotels that are presently lacking. As highlighted, a critical mass of resort developments and related facilities is essential as operators will be able to enjoy economies of scale and savings and tap on to a larger base and spectrum of visitors. The projections are tabulated in the table below.

Projected Supply of Hotel Rooms & Residential Units

Year	3 Star Hotels	4 Star Hotels	5 Star Hotels	Residential Units	Total
2007	-	-	-	-	-
2008	100	850	100	-	1,050
2009	659	-	300	73	1,032
2010	624	-	100	276	1,000
2011	518	-	100	213	831
2012	-	942	331	375	1,648
2013	1,823	-	-	471	2,294
2014	-	-	318	363	681
2015	-	-	-	850	850
2016	-	-	988	-	988
Total	**3,724**	**1,792**	**2,237**	**2,621**	**10,374**
% of Total	**35.9%**	**17.3%**	**21.6%**	**25.2%**	**100%**

Source : Bintan Resorts

We also understand that some of the hotel projects are currently being planned for the island include:

List Hotel Projects Currently being Planned

Year	Type	Name	Number of rooms	Status	Location/Lot
2008	3-Star Boutique Hotel	Unnamed	100	Under discussion	A123
2008	Villas & Golf Course	Unnamed	Unavailable	Under discussion	Unavailable

Year	Type	Name	Number of rooms	Status	Location/Lot
2008	6-Star Villa Boutique Hotel	Ritz Calton Bintan	100 Villas	Confirmed	Ria Bintan
Unavailable	3-Star Boutique /Golf Hotel	Unnamed	Unavailable	Under discussion	Unavailable

Source : Bintan Resorts

3.5.2 PROJECTED SUPPLY OF SUPPORTING LEISURE & ENTERTAINMENT FACILITIES

Additionally, other leisure, entertainment and shopping facilities that are currently under development and coming on stream in the next 1 - 2 years include:

- Kampong Oleh Oleh – A new entertainment area in the township currently under construction and to be completed and opened in mid 2006
- Up to 76 units of shophouses for sale in the township – To be ready for sale in 2005 or early 2006.

Again, the importance of a critical mass of these developments to support the tourism industry and resort development in Bintan Island cannot be over emphasised.

3.6 RESORT AND TOURISM DEVELOPMENT OUTLOOK IN BINTAN ISLAND

Singapore is the main platform for visitor arrivals into Bintan Island. As such incoming visitor trends into Singapore will serve as a barometer to expected trends into Bintan Island. Looking ahead, Singapore should be able to see healthy visitor arrival growth of at least between 3 – 5 % per annum especially with more budget carriers operating in/out of Changi Airport and with the budget terminal presently under construction.

With ongoing and aggressive dual destination promotions by the local tourism bureau, Singapore Tourism Board, and tour operators/travel agencies as a dual destination and capitalising on the high air traffic in Singapore to extend visitor's stay including Bintan Island, we expect that Bintan Island can potentially capture a larger pie of total visitors into Singapore – 5% to 10% per annum over the next decade. Especially worthwhile are the expanding China and Indian markets.

That said, Colliers believes that Bintan island needs to equip itself with a critical mass of resorts and related amenities currently so lacking in the island as a stimuli and magnet for tourist demand. To do so, it is essential that Bintan Island provides of a wider spectrum of accommodation categories so as to capture and cater to a larger market. It should thus focus on budget class and mid-range hotels, motels and cottages to complement the already skewed high-star rating hotel categories on the island. Availability of adequate and a wide variety of supporting leisure, F&B and entertainment facilities including eco-tourism activities such as camping, bird-watching, scuba diving etc., especially capitalising on the waterfront developments planned in Lagoi Bay Development is central to successful tourism and resort developments in Bintan.

We strongly believe that one of the key success factors in sustaining and enhancing tourism developments in Bintan is to ensure that there is a critical mass to generate higher traffic volume.
However, to do so, more affordable accommodation and leisure facilities such as pedestrian shopping, from budget eateries to fine dining restaurants should be developed to attract these markets and a broad base of visitors. Historical trends and developments in resorts such as Bali and Phuket are examples.

Proposed developments in Lagoi Bay and other land banks are envisaged to act as a catalyst to generate a critical mass and than proceeding further with more middle to upper class of accommodation and residential needs. Take Bali for example. The 3 popular beach resorts of Nusa Dua, Sanur and Kuta are good case studies of master planning and development. Nusa Dua is pitched to be the high-end area for deluxe class hotels attracting seasoned and high end travelers whilst Sanur comprised of a mix of lower end 5 stars and 4 star hotels. Kuta is predominately the 3 star hotels and below, a small mix of 4 star hotels and cottages including backpackers dormitory and motels. Retail, dining and entertainment facilities are commonly concentrated in Kuta area.

Of late, Bali witnessed a sprawling mixed of developments in areas such as Jimbaran, Seminyak, Canggu and Legian. The former takes pride in hosting several international brand names such as Inter Continental Hotel, Four Seasons, Ritz Carlton etc. These hotels usually comprise of not only the hotel building but a number of villas (with private pools etc) providing guests with total privacy, personal butler, services etc. Villa stays have become increasing popular amongst seasoned travelers and honeymooners especially those from Japan and Korea. Room rates can start from US$300 (S$511) per night for a one-bedroom villa to over US$1,500 (S$2,553) per night.

Seminyak, on the other hand, began to evolve with a mix of private residential housing mainly for foreigners and expatriates based in Bali, villas and a number of hip and contemporary restaurants such as Ku De Ta.

Currently, Bintan Island's present resort developments are predominately the 5 star hotels with very small percentage of 3 star developments. These facilities could only reach a smaller market segment of visitors who are able to afford such tourism expenditure.

If Bali is to be used as an example, than it is only prudent that Bintan considers development of 3 star hotels and motels to cater to the increasing number of travelers coming in from budget carriers operations into Singapore.

To capture repeat visitors to Bintan Island, deluxe 5 star hotels may no longer captivate these repeat visitors and thus the need for smaller plots of land for villa developments. Each villa will comprise of its own pool with views of the sea maximized. A good example would be Banyan Tree in Bintan. However, a good spread of such villas of various price levels should be considered.

To improve the marketability of the island to a wider base of investors resulting from the aforementioned, it is recommended that land plots be made smaller. Past experiences have shown that bigger plots of land are more difficult to market and especially during economic downturns when investors are more risk adverse in property developments.

Colliers projects that the land prices in Bintan Island for the various development components are :

Projections of Land Prices By Type of Development Use

Types of Development	Projected Land Prices	Remarks
For 3 star and mid class hotels / cottages / condotel	US$7.60 – US$32.30 per sq m (S$13.00 – S$55.00 per sq m)	Prices vary depending on location of land and size. Smaller land lots may call for higher prices than bigger land parcels
For 4 to 5 star deluxe hotels / cottages / boutique hotels	US$29.40 – US$47.00 per sq m (S$50.00 – S$80.00 per sq m)	As above
For upper class residential housing and villas	US$35.00 – US$56.00 per sq m (S$60.00 – S$95.00 per sq m)	As above
For middle class residential housing and villas	US$8.80 – US$23.50 per sq m (S$15.00 – S$40.00 per sq m)	As above
For others commercial/sports/recreation/leisure facilities (e.g. sports center, golf etc.)	US$1.75 – US$5.90 per sq m (S$3.00 – S$10.00 per sq m)	Social and recreational facilities that are not high in revenue generation are anticipated to have lower land prices. Deemed as lost leaders, these developments are still necessary as part of the overall developments in creating a critical mass

Source: Colliers International

Demand for smaller plots (up to 3 hectares) for hotels and resort developments as planned in the Lagoi Bay Development and other land banks are anticipated to trend upwards in the next two years. With aggressive promotion and the increasing growth in visitor arrivals to Singapore (of which Bintan can tap on), investors' confidence in Bintan is likely to rise.

Based on the market research and analysis, Colliers is of the opinion that the take-up rate for these smaller lots of less than 1 hectare at Lagoi Beach Village is about 3 - 5 % for 2006 with an upward incremental to between 5% – 10% for 2007. Average annual take-up rate thereafter of these smaller land lots is projected to stabilize and range between 5% and 10% per annum.

The Asian crisis has put a severe dent to the sale of bigger plots of land in Bintan. No sale has been transacted over the past 7 – 8 years. Colliers projections is that sale of bigger plots is unlikely to occur immediately and will likely remain stagnant over the next one or two years.

However, the projected sale of smaller lots from next year would likely trigger interest in bigger plots when investors began to see more activities and developments available especially at Lagoi Bay Development area. Colliers is of the opinion that the take-up rate for the bigger lots will be slow in the initial stage of between 3 – 5 % during the period 2006 – 2007 and gradually increasing to 5 – 10% per annum. Colliers' market analysis of the hotel and tourism market in Bintan and the future performance in sale of land is based on the following assumptions :

- That the average room rates for hotels and residential accommodations respond correspondingly with the supply and demand and the class of accommodation. Based on our analysis of historical data and evaluation of resort hotels in other destinations, Colliers projects that 3 star hotels and budget hotels room rates would range between US$26.40 – US$47.00 (S$45 – S$80) per room per night whilst 4 star hotels could range between anywhere from US$41 – US$82 (S$70 – S$140) per room per night and for 5 star hotels, from US$88 (S$150) per room per night onwards. More luxury boutique hotels and villas could average between US$106 – US$176 (S$180 – S$ 300) per room per night.
- That a wide range and variety of hotel accommodations are provided to tailor to all classes of visitors, from budget travelers to high heeled and seasoned travelers seeking a totally different quality and style of holiday. These could include backpackers dormitory, 3 star hotels, motels and cottages, 4 to 5 star hotels, luxuries and no frills boutique hotels, themed hotels etc.
- That more leisure and entertainment facilities (in the form of shopping, dinning and sightseeing) are constantly and regularly added to increase the average length of stay;

- That the market segment is spread more to include emerging markets such as that from China and India using Singapore as a hubbing center and promoting Bintan as a dual destination;
- Additionally, domestic travelers from other parts of Indonesia particularly those from Jakarta will find holidaying in Bintan equally if not more fulfilling and relatively cost effective than resorts like Bali and Lombok. To target the Indonesian segment, access must be made readily available. One way is to tap the Hang Nadim Airport's capacity to take wide bodied aircraft with increasing scheduled flights connected to all parts of Indonesia and to provide smooth transitions from Batam to Bintan Island, i.e. more regular ferry services plying between these two islands.
- That more commercial and institutional facilities catering to the local and international markets should also be established to create a community living and attracting more Indonesians to establish their base and/or operations in Bintan Island, tapping on its close proximity to Singapore. For example, setting up educational schools and institutions in Bintan may be able to attract the domestic market for better quality education but at less cost than sending their children to say Singapore. For retail facilities, pedestrian malls, festival market and bazaars should first be developed to allow visitors a choice and selection of shopping. As traffic increases, department stores and shopping malls can than be developed.
- That more creative and attractive leasing terms are offered to retailers to establish their operations in Bintan Island especially in the early stages. This is crucial to draw in the crowd and to attract repeat visitors. Initial retail developments may have to be partly developed by Bintan Resort offering nominal rental rates plus a percentage of sales to avoid the Catch 22 situation in which retailers will want to see more traffic before setting up their business and the resort management having to create more facilities to increase the volume of traffic.
- That with more developments in Bintan Island, overall cost in holidaying in Bintan Island may be reduced from the economies of scale that can be enjoyed. For example, increasing more regular ferry to cater to the increasing traffic may allow travel cost to be reduced from its present. Most travelers, particularly those from Indonesia, have to grapple with visiting Bintan Island and footing Singapore Dollars despite it being an Indonesian territory. Rupiah denominated services are relatively scarce thus giving visitors the overall impression that visiting the island will be more costly than say visiting Bali or Phuket.
- That more aggressive marketing be held to promote Bintan Island not only to the Indonesian market but also to new tourist groups with increasing spending power to travel such as that from China and India as well as from emerging markets such as the middle east.

- That efforts are put in to develop and promote the local Malay culture which has been handed down from the Malay Kingdom. This can be initiated by introducing the Malay cultural arts, dances, the history of the Malay kingdom and the Malay's community's way of life. That highlighting the local culture would make the domestic Indonesian tourists and locals feel that the island and resort is not a foreign land and therefore encourage more visitations from domestic travelers and participation from the locals.
- That infrastructure developments (roads, power, utilities etc) be continued to facilitate the entire area as a well equipped resort destination.
- That the environment is constantly well protected from environmental pollution and avoidance of haphazard developments that can destroy the overall master plan.

LIMITING CONDITIONS

The content of this report is for information only and should not be relied upon as a substitute for professional advice, which should be sought from Colliers International prior to acting in reliance upon any such information.

The opinions, estimates and information given herein or otherwise in relation hereto are made by Colliers International and affiliated companies in their best judgement, in the utmost good faith and are as far as possible based on data or sources which they believe to be reliable in the context hereto. This includes information on Batamindo Industrial Park, Bintan Industrial Estate and Bintan Resorts, which were supplied by Gallant Venture Ltd. and Bintan Resorts. Notwithstanding, Colliers International disclaims any liability to the extent permitted by law in respect of any claim, which may arise from any errors or omissions or from providing such advice, opinion, judgement or information.

OPINION OF THE INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE SHAREHOLDERS' MANDATE

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
1 Raffles Place #30-03 OUB Centre
Singapore 048616

28 April 2006

The Independent Directors
Gallant Venture Ltd.
47 Hill Street
#06-02 Chinese Chamber of Commerce & Industry Building
Singapore 179365

Dear Sirs,

The proposed adoption of a shareholders' mandate for interested person transactions

1. Introduction

Gallant Venture Pte. Ltd., which has been re-named on conversion to Gallant Venture Ltd. ("**Gallant Venture**" or the "**Company**"), is proposing to adopt a mandate from its shareholders ("**Shareholders**") pursuant to Chapter 9 of the Listing Manual, permitting Gallant Venture, its subsidiaries that are not listed on the SGX-ST or an approved exchange and its associated companies that are not listed on the SGX-ST or an approved exchange, provided that Gallant Venture, or the Group and its interested person(s) has control over the associated companies (the "**Gallant Group**") or any of them, to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for day-to-day operations with specified classes of Gallant Venture's interested persons (hereinafter to be referred to as the "**Shareholders' Mandate**").

This letter has been prepared for the use of the directors of the Company who are considered independent for the purposes of the proposed adoption of the Shareholders' Mandate, namely Mr Lim Hock San, Mr Rivaie Rachman and Mr Foo Ko Hing (the "**Independent Directors**"), and is to be incorporated and forms part of the Company's prospectus dated 28 April 2006 (the "**Prospectus**") which provides, *inter alia*, details of the proposed Shareholders' Mandate. Unless otherwise defined herein, all defined terms in the Prospectus shall have the same meaning in this letter.

Pursuant to Rule 920(2) of the Listing Manual, the Company may treat the Shareholders' Mandate as having been obtained to allow the Company to enter into certain categories of interested person transactions with the classes of interested persons set out below, if the information required by Rule 920(1)(b) of the Listing Manual is included in the Prospectus. The information required by Rule 920(1)(b) includes:

(i) the class of interested persons with which the entity at risk will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the entity at risk;

(iv) the methods or procedures for determining transaction prices;

(v) the independent financial adviser's ("**IFA**") opinion on whether the methods or procedures in (iv) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;

(vi) an opinion from the audit committee if it takes a different view to the independent financial adviser; and

(vii) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (iv) become inappropriate.

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed as the IFA to the Independent Directors, pursuant to Rule 920(1)(b)(v) of the Listing Manual, in respect of the proposed Shareholders' Mandate to provide our opinion on whether the methods or procedures set out in the Shareholders' Mandate as described in pages 180 to 182 of this Prospectus for determining the transaction prices are sufficient to ensure that the proposed interested person transactions to be entered into by the Gallant Group with certain interested persons (the "**Recurrent IPTs**") will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2. Terms of Reference

PPCF was neither a party to the negotiations entered into by the Company in relation to the Recurrent IPTs contemplated under the proposed Shareholders' Mandate, nor were we involved in the deliberations leading up to the decision by the Company's Board of Directors (the "**Board**" or the "**Directors**") to obtain the Shareholders' Mandate or the review procedures adopted by the Company for determining the transaction prices of the Recurrent IPTs.

The objective of this letter is to provide an independent opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the methods and procedures set out in the Shareholders' Mandate for determining the transaction prices are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. It is not within our terms of reference to comment on the commercial merits and risks of the proposed Shareholders' Mandate and as such, we do not express an opinion thereon. The commercial merits and/or risks of the proposed Shareholders' Mandate are solely the responsibility of the Directors.

In the course of our evaluation, we have held discussions with the management of the Company and have examined current methods and procedures set up by the Company for determining transaction prices as well as publicly available information and information provided by the Company. We have also relied on the information contained in the Company's Prospectus dated 28 April 2006 and the representations of the management of the Company. We have not independently verified such information furnished by the Directors and management of the Company, whether written or verbal, and accordingly cannot and do not warrant the accuracy or completeness of such information. Nevertheless, the Directors have confirmed to us that to the best of their knowledge and belief, the information contained in the Prospectus constitutes a full and true disclosure, in all material respects, of all material facts relating to the proposed Shareholders' Mandate and there is no material information the omission of which would make any of the information contained herein inaccurate, incomplete or misleading in any material respect. We have also made reasonable enquiries and used our judgment in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Prospectus have been reasonably made after due and careful enquiry.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation or particular needs and constraints of any individual Shareholder or any specific group of Shareholders. As different Shareholders would have different investment objectives and considerations, we recommend that any Shareholder or group of Shareholders who may require specific advice in relation to his or their shares or investment portfolio(s) should consult his or their stockbroker, bank manager, solicitor, accountant or other professional advisers.

Our opinion, as set out in this letter, is based upon the market, economic, industry, monetary and other applicable conditions subsisting on, and the information made available to us, as of the date of this letter. We assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

This letter has been prepared for the use of the Independent Directors and minority Shareholders of the Company in connection with the Independent Directors' consideration of the proposed Shareholders' Mandate and, if applicable, their recommendation to the minority Shareholders in respect thereof, and for inclusion in the Prospectus. Other than for these purposes, this letter should not be used for any other purpose and/or by any other persons without the prior written consent of PPCF.

3. Parties to the Recurrent IPTs

We note that the principal activities of the Gallant Group comprise four main businesses, namely property development business, industrial parks business, resort operations business and utilities business.

We also note that certain members of the Gallant Group anticipate that they will in the ordinary course of business enter into various Recurrent IPTs with the classes of interested persons set out below.

The classes of Interested Persons (as defined in the Prospectus) are outlined as follows:-

(a) the Temasek Group;

(b) SCI and its Associates;

(c) the Salim Group;

(d) the Parallax Group; and

(e) directors, chief executive officer and controlling shareholders of the Company or an Associate of any such director, chief executive officer and controlling shareholder.

4. Evaluation on the methods and procedures in determining transaction prices of the Recurrent IPTs

In our evaluation of the methods and procedures in determining transaction prices under the proposed Shareholders' Mandate, we have examined the nature and scope of the Recurrent IPTs and their rationale as well as the review and approval procedures in determining the transaction prices which have a significant bearing on our evaluation.

(a) Nature and Scope of Recurrent IPTs

We understand that the proposed Shareholders' Mandate will apply to only selected types of transactions entered into in the ordinary course of business between certain members of the Gallant Group and the Interested Persons. These selected types of transactions are as follows:

(i) rental of vehicles;

(ii) leasing of premises, shop units and check-in counter;

(iii) provision of utilities;

(iv) provision of telecommunication services;

(v) provision of television broadcast services;

(vi) the obtaining of insurance and insurance-related services;

(vii) the sale and purchase of land and properties;

(viii) the obtaining of professional, management, operational, administrative and support services including secondment arrangements and finance and treasury, business development, marketing, planning and development consultancy and technical assistance, management information systems, human resource, corporate communications (including investor relations), taxation, audit, legal, corporate secretarial services and any other professional services ("**Professional, Administrative and Support Services**"); and

(ix) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (viii) above and which are necessary for the day-to-day operations of the Gallant Group or arise in the normal course of business of the Gallant Group.

(b) Rationale and Benefits of the proposed Shareholders' Mandate

We note that the Recurrent IPTs set out above are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. The Directors are of the view that it will be beneficial to the Gallant Group to transact or continue to transact with the Interested Persons.

The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential Recurrent IPTs with the Interested Persons arise. In view of the time-sensitive nature of commercial transactions, it would be advantageous for the Gallant Group to obtain a Shareholders' mandate to enter into certain interested person transactions in the Gallant Group's normal course of business. This will help in reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Gallant Group.

The Shareholders' Mandate is intended to facilitate transactions in the normal course of business which are transacted from time to time with the Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Following the listing of the Company on the SGX-Sesdaq, disclosure will be made in its annual report of the aggregate value of Recurrent IPTs conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate is in force.

(c) Review Procedures for Recurrent IPTs

We note that the parties responsible for reviewing and approving the Recurring IPTs are as follows: -

(i) All Recurring IPTs other than the Professional, Administrative and Support Services

(a) individual transactions less than S$5,000,000 in value will be subject to review and approval by any Executive Director or Chief Executive Officer ("**CEO**") of the Company or such other officer(s) designated by the CEO (who do not have any interest, whether direct or indirect, in the transaction);

(b) individual transactions in value equal to, or exceeding, S$5,000,000 each will be subject to review and approval by the Audit Committee; and

(c) where the aggregate value of all transactions with the same Interested Person in the same financial year is equal to or exceeds S$9,999,999:

(aa) the relevant Recurrent IPT which will result in the aggregate value of all transactions with the same Interested Person in the same financial year being equal to or exceeding S$10,000,000 will be subject to review and approval by the Audit Committee;

(bb) thereafter, the relevant Recurrent IPT which will result in the aggregate value of all transactions with the same Interested Person in the same financial year being equal to or exceeding S$15,000,000, will be subject to review and approval by the Audit Committee;

(cc) thereafter, each relevant Recurrent IPT which will result in the aggregate value of all transactions with the same Interested Person in the same financial year being equal to or exceeding an amount which is a multiple of S$5,000,000 in excess of S$15,000,000, will be subject to review and approval by the Audit Committee; and

(dd) any other transaction(s) with the same Interested Person in the same financial year which does not fall within the review procedures set out in paragraphs (i)(c)(aa) to (cc) above, will be subject to review and approval by any Executive Director or CEO of the Company or such other officer(s) designated by the CEO (who do not have any interest, whether direct or indirect, in the transaction),

Provided that any transaction (1) which has been approved by the Shareholders, or (2) which is of a value below S$100,000, need not be included in the computation of the quantums herein.

(ii) Professional, Administrative and Support Services

The provision of the Professional, Administrative and Support Services to the Gallant Group by Interested Persons will be reviewed and approved by the Audit Committee. Prior to approving such transactions, the Audit Committee will satisfy itself that the pricing or fee structure for such service(s) is fair and reasonable and the terms are on normal commercial terms.

We noted that to ensure that Recurrent IPTs are carried out on normal commercial terms consistent with the Company's usual business practices and policies, which are generally no more favourable to the Interested Person(s) than those extended to unrelated third parties, the following review procedures will be implemented by the Company:

<u>Review Procedures</u>

(i) When engaging the services of or purchasing products from an Interested Person (other than Professional, Administrative and Support Services), quotations from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products will be obtained (whenever possible or available) for comparison. The pricing or fees for services or products will not be higher than the most competitive price or fee obtained through the unrelated third party quotations to ensure that the price and terms offered by the Interested Person are fair and reasonable and competitive to those offered by other unrelated third parties for the same or similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, all pertinent factors, including but not limited to quality, delivery time, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors providing or selling a similar type of service or product), the Audit Committee will determine whether the price and terms offered by the Interested Person are fair and reasonable. In determining the transaction price payable to the Interested Person for such services or products, all pertinent factors, including but not limited to quality, delivery time, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

(ii) When supplying services or selling products to an Interested Person, the pricing or fees for the services or products are to be carried out at the prevailing market rates or prices of the service or product providers, on terms no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates, process and/or discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

In the event that prevailing market rates or prices are not available (for instance due to the nature of the service to be provided or the product to be sold or if there are no other customers for similar products or services), the transaction prices will, where applicable, be in accordance with the Gallant Group's usual business practices and pricing policies, consistent with the usual margin of the Gallant Group for the same or substantially similar type(s) of transaction with unrelated third parties. In determining the transaction price payable by the Interested Person for such services or products, all pertinent factors, including but not limited to quantity, duration of contract, volume, strategic purposes of the transaction, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, may also be taken into consideration.

(iii) When renting properties from or to an Interested Person, appropriate steps will be taken to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.

(iv) In relation to the engagement of an Interested Person for the provision of any Professional, Administrative and Support Services, the fees to be paid to the Interested Person for such service(s) will be (a) based on the actual cost incurred by the Interested Person in providing such service, or (b) equal to or less than the fees charged by or paid to unrelated third parties for comparable services rendered by such unrelated third parties.

A register will be maintained by the Company to record all the Recurrent IPTs carried out with the Interested Persons pursuant to the Shareholders' Mandate (the "**Recurrent IPT Register**") and the records thereof, if any, will be reviewed at least half-yearly by the Audit Committee to ensure that the Recurring IPTs are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors may also be taken into account.

In the event that a Director or a member of the Audit Committee has an interest in a Recurrent IPT, he will abstain from reviewing that particular transaction.

The Directors will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

The Company's annual internal audit plan will incorporate a review of all Recurrent IPTs entered into during the current financial year pursuant to the Shareholders' Mandate to ascertain whether the guidelines and procedures established to monitor the Recurrent IPTs have been complied with.

The Audit Committee will review from time to time the guidelines and procedures established to monitor the Recurrent IPTs to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Gallant Group and the Interested Persons are conducted on normal commercial terms. If, during these periodic reviews, the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these Recurrent IPTs will be on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders, the Company will (pursuant to Rule 920(1)(b)(vii) of the Listing Manual) revert to the Shareholders for a fresh mandate based on new review guidelines and procedures for transactions with the Interested Persons.

The Audit Committee and the Directors shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.

(d) Evaluation of the Review and Approval Procedures

We note that all Recurrent IPTs between the Gallant Group and any of the Interested Persons are proposed to be transacted in accordance to usual industry practice and business policies of the Gallant Group and at pricing and terms from quotations or market rates of unrelated third parties compared with the ones from the Interested Persons. As a general rule, it is noted that any pricing and terms should not be less favourable to the Gallant Group (in relation to situations where the Gallant Group purchases or sells goods and/or obtains or provides services) than those available in other substantially similar types of transactions between the Gallant Group and unrelated third parties.

However, we also note that there could be possibility that quotations or market rates will not be available from unrelated third parties (for example, where there are no suppliers for certain goods and/or services or for a specified quantity or type which the Gallant Group requires). In such an event, we understand that the Gallant Group will then take into consideration other non-price factors such as the quality and quantity of goods, standard of services, duration of contract, specification compliance, track record, experience and expertise and suitability of time schedules and, where applicable, preferential rates, rebates or discounts accorded for bulk sales or purchases.

Based on the comparison process of the quotations or market rates with unrelated third parties outlined above or failing which, to consider other non-price factors, the transaction pricing for the Recurrent IPTs will remain competitive for the Gallant Group. In this regard, we are of the opinion that the methods and procedures utilised under the review procedures for determining reasonable prices are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

In addition to the review procedures, we also noted that under the approval procedures, not only is the Company's Executive Director or CEO (each of whom are to be independent to the Recurrent IPT) are responsible for the approval of a Recurrent IPT, but the independent members of the Audit Committee also have a role in ratifying and/or approving Recurrent IPTs on the basis of the amount of the Recurrent IPTs. Moreover, the approval procedures also provides for the aggregation of Recurrent IPTs with the same Interested Person within the same financial year and where the aggregate value of all transactions with the same Interested Person in the same financial year is equal to or exceeds S$9,999,999 (provided that a transaction which has been approved by the Shareholders need not be included in the aggregation), inter alia, the next Recurrent IPT with the same Interested Person in the same financial year will be subject to review and approval by the Audit Committee. A detailed description of the approval procedures are outlined in Section 4(c) of this letter and in the section entitled "Shareholders' Mandate" from page 180 of the Prospectus.

In addition to the review and approval procedures for the Recurrent IPTs, the Recurrent IPT Register is also maintained by the Company outlining all the Recurrent IPTs entered into by the Gallant Group which is subject to review by the Audit Committee at least half-yearly. As a result of this, the Audit Committee has an opportunity to review all Recurrent IPTs at least half-yearly to ensure that the Recurrent IPTs are carried out on normal commercial terms and in accordance with the procedures outlined in Section 4(c) above. All relevant non-quantitative factors may also be taken into account.

The Audit Committee and the Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.

(e) Additional Procedures

In addition to the above, we also note that the Company will impose additional internal controls to support the proposed Shareholders' Mandate as follows:

(i) in the event that a member of the Board or a member of the Audit Committee is interested in any Recurrent IPT, he will abstain from reviewing that particular transaction. The Board will also ensure that all disclosure requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with;

(ii) the Company's annual internal audit plan shall incorporate a review of all the Recurrent IPTs entered into during the current financial year pursuant to the Shareholders' Mandate to ascertain whether the guidelines and procedures established to monitor the Recurrent IPTs have been complied with; and

(iii) the Audit Committee will review from time to time the guidelines and procedures established to monitor the Recurrent IPTs to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Gallant Group and the Interested Persons are conducted on normal commercial terms. If, during these periodic reviews, the Audit Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that these Recurrent IPTs will be on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders, the Company will (pursuant to Rule 920(1)(b)(vii) of the Listing Manual) revert to the Shareholders for a fresh mandate based on new review guidelines and procedures for transactions with the Interested Persons.

Lastly, we note that the Company will also endeavour to comply with the principles of and best practices set out in the "Best Practices Guide" of the Listing Manual.

The Shareholders' Mandate will be effective until the earlier of the following: -

(i) the Company's first annual general meeting following its admission to the Official List of the SGX-Sesdaq; or

(ii) the first anniversary of the date of the Company's admission to the Official List of the SGX-Sesdaq.

Thereafter, the Company will seek the approval of its Shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting of the Company.

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, Interested Persons and their associates shall abstain from voting on resolutions seeking to approve the Recurring IPTs involving themselves and the Gallant Group.

5. Conclusion

In arriving at our opinion, we have reviewed and considered the nature and scope of the Recurrent IPTs, the Interested Persons, the rationale for the Recurrent IPTs, the review and approval methods and procedures for determining the transaction prices of the Recurrent IPTs, the role of the Audit Committee and the additional procedures which we deem to have significant relevance to our assessment of whether the methods and procedures for determining the transaction prices are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Factors which we have evaluated include, *inter alia,* representations made by the Company, the Directors and the management of the Company in relation to the rationale and benefits of the Shareholders' Mandate. **In light of these factors, we are of the opinion that the methods and procedures for determining transaction prices adopted by the Company are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.**

Yours truly,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Quek Peck Lim	Tetty Hakim
Director/Chairman	Associate Director

DESCRIPTION OF OUR SHARES

The statements below are brief summaries of certain information about our share capital, certain provisions of our Articles of Association and the laws of Singapore relating to our Shares. These statements are only a summary and are qualified in their entirety by reference to Singapore law, the Singapore Code on Take-overs and Mergers and our Articles of Association.

Shares

As at the Latest Practicable Date, we have only one class of shares, namely, our ordinary shares, which have identical rights in all respects and rank equally with one another. Our Articles of Association provide that we may issue shares of a different class with preferential, qualified or deferred right to dividends and in the distribution of assets of our Company and with special or restricted rights of voting, privileges or conditions as our Board may determine and may issue preference shares which are, or at our option are, liable to be redeemed, subject to certain limitations.

As of the date of this Prospectus, 2,410,423,184 Shares are issued and paid up. All of our Shares are in registered form. We may, subject to the provisions of the Singapore Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our own Shares.

New Shares

New shares may only be issued with the prior approval of our Shareholders in a general meeting. Unless revoked or varied in general meeting, the approval, if granted, will lapse at the conclusion of the AGM following the date on which the approval was granted, or the expiration of the period within which the next AGM after that date is required by law to be held, whichever is the earlier. Our Shareholders have, subject to certain restrictions, given us authority to issue any remaining approved but unissued Shares prior to our next AGM. These restrictions are set out in the section "General Information on our Group – Share Capital" on pages 50 to 52 of this Prospectus.

Subject to the foregoing, the provisions of the Singapore Companies Act and any special rights attached to any class of shares currently issued, the allotment and issue of all new Shares is under the control of our Board who may allot and issue the same with such rights and restrictions as it may think fit. Our Shareholders are not entitled to pre-emptive rights under our Articles of Association or Singapore law.

Shareholders

Only persons who are registered in our register of members and, in cases in which the person so registered is the CDP, the persons named as the depositors in the depository register maintained by the CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights in respect of any Share other than the absolute right thereto of the registered holder of the Share or of the person whose name is entered in the depository register maintained by CDP for that Share.

We may close our register of members from time to time if we provide the SGX-ST with at least 10 clear Market Days' notice. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year.

Transfer of Shares

Save as disclosed in this Prospectus, there is no restriction on the transfer of our fully paid-up Shares except where required by law or the listing rules or the rules or bye-laws of any stock exchange on which we are listed or as provided in our Articles of Association. Our Board may decline to register any transfer of Shares which are not fully paid-up Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in any form acceptable to our Board and the SGX-ST. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A shareholder may transfer any shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for our Shares if we are properly notified and if the applicant pays a fee which will not exceed S$2.00 and furnishes such evidence and indemnity that our Board may require.

General Meetings of Shareholders

We are required to hold an AGM every year. Our Board may convene an EGM whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10% of our issued Shares may call a meeting of our Company.

Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including the voluntary winding up of our Company, amendments to our Memorandum of Association and Articles of Association, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder who at the time of the convening of the meeting shall have paid all calls or other sums presently payable by him in respect of our Shares and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles of Association, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association:-

- on a show of hands, every Shareholder present in person or by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman) shall be entitled to vote on a show of hands); and

- on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including but not limited to by the chairman of the meeting, by any Shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to vote at the meeting, and by any two Shareholders present in person or by proxy and being entitled to vote.

In the case of a tied vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

Our Company may, with the sanction of our Shareholders by ordinary resolution, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our Shareholders. Any dividend we pay must be paid out of our profits. All dividends are paid pro rata among our Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends may be paid by cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the depository register. Our payment to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board may, with approval from our Shareholders at a general meeting, capitalise any reserves or profits (including profit or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on such we are listed.

Take-overs

The Singapore Code on Take-overs and Mergers regulates the acquisition of voting shares of, *inter alia*, public listed companies (including any acquisition of control indirectly) and contains certain provisions that may delay, deter or prevent a take-over or change in control of our Company. Any person acquiring, either on his own or together with parties acting in concert with him, 30.0% or more of the voting shares in our Company or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting shares in our Company, and acquires additional voting shares representing more than 1.0% of our voting shares in any six-month period, is normally required to extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers. Parties acting in concert comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include the following:

- a company and its related and associated companies and companies whose associated companies include any of these companies;

- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

- a company and its pension funds and employee share schemes;

- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;

- a financial or other professional adviser and its clients in respect of shares of the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;

- directors of a company (including their close relatives, related trusts and companies controlled by such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;

- partners; and
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions.

Subject to certain exceptions, a take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six months.

An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company then existing.

Indemnity

Our Articles of Association provide that, subject to the Singapore Companies Act, our directors and officers shall be entitled to be indemnified by us against any costs, charges, losses, expenses and liabilities incurred in the execution and discharge of their duties or in relation thereto including any liability incurred in defending any proceedings whether civil or criminal which relates to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of our Company and in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 391 of the Singapore Companies Act in which relief is granted to him by the court.

We may not indemnify our directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

However, we may purchase and maintain for our directors and officers insurance against any such liability.

Substantial Shareholders

The Singapore Companies Act and the SFA require our Substantial Shareholders to give notice to us and the SGX-ST respectively, including particulars of their interest and the circumstances by which they have acquired such interest, within two business days of their becoming our Substantial Shareholders and of any change in the percentage level of their interest.

Under the Singapore Companies Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more of the voting shares in our Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in our Company.

Minority Rights

The rights of minority shareholders of Singapore-incorporated-companies are protected under Section 216 of the Singapore Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or

- if we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Singapore Companies Act itself.

Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;

- regulate the conduct of our affairs in the future;

- authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;

- provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by our Company and, in the case of a purchase of Shares by our Company, a corresponding reduction of our Company's share capital; or

- provide that our Company be wound up.

SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Articles. Where portions of our Articles are reproduced below, defined terms bear the meanings ascribed to them in our Articles.

1. Memorandum of Association and Registration Number

The registration number with which our Company was incorporated is Registration No. 200303179Z. Our Memorandum of Association states that the liability of our Shareholders is limited. Our Memorandum of Association also sets out the objects for which our Company was formed, including carrying on the business of a holding company, and the powers of our Company.

2. Directors

(a) Power of Directors to hold office of profit and to contract with our Company

Power of Directors to hold office of profit and to contract with Company	110) a) Other than the office of auditor, a Director may hold any other office or place of profit in the Company and he or any firm of which he is a member or any company of which he is a director or shareholder may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. Subject to the Act, no Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company whether as vendor, purchaser, lessor, lessee, mortgagor, mortgagee, manager, agent, broker or otherwise howsoever nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested whether directly or indirectly be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established. Provided Always That he has complied with the requirements of Section 156 of the Act as to disclosure.
Directors to observe Section 156 of the Act	110) b) Every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director. Notwithstanding such disclosure, a Director shall not vote in regard to any contract or proposed contract or arrangement in which he has directly or indirectly a personal material interest although he shall be taken into account in ascertaining whether a quorum is present.
Holding of office in other companies	111) a) A Director may be or become a director of or hold any office or place of profit (other than as auditor) or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and unless otherwise agreed shall not be accountable for any fees, remuneration or other benefits received by him as a director or officer of or by virtue of his interest in such other company.

Directors may exercise voting power conferred by Company's shares in another company	111) b) Subject always to Article 110 b), the Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company).

(b) Remuneration

Fees for Directors	112) (1) The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.
Extra remuneration	(2) Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may, subject to Section 169 of the Act, be paid such extra remuneration as the Directors may determine.
Remuneration by fixed sum	(3) Notwithstanding any other Article herein, the remuneration in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by a commission on or a percentage of profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.
Reimbursement of expenses	113) The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
Benefits for employees	109) The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

Remuneration of Chief Executive Officer	122)	A Chief Executive Officer (or any person holding an equivalent appointment) shall, subject to Section 169 of the Act and to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profit, or partly in one way and partly in another) as the Directors may determine; but he shall not under any circumstance be remunerated by a commission on a percentage of turnover.
No remuneration	137)	An Alternate Director shall not be entitled to ordinary remuneration which shall continue to be payable to his appointor as if no such appointment had been made. Any fee paid by the Company to the Alternate Director shall be deducted from his appointor's remuneration.

There are no specific provisions in our Company's Articles of Association in respect of a Director's power to vote on remuneration (including pension or other benefits) for himself or for any other Director, and whether the quorum at a meeting of our Board of Directors to vote on Directors' remuneration may include the Director whose remuneration is the subject of the vote.

(c) Borrowing

Power to borrow	126)	The Directors may at their discretion exercise every borrowing power vested in the Company by its Memorandum of Association or permitted by law and may borrow or raise money from time to time for the purpose of the Company and secure the payment of such sums by mortgage, charge or hypothecation of or upon all or any of the property or assets of the Company including any uncalled or called but unpaid capital or by the issue of debentures (whether at par or at discount or premium) or otherwise as they may think fit.

Article 126, like any other provision in our Company's Articles of Association, may be amended by a special resolution of our shareholders.

(d) Retirement Age Limit and Shareholding Qualification

There are no specific provisions in our Company's Articles of Association relating to the retirement or non-retirement of a Director under an age limit requirement.

Qualifications	107)	A Director need not be a Member and shall not be required to hold any share of the Company.
Alternate Director need not hold share	139)	An Alternate Director shall not be required to hold any share of the Company by way of qualification.

3. Share rights and restrictions

Our Company currently has one class of shares, namely, ordinary shares.

(a) Dividends and distribution

Declaration and payment of dividends	163)	The Directors may, with the sanction of a general meeting, from time to time declare dividends, but no such dividend shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company. No higher dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for dividends shall be conclusive. The Directors may, if they think fit, and if in their opinion the

position of the Company justifies such payment, without any such sanction as aforesaid, from time to time declare and pay an interim dividend, or pay any preferential dividend on shares issued upon the terms that the preferential dividends thereon shall be payable on fixed dates.

Interim dividends

Apportionment of dividends

161) Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Payment of dividends in specie

164) With the sanction of a general meeting, dividends may be paid wholly or in part in specie, and may be satisfied in whole or in part by the distribution amongst the Members in accordance with their rights of fully paid shares, stock or debentures of any other company, or of any other property suitable for distribution as aforesaid. The Directors shall have full liberty to make all such valuations, adjustments and arrangements, and to issue all such certificates or documents of title as in their opinion may be necessary or expedient with a view to facilitating the equitable distribution amongst the Members of the dividends or portions of dividends to be satisfied or to give them the benefit of their proper shares and interests in the property, and no valuation, adjustment or arrangement so made shall be questioned by any Member.

Dividend paid by cheque or warrant

169) Any dividend, instalment of dividend or interest in respect of any share may be paid by cheque or warrant payable to the order of the Member entitled thereto, or (in the case of joint holders) of that Member whose name stands first on the Register of Members in respect of the joint holding. Every such cheque or warrant shall (unless otherwise directed) be sent by post to the last registered address of the Member entitled thereto, and the receipt of the person whose name appears on the Register of Members as the owner of any share, or in the case of joint holders, of any one of such holders, or of his or their agent duly appointed in writing, shall be a good discharge to the Company for all dividends or other payments made in respect of such share. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Unclaimed dividends

170) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns

any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable.

Distribution of assets in specie

197) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members, but so that if any division is resolved on otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 306 of the Act. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidators amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.

(b) Rights, Preferences and Restrictions

Rights attached to preference shares

8) (1) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of the winding up of the Company or where the resolution to be submitted to the meeting varies their rights or when the dividend on the preference shares is more than six (6) months in arrears.

Variation of rights of shares

9) If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply.

Provided Always That:

a) the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a special resolution carried at the meeting; and

b) where all the issued shares of the class are held by one person, the necessary quorum shall be one person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

Variation of rights of preference shareholders

10) The repayment of preference capital other than redeemable preference capital or any alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned. Provided Always That where the necessary majority for such a special resolution is not obtained at a meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Form of transfer

22) Subject to the restrictions of these Articles any Member may transfer all or any of his shares, but every transfer must be in writing and in the usual common form, or in any other form which the Directors and the Exchange may approve, and must be left at the Office for registration, accompanied by the certificate of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor, or his right to transfer the shares.

Transferor and transferee to execute transfer

24) The instrument of transfer of a share shall be signed both by the transferor and by the transferee, Provided That an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof; Provided Always That the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do.

Person under disability

26) No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Directors' power to decline to register

28) (1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve.

Payment of fee and deposit of transfer

(2) The Directors may decline to register any instrument of transfer unless:

a) a fee not exceeding S$2/- (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares may be listed) as the Director may from time to time require, is paid to the Company in respect thereof;

b) the instrument of transfer is deposited at the Office or such other place as the Directors may appoint and is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and where the instrument is executed by some other person on his behalf, the authority of the person so to do; and

c) the instrument of transfer is in respect of only one class of shares.

Closure of Register of Members	30) The Register of Members may be closed at such times and for such period as the Directors may from time to time determine; Provided Always That it shall not be closed for more than thirty (30) days in any year or such other period as may be prescribed by law and during such periods the Directors may suspend the registration of transfers. Further Provided Always That the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which the closure is made.
Renunciation of allotment	31) Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.
Indemnity against wrongful transfer	32) Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by relevant parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.
Directors may make calls on shares	38) The Directors may from time to time, as they think fit, make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of the issue and allotment thereof made payable at fixed times; and each Member shall (subject to his having been given at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine.
Time when new call made	39) A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
Interest and other late payment costs	40) If before or on the day appointed for payment thereof, a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of ten per cent (10%) per annum from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to procure payment of or in consequence of the non-payment of such call or instalment, but the Directors shall be at liberty to waive payment of such interest, costs, charges and expenses wholly or in part.

Sum due on allotment or other fixed date	41) Any sum which by the terms of issue of a share is made payable upon allotment or at any fixed date and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment and, in the case of non-payment, the provisions of these Articles as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of the Statutes or of these Articles shall apply as if such sum were a call duly made and notified as hereby provided.
Power of Directors to differentiate	42) The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.

(c) General Meetings

Annual general meetings	70) The Company shall in each calendar year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting and that of the next; Provided Always That so long as the Company holds its first annual general meeting within eighteen (18) months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the Directors shall appoint.
Extraordinary general meetings	71) All general meetings other than annual general meetings shall be called extraordinary general meetings.
Calling for extraordinary general meetings	72) The Directors may whenever they think fit convene an extraordinary general meeting and an extraordinary general meeting shall also be convened on such requisition or in default may be convened by such requisitionist as provided for by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of action to form a quorum at a meeting of Directors, any Director or any two (2) Members may convene an extraordinary general meeting in the same manner as nearly as possible as that in which such a meeting may be convened by the Directors.
Length of notice Contents of notice	74) Any general meeting at which it is proposed to pass special resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by at least twenty-one (21) days' notice in writing and an annual general meeting or any other general meeting by at least fourteen (14) days' notice in writing. The notice must specify the place, the day and the hour of meeting, and in the case of special business the general nature of such business, shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notices of general meetings from the Company, but with the consent of all persons for the time being entitled as aforesaid, a meeting may be convened in such manner as such persons may approve.
Shorter notice	Provided That a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:
	a) in the case of an annual general meeting by all the Members entitled to attend and vote thereat; and

b) in the case of an extraordinary general meeting by that number or majority in number of the Members having a right to attend and vote thereat as is required by the Act.

Accidental omission

Provided also that the accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at the meeting.

The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

At least fourteen (14) days' notice of every general meeting shall be given by advertisement in the daily press and in writing to the Exchange and to each stock exchange upon which the Company is listed Provided That the accidental omission to give any such notice shall not invalidate the proceedings at the meeting.

All business deemed special business

77) All business shall be deemed special that is transacted at an extraordinary general meeting and also all that is transacted at an annual general meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditor of the Company, the election of Directors in place of those retiring by rotation or otherwise, the fixing of the fees of Directors, the declaration of dividends, and the appointment of and the fixing of the remuneration of the Auditor of the Company, which shall be deemed routine business. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

Notice to specify nature of special business

78) In the case of any general meeting if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.

Quorum

79) No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purposes of this article 'Member' includes a person attending as a proxy and a corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Section 179(3) of the Act. Provided That (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.

Adjournment if quorum not present

80) If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting if convened on the requisition of Members shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

Chairman

81) The Chairman (if any) of the Board shall preside as Chairman at every general meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen (15) minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.

Adjournment by chairman

82) The Chairman of the meeting may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights of Members

92) (1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

92) (2) On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote Provided That if a Member is represented by two proxies, without prejudice to specific terms of Article 97, only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents.

92) (3) Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than 48 hours before that general meeting (the ‘cut-off time’) as a Depositor on whose behalf the Depository holds shares. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor’s Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two proxies, to apportion the said number of shares between the two proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor’s Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

Voting rights of Members of unsound mind

93) If any Member be a lunatic, idiot or *non compos mentis* he may vote by his committee, *curator bonis* or other legal curator and such last mentioned persons may give their votes by proxy, but no person claiming to vote pursuant to this Article shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than forty-eight (48) hours before the time for holding the meeting at which he wishes to vote.

Voting rights of joint holders

94) If two (2) or more persons are jointly entitled to a share, any one of such persons may vote and be reckoned in a quorum at any general meeting, whether in person or by proxy, and if more than one of such persons is present at a meeting, in voting upon any question, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other registered holders of the share and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or the Depository Register (as the case may be). Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Right to vote

95) Save as herein expressly provided, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote, either personally or by proxy, attorney or representative, at any general meeting.

Method of voting

83) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless, subject to Article 88, a poll is (before or on the declaration of the result of the show of hands) demanded:

(a) by the Chairman of the meeting; or

(b) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(c) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) (or attorney or in the case of a corporation by a representative), holding or representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or

(d) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) (or attorney or in the case of a corporation by a representative), holding or representing not less than ten per cent (10%) of the total number of paid up shares of the Company (excluding treasury shares).

Equality of votes

84) In the case of an equality of votes whether on a show of hands or on a poll as aforesaid, the Chairman shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled as a Member.

Time for taking a poll	85) If a poll is demanded as aforesaid, it shall be taken in such manner and at such time and place as the Chairman of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken at once. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.
Continuance of business	87) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
Resolutions in writing	89) Subject to the provisions of the Act, a resolution in writing signed by every Member entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an ordinary resolution of the Company passed at a general meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members. The expressions 'in writing' and 'signed' include approval by telefax, telex, cable or telegram by any such Member.
Error in counting votes	90) If at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the vote unless it be pointed out at the same meeting, and be in the opinion of the Chairman of sufficient magnitude to vitiate the result of the vote.

4. Change in capital

Power to increase capital	64) The Company may from time to time by ordinary resolution, whether all the shares for the time being issued shall have been fully called up or not increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase directs.
Rights of new shares	65) The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine, and in particular, such new shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or restricted right of voting.
Issue of new shares	66) (1) Subject to any direction to the contrary that may be given by the Company in general meeting (including by way of general authority) or except as permitted under the listing rules of the Exchange, all new shares shall before issue be offered to Members who are entitled to receive notices from the Company of general meetings as at such date as the Directors may determine, in proportion, to the extent the Directors consider practicable, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may

dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

For the purposes of the above, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to make or grant offers, agreements or options that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares.

(2) Notwithstanding Article 66 (1) above but subject to the Act, the Directors shall not be required to offer any new shares to Members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

Capital raised deemed original capital

67) Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association of the Company or these Articles, any capital raised by the creation of new shares shall be considered as part of the original capital and as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

Power to consolidate, cancel and subdivide shares

68) (1) The Company may by ordinary resolution:

(a) consolidate and divide all or any of its share capital; or

(b) cancel any number of shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital accordingly; or

(c) subdivide its shares or any of them (subject nevertheless to the provisions of the Act) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or

(d) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

Power to purchase or acquire shares

(2) subject to and in accordance with the provisions of the Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in general meeting to purchase or otherwise acquire any of its issued shares on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased or otherwise acquired by the Company shall, unless held in treasury in accordance with the provisions of the Act, be deemed to be cancelled immediately on purchase or acquisition. On cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by the Act.

Reduction of share capital	69) The Company may not reduce its share capital in any way except in accordance with the Act.

5. Limitations on rights of non-resident or foreign shareholders to hold or exercise voting rights on our Shares

Save as described above, there are no limitations imposed by Singapore law or by the Articles of Association of our Company on the rights of our shareholders who are regarded as non-residents of Singapore to hold or exercise their voting rights on their Shares.

GOVERNMENT REGULATIONS

We are subject to the laws and regulations that apply generally in the locations in which we operate. The regulations include relevant licensing requirements and environmental requirements. We are also subject to laws governing our relationship with our employees.

The following is for general information only and does not purport to be a comprehensive description or exhaustive statement of applicable laws and regulations.

Overview of Indonesian Land Laws

According to the 1945 Constitution of Indonesia, all rights to land are vested in the Indonesian government ("**State**") as the representative of the Indonesian people. As such, only the State has full power in respect of, *inter alia*, the granting of the rights to land and the use of land. Rights to land are regulated by the Basic Agrarian Law (Law No. 5/ 1960).

For legal certainty, all rights to land, their transfer and encumbrance with security rights thereof must be registered with the Land Registration Office (referred to in Indonesian as *Badan Pertanahan Nasional* ("**BPN**")) having jurisdiction over the location of the land, which office is responsible for keeping and maintaining a Land Register Book (referred to in Indonesian as *Daftar Buku Tanah*) and Land Measurement Register Book (referred to in Indonesian as *Daftar Surat Ukur*).

The Land Registration Office issues a certificate of land as evidence of the holder's right to the land. A mortgage over the land must be reflected on the land certificate as evidence that the land is encumbered with a mortgage for the benefit of the creditor.

Types of Right To Land Under Indonesian Law

(a) Right of Ownership (referred to in Indonesian as *Hak Milik* ("**HM**"))

HM is a title of ownership over a piece of land. HM can only be held by Indonesian nationals.

(b) Right to Cultivate (referred to in Indonesian as *Hak Guna Usaha* ("**HGU**"))

HGU gives its holder the right to exploit/ use or to cultivate the land. This right is usually given for agricultural purposes (agribusiness) for an initial fixed period not exceeding 35 years and is extendible for 25 years. HGU can be held by Indonesian nationals and corporations incorporated in Indonesia and domiciled in Indonesia (including any joint venture company or foreign investment company incorporated in Indonesia).

(c) Right of Use (referred to in Indonesian as *Hak Pakai* ("**HP**"))

HP is a title on land which gives its holder the right to use the land for special purposes. HP may be granted either by the State or any holder of Hak Pengelolaan (see below) or any holder of HM. However, generally, HP is granted by the State in respect of the State's land. HP can be held by natural persons (Indonesian citizens as well as non-Indonesian citizens residing in Indonesia), legal entities (Indonesian legal entities and foreign corporations with representatives in Indonesia), departmental, non-departmental government institution, provincial government, foreign embassy / representative and representative of international organization. HP may be held by its holder as long as the land is used for the purpose for which the HP is granted for a certain definite term which is usually 10 years. However, HP may be granted for a period of up to 25 years and may be extended for a period of up to 20 years.

(d) Right to Development (referred to in Indonesian as *Hak Pengelolaan* ("**HPL**"))

HPL is usually granted by the State to government entities or to state-owned enterprises. The holder of HPL could grant HM, Hak Guna Bangunan, or HP to third parties. The holder of HPL may, in addition, contract with third parties for purposes that are consistent with the purposes for which HPL is granted. The holder of HPL has the authority to (i) plan the intended use and utilisation of the land which is the subject matter of the HPL, (ii) use the land for the purposes of carrying out its business; and (iii) deliver or transfer all or any part of the land to third parties on terms and conditions as determined by it, provided that delivery or transfer is in compliance with the Indonesian Basic Agrarian Law.

(e) Right to Build (referred to in Indonesian as *Hak Guna Bangunan* ("**HGB**"))

HGB is a title on land which gives its holder the right to erect and possess, for a fixed period of time, a building located on the respective land. HGB could be granted either by the State, if it is granted over state land, or such persons holding HPL in respect of the land, such as the Batam Industrial Development Authority (BIDA) in respect of Batam. Under Indonesian law, the certificate of HGB is issued by BPN for a period up to 30 years. The initial 30-year period may be extended upon request submitted by the HGB holder to BPN for a period of up to 20 years. The extended period is renewable for another period of 30 years. HGB may be transferred to another party and can be held by Indonesian citizens or Indonesian legal entities (including joint venture companies or foreign investment companies incorporated in Indonesia).

For further information on the HGBs, please refer to the section "Risk Factors" on pages 41 to 43 of this Prospectus.

Overview of Indonesian Foreign Investment Laws

The Government of Indonesia periodically issues what is known as the Negative List of Investment (referred to in Indonesian as *Daftar Negatif Investasi* ("**DNI**")). The DNI lists those areas in which foreign and domestic investments are prohibited or restricted. In concept, any area not listed in the DNI is open for foreign investment and domestic investment. Foreign investment in this context means investment by a foreign company or individual as a shareholder in an Indonesian company established under the Foreign Investment Law (Law No.1 of 1967, as amended). Such a company is commonly referred to by its Indonesian initials as a "PMA" company.

As a general rule and save for certain industries such as upstream oil and gas and financial services, which are separately regulated, equity investment in Indonesian companies by foreigners is permitted only in a company formed pursuant to the Foreign Investment Law and subject to the supervision and control of the Capital Investment Coordinating Board (referred to in Indonesian as *Badan Koordinasi Penanaman Modal* ("**BKPM**")). The BKPM is a non-departmental government institution having derivative authority to issue basic investment permits on behalf of the functional industrial ministries.

All Indonesian limited liability companies, whether formed under the Foreign Investment Law or otherwise, are also subject to Law No.1 of 1995 concerning limited liability companies ("**Law No. 1 of 1995**"). The Law No. 1 of 1995 touches upon a great range of issues, including the duties and liabilities of directors, minority shareholder rights and updated merger provisions.

Foreign Shareholding

The initial foreign shareholding and divestment requirements applicable to PMA companies were revised and substantially liberalised by Government Regulation No.20/ 1994 dated 19 May 1994, as amended by Government Regulation No. 83/2001 dated 19 December 2001. Pursuant to this regulation, a PMA company can be set up under either of two capital investment structures. The first structure is a joint venture with Indonesian citizens or legal entities in which the maximum initial foreign ownership of the equity in the PMA company is 95%, with no subsequent divestment of the foreign-owned equity required, provided that the PMA company does business in certain key infrastructure industries as noted in paragraph 1(i) below ("**Mandatory Joint Venture PMA Company**"). The foreign ownership may, however, exceed 95% if the proposed joint venture company engages in a non-strategic industry ("**Voluntary Joint Venture PMA Company**"). The second structure is a PMA company with an initial foreign ownership of 100% of the equity in the PMA Company ("**Foreign PMA Company**").

Certain salient features of both types of PMA companies are discussed below:

1. *Mandatory Joint Venture PMA Company*

   (i) A Mandatory Joint Venture PMA Company may undertake business operations in certain key infrastructure industries formerly closed (or substantially closed) to foreign investment, including ports, production, transmission and distribution of electric power for the public, telecommunications, shipping, air transport, water, rail transport, and nuclear power.

   (ii) No subsequent divestment of the foreign-owned equity in the Mandatory Joint Venture PMA Company is required but Indonesian-owned equity may not be reduced or fall below 5% of the issued share capital of the Mandatory Joint Venture PMA Company.

2. *Voluntary Joint Venture PMA Company or Foreign PMA Company*

   (i) A Voluntary Joint Venture PMA Company or Foreign PMA Company may not undertake the businesses listed in paragraph 1(i) above.

   (ii) **The shareholding owned by foreign entities in a Foreign PMA Company should be reduced within 15 years of the commencement of commercial production of the Foreign PMA Company.** The Decree of the Minister for Mobilization of Investment Funds/ Chairman of BKPM No. 15/SK/1994 dated 29 July 1994 provides that such divestment shall be determined according to the consensus of the relevant parties. The required percentage, if any, of divestment is not stated in the Decree.

As at the Latest Practicable Date, the following companies in our Group are Foreign PMA Companies:

Name of company	Year of commencement of commercial production
PT BIC	1996
PT BIIE	1995
PT BEV*	1996
PT SBIG	1999
PT BRC	1995
PT BMW	2004
PT SBP	2004

* Government Regulation No. 20 of 1994 ("**GR20/94**") article 12 provides that companies established under the foreign capital investment law prior to GR20/94, such as PT BEV (which was established as a PMA company on 19 March 1993), are given the opportunity to agree among its shareholders whether to follow the divestment requirement as stipulated in GR20/94, which is 15 years as of the commencement of commercial production, or to exercise the divestment requirement as provided in the initial investment approval, in this case 20 years as of the commencement of commercial production.

** PT SI obtained BKPM approval for a change of its status from an ordinary limited company to a Foreign PMA Company on 8 March 2006. PT SI is required to execute its plan to transfer shares from PT Holdiko Perkasa to Verizon Resorts (Labuan) within 1 year from the date of such approval, failing which the approval will be null and void.

Failure to carry out the requisite divestment may result in the following sanctions being imposed:

(i) suspension of corporate activities;

(ii) partial or total revocation of the company's capital investment facilities;

(iii) partial revocation of licences; or

(iv) the cancellation or revocation of the company's investment approval.

Company Registration in Indonesia

Law No. 1 of 1995 requires that a limited liability company in Indonesia must have at least 2 shareholders. Under Law No. 1 of 1995, if at any time 100% of the outstanding issued shares are held by only one person, within 6 months of the commencement of such event, shares must be sold to another party, failing which the sole shareholder will have unlimited liability for the liabilities of the company.

Law No. 1 of 1995 established a minimum capitalisation of Rp20,000,000, unless laws and regulations governing certain types of business activities require different minimum amounts of authorised capital of the company.

Under Indonesian laws, pursuant to Law No. 3 of 1982 on Compulsory Company Registration, every company in Indonesia is required to be registered with the Company Registry of the Ministry of Trade. The registration of a company is valid for a period of 5 years and must be renewed upon expiry. In the event that the business registration is not renewed on expiry, *inter alia*, the board of directors of such company may be guilty of a felony and may be punished with 3 months' imprisonment or a maximum fine of Rp3,000,000.

The company registration for PT BIC's office in Jakarta is valid until 2007 and for its office in Batam is valid until 2009. The company registration for PT BIIE's office in Bintan and in Jakarta is valid until May 2006 and 2009 respectively. The company registration of PT BEV in Batam is valid until September 2006. The company registration of PT SBIG will expire in August 2009 and the company registration of PT BBT will expire in 2007. The company registration of each of PT SBP and PT BMW is valid until 2009. The company registration of PT BRC (in respect of its head office in Jakarta) is valid until July 2008 and the company registration of PT BRC's branch office in Lagoi is valid until December 2009. The company registration of PT SI expired in December 2005 and the company is in the process of renewing its company registration.

Registration of Certain Resolutions

Under Indonesian law, any resolutions of shareholders of a company in respect of a change to the composition of a company's board of directors and/or board of commissioners are required to be registered with the Ministry of Trade ("**MOT**"), and failure to do so may result in sanctions of imprisonment of up to 3 months or a fine of up to Rp3,000,000 being imposed. In addition, for so long as such registration has not been made with the MOT, the board of directors will be jointly and severally liable for the company's actions.

Certain Business Licences

(a) Permanent business licence

Under Indonesian laws, the permanent business licence (referred to in Indonesian as *Ijin Usaha Tetap*) of PMA companies issued by the BKPM on behalf of the functional industrial ministry (and in the case of a PMA company located in Batam, by the Batam Industrial Development Authority ("**BIDA**")) shall be valid for a period of 30 years commencing from the commencement of the company's commercial production. The licence may be renewed for another 30 years if, *inter alia*, the business activities of the PMA company are deemed to have a positive impact on the national economy in Indonesia. In addition, the 30-year period of a permanent business licence is automatically re-commenced each time the relevant company undertakes an expansion of its foreign investment project approved by the BKPM.

The PMA companies in our Group which have been issued with a permanent business licence and the respective year in which the business licence issued to such PMA company will expire, unless otherwise renewed, are set out as follow:

Name of PMA company in our Group	Year of expiry of permanent business licence
PT BIC	2026
PT BIIE	2027
PT BEV	2026
PT SBIG	2029
PT BRC	2025
PT BMW	2034
PT SBP	2034

Note:

Following the issue of BKPM's approval to PT SI's change of status to a Foreign PMA Company, PT SI is in the process of applying for its permanent business licence.

PMA companies are required to report their investment activities to BKPM in the form of a Report on Investment Activities (referred to in Indonesian as *Laporan Kegiatan Penanaman Modal* ("**LKPM**")) twice a year before obtaining a permanent business licence and once a year after the obtaining of the permanent business licence.

In addition to the PMA companies in our Group, there is also a domestic investment (referred to in Indonesian as *Penanaman Modal Dalam Negeri*, "**PMDN**") company, namely, PT BBT. PT BBT has obtained a permanent business licence which will expire in 2027, unless otherwise renewed.

In the event that the permanent business licence expires and is not renewed, the PMA company will lose its PMA status, and is required to divest all the issued shares in its capital to local Indonesian entities and convert its status to an ordinary company.

(b) Business place licence

In addition, licences issued by the relevant regional authorities in Indonesia may be required for companies to carry out the regional business activities in the relevant region. For example, PT BRC, PT BMW and PT SBP are each the holder of a business place licence (referred to in Indonesian as *Surat Izin Tempat Usaha* ("**SITU**")) issued by the Regency of Riau Islands which allows them to carry out the business activities specified in such licence in Bintan. The SITU is renewable annually. The SITU issued to PT BRC, PT BMW and PT SBP will expire in December 2006. PT BIIE's SITU issued by the Head of District of Riau Islands expire in December 2006. In the event that the SITU is not renewed on expiry, the relevant company may not be able to continue operation in that area. In Batam, PT BIC, PT BEV, PT BBT and PT SBIG are each the holder of a business place licence (referred to in Indonesian as *Surat Keterangan Domisili Usaha* ("**SKDU**")). The SKDU issued to PT BEV, PT BBT and PT BIC will expire in September 2006. The SKDU issued to PT SBIG will expire in April 2007.

(c) Others

(i) PT BRC

PT BRC holds a power supply business licence (referred to in Indonesian as *Izin Usaha Penyediaan Tenaga Listrik* ("**IUPL**")) to use power for its own interest and has an approval to use water from the reservoir located in BR issued by the Head of Riau Islands Regency. Unless otherwise renewed, the IUPL will expire in September 2006.

(ii) PT BIC

PT BIC has submitted an application for a waste water/ sewage treatment licence (referred to in Indonesian as *Izin Pembuangan Air Limbah Hasil* ("**IPAL**") in respect of its waste water / sewage treatment activities and is currently awaiting the issuance of the IPAL. PT BIC holds an IUPL issued by the mayor of Batam. The licence is valid throughout the operational life of PT BIC but is subject to revocation if PT BIC fails to comply with the applicable requirements and prevailing regulations. Failure to hold such licence may subject PT BIC to administrative sanctions, such as written warnings, temporary suspension and revocation of business licences.

PT BIC has also been issued with an Operational Licence of Hazardous and Toxic Waste Incinerator in March 2006 under the Decree of the State Minister for Environmental Affairs. Under the licence, PT BIC is required to meet certain conditions, including:

(aa) operating the incinerator in accordance with applicable standard operating procedures and collecting and storing hazardous and toxic waste in accordance with the specified conditions; and

(bb) submitting reports relating to the operation of the incinerator to the Ministry of Environmental Affairs, with copies to parties including the Governor of Riau and the Mayor of Batam.

The licence is valid for 2 years from the date of issue and will be subject to evaluation and reconsideration upon its expiry.

BIDA has issued a letter to PT BIC relating to the approval for the extraction of water by PT BIC of up to 4,500 m^3/day in respect of the supply of clean water for BIP, and further stating that any shortage of water shall be supplied by PT Adhya Tirta Batam. There is no specified expiry date to such approval in the letter.

PT BIC has obtained an operation worthiness certificate in 31 October 2003 from the Mayor of Batam in respect of the power plant owned by PT BIC. The power plant is subject to a further test to be conducted within 5 years after the date of issue of the certificate or when the plant undergoes an overhaul. The certificate may be revoked if PT BIC fails to comply with the prevailing regulations relating to power plant installation and safety and/or any applicable environmental laws.

(iii) PT BBT

Based on the Indonesian Minister of Communications Decree No. KP. 344 of 2002 in December 2002, PT BBT has been granted a licence to provide domestic fixed line / wireline in Batam (in respect of BIP) and Bintan (in respect of BR and BIE). The licence will continue to be valid as long as PT BBT complies with the prevailing laws and regulations on telecommunications.

Bonded Zone Licences

PT BIC has been designated as the operator of the Batamindo II Bonded Zone of Jalan Rasamala no. 1 BIP, Kelurahan Muka Kuning, Kecamatan Sei Beduk, Batam, Riau, by virtue of Ministry of Finance Decree no. 350/KM.4/2004 issued on 20 February 2004. The bonded zone covers an area of approximately 26.8 ha.

PT BIC has also been designated as the operator of the Batamindo I Bonded Zone of Jalan Rasamala no. 1 BIP, Kelurahan Muka Kuning, Kecamatan Sei Beduk, Batam, Riau, by virtue of Ministry of Finance Decree no. 355/KM.4/2004 issued on 24 February 2004. The bonded zone covers an area of approximately 142.4 ha.

As an operator of a bonded zone, PT BIC is accountable for the accuracy of the operational activity reports of the bonded zone which the operator must submit to the Director General of Custom and Excise in Indonesia. The records of PT BIC relating to imports, processing or manufacturing and exports of goods into and from the bonded zone may be subject for inspection at any times by the authority.

The designation as a bonded zone and the status as bonded zone operator may be frozen or revoked by the authority if PT BIC breaches the applicable requirements as a bonded zone operator, including if it is proven that PT BIC has caused financial loss to the State based on custom audit by the authority or if PT BIC is placed under receivership.

The Ministry of Trade recommended to the President of the Republic of Indonesia to approve PT BIIE's application for the appointment and ratification of BIE as a Bonded Zone. The area of the Bonded Zone located at Lobam Bintan Utara, Bintan, is currently approximately 110 ha. PT BIIE, as the operator of the BIE Bonded Zone, is subject to similar regulatory requirements as those for PT BIC set out above.

In 2005, the status of the Batam Industrial Bonded Zone, the BIE Bonded Zone and Karimun Industrial Cooperation zone was upgraded to "Bonded Zone Plus". The Minister of Finance issued certain decree(s) in 2005 in relation to the Bonded Zone in Batam, Bintan and Karimun islands providing for new tax and customs treatment for Batam, Bintan and Karimun islands. These regulations exempt import duty, VAT, VAT on luxury goods and income tax over imports for projects related to economic cooperation between Indonesia and Singapore. As a result, it is expected there would be easier Bonded Zone approval process, additional entry points, less strict monitoring of movements of goods, and other similar facilities.

Employment Laws in Indonesia

Under Article 108 of Law No. 13/2003 dated 25 March 2003, save for companies in respect of which a collective labour agreement is in force, a company with 10 or more employees is required to maintain company regulations, approved by the Minister of Manpower or other authorised officials, setting out its employment policies and benefits ("**Company Regulations**"). Under Article 111 paragraph 3 of Law No. 13/2003, the Company Regulations are valid for a period of 2 years, whereupon they must be renewed. Failure to do so may subject the company to a fine of between Rp5,000,000 to Rp50,000,000. The validity periods of the Company Regulations of PT BIIE have expired, and PT BIIE is in the process of applying for renewal of its Company Regulations. The Company Regulations of PT BIC will expire in 2007. The Company Regulations of PT BEV were renewed and approved by the Regional Office of the Department of Manpower in Batam and will expire in September 2006. PT BBT is in the process of applying for approval of its Company Regulations. The validity period of the Company Regulations in respect of PT BMW and PT SBP will expire in July 2006. The validity period of the Company Regulations in respect of PT BRC will expire in April 2006.

Under Law No. 7/1981, a company is also required to submit annual manpower reports to the Ministry of Manpower. In the event that the company fails to submit such a report, the board of directors of such company may be subject to 3 months' imprisonment or a maximum fine of Rp1,000,000. PT SBP and PT BMW are obliged to re-submit their respective annual manpower reports in March 2006.

In addition, a company which employs 10 persons or more or pays employee salaries exceeding Rp1,000,000 per month is required to participate in a manpower social security program known in Indonesian as *Jaminan Sosial Ketenagakerjaan* or JAMSOSTEK. JAMSOSTEK is a protection scheme for employees under which employees receives compensation in cash or remuneration for a portion of income which was lost or reduced due to work accident, illness, pregnancy, giving birth, old age and death. The JAMSOSTEK benefits, which may be received by an employee due to work accident, death, old age and illness, also covers the family of the respective employee. Contribution for causes of work accident, death and illness is borne by the employer, while for old age is payable jointly by the employer and the employee. JAMSOSTEK includes compulsory programs for occupational accident insurance, life insurance and retirement benefits. Employers are responsible for the entire amount of contributions to the occupational accident insurance and life insurance programs. Contributions for accident insurance range from 0.24% to 1.74% of an employee's wage, depending on the employer's business. The contribution for life insurance is 0.3% of the employee's wage. The contributions for retirement benefits are jointly borne by the employer and employee; the employer's share is 3.7% of wages and the employee's share is 2% of wages. Employee contributions to JAMSOSTEK are collected by the employer through payroll deductions. JAMSOSTEK also includes a health care benefits program. The contribution is 6% for a married employee and 3% for a single employee. An employer who provides better company health insurance to its employees can elect not to join the health care program under JAMSOSTEK.

Under Indonesian laws, companies are required to have work permits to employ expatriates. Failure to do so may result in sanctions of imprisonment for a term of between 1 year to 4 years and a penalty of between Rp100,000,000 to Rp400,000,000 being imposed.

Environmental Laws in Indonesia

The Group's operations are subject to Indonesian laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental pollution, including the following laws in Indonesia which seek to regulate and protect the environment against pollution related activities in Indonesia, namely, Law No. 5 of 1990 regarding Conservation of Natural Resources and Ecosystems (State Gazette No. 49, 1990, Supplement to State Gazette No. 3419), Law No. 24 of 1992 regarding Spatial Use Management (State Gazette No. 115, 1992, Supplement to State Gazette No. 3501) and Law No. 23 of 1997 regarding Environmental Management.

In addition, regulations relating to environmental protection in Indonesia include, *inter alia*,:

(a) Government Regulation No. 20 of 1990 regarding Management of Water Pollution (State Gazette No. 24, 1990, Supplement to State Gazette No. 3409);

(b) Government Regulation No. 27 of 1999 regarding the Analysis of Bio-Environmental Impacts (*Analisis Mengenai Dampak Lingkungan Hidup*);

(c) Decree of the President of the Republic of Indonesia No. 10 of 2000 regarding the Environmental Impacts Management Agency; and

(d) Decree of the President of the Republic of Indonesia No. 32 of 1990 regarding Management of Protected Areas.

In June 1990, the Environmental Impact Management Agency (or *Badan Pengendalian Dampak Lingkungan*) ("**BAPEDAL**") was formed to assist the President of the Republic of Indonesia in managing the impact of pollution in Indonesia. The environmental management policies of BAPEDAL focus on the conservation and efficient utilisation of resources, waste minimisation, the reuse and safe disposal of waste, the use of the Environmental Impact Assessment (or *Analisis Mengenai Dampak Lingkungan*) ("**AMDAL**") as a tool for sustainable development of resources, the minimisation of the use of hazardous substances and the management of environmental management support systems such as institutions, laws, incentives, training, laboratories and information systems and increasing public awareness and participation.

Since January 7, 2002, the President based on Presidential Decree No. 2 of 2002, dissolved BAPEDAL. BAPEDAL's tasks and functions were merged into the Ministry of Environment. The policy to dissolve BAPEDAL does not apply to local (province and district/municipality) BAPEDAL, known as *Badan Pengendalian Dampak Lingkungan Daerah* (or BAPEDALDA).

Under the Decree of the State Minister for the Environment No. 86 of 2002, a company whose activities are not subject to the AMDAL requirement is still obliged to submit reports on its Environmental Management Efforts (referred to in Indonesian as *Upaya Pengelolaan Lingkungan* ("**UKL**")) and Environmental Monitoring Efforts (referred to in Indonesian as *Upaya Pemantauan Lingkungan* ("**UPL**")) to the State Minister for the Environment. The UKL and UPL are generally pre-requisite documents prior to the issuance of the permanent business license. However, the permanent business licence of each of PT BBT and PT SBIG has been issued prior to the submission of their respective documents of UKL and UPL. There is no sanction for failure to submit the documents of UKL and UPL. However, the relevant governmental authorities may require the submission of the documents of UPL and UKL as pre-requisite documents for issuance of any expansion licence to the permanent business licence.

Regional Authority in Batam

The Batam Industrial Area, which was established pursuant to certain Presidential Decrees, is, as at the Latest Practicable Date, under the jurisdiction of the following government agencies, (i) the Board of Trustees of the Batam Industrial Area (*Dewan Pembina Daerah Industri Pulau Batam*), (ii) the Batam Industrial Development Authority (*Otorita Pengembangan Daerah Industri Pulau Batam,* or "**BIDA**") and (iii) the Batam Industrial Area Venture Company (*Perusahaan Perseroan Pengusahaan Daerah Pulau Batam*)).

The Board of Trustees is vested with duties including co-ordinating the policies of the central government relating to the development of Batam island, and providing guidance to BIDA relating to the development of Batam island as an industrial area in accordance with the central government's general policies on development.

BIDA is responsible for the development and growth of the Batam Industrial Area. Its duties include, *inter alia*, developing Batam island as an industrial area, verifying business licences submitted by investors and addressing or resubmitting the same to the relevant government agencies, and ensuring that the procedures for the required licences and provision of services to establish and operate business in Batam island are carried out smoothly.

As at the Latest Practicable Date, certain laws concerning regional autonomy have been enacted (referred to collectively as the "**Regional Autonomy Law**") which include provisions relating to the transfer of authority from BIDA to the *Pemerintah Kota Batam* (commonly referred to as "**Pemko Batam**" or the "**Batam Municipal Government**"). The Regional Autonomy Law provides that, with the establishment of the City of Batam as an autonomous region, Pemko Batam is vested with the authority relating to the government and development of Batam, and BIDA will be under the authority of Pemko Batam. However, although the Regional Autonomy Law requires that Government Regulations, which should serve as the implementing regulations thereof, should be issued within a 12-month period as of October 4, 1999, as at the Latest Practicable Date, such implementing Government Regulation(s) have not been issued.

In addition, BRFH carries on the business of a travel agent in Singapore and is subject to the following laws and regulations in Singapore:

Licensing of travel agents under the Travel Agents Act, Chapter 334 of Singapore

BRFH is the holder of a licence issued by the Singapore Tourism Board ("**STB**") under the Travel Agents Act, Chapter 334 of Singapore (the "**TAA**"), which provides, *inter alia*, for the licensing of travel agents and the regulation of their operations. The STB is responsible for, *inter alia*, the administration of the TAA.

The TAA provides that no person shall carry on the business of a travel agent unless he is the holder of a licence granted under the TAA to him or any other person on his behalf. Under the TAA, the carrying on of the business of a travel agent includes, *inter alia*, the selling of tickets entitling a person to travel, and the selling to or arranging of hotel or other accommodation at one or more places (being places within or outside Singapore, or some of which are within and others of which are outside Singapore). A person who carries on the business of a travel agent is required to make an application to the STB for a licence which, as prescribed under the Travel Agents Regulations, shall expire on 31 December of the year following that in which the licence was issued. Every licensee is also required under the TAA to pay such annual licence fee as may be prescribed.

The STB may revoke or suspend a licence:

(a) if the STB is satisfied that the licensee:

   (i) has ceased to carry on the business for which he has been licensed or, if the licensee being a company, goes into liquidation or is wound up or otherwise dissolved;

   (ii) improperly obtained his licence contrary to the provisions of the TAA;

   (iii) is no longer a fit and proper person to continue to hold the licence;

   (iv) has been convicted of any offence involving dishonesty or moral turpitude or, if the licensee is a company, any of its officers holding a managerial or an executive position or, if the licensee is a firm, any member of the firm has been convicted of any offence involving fraud or moral turpitude;

(v) is carrying on or has carried on the business of a travel agent in such a manner as renders him unfit to continue to hold a licence;

(vi) is contravening or has contravened any of the provisions of the TAA or any regulations made thereunder; or

(vii) has been convicted of any offence under the TAA or any regulations made thereunder or, if the licensee is a company, any of its officers holding a managerial or executive position has been convicted of any offence under the TAA or any regulations made thereunder; or

(b) if the STB considers it in the public interest to do so.

Under the Travel Agents Regulations, a licensee is subject to certain requirements and restrictions, including, but not limited to, the following – a licensee is not allowed to transfer or assign the benefit of his licence to any other person, and a licensee is required to ensure that at any time:

(aa) where the licensee is a sole proprietor or partnership, the firm's capital and net worth are, respectively, not less than S$100,000; and

(bb) where the licensee is a company, its issued and paid-up capital and its net worth are, respectively, not less than S$100,000.

Where a licensee is unable to comply with the requirement in sub-paragraphs (aa) or (bb) above, as the case may be, the STB may require the licensee to furnish a banker's guarantee of such minimum value as may be determined by the STB.

The licence granted by STB to BRFH under the Travel Agents Act will expire on 31 December 2006.

Licence for provision of ferry services under the Maritime and Port Authority of Singapore (Port) Regulations of Singapore

BRF provides ferry services between Singapore and Bintan, and is the holder of a licence for the provision of ferry services issued by the Maritime and Port Authority of Singapore ("**MPA**") under the Maritime and Port Authority of Singapore (Port) Regulations of Singapore (the "**MPAAR**").

The MPAAR provides that no person shall provide any ferry service to and from Singapore unless he is licensed for that purpose by the MPA. Under the terms and conditions of the licence held by BRF, the licence is valid for a one-year period, and the licensee is required to make an application for any renewal of the licence no later than 1 month before the licence's expiry. Such renewal is at the MPA's discretion. The licensee shall pay such fees as may be determined by the MPA.

Under the terms of the licence, BRF is subject to certain requirements and restrictions, including *inter alia* the restriction that BRF may only provide ferry services between Singapore and Bandar Bintan Telani Ferry Terminal in Bintan. BRF is required to obtain the MPA's prior written approval before starting any new ferry service to and from Singapore. BRF is also required to comply with certain security measures, including ensuring that its ferries entering or within the port comply with the requirements under the International Code for the Security of Ships and Port Facilities (ISPS Code), and implementing a system of security measures to protect its ferries and the passengers to the satisfaction of the MPA. BRF is also required to maintain a policy of insurance with an insurer approved by the MPA or furnish to the MPA other financial security, including a guarantee from a Singapore bank, to cover its liabilities with respect to death or personal injury to passengers and damage to third party property, on terms approved by the MPA.

If the licensee has contravened or failed to comply with any conditions of the licence, the MPA may, by notice in writing, cancel the licence or suspend the licence for such period as the MPA considers appropriate.

The current licence granted by the MPA to BRF under the MPAAR will expire on 31 December 2006.

SUMMARY OF TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to purchase, ownership or disposal of our Shares. Prospective purchasers of our Shares should consult their own tax advisors concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as at the Latest Practicable Date. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

The statements made herein do not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares and do not address the tax treatment of investors subject to specific rules. Prospective investors should consult their tax advisers regarding Singapore tax and other tax consequences of owning and disposing our Shares. It is emphasised that neither our Company, our Directors, PT HR, the Vendor, the Managers or any other parties involved in the Share Distribution and the Private Placement accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares. Dividends payable by our Company on our Shares will be declared and paid to Shareholders in S$.

TAXATION IN SINGAPORE

Singapore income tax – general

The following discussion is limited to a general description of certain tax consequences in Singapore with respect to the purchase, holding or disposal of our Shares.

Singapore resident taxpayers, which include individuals who are residing in Singapore and companies which are controlled or managed in Singapore, are subject to Singapore income tax on:

(i) income that is accrued in or derived from Singapore; and

(ii) with certain exceptions, foreign income received or deemed to be received in Singapore.

With effect from 1 June 2003, tax exemption will be granted to all foreign income in the form of dividends, branch profits and services income which are derived from and have been subject to tax, with certain exceptions, in foreign jurisdictions that have headline tax rates of at least 15%.

With effect from the year of assessment 2005, all foreign-sourced income received in Singapore by a Singapore resident individual (not through a partnership) will be exempt from tax.

A company will be resident in Singapore if the control and management of its business is exercised in Singapore. A company will usually be regarded as being resident in Singapore if the company's board of directors meets in Singapore to discuss overall management policy and high-level business matters in relation to the business of the company. An individual will be resident in Singapore if he resides in Singapore (except for temporary absences from Singapore) or if he is physically present or exercises an employment (other than as a director of a company) in Singapore for 183 days or more during the calendar year preceding the year of assessment.

Non-resident corporate taxpayers, subject to certain exceptions, are also subject to Singapore income tax on:

(i) income that is accrued in or derived from Singapore; and

(ii) with certain exceptions, foreign income received or deemed to be received in Singapore.

The corporate tax rate in Singapore is currently 20% after allowing for tax exemption on three-quarters of up to the first $10,000 and up to one-half of the next $90,000 of a company's chargeable income. The above tax exemption does not apply to Singapore dividends received by companies.

Subject to any applicable tax treaty, non-resident taxpayers are subject to withholding tax at the prevailing Singapore corporate tax rate in respect of income derived from technical or management services provided in Singapore or generally 15% in the case of interest, royalty and rental of movable property if such interest, royalty or rental is not derived by the non-resident from any trade or business carried on in Singapore and is not effectively connected with any permanent establishment in Singapore of the non-resident person. The withholding tax rate on royalty payments has been reduced from 15% to 10% with effect from 1 January 2005.

Gains on disposal of our Shares

Singapore currently does not have a capital gains tax regime. However, where the gains are considered as income from the carrying on of a trade, such gains are considered income and subject to tax.

Any gains from the disposal of our Shares are not taxable in Singapore if they are regarded as gains of a capital nature.

Dividend distributions

Dividends, either in cash or in any other form, received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax.

The imputation system has been replaced by the new one-tier corporate tax system with effect from 1 January 2003. Under the one-tier corporate tax system, dividends paid by Singapore companies will be tax exempt in the hands of shareholders.

Under the 5-year transitional period of 1 January 2003 to 31 December 2007, a Singapore resident company with unutilised section 44 balance as at 31 December 2002 may remain under the imputation system for the purpose of paying franked dividends (i.e. dividends that carry tax credit). This is to allow resident companies up to 31 December 2007 to utilise their section 44 balances as at 31 December 2002. During the 5-year transitional period, these unutilised section 44 balances as at 31 December 2002 will be subject to downward adjustments if there are amended assessments raised during the transitional period which result in discharge of taxes which has previously been included in the section 44 balances as at 31 December 2002. Once a company's section 44 balance is "zerorised" (i.e. via the payment of franked dividends during the transitional period), the relevant company will automatically move to the one-tier corporate tax system. Companies are also allowed to make an irrevocable election to move to the one-tier corporate tax system during the 5-year transitional period and any unutilised section 44 balances remaining shall be forfeited. Once a company is on the one-tier corporate tax system, dividends paid will be tax exempt in the hands of shareholders.

During the transitional period of 1 January 2003 to 31 December 2007, a company which has not moved to the one-tier corporate tax system is still able to pay tax exempt dividends to its shareholders if the company derived qualifying income from approved tax incentives, e.g. Global Trader Programme.

Franked dividends received by shareholders during the 5-year transitional period are liable to tax on the gross dividend but are entitled to claim the tax credit against their tax payable.

With effect from 1 January 2008, all companies will move on to the one-tier corporate tax system regardless of whether they have any unutilised section 44 balances and all dividends paid by companies after this date will be tax exempt dividends in the hands of the recipients.

Our Company is under the one-tier corporate tax system.

However, foreign shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Dividend income

Foreign dividends received on or after 1 June 2003 by corporate taxpayers resident in Singapore, which have been subject to tax in the foreign jurisdictions from which the dividends are derived, would be exempt from tax in Singapore provided that the headline tax in the respective foreign jurisdictions is not less than 15% when such persons receive the dividends. Where tax exemption is not available, corporate taxpayers resident in Singapore may claim tax credit on foreign dividends when the income is subject to tax in Singapore.

Under the avoidance of double taxation treaty between Indonesia and Singapore, the tax on the dividend distributed by an Indonesian company, where the recipient of the dividend is a company which owns directly at least 25% of the capital of the company paying the dividend, is at the rate of 10% (15% in other cases). This tax – 10% or 15% – on the dividend, together with the tax the Indonesian company paid in Indonesia on its profits out of which the dividend is paid, is claimable as tax credit against the Singapore tax assessed on the dividend income. The tax credit claimable however would be restricted to the Singapore tax chargeable on the dividend income. However, as mentioned earlier, with the tax of 10% or 15% paid in Indonesia on the dividend and provided that the headline tax in Indonesia at the time when the dividend is subject to tax in Singapore is not less than 15%, the dividend received by a corporate taxpayer that is resident in Singapore would be exempt from tax in Singapore. These rules would apply to dividends received by our Company from our subsidiaries in Indonesia.

The above would apply to dividends received by our Company from our subsidiaries in Indonesia.

Where our Company receives foreign dividends for which a tax credit has been allowed, the dividend payments from these foreign dividends to the holders of our Shares will be exempt from tax. The tax credit could be obtained pursuant to an avoidance of double taxation treaty with one of Singapore's treaty partners or it could be unilaterally granted under the ITA. Where the credit is available under any of the options above, a special account is to be created for the purposes of ensuring that the payment of exempt dividends is restricted to the amount of the dividends for which foreign tax credit has been allowed.

Stamp duty

No stamp duty is payable on the subscription of our Shares. Stamp duty is payable on an instrument of transfer of our Shares at the rate of S$0.20 for every S$100 or any part thereof computed on the value of the consideration or market value of our Shares whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Estate duty

Estate duty is payable on the principal value of all property which passes on the death of a person who was domiciled in Singapore at the rate of 5% on the first S$12,000,000 and the remainder at 10%, subject to certain specific exemptions mentioned below. Property includes movable and immovable property of any kind situated in Singapore or being in Singapore and the proceeds of the sale thereof, and in the case of a deceased person who was at the time of his death domiciled in Singapore, includes movable property wherever it may be. Any movable property passing on the death of any person dying on or after 1 January 2002 who at the time of his death was not domiciled in Singapore is exempt from estate duty.

As our Company maintains a share register in Singapore, our Shares should be regarded as a movable property situated in Singapore for the purposes of estate duty.

There are various exemptions from Singapore estate duty. These include the following:

(i) S$9,000,000 of the aggregate value of the deceased's interest in residential house(s) whether occupied by the deceased or not;

(ii) S$600,000 of the aggregate value of all other property, including any interest in any other non-residential dwelling house(s) owned by the deceased; and

(iii) the excess over S$600,000, if any, of the aggregate amount standing to the credit of the deceased at the time of his death in the Central Provident Fund ("**CPF**") or in any designated pension or provident fund subject to certain conditions.

The 2005 Singapore Budget announced a new relief in estate duty for deaths in quick succession. Under this new relief, beginning from 1 January 2006, when two individuals die within a short period of time of each other and the assets pass from one to the other, the estate duty paid on the earlier death can be deducted from the estate duty payable on the same assets assessed upon the subsequent death of the beneficiary. The relief starts at 100% if the deaths occur within 6 months of each other, graduating to the full estate duty payable if the deaths are more than 2 years apart.

Prospective purchasers of our Shares who are individuals, whether or not domiciled in Singapore, should consult their own tax advisors regarding the Singapore estate duty consequences of their investment.

Goods And Services Tax ("GST")

The sale of our Shares by an investor belonging in Singapore through the SGX-ST or to another person belonging in Singapore is exempt and not subject to GST. Whereas, the sale of our Shares by an investor who belongs in Singapore through an overseas exchange or to a person belonging outside Singapore is a taxable supply subject to GST at the zero-rate.

Only GST incurred by a GST registered investor in the making of zero-rated supplies in the course or furtherance of business can be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current rate of 5%. Similar services rendered to an investor belonging outside Singapore are subject to GST at the zero-rate.

Dividends paid to investors are not subject to GST.

Individuals, whether or not domiciled in Singapore, should consult their own tax advisors regarding the Singapore tax and estate duty consequences of their ownership of our Shares.

TAXATION IN INDONESIA

The following discussion is limited to a general description of certain taxation in Indonesia applicable to our Indonesian subsidiaries.

Corporate tax

(a) Tax residency

A corporation is classified as "resident" or "non-resident" for tax purposes under Indonesian law according to the place of incorporation of the corporation.

In Indonesia, resident corporations are taxed on their worldwide income; however, tax credits are allowed for income that is taxed outside the country. Non-residents are taxed only on income derived from Indonesian sources, subject to any relief available under double taxation agreements. However, a non-resident entity with a permanent establishment in Indonesia ("**PE**") (such as a branch office) is taxed on (i) the PE's income from its business activities, (ii) the income office arising from business activities, or sales of goods and services in Indonesia of the same type as those sold by the PE in Indonesia, and (iii) all other income, either received or accrued by the head office such as dividends, interest, royalties, rent and other income connected with the use of property, fees for services, etc., provided that the property or activities producing the income is effectively connected with the PE in Indonesia. In Indonesia a PE is generally defined as an operation in which a non-resident establishes a fixed place of business in Indonesia. This would include a management location, a branch office and an office building. A PE may also be established as a result of the non-resident entity's employees providing services in Indonesia for more than 90 days in any 12-month period.

(b) Income subject to tax

Taxable income is defined as any increase in economic prosperity received or accrued by a taxpayer, whether originating from within or outside Indonesia, that may be used for consumption or to increase the recipient's wealth in whatever name and form. It includes any remuneration in connection with work and services, business profits (for this purpose, there is no distinction between operating and capital income), dividends, interest, rent, royalties and other income related to the use of property.

Dividend tax must be deducted by the company declaring the dividend. Such dividend tax has to be paid by the company to the State Treasurer (or *Kas Negara*) not later than the 10th of the following month after the dividend is declared by the shareholders of the company at the shareholders' meeting of the company. The applicable tax rate for dividends paid to resident taxpayers is 15%. However dividends received from Indonesian companies by limited liability companies incorporated in Indonesia, co-operatives and state or region-owned entities are exempt from tax if:

(i) the dividends are paid out of retained earnings;
(ii) the shareholder holds at least 25% of the company's paid-up capital; and
(iii) the shareholder has other active businesses.

The applicable tax rate for non-resident shareholders is 20% (or the relevant tax rate applicable under any tax treaty which may be in force between Indonesia and the relevant jurisdiction.

(c) Corporate tax rates

As at the Latest Practicable Date, the corporate tax rates are as follows:

Amount of taxable income for the tax year	**Tax rate (%)**
Up to Rp50 million	10
Between Rp50 million to Rp100 million	15
Above Rp100 million	30

Withholding tax

Indonesia has two types of withholding tax, namely, prepayment tax and final tax. Expenses incurred in deriving income subject to final tax are not deductible.

Payments made to resident taxpayers and permanent establishments by resident corporate taxpayers, government bodies, activity organizers, permanent establishments, representative offices and certain appointed individuals are subject to withholding tax at the rates specified in the following table:

Tax rate (%)	**Transaction**
10	● Land and building rental payments to companies and permanent establishments (final tax)
6	● Rental and other payments for the use of property other than land and buildings
6	● Compensation related to management services, and technical services
7.5	● Compensation related to professional services, including legal and tax services
10	● Land and building rental paid to individuals (final tax)
15	● Dividends payable to individuals
15	● Interest, including premiums, discounts and guarantee fees
15	● Royalties

On the other hand, the following payments made by a government body, resident taxpayer, activity organizer, permanent establishment and representative office to a non-resident taxpayer are subject to withholding tax at 20% (or applicable reduced treaty rate) of the gross amount:

- After-tax profits of permanent establishments.
- Compensation for technical, management and other services.
- Income derived from the disposal of assets (withholding on estimated net income).
- Insurance premiums (withholding on estimated net income).
- Interest including premiums, discounts, guarantee fees and interest rate swap premiums.
- Royalties, rent and other income with respect to the use of property.

Individuals and organisations resident in Indonesia that derive income from the following business lines are subject to withholding tax at the rates listed below:

	For small businesses (final tax)	**Others (Individuals and other businesses)**
Construction Services	2%	2%
Planning Construction services	4%	4%
Supervisory Construction services	4%	4%

As at the Latest Practicable Date, the business of our subsidiaries in Indonesia does not include the above business lines.

In order to satisfy the definition of small business, one will have to meet certain income requirements and obtain a certificate issued by the authorised government agency.

Value added tax (VAT) and sales tax

(a) General on VAT

VAT is imposed on most goods and services at a rate of 10%. Government regulations can adjust the rate to as low as 5% and as high as 15%. The tax is generally collected by "VAT-able firms" (entities which deliver taxable goods or services). These firms are required to submit monthly VAT returns. Certain goods and services, however, are exempt from VAT, and as at the Latest Practicable Date include, *inter alia*,:

- Food and beverages served at a hotel, restaurant, food stall and the like
- Healthcare services
- Banking, insurance and financial leasing
- Education services
- Public transportation services
- Manpower services
- Hotels

Hotels and food and beverages served at hotels, restaurants, food stalls are subject to 10% development tax.

Aside from the above, primary production companies and small businesses (corporations or individuals) with annual sales of less than Rp600 million for goods and services have the option to be exempted from imposing VAT.

Exported goods are subject to 0% of VAT; exporters can claim a refund of the input tax (VAT incurred in producing goods for export).

The local purchaser of imported goods and services, including intangible goods, is responsible for all payments of VAT on goods and services and customs duty on goods. VAT and customs duty are collected at the port of entry for imported goods. A self-assessed VAT payment mechanism is applied in connection with the following:

(i) the utilisation of intangible VAT-able goods obtained from outside the Indonesian customs area and utilised within the Indonesian customs area; and

(ii) the utilisation of VAT-able services obtained from outside the Indonesian customs area and utilised within the Indonesian customs area.

(b) VAT relief

The BKPM is given authority to approve deferral of VAT on the importation of equipment used by companies incorporated under the domestic or foreign investment law (known as PMA companies and PMDN companies).

(c) Sales Tax on luxury goods

Government Regulation No. 145/2000 dated 22 December 2000 details various goods subject to Sales Tax at rates ranging from 10% to 75%. In addition, the rate applicable to many types of goods has been increased. For example:

- Housing with floorspace over 400m^2 or over or housing with selling price of Rp3,000,000 per m^2 or over, apartments, condominiums and town houses of 150 m^2 or over or apartments, condominiums and town houses with selling price of Rp4,000,000 per m^2 or over, are now subject to 20%.

- Perfume is subject to 20% (previously 10%).

- Helicopters and aircraft are now subject to 50% (previously 35%).

The maximum rate of Sales Tax has increased to 75%. Examples of goods subject to this maximum rate are:

- Sedans/ station wagons/ vans with spark or compression ignition internal combustion reciprocating piston engines exceeding 3,500 cc with seating capacity of less than ten persons

- Certain types of liquor and wine

Indonesia has no rules for insubstantial (minor) imports of goods and services. VAT and customs duty will be imposed on all goods irrespective of their value. Likewise VAT will be imposed on the importation of services irrespective of value. No changes are foreseen in this area despite the fact that the availability of e-commerce transactions will lead to an increase in low value cross-border trade.

Indirect tax on land and buildings

Tax is imposed on individuals, companies or organisations that have certain rights to or obtain benefits from land, or possess, control or obtain benefits from ownership of land and buildings. As such, tax may be imposed on PT BIIE, PT BMW, PT BRC, PT SBP, PT BIC and PT BEV, being companies in our Group which hold HGBs over land in Batam and Bintan.

The tax is based on the sales value of the land and buildings as determined by the Ministry of Finance. Land value is reassessed every three years in most areas and every year in rapidly developing areas. The current effective tax rate on land and buildings is 0.1% of the sales value. One exception is individual housing worth more than Rp1 billion, which incurs a rate of 0.2%. Buildings whose assessed sales value is not more than Rp12 million are tax-exempt.

Double tax treaties between Indonesia, and Malaysia and Singapore

Indonesia has concluded tax treaties with certain countries, including Malaysia and Singapore. Under the relevant tax treaty, the rates of withholding tax applicable to payments to recipients in Malaysia and Singapore are as follows:

	Withholding tax rate (%)				
	Dividends				
Country	Portfolio	Substantial holdings	Interest	Royalties	Branch Profit tax
Malaysia	15	15	15/ 0*	15	12.5
Singapore	15	10	10/ 0*	15	15

Note:

* The applicable withholding tax rate is 0% of interest payments if such interest payments were made in respect of bonds (or other similar instruments) issued by the Indonesian government.

As such, payments by our subsidiaries incorporated in Indonesia to Verizon Resorts (Labuan) and to our Company will be subject to withholding tax at the applicable rates under the tax treaties signed by Indonesia with Malaysia and Singapore respectively.

TAXATION ON INCOME IN LABUAN

The following discussion is limited to a general description of, *inter alia*, certain taxation on income and payment of dividends in Labuan applicable to our Malaysian subsidiary, Verizon Resorts (Labuan).

Tax Treatment of Offshore Operations

(a) Income tax

The Labuan Offshore Business Activity Tax Act of Malaysia ("**LOBATA**") provides for the reduction or complete exemption of income tax in respect of certain business activities carried on by offshore companies incorporated in Labuan ("**Offshore Companies**").

Currently, chargeable profits, which are the net profits as reflected in the audited accounts, derived by an Offshore Company from offshore trading activity(ies) are subject to tax at a rate of 3% for a year of assessment. Alternatively, an Offshore Company which carries on an offshore trading activity may, within 3 months from the commencement of any calendar year, elect to be charged a tax of RM20,000 for that year of assessment. An Offshore Company which carries on an offshore non-trading activity is exempt from income tax altogether.

Offshore non-trading activities include the holding of investments in securities, stock, shares, loans, deposits and immovable properties by the Offshore Company in its own name.

However, it should be noted that pursuant to Section 2(2) of LOBATA, where an offshore company carries on both an offshore trading activity and an offshore non-trading activity, it shall be deemed to be carrying on an offshore trading activity.

An Offshore Company is only permitted to carry on business in, from or through Labuan.

The Malaysian Income Tax Act 1967 applies to any activity other than an offshore business activity carried on by an offshore company. Offshore business activity means an offshore trading or an offshore non-trading activity carried on, in or through Labuan in a currency other than the Malaysian currency by an Offshore Company with non-residents or with another Offshore Company, but does not include shipping operations.

From a Labuan tax perspective, dividends received by or received from an Offshore Company are exempt from tax in the hands of a Malaysian or foreign recipient.

(b) Withholding tax

Labuan Offshore Companies are not subject to any form of withholding tax. Payments of dividends, interest and royalties can be made to non-residents free from any further liability.

(c) Stamp duty

Stamp duty for the transfer of shares and preparation and filing of the memorandum and articles of association by an Offshore Company has, as at the Latest Practicable Date, been waived pursuant to Stamp Duty (Exemption) Order 2000 dated 17/01/2000 P.U.(A)9 of Malaysia.

(d) Other tax privileges

The following tax privileges are also available to Offshore Companies:

- Pursuant to the Income Tax (Exemption) (No. 14) Order 2005 of Malaysia, a person (including a company) is exempted from payment of income tax on 65% of the statutory income from a source consisting of the provision of **qualifying professional services** rendered in Labuan to an offshore company by that person from the year of assessment 2000 in respect of the basis period ending in the year 2000 until the year of assessment 2004.

- The above-mentioned "qualifying professional services" means legal, accounting, financial or secretarial services and includes services provided by a trust company as defined in the Labuan Trust Companies Act 1990.

- With the abovementioned exemption order coming into force on 9 March 2005, the Income Tax (Exemption) (No. 12) Order 2000 was revoked from the year of assessment 2000 in respect of the basis period ending in the year 2000.

- However, with effect from year 2003, the Labuan Trust Companies Act has been amended to confer offshore status to a trust company. Accordingly, a trust company is now incorporated as a Labuan Offshore Company and is subject to tax under LOBATA.

- Pursuant to the Income Tax (Exemption) (No. 21) Order 2004, a non-citizen individual working in a managerial capacity in a Labuan Trust Company is exempted from the payment of income tax on 50% of the gross employment income derived in Labuan.

  This exemption is deemed to be effective from the year of assessment 2002 to 2005.

- A citizen is exempted from the payment of income tax on 50% of the gross housing and Labuan Territory allowances received by that citizen from exercising employment in Labuan with the Federal or State Government, a statutory body or an offshore company from the year of assessment 2002 until 2005 pursuant to Income Tax (Exemption) (No. 22) Order 2004

- Second tier dividends declared out of dividends received from an Offshore Company by a domestic company are exempted from tax.

- Royalties income received by a Labuan Offshore Company is subject to tax at either 3% or a flat tax of RM20,000.

- Payment of royalties by a Labuan Offshore Company to a non-resident or another offshore company is not subject to withholding tax.

- Interest paid by an Offshore Company to a resident person or another Offshore Company is not subject to income tax. However, where the interest accrues to a banking, finance company or insurance business carried on by the non-resident person in Malaysia, that interest will be subject to income tax as part of business income.

- Interest paid by an Offshore Company to a resident person, other than a person carrying on a banking, finance company or insurance business in Malaysia, is not subject to income tax.

- Technical or management fees paid by an Offshore Company to a non-resident or another Offshore Company are not subject to withholding tax.

- Technical or management fees received by a Labuan Offshore Company is subject to tax at either 3% or a flat tax of RM20,000.

Double tax treaties

Malaysia has signed a number of double tax treaties, many of which include 'tax sparing provisions', whereby a dividend which is distributed out of profits which have been exempted from tax under the Malaysian tax regime is deemed to have been paid out of profits which have been subject to tax. However, under the current double tax treaty between Singapore and Malaysia[1], there is no such tax sparing provision. Our Company therefore will not be able to claim tax credit under tax sparing provision on dividends derived from Malaysia unless the dividends are from tax exempt pioneer profits where the tax authorities in Singapore have, as a concession, granted tax sparing credit.

Countries which have double-tax treaties with Malaysia include Indonesia and Singapore, and the applicable rates of withholding tax on certain payments out of Malaysia as at the Latest Practicable Date are as follows:

	Paid from Malaysia (%)		
Country	**Dividends**	**Royalties**	**Interest**
Indonesia	Nil	10	Nil or 15
Singapore	Nil	Nil or 10[2]	Nil or 15

Although Labuan, as part of Malaysia, gains the benefit of the country's tax treaties, which were largely signed before Labuan's offshore regime came into existence, some countries may have specific or general anti-avoidance legislation which excludes Labuan offshore entities from treaty benefits, provided the Labuan offshore entities conduct offshore business activities. Nevertheless, certain countries including Singapore and Indonesia have, as at the Latest Practicable Date, not excluded Labuan entities from benefits under the respective treaty agreements.

However, it is reported that Malaysia and Indonesia are currently reviewing the Malaysia/Indonesia Double Tax Agreement ("**DTA**"), whereby, subject to ratification by both countries, the DTA is to be amended so that, *inter alia*, Labuan offshore entities conducting offshore business activities may be excluded from treaty benefits under the DTA.

[1] Singapore and Malaysia have concluded a fresh double tax treaty on 5 October 2004 which has yet to be ratified and the details are not available as at the Latest Practicable Date.

[2] This is the applicable withholding tax rate for royalty payments made on or after 1 January 2005.

AUDITED FINANCIAL STATEMENTS OF GALLANT VENTURE LTD. FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003 AND 31 DECEMBER 2004, AND FOR THE SIX MONTHS ENDED 30 JUNE 2005

Financial statements
Gallant Venture Pte Ltd
(Incorporated in the Republic of Singapore)

For the period from 7 April 2003
(the date of incorporation) to 31 December 2003

Company information

Company registration number	200303179Z
Registered office	4 Battery Road #15-01 Bank of China Building Singapore 049908
Directors	Lim Li-Lian Dexter Wee Khong Leng
Secretaries	Abdul Jabbar Bin Karam Din Loh Lee Eng
Auditors	Foo Kon Tan Grant Thornton Certified Public Accountants 47 Hill Street #05-01 Chinese Chamber of Commerce & Industry Building Singapore 179365

Contents

Directors' report

The directors submit this report to the members together with the audited financial statements of the company for the period from 7 April 2003 (the date of incorporation) to 31 December 2003.

Names of directors

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

Lim Li-Lian
Dexter Wee Khong Leng

Arrangements to acquire shares or debentures

During and at the end of the financial period, the company was not 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 period was interested in shares of the company and its related corporations except as follows:

	Number of ordinary shares of $1 each fully paid registered in the name of director	
	As at 7.4.2003/ date of appointment if later	**As at 31.12.2003**
The company - Gallant Venture Pte Ltd		
Lim Li-Lian	1	**1**
Dexter Wee Khong Leng	1	**1**

Directors' benefits

During the financial period, 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.

Share options

No options were granted during the financial period to take up unissued shares of the company.

No shares were issued by virtue of the exercise of options.

There were no unissued shares under option at the end of the financial period.

Auditors

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

LIM LI-LIAN

DEXTER WEE KHONG LENG

Dated: 6 July 2004

Statement by directors

In the opinion of the directors, the accompanying balance sheet, income statement, statement of changes in equity and the cash flow statement, together with the notes thereon, are drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2003 and of the results of the business, changes in equity and the cash flows of the company for the financial period ended on that date and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

LIM LI-LIAN

DEXTER WEE KHONG LENG

Dated: 6 July 2004

Auditors' report to the members of Gallant Venture Pte Ltd

We have audited the accompanying financial statements of Gallant Venture Pte Ltd for the period from 7 April 2003 (the (the date of incorporation) to 31 December 2003. These financial statements are the responsibility of the company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Without qualifying our opinion, we draw attention to Note 4 to the financial statements. The company incurred a loss of $35,761 during the period ended 31 December 2003, and, of that date, the company's total liabilities exceeded its total assets by $35,759. However, the financial statements have been prepared on the basis that the company is a going concern as a shareholder has given written confirmation of her continuing financial support for the company.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2003 and the results, changes in equity and cash flows of the company for the period from 7 April 2003 (the date of incorporation) to 31 December 2003; and

(b) the accounting and other records (not including registers) required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore, 6 July 2004

Balance sheet
as at 31 December 2003

	Note	$
ASSETS		
Current Assets		
Deferred expenses		**277,559**
Cash and cash equivalents		**2**
Total assets		**277,561**
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	5	**2**
Accumulated loss		**(35,761)**
		(35,759)
Non-Current Liabilities		
Loan from shareholder	6	**158,461**
Current Liabilities		
Trade and other payables		**154,859**
Total equity and liabilities		**277,561**

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

Income statement

	Note	$
Administrative expenses		**(35,761)**
Loss before taxation		**(35,761)**
Taxation	7	**-**
Loss after taxation for the period from ordinary activities		**(35,761)**

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

Statement of changes in equity

	Share capital $	Accumulated loss $	Total $
Issued on 7.4.2003 at incorporation	2	-	2
Net loss for the period	-	(35,761)	(35,761)
Balance at 31.12.2003	**2**	**(35,761)**	**(35,759)**

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

Cash flow statement

	$
Cash Flows from Operating Activities	
Loss before taxation	**(35,761)**
Operating loss before working capital changes	**(35,761)**
Increase in deferred expenses	**(277,559)**
Increase in operating payables	**154,859**
Net cash used in operating activities	**(158,461)**
Cash Flows from Financing Activities	
Loan from shareholder	**158,461**
Shares issued	**2**
Net cash from financing activities	**158,463**
Increase in cash and cash equivalents	**2**
Cash and cash equivalents at beginning of period	**-**
Cash and cash equivalents at end of period	**2**

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

Notes to the financial statements

1 General information

The financial statements of the company for the period from 7 April 2003 (the date of incorporation) to 31 December 2003 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office is located at 4 Battery Road #15-01, Bank of China Building, Singapore 049908.

There were no employees as at 31 December 2003.

2 Summary of significant accounting policies

Basis of preparation
The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost convention.

The financial statements are prepared in accordance with and comply with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

Deferred expenses
Deferred expenses represent cost directly relating to the planned future acquisition of a company and these costs will be transferred to the cost of investment when the acquisition occurs. The expenditure capitalised includes legal and professional fees.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand.

Payables
Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Income taxes
The liability method of tax effect accounting is adopted by the company. 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.

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

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Financial instruments
Financial instruments carried on the balance sheet include cash and cash equivalents and trade receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 8.

3 Principal activities

The principal activities of the company are those of investment holding.

4 Going concern basis

The company incurred a loss of $35,761 during the period ended 31 December 2003, and, of that date, the company's total liabilities exceeded its total assets by $35,759. However, the financial statements have been prepared on the basis that the company is a going concern as a shareholder has given written confirmation of her continuing financial support for the company.

5 Share capital

	$
Authorised	
500,000 ordinary shares of $1 each	**500,000**
Issued and fully paid	
2 ordinary shares of $1 each	**2**

6 Loan from shareholder

The loan from shareholder is unsecured, interest-free and is not expected to be repaid within the next twelve months as a shareholder has given written confirmation of her continuing financial support.

7 Taxation

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on company's loss as a result of the following:

	$
Loss before taxation	**(35,761)**
Tax at statutory rate of 22%	**(7,867)**
Tax effect on non-deductible expenses	**7,867**
	-

No taxation for the financial period ended 31 December 2003 has been provided in the financial statements as the company has no taxable profit.

8 Financial risk management

The company is exposed to credit, interest rate and other market risk arising in the normal course of the company's business. The company does not hold or issue derivative financial instruments for trading purposes.

8.1 Credit risk

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

The company has no exposure to credit risk.

8.2 Currency risk

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

The company's operational activities are carried out in Singapore Dollars, which is the functional currency. All transactions are paid for in local currency. There is no exposure to any risk arising from movements in foreign currency exchange rates as the company has no transactions in foreign currency.

8.3 Interest rate risk

The company has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

9 Financial instruments

Fair values
The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective fair values.

10 Comparative figures

The company was incorporated on 7 April 2003, and this being the first set of financial statements, there are therefore no comparative figures.

Financial statements

Gallant Venture Pte Ltd

For the year ended 31 December 2004

Company information

Company registration number	200303179Z
Registered office	4 Battery Road #15-01 Bank of China Building Singapore 049908
Directors	Wong Kok Siew (deceased) Low Sin Leng BG (Ret) Chin Chow Yoon Foo Ko Hing Rivaie Rachman
Secretaries	Abdul Jabbar Bin Karam Din Loh Lee Eng
Principal banker	United Overseas Bank Ltd
Auditors	Foo Kon Tan Grant Thornton Certified Public Accountants 47 Hill Street #05-01 Chinese Chamber of Commerce & Industry Building Singapore 179365

Contents

Directors' report

The directors submit this annual report to the members together with the audited financial statements of the company for the financial year ended 31 December 2004.

Names of directors

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

Wong Kok Siew (appointed on 8.12.2004) (deceased)
Low Sin Leng (appointed on 8.12.2004)
BG (Ret) Chin Chow Yoon (appointed on 8.12.2004)
Foo Ko Hing (appointed on 8.12.2004)
Rivaie Rachman (appointed on 8.12.2004)

Arrangements to acquire shares or debentures

During and at the end of the financial year, the company was not 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

None of the directors who held office at the end of the financial year had any interests in shares or debentures of the company and its related corporations which must be disclosed under Section 201(6)(g) of the Companies Act, Cap. 50.

Directors' benefits

During the 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.

Share options

No options were granted during the financial year to take up unissued shares of the company.

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.

Auditors

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

On behalf of the Directors

LOW SIN LENG

BG (Ret) CHIN CHOW YOON

Dated: 16 March 2005

Statement by directors

In the opinion of the directors, the accompanying balance sheet, income statement, statement of changes in equity and the cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2004 and of the results of the business, changes in equity and the cash flows of the company for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the Directors

LOW SIN LENG

BG (Ret) CHIN CHOW YOON

Dated: 16 March 2005

Auditors' report to the members of Gallant Venture Pte Ltd

We have audited the accompanying financial statements of Gallant Venture Pte Ltd for the year ended 31 December 2004. These financial statements are the responsibility of the company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Without qualifying our opinion, we draw attention to Notes 4 and 9 to the financial statements. The company incurred a loss of $42,553 during the financial year ended 31 December 2004 and, of that date, the company's total liabilities exceeded its total assets by $78,312. However, the financial statements have been prepared on the basis that the company is a going concern as a shareholder has given written confirmation that she will not demand repayment within the next twelve months.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2004 and the results, changes in equity and cash flows of the company for the year ended on that date; and

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

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore,
16 March 2005

Balance sheet

	Note	**31 December 2004**	31 December 2003
		$	$
Assets			
Non-Current			
Intangible assets	5	**12,155**	-
Property, plant and equipment	6	**158,561**	-
		170,716	-
Current			
Other receivables	7	**821,786**	277,559
Cash and cash equivalents		**138,346**	2
		960,132	277,561
Total assets		**1,130,848**	277,561
Equity			
Capital and Reserves			
Share capital	8	**2**	2
Accumulated losses		**(78,314)**	(35,761)
		(78,312)	(35,759)
Liabilities			
Non-Current			
Loan from a shareholder	9	**527,390**	158,461
Current			
Trade payables		**681,770**	154,859
Total equity and liabilities		**1,130,848**	277,561

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

Income statement

	Note	**1 January 2004 to 31 December 2004 $**	7 April 2003 to 31 December 2003 $
Administrative expenses		**(42,553)**	(35,761)
Loss before taxation		**(42,553)**	(35,761)
Taxation	10	**-**	-
Loss after taxation for the year/period from ordinary activities		**(42,553)**	(35,761)

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

Statement of changes in equity

	Share capital $	Accumulated losses $	Total $
Issued on 7 April 2003 (the date of incorporation)	2	-	2
Net loss for the period	-	(35,761)	(35,761)
Balance at 31 December 2003	**2**	**(35,761)**	**(35,759)**
Net loss for the year	**-**	**(42,553)**	**(42,553)**
Balance at 31 December 2004	**2**	**(78,314)**	**(78,312)**

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

Cash flow statement

	1 January 2004 to 31 December 2004 $	7 April 2003 to 31 December 2003 $
Cash Flows from Operating Activities		
Loss before taxation	**(42,553)**	(35,761)
Adjustments for:		
Amortisation of intangible assets	**2,934**	-
Depreciation of property, plant and equipment	**8,029**	-
Operating loss before working capital changes	**(31,590)**	(35,761)
Increase in operating receivables	**(544,227)**	(277,559)
Increase in operating payables	**526,911**	154,859
Net cash used in operating activities	**(48,906)**	(158,461)
Cash Flows from Investing Activities		
Acquisition of intangible assets	**(15,089)**	-
Acquisition of property, plant and equipment	**(166,590)**	-
Net cash used in investing activities	**(181,679)**	-
Cash Flows from Financing Activities		
Loan from shareholder	**368,929**	158,461
Shares issued	**-**	2
Net cash generated from financing activities	**368,929**	158,463
Increase in cash and cash equivalents	**138,344**	2
Cash and cash equivalents at beginning of year/period	**2**	-
Cash and cash equivalents at end of year/period	**138,346**	2

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

Notes to the financial statements

1 General information

The financial statements of the company for the year ended 31 December 2004 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office is located at 4 Battery Road, #15-01 Bank of China Building, Singapore 049908. The principal place of business is at 371 Beach Road #13-08/09 Keypoint, Singapore 199597.

The number of employees as at 31 December 2004 was 1 (2003 - nil).

2 Summary of significant accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention and in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The preparation of the financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of 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.

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

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

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

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

Computer	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Renovation works	5 years

For acquisitions and disposals during the financial year, depreciation is provided from the year of acquisition and to the year before disposal respectively.

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

Receivables
Receivables are carried at cost less allowance for doubtful debts, if any. The carrying amounts approximate the fair value of receivables.

Deferred expenses
Deferred expenses represent cost directly relating to the planned future acquisition of group of companies and these costs will be borne by a third party. The expenditure capitalised includes legal and professional fees.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances.

Loan
Loan from a shareholder is non-interest bearing and initially recognised at cost. Subsequent to initial recognition, the loan is stated at amortised cost which is the initial fair value less any principal repayments. The carrying value approximates the fair value of the loan.

Payables
Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Measurement currency
Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company ("the measurement currency"). The financial statements of the company are presented in Singapore dollars, which is also the measurement currency of the company.

Financial instruments
Financial instruments carried on the balance sheet include cash and cash equivalents, receivables, payables and loan from a shareholder. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 11.

3 Principal activities

The principal activities of the company are those of investment holding.

4 Going concern basis

The company incurred a loss of $42,553 during the financial year ended 31 December 2004, and, of that date, the company's total liabilities exceeded its total assets by $78,312. However, the financial statements have been prepared on the basis that the company is a going concern as a shareholder has given written confirmation that she will not demand repayment within the next twelve months.

5 Intangible assets

	Computer software $
Cost	
Additions and **balance at 31 December 2004**	**15,089**
Accumulated amortisation	
Amortisation during the year and **balance at 31 December 2004**	**2,934**
Net book value	
At 31 December 2004	**12,155**

6 Property, plant and equipment

	Computer $	Furniture and fixtures $	Office equipment $	Renovation works $	Total $
Cost					
Additions and					
balance at 31 December 2004	**5,414**	**56,657**	**13,762**	**90,757**	**166,590**
Accumulated depreciation					
Depreciation charge and					
balance at 31 December 2004	**602**	**4,721**	**1,193**	**1,513**	**8,029**
Net book value					
At 31 December 2004	**4,812**	**51,936**	**12,569**	**89,244**	**158,561**

7 Other receivables

	2004 $	2003 $
Recoverables from a third party	**501,356**	277,559
Other receivables	**300,261**	-
Deposits	**20,169**	-
	821,786	277,559

Recoverables from a third party represent direct expenditure incurred relating to the planned future acquisition of group of companies. The expenditure includes legal and professional fees. In 2003, the expenditure was reflected as deferred expenses but was reclassified to recoverable from a third party in the current year when the third party commits to reimburse the company.

8 Share capital

	2004 $	2003 $
Authorised:		
500,000 ordinary shares of $1 each	**500,000**	500,000
Issued and fully paid:		
2 ordinary shares of $1 each	**2**	2

9 Loan from a shareholder

The loan from a shareholder is unsecured, interest-free and is not expected to be repaid within the next twelve months.

10 Taxation

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on company's loss as a result of the following:

	2004 $	2003 $
Loss before taxation	**(42,553)**	(35,761)
Tax at statutory rate of 20% (2003 - 22%)	**(8,511)**	(7,867)
Tax effects on non-deductible expenses	**8,511**	7,867
	-	-

No taxation for the financial year ended 31 December 2004 has been provided in the financial statements as the company has no taxable profit.

11 Financial risk management

The company is exposed to credit, interest rate and other market risk arising in the normal course of the company's business. The company does not hold or issue derivative financial instruments for trading purposes.

11.1 Credit risk

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

The company has exposure to credit risk. Significant credit risks are represented by other receivables balances in the balance sheet. Cash and cash equivalents are held with reputable and established financial institutions.

11.2 Currency risk

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

The company's operational activities are carried out in Singapore Dollars, which is the functional currency. All transactions are paid for in local currency. There is minimal exposure to risk arising from movements in foreign currency exchange rates.

11.3 Cash flow and fair value interest rate risk

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

The company has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

11 Financial risk management

11.4 Liquidity risk

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

The company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner through loan obtained from a shareholder as explained under Note 9.

12 Financial instruments

Fair values

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective fair values.

13 Comparative figure

The comparative figure has been reclassified to conform with current year's presentation and is explained under Note 7.

	Restated 2003 $	Reported 2003 $
Balance sheet		
Deferred expenses	-	277,559
Other receivables recoverables from a third party	277,559	-

Financial statements

Gallant Venture Pte Ltd

For the period from 1 January 2005
to 30 June 2005

Company information

Company registration number	200303179Z
Registered office	4 Battery Road #15-01 Bank of China Building Singapore 049908
Directors	Low Sin Leng BG (Ret) Chin Chow Yoon Foo Ko Hing Rivaie Rachman
Secretaries	Abdul Jabbar Bin Karam Din Loh Lee Eng
Principal banker	United Overseas Bank Ltd
Auditors	Foo Kon Tan Grant Thornton Certified Public Accountants 47 Hill Street #05-01 Chinese Chamber of Commerce & Industry Building Singapore 179365

Contents

Statement by directors

In the opinion of the directors, the accompanying balance sheet, income statement, statement of changes in equity and the cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the company as at 30 June 2005 and of the results of the business, changes in equity and cash flows of the company for the financial period from 1 January 2005 to 30 June 2005 and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the Directors

LOW SIN LENG

BG (Ret) CHIN CHOW YOON

Dated: 21 October 2005

Auditors' report to the members of Gallant Venture Pte Ltd

We have audited the accompanying financial statements of Gallant Venture Pte Ltd for the period from 1 January 2005 to 30 June 2005. These financial statements are the responsibility of the company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 30 June 2005 and the results, changes in equity and cash flows of the company for the period from 1 January 2005 to 30 June 2005; and

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

Without qualifying our opinion, we draw attention to Note 4 in the financial statements. The company incurred a loss of $1,888,649 during the financial period from 1 January 2005 to 30 June 2005, and, of that date, the company's total liabilities exceeded its total assets by $1,966,961. However, the financial statements have been prepared on the basis that the company is a going concern as the shareholders have given written confirmation of their continuing financial support for the company.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore, 21 October 2005

Balance sheet

	Note	30 June 2005 $	31 December 2004 $
Assets			
Non-Current			
Intangible assets	5	**9,640**	12,155
Property, plant and equipment	6	**162,383**	158,561
		172,023	170,716
Current			
Amount owing by a third party	7	**87,781,605**	-
Other receivables	8	**1,660,851**	821,786
Fixed deposit	9	**25,000,000**	-
Cash and cash equivalents		**130,780**	138,346
		114,573,236	960,132
Total assets		**114,745,259**	1,130,848
Equity			
Capital and Reserves			
Share capital	10	**2**	2
Accumulated losses		**(1,966,963)**	(78,314)
		(1,966,961)	(78,312)
Liabilities			
Non-Current			
Bank loan	11	**97,500,000**	-
Loan from a shareholder	12	**-**	527,390
		97,500,000	527,390
Current			
Amount owing to third parties	13	**1,392,390**	-
Accruals	14	**2,819,830**	681,770
Bank loan	11	**15,000,000**	-
		19,212,220	681,770
Total equity and liabilities		**114,745,259**	1,130,848

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

Income statement

	Note	**1 January 2005 to 30 June 2005 $**	1 January 2004 to 31 December 2004 $
Other operating income		**116,141**	-
Administrative expenses		**(659,198)**	(42,553)
Loss from operations		**(543,057)**	(42,553)
Finance cost		**(1,345,592)**	-
Loss before taxation	15	**(1,888,649)**	(42,553)
Taxation	16	-	-
Loss after taxation for the period/year		**(1,888,649)**	(42,553)

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

Statement of changes in equity

	Share capital $	Accumulated losses $	Total $
Balance at 1 January 2004	2	(35,761)	(35,759)
Net loss for the year	-	(42,553)	(42,553)
Balance at 31 December 2004	**2**	**(78,314)**	**(78,312)**
Net loss for the period	**-**	**(1,888,649)**	**(1,888,649)**
Balance at 30 June 2005	**2**	**(1,966,963)**	**(1,966,961)**

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

Cash flow statement

	Period from 1 January 2005 to 30 June 2005 $	Year ended 31 December 2004 $
Cash Flows from Operating Activities		
Loss before taxation	**(1,888,649)**	(42,553)
Adjustments for:		
Amortisation of intangible assets	**2,515**	2,934
Depreciation of property, plant and equipment	**18,936**	8,029
Interest expense	**1,345,592**	-
Interest income	**(116,141)**	-
Operating loss before working capital changes	**(637,747)**	(31,590)
Increase in operating receivables	**(839,065)**	(544,227)
Increase in operating payables	**792,468**	526,911
Cash used in operating activities	**(684,344)**	(48,906)
Interest received	**116,141**	-
Net cash used in operating activities	**(568,203)**	(48,906)
Cash Flows from Investing Activities		
Acquisition of intangible assets	**-**	(15,089)
Acquisition of property, plant and equipment	**(22,758)**	(166,590)
Net cash used in investing activities	**(22,758)**	(181,679)
Cash Flows from Financing Activities		
Advances from third parties	**1,392,390**	-
Repayment of loan to / loan from a shareholder	**(527,390)**	368,929
Loan from a bank	**112,500,000**	-
Loan to a third party	**(87,781,605)**	-
Fixed deposits pledged with a bank	**(25,000,000)**	-
Net cash generated from financing activities	**583,395**	368,929
(Decrease)/increase in cash and cash equivalents	**(7,566)**	138,344
Cash and cash equivalents at beginning	**138,346**	2
Cash and cash equivalents at end	**130,780**	138,346

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

Notes to the financial statements

1 General information

The financial statements of the company for the period ended 30 June 2005 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office is located at 4 Battery Road #15-01, Bank of China Building, Singapore 049908. The principal place of business is at 371 Beach Road #13-08/09, Keypoint, Singapore 199597.

The number of employees as at 30 June 2005 was 6 (2004 - 1).

2 Summary of significant accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention and in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The preparation of the financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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

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

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

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

Computer	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Renovation works	5 years

For acquisitions and disposals during the financial period, 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.

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

Financial assets
The company's financial assets include cash and financial instruments. Financial assets, other than hedging instruments, if any, can be divided into the following categories: loans and receivables, financial assets at fair value through profit or loss, held to maturity investments, and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognised at fair value, plus transaction costs.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments, originated or acquired, that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income statement.

Receivables are provided against when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances but exclude fixed deposits which is pledged to a bank.

Financial liabilities
The company's financial liabilities include loans and payables.

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. All interest related charges, if any, is recognised as an expense in "finance costs" in the income statement.

Loans are raised for support of long term funding of the company's operations. They are recognised at proceeds received, net of any direct issue costs. Finance charges, including premium payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Payables are recognised initially at their nominal value and subsequently measured at amortised cost less settlement payments.

Dividend distributions to shareholders are included in 'current financial liabilities' when the dividends are approved by the shareholders' meeting.

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Revenue recognition
Interest income is recognised on a time-apportioned basis.

Leased assets
Rentals on operating leases are charged to 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.

Measurement currency
Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company ("the measurement currency"). The financial statements of the company are presented in Singapore dollars, which is also the measurement currency of the company.

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

Financial instruments
Financial instruments carried on the balance sheet include cash and cash equivalents, fixed deposits, 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 are provided in Note 18.

3 Principal activities

The principal activities of the company are those of investment holding.

4 Going concern basis

The company incurred a loss of $1,888,649 during the financial period ended 30 June 2005, and, of that date, the company's total liabilities exceeded its total assets by $1,966,961. However, the financial statements have been prepared on the basis that the company is a going concern as the shareholders have given written confirmation of their continuing financial support for the company.

5 Intangible assets

	Computer software $
Cost	
At 1 January 2005	**15,089**
Accumulated amortisation	
At 1 January 2005	2,934
Amortisation for the period	2,515
At 30 June 2005	**5,449**
Amortisation for 2004	**2,934**
Net book value	
At 30 June 2005	**9,640**
At 31 December 2004	12,155

6 Property, plant and equipment

	Computer $	Furniture and fixtures $	Office equipment $	Renovation works $	Total $
Cost					
At 1 January 2005	5,414	56,657	13,762	90,757	166,590
Additions	9,392	-	4,094	9,272	22,758
At 30 June 2005	**14,806**	**56,657**	**17,856**	**100,029**	**189,348**
Accumulated depreciation					
At 1 January 2005	602	4,721	1,193	1,513	8,029
Depreciation for the period	1,946	5,666	1,630	9,694	18,936
At 30 June 2005	**2,548**	**10,387**	**2,823**	**11,207**	**26,965**
Depreciation for 2004	602	4,721	1,193	1,513	8,029
Net book value					
At 30 June 2005	**12,258**	**46,270**	**15,033**	**88,822**	**162,383**
At 31 December 2004	4,812	51,936	12,569	89,244	158,561

7 Amount owing by a third party

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

8 Other receivables

	30 June 2005 **$**	31 December 2004 $
Recoverables from a third party	**1,640,722**	501,356
Other receivables	**682**	300,261
Deposits	**19,447**	20,169
	1,660,851	821,786

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

9 Fixed deposit

	30 June 2005 **$**	31 December 2004 $
Fixed deposit	**25,000,000**	-

The fixed deposit matures within 4 years and 2 months from the end of the financial period. The effective interest rate is 1.8% (2004 - Nil%) per annum. The fixed deposit is pledged for bank loan to the extent of $112,500,000 (Note 11).

10 Share capital

	30 June 2005 $	31 December 2004 $
Authorised:		
500,000 ordinary shares of $1 each	**500,000**	500,000
Issued and fully paid:		
2 ordinary shares of $1 each	**2**	2

11 Bank loan

	30 June 2005 $	31 December 2004 $
Bank loan (secured)	**112,500,000**	-
Term loan - repayable after one year	**(97,500,000)**	-
Term loan - repayable within one year	**15,000,000**	-
Repayable after one year:		
Later than one year and not later than five years	**97,500,000**	-
Later than five years	**-**	-

The loan is secured by:

(i) pledge of shares in the capital of PT Batamindo Investment Cakrawala ("PT BIC"), PT Buana Megawisatama, PT Surya Bangunpertiwi, PT Suaka Indowahana and pledges by certain Associate of PVP XXX of shares in the capital of Avonian Pte Ltd, PT Citra Karimun Perkasa, PT Alam Indah Bintan and Great Contribution Investments Limited;

(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; and

(iii) fixed deposit of $25,000,000 (Note 9).

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

11 Bank loan (cont'd)

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

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

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

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

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

(iv) 8th instalments of $17,000,000; and

(v) all outstanding total indebtedness (including the 9th instalment of $17,000,000).

The effective interest rate of the bank loan is 4.37% (2004 - Nil%) per annum.

12 Loan from shareholder

The loan from a shareholder was unsecured, interest-free and was repaid during the financial period.

13 Amount owing to third parties

The amounts owing to third parties, representing advances, are unsecured, interest-free and are repayable on demand.

14 Accruals

	30 June 2005	31 December 2004
	$	$
Accruals	**1,474,238**	681,770
Interest payable on bank loan	**1,345,592**	-
	2,819,830	681,770

15 Loss before taxation

	Note	**30 June 2005** $	31 December 2004 $
Loss before taxation has been arrived at			
after charging/(crediting):			
Amortisation of intangible assets	5	**2,515**	2,934
Depreciation of property, plant and equipment	6	**18,936**	8,029
Foreign exchange loss		**44**	-
Interest expense - bank loan		**1,345,592**	-
Interest income - fixed deposit		**(116,141)**	-
Operating lease rentals - office equipment and office premises		**39,171**	30,087
Staff costs (excluding key personnel)			
- salaries and related costs		**76,500**	5,600
- CPF contributions		**9,798**	728
		86,298	6,328
Staff costs (key personnel)			
- salaries and related costs		**90,288**	-
- CPF contributions		**7,800**	-
		98,088	-

16 Taxation

	30 June 2005 $	31 December 2004 $
Current taxation	**-**	-

No current taxation for financial period ended 30 June 2005 had been provided in the financial statement as the company has no taxable profit.

The tax expense on the results of the financial period varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on company's loss as a result of the following:

	30 June 2005 $	31 December 2004 $
Loss before taxation	**(1,888,649)**	(42,553)
Tax at statutory rate of 20% (2004 - 20%)	**(377,730)**	(8,511)
Tax effects on non-deductible expenses	**377,730**	8,511
	-	-

17 Operating lease commitments

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

	30 June 2005	31 December 2004
	$	$
Not later than one year	**66,058**	-
Later than one year and not later than five years	**134,660**	-
Later than five years	**-**	-

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

18 Financial risk management

The company is exposed to credit, interest rate and other market risk arising in the normal course of the company's business. The company does not hold or issue derivative financial instruments for trading purposes.

18.1 Credit risk

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

The company has exposure to credit risk. Significant concentration of credit risks are represented by amount owing by a third party in the balance sheet. Fixed deposit and cash and cash equivalents are held with reputable and established financial institutions.

18.2 Currency risk

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

The company's operational activities are carried out in Singapore Dollars, which is the functional currency. All transactions are paid for in local currency. There is minimal exposure to risk arising from movements in foreign currency exchange rates.

18.3 Cash flow and fair value interest rate risk

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

The company has an interest-bearing loan with a financial institution. The effective interest rate is 4.37% per annum (Note 11).

18 Financial risk management (cont'd)

18.4 Liquidity risk

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

The company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner through loan from a bank as explained under Note 11.

19 Financial instruments

Fair values

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective fair values.

20 Subsequent events

Subsequent to the balance sheet date,

a) On 29 July 2005, PT Herwido Rintis, a corporation incorporated in Indonesia, became the immediate and ultimate holding company.

b) On 14 October 2005, the company:

   (i) increased its authorised share capital from $500,000 divided into 500,000 shares of $1 each to $300,000,000 divided into 300,000,000 shares of $1 each by creation of 299,500,000 shares of $1 each.

   (ii) sub-divided its shares of $1 each into 10 shares of $0.10 each. The authorised share capital of $300,000,000 divided into 300,000,000 shares of $1 each shall upon sub-division comprise 3,000,000,000 shares of $0.10 each and the issued share capital of $2 divided into 2 shares of $1 each shall be sub-divided into 20 shares of $0.10 each.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PT BATAMINDO INVESTMENT CAKRAWALA AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002, 31 DECEMBER 2003 AND 31 DECEMBER 2004, AND FOR THE SIX MONTHS ENDED 30 JUNE 2005

ASSURANCE AND ADVISORY
BUSINESS SERVICES

Consolidated Financial Statements With Independent Auditors' Report Years Ended December 31, 2003 and 2002 With Comparative Figures for 2001

PT BATAMINDO INVESTMENT CAKRAWALA AND SUBSIDIARIES

ERNST & YOUNG

ERNST & YOUNG
PRASETIO, SARWOKO & SANDJAJA

**PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2003 AND 2002
WITH COMPARATIVE FIGURES FOR 2001**

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ERNST & YOUNG

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Independent Auditors' Report

Report No. RPC-2878

The Shareholders, Boards of Commissioners and Directors
PT Batamindo Investment Cakrawala

We have audited the consolidated financial statements of PT Batamindo Investment Cakrawala and Subsidiaries for the years ended December 31, 2003 and 2002 which comprise the consolidated statements of income, consolidated balance sheets, consolidated statements of cash flows, consolidated statements of changes in equity, which are expressed in Singapore Dollars, and the related Notes 1 to 30. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of PT Batamindo Investment Cakrawala and Subsidiaries for the year ended December 31, 2001, which are expressed in Indonesian Rupiah and prepared in accordance with generally accepted accounting principles in Indonesia, were audited by other independent auditors whose report dated April 8, 2002, expressed an unqualified opinion on those statements prior to the restatement described in Note 3 to the consolidated financial statements and the adjustments to restate the 2001 consolidated financial statements to International Accounting Standards.

We conducted our audits in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements expressed in Singapore Dollars, give a true and fair view of the financial position of PT Batamindo Investment Cakrawala and Subsidiaries as of December 31, 2003 and 2002, and of the results of their operations and their cash flows for the years then ended in accordance with International Accounting Standards

We also have reported separately on the consolidated financial statements of PT Batamindo Investment Cakrawala and Subsidiaries for the same periods, which are expressed in Indonesian Rupiah and prepared in accordance with generally accepted accounting principles in Indonesia. We audited the adjustments described in Note 3, the remeasurement from Indonesian Rupiah to Singapore Dollars described in Note 2e and the adjustments that were applied to restate the 2001 consolidated financial statements from the generally accepted accounting principles in Indonesia to International Accounting Standards. In our opinion, such adjustments and remeasurement are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2001 consolidated financial statements of the Company and Subsidiaries other than with respect to such adjustments and remeasurement, accordingly, we do not express an opinion or any other form of assurance on the 2001 consolidated financial statements taken as a whole.

ERNST & YOUNG

As discussed further in Note 30 to the consolidated financial statements, the Company and Subsidiaries have been affected and may continue to be affected by the economic conditions in Indonesia.

The consolidated financial statements of the Company and Subsidiaries, which are expressed in Singapore Dollars, have been prepared for use in the preparation of the proforma consolidated financial statements of Gallant Venture Ltd., Singapore, a prospective shareholder, in connection with its plan to list its shares in the Singapore Exchange Securities Trading Limited. The consolidated financial statements are not prepared for use by other parties and may not be appropriate for such use.

Prasetio, Sarwoko & Sandjaja

Drs. Iman Sarwoko
Public Accountant License No. 98.1.0359

June 23, 2004

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2003 and 2002
With Comparative Figures for 2001
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	2003	2002	2001 (As restated, see Note 3)
OPERATING REVENUES	4	**163,873,629**	**173,448,334**	**182,264,211**
COST OF OPERATING REVENUES	5	104,086,513	95,531,229	92,489,384
GROSS PROFIT		**59,787,116**	**77,917,105**	**89,774,827**
Operating expenses	5	(31,640,782)	(29,243,601)	(27,891,565)
Other income (expenses)	5	3,287,781	4,918,383	(442,819)
Profit from operating activities		**31,434,115**	**53,591,887**	**61,440,443**
Finance costs	6	(3,700,557)	(5,592,613)	(8,359,413)
Income from associates, net	10	115,867	155,028	138,997
PROFIT FROM OPERATING ACTIVITIES BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS		**27,849,425**	**48,154,302**	**53,220,027**
INCOME TAX EXPENSE	7,29	12,347,752	20,177,815	9,657,074
NET PROFIT FROM ORDINARY ACTIVITIES		**15,501,673**	**27,976,487**	**43,562,953**
MINORITY INTERESTS		2,376,199	3,965,260	818,270
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**17,877,872**	**31,941,747**	**44,381,223**
EARNINGS PER SHARE - Basic		**223.47**	**399.27**	**554.77**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2003 and 2002
With Comparative Figures for 2001
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	2003	2002	2001 (As restated, see Note 3)
ASSETS				
NON-CURRENT ASSETS				
Property and equipment, net	8	236,442,916	252,894,156	273,253,668
Investment properties	9	325,779,918	342,924,084	358,481,912
Investments in associates	10	1,126,372	1,074,543	968,404
Deferred tax assets, net	7	375,940	865,504	6,565,620
Due from related parties, net	20	4,493,353	3,268,521	12,087,169
Other financial assets	11	10,904,198	4,860,684	5,318,334
TOTAL NON-CURRENT ASSETS		**579,122,697**	**605,887,492**	**656,675,107**
CURRENT ASSETS				
Inventories, net	12	5,092,859	4,865,441	3,555,879
Trade and other receivables, net	13	31,576,882	28,747,244	25,278,108
Prepayments		559,186	635,278	357,462
Restricted cash	18	1,922,797	3,251,018	6,386,521
Cash and cash equivalents	14,18	48,901,955	50,003,742	37,624,316
TOTAL CURRENT ASSETS		**88,053,679**	**87,502,723**	**73,202,286**
TOTAL ASSETS		**667,176,376**	**693,390,215**	**729,877,393**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2003 and 2002
With Comparative Figures for 2001
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	2003	2002	2001 (As restated, see Note 3)
EQUITY AND LIABILITIES				
ISSUED CAPITAL AND RESERVES				
Issued capital	15	135,540,341	135,540,341	135,540,341
Currency translation reserve		(4,539,148)	(4,765,431)	(5,277,397)
Difference arising from restructuring transactions of common control entities	3,18	5,013,121	5,013,121	-
Proforma capital arising from restructuring transactions of common control entities	3	-	-	58,361,632
Accumulated profits		298,345,946	285,468,074	253,526,327
TOTAL EQUITY		**434,360,260**	**421,256,105**	**442,150,903**
MINORITY INTERESTS		**48,854,412**	**51,331,138**	**14,602,213**
NON-CURRENT LIABILITIES				
Provision for employees' service entitlements	16	1,655,004	1,262,816	790,881
Deposits from tenants and golf membership	17	38,533,292	39,749,447	43,806,127
Interest-bearing bank loans and other borrowings, net of current portion	18	59,750,000	82,250,000	121,378,683
Deferred tax liability	7	241,999	195,525	169,872
Due to related parties	20	37,040,645	36,143,421	35,927,268
TOTAL NON-CURRENT LIABILITIES		**137,220,940**	**159,601,209**	**202,072,831**
CURRENT LIABILITIES				
Trade and other payables	19	22,573,171	20,744,609	37,060,295
Taxes payable	7	1,263,487	782,139	3,026,980
Dividend payable	21	100,508	-	7,030,815
Other current liabilities		303,598	300,015	1,433,356
Current portion of interest-bearing bank loans and other borrowings	18	22,500,000	39,375,000	22,500,000
TOTAL CURRENT LIABILITIES		**46,740,764**	**61,201,763**	**71,051,446**
TOTAL EQUITY AND LIABILITIES		**667,176,376**	**693,390,215**	**729,877,393**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2003 and 2002
With Comparative Figures for 2001
(Expressed in Singapore Dollars, unless otherwise stated)

	2003	2002	2001 (As restated, see Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating activities before income tax expense and minority interests	27,849,425	48,154,302	53,220,027
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	38,712,537	44,420,459	46,467,331
Interest expenses	3,343,892	4,925,537	8,179,340
Increase in allowance for doubtful accounts	3,304,560	1,812,415	1,803,620
Increase (decrease) in currency translation reserve	223,496	508,269	(42,605)
Interest income	(544,297)	(779,347)	(1,394,710)
Income from associates, net	(115,867)	(155,028)	(138,997)
Difference from foreign currency translation :			
Property and equipment	(92,395)	(260,433)	49,478
Deferred tax liability	(31,387)	(707,442)	102,530
Loss (Gain) on disposal of property and equipment	(9,639)	(183,388)	120,014
Net foreign exchange loss (gain) due to restatement of long-term debt	-	(257,137)	1,765,704
Provision for decline in value of other financial asset	-	493,560	457,000
Changes in operating assets and liabilities:			
Trade and other receivables	(6,134,198)	(4,447,960)	1,677,326
Prepayments	76,092	(277,816)	4,500
Inventories	(227,418)	(1,309,562)	(1,156,652)
Due from related parties	(1,224,832)	954,242	(7,035,569)
Other long-term financial assets	(2,473,415)	(35,910)	(203,702)
Trade and other payables	964,819	(9,487,157)	(1,748,029)
Taxes payable	248,840	(2,265,424)	2,340,108
Other current liabilities	3,583	(1,133,341)	(731,232)
Provision for employees' service entitlements	392,188	471,935	790,881
Cash generated from operations	64,265,984	80,440,774	104,546,363
Corporate income tax paid	(15,117,918)	(13,724,021)	(11,105,385)
Net Cash Flows From Operating Activities	**49,148,066**	**66,716,753**	**93,440,978**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years Ended December 31, 2003 and 2002
With Comparative Figures for 2001
(Expressed in Singapore Dollars, unless otherwise stated)

	2003	2002	2001 (As restated, see Note 3)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	544,297	779,347	1,394,710
Cash dividends received	78,000	78,000	156,000
Proceeds from sale of property and equipment	9,639	618,031	199,346
Acquisitions of property and equipment and investment property	(5,024,736)	(8,675,329)	(31,632,746)
Cash dividends paid to minority interest of a subsidiary	(11,194)	(61,995)	(3,318)
Acquisition of a related company's share ownership	-	(53,695,304)	-
Net Cash Flows Used In Investing Activities	**(4,403,994)**	**(60,959,250)**	**(29,886,008)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in restricted cash	1,328,221	3,135,503	20,001,631
Increase (decrease) in due to related parties	897,224	216,153	(154,510)
Repayments of long-term debt	(39,375,000)	(33,750,000)	(50,625,000)
Payments of cash dividends	(5,000,000)	-	(45,220,932)
Interests paid	(2,480,149)	(2,244,553)	(3,072,094)
Increase in deposits from tenants and golf membership	(1,216,155)	(4,056,680)	(595,978)
Proceeds from bank loan	-	90,000,000	-
Acquisition of a related company's loan and accrued interest payable	-	(46,678,500)	-
Net Cash Flows (Used In) From Financing Activities	**(45,845,859)**	**6,621,923**	**(79,666,883)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,101,787)**	**12,379,426**	**(16,111,913)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,003,742	37,624,316	53,736,229
CASH AND CASH EQUIVALENTS AT END OF YEAR	**48,901,955**	**50,003,742**	**37,624,316**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2003 and 2002
With Comparative Figures for 2001
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	Issued Capital	Currency Translation Reserve	Difference Arising from Restructuring Transactions of Common Control Entities	Proforma Capital Arising from Restructuring Transactions of Common Control Entities	Accumulated Profits	Total Equity
At January 1, 2001, as previously reported		135,540,341	(5,236,957)	-	-	258,592,401	388,895,785
Changes in the proforma capital arising from restructuring transaction of common control entities	3	-	-	-	58,361,632	-	58,361,632
At January 1, 2001, as restated		135,540,341	(5,236,957)	-	58,361,632	258,592,401	447,257,417
Net profit attributable to shareholders		-	-	-	-	47,172,318	47,172,318
Loss of a subsidiary before restructuring transaction of common control entities		-	-	-	-	(2,791,095)	(2,791,095)
Net profit attributable to shareholders, as restated	3	-	-	-	-	44,381,223	44,381,223
Changes in the proforma capital arising from restructuring transaction of common control entities		-	-	-	-	2,791,095	2,791,095
Cash dividends declared	21	-	-	-	-	(52,238,392)	(52,238,392)
Foreign currency translation differences		-	(40,440)	-	-	-	(40,440)
At December 31, 2001, as restated		135,540,341	(5,277,397)	-	58,361,632	253,526,327	442,150,903
Changes in the proforma capital arising from restructuring transaction of common control entities	3	-	-	-	(58,361,632)	-	(58,361,632)
Difference arising from restructuring transaction of common control entities for:							
- Share acquisition	3	-	-	5,047,681	-	-	5,047,681
- Debt restructuring between related parties	18	-	-	(34,560)	-	-	(34,560)
Net profit attributable to shareholders		-	-	-	-	31,941,747	31,941,747
Foreign currency translation differences		-	511,966	-	-	-	511,966
At December 31, 2002		135,540,341	(4,765,431)	5,013,121	-	289,468,074	421,256,105
Net profit attributable to shareholders		-	-	-	-	17,877,872	17,877,872
Cash dividends declared	21	-	-	-	-	(5,000,000)	(5,000,000)
Foreign currency translation differences		-	226,283	-	-	-	226,283
At December 31, 2003		135,540,341	(4,539,148)	5,013,121	-	298,345,946	434,360,260

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2003 and 2002 With Comparative Figures for 2001 (Expressed in Singapore Dollars, unless otherwise stated)

1. GENERAL

PT Batamindo Investment Cakrawala (the Company) was incorporated in the Republic of Indonesia (RI) as a limited liability company on January 5, 1990 within the framework of the Foreign Capital Investment Law No. 1 Year 1967 of RI, as amended by Law No. 11 Year 1970, based on notarial deed No. 63 of Benny Kristianto, S.H. The deed of establishment was approved by the Ministry of Justice on September 28, 1991, and was published in Supplement No. 2093 of State Gazette No. 37 dated May 8, 1992. The Articles of Association have been amended from time to time, most recently on April 8, 2002 concerning changes in the Company's name and authorized capital, and to conform with the Corporate Law No. 1 Year 1995. This latest amendment was approved by the Ministry of Justice and Human Rights on April 25, 2002.

The establishment of the Company was made as a step toward assisting the governments of the Republics of Indonesia and Singapore in realizing their program to develop Batam Island in Indonesia as an industrial growth center.

According to Article 3 of the Company's Articles of Association, the scope of activities of the Company consists of the development of approximately 500 hectares of the Batamindo Industrial Park (the Project) consisting of an industrial complex and supporting infrastructures and amenities. The Landrights were granted by Batam Industrial Development Authority (BIDA) to PT Herwido Rintis, one of the Company's shareholders, which assigned its rights and obligations to the Company, and was approved by BIDA on March 11, 1991.

The Company is domiciled in Batam Island, Indonesia and its head office is located in Jalan Rasamala, Mukakuning, Batam Island. The Company started its commercial operations in 1990.

The Company's ultimate parent company is PT Herwido Rintis.

As of December 31, 2003, the members of the Company's Boards of Commissioners and Directors are as follows:

Commissioners		Directors	
1. Uray Sjaiful Hamid	- President Commissioner	1. Anthoni Salim	- President Director
2. Wong Kok Siew	- Vice President Commissioner	2. Low Sin Leng	- Vice President Director
3. S.A. Habibie	- Commissioner	3. Kuky Permana Kumalaputra	- Director
4. Tan Ser Ping	- Commissioner	4. Hartono Gunawan	- Director
5. Djoko Leksono Sugiarto	- Commissioner	5. Lim Teng Boon Spencer	- Director
		6. Teo Ban Seng	- Director

Based on notarial deed No. 18 of Amrul Partomuan Pohan, S.H., dated June 17, 2004, Mr. Goh Kok Huat replaced Mr. Tan Ser Ping as a commissioner effective May 1, 2004.

Based on notarial deed No. 10 of Amrul Partomuan Pohan, S.H., dated April 8, 2004, Mr. Yee Hsien Wee replaced Mr. Lim Teng Boon Spencer as a director.

Based on notarial deed No. 1 of Amrul Partomuan Pohan, S.H., dated February 4, 2004, Mr. Hartono Gunawan replaced Mr. S.A. Habibie as a director; Mr. Lim Teng Boon Spencer replaced Mr. Lee Fu Nyap as a director; and Mr. S.A. Habibie replaced Mr. Andree Halim as a commissioner.

Based on notarial deed No. 2 of Amrul Partomuan Pohan, S.H., dated October 2, 2003, Madam Low Sin Leng replaced Mr. Lye Fei as the Vice President Director and Mr. Teo Ban Seng was appointed as a director effective July 1, 2003.

1. GENERAL (continued)

Based on notarial deed No. 31 of Amrul Partomuan Pohan, S.H., dated December 23, 2002, Mr. Lee Fu Nyap replaced Mr. Seah Kee Pok as a director effective July 15, 2002.

As of December 31, 2003, 2002 and 2001, the Company and Subsidiaries have a total of 1,285, 1,302 and 1,246 permanent employees, respectively (unaudited).

The consolidated financial statements of the Company and Subsidiaries for the years ended December 31, 2003, 2002 and 2001, which are expressed in Singapore Dollars, were authorized for issue by the Company's Board of Directors on June 23, 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accountingf Standards Committee (IASC) that remain in effect as of December 31, 2003. The consolidated financial statements, which are expressed in Singapore Dollars currency, have been prepared for use in the preparation of the proforma consolidated financial statements of Gallant Venture Ltd., Singapore, a prospective investor.

The consolidated financial statements have been prepared on the accrual basis, except for consolidated statements of cash flows, using historical cost concept, except for inventories which are valued at the lower of cost or net realizable value and certain investments in associates which are accounted for under the equity method.

The consolidated statements of cash flows present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

b. Basis of consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany accounts and transactions have been eliminated on consolidation.

The consolidated financial statements include the accounts of the Company and Subsidiaries which are more than 50% owned consisting of:

	Principal Activities	Country of incorporation	Percentage of Ownership (%)
PT Batam Bintan Telekomunikasi (BBT)	Telecommunication	Indonesia	95
PT Batamindo Executive Village (BEV)	Condominiums, cottages and golf course	Indonesia	60
PT Bintan Inti Industrial Estate (BIIE)	Development and management of industrial estate	Indonesia	60

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation (continued)

The acquisition of 60% share ownership of PT Bintan Inti Industrial Estate (BIIE) from PT Dwi Sinergi Utama and PT Lembah Kemakmuran in 2002 was considered as transaction entered with an entity under common control and, accordingly, was accounted for similar to a pooling of interests. Under this method, the financial statements presented for years prior to the acquisition in 2002 have been restated as if the entity has been combined since the beginning of the period being presented. The resulting excess of the purchase price over the net assets of the subsidiary acquired under common control is recorded as "Difference Arising from Restructuring Transaction of Common Control Entities" in the equity section.

Minority interests represent the interests in the subsidiaries not held by the Company.

c. Investments in associates

The Company's investments in its associates that are intended to be held for long term are accounted for under the equity method of accounting. An associate is an entity, not being a subsidiary, in which the Company has a long term interest of not less than 20% and not more than 50% of the equity voting rights and over which is in a position to exercise significant influence.

The cost of investment is increased or decreased by the Company's share in the net profits (losses) of the associates since the date of acquisition and dividends received and foreign currency translation adjustment arising from the financial statements translation of a certain associate.

The details of associates held by the Company is as follows:

	Principal Activities	Country of Incorporation	Percentage of Ownership (%)
Batamindo Carriers Pte., Ltd.	Provision of ship and boat chartering services	Singapore	36
PT Soxal Batamindo Industrial Gases	Producing and selling nitrogen gas	Indonesia	30
Batamindo Medical Management Pte., Ltd.	Provide medical management consultancy services	Singapore	50
Batamindo Investment Ltd.,(S)	An investment holding company	Singapore	100

d. 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.

e. Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statements, except for differences in foreign currency borrowings that are capitalized as part of property and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Foreign currencies (continued)

Accounts included in the consolidated financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company and its Subsidiaries ("the measurement currency"). The consolidated financial statements are expressed in Singapore Dollars currency, which is the measurement currency of the Company and its subsidiaries, except PT Batam Bintan Telekomunikasi (BBT) whose functional currency is Rupiah.

For the purpose of consolidation, the balance sheets of BBT are translated from Rupiah into Singapore Dollars at the rates of exchange ruling at the balance sheet date, and the results are translated using the average exchange rates for the year. Exchange differences arising on the translation are recognized directly in the "currency translation reserve" in the equity section.

f. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization, less any impairment in value. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Landrights	17 - 80
Infrastructures	3 - 30
Golf course	38 - 45
Utilities	3 - 30
Machinery	10
Transportation equipment	5 - 7
Medical equipment	7
Furniture, fixtures and equipment	3 - 10
Telecommunication equipment	10 - 30
Leasehold improvements	5

Effective January 1, 2003, the Company changed the depreciation period of certain utilities from 10 (ten) to become 15 (fifteen) up to 20 (twenty) years. The Company believes that the revised depreciation period will reflect a more realistic and rational allocation of the cost of the assets over their economic lives. As a result of the change in the depreciation period, net profit for the year ended December 31, 2003 was approximately $6.9 million higher than it would have been, if the change had not been made.

Construction in progress is stated at cost and presented as part of the property and equipment. The accumulated costs will be reclassified to the appropriate property and equipment account when the construction is substantially completed and the asset is ready for its intended use.

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. The gain or loss on disposal or retirement of a property and equipment recognized in the consolidated income statements is the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Investment properties

Investment properties consist of buildings and improvements held to earn rentals including buildings, which could not be sold separately and an insignificant portion is held for use in the supply of services or for administrative purposes.

The Company and Subsidiaries apply the cost model. Investment properties are stated at cost less accumulated depreciation, less any impairment in value. Depreciation is computed using the straight-line method over the estimated useful lives of the investment property as follows:

	Years
Buildings and improvements	3 - 30

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. The gain or loss on disposal or retirement of investment property recognized in the consolidated income statements is the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal.

h. Borrowing costs

Interest costs and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalized 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 capitalized to the extent that they are regarded as an adjustment to interest costs. Capitalization of borrowing costs will cease when all the activities necessary to prepare the asset for its intended use or sale are substantially completed.

i. Other non-current financial assets

The Company provides provision for decline in value of golf club membership based on a review of its published market price at the end of the year. Any gain or loss arising from increase or decrease in market value is reflected in the consolidated statements of income for the current year.

j. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. Allowance for inventory obsolescence is provided to reduce the carrying value of inventories to their net realizable value.

Cost of cottage and condominiums is computed based on the actual cost of construction, the allocated of appropriate land cost for the cottage and condominiums and the number of square meters of each unit.

k. Trade and other receivables

Trade receivables are recognized and carried at amount billed less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and short-term time deposits with an original maturity of three months or less and are not pledged as collateral for loans or restricted as to use.

m. Financial instruments

Financial assets and financial liabilities are recognized on the consolidated financial statements when the Company and its Subsidiaries become a party to the contractual provisions of the instrument.

Profits or losses on disposal of financial assets are the difference between the net disposal proceeds and the carrying amount of the financial assets at the time of disposal and are recognized in the consolidated statements of income as they arise.

n. Trade and other payables

Liabilities to contractors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and its Subsidiaries.

o. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognized at cost. After initial recognition, interest bearing loans and borrowings are measured at amortized cost.

p. Provision for employees' service entitlements

Provision for employees' service entitlements is recognized when the Company and its Subsidiaries have a present obligation (legal and constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Through year-end 2002, the Company and Subsidiaries recognized provisions for employee service entitlements in accordance with the Decree of the Minister of Manpower (Kep-Men) No. 150, "Settlement of Labor Dismissal and The Stipulation of Severance Pay, Gratuity and Compensations in Companies" dated June 20, 2000.

In 2003, the Company and Subsidiaries started to recognize provisions for employee service entitlements in accordance with Labor Law No. 13/2003 dated March 25, 2003. The provision for employee service entitlements was accrued based on the results of an actuarial valuation. The new provisions are estimated using the Projected Unit Credit Method. The difference between the old provisions in accordance with Kep-Men 150 and the new provisions as per Labor Law No. 13/2003 is amortized over 5 (five) years, except PT Bintan Inti Industrial Estate (BIIE). BIIE recognized the transitional liability in current year income since the transitional liability is less than the liability that would have been recognized at the same date based on Kep-Men 150.

In addition, as required by Indonesian law, the Company and Subsidiaries contribute to the state pension scheme, Jamsostek. Jamsostek contributions are recognized as compensation expense in the same period as the employment that gives rise to the contributions. The ASTEK fund from Jamsostek contribution 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and its Subsidiaries and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Rental and service and maintenance income

Rental and service and maintenance income is recognized proportionately over the lease term. The aggregate cost of incentives as a reduction of rental income is recognized proportionately over the lease term.

Utilities revenue

Revenue from electricity and water supply is recognized upon delivery.

Telecommunications service revenue

Revenue from telecommunication services is recognized on the accrual basis. Revenue from telecommunication installation services is recognized at the time the installations are placed in service. Revenue from network interconnection with other domestic telecommunication carriers are recognized at the time connections takes place.

Golf and social facilities revenue

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

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

Clinic operation revenue

Revenue from clinic operation is recognized when medical services are rendered or when medical supplies are delivered to patients.

Sales of land and building

Revenue from the sales of land and building is recognized when all the following conditions have been satisfied:

(a) The company has transferred to the buyer the significant risks and rewards of ownership of the land and building;
(b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land and building 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 company;
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the above conditions are not met, the payments received are accounted for under the deposit method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Revenue recognition (continued)

Interest income

Interest income is recognized as the interest accrues (taking into account the effective yield on the asset).

Dividend income

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

r. Segment reporting

The Company and its Subsidiaries are engaged in providing services and facilities relating to industrial estate, golf course and utilities. In accordance with the Company and Subsidiaries' organizational and management structure, the primary segment reporting of financial information is presented based on business segment as the risks and returns are dominantly affected by the different business activities. The secondary segment reporting is defined based on geographical location of the Company and Subsidiaries' business activities.

s. Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated income statements.

In compliance with Government Regulation of the Republic of Indonesia (RI) No. 27/1996 dated April 16, 1996, starting January 1, 1996, each payment on sales of land and buildings (including condominiums and cottages) is subjected to final tax. In compliance with Government Regulation of the RI No. 29/1996 dated April 18, 1996, starting January 1, 1996, each rental payment on the rental of buildings (including utility and service charges) is subject to final tax of 6% from the gross rental amount.

Based on Government Regulation of the RI No. 79/1999 dated September 30, 1999, which amended the Government Regulation of RI No. 27/1996, companies whose main activities is sales of land and buildings, are no longer subject to final tax for each payment on sales of land and buildings (including condominiums and cottages) starting January 1, 2000.

Based on Government Regulation of RI No.5/2002 dated March 23, 2002, which amended the Government Regulation of RI No.29/1996, the final tax rate was changed from 6% to 10% from the gross rental amount starting May 1, 2002.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Income tax (continued)

Deferred income tax liabilities are recognized for all taxable temporary differences in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses, to the extent that the deductible temporary differences, carry-forward of unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilized.

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

t. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There were 80,000 outstanding shares during each of the year presented. No diluted earnings per share is presented for the years ended December 31, 2003, 2002 and 2001 as there were no dilutive potential ordinary shares during the respective years.

u. Debt restructuring between related parties

The acquisition of BIIE's loan and its accrued interest from PT Dwi Sinergi Utama was considered as transaction entered with entity under common control and, accordingly, the resulting excess of the purchase price over the assets' carrying value acquired under common control entity is recorded as "Difference Arising from Restructuring Transaction of Common Control Entities".

The effects of BIIE's shareholders' loan restructuring has been accounted prospectively from the time of restructuring. Since the debt restructuring transactions are between related parties or companies under common control, the forgiveness of principal or accrued interest on loans and the modification of terms of loans between related parties, which resulted in gains or losses from restructuring of such debt, are recorded as "Difference Arising from Restructuring Transaction of Common Control Entities".

v. Use of estimates

The preparation of financial statements in conformity with IAS requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods maybe based on amounts that differ from those estimates.

(Expressed in Singapore Dollars, unless otherwise stated)

3. RESTATEMENT OF THE 2001 CONSOLIDATED FINANCIAL STATEMENTS

On May 22, 2002, the Company acquired 30% share ownership of PT Bintan Inti Industrial Estate (BIIE) from PT Dwi Sinergi Utama (DSU) and another 30% from PT Lembah Kemakmuran (LK) which was considered as transaction entered with entities under common control and, accordingly, was accounted for similar to a pooling of interests. In applying the pooling of interests method, the financial statements prior to 2002 have been restated as if the acquisition has occurred at the beginning of that year. Accordingly, the accounts of BIIE for the year ended December 31, 2001 have been consolidated by the Company. The balance of BIIE's equity amounting to $58,361,632 as of December 31, 2001 was recorded as "Proforma Capital Arising from Restructuring Transaction of Common Control Entities" in the shareholders' equity section in the 2001 consolidated balance sheets.

The Company acquired 30% share ownership of BIIE from DSU, an entity under common control, at the purchase price amounting to $29,339,839. The excess of BIIE's net assets over the purchase price amounting to $31,654 is recorded under "Difference Arising from Restructuring Transactions of Common Control Entities" in the shareholders' equity section in the 2002 consolidated balance sheets.

The Company also acquired 30% share ownership of BIIE from LK, an entity under common control, at the purchase price amounting to $24,355,465. The excess of BIIE's net assets over the purchase price amounting to $5,016,027 is recorded under "Difference Arising from Restructuring Transactions of Common Control Entities" in the shareholders' equity section in the 2002 consolidated balance sheets.

4. OPERATING REVENUES

An analysis of operating revenues is as follows:

	2003	2002	2001
Electricity supply	74,040,932	70,953,622	69,254,856
Rental from investment properties	60,153,732	71,219,310	78,429,044
Telecommunication	10,543,066	11,623,765	11,405,132
Water supply	6,515,000	6,179,162	7,134,639
Golf and social facilities	4,801,739	4,742,865	4,760,544
Service and maintenance	4,830,399	5,067,316	5,280,968
Clinic operation	2,077,005	1,783,255	2,090,903
Utilities management fee (Note 24)	911,756	1,879,039	1,882,038
Sale of land and buildings	-	-	2,026,087
Total	163,873,629	173,448,334	182,264,211

(Expressed in Singapore Dollars, unless otherwise stated)

5. PROFIT FROM OPERATING ACTIVITIES

The profit from operating activities is arrived at after charging/crediting:

(i) Cost of operating revenue and operating expenses

	2003	2002	2001
Depreciation and amortization	38,712,537	44,420,459	46,467,331
Provision for doubtful accounts	3,304,560	1,812,415	1,803,620
Marketing fee (Note 20)	4,387,156	4,001,089	4,660,632
Offshore service fee (Note 20)	2,530,000	2,580,000	2,820,000
Repairs and maintenance for investment properties	2,076,219	2,840,191	3,087,732
Inventories written off	856,607	-	-
Human resource management fee (Note 20)	600,000	240,000	360,000
Management fee (Note 20)	342,052	350,173	272,000
Technical assistance fee (Note 20)	245,000	570,000	750,000
Provision for decline in value of long-term financial asset (Note 11)	-	493,560	457,000
Rental expense	99,926	152,160	158,919
Staff costs:			
Salaries, allowance and other benefits	12,071,339	11,024,421	10,265,863
Provision for employees' service entitlements	409,266	652,429	794,989
Auditor's remuneration	129,950	139,974	85,625

(ii) Other Income (Expenses)

	2003	2002	2001
Tax refund (Note 29)	2,492,032	-	-
Indosat World Link and internet compensation income	598,744	353,559	146,316
Interest income:			
Bank	531,231	758,535	1,362,160
Related parties (Note 20)	13,066	20,812	32,550
Accounts payable written off	392,125	-	-
Telecommunication facility rental income	223,339	215,556	169,877
Gain (loss) on disposal of property and equipment	9,639	183,388	(120,014)
Gain (loss) on foreign exchange, net	(634,223)	2,485,709	(2,448,975)
Loss on repurchase of investment property	(148,913)	-	-
Miscellaneous	(189,259)	900,824	415,267
Total	**3,287,781**	**4,918,383**	**(442,819)**

(Expressed in Singapore Dollars, unless otherwise stated)

6. FINANCE COSTS

	2003	2002	2001
Interest expense:			
Bank loans	2,025,374	2,080,999	2,676,099
Due to related parties (Note 20)	1,318,518	2,844,538	2,363,785
Other borrowing – third party	-	-	3,119,456
Less: interest expense capitalized in construction in progress (Note 9)	-	-	(261,757)
Sub-total	3,343,892	4,925,537	7,897,583
Others	356,665	667,076	461,830
Total	**3,700,557**	**5,592,613**	**8,359,413**

7. INCOME TAX EXPENSE

Taxes payable consist of:

	2003	2002	2001
Corporate income tax payable	347,533	93,854	60,042
Income taxes:			
Article 21	242,476	304,328	243,362
Article 23	439,913	184,664	268,041
Article 25 - December	9,534	30,704	43,933
Article 26	166,889	97,132	2,330,596
Value Added Tax	57,142	71,457	81,006
Total	**1,263,487**	**782,139**	**3,026,980**

Income tax expense for the years ended December 31, 2003, 2002 and 2001 consist of:

	2003	2002	2001
Current tax expense			
The Company			
Final tax	9,173,117	11,828,786	8,613,150
Non-final tax	465,360	146,269	233,452
Sub-total	9,638,477	11,975,055	8,846,602
Subsidiaries			
Final tax	1,437,344	1,222,962	845,493
Non-final tax	704,506	546,587	310,340
Sub-total	2,141,850	1,769,549	1,155,833
Total current tax expense	11,780,327	13,744,604	10,002,435

(Expressed in Singapore Dollars, unless otherwise stated)

7. INCOME TAX EXPENSE (continued)

	2003	2002	2001
Deferred tax expense (income)			
Subsidiaries			
Corrections from tax office on tax loss carryforward	7,210,241	-	-
Property and equipment	587,767	(13,294)	(50,038)
Tax loss carryforward utilized during the year	444,863	1,671,638	-
Tax loss - current year	-	-	(487,614)
Allowances (reversal of allowances) for unrecoverable deferred tax assets - tax loss	(7,655,104)	4,802,267	210,937
Provision for employees' service entitlement	(20,342)	(27,400)	(18,646)
Deferred tax expense (income)	567,425	6 433,211	(345,361)
Income tax expense - net	**12,347,752**	**20,177,815**	**9,657,074**

The deferred tax expense (income) on temporary differences for the years ended December 31, 2003, 2002 and 2001, is computed using the maximum tax rate of 30%.

Under Indonesian taxation laws, tax losses may be carried forward for a period of 5 (five) years. Companies in Indonesia are generally subject to progressive tax rates up to a maximum of 30%. The Company and Subsidiaries submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within 10 (ten) years from the date when the tax was payable.

The details of deferred tax assets - net and deferred tax liability are as follows:

	2003	2002	2001
Subsidiaries			
Deferred Tax Assets			
Tax loss - net of expired tax loss	2,518,617	10,729,823	11,360,671
Provision for employees' service entitlements	70,059	48,227	18,954
Allowances for unrecoverable deferred tax assets - tax loss	(333,700)	(8,620,250)	(3,609,718)
Deferred Tax Liability			
Property and equipment	(1,879,036)	(1,292,296)	(1,204,287)
Deferred Tax Assets - Net	**375,940**	**865,504**	**6,565,620**
Subsidiary			
Deferred Tax Liability			
Property and equipment	**(241,999)**	**(195,525)**	**(169,872)**

(Expressed in Singapore Dollars, unless otherwise stated)

8. PROPERTY AND EQUIPMENT

Property and equipment consist of:

	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Translation Adjustment	Ending Balance
2003 Movements					
Carrying Value					
Landrights	38,830,219	2,025,283	-	-	40,855,502
Infrastructures	111,472,563	288,149	-	-	111,760,712
Golf course	24,857,322	450,000	-	-	25,307,322
Utilities	225,794,317	1,936,394	-	-	227,730,711
Machinery	5,596,277	-	-	-	5,596,277
Transportation equipment	2,746,993	98,771	181,373	2,311	2,666,702
Medical equipment	652,547	-	-	-	652,547
Furniture, fixtures and equipment	22,542,069	612,116	447	2,775	23,156,513
Telecommunication equipment	9,535,226	320,225	-	177,636	10,033,087
Leasehold improvements	1,045,540	-	-	-	1,045,540
Construction in progress	7,955,028	3,654,612	6,483,983	-	5,125,657
Total	451,028,101	9,385,550	6,665,803	182,722	453,930,570
Accumulated Depreciation and Amortization					
Landrights	8,498,485	952,828	-	-	9,451,313
Infrastructures	36,776,038	4,835,783	-	-	41,611,821
Golf course	4,759,445	582,130	-	-	5,321,575
Utilities	115,871,595	10,822,098	-	-	126,693,693
Machinery	4,364,964	558,708	-	-	4,923,672
Transportation equipment	2,216,056	193,028	181,373	1,218	2,228,929
Medical equipment	630,951	4,052	-	-	635,003
Furniture, fixtures and equipment	20,668,318	770,506	447	2,199	21,438,576
Telecommunication equipment	3,409,467	690,345	-	86,910	4,186,722
Leasehold improvements	940,626	55,724	-	-	996,350
Total	198,133,945	19,445,202	181,820	90,327	217,487,654
Net Carrying Value					
Landrights	30,331,734				31,404,189
Infrastructures	74,696,525				70,148,891
Golf course	20,097,877				19,985,747
Utilities	109,922,722				101,037,018
Machinery	1,231,313				672,605
Transportation equipment	530,937				437,773
Medical equipment	21,596				17,544
Furniture, fixtures and equipment	1,875,751				1,717,937
Telecommunication equipment	6,125,759				5,846,365
Leasehold improvements	104,914				49,190
Construction in progress	7,955,028				5,125,657
Total	252,894,156				236,442,916

(Expressed in Singapore Dollars, unless otherwise stated)

8. PROPERTY AND EQUIPMENT (continued)

	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Translation Adjustment	Ending Balance
2002 Movements					
Carrying Value					
Landrights	38,819,451	10,768	-	-	38,830,219
Infrastructures	110,233,306	1,239,257	-	-	111,472,563
Golf course	24,857,322	-	-	-	24,857,322
Utilities	223,074,223	2,720,094	-	-	225,794,317
Machinery	5,568,676	27,601	-	-	5,596,277
Transportation equipment	2,578,812	245,019	80,751	3,913	2,746,993
Medical equipment	628,226	24,321	-	-	652,547
Furniture, fixtures and equipment	21,591,041	1,001,015	55,590	5,603	22,542,069
Telecommunication equipment	9,125,602	572,251	596,671	434,044	9,535,226
Leasehold improvements	1,045,540	-	-	-	1,045,540
Construction in progress	6,473,833	6,927,328	5,446,133	-	7,955,028
Total	443,996,032	12,767,654	6,179,145	443,560	451,028,101
Accumulated Depreciation and Amortization					
Landrights	7,546,775	951,710	-	-	8,498,485
Infrastructures	31,268,014	5,508,024	-	-	36,776,038
Golf course	4,209,262	550,183	-	-	4,759,445
Utilities	97,800,434	18,071,161	-	-	115,871,595
Machinery	3,806,256	558,708	-	-	4,364,964
Transportation equipment	2,070,811	216,420	74,151	2,976	2,216,056
Medical equipment	589,176	41,775	-	-	630,951
Furniture, fixtures and equipment	19,815,129	902,516	55,590	4,263	20,666,318
Telecommunication equipment	2,756,998	647,209	170,628	175,888	3,409,467
Leasehold improvements	879,509	61,117	-	-	940,626
Total	170,742,364	27,508,823	300,369	183,127	198,133,945
Net Carrying Value					
Landrights	31,272,676				30,331,734
Infrastructures	78,965,292				74,696,525
Golf course	20,648,060				20,097,877
Utilities	125,273,789				109,922,722
Machinery	1,762,420				1,231,313
Transportation equipment	508,001				530,937
Medical equipment	39,050				21,596
Furniture, fixtures and equipment	1,775,912				1,875,751
Telecommunication equipment	6,368,604				6,125,759
Leasehold improvements	166,031				104,914
Construction in progress	6,473,833				7,955,028
Total	273,253,668				252,894,156

(Expressed in Singapore Dollars, unless otherwise stated)

8. PROPERTY AND EQUIPMENT (continued)

	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Translation Adjustment	Ending Balance
2001 Movements					
Carrying Value					
Landrights	38,725,896	263,555	170,000	-	38,819,451
Infrastructures	109,318,923	915,553	1,170	-	110,233,306
Golf course	24,855,997	1,325	-	-	24,857,322
Utilities	194,684,939	28,404,284	15,000	-	223,074,223
Machinery	5,562,206	6,470	-	-	5,568,676
Transportation equipment	2,446,700	265,570	132,824	(634)	2,578,812
Medical equipment	628,226	-	-	-	628,226
Furniture, fixtures and equipment	20,988,086	640,766	37,038	(773)	21,591,041
Telecommunication equipment	9,010,902	185,204	-	(70,504)	9,125,602
Leasehold improvements	1,045,540	-	-	-	1,045,540
Construction in progress	11,627,726	31,290,029	36,443,922	-	6,473,833
Total	418,895,141	61,972,756	36,799,954	(71,911)	443,996,032
Accumulated Depreciation and Amortization					
Landrights	6,597,604	949,171	-	-	7,546,775
Infrastructures	26,206,757	5,061,491	234	-	31,268,014
Golf course	3,659,079	550,183	-	-	4,209,262
Utilities	80,105,840	17,695,577	983	-	97,800,434
Machinery	3,250,036	556,220	-	-	3,806,256
Transportation equipment	1,970,488	229,433	128,755	(355)	2,070,811
Medical equipment	535,308	53,868	-	-	589,176
Furniture, fixtures and equipment	18,636,812	1,197,050	18,210	(523)	19,815,129
Telecommunication equipment	2,154,850	623,703	-	(21,555)	2,756,998
Leasehold improvements	799,467	80,042	-	-	879,509
Total	143,916,241	26,996,738	148,182	(22,433)	170,742,364
Net Carrying Value					
Landrights	32,128,292				31,272,676
Infrastructures	83,112,166				78,965,292
Golf course	21,196,918				20,648,060
Utilities	114,579,099				125,273,789
Machinery	2,287,624				1,762,420
Transportation equipment	476,212				508,001
Medical equipment	92,918				39,050
Furniture, fixtures and equipment	2,351,274				1,775,912
Telecommunication equipment	6,856,052				6,368,604
Leasehold improvements	246,073				166,031
Construction in progress	11,627,726				6,473,833
Total	274,954,554				273,253,668

As of December 31, 2003, construction in progress of the Company and PT Bintan Inti Industrial Estate amounting to $4,183,202 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 account upon completion of the specific phases of the Project.

(Expressed in Singapore Dollars, unless otherwise stated)

8. PROPERTY AND EQUIPMENT (continued)

As of December 31, 2003, PT Batamindo Executive Village (BEV)'s construction in progress amounting to $942,455 includes all preliminary costs related to the construction of condominium phase 3A and for golf course phase 2 such as design, soil investigation and consultation fee. The management of BEV believes that the postponed projects can be realized upon shareholder's approval that depends on the improvement of economic conditions in Indonesia.

Property and equipment, except for landrights, are covered by insurance against losses by fire and other risks under blanket policies for $533,642,860, which in the Company and Subsidiaries' management opinion, is adequate to cover possible losses arising from such risks.

Total interest capitalized in construction in progress in 2001 amounted to $281,757.

The Company and PT Batamindo Executive Village's (BEV's) land use rights and property ("Hak Guna Bangunan"/"HGB") at Batam island, which are leased from Batam Industrial Development Authority, is valid for 30 (thirty) years up to the following expiration dates:

HGB	Expiration Date
The Company (271 hectares)	December 18, 2019 and February 26, 2025
BEV (213 hectares)	August 31, 2020

BIIE's HGB covering a land of approximately 173 hectares at Bintan island is valid for 80 (eighty) years up to August 24, 2075. As of December 31, 2003, the HGB on another 60 hectares of land is not yet transferred under BIIE's name.

The management of the Company and its Subsidiaries believes that the above HGB can be renewed upon their expiration.

9. INVESTMENT PROPERTIES

The movements of investment properties for the years ended December 31, 2003, 2002 and 2001 are as follows:

	2003	2002	2001
Balance at beginning of year	342,924,084	356,481,911	371,702,692
Additions:			
Transfer from property and equipment - construction in progress	1,950,241	964,913	6,233,806
Transfer from inventory	106,601	-	-
Subsequent expenditures	66,327	388,896	151,863
Disposals	-	-	(135,856)
Depreciation charge for the year	(19,267,335)	(16,911,636)	(19,470,593)
Balance at end of year	**325,779,918**	**342,924,084**	**356,481,912**

(Expressed in Singapore Dollars, unless otherwise stated)

9. INVESTMENT PROPERTIES (continued)

	2003	2002	2001
At January 1			
Carrying value	494,629,958	493,276,150	490,364,762
Accumulated depreciation	(151,705,874)	(134,794,239)	(118,662,070)
Net carrying value	**342,924,084**	**358,481,911**	**371,702,692**

	2003	2002	2001
At December 31			
Carrying value	496,753,127	494,629,958	493,276,151
Accumulated depreciation	(170,973,209)	(151,705,874)	(134,794,239)
Net carrying value	**325,779,918**	**342,924,084**	**358,481,912**

The fair value of the investment properties, except PT Batamindo Executive Village (BEV)'s investment properties, as of December 31, 2003 amounted to $403.5 million and were based on recent valuation using the "Open Market Value and Depreciated Replacement Cost Method" by independent professional valuers, Colliers International Consultancy and Valuation (Singapore) Pte. Ltd., after taking into consideration the prevailing market conditions and other factors considered appropriate by the Directors. There were no such valuation as of December 31, 2002 and 2001. The net carrying values of BEV's investment properties as of December 31, 2003, 2002 and 2001 amounted to $1,588,318, $1,589,766 and $1,716,540, respectively.

10. INVESTMENTS IN ASSOCIATES

Investments in associates consist of:

	2003				
	Percentage of Ownership (%)	Cost	Accumulated Income from Associates	Foreign Currency Translation	Carrying Value
PT Soxal Batamindo Industrial Gases, Indonesia	30	358,050	216,157	13,960	588,167
Batamindo Carriers Pte., Ltd., Singapore	36	180,000	353,203	-	533,203
Batamindo Medical Management Pte., Ltd., Singapore	50	5,000	-	-	5,000
Batamindo Investment Ltd.,(S) Singapore	100	2	-	-	2
Total		543,052	569,360	13,960	1,126,372

(Expressed in Singapore Dollars, unless otherwise stated)

10. INVESTMENTS IN ASSOCIATES (continued)

2002

	Percentage of Ownership (%)	Cost	Accumulated Income from Associates	Foreign Currency Translation	Carrying Value
Batamindo Carriers Pte., Ltd., Singapore	36	180,000	392,229	-	572,229
PT Soxal Batamindo Industrial Gases, Indonesia	30	358,050	110,153	29,111	497,314
Batamindo Medical Management Pte., Ltd., Singapore	50	5,000	-	-	5,000
Total		543,050	502,382	29,111	1,074,543

2001

	Percentage of Ownership (%)	Cost	Accumulated Income from Associates	Foreign Currency Translation	Carrying Value
Batamindo Carriers Pte., Ltd., Singapore	36	180,000	405,661	-	585,661
PT Soxal Batamindo Industrial Gases, Indonesia	30	358,050	19,659	34	377,743
Batamindo Medical Management Pte., Ltd., Singapore	50	5,000	-	-	5,000
Total		543,050	425,320	34	968,404

The income (loss) from associates for the years ended December 31, 2003, 2002 and 2001 consists of:

	2003	2002	2001
PT Soxal Batamindo Industrial Gases, Indonesia	136,893	150,460	148,022
Batamindo Carriers Pte., Ltd., Singapore	(21,026)	4,568	(9,025)
Net	115,867	155,028	138,997

Dividend income for the years ended December 31, 2003, 2002 and 2001 are received from the following associates:

	2003	2002	2001
PT Soxal Batamindo Industrial Gases, Indonesia	60,000	60,000	120,000
Batamindo Carriers Pte., Ltd., Singapore	18,000	18,000	36,000
Net	78,000	78,000	156,000

Investments in BMM and BI are recorded at cost and are not consolidated or accounted for at equity although the Company's ownership interest are more than 20% considering the Company's management plan to dispose those Subsidiaries in the near future.

(Expressed in Singapore Dollars, unless otherwise stated)

11. OTHER LONG-TERM FINANCIAL ASSETS

Other long-term financial assets consist of:

	2003	2002	2001
Estimated claims for income tax refund	7,246,265	1,017,505	729,911
Golf membership, net of allowance for decline in value of S$2,240,160 in 2003 and 2002, and $1,746,600 in 2001	2,151,036	2,223,646	2,328,770
Other long-term receivables	1,506,897	1,619,533	2,259,653
Net	**10,904,198**	**4,860,684**	**5,318,334**

Due to the low market demand for golf membership, the Company recognized a provision for decline in value of the non-refundable golf membership purchased from PT Batamindo Executive Village based on the published market price of the golf membership.

Other long-term receivables are unsecured, non-interest bearing and have no fixed terms of repayment.

12. INVENTORIES

Inventories consist of:

	2003	2002	2001
Fuel and lubrication oil for power house	4,823,439	3,944,361	2,608,218
Medicines	70,140	80,608	187,109
Completed cottage	-	64,261	64,261
Other inventories	199,280	824,125	744,205
Total	5,092,859	4,913,355	3,603,793
Less allowance for inventory obsolescence	-	(47,914)	(47,914)
Net	**5,092,859**	**4,865,441**	**3,555,879**

13. TRADE AND OTHER RECEIVABLES, NET

Trade and other receivables consist of:

	2003	2002	2001
Trade receivables	37,671,413	31,677,942	27,061,846
Less allowance for doubtful accounts	(8,255,505)	(4,950,945)	(3,999,381)
Net	29,415,908	26,726,997	23,062,465
Other receivables	2,160,974	2,020,247	2,215,643
Total	**31,576,882**	**28,747,244**	**25,278,108**

(Expressed in Singapore Dollars, unless otherwise stated)

13. TRADE AND OTHER RECEIVABLES, NET (continued)

Trade receivables represent mainly receivables from operations such as rental of buildings, electricity, service and water charges and sales of land, buildings, condominiums and golf membership.

Certain trade receivables are used as collateral for the interest-bearing bank loans obtained by the Company (Note18).

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2003	2002	2001
Cash on hand	267,194	246,552	217,966
Cash in banks	25,804,753	22,464,345	18,365,756
Cash equivalents			
Time deposits	22,830,008	27,292,845	19,040,594
Total	**48,901,955**	**50,003,742**	**37,624,316**
Interest rate on time deposits:			
Singapore Dollars	0.2% - 1.1875%	0.28% - 1.5%	0.125% - 3.75%
Rupiah	6.9% - 12.75%	12.75% - 16.5%	13.22% - 17.88%
United States Dollars	0.825% - 1.75%	1.135% - 3%	1.795% - 6.395%

Certain cash in bank, which is restricted or used as collateral for the interest-bearing bank loans obtained by the Company, is recorded as "Restricted Cash" in the consolidated balance sheets (Note 18).

15. ISSUED CAPITAL

	2003	2002	2001
Authorized, issued and fully paid - 80,000 ordinary shares at US$1,000 par value per share	135,540,341	135,540,341	135,540,341

The Company's shareholders and their respective share ownership are as follows:

	2003 and 2002		
Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Harwido Rintis, Jakarta	40,000	50.0%	64,371,096
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	30,000	37.5	54,292,360
Ascendas Investment Pte., Ltd., Singapore	10,000	12.5	16,876,885
Total	**80,000**	**100.0%**	**135,540,341**

(Expressed in Singapore Dollars, unless otherwise stated)

15. ISSUED CAPITAL (continued)

	2001		
Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Herwido Rintis, Jakarta	48,000	60.0%	81,310,858
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	24,000	30.0	40,740,550
Ascendas Investment Pte., Ltd., Singapore	8,000	10.0	13,488,933
Total	**80,000**	**100.0%**	**135,540,341**

On April 24, 2002, PT Herwido Rintis agreed to sell 8,000 shares owned in the Company consisting of 6,000 shares to Singapore Technologies Industrial Corporation Pte., Ltd. and 2,000 shares to Ascendas Investment Pte., Ltd. The change in the Company's shareholder structure has been approved by the Capital Investment Coordinating Board of RI on May 21, 2002.

On December 21, 1998, the Company's plan to reduce its authorized capital from 90,000 shares to 80,000 shares has been approved by the Capital Investment Coordinating Board. On April 8, 2002, the Company's shareholders approved to reduce the Company's authorized capital from US$90,000,000 to US$80,000,000. This amendment was approved by the Ministry of Justice and Human Rights of RI on April 25, 2002

Due to issued capital translation using historical rates, the percentage of ownership to be derived at, based on the Singapore Dollars translated financial statements, is different from the actual percentage of ownership among shareholders.

16. PROVISION FOR EMPLOYEES' SERVICE ENTITLEMENTS

The movements of provision for employees' service entitlements for the years ended December 31, 2003, 2002 and 2001 are as follows:

	2003	2002	2001
Balance at beginning of year	1,262,816	790,881	-
Provisions made during the year	409,266	652,429	794,989
Foreign exchange difference	23,763	45,791	(4,108)
Actual benefit payment	(40,841)	(226,285)	-
Balance at end of year	**1,655,004**	**1,262,816**	**790,881**

Balance at beginning of the year 2003	1,262,816
Provisions made during the year:	
– Current period cost	256,333
– Interest expense	180,646
– Transitional liabilities and its amortization	(27 713)
– Foreign exchange difference	23,763
Less actual benefit payment	(40,841)
Balance at end of the year 2003	**1,655,004**

(Expressed in Singapore Dollars, unless otherwise stated)

16. PROVISION FOR EMPLOYEES' SERVICE ENTITLEMENTS (continued)

The provision for 2002 and 2001 is in accordance with the Decree of the Minister of Manpower (Kep-Men) No. 150, "Settlement of Labor Dismissal and The Stipulation of Severance Pay, Gratuity and Compensations in Companies" dated June 20, 2000. The Company started to recognize a provision for employees' service entitlements in accordance with Labor Law No. 3/2003 dated March 25, 2003 in 2003. The difference between the old provision in accordance with Kep-Men 150 and the new provision as per Labor Law No. 13/2003 is amortized over 5 (five) years. The new provision is estimated using the "Projected Unit Credit Method" based on the actuarial calculation performed by PT Dayamandiri Dharmakonsilindo, an independent actuary, based on its report dated April 2, 2004, which considered the following assumptions:

Discount rate	: 11% p.a.
Mortality rate	: USA Table of Mortality, Commissioners Standard Ordinary 1980
Wages and salary increases	: 9% p.a.
Retirement age	: 55 years

17. DEPOSITS FROM TENANTS AND GOLF MEMBERSHIP

	2003	2002	2001
Deposits from tenants	30,388,172	31,481,127	35,537,807
Refundable golf membership deposits	8,145,120	8,268,320	8,268,320
Total	**38,533,292**	**39,749,447**	**43,806,127**

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 August 1, 2020.

18. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2003	2002	2001
Bank loans			
United Overseas Bank Limited, Singapore (formerly Overseas Union Bank Limited)	56,250,000	95,625,000	39,375,000
Other borrowings:			
PT Dwi Sinergi Utama ($50,511,197 plus US$15,129,111)	-	-	78,503,683
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	16,250,000	16,250,000	16,250,000
Ascendas Investment Pte., Ltd., Singapore	9,750,000	9,750,000	9,750,000
	82,250,000	121,625,000	143,878,683
Less current portion within 1 year			
Bank loans	22,500,000	39,375,000	22,500,000
Long-term portion	**59,750,000**	**82,250,000**	**121,378,683**

18. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (continued)

On May 24, 2002, the Company entered into a credit agreement relating to a $90 million term loan facility with United Overseas Bank Limited, Singapore (UOBL) which will be used to finance the share acquisition of PT Bintan Inti Industrial Estate (BIIE). This loan is secured by an assignment of accounts receivable and the related bank account with UOBL, which is maintained for the collections of such accounts receivable. This loan bears interest at rates ranging from 2.65% to 2.94% a year in 2003 and 2.73% to 2.75% a year in 2002 and is payable in 16 (sixteen) equal quarterly installments beginning June 2002.

On June 16, 2000, the Company entered into a credit agreement relating to a $90 million term loan facility with OUBL which was used to refinance the matured convertible bonds. This loan is secured by an assignment of accounts receivable and the related bank account with The Development Bank of Singapore, which is maintained for the collections of such accounts receivable. This loan bears interest at rates ranging from 2.65% to 3.125% a year in 2003, 2.56% to 4.65% a year in 2002 and 3.69% to 4.65% a year in 2001 and is payable in 16 (sixteen) equal quarterly installments beginning January 2001. The Company has fully paid the loan in July 2003.

On January 2, 2002, OUBL was merged into UOBL. Therefore, the loan facility with OUBL was automatically changed to UOBL.

The above loan agreements generally include certain covenants, among others, which require the Company to maintain some financial ratios.

The loan from PT Dwi Sinergi Utama (DSU) which was obtained by BIIE, a subsidiary, formerly represents outstanding borrowings from the term loan facility (consisting of the Singapore Dollars facility amounting to $49 million and the US Dollars facility amounting to US$24.5 million) obtained from PT Bank Central Asia, Tbk (BCA) to finance the development of the Phases I and IIa of the Park including construction of buildings, factories, dormitories, infrastructures and other facilities.

On April 26, 1999, BIIE entered into a Transfer of Contract Agreement (TCA) with Soedono Salim, Anthony Salim and Andree Halim (collectively as "Salim Family"). Under the TCA, BIIE agreed to assign and transfer to Salim Family and Salim Family agreed to assume and accept from BIIE, all of BIIE's rights, title, interest and obligations, including all BIIE's repayment obligations to BCA, totaling to $50,511,197 and US$15,129,111.

On June 30, 1999, Salim Family transferred all its rights, title, interest and benefits in the above loans to PT Holdiko Perkasa (HP).

Based on a Standstill Agreement dated July 28, 2000, BIIE and HP agreed that the aggregate principal owed to HP as of December 31, 1999 was $50,511,197 and US$15,129,111. HP applied zero (0) % interest from April 26, 1999 to December 31, 1999. Both parties further agreed that they will enter into a restructuring agreement to restructure the loan (the "Restructuring Agreement"). This agreement also contains, among others, provision regarding declaration of dividends and information that should be provided to HP.

Based on the Transfer of Loan Agreement, HP sold and transferred all of its rights, ownership title, interest and benefit in the above loan to DSU at a certain price which was agreed by HP and DSU in the Share Purchase and Loan Transfer Agreement dated November 30, 2001.

As of December 31, 2001, the outstanding balance of the loan to DSU amounted to $50,511,197 plus US$15,129,111. The loan to DSU were unsecured and has no fixed repayment date.

18. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (continued)

In 2001, the annual interest rate for the loan to DSU denominated in Singapore Dollars currency ranged from 5.336% to 8.311% and for the loan denominated in US Dollars currency was at 2.75%. As of December 31, 2001, the outstanding balance of accrued interest to DSU amounted to $2,820,556 plus US$2,179,856.

Based on the loan restructuring agreement dated February 11, 2002, DSU agreed that BIIE's loan to DSU is restructured with effective date since March 30, 2000 as follows:

- The loan was converted to shareholders' loan amounting to $39,000,000, proportionally with other shareholders' loans, and bears annual interest at 8% since March 30, 2000.
- The balance of the loan which was equivalent to $37,353,000 was converted to advances from the shareholders which are intended for future stock subscription and no interest charged since March 30, 2000.

On May 31, 2002, BIIE's shareholders resolved to convert the advances from future stock subscription to BIIE's share capital.

Based on Shareholders' Loan Agreement dated February 25, 2002, PT Bintan Inti Industrial Estate (BIIE) has unsecured loans to DSU, Singapore Technologies Industrial Corporation Pte., Ltd., Singapore (STIC) and Ascendas Investment Pte., Ltd., Singapore amounting to $39,000,000, $16,250,000 and $9,750,000, respectively (or totaling $65,000,000) and bears annual interest rate at 8%, which may be subject to revision from time to time by mutual agreement between BIIE and the lenders. The interest accrued on the loans shall be paid at semiannual intervals where the first payment will be made in June 2003. Based on this agreement, the shareholders shall not require BIIE to repay the whole or any part of the loans within one (1) year from the date of the agreement. The loans are unsecured and have no fixed repayment dates. As of June 23, 2004, BIIE has not yet paid any interest with the written consent of BIIE's shareholders as stated in the Third Supplementary Agreement below.

Based on the Transfer of Loan, Advance and Interest Agreement dated May 22, 2002, DSU sold and transferred all of its rights, ownership title, interest and benefit in BIIE's loan at the selling price of $39,000,000 and its interest receivable at the selling price of $7,678,500 to the Company which was previously agreed by both parties in the Sale and Purchase Agreement for Exchangeable Bond, Advance, Loan and Interest dated May 14, 2002. On May 22, 2002, the carrying value of the loan amounted to $39,000,000 and its interest receivable amounted to $7,643,940. The excess of the Company's purchase price over the asset's carrying value amounting to $34,560 is recorded as "Difference Arising from Restructuring Transaction of Common Control Entities" in the 2002 consolidated balance sheets. The BIIE's loan to the Company was eliminated for consolidation purpose.

Based on the Supplementary Agreement to Shareholders' Loan Agreement dated February 25, 2002, effective on June 1, 2002, BIIE's shareholders agreed to reduce the interest rate of loans from 8% to 4% for years 2002 and 2001.

Based on the Second Supplementary Agreement dated December 15, 2003 and the Third Supplementary Agreement dated March 2004, BIIE's shareholders also agreed to reduce the interest rate at 4% per annum up to March 31, 2004 and continue to remain at 4% per annum with effect from April 1, 2004 until further revised by BIIE's shareholders in writing.

As of December 31, 2003, 2002 and 2001, the outstanding balance of accrued interests payable to the shareholders amounted to $6,143,502, $5,103,502 and $5,715,338, respectively.

(Expressed in Singapore Dollars, unless otherwise stated)

19. TRADE AND OTHER PAYABLES

Trade and other payables consist of:

	2003	2002	2001
Due to contractors	1,248,696	2,230,602	4,331,394
Other payables	8,760,829	6,163,261	7,501,290
Accrued operating expenses	6,307,382	6,958,225	12,300,187
Accrued interest			
Bank loans	112,762	289,019	358,259
Related parties (Note 20)	6,143,502	5,103,502	12,569,165
Total	**22,573,171**	**20,744,609**	**37,060,295**

20. RELATED PARTIES DISCLOSURES

The following transactions have been entered into with related parties:

	2003	2002	2001
Due from related parties			
PT Bintan Servicatama Perkasa, net of allowance for doubtful accounts of $4,000,000	3,686,736	2,359,601	3,533,919
PT Bintan Shipping Services	340,782	303,098	-
PT Soxal Batamindo Industrial Gases	262,710	328,751	386,917
Riau Infrastructure Management Services Pte.,Ltd., Singapore	175,152	277,071	301,928
PT Karimun Indojaya Cakrawala, net of allowance for doubtful accounts of $833,590 in 2002	12,356	-	833,590
PT Bintan Resort Cakrawala	7,277	-	-
Sembawang Kimtrans Ltd., Singapore	4,529	-	-
PT Buana Megawisatama	3,811	-	-
PT Dwi Sinergi Utama	-	-	7,030,815
Total	**4,493,353**	**3,268,521**	**12,087,169**
Accounts receivable - trade			
PT Tunaskarya Indoswasta	17,172	141,892	224,335
PT Bintan Resort Cakrawala	8,630	9,337	7,592
Total	**25,802**	**151,229**	**231,927**
Interest-bearing other borrowings			
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	16,250,000	16,250,000	16,250,000
Ascendas Investment Pte., Ltd , Singapore	9,750,000	9,750,000	9,750,000
PT Dwi Sinergi Utama	-	-	78,503,683
Total	**26,000,000**	**26,000,000**	**104,503,683**

(Expressed in Singapore Dollars, unless otherwise stated)

20. RELATED PARTIES DISCLOSURES (continued)

	2003	2002	2001
Due to related parties			
PT Lambah Kemakmuran	21,454,283	21,441,610	21,442,018
SembCorp Parks Management Pte., Ltd., Singapore	8,734,914	7,561,205	4,839,274
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	2,971,383	2,971,383	3,011,705
Sumitomo Rubber Industries Ltd., Japan	1,020,582	1,040,682	1.942,725
Sumitomo Electric Industries Ltd., Japan	680,386	693,788	1,295,150
Obayashi Corporation, Japan	680,386	693,788	1,295,150
SembCorp Industries Ltd., Singapore	447,420	447,420	447,420
Riau Infrastructure Management Services Pte., Ltd., Singapore	70,560	376,250	360,000
Sembawang KMP Corporation Pte., Ltd., Singapore	340,194	346,894	647,575
Bintan Carrier Services Pte., Ltd., Singapore	276,578	289,724	-
PT Herwido Rintis	159,211	162,347	-
PT Surya Bangun Pertiwi	91,918	87,926	90,495
PT Bintan Resort Cakrawala	112,826	26,398	502,606
PT Buana Megawisatama	-	3,806	3,357
PT Bintan Shipping Services	-	-	49,793
Total	**37,040,645**	**36,143,421**	**35,927,268**
Other Payables			
PT Tunaskarya Indoswasta	377,206	240,150	301
Accrued expenses - interest			
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	3,285,364	2,635,364	3,247,198
Ascendas Investment Pte., Ltd., Singapore	2,858,138	2,468,138	2,468,138
PT Dwi Sinergi Utama	-	-	6,853,829
Total	**6,143,502**	**5,103,502**	**12,569,165**
Dividend payable			
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	-	-	7,030,815
Operating revenue - asset lease			
PT Bintan Servicatama Perkasa	3,810,466	2,597,567	3,890,012
Utilities management fee			
PT Bintan Servicatama Perkasa	911,756	1,879,039	1,882,038

(Expressed in Singapore Dollars, unless otherwise stated)

20. RELATED PARTIES DISCLOSURES (continued)

	2003	2002	2001
Management fees			
PT Hervido Rintis	342,052	350,173	272,000
Marketing fees			
SembCorp Parks Management Pte., Ltd., Singapore	4,225,000	3,850,000	4,450,000
Marketing remuneration fees			
SembCorp Parks Management Pte., Ltd., Singapore	162,156	151,089	210,632
Technical assistance charges			
Riau Infrastructure Management Services Pte., Ltd., Singapore	245,000	570,000	750,000
Offshore service fees			
SembCorp Parks Management Pte., Ltd. Singapore	2,530,000	2,580,000	2,820,000
Human resource management fees			
PT Tunaskarya Indoswasta	600,000	240,000	360,000
Interest expenses			
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	780,903	960,557	1,300,000
Ascendas Investment Pte., Ltd., Singapore	468,542	559,000	780,000
Sumitomo Rubber Industries Ltd., Japan	25,903	35,369	113,919
Obayashi Corporation, Japan	17,268	23,578	75,946
Sumitomo Electric Industries Ltd., Japan	17,268	23,578	75,946
Sembawang KMP Corporation Pte., Ltd., Singapore	8,634	11,789	37,974
PT Dwi Sinergi Utama	-	1,230,667	-
Total	1,318,518	2,844,538	2,383,785
Interest income			
PT Soxal Batamindo Industrial Gases	13,066	20,812	32,550

20. RELATED PARTIES DISCLOSURES (continued)

The nature of account balances/transactions with related parties are as follows:

Related Parties	Nature of Account Balances/Transactions
PT Bintan Resort Cakrawala	Provide telecommunication services in Bintan Beach International Resort (BBIR), revenue sharing for the operation of telecommunication systems at BBIR.
PT Dwi Sinergi Utama	Receive interest-bearing loan.
PT Soxal Batamindo Industrial Gases	Investment in associate, grant interest bearing loan.
Sumitomo Rubber Industries Ltd., Japan	Receive interest bearing loan.
Sumitomo Electric Industries Ltd., Japan	Receive interest bearing loan.
Obayashi Corporation, Japan	Receive interest bearing loan.
Sembawang KMP Corporation Pte., Ltd., Singapore	Receive interest bearing loan.
SembCorp Parks Management Pte., Ltd., Singapore	Marketing fee, membership services and marketing remuneration fee, offshore service fee and intercompany charges.
Riau Infrastructure Management Services Pte., Ltd , Singapore	Technical assistance fee.
PT Herwido Rintis	Management fee and intercompany charges.
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	Dividend payable, marketing fee, receive interest bearing loan
Ascendas Investment Pte., Ltd., Singapore	Receive interest bearing loan
Bintan Shipping Services Pte., Ltd., Singapore	Shipping services.
Bintan Carrier Services Pte , Ltd., Singapore	Shipping services.
Sembawang Kimtrans Ltd , Singapore	Shipping services.
PT Karimun Indojaya Cakrawala	Intercompany charges.
PT Surya Bangun Pertiwi	Project consultant, purchase of land.
PT Buana Megawisatama	Fuel supplier.
PT Lembah Kemakmuran	Advances held in trust on behalf of PT Bintan Servicatama Perkasa.
PT Bintan Servicatama Perkasa	Asset lease and utilities management fee.
Batamindo Medical Management Pte., Ltd., Singapore	Investment in associate, medical consultancy fee.
PT Tunaskarya Indoswasta	Provision of human resource management services.

20. RELATED PARTIES DISCLOSURES (continued)

Due from PT Bintan Servicatama Perkasa (BSP) represents net receivables incurred from asset lease fee and utilities management fee (see Note 24), billing to BSP's tenants and allocation of certain expenses of PT Bintan Inti Industrial Estate (BIIE), a subsidiary, in relation with BSP's operations.

As of December 31, 2003, 2002 and 2001, the outstanding balance of due from PT Soxal Batamindo Industrial Gases (Soxal) amounted to $262,710, $328,751 and $386,917, respectively. This loan bears interest at 1% a year over the prime rate of Development Bank of Singapore Ltd. with no fixed repayment date. This loan was used to finance Soxal's purchases of fixed assets and working capital requirement.

Due from PT Karimun Indojaya Cakrawala (KIC) represents mainly interest expense paid on behalf of KIC to Overseas Chinese Banking Corporation amounting to $833,590 as of December 31, 2003 and 2002, respectively. In 2002, the Company provided allowance for doubtful accounts to cover possible losses on non-collection of the account amounting to $833,590.

Due to PT Lembah Kemakmuran (LK) represents mainly non-interest bearing advances which are held in trust by BIIE on behalf of BSP. These advances will be applied against the capital stock subscription of LK in BSP upon approval by the BKPM of the status of BSP as a foreign capital investment (PMA) company (Note 27). As of December 31, 2002 and 2001, the outstanding advances from LK amounted to $21,420,996.

Due to Sumitomo Rubber Industries Ltd., Sumitomo Electric Industries Ltd., Obayashi Corporation and Sembawang KMP Corporation Pte., Ltd., represent loans received by PT Batamindo Executive Village (BEV), a subsidiary, from the minority shareholders, which will be due on March 31, 2004 and renewed up to March 31, 2005. These loans are unsecured and bear annual interest at 0.7% over SIBOR in 2003, 0.7% and 1% over SIBOR in 2002 and 1% over SIBOR in 2001. BEV has paid a part of the loans amounting to US$1,200,000 in March and April 2002. The details of due to related parties in US Dollars currency are as follows:

		2003		2002		2001
Sumitomo Rubber Industries Ltd., Japan	US$	600,000	US$	600,000	US$	1,050,000
Sumitomo Electric Industries Ltd., Japan (acting as Sumitomo Electric Finance U.K. Limited in 2002 and Sumitomo Electric Finance Netherlands B.V., Netherlands in 2001)		400,000		400,000		700,000
Obayashi Corporation, Japan		400,000		400,000		700,000
Sembawang KMP Corporation Pte., Ltd., Singapore		200,000		200,000		350,000
Total	**US$**	**1,600,000**	**US$**	**1,600,000**	**US$**	**2,800,000**

Other due from and due to related parties represents advances which are non-interest bearing, unsecured and have no fixed repayment dates.

The related parties are under common control by the same shareholders and/or same boards of directors or commissioners of the Company.

(Expressed in Singapore Dollars, unless otherwise stated)

20. RELATED PARTIES DISCLOSURES (continued)

Director's remunerations

The executive members of the Board of Directors do not receive any remuneration from the Company and its Subsidiaries in 2003, 2002 and 2001, except 1 (one) director at PT Batamindo Executive Village and 1 (one) director at PT Batam Bintan Telekomunikasi.

21. DIVIDENDS

Based on the Shareholders' Circular Resolution dated July 10, 2003, the Company's shareholders ratified the declaration of cash dividends for the financial year 2001 amounting to $5,000,000 in 2003.

Based on the Shareholders' Circular Resolution dated December 14, 2001, the Company's shareholders ratified the declaration of cash dividends for the financial years 1999 and 2000 amounting to US$28,400,000 (or equivalent to $52,238,392) in 2001.

Cash dividends declared were as follows:

	2003	2002	2001
Dividends paid	5,000,000	-	45,220,932
Dividends payable	-	-	7,017,460
Total dividends declared	**5,000,000**	**-**	**52,238,392**
Dividends per ordinary share	**62.5**	**-**	**652.98**

22. FINANCIAL INSTRUMENTS

Fair values

Current financial assets and liabilities

The Company and its Subsidiaries' current financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables and current borrowings. The carrying values of the Company and its Subsidiaries' current financial instruments approximate their fair value due to the short-term maturity of these financial instruments.

Non-current financial assets and financial liabilities

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 amortized cost. It is not practical to estimate the fair values of balances with related parties, other long-term receivables, other long-term borrowings and deposits from tenants due to a lack of fixed or repayment terms between both parties. However, the Company and its Subsidiaries do 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.

22. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

Non-current financial assets and financial liabilities (continued)

A comparison by category of carrying amounts and fair values of other non-current financial assets and liabilities as of December 31, 2003, 2002 and 2001, is set out below:

	Carrying Amount			Fair value		
	2003	2002	2001	2003	2002	2001
Financial Assets						
Other long-term financial assets (Note 11)	10,904,198	4,860,684	5,318,334	10,904,198	4,860,684	5,318,334
Financial Liabilities						
Refundable golf membership deposits (Note 17)	8,145,120	8,268,320	8,268,320	4,435,355	4,340,540	4,184,460
Interest-bearing bank loans - net of current portion (Note 18)	33,750,000	56,250,000	16,875,000	32,301,556	54,382,245	16,193,294

The Company's directors estimated the fair values by discounting the expected future cash flows based on current 5-year Singapore government bond rates for refundable golf membership deposits and current 10-year Singapore government bond rates for interest-bearing bank loans.

23. FINANCIAL RISK MANAGEMENT

The Company and its Subsidiaries are affected by various financial risks, including credit risk, foreign currency risk, interest rate risk and liquidity risk. The Company and its Subsidiaries' overall risk management objectives are 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 Company and its Subsidiaries, which are summarized below, and also monitors the market price risk arising from all financial instruments.

a. Credit risk

The financial assets that potentially subject the Company and its Subsidiaries to significant concentrations of credit risk consist principally of cash and cash equivalents, trade and other receivables, and due from related parties. The Company and its Subsidiaries have in place credit policies and procedures to ensure the ongoing credit evaluation and active account monitoring. The Company and its Subsidiaries exposure 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.

b. Foreign currency risk

The Company and its Subsidiaries are exposed to foreign currency exchange rate movement primarily in Indonesian Rupiah on certain expenses, assets and liabilities which arise from daily operations.

23. FINANCIAL RISK MANAGEMENT (continued)

b. Foreign currency risk (continued)

The Company uses foreign currency denominated assets as a natural hedge against its foreign currency denominated liabilities. As at balance sheet date, the Company and Subsidiaries' current exposure to foreign exchange risk is not significant and most transactions are denominated in Singapore Dollars (their functional currency), except for PT Batam Bintan Telekomunikasi whose functional currency is Rupiah.

c. Fair value interest rate risk

The Company and certain Subsidiaries are financed through interest-bearing bank loans and other borrowings such as shareholders' loans and advances from related parties. Therefore, the Company's exposure to market risk for changes in interest rates relates primarily to its long-term borrowing obligations and interest-bearing assets and liabilities. The Company'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-term borrowings.

d. Liquidity risk

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

24. COMMITMENTS

a. Operating leases - the Company and PT Bintan Inti Industrial Estate (BIIE) as lessors

The Company and BIIE have entered into operating leases of factory buildings. Future minimum rentals receivable under non-cancellable operating leases are as follows as of December 31:

The Company:

	2003	2002	2001
Within 1 year	34,313,077	47,821,900	50,717,381
Between 1 and 5 years	28,096,756	75,707,659	48,884,056
After 5 years	-	117,719	-
Total	**62,409,833**	**123,647,278**	**99,601,437**

BIIE:

	2003	2002	2001
Within 1 year	4,016,384	4,908,543	5,283,124
Between 1 and 5 years	2,131,055	3,276,078	4,648,081
Total	**6,147,439**	**8,184,621**	**9,931,205**

24. COMMITMENTS (continued)

b. Capital expenditure commitments in respect of contracts placed

As of December 31, 2003, the outstanding uncompleted contracts for construction in progress project of the Company and BIIE, a subsidiary, amounted to about $5.75 million.

25. AGREEMENTS

The Company

a. On July 1, 2003, January 4, 2002 and October 25, 2001, the Company entered into technical assistance agreements whereby the Company has appointed Riau Infrastructure Management Services Pte., Ltd. (RIMS), a related party, to provide technical assistance for the development of the Project. Each agreement covers a period of 1 (one) year. Technical assistance fees determined for the years ended December 31, 2003, 2002 and 2001 amounted to $75,000, $450,000 and $750,000, respectively.

b. On July 1, 2003, January 4, 2002 and October 25, 2001, the Company entered into marketing agency agreements with SembCorp Parks Management Pte., Ltd., Singapore (SPM), a related party, whereby the Company has appointed SPM as its sole and exclusive marketing agent outside of Indonesia for the promotion of, and solicitation of investors/customers for the Batamindo Industrial Park (BIP). Each agreement covers a period of 1 (one) year. Marketing fees determined for the years ended December 31, 2003, 2002 and 2001 amounted to $4,225,000, $3,850,000 and $4,450,000, respectively.

c. On January 1, 1997, the Company entered into an agreement with PT Tunaskarya Indoswasta (Tunaskarya), a related party, for the provision by Tunaskarya of human resource management services in respect of Batamindo Industrial Park (BIP) for a term of six (6) years from the date of the agreement. The latest amendment agreement was made on January 1, 2002.

On November 11, 2003, the Company entered into a new agreement with Tunaskarya whereby BIC shall retain Tunaskarya to provide recruitment and manpower management services in BIP in consideration of Tunaskarya maintaining good service standards contained in the agreement. The Company agreed to collect the fee on behalf of Tunaskarya from the Company's tenants which have employees residing in the dormitories in BIP. The fee is based on the optimum accommodation size of each dormitory unit occupied.

The fees charged to operations amounted to $600,000, $240,000 and $360,000 for the years ended December 31, 2003, 2002 and 2001, respectively, and is recorded as part of cost of operating revenues in the consolidated statements of income.

PT Batamindo Executive Village (BEV)

d. On June 29, 1995, BEV entered into a marketing agency agreement with SPM, a related party, whereby BEV has appointed SPM as its exclusive marketing agent for the promotion of and sale of BEV's golf membership outside the Japan market (Japanese corporation or resident outside Japan). The agreement shall be valid until either party terminates by giving to the other party at least 3 (three) months written notice of such termination. There are no marketing expenses charged to operations in 2003, 2002 and 2001.

25. AGREEMENTS (continued)

PT Batamindo Executive Village (BEV) (continued)

e. On June 29, 1995, BEV also entered into a membership services and marketing agreement with SPM, whereby BEV has appointed SPM as its agent in Singapore to provide services to members and potential members of BEV's golf club, to market the bungalows and condominiums in its housing estate situated in Sekupang and to coordinate the marketing activities of its marketing agents.

   The agreement shall be valid until either party terminates by giving to other party at least 3 (three) months written notice of such termination. The marketing remuneration fee charged to operations amounted to $182,156, $151,089 and $210,632 for the years ended December 31, 2003, 2002 and 2001, respectively.

f. On June 11, 1993, BEV entered into a project management agreement with SPM, a related party, whereby BEV has appointed SPM to provide the project management services in developing an integrated complex comprising residential housing, golfing, marina, clubhouse and recreational facilities on approximately 213 ha of land situated in Sekupang, Batam. BEV agrees to pay SPM an agency fee based on a certain percentage of final project cost. The agreement shall cease at the end of the defect liability period of the last construction contract for the project or at a mutually agreed date set after the completion of the project. There is no on-going project in 2003, 2002 and 2001, therefore, no agency fee paid by BEV.

PT Batam Bintan Telekomunikasi (BBT)

g. On December 2, 1996, BBT entered into an operational agreement with PT Indosat (Persero) Tbk (Indosat) regarding a dedicated circuit services provided to customers in BBT's telecommunication service area covering Batamindo Industrial Park, Bintan Beach International Resort and Bintan Industrial Estate in the form of marketing, service, operational and maintenance of telecommunication systems at the agreed rates and conditions as stipulated in the agreement. The agreement is valid up to December 2, 2002. On January 2, 2003, Indosat amended the agreement for another 1 (one) year until December 3, 2003. As of June 23, 2004, the renewal agreement is still in process to obtain approval from each party.

h. On January 29, 1997, BBT entered into an agreement with PT Telekomunikasi Indonesia Tbk - Regional Division I (TELKOM DIVRE - I) regarding the use of various telecommunication infrastructures facilities and services owned by TELKOM DIVRE - I at the mutually agreed rates and conditions as stipulated in the agreement. The agreement is valid for 5 (five) years and is renewable upon agreement of both parties, and if necessary this agreement shall be reviewed every year. In 1998, this agreement was amended twice. The latest amendment was made on November 13, 1998, concerning changes of facilities, infrastructures and services provided by TELKOM DIVRE - I which was limited only to the use of transmission canal. This amendment is valid up to January 28, 2002 and if necessary shall be reviewed every year. As of June 23, 2004, the renewal agreement is still in process to obtain approval from each party.

25. AGREEMENTS (continued)

PT Batam Bintan Telekomunikasi (BBT) (continued)

i. On May 5, 1997, BBT entered into an interconnection agreement with PT Telekomunikasi Indonesia (TELKOM), whereby both parties agreed to make an interconnection between BBT's and TELKOM's Public Switched Telephone Network (PSTN) at the mutually agreed rates and conditions as stipulated in the agreement. The agreement is valid for 3 (three) years starting January 1, 1997, and is renewable for another 3 (three) years upon agreement of both parties. As of June 23, 2004, the renewal agreement is still in process to obtain approval from each party. This agreement constitutes the general agreement relating to the operation and maintenance of interconnection facilities, telecommunication services and distribution of interconnection revenue. This agreement will be used as a basis for other operational agreements between BBT and TELKOM's DIVRE and TELKOM - Network Division (DIVNET).

j. On October 1, 1998, BBT entered into an agreement with TELKOM - DIVNET regarding the technical, operational, maintenance and services aspect of the interconnection of each party's PSTN effective September 1, 1998. The agreement is valid in accordance with the previous interconnection agreement between BBT and TELKOM dated May 5, 1997 (see Note i above).

k. On October 19, 1998, BBT entered into an agreement with TELKOM - Information Division (DIVSISFO) regarding the submission of telephone billing process to TELKOM - DIVSISFO at the agreed rates and conditions as stipulated in the agreement. The agreement is valid up to December 31, 2000, and is renewable for another 1 (one) year, except if terminated by either party. On March 2, 2001 and April 17, 2003, the agreement was renewed up to December 31, 2002 and 2003, respectively.

l. On May 10, 1999, BBT entered into an agreement with PT Telekomunikasi Selular (TELKOMSEL) regarding the use of BBT's various telecommunication infrastructure and supporting facilities by TELKOMSEL to operate TELKOMSEL's telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years in accordance with the agreements between BBT and TELKOM - DIVRE I, TELKOM - DIVNET and TELKOM - DIVSISFO.

m. On March 1, 2000, BBT entered into an agreement with PT Satelit Palapa Indonesia (Satelindo) regarding the use of BBT's various telecommunication infrastructure and supporting facilities by Satelindo to operate its telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years up to February 28, 2005.

n. On November 14, 2000, BBT entered into an agreement with PT Excelcomindo Pratama (Excelcom) regarding the use of BBT's various telecommunication infrastructures and supporting facilities by Excelcom to operate Excelcom's telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years starting November 14, 2000.

o. On November 14, 2000, BBT entered into an agreement with PT Aplikanusa Lintasarta (Lintasarta) regarding the use of BBT's various telecommunication infrastructures and supporting facilities by Lintasarta to operate Lintasarta's telecommunication services in BBT's operational area, at the agreed rates and condition as stipulated in the agreement. The agreement is valid starting June 1, 2000 up to June 1, 2005. On November 3, 2003, BBT and Lintasarta amended the agreed rates effective on January 1, 2003.

25. AGREEMENTS (continued)

PT Batam Bintan Telekomunikasi (BBT) (continued)

p. On October 10, 2001, BBT entered into an agreement with Indosat regarding provider, service and marketing of internet services to customers in BBT's telecommunication service area. The agreement is valid starting June 1, 2001.

q. On December 14, 2001, BBT entered into an agreement with TELKOM, a shareholder, regarding the provider and marketing of TELKOMSave services with VOIP (Voice over Internet Protocol) base to customers in BBT's telecommunication service area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 2 (two) years starting December 14, 2001. As of June 23, 2004, the renewal agreement is still in process to obtain approval from each party.

r. On March 26, 2002, BBT entered into an agreement with Indosat regarding provider, service and marketing of VOIP services base to customers in the BBT's telecommunication service area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 1 (one) year starting February 6, 2002, and is renewable for another 1 (one) year upon agreement of both parties.

s. On April 22, 2002, BBT entered into a formal agreement for the operation of telecommunication systems at Bintan Beach International Resort (BBIR) with PT Bintan Resort Cakrawala (BRC) to cover the previous arrangement since July 1, 1997. The agreement is valid for 10 (ten) years up to June 30, 2007. Upon the expiry of the term, this agreement shall be automatically renewed for another 5 (five) years and shall continue to be automatically renewed for the same term of years, except if terminated by either party.

   Under the agreement, BBT agrees to operate fixed line telecommunications system at BBIR, administration of the billing and collection of revenue, process the application and connection of new subscriber lines and maintenance only of the telecommunication aspects of BRC's telecommunications systems equipment, cabling and radio links and the gateway facilities, and bear the costs of maintaining and operating the telecommunication aspects. The net revenues after deduction of operator's costs collected by the Company at BBIR shall be divided equally 50% for BRC.

t. On July 25, 2002, BBT entered into an agreement with PT Speed Internet Digital, whereby both parties agreed to do mutual benefit co-operation in providing Data Telecommunication services in Barelang, Karimun and Bintan. The agreement is valid for 5 (five) years starting July 25, 2002, and shall continue to be automatically renewed for the same term of years, except if terminated by either party.

u. On September 25, 2003, BBT entered into an agreement with TELKOM, a shareholder regarding the provider of international telecommunication traffic - SLI 007 in BBT's telecommunication area at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid since this agreement date and will be operated after TELKOM obtained the required provider license.

v. On November 5, 2003, BBT entered into an agreement with Excelcom regarding the connection of Excelcom's equipments in BBT's Data Center at the agreed rates and condition as stipulated in the agreement. The agreement is valid for 1 (one) year starting October 8, 2003.

25. AGREEMENTS (continued)

PT Bintan Inti Industrial Estate (BIIE)

w. On October 4, 1999, BIIE entered into an Offshore Services Agreement, renewable every year, with SembCorp Parks Management Pte., Ltd. (SPM), a related party, pursuant to which SPM agreed to provide offshore services to BIIE for the Park on the terms and conditions of this agreement. As compensation, BIIE pays a fee based on the terms of the agreement. Service fees charged to operations amounted to $2,530,000 in 2003, $2,580,000 in 2002 and $2,820,000 in 2001.

x. On October 4, 1999, BIIE entered into a Technical Assistance Agreement, renewable every year, with Riau Infrastructure Management Services Pte., Ltd. (RIMS), a related party, pursuant to which RIMS agreed to provide technical assistance to BIIE for the Park, including the management and supervision of the Park on the terms and conditions of this agreement. As compensation, BIIE pays a fee based on the terms of the agreement. Technical assistance fees charged to operations amounted to $170,000 in 2003, $120,000 in 2002 and $180,000 in 2001. In 2001, the fees were capitalized to the property and equipment.

y. In 1995, BIIE entered into an Assets Lease Agreement, renewable every year, with PT Bintan Servicatama Perkasa (BSP), a related party, for the lease of utilities infrastructure and equipment to BSP. Rentals earned under this agreement amounted to $3,810,466 in 2003, $2,597,567 in 2002 and $3,890,012 in 2001, and is recorded under Operating Revenue in the consolidated statements of income.

z. In connection with the above-mentioned Assets Lease Agreement, BIIE also entered into a Utilities Management Agreement, renewable every year, with BSP pursuant to which BIIE shall manage the operations of such utilities infrastructure and equipment. Utilities management fee earned under this agreement amounted to $911,756 in 2003, $1,879,039 in 2002 and $1,882,038.

aa. In 1997, BIIE entered into a Shipping Services Agreement, renewable every year, with Bintan Carrier Services Pte., Ltd. (BCS), a related party, pursuant to which BCS has been appointed as the sole service provider for shipping services to and from Bintan Island. As compensation, the Company provides an incentive payment to BCS to ensure that its costs are covered. The sum to be given shall be equivalent to the amount of losses incurred by BCS and shall be agreed on a yearly basis. In 2003 and 2002, since BCS made a profit, there is no incentive payment from the Company to BCS.

On September 22, 2003, BIIE entered into a Logistics and Port Management Agreement with Sembawang Kimtrans Ltd (SK), a related party, whereby BIIE appointed SK as the operator of BIIE's port at Lobam to manage the port and provide services in accordance with the terms and conditions of this agreement.

As compensation, SK shall pay to BIIE the agreed annual rates and tariffs to the order of Bintan Shipping Services Pte Ltd or any other Singapore incorporated company nominated by BIIE. The freight tariffs payable by BIIE's tenants to SK shall be in accordance with the rates specified in this agreement. The agreement is valid for a period of five (5) years effective from October 1, 2003.

26. CLAIMS AND CONTINGENCIES

a. As of December 31, 2003, there is a claim against PT Batamindo Executive Village, a subsidiary, 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 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 November 1, 2002, the Riau High Court ratified the claim amount to be paid to Akira and Titan, but Titan did not agree with the verdict and filed the lawsuit to the Supreme Court. As of December 31, 2003, BEV recorded the accrual for the claim amounting to $450,000 under "Other payables" account in the 2003 consolidated balance sheets.

b. As of June 23, 2004, the Company, as plaintiff, has filed the lawsuit to the Batam District Court and Supreme Court concerning the release of the seizure of a portion of the Company's land against PT Sinar Dunia Makmur, PT Paper Box Industries Indonesia and Paper Box Industries (Singapore) Pte., Ltd., as defendants. A balance of 10% of the purchase price amounting to $500,000 remains unpaid to the Company which is recorded under "Non-Current Assets - Other Financial Asset" account in the consolidated balance sheets.

27. SEGMENT REPORTING

Segment information is presented in respect of the Company and its Subsidiaries' business and geographical segments. The primary format, business segments, is based on the Company and its Subsidiaries' management and internal reporting activities. The secondary format is defined based on geographical location of the Company and Subsidiaries' business activities.

Inter-segment pricing is determined on mutually agreed terms. All inter-segment transactions have been eliminated.

Segment results, assets and liabilities, income and expenses include directly attributable to a segment as well as those that can be allocated on a reasonable basis.

a. Business Segments

In accordance with the Company's and Subsidiaries' organizational and management structure, the primary segment reporting of financial information is presented based on business segment as the risks and returns are dominantly affected by the different business activities. The business segments of the Company and its Subsidiaries comprise of the following:

Industrial park segment is engaged in activities consisting of the development, construction, operation, maintenance and management located in Batam and Bintan Island, together with the supporting infrastructure support activities.

Golf course segment provides golf course in the integrated complex in Batam.

(Expressed in Singapore Dollars, unless otherwise stated)

27. SEGMENT REPORTING (continued)

a. Business Segments (continued)

Utilities segment is engaged in activities consisting provide electricity and water supply, telecommunication services, wastewater and sewerage treatment at Batamindo Industrial Park area; and asset lease fee and utilities management fee at Bintan Industrial Estates area.

The following presents operating revenue, profit information, and certain assets, liabilities and other segment information for the Company and its Subsidiaries' business segments:

Year ended December 31, 2003

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Operating revenues					
Revenues to external customers	62,827,962	5,224,447	95,821,220	-	163,873,629
Inter-segment revenues	136,811	42,363	195,852	(375,026)	-
Total revenues	62,964,773	5,266,810	96,017,072	(375,026)	163,873,629
Result					
Segment results	29,416,129	1,973,207	28,716,398	(318,518)	59,787,116
Operating expenses	(18,106,522)	(4,454,735)	(9,261,332)	181,807	(31,640,782)
Other income (expenses)	3,727,300	(132,723)	1,531,818	(1,838,614)	3,287,781
Profit (loss) from operating activities	15,036,907	(2,614,251)	20,986,884	(1,975,425)	31,434,115
Finance costs	(5,531,140)	(138,810)	(6,032)	1,975,425	(3,700,557)
Income from associates	(1,814,339)	-	-	1,930,206	115,867
Profit before income tax	7,691,428	(2,753,061)	20,980,852	1,930,206	27,849,425
Income tax expense					(12,347,752)
Minority interests					2,376,199
Net profit					17,877,872
Assets and liabilities					
Segment assets	526,370,753	48,072,888	145,628,792	(54,022,409)	666,050,004
Investment in associate	80,270,380	-	-	(79,144,008)	1,126,372
Total assets					667,176,376
Segment liabilities	197,863,942	16,662,366	23,457,805	(54,022,409)	183,961,704
Other segment information					
Capital expenditures	2,675,997	935,256	1,871,784	-	5,483,037
Depreciation and amortization	24,514,374	2,390,404	11,807,759	-	38,712,537
Provision for doubtful accounts (trade)	3,262,367	42,193	-	-	3,304,560
Gain on disposal of property and equipment	9,639	-	-	-	9,639

Year Ended December 31, 2002

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Operating revenues					
Revenues to external customers	75,014,147	5,201,032	93,233,155	-	173,448,334
Inter segment revenues	-	4,144	232,099	(236,243)	-
Total revenues	75,014,147	5,205,176	93,465,254	(236,243)	173,448,334

(Expressed in Singapore Dollars, unless otherwise stated)

27. SEGMENT REPORTING (continued)

a. Business Segments (continued)

Year ended December 31, 2002 (continued)

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Result					
Segment results	42,668,021	1,882,396	33,535,015	(168,327)	77,917,105
Operating expense	(19,686,400)	(3,577,875)	(6,257,394)	278,068	(29,243,601)
Other income (expenses)	4,310,711	475,753	1,387,105	(1,255,186)	4,918,383
Profit (lost) from operating activities	27,292,332	(1,219,726)	28,664,726	(1,145,445)	53,591,887
Finance costs	(6,491,270)	(234,426)	(12,362)	1,145,445	(5,592,613)
Income from associates	(3,783,067)	-	-	3,938,095	155,028
Profit before income tax	17,017,995	(1,454,152)	28,652,364	3,938,095	48,154,302
Income tax expense					(20,177,815)
Minority interests					3,965,260
Net profit					31,941,747
Assets and liabilities					
Segment assets	544,192,902	50,832,654	148,260,438	(50,970,322)	692,315,672
Investment from associate	84,058,763	-	-	(82,984,270)	1,074,543
Total assets					693,390,215
Segment liabilities	235,895,365	16,547,270	19,330,658	(50,970,321)	220,802,972
Other segment information					
Capital expenditure	10,121,666	433,094	784,140	-	11,338,900
Depreciation and amortization	22,974,461	2,412,021	19,033,977	-	44,420,459
Provision for doubtful accounts (trade)	1,785,155	27,260	-	-	1,812,415
Provision for doubtful accounts (non trade)	833,590	-	-	-	833,590
Gain on disposal of property and equipment	6,251	1,449	175,688	-	183,388
Provision for decline in value of long-term financial asset	493,560	-	-	-	493,560

Year ended December 31, 2001

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Operating revenues					
Revenues to external customers	83,197,243	5,500,291	93,566,677	-	182,264,211
Inter-segment revenues	-	27,292	188,024	(215,316)	-
Total revenues	83,197,243	5,527,583	93,754,701	(215,316)	182,264,211
Result					
Segment results	47,490,844	1,906,041	40,539,338	(161,396)	89,774,827
Operating expenses	(18,002,672)	(3,279,484)	(6,770,805)	161,396	(27,891,565)
Other income (expenses)	(810,984)	(15,978)	824,892	(440,749)	(442,819)
Profit (loss) from operating activities	28,677,188	(1,389,421)	34,593,425	(440,749)	61,440,443
Finance costs	(8,038,707)	(744,534)	(16,921)	440,749	(8,359,413)
Income from associates	(2,920,406)	-	-	3,059,403	138,997
Profit before income tax	17,718,075	(2,133,955)	34,576,504	3,059,403	53,220,027
Income tax expense					(9,657,074)
Minority interests					818,270
Net profit					44,381,223

(Expressed in Singapore Dollars, unless otherwise stated)

27. SEGMENT REPORTING (continued)

a. Business Segments (continued)

Year ended December 31, 2001 (continued)

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Assets and liabilities					
Segment assets	520,251,370	58,106,651	159,088,785	(8,537,817)	728,908,989
Investment in associate	27,606,788	-	-	(26,638,384)	968,404
Total assets					729,877,393
Segment liabilities	179,588,126	22,277,556	21,434,780	49,823,815	273,124,277
Other segment information					
Capital expenditure	48,818,142	414,980	5,738,470	-	54,971,592
Depreciation and amortization	25,405,733	2,467,937	18,593,661	-	46,467,331
Provision for doubtful accounts (trade)	1,568,400	235,220	-	-	1,803,620
Gain (loss) on disposal of property and equipment	(170,770)	50,756	-	-	(120,014)
Provision for decline in value of long-term financial asset	457,000	-	-	-	457,000

b. Geographical Segments

The Company and Subsidiaries' operating revenues, assets and capital expenditures are attributable to their tenants or customers and operations in Indonesia, which are located in Batam and Bintan islands. Accordingly, no analysis by geographical segments is presented.

28. OTHER MATTER

On March 1, 1994, PT Bintan Inti Industrial Estate (BIIE), a subsidiary, entered into a joint venture agreement with PT Lembah Kemakmuran (LK), a related party, wherein BIIE and LK shall have 40% and 60% ownership interest in BSP, a related party, respectively. BSP shall have an authorized capital share of US$7,500,000 divided into 7,500,000 shares at a par value of US$1 per share and shall carry on the business of developing, constructing and managing all utilities and infrastructure facilities in the Park. As of May 13, 2004, the Capital Investment Coordination Board (BKPM)'s approval for conversion of the status of BSP into a foreign investment (PMA) company under the framework of the Foreign Capital Investment Law No. 1 of 1967, as amended by Law No. 11 of 1970, is still pending. Accordingly, BIIE has not yet invested in BSP.

29. SUBSEQUENT EVENTS

Based on Government Regulation of RI No. 5/2002 dated March 23, 2002, and decision letters from Directorate General of Taxes No.KEP-227/PJ/2002 dated April 23, 2002, the final tax on the rental of buildings and land is 10% from gross rental amount for rental agreements which are signed or started after May 2002. However, such final tax of 10% was erroneously withheld by the Company's tenants on all existing rental agreements instead of the previous rate of 6% which is applicable to rental agreements which are signed or started before May 2002.

29. SUBSEQUENT EVENTS (continued)

Based on decision letter issued to the Company from the Directorate General of Taxes No. 25/Rest/WPJ.02/KP.0809/IV/2004 dated April 27, 2004, the Company received cash refund for over-withholding of the 2002 final tax amounting to $2,492,032 on May 13, 2004. The said tax refund is credited to "Other Income (Expenses)" in the 2003 consolidated statements of income since it is considered not material to the 2002 consolidated financial position, equity and results of operations.

Based on decision letter issued to the Company from the Directorate General of Taxes No. 26/Rest/ WPJ.02/KP.0809/IV/2004 dated April 27, 2004, the Company also received cash refund for over-withholding of the 2003 final tax amounting to $3,570,099 on May 13, 2004. The said tax refund is credited to "Income Tax Expense" account in the 2003 consolidated statements of income.

30. ECONOMIC CONDITIONS

The operations of the Company and Subsidiaries 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 Company and Subsidiaries.

ASSURANCE AND ADVISORY
BUSINESS SERVICES

Consolidated Financial Statements
With Independent Auditors' Report
Years ended December 31, 2004 and 2003

PT BATAMINDO INVESTMENT CAKRAWALA AND SUBSIDIARIES

ERNST & YOUNG

ERNST & YOUNG
PRASETIO, SARWOKO & SANDJAJA

**PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2004 AND 2003**

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ERNST & YOUNG

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Independent Auditors' Report

Report No. RPC-3571

The Shareholders, Boards of Commissioners and Directors
PT Batamindo Investment Cakrawala

We have audited the consolidated balance sheets of PT Batamindo Investment Cakrawala and Subsidiaries as of December 31, 2004 and 2003, and the consolidated statements of income, changes in equity and cash flows for the years then ended, which are expressed in Singapore Dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Batamindo Investment Cakrawala and Subsidiaries as of December 31, 2004 and 2003, and of the results of their operations and their cash flows for the years then ended in accordance with International Accounting Standards.

We also have reported separately on the consolidated financial statements of PT Batamindo Investment Cakrawala and Subsidiaries for the same periods, which are expressed in Indonesian Rupiah and prepared in accordance with generally accepted accounting principles in Indonesia.

As discussed further in Note 28 to the consolidated financial statements, the Company and Subsidiaries have been affected and may continue to be affected by the economic conditions in Indonesia.

The consolidated financial statements of the Company and Subsidiaries, which are expressed in Singapore Dollars, have been prepared for use by the Company in its submission of consolidated financial statements for inclusion in the proforma consolidated financial statements of Gallant Venture Pte., Ltd., Singapore, a prospective shareholder, in connection with the latter's plan to list its shares in the Singapore Exchange Securities Trading Limited. The consolidated financial statements are not prepared for use for other purpose and may not be appropriate for such use.

Prasetio, Sarwoko & Sandjaja

Drs. Iman Sarwoko
Public Accountant License No. 98.1.0359

February 11, 2005

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended December 31, 2004 and 2003
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	2004	2003
OPERATING REVENUES	3	**172,322,390**	**163,873,629**
COST OF OPERATING REVENUES	4	114,796,484	104,086,513
GROSS PROFIT		**57,525,906**	**59,787,116**
Operating expenses	4	(27,534,566)	(31,640,782)
Other income	4	7,124,025	3,287,781
Profit from operating activities		**37,115,365**	**31,434,115**
Finance costs	5	(2,815,262)	(3,700,557)
Share of profits of associates, net	9	170,085	115,867
PROFIT FROM OPERATING ACTIVITIES BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS		**34,470,188**	**27,849,425**
INCOME TAX EXPENSE	6	12,832,670	12,347,752
NET PROFIT FROM ORDINARY ACTIVITIES		**21,637,518**	**15,501,673**
MINORITY INTERESTS		683,315	2,376,199
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**22,320,833**	**17,877,872**
EARNINGS PER SHARE - Basic		**279.01**	**223.47**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2004 and 2003
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	2004	2003
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	7	221,333,156	236,442,916
Investment properties	8	307,872,118	325,779,918
Investments in associates	9	973,322	1,126,372
Deferred tax assets, net	6	534,024	375,940
Due from related parties, net	19	1,085,231	4,493,353
Other non-current assets	10	2,763,781	10,904,198
TOTAL NON-CURRENT ASSETS		**534,561,632**	**579,122,697**
CURRENT ASSETS			
Inventories	11	7,573,053	5,092,859
Trade and other receivables, net	12,17	31,772,882	31,576,882
Prepayments		553,128	559,186
Restricted cash	13,17	2,119,244	1,922,797
Cash and cash equivalents	13	56,186,423	48,901,955
TOTAL CURRENT ASSETS		**98,204,730**	**88,053,679**
TOTAL ASSETS		**632,766,362**	**667,176,376**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2004 and 2003
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	2004	2003
EQUITY AND LIABILITIES			
ISSUED CAPITAL AND RESERVES			
Issued capital	14	135,540,341	135,540,341
Currency translation reserve	2	(5,498,212)	(4,539,148)
Difference arising from restructuring transactions of common control entities	2	5,013,121	5,013,121
Accumulated profits		305,666,779	298,345,946
TOTAL EQUITY		**440,722,029**	**434,360,260**
MINORITY INTERESTS	2	**48,115,673**	**48,854,412**
NON-CURRENT LIABILITIES			
Employee benefits liabilities	15	1,854,305	1,655,004
Deposits from tenants and golf membership	16	39,852,012	38,533,292
Interest-bearing bank loan and other borrowings, net of current portion	17,19	37,250,000	59,750,000
Deferred tax liability	6	315,605	241,999
Due to related parties	19	20,544,945	37,040,645
TOTAL NON-CURRENT LIABILITIES		**99,816,867**	**137,220,940**
CURRENT LIABILITIES			
Trade and other payables	18	20,226,617	22,573,171
Taxes payable	6	628,835	1,263,487
Other current liabilities		756,341	404,106
Current portion of interest-bearing bank loan and other borrowings	17,19	22,500,000	22,500,000
TOTAL CURRENT LIABILITIES		**44,111,793**	**46,740,764**
TOTAL EQUITY AND LIABILITIES		**632,766,362**	**667,176,376**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2004 and 2003
(Expressed in Singapore Dollars, unless otherwise stated)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operating activities before income tax expense and minority interests	34,470,188	27,849,425
Adjustments to reconcile profit from operating activities before income tax expense and minority interests to net cash provided by operating activities:		
Depreciation and amortization	39,234,863	38,712,537
Interest expenses	2,815,262	3,568,963
Difference from foreign currency translation:		
Property and equipment	269,904	(92,395)
Deferred tax liability (asset)	15,530	(31,387)
Increase in allowance for doubtful accounts - trade and other receivables and due from related parties	2,949,681	3,304,560
Reversal of allowance for doubtful accounts - due from a related party	(4,000,000)	-
Increase (decrease) in currency translation reserve	(940,979)	223,496
Interest income	(493,020)	(544,297)
Income from associates, net	(170,085)	(115,867)
Gain on disposal of property and equipment	(8,263)	(9,639)
Changes in operating assets and liabilities:		
Trade and other receivables	(3,145,681)	(6,134,198)
Prepayments	6,058	76,092
Inventories	(2,480,194)	(227,418)
Due from related parties	(564,229)	(1,224,832)
Other non-current assets	8,050,734	(2,546,025)
Trade and other payables	(2,284,160)	964,819
Taxes payable	(426,048)	248,840
Other current liabilities	352,235	3,583
Employee benefit liabilities	199,301	392,188
Deposits from tenants and golf membership	1,318,720	(1,216,155)
Cash generated from operations	75,169,817	63,202,290
Corporate income tax paid	(13,141,281)	(15,117,918)
Net Cash Flows From Operating Activities	**62,028,536**	**48,084,372**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
December 31, 2004 and 2003
(Expressed in Singapore Dollars, unless otherwise stated)

	2004	2003
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	493,020	544,297
Cash dividends received	258,000	78,000
Proceeds from disposal of property and equipment	8,263	9,639
Acquisitions of property and equipment and investment properties	(6,465,986)	(5,024,736)
Disposal of intangible assets, net	68,462	72,610
Cash dividends paid to minority interest of a subsidiary	(8,375)	(11,194)
Net Cash Flows Used in Investing Activities	**(5,646,616)**	**(4,331,384)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term debt	(22,500,000)	(39,375,000)
Payment of cash dividends	(15,000,000)	(5,000,000)
Decrease in due to related parties	(8,523,349)	897,224
Interests paid	(2,877,656)	(2,705,220)
Decrease in restricted cash	(196,447)	1,328,221
Net Cash Flows Used in Financing Activities	**(49,097,452)**	**(44,854,775)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,284,468**	**(1,101,787)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	48,901,955	50,003,742
CASH AND CASH EQUIVALENTS AT END OF YEAR	**56,186,423**	**48,901,955**

Supplemental cash flows information:
Non-cash financing activity:

	2004	2003
Assumption of due from a related party by reduction of due to a related party	7,972,351	-

The accompanying notes form an integral part of these consolidated financial statements

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2004 and 2003
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	Issued capital	Currency translation reserve	Difference arising from restructuring transactions of common control entities	Accumulated profits	Total equity
Balance as of January 1, 2003		135,540,341	(4,765,431)	5,013,121	285,468,074	421,256,105
Net profit attributable to shareholders		-	-	-	17,877,872	17 877,872
Cash dividend declared	27	-	-	-	(5,000,000)	(5,000,000)
Foreign currency translation differences	2	-	226,283	-	-	226,283
At December 31, 2003		**135,540,341**	**(4,539,148)**	**5,013,121**	**298,345,946**	**434,360.260**
Net profit attributable to shareholders		-	-	-	22,320,833	22,320.833
Cash dividend declared	27	-	-	-	(15,000 000)	(15,000,000)
Foreign currency translation differences	2	-	(959,064)	-	-	(959,064)
At December 31, 2004		**135,540,341**	**(5,498,212)**	**5,013,121**	**305,666,779**	**440,722,029**

The accompanying notes form an integral part of these consolidated financial statements.

(Expressed in Singapore Dollars, unless otherwise stated)

1. GENERAL

PT Batamindo Investment Cakrawala (the Company) was incorporated in the Republic of Indonesia (RI) as a limited liability company on January 5, 1990 within the framework of the Foreign Capital Investment Law No. 1 Year 1967 of RI, as amended by Law No. 11 Year 1970, based on notarial deed No. 63 of Benny Kristianto, S.H. The deed of establishment was approved by the Ministry of Justice on September 28, 1991, and was published in Supplement No. 2093 of State Gazette No. 37 dated May 8, 1992. The Articles of Association have been amended from time to time, most recently on April 8, 2002 concerning changes in the Company's name and authorized capital, and to conform with the Corporate Law No. 1 Year 1995. This latest amendment was approved by the Ministry of Justice and Human Rights on April 25, 2002.

The establishment of the Company was made as a step toward assisting the governments of the Republics of Indonesia and Singapore in realizing their program to develop Batam Island in Indonesia as an industrial growth center.

According to Article 3 of the Company's Articles of Association, the scope of activities of the Company consists of the development of approximately 500 hectares of the Batamindo Industrial Park (the Project) consisting of an industrial complex and supporting infrastructures and amenities. The landrights were granted by Batam Industrial Development Authority (BIDA) to PT Herwido Rintis, one of the Company's shareholders, which assigned its rights and obligations to the Company, and was approved by BIDA on March 11, 1991.

The Company is domiciled in Batam Island, Indonesia and its head office is located in Jalan Rasamala, Mukakuning, Batam Island. The Company started its commercial operations in 1990.

The Company's ultimate parent company is PT Herwido Rintis.

As of December 31, 2004, the members of the Company's Boards of Commissioners and Directors are as follows:

Commissioners			Directors		
1.	Uray Sjaiful Hamid	- President Commissioner	1.	Anthony Salim	- President Director
2.	Wong Kok Siew	- Vice President Commissioner	2.	Low Sin Leng	- Vice President Director
3.	S.A. Habibie	- Commissioner	3.	Kuky Permana Kumalapuira	- Director
4.	Goh Kok Huat	- Commissioner	4.	Hartono Gunawan	- Director
5.	Djoko Leksono Sugiarto	- Commissioner	5.	Yee Hsien Wee	- Director
			6.	Teo Ban Seng	- Director

Based on notarial deed No. 18 of Amrul Partomuan Pohan, S.H., dated June 17, 2004, Mr. Goh Kok Huat replaced Mr. Tan Ser Ping as a commissioner effective May 1, 2004.

Based on notarial deed No. 10 of Amrul Partomuan Pohan, S.H., dated April 8, 2004, Mr. Yee Hsien Wee replaced Mr. Lim Teng Boon Spencer as a director.

Based on notarial deed No. 1 of Amrul Partomuan Pohan, S.H., dated February 4, 2004, Mr. Hartono Gunawan replaced Mr. S.A. Habibie as a director; Mr. Lim Teng Boon Spencer replaced Mr. Lee Fu Nyap as a director; and Mr. S.A. Habibie replaced Mr. Andree Halim as a commissioner.

1. GENERAL (continued)

As of December 31, 2004 and December 31, 2003, the Company and Subsidiaries have a total of 1,244 and 1,285 permanent employees, respectively (unaudited).

The consolidated financial statements of the Company and Subsidiaries for the years ended December 31, 2004, which are expressed in Singapore Dollars, were authorized for issue by the Company's Board of Directors on February 11, 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The consolidated financial statements of the Company and Subsidiaries have been prepared in accordance with International Accounting Standards (IAS), which comprise of standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect as of December 31, 2004. The consolidated financial statements, which are expressed in Singapore Dollars currency, have been prepared for use by the Company in its submission of consolidated financial statements for inclusion in the proforma consolidated financial statements of Gallant Venture Pte. Ltd., Singapore, a prospective shareholder, in connection with the latter's plan to list its shares in the Singapore Exchange Securities Trading Limited. The significant accounting policies were applied consistently in the preparation of the consolidated financial statements for the years ended December 31, 2004 and 2003.

The consolidated financial statements have been prepared on a historical cost basis, except for inventories which are valued at the lower of cost or net realizable value and certain investments in associates which are accounted for under the equity method.

The consolidated statements of cash flows present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and Subsidiaries as at December 31, 2004 and 2003. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany accounts and transactions have been eliminated on consolidation.

The consolidated financial statements include the accounts of the Company and Subsidiaries which are more than 50% owned consisting of:

(Expressed in Singapore Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation (continued)

	Principal Activities	Country of incorporation	Percentage of Ownership (%)
PT Batam Bintan Telekomunikasi (BBT)	Telecommunication	Indonesia	95
PT Batamindo Executive Village (BEV)	Condominiums, cottages and golf course	Indonesia	50
PT Bintan Inti Industrial Estate (BIIE)	Development and management of industrial estate	Indonesia	60

The acquisition of 60% share ownership of PT Bintan Inti Industrial Estate (BIIE) from PT Dwi Sinergi Utama and PT Lembah Kemakmuran in 2002 was considered as transaction entered with an entity under common control and, accordingly, was accounted for similar to a pooling-of-interests. Under this method, the financial statements presented for years prior to the acquisition in 2002 have been restated as if the entity has been combined since the beginning of the period being presented. The resulting excess of the net assets of the subsidiary acquired under common control over the purchase price amounting to $5,047,681 is recorded as "Difference Arising from Restructuring Transaction of Common Control Entities" in the equity section.

Minority interests represent the interests in the subsidiaries not held by the Company.

c. Investments in associates

The Company's investments in its associates that are intended to be held for long term are accounted for under the equity method of accounting. An associate is an entity, not being a subsidiary, in which the Company has a long term interest of not less than 20% and not more than 50% of the equity voting rights and over which is in a position to exercise significant influence. The financial statements of the associates are used by the Company to apply the equity method. The reporting dates of the associates and the Company are identical and both use consistent accounting policies.

The cost of investment is increased or decreased by the Company's share in the net profits (losses) of the associates since the date of acquisition, dividends received and foreign currency translation adjustment arising from the financial statements translation of a certain associate.

The details of associates held by the Company are as follows:

	Principal Activities	Country of incorporation	Percentage of Ownership (%)
Batamindo Carriers Pte., Ltd.	Provision of ship and boat chartering services	Singapore	36
PT Soxal Batamindo Industrial Gases	Producing and selling nitrogen gas	Indonesia	30
Batamindo Medical Management Pte., Ltd	Provide medical management consultancy services	Singapore	50
Batamindo Investment Ltd. (S)	An investment holding company	Singapore	100

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. 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.

e. Foreign currencies

The functional and presentation currency of the Company and its Subsidiaries, except PT Batam Bintan Telekomunikasi (BBT), are Singapore Dollars.

The Company and its Subsidiaries, except for BBT, maintain their books of accounts in Indonesian Rupiah. For the purpose of these consolidated financial statements, transactions in foreign currencies are also recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statements of income, except for differences in foreign currency borrowings that are capitalized as part of property and equipment.

The functional currency of BBT is Rupiah and BBT maintains its books of accounts in the same currency. As at the reporting date, the balance sheets of BBT are translated from Rupiah into Singapore Dollars at the rates of exchange ruling at the balance sheet date, and the statements of income are translated at the average exchange rates for the year. The exchange differences arising on the retranslation are taken directly in the "Currency Translation Reserve" in the equity section.

f. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization, less any impairment in value. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Landrights	16 - 80
Infrastructures	3 - 30
Golf course	37 - 45
Utilities	3 - 30
Machinery	10
Transportation equipment	5 - 7
Medical equipment	7
Furniture, fixtures and equipment	3 - 10
Telecommunication equipment	10 - 30
Leasehold improvements	5

Construction in progress is stated at cost and presented as part of the property and equipment. The accumulated costs will be reclassified to the appropriate property and equipment account when the construction is substantially completed and the asset is ready for its intended use.

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. The gain or loss on disposal or retirement of a property and equipment recognized in the consolidated statements of income is the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Property and equipment (continued)

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.

g. Investment properties

Investment properties consist of buildings and improvements held to earn rentals including buildings, which could not be sold separately and an insignificant portion is held for use in the supply of services or for administrative purposes.

The Company and Subsidiaries apply the cost model. Investment properties are stated at cost less accumulated depreciation, less any impairment in value. Depreciation is computed using the straight-line method over the estimated useful lives of the investment property as follows:

	Years
Buildings and improvements	3 - 30

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. The gain or loss on disposal or retirement of investment property recognized in the consolidated statements of income is the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal.

The carrying values of investment properties 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.

h. Borrowing costs

Interest costs and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalized 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 capitalized to the extent that they are regarded as an adjustment to interest costs. Capitalization of borrowing costs will cease when all the activities necessary to prepare the asset for its intended use or sale are substantially completed. There is no borrowing cost capitalization for the years ended December 31, 2004 and 2003.

i. Other non-current asset - intangible assets

Golf membership is an intangible asset with indefinite useful life and 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 for impairment when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Software development costs is an finite intangible asset acquired with an definite useful lives which represent the Company's costs related to the development and implementation of the new financial reporting systems. These costs are amortized using the straight-line method over the estimated useful lives of 3 (three) years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. Allowance for inventory obsolescence, if any, is provided to reduce the carrying value of inventories to their net realizable value.

k. Trade and other receivables

Trade receivables are recognized and carried at amount billed less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

l. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and short-term time deposits with an original maturity of three months or less and are not pledged as collateral for loans or restricted as to use.

m. Financial instruments

Financial assets and financial liabilities are recognized on the consolidated financial statements when the Company and its Subsidiaries become a party to the contractual provisions of the instrument.

Profits or losses on disposal of financial assets are the difference between the net disposal proceeds and the carrying amount of the financial assets at the time of disposal and are recognized in the consolidated statements of income as they arise.

n. Trade and other payables

Liabilities to contractors and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and its Subsidiaries.

o. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognized at cost. After initial recognition, interest bearing loans and borrowings are measured at amortized cost.

p. Employee benefits

The Company and Subsidiaries recognized unfunded employee benefits liabilities in accordance with Labor Law No. 13/ 2003 dated March 25, 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 recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the present value of defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Employee benefits (continued)

In addition, as required by Indonesian law, the Company and Subsidiaries, as well as their employees, contribute to the state pension scheme, Jamsostek. Jamsostek contributions are recognized as compensation expense in the same period as the employment that gives rise to the contributions. The ASTEK fund from Jamsostek contribution 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.

q. Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as the lease income. Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

r. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and its Subsidiaries and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Rental and service and maintenance income

Rental income on investment properties and service and maintenance income is recognized proportionately over the lease term. The services and maintenance are provided evenly over the lease term. The aggregate cost of any incentive is recognized proportionately over the lease term and presented as a reduction of rental income.

Utilities revenue

Revenue from electricity and water supply is recognized upon delivery.

Telecommunications service revenue

Revenue from telecommunication services is recognized on the accrual basis. Revenue from telecommunication installation services is recognized at the time the installations are placed in service. Revenue from network interconnection with other domestic telecommunication carriers is recognized at the time connections takes place.

Golf and social facilities revenue

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

Sales of non-refundable golf club memberships are fully recognized as revenue in the year of sale.

Clinic operation revenue

Revenue from clinic operation is recognized when medical services are rendered or when medical supplies are delivered to patients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Revenue recognition (continued)

Sales of land and building

Revenue from the sales of land and building is recognized when all the following conditions have been satisfied:

(a) The company has transferred to the buyer the significant risks and rewards of ownership of the land and building;
(b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land and building 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 company;
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the above conditions are not met, the payments received are accounted for under the deposit method.

Interest income

Interest income is recognized as the interest accrues to the net carrying amount of the financial asset.

Dividend income

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

s. Segment reporting

The Company and its Subsidiaries are engaged in providing services and facilities relating to industrial estate, golf course and utilities. In accordance with the Company and Subsidiaries' organizational and management structure, the primary segment reporting of financial information is presented based on business segment as the risks and returns are dominantly affected by the different business activities. The secondary segment reporting is defined based on geographical location of the Company and Subsidiaries' business activities.

t. Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of income.

Based on Government Regulation of the RI No. 29/1996 dated April 18, 1996, starting January 1, 1996, each rental payment on the rental of buildings (including utility and service charges) is subject to final tax of 6% from the gross rental amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Income tax (continued)

Based on Government Regulation of the RI No. 79/1999 dated September 30, 1999, companies whose main activities is sales of land and buildings, are no longer subject to final tax for each payment on sales of land and buildings (including condominiums and cottages) starting January 1, 2000.

Based on Government Regulation of RI No. 5/2002 dated March 23, 2002, which amended the Government Regulation of RI No. 29/1996, the final tax rate was changed from 6% to 10% from the gross rental amount starting May 1, 2002.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses, to the extent that the deductible temporary differences, carry-forward of unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilized.

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

u. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There were 80,000 outstanding shares during each of the period presented. No diluted earnings per share is presented for the years ended December 31, 2004 and 2003 as there were no dilutive potential ordinary shares during the respective years.

v. Debt restructuring between related parties

The acquisition of BIIE's loan and its accrued interest from PT Dwi Sinergi Utama in 2002 was considered as transaction entered with an entity under common control and, accordingly, the resulting excess of the purchase price over the assets' carrying value acquired under common control entity amounting to $34,560 is recorded as "Difference Arising from Restructuring Transactions of Common Control Entities".

(Expressed in Singapore Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Debt restructuring between related parties (continued)

The effects of BIIE's shareholders' loan restructuring has been accounted for prospectively from the time of restructuring. Since the debt restructuring transactions are between related parties or companies under common control, the forgiveness of principal or accrued interest on loans and the modification of terms of loans between related parties, which resulted in gains or losses from restructuring of such debt, are recorded as "Difference Arising from Restructuring Transactions of Common Control Entities".

w. Use of estimates

The preparation of financial statements in conformity with IAS requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods maybe based on amounts that differ from those estimates.

3. OPERATING REVENUES

An analysis of operating revenues is as follows:

	2004	2003
Electricity supply	91,246,516	74,040,932
Rental from investment properties	52,255,725	60,153,732
Water supply	9,261,972	6,515,000
Telecommunication	7,694,778	10,543,066
Service and maintenance	4,615,074	4,830,399
Golf and social facilities	5,208,370	4,801,739
Clinic operation	2,039,955	2,077,005
Utilities management fee (Note 19)	-	911,756
Total	**172,322,390**	**163,873,629**

4. PROFIT FROM OPERATING ACTIVITIES

The profit from operating activities is arrived at after charging/crediting:

(i) Cost of operating revenues and operating expenses

	2004	2003
Depreciation and amortization	39,213,642	38,712,537
Marketing fees (Note 19)	4,387,156	4,387,156
Provision for doubtful accounts	2,949,681	3,304,560

(Expressed in Singapore Dollars, unless otherwise stated)

4. PROFIT FROM OPERATING ACTIVITIES (continued)

(i) Cost of operating revenues and operating expenses (continued)

	2004	2003
Offshore service fee (Note 19)	2,280,000	2,530,000
Human resource management fee (Note 19)	739,752	600,000
Management fee (Note 19)	310,103	342,052
Technical assistance fee (Note 19)	245,000	245,000
Rental expense (Note 22)	119,454	99,926
Inventories written-off	-	856,607
Repairs and maintenance for investment properties	2,391,462	2,076,219
Staff costs:		
Salaries, allowance and other benefits	10,902,846	12,071,339
Net employee benefits (Note 15)	483,070	409,266
Auditor's remuneration	131,679	129,950

(ii) Other income (expenses)

	2004	2003
Reversal of allowance for doubtful accounts (Note 19)	4,000,000	-
Write-off of due to a related party (Note 19)	1,078,363	-
Interest income:		
Bank (Note 17)	483,010	531,231
Related parties (Note 19)	10,010	13,066
Indosat World Link and internet compensation income (Note 23)	471,890	598,744
Gain (loss) on foreign exchange, net	177,984	(634,223)
Telecommunication facility rental income (Note 23)	125,559	223,339
Gain on disposal of property and equipment	8,263	9,639
Tax refund (Note 27)	-	2,492,032
Accounts payable written off	-	392,125
Loss on repurchase of investment property	-	(148,913)
Miscellaneous	768,946	(189,259)
Total	**7,124,025**	**3,287,781**

(Expressed in Singapore Dollars, unless otherwise stated)

5. FINANCE COSTS

	2004	2003
Interest expense:		
Bank loans	1,481,160	2,250,445
Due to related parties (Note 19)	1,334,102	1,318,518
Sub-total	2,815,262	3,568,963
Miscellaneous	-	131,594
Total	**2,815,262**	**3,700,557**

6. INCOME TAX

Taxes payable consist of:

	2004	2003
Corporate income tax payable	92,553	347,533
Income taxes:		
Article 21	288,152	242,476
Article 23/26	215,944	606,802
Article 25 - December	6,721	9,534
Value Added Tax, net	25,465	57,142
Total	**628,835**	**1,263,487**

Income tax expense for the years ended December 31, 2004 and 2003 consist of:

	2004	2003
Current tax expense		
The Company		
Final tax	10,463,661	9,173,117
Non-final tax	488,210	465,360
Sub-total	10,951,871	9,638,477
Subsidiaries		
Final tax	1,322,400	1,437,344
Non-final tax	658,406	704,506
Sub-total	1,980,806	2,141,850
Total current tax expense	12,932,677	11,780,327

(Expressed in Singapore Dollars, unless otherwise stated)

6. INCOME TAX EXPENSE (continued)

	2004	2003
Deferred tax expense (income)		
Subsidiaries		
Allowances (reversal of allowances) for unrecoverable deferred tax assets - tax loss	1,435,585	(7,655,104)
Property and equipment	250,270	587,767
Tax loss - current year	(1,628,307)	-
Employee benefits	(157,555)	(20,342)
Corrections from tax office on tax loss carryforward	-	7,210,241
Tax loss carryforward utilized during the year	-	444,863
Deferred tax expense	(100,007)	567,425
Total income tax expense	**12,832,670**	**12,347,752**

The deferred tax expense (income) on temporary differences for the years ended December 31, 2004 and 2003 is computed using the maximum tax rate of 30%.

Under Indonesian taxation laws, tax losses may be carried forward for a period of 5 (five) years. Companies in Indonesia are generally subject to progressive tax rates up to a maximum of 30%. The Company and Subsidiaries submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within 10 (ten) years from the date when the tax was payable.

The details of deferred tax assets, net and deferred tax liability, net are as follows:

	2004	2003
Subsidiaries		
Deferred Tax Assets		
Tax loss - net of expired tax loss	2,086,159	2,518,617
Employee benefits	127,653	70,059
Allowances for unrecoverable deferred tax assets - tax loss	(762,805)	(333,700)
Deferred Tax Liability		
Property and equipment	(916,983)	(1,879,036)
Deferred Tax Assets, Net	**534,024**	**375,940**
Subsidiaries		
Deferred Tax Assets		
Tax loss - net of expired tax loss	1,746,704	-
Employee benefits	90,739	-
Allowances for unrecoverable deferred tax assets - tax loss	(964,868)	-
Deferred Tax Liability		
Property and equipment	(1,188,180)	(241,999)
Deferred Tax Liability, Net	**(315,605)**	**(241,999)**

(Expressed in Singapore Dollars, unless otherwise stated)

7. PROPERTY AND EQUIPMENT

Property and equipment consist of:

	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Translation Adjustment	Ending Balance
2004 Movements					
Carrying Value					
Landrights	40,855,502	1,277,300	-	-	42,132,802
Infrastructures	111,760,712	492,215	274,662	-	111,978,265
Golf course	25,307,322	-	-	-	25,307,322
Utilities	227,730,711	900,754	1,297,488	-	227,333,977
Machinery	5,596,277	98,348	-	-	5,694,625
Transportation equipment	2,666,702	57,206	46,828	(8,301)	2,668,779
Medical equipment	652,547	8,038	-	-	660,585
Furniture, fixtures and equipment	23,156,513	3,047,444	12,908,403	(10,899)	13,284,655
Telecommunication equipment	10,033,087	269,507	-	(682,275)	9,620,319
Leasehold improvements	1,045,540	4,405	-	-	1,049,945
Construction in progress	5,125,657	2,733,900	4,103,977	-	3,755,580
Total	453,930,570	8,889,117	18,631,358	(701,475)	443,486,854
Accumulated Depreciation and Amortization					
Landrights	9,451,313	1,726,735	-	-	11,178,048
Infrastructures	41,611,821	4,696,866	274,662	-	46,034,025
Golf course	5,321,575	562,141	-	-	5,883,716
Utilities	126,693,693	10,280,111	1,297,488	-	135,676,316
Machinery	4,923,672	524,921	-	-	5,448,593
Transportation equipment	2,228,929	165,702	46,828	(6,165)	2,341,638
Medical equipment	635,003	9,437	-	-	644,440
Furniture, fixtures and equipment	21,438,576	919,863	12,908,403	(10,271)	9,439,765
Telecommunication equipment	4,186,722	685,625	-	(415,135)	4,457,212
Leasehold improvements	996,350	53,595	-	-	1,049,945
Total	217,487,654	19,624,936	14,527,381	(431,571)	222,153,638
Net Carrying Value					
Landrights	31,404,189				30,954,754
Infrastructures	70,148,891				65,944,240
Golf course	19,985,747				19,423,606
Utilities	101,037,018				91,657,661
Machinery	672,605				246,032
Transportation equipment	437,773				327,141
Medical equipment	17,544				16,145
Furniture, fixtures and equipment	1,717,937				3,844,890
Telecommunication equipment	5,846,365				5,163,107
Leasehold improvements	49,190				-
Construction in progress	5,125,657				3,755,580
Total	236,442,916				221,333,156

(Expressed in Singapore Dollars, unless otherwise stated)

7. PROPERTY AND EQUIPMENT (continued)

	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Translation Adjustment	Ending Balance
2003 Movements					
Carrying Value					
Landrights	38,830,219	2,025,283	-	-	40,855,502
Infrastructures	111,472,563	288,149	-	-	111,760,712
Golf course	24,857,322	450,000	-	-	25,307,322
Utilities	225,794,317	1,936,394	-	-	227,730,711
Machinery	5,596,277	-	-	-	5,596,277
Transportation equipment	2,746,993	98,771	181,373	2,311	2,666,702
Medical equipment	652,547	-	-	-	652,547
Furniture, fixtures and equipment	22,542,069	612,116	447	2,775	23,156,513
Telecommunication equipment	9,535,226	320,225	-	177,636	10,033,087
Leasehold improvements	1,045,540	-	-	-	1,045,540
Construction in progress	7,955,028	3,654,612	6,483,983	-	5,125,657
Total	451,028,101	9,385,553	6,665,803	182,722	453,930,570
Accumulated Depreciation and Amortization					
Landrights	8,498,485	952,828	-	-	9,451,313
Infrastructures	36,776,038	4,835,783	-	-	41,611,821
Golf course	4,759,445	562,130	-	-	5,321,575
Utilities	115,871,595	10,822,098	-	-	126,693,693
Machinery	4,364,964	558,708	-	-	4,923,672
Transportation equipment	2,216,056	193,028	181,373	1,218	2,228,929
Medical equipment	630,951	4,052	-	-	635,003
Furniture, fixtures and equipment	20,666,318	770,506	447	2,199	21,438,576
Telecommunication equipment	3,409,467	690,345	-	86,910	4,186,722
Leasehold improvements	940,626	55,724	-	-	996,350
Total	196,133,945	19,445,202	181,820	90,327	217,487,654
Net Carrying Value					
Landrights	30,331,734				31,404,189
Infrastructures	74,696,525				70,148,891
Golf course	20,097,877				19,985,747
Utilities	109,922,722				101,037,018
Machinery	1,231,313				672,605
Transportation equipment	530,937				437,773
Medical equipment	21,596				17,544
Furniture, fixtures and equipment	1,875,751				1,717,937
Telecommunication equipment	6,125,759				5,846,365
Leasehold improvements	104,914				49,190
Construction in progress	7,955,028				5,125,657
Total	252,894,156				236,442,916

As of December 31, 2004, construction in progress of the Company and PT Bintan Inti Industrial Estate amounting to $2,749,333 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.

(Expressed in Singapore Dollars, unless otherwise stated)

7. PROPERTY AND EQUIPMENT (continued)

As of December 31, 2004, PT Batamindo Executive Village (BEV)'s construction in progress amounting to S$1,006,247 includes all preliminary costs related to the construction of condominium phase 3A and for golf course phase 2 such as design, soil investigation and consultation fee. The management of BEV believes that the postponed projects can be realized upon shareholders' approval that depends on the improvement of economic conditions in Indonesia.

Property and equipment, except for landrights, are covered by insurance against losses by fire and other risks under blanket policies for S$549,437,060, which in management's opinion, is adequate to cover possible losses arising from such risks.

The Company and PT Batamindo Executive Village's (BEV's) land use rights and property ("Hak Guna Bangunan"/"HGB") at Batam island, which are leased from Batam Industrial Development Authority, are valid for 30 (thirty) years up to the following expiration dates:

HGB	Expiration Date
The Company (271 hectares)	December 18, 2019 and February 26, 2025
BEV (213 hectares)	August 31, 2020

BIIE's HGB covering a land of approximately 173 hectares at Bintan Island is valid for 80 (eighty) years up to August 24, 2075. As of December 31, 2004, the HGB on another 100 hectares of land is not yet transferred under BIIE's name.

The management of the Company and its Subsidiaries believes that the above HGB can be renewed upon their expiration.

8. INVESTMENT PROPERTIES

The movements of investment properties for the years ended December 31, 2004 and 2003 are as follows:

	2004	2003
Balance at beginning of year	325,779,918	342,924,084
Additions:		
Transfer from property and equipment - construction in progress	1,654,901	1,950,241
Transfer from inventory	-	106,601
Subsequent expenditures	25,945	66,327
Depreciation charge for the year	(19,588,646)	(19,267,335)
Balance at end of year	**307,872,118**	**325,779,918**
Carrying value	498,221,669	496,753,127
Accumulated depreciation	(190,349,551)	(170,973,209)
Net carrying value	**307,872,118**	**325,779,918**

(Expressed in Singapore Dollars, unless otherwise stated)

8. INVESTMENT PROPERTIES (continued)

The fair value of the investment properties, except PT Batamindo Executive Village (BEV)'s investment properties, as of December 31, 2004 amounted to $403.5 million and were based on the recent valuation using the "Open Market Value and Depreciated Replacement Cost Method", by independent professional valuers, Colliers International Consultancy and Valuation (Singapore) Pte., Ltd., after taking into consideration the prevailing market conditions and other factors considered appropriate by the Directors. The net carrying values of BEV's investment properties as of December 31, 2004 amounted to $1,475,553.

9. INVESTMENTS IN ASSOCIATES

Investments in associates consist of:

2004

	Percentage of Ownership (%)	Cost	Accumulated Income from Associates	Foreign Currency Translation	Carrying Value
Batamindo Carriers Pte., Ltd., Singapore	36	180,000	322,876	-	502,876
PT Soxal Batamindo Industrial Gases, Indonesia	30	358,050	172,528	(55,134)	485,444
Batamindo Medical Management Pte., Ltd., Singapore (BMM)	50	5,000	-	-	5,000
Batamindo Investment Ltd.,(S) Singapore (BI)	100	2	-	-	2
Total		543,052	495,404	(55,134)	973,322

2003

	Percentage of Ownership (%)	Cost	Accumulated Income from Associates	Foreign Currency Translation	Carrying Value
PT Soxal Batamindo Industrial Gases, Indonesia	30	358,050	216,157	13,960	588,167
Batamindo Carriers Pte., Ltd., Singapore	36	180,000	353,203	-	533,203
Batamindo Medical Management Pte., Ltd., Singapore	50	5,000	-	-	5,000
Batamindo Investment Ltd.,(S) Singapore	100	2	-	-	2
Total		543,052	569,360	13,960	1,126,372

Investments in BMM and BI are recorded at cost and are not consolidated or accounted for at equity although the Company's ownership interest are more than 20% because the Company's management plan to dispose of these Subsidiaries in the near future.

All associates are private entities that are not listed on any public exchange and therefore there is no published quotation price for the fair value of these investments. The following table illustrates summarized information of the investment in associates, excluding BMM and BI:

	2004	2003
Share of associates' balance sheets:		
Current assets	663,677	753,017
Non-current assets	562,170	694,571
Current liabilities	(257,527)	(326,218)
Net assets	**968,320**	**1,121,370**

(Expressed in Singapore Dollars, unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES (continued)

	2004	2003
Share of associates' revenues, profits and dividends:		
Revenue	1,309,583	1,216,077
Profit	170,085	115,867
Dividend	258,000	78,000

10. OTHER NON-CURRENT ASSETS

Other non-current assets consist of:

	2004	2003
Estimated claims for income tax refund	702,428	7,246,265
Other long-term receivables	-	1,506,897
Intangible assets:		
- Golf membership, net of impairment loss	2,013,124	2,151,036
- Software development cost, net of amortization	48,229	-
Net	**2,763,781**	**10,904,198**

Based on decision letters from the Directorate General of Taxes No. 00002/406/99/018/04 and No. 00015/406/00/018/04 dated March 10, 2004, PT Bintan Inti Industrial Estate's claims for income tax refunds in 1999 and 2000 were received in April 2004 amounting to $149,767 and $278,737, respectively.

Based on Government Regulation of RI No. 5/2002 dated March 23, 2002, and decision letters from Directorate General of Taxes No.KEP-227/PJ/2002 dated April 23, 2002, the final tax on the rental of buildings and land is 10% from gross rental amount for rental agreements which are signed or started after May 2002. However, such final tax of 10% was erroneously withheld by the Company's tenants on all existing rental agreements instead of the previous rate of 6% which is applicable to rental agreements which are signed or started before May 2002.

Based on decision letter issued to the Company from the Directorate General of Taxes No. 25/Rest/WPJ.02/KP.0809/IV/2004 dated April 27, 2004, the Company received cash refund for over-withholding of the 2002 final tax amounting to $2,492,032 on May 13, 2004. The said tax refund is credited to "Other Income (Expenses)" in the 2003 consolidated statements of income since it is considered not material to the consolidated 2002 financial position, equity and results of operations.

Based on decision letter issued to the Company from the Directorate General of Taxes No. 26/Rest/WPJ.02/KP.0809/IV/2004 dated April 27, 2004, the Company also received cash refund for over-withholding of the 2003 final tax amounting to $3,570,099 on May 13, 2004. The said tax refund is credited to "Tax Expense - Current" account in the 2003 consolidated statements of income.

Other long-term receivables are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Singapore Dollars, unless otherwise stated)

10. OTHER NON-CURRENT ASSETS (continued)

Due to the low market demand for golf membership, the Company recognized accumulated impairment loss as of December 31, 2004 and 2003 each amounting to S$2,240,160 which represents the write-down of the non-refundable golf membership purchased from PT Batamindo Executive Village to recoverable amount. The recoverable amount was based on the published market price of the golf membership.

The movements of intangible assets are as follows:

December 31, 2004

	Golf Membership	Software Development Cost
Net carrying value at beginning of year	2,151,036	-
Addition (deduction)	(137,912)	69,450
Amortization	-	(21,221)
Net carrying value at end of year	**2,013,124**	**48,229**
Cost	4,253,284	69,450
Accumulated amortization and impairment	(2,240,160)	(21,221)
Net carrying value at end of year	**2,013,124**	**48,229**

December 31, 2003

	Golf Membership
Net carrying value at beginning of year	2,223,646
Deduction	(72,610)
Net carrying value at end of year	**2,151,036**
Cost	4,391,196
Accumulated impairment	(2,240,160)
Net carrying value at end of year	**2,151,036**

11. INVENTORIES

Inventories consist of the following which are stated at cost:

	2004	2003
Fuel and lubrication oil for power house	7,278,964	4,823,439
Medicines	67,251	70,140
Other inventories	226,838	199,280
Net	**7,573,053**	**5,092,859**

(Expressed in Singapore Dollars, unless otherwise stated)

12. TRADE AND OTHER RECEIVABLES, NET

Trade and other receivables consist of:

	2004	2003
Trade receivables	40,354,092	37,671,413
Less allowance for doubtful accounts	(11,205,186)	(8,255,505)
Net	29,148,906	29,415,908
Other receivables	2,623,976	2,160,974
Total	**31,772,882**	**31,576,882**

Trade receivables mainly arise from rental of buildings, electricity, service and water charges and sales of land, buildings, condominiums and golf membership.

Certain trade receivables are used as collateral for the interest-bearing bank loans obtained by the Company (Note 17).

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2004	2003
Cash on hand	383,288	267,194
Cash in banks	26,058,671	25,804,753
Cash equivalents		
Time deposits	29,744,464	22,830,008
Total	**56,186,423**	**48,901,955**
Annual interest rate on time deposits:		
Singapore Dollars	0.5% - 1.2%	0.2% - 1.1875%
Rupiah	5.75% - 6.5%	6.9% - 12.75%
United States Dollars	0.65% - 1.89%	0.825% - 1.75%

Cash in banks includes these accounts which earn interest at floating rates based on daily bank deposit rates.

Certain cash in bank, which is restricted or used as collateral for the interest-bearing bank loans obtained by the Company, is recorded as "Restricted Cash" in the consolidated balance sheets (Note 17).

14. ISSUED CAPITAL

	2004	2003
Authorized, issued and fully paid - 80,000 ordinary shares at US$1,000 par value per share	135,540,341	135,540,341

(Expressed in Singapore Dollars, unless otherwise stated)

14. ISSUED CAPITAL (continued)

The Company's shareholders and their respective share ownership as of December 31, 2004 and 2003 are as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Herwido Rintis, Jakarta	40,000	50.0%	64,371,096
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	30,000	37.5%	54,292,360
Ascendas Investment Pte., Ltd., Singapore	10,000	12.5%	16,876,885
Total	80,000	100.0%	135,540,341

The ordinary shares have the right to receive dividends declared and entitle their holders to one vote, either in person or by proxy, at a meeting of the Company's shareholders.

Due to translation of issued capital using historical rates, the percentage of ownership to be derived at, based on the Singapore Dollars financial statements, is different from the actual percentage of ownership among shareholders.

15. EMPLOYEE BENEFITS LIABILITIES

The Company and Subsidiaries provide benefits for their employees who achieve the retirement age at 55 based on the provisions of the Law. The benefits are unfunded.

The following tables summarize the components of net employee benefits expenses recognized in the consolidated statements of income and the unfunded status and amounts recognized in the consolidated balanced sheets for the employee benefits liabilities as determined by an independent actuary (PT Dayamandiri Dharmakonsilindo) in their reports dated February 4, 2005.

a. Net employee benefits expenses:

	2004	2003
Current service cost	254,839	256,333
Interest cost	193,146	180,646
Amortization of unvested past service cost	20,110	(27,713)
Unrecognized past service cost	65,985	-
Settlement gain	(50,710)	-
Net employee benefits expenses	**483,370**	**409,266**

b. Employee benefits liabilities as of December 31, 2004:

Present value of employee benefits liabilities	2,178,641
Fair value of plan assets	-
Unfunded status	2,178,641
Unrecognized past service cost - vested	(41,007)
Unrecognized past service cost - unvested	(279,065)
Unrecognized actuarial losses	(4,264)
Employee benefits liabilities	**1,854,305**

(Expressed in Singapore Dollars, unless otherwise stated)

15. EMPLOYEE BENEFITS LIABILITIES (continued)

Movements of the employee benefits liabilities for the years ended December 31, 2004 and 2003 are as follows:

	2004	2003
Balance at beginning of the year	1,655,004	1,262,816
Net employee benefits expenses	483,370	409,266
Foreign exchange difference	(206,372)	23,763
Less: Actual benefit payment	(77,697)	(40,841)
Balance at end of the year	**1,854,305**	**1,655,004**

The principal assumptions used in determining employee benefits liabilities as of December 31, 2004 and 2003 are as follows:

Discount rate	: 11% p.a.
Annual salary increases	: 9% p.a.
Mortality rate	: CSO 1980
Retirement age	: 55 years old (all employees are assumed to retire at their retirement age)
Turnover rates	: 5% up to age 25 and reducing linearly by 0.25% for each year up to 0% at the age 45 and thereafter.
Disability rates	: 10% of the mortality rate

16. DEPOSITS FROM TENANTS AND GOLF MEMBERSHIP

	2004	2003
Deposits from tenants	31,914,892	30,388,172
Refundable golf membership deposits	7,937,120	8,145,120
Total	**39,852,012**	**38,533,292**

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 August 1, 2020.

(Expressed in Singapore Dollars, unless otherwise stated)

17. INTEREST-BEARING BANK LOAN AND OTHER BORROWINGS

Interest-bearing bank loan and other borrowings consist of:

	2004	2003
Bank loan		
United Overseas Bank Limited, Singapore	33,750,000	56,250,000
Other borrowings:		
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore (Note 19)	16,250,000	16,250,000
Ascendas Investment Pte., Ltd., Singapore (Note 19)	9,750,000	9,750,000
	59,750,000	82,250,000
Less portion due within 1 year		
Bank loans	22,500,000	22,500,000
Long-term portion	**37,250,000**	**59,750,000**

On May 24, 2002, the Company entered into a credit agreement relating to a $90 million term loan facility with United Overseas Bank Limited, Singapore (UOBL) (formerly Overseas Union Bank Limited/ OUBL) which was used to finance the share acquisition of PT Bintan Inti Industrial Estate (BIIE). This loan is secured by an assignment of accounts receivable and the related bank account with UOBL, which is maintained for the collections of such accounts receivable. This loan bears interest at rates ranging from 2.71% to 3.41% a year in December 31, 2004 and from 2.65% to 2.94% a year in 2003 and is payable in 16 (sixteen) equal quarterly installments beginning June 2002. The loan agreement generally includes certain covenants, among others, which require the Company to maintain some financial ratios.

Based on Shareholders' Loan Agreement dated February 25, 2002, PT Bintan Inti Industrial Estate (BIIE) has unsecured loans from PT Dwi Sinergi Utama (DSU), Singapore Technologies Industrial Corporation Pte., Ltd., Singapore (STIC) and Ascendas Investment Pte., Ltd., Singapore amounting to $39,000,000, $16,250,000 and $9,750,000, respectively (or totaling $65,000,000) and bear annual interest rate at 8%, which may be subject to revision from time to time by mutual agreement between BIIE and the lenders. The interest accrued on the loans shall be paid at semiannual intervals where the first payment will be made in June 2003. Based on this agreement, the shareholders shall not require BIIE to repay the whole or any part of the loans within one (1) year from the date of the agreement. The loans are unsecured and have no fixed repayment dates.

Based on the Transfer of Loan, Advance and Interest Agreement dated May 22, 2002, DSU sold and transferred all of its rights, ownership title, interest and benefit in BIIE's loan to the Company at certain price which was previously agreed by both parties in the Sale and Purchase Agreement for Exchangeable Bond, Advance, Loan and Interest dated May 14, 2002.

Based on the Second Supplementary Agreement dated December 15, 2003 and the Third Supplementary Agreement dated April 1, 2004, BIIE's shareholders also agreed to reduce the interest rate at 4% per annum up to March 31, 2004 and continue to remain at 4% per annum with effect from April 1, 2004 until further revision by BIIE's shareholders in writing. In 2004, BIIE has paid interest to shareholders (including to the Company) amounting to $2,636,112.

(Expressed in Singapore Dollars, unless otherwise stated)

18. TRADE AND OTHER PAYABLES

Trade and other payables consist of:

	2004	2003
Due to contractors	1,001,549	1,248,696
Other payables	5,107,739	8,760,829
Accrued operating expenses	7,923,459	6,307,382
Accrued interest		
Bank loans	88,286	112,762
Related parties (Note 19)	6,105,584	6,143,502
Total	**20,226,617**	**22,573,171**

19. RELATED PARTIES DISCLOSURES

Details of amounts receivable and amounts payable from/to related parties are as follows:

	2004	2003
Due from related parties		
Bintan Shipping Services Pte., Ltd., Singapore	319,497	340,782
Gallant Venture Pte.. Ltd., Singapore	256,422	-
PT Soxal Batamindo Industrial Gases	237,414	262,710
Riau Infrastructure Management Services Pte.,Ltd., Singapore	158,839	175,152
SembCorp Parks Management Pte., Ltd., Singapore	72,705	-
PT Karimun Indojaya Cakrawala, net of allowance for doubtful accounts of $833,590	21,515	12,356
PT Bintan Resort Cakrawala	7,215	7,277
Batamindo Shipping & Warehousing Pte., Ltd., Singapore	6,354	-
Sembawang Kimtrans Ltd., Singapore	5,270	4,529
PT Bintan Servicatama Perkasa, net of allowance for doubtful accounts of $4,000,000 in 2003	-	3,686,736
PT Buana Megawisatama	-	3,811
Total	**1,085,231**	**4,493,353**
Accounts receivable - trade*		
PT Tunaskarya Indoswasta	112,377	17,172
PT Bintan Resort Cakrawala	7,776	8,630
Total	**120,153**	**25,802**

* The related amounts are presented as part of "Trade and Other Receivables, Net" (Note 12) in the consolidated balance sheets.

(Expressed in Singapore Dollars, unless otherwise stated)

19. RELATED PARTIES DISCLOSURES (continued)

	2004	2003
Interest-bearing other borrowings (Note 17)		
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	16,250,000	16,250,000
Ascendas Investment Pte., Ltd., Singapore	9,750,000	9,750,000
Total	**26,000,000**	**26,000,000**
Due to related parties		
PT Lembah Kemakmuran	12,377,768	21 454,283
SembCorp Parks Management Pte., Ltd., Singapore	4,813,552	8,734,914
Sumitomo Rubber Industries Ltd., Japan (US$600,000)	980,384	1,020,582
Sumitomo Electric Industries Ltd., Japan (US$400,000)	653,589	680,388
Obayashi Corporation, Japan (US$400,000)	653,589	680,388
Sembawang KMP Corporation Pte., Ltd., Singapore (US$200,000)	326,795	340,194
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	322,072	2,971,383
Bintan Carrier Services Pte., Ltd., Singapore	276,578	276,578
PT Bintan Resort Cakrawala	71,697	112,826
PT Surya Bangun Pertiwi	66,983	91,918
PT Buana Megawisatama	1,938	-
SembCorp Industries Ltd., Singapore	-	447,420
PT Herwido Rintis	-	159,211
Riau Infrastructure Management Services Pte., Ltd., Singapore	-	70,560
Total	**20,544,945**	**37,040,645**
Trade and other payables*		
PT Tunaskarya Indoswasta	179,989	377,206

* The related amounts are presented as part of "Trade and Other Payables" (Note 18) in the consolidated balance sheets.

	2004	2003
Accrued expenses - interest		
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	3,258,280	3,285,364
Ascendas Investment Pte., Ltd., Singapore	2,847,304	2,858,138
Total	**6,105,584**	**6,143,502**

(Expressed in Singapore Dollars, unless otherwise stated)

19. RELATED PARTIES DISCLOSURES (continued)

The following transactions have been entered into with related parties:

	2004	2003
Operating Revenues:		
Operating revenue - asset lease		
PT Bintan Servicatama Perkasa	-	3,810,466
Operating revenue - utilities management fee		
PT Bintan Servicatama Perkasa	-	911,756

Cost of Operating Revenues and Operating Expenses:

	2004	2003
Management fees		
PT Herwido Rintis	310,103	342,052
Marketing fees		
SembCorp Parks Management Pte., Ltd., Singapore	4,225,000	4,225,000
Marketing remuneration fees		
SembCorp Parks Management Pte., Ltd., Singapore	162,156	162,156
Technical assistance charges		
Riau Infrastructure Management Services Pte., Ltd., Singapore	245,000	245,000
Offshore service fees		
SembCorp Parks Management Pte., Ltd., Singapore	2,280,000	2,530,000
Human resource management fees		
PT Tunaskarya Indoswasta	739,752	600,000
Finance cost:		
Interest expenses		
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	793,903	780,903
Ascendas Investment Pte., Ltd., Singapore	476,342	468,542
Sumitomo Rubber Industries Ltd., Japan	23,705	25,903
Obayashi Corporation, Japan	15,803	17,268
Sumitomo Electric Industries Ltd., Japan	15,803	17,268
Sembawang KMP Corporation Pte., Ltd., Singapore	8,546	8,634
Total	**1,334,102**	**1,318,518**
Interest income		
PT Soxal Batamindo Industrial Gases	10,010	13,066

19. RELATED PARTIES DISCLOSURES (continued)

The nature of account balances/transactions with related parties are as follows:

Related Parties	Nature of Account Balances/Transactions
PT Bintan Resort Cakrawala	Provide telecommunication services in Bintan Beach International Resort (BBIR), revenue sharing for the operation of telecommunication systems at BBIR and intercompany charges.
PT Soxal Batamindo Industrial Gases	Investment in associate, grant interest bearing loan.
Sumitomo Rubber Industries Ltd., Japan	Receive interest bearing loan.
Sumitomo Electric Industries Ltd., Japan	Receive interest bearing loan.
Obayashi Corporation, Japan	Receive interest bearing loan.
Sembawang KMP Corporation Pte., Ltd., Singapore	Receive interest bearing loan.
SembCorp Parks Management Pte., Ltd.,	Marketing fee, membership services and marketing remuneration fee, offshore service fee and intercompany charges.
Riau Infrastructure Management Services Pte., Ltd., Singapore	Technical assistance fee
PT Herwido Rintis	Management fee and intercompany charges.
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	Marketing fee and receive interest bearing loan
Ascendas Investment Pte., Ltd., Singapore	Receive interest bearing loan
Bintan Shipping Services Pte., Ltd., Singapore	Shipping services.
Bintan Carrier Services Pte., Ltd., Singapore	Shipping services.
Sembawang Kimtrans Ltd., Singapore	Shipping services.
PT Surya Bangun Pertiwi	Project consultant, purchase of land.
PT Buana Megawisatama	Fuel supplier.
PT Lembah Kemakmuran	Advances held in trust on behalf of PT Bintan Servicatama Perkasa, receive non-interest bearing loan and intercompany charges.
PT Bintan Servicatama Perkasa	Asset lease and utilities management fee
Batamindo Medical Management Pte., Ltd., Singapore	Investment in associate, medical consultancy fee
PT Tunaskarya Indoswasta	Provision of human resource management services.
Batamindo Shipping & Warehousing Pte., Ltd., Singapore	Provision of shipping freight forwarding, storage and warehousing services
SembCorp Industries Ltd., Singapore	Marketing fee.
PT Karimun Indojaya Cakrawala	Intercompany charges
Gallant Venture Pte., Ltd., Singapore	Intercompany charges

19. RELATED PARTIES DISCLOSURES (continued)

As of December 31, 2003, due from PT Bintan Servicatama Perkasa (BSP) represents net receivables incurred from asset lease and utilities management fee (see Note 23), billing to BSP's tenants and allocation of certain expenses of PT Bintan Inti Industrial Estate (BIIE), a subsidiary, in relation with BSP's operations. Since January 1, 2004, there are no renewal agreements for asset lease and utilities management fee between BIIE and BSP.

Due from PT Soxal Batamindo Industrial Gases (Soxal) represents loan which bears interest at 1% a year over the prime rate of Development Bank of Singapore Ltd. and has no fixed repayment date. This loan was used to finance Soxal's purchases of fixed assets and working capital requirements.

Due from PT Karimun Indojaya Cakrawala (KIC) represents mainly interest expense paid on behalf of KIC to Overseas Chinese Banking Corporation amounting to $813,591 and $833,591 as of December 31, 2004 and 2003, respectively. In 2002, the Company provided 100% allowance for doubtful accounts to cover possible losses on non-collection of the account.

As of December 31, 2003, due to PT Lembah Kemakmuran (LK) represents mainly non-interest bearing advances which are held in trust by BIIE on behalf of BSP amounting to $21,420,996. These advances will be applied against the capital stock subscription of LK in BSP upon approval by the Investment Coordination Board (BKPM) of the status of BSP as a foreign capital investment (PMA) company (Note 26). Following the termination of joint venture agreement between BIIE and LK, on January 1, 2004, LK agreed to assume BIIE's receivables from BSP amounting to $7,972,351 and write off of a part of the advances amounting to $1,078,363. This transaction also resulted in the reversal of BIIE's allowance for doubtful accounts on receivables from BSP amounting to $4,000,000.

Based on loan agreement dated January 1, 2004, the remaining balance of advances from LK is converted to be a non-interest bearing loan for BIIE with no fixed repayment date amounting to $12,370,282. The loan will be used for BIIE's working capital purpose.

Due to Sumitomo Rubber Industries Ltd., Sumitomo Electric Industries Ltd., Obayashi Corporation and Sembawang KMP Corporation Pte., Ltd., represent loans denominated in U.S. dollars received by PT Batamindo Executive Village (BEV), a subsidiary, from its minority shareholders, which will be due on March 31, 2005. These loans are unsecured and bear annual interest at 0.7% over SIBOR.

Other due from and due to related parties are non-interest bearing, unsecured and have no fixed repayment dates.

The related parties are under common control by the same shareholders and/or same boards of directors or commissioners of the Company.

Directors' remunerations

The executive members of the Board of Directors do not receive any remuneration from the Company and its Subsidiaries for the years ended December 31, 2004 and 2003, except 1 (one) director at PT Batamindo Executive Village and 1 (one) director at PT Batam Bintan Telekomunikasi.

(Expressed in Singapore Dollars, unless otherwise stated)

20. FINANCIAL INSTRUMENTS

Fair values

Current financial assets and liabilities

The Company and its Subsidiaries' current financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables and current borrowings. The carrying values of the Company and its Subsidiaries' current financial instruments approximate their fair value due to the short-term maturity of these financial instruments.

Non-current financial assets and financial liabilities

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 amortized cost. It is not practical to estimate the fair values of balances with related parties, other long-term receivables, other long-term borrowings and deposits from tenants due to a lack of fixed or repayment terms between both parties.

A comparison by category of carrying amounts and fair values of other non-current financial assets and liabilities as of December 31, 2004 and 2003, is set out below:

	Carrying Amount		Fair value	
	2004	2003	2004	2003
Financial Liabilities				
Refundable golf membership deposits (Note 16)	7,937,120	8,145,120	4,983,108	4,435,355
Interest-bearing bank loan - net of current portion (Note 17)	11,250,000	33,750,000	11,250,000	32,301,556

The Company's directors estimated the fair values by discounting the expected future cash flows based on current 15-year Singapore government bond rates for refundable golf membership deposits and current 5-year Singapore government bond rates for interest-bearing bank loans.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Company and Subsidiaries' financial instruments that are exposed to interest rate risk, which excluding other interest-earning financial asset and interest-bearing financial liabilities with no fixed or repayment terms.

Year ended December 31, 2004

Floating rate

	Within 1 year	1-2 years	More than 2 years	Total
Cash and cash equivalents	38,413,374	-	-	38,413,374
Interest-bearing bank loan (Note 17)	22,500,000	11,250,000	-	33,750,000

Year ended December 31, 2003

Floating rate

	Within 1 year	1-2 years	More than 2 years	Total
Cash and cash equivalents	33,763,316	-	-	33,763,316
Interest-bearing bank loan (Note 17)	22,500,000	22,500,000	11,250,000	56,250,000

21. FINANCIAL RISK MANAGEMENT

The Company and its Subsidiaries are affected by various financial risks, including credit risk, foreign currency risk, interest rate risk and liquidity risk. The Company and its Subsidiaries' overall risk management objectives are to effectively manage these risks and minimize potential adverse effects on their financial performance. The Board of Directors reviews and agrees with the policies for managing each of these risks, as well as economic risk and business risk of the Company and its Subsidiaries, which are summarized below, and also monitors the market price risk arising from all financial instruments.

a. Credit risk

The financial assets that potentially subject the Company and its Subsidiaries to significant concentrations of credit risk consist principally of cash and cash equivalents, trade and other receivables, and due from related parties. The Company and its Subsidiaries have in place credit policies and procedures to ensure the ongoing credit evaluation and active account monitoring.

The Company and its Subsidiaries exposure 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.

b. Foreign currency risk

The Company and its Subsidiaries are exposed to foreign currency exchange rate movement primarily in Indonesian Rupiah on certain expenses, assets and liabilities which arise from daily operations.

The Company uses foreign currency denominated assets as a natural hedge against its foreign currency denominated liabilities. As at balance sheet date, the Company and Subsidiaries' current exposure to foreign exchange risk is not significant and most transactions are denominated in Singapore Dollars (their functional currency), except for PT Batam Bintan Telekomunikasi whose functional currency is Rupiah.

c. Fair value interest rate risk

The Company and certain Subsidiaries are financed through interest-bearing bank loans and other borrowings such as shareholders' loans and advances from related parties. Therefore, the Company's exposure to market risk for changes in interest rates relates primarily to its long-term borrowing obligations and interest-bearing assets and liabilities. The Company'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-term borrowings.

d. Liquidity risk

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

(Expressed in Singapore Dollars, unless otherwise stated)

22. COMMITMENTS

a. Operating leases - the Company and PT Bintan Inti Industrial Estate (BIIE) as lessors

The Company and BIIE have entered into operating leases of factory buildings with terms of three (3) years and shall be automatically renewed for a further term of three (3) years. Future minimum rentals receivable under non-cancellable operating leases are as follows as of December 31:

The Company:

	2004	2003
Within 1 year	23,504,813	34,313,077
Between 1 and 5 years	14,263,797	28,096,756
Total	**37,768,610**	**62,409,833**

BIIE:

	2004	2003
Within 1 year	6,218,766	4,016,384
Between 1 and 5 years	5,894,759	2,131,055
Total	**12,113,525**	**6,147,439**

At the expiration of the lease term or earlier termination of the lease agreement, the lessee is obliged to surrender the lease premises to the Company and BIIE in its original vacant condition except for normal wear and tear and any damage for which the Company and BIIE are liable and to remove any modifications, alterations or additions except those which the Company and BIIE shall mutually agree will remain.

b. Operating leases - the Company and Subsidiaries as lessees

The Company and Subsidiaries have entered into operating leases of certain properties with terms of one (1) year. Rental expense pertaining to the leased properties charged to operations amounted to $119,454 in 2004 and $99,926 in 2003.

c. Capital expenditure commitments in respect of contracts placed

As of December 31, 2004, the outstanding uncompleted contracts for constructions in progress of the Company and BIIE, a subsidiary, amounted to about $27.92 million.

23. AGREEMENTS

The Company

a. On August 10, 2004 and July 1, 2003, the Company entered into technical assistance agreements whereby the Company has appointed Riau Infrastructure Management Services Pte., Ltd. (RIMS), a related party, to provide technical assistance for the development of the Project. Each agreement covers a period of 1 (one) year. Technical assistance fees charged to operations for the years ended December 31, 2004 and 2003 each amounted to $75,000.

23. AGREEMENTS (continued)

The Company (continued)

b. On August 10, 2004 and July 1, 2003, the Company entered into marketing agency agreements with SembCorp Parks Management Pte., Ltd., Singapore (SPM), a related party, whereby the Company has appointed SPM as its sole and exclusive marketing agent outside of Indonesia for the promotion of, and solicitation of investors/customers for the Batamindo Industrial Park (BIP). Each agreement covers a period of 1 (one) year. Marketing fees charged to operations for the years ended December 31, 2004 and 2003 each amounted to $4,225,000.

c. On January 1, 1997, the Company entered into an agreement with PT Tunaskarya Indoswasta (Tunaskarya), a related party, for the provision by Tunaskarya of human resource management services in respect of Batamindo Industrial Park (BIP) for a term of six (6) years from the date of the agreement.

   On November 11, 2003, the Company entered into a new agreement with Tunaskarya whereby the Company shall retain Tunaskarya to provide recruitment and manpower management services in BIP in consideration of Tunaskarya maintaining good service standards contained in the agreement. The Company agreed to collect the fee on behalf of Tunaskarya from the Company's tenants which have employees residing in the dormitories in BIP. The fee is based on the optimum accommodation size of each dormitory unit occupied.

   The fees charged to operations amounted to $739,752 and $600,000 for the years ended December 31, 2004 and 2003, respectively.

PT Batamindo Executive Village (BEV)

d. On June 29, 1995, BEV entered into a marketing agency agreement with SPM, a related party, whereby BEV has appointed SPM as its exclusive marketing agent for the promotion of and sale of BEV's golf membership outside the Japan market (Japanese corporation or resident outside Japan). The agreement shall be valid until either party terminates by giving to the other party at least 3 (three) months written notice of such termination. There are no marketing expenses charged to operations in 2004 and 2003.

e. On June 29, 1995, BEV also entered into a membership services and marketing agreement with SPM, whereby BEV has appointed SPM as its agent in Singapore to provide services to members and potential members of BEV's golf club, to market the bungalows and condominiums in its housing estate situated in Sekupang and to coordinate the marketing activities of its marketing agents. The agreement shall be valid until either party terminates by giving to other party at least 3 (three) months written notice of such termination. The marketing remuneration fee charged to operations for the years ended December 31, 2004 and 2003 each amounted to $162,156.

f. On June 11, 1993, BEV entered into a project management agreement with SPM, a related party, whereby BEV has appointed SPM to provide the project management services in developing an integrated complex comprising residential housing, golfing, marina, clubhouse and recreational facilities on approximately 213 ha of land situated in Sekupang, Batam. BEV agrees to pay SPM an agency fee based on a certain percentage of final project cost. The agreement shall cease at the end of the defect liability period of the last construction contract for the project or at a mutually agreed date set after the completion of the project. There were no projects in 2004 and 2003.

23. AGREEMENTS (continued)

PT Batam Bintan Telekomunikasi (BBT)

g. On December 2, 1996, BBT entered into an operational agreement with PT Indonesian Satellite Corporation Tbk (Indosat) regarding a dedicated circuit services provided to customers in BBT's telecommunication service area covering Batamindo Industrial Park, Bintan Beach International Resort and Bintan Industrial Estate in the form of marketing, service, operational and maintenance of telecommunication systems at the agreed rates and conditions as stipulated in the agreement. The agreement has been amended from time to time. The latest amendment was on October 11, 2004 whereby Indosat renewed the agreement for another 2 (two) years until December 2, 2005.

h. On January 29, 1997, BBT entered into an agreement with PT Telekomunikasi Indonesia Tbk - Regional Division I (TELKOM DIVRE - I) regarding the use of various telecommunication infrastructures facilities and services owned by TELKOM DIVRE - I at the mutually agreed rates and conditions as stipulated in the agreement. The agreement is valid for 5 (five) years and is renewable upon agreement of both parties, and if necessary this agreement shall be reviewed every year. The latest amendment was made on November 13, 1998, concerning changes of facilities, infrastructures and services provided by TELKOM DIVRE - I which was limited only to the use of transmission canal. This amendment is valid up to January 28, 2002. Based on the side letter from TELKOM dated November 29, 2004, the term of the agreement is renewed starting from January 29, 2002 up to March 31, 2005.

i. On May 5, 1997, BBT entered into an interconnection agreement with TELKOM, whereby both parties agreed to make an interconnection between BBT's and TELKOM's Public Switched Telephone Network (PSTN) at the mutually agreed rates and conditions as stipulated in the agreement. The agreement was amended twice. Based on the latest amendment dated December 30, 1999, the agreement is valid for 3 (three) years starting January 1, 1997 and is renewable for another 3 (three) years. The agreement is automatically renewed for the following 3 (three) years unless otherwise amended by either party.

j. On October 1, 1998, BBT entered into an agreement with TELKOM - DIVNET regarding the technical, operational, maintenance and services aspect of the interconnection of each party's PSTN effective September 1, 1998. The agreement is valid in accordance with the previous interconnection agreement between BBT and TELKOM dated May 5, 1997 (Note i above).

k. On October 19, 1998, BBT entered into an agreement with TELKOM - Information Division (DIVSISFO) regarding the submission of telephone billing process to TELKOM - DIVSISFO at the agreed rates and conditions as stipulated in the agreement. The agreement has been amended from time to time. The latest amendment was on April 17, 2003 which the agreement was renewed up to December 31, 2003. As of December 31, 2004, there is no renewal agreement.

l. On May 10, 1999, BBT entered into an agreement with PT Telekomunikasi Selular (TELKOMSEL) regarding the use of BBT's various telecommunication infrastructure and supporting facilities by TELKOMSEL to operate TELKOMSEL's telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years in accordance with the agreements between BBT and TELKOM - DIVRE I, TELKOM - DIVNET and TELKOM - DIVSISFO. As of February 11, 2005, the renewal agreement is still in process to obtain approval from each party.

m. On March 1, 2000, BBT entered into an agreement with PT Satelit Palapa Indonesia (Satelindo) regarding the use of BBT's various telecommunication infrastructure and supporting facilities by Satelindo to operate its telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years up to February 28, 2005. On November 20, 2003, Satelindo was merged into Indosat whereby Indosat is the surviving company. Therefore, the agreement with Satelindo was accordingly changed to Indosat.

23. AGREEMENTS (continued)

PT Batam Bintan Telekomunikasi (BBT) (continued)

n. On November 14, 2000, BBT entered into an agreement with PT Excelcomindo Pratama (Excelcom) regarding the use of BBT's various telecommunication infrastructures and supporting facilities by Excelcom to operate Excelcom's telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years starting November 14, 2000.

o. On November 14, 2000, BBT entered into an agreement with PT Aplikanusa Lintasarta (Lintasarta) regarding the use of BBT's various telecommunication infrastructures and supporting facilities by Lintasarta to operate Lintasarta's telecommunication services in BBT's operational area, at the agreed rates and condition as stipulated in the agreement. The agreement is valid starting June 1, 2000 up to June 1, 2005. On November 3, 2003, BBT and Lintasarta amended the agreed rates effective on January 1, 2003.

p. On October 10, 2001, BBT entered into an agreement with Indosat regarding provider, service and marketing of internet services to customers in BBT's telecommunication service area. The agreement is valid starting June 1, 2001.

q. On December 14, 2001, BBT entered into an agreement with TELKOM, a shareholder, regarding the provider and marketing of TELKOMSave services with VOIP (Voice over Internet Protocol) base to customers in BBT's telecommunication service area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 2 (two) years starting December 14, 2001. Based on the side letter from TELKOM dated November 29, 2004, the term of the agreement is renewed starting June 13, 2003 up to March 31, 2005.

r. On March 26, 2002, BBT entered into an agreement with Indosat regarding provider, service and marketing of VOIP services base to customers in the BBT's telecommunication service area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 1 (one) year starting February 6, 2002, and is renewable for another 1 (one) year upon agreement of both parties. As of February 11, 2005, the renewal agreement is still in process to obtain approval from each party.

s. On April 22, 2002, BBT entered into a formal agreement for the operation of telecommunication systems at Bintan Beach International Resort (BBIR) with PT Bintan Resort Cakrawala (BRC) to cover the previous arrangement since July 1, 1997. The agreement is valid for 10 (ten) years up to June 30, 2007. Upon the expiry of the term, this agreement shall be automatically renewed for another 5 (five) years and shall continue to be automatically renewed for the same term of years, except if terminated by either party.

   Under the agreement, BBT agrees to operate fixed line telecommunications system at BBIR, administration of the billing and collection of revenue, process the application and connection of new subscriber lines and maintenance only of the telecommunication aspects of BRC's telecommunication systems equipment, cabling and radio links and the gateway facilities, and bear the costs of maintaining and operating the telecommunication aspects. The net revenues after deduction of operator's costs collected by the Company at BBIR shall be divided equally 50% for BRC.

t. On July 25, 2002, BBT entered into an agreement with PT Speed Internet Digital, whereby both parties agreed to do mutual benefit co-operation in providing Data Telecommunication services in Barelang, Karimun and Bintan. The agreement is valid for 5 (five) years starting July 25, 2002, and shall continue to be automatically renewed for the same term of years, except if terminated by either party.

23. AGREEMENTS (continued)

PT Batam Bintan Telekomunikasi (BBT) (continued)

u. On September 25, 2003, BBT entered into an agreement with TELKOM, a shareholder regarding the provider of international telecommunication traffic - SLI 007 in BBT's telecommunication area at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid since this agreement date and will be operated after TELKOM obtained the required provider license.

v. On November 5, 2003, BBT entered into an agreement with Excelcom regarding the connection of Excelcom's equipments in BBT's Data Center at the agreed rates and condition as stipulated in the agreement. The agreement is valid for 1 (one) year starting October 8, 2003. As of February 11, 2005, the renewal agreement is still in process to obtain approval from each party.

w. On October 1, 2004, the Company entered into an interconnection agreement with TELKOMSEL whereby both parties agreed to make indirect interconnection (for voice service provider) between the Company's Public Switched Telephone Network (PSTN) and TELKOMSEL's Mobile Cellular Phone Switched (STBS) Network at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid since the signing date and renewable automatically unless certain condition stated in the agreement occurs.

x. On November 29, 2004, the Company entered into an interconnection agreement with Indosat whereby both parties agreed to make interconnection between the Company's PSTN and Indosat's PSTN at the mutually agreed rates and condition as stipulated in the agreement, including SLI001/ 008 which was agreed by both parties previously based on minutes of meeting dated August 13, 1997. The agreement is valid for 1 (one) year since the signing date and renewable automatically for the following year if there is no party's intention to change or terminate the agreement.

PT Bintan Inti Industrial Estate (BIIE)

y. On October 4, 1999, BIIE entered into an Offshore Services Agreement, renewable every year, with SembCorp Parks Management Pte., Ltd. (SPM), a related party, pursuant to which SPM agreed to provide offshore services to BIIE for the Park on the terms and conditions of this agreement. As compensation, BIIE pays a fee based on the terms of the agreement. Service fees charged to operations amounted to $2,280,000 in 2004 and $2,530,000 in 2003.

z. On October 4, 1999, BIIE entered into a Technical Assistance Agreement, renewable every year, with Riau Infrastructure Management Services Pte., Ltd. (RIMS), a related party, pursuant to which RIMS agreed to provide technical assistance to BIIE for the Park, including the management and supervision of the Park on the terms and conditions of this agreement. As compensation, BIIE pays a fee based on the terms of the agreement. Technical assistance fees charged to operations for the years ended December 31, 2004 and 2003 each amounted to $170,000.

aa. In 1995, BIIE entered into an Assets Lease Agreement, renewable every year, with PT Bintan Servicatama Perkasa (BSP), a related party, for the lease of utilities infrastructure and equipment to BSP. Rentals earned under this agreement amounted to $3,810,466 in 2003. There is no renewal agreement since January 1, 2004.

bb. In connection with the above-mentioned Assets Lease Agreement, BIIE also entered into a Utilities Management Agreement, renewable every year, with BSP pursuant to which BIIE shall manage the operations of such utilities infrastructure and equipment. Utilities management fee earned under this agreement amounted to $911,756 in 2003. There is no renewal agreement since January 1, 2004.

23. AGREEMENTS (continued)

PT Bintan Inti Industrial Estate (BIIE) (continued)

cc. On September 22, 2003, BIIE entered into a Logistics and Port Management Agreement with Sembawang Kimtrans Ltd., (SK), a related party, whereby BIIE appointed SK as the operator of BIIE's port at Lobam to manage the port and provide services in accordance with the terms and conditions of this agreement.

As compensation, SK shall pay to BIIE the agreed annual rates and tariffs to the order of Bintan Shipping Services Pte Ltd., or any other Singapore incorporated company nominated by BIIE. The freight tariffs payable by BIIE's tenants to SK shall be in accordance with the rates specified in this agreement. The agreement is valid for a period of five (5) years effective from October 1, 2003. The port revenues credited to operations for the year ended December 31, 2004 amounted to $257,583.

24. CLAIMS AND CONTINGENCIES

a. As of December 31, 2004, there is a claim against PT Batamindo Executive Village, a subsidiary, 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 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 November 1, 2002, the Riau High Court ratified the claim amount to be paid to Akira and Titan, but Titan did not agree with the verdict and filed the lawsuit to the Supreme Court. As of December 31, 2004, BEV recorded the accrual for the claim amounting to $450,000 under "Trade and Other Payables" account in the consolidated balance sheet.

b. As of December 31, 2004, the Company, as plaintiff, has filed a lawsuit in the Batam District Court and Supreme Court concerning the releasing of the seizure of a place of the Company's land against PT Sinar Dunia Makmur, PT Paper Box Industries Indonesia and Paper Box Industries (Singapore) Pte., Ltd., as defendants. In November 2004, the Company has billed a balance of 10% of the purchase price amounting to Sin$500,000 remains unpaid to the Company which is recorded under "Accounts Receivable - Trade" account in the 2004 consolidated balance sheet. As of December 31, 2003, the outstanding receivable balance was recorded under "Non-Current Assets - Others" account in the 2003 consolidated balance sheets.

25. SEGMENT REPORTING

Segment information is presented in respect of the Company and its Subsidiaries' business and geographical segments. The primary format, business segments, is based on the Company and its Subsidiaries' management and internal reporting activities. The secondary format is defined based on geographical location of the Company and Subsidiaries' business activities.

Inter-segment pricing is determined on mutually agreed terms. All inter-segment transactions have been eliminated.

Segment results, assets and liabilities, income and expenses include those directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(Expressed in Singapore Dollars, unless otherwise stated)

25. SEGMENT REPORTING (continued)

a. Business Segments

In accordance with the Company's and Subsidiaries' organizational and management structure, the primary segment reporting of financial information is presented based on business segments as the risks and returns are dominantly affected by the different business activities. The business segments of the Company and its Subsidiaries comprise of the following:

Industrial park segment is engaged in activities consisting of the development, construction, operation, maintenance and management located in Batam and Bintan Island, together with the supporting infrastructure support activities.

Golf course segment provides golf course and related amenities in the integrated complex in Batam.

Utilities segment consists of activities to provide electricity and water supply, telecommunication services, wastewater and sewerage treatment at Batamindo Industrial Park area; and asset lease fee and utilities management fee at Bintan Industrial Estates area.

The following presents operating revenue, profit information, and certain assets, liabilities and other segment information for the Company and its Subsidiaries' business segments:

Year ended December 31, 2004

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Operating revenues					
Revenues to external customers	58,892,878	4,887,570	108,541,842	-	172,322,290
Inter-segment revenues	80,161	12,043	205,197	(297,401)	-
Total revenues	58,973,039	4,899,613	108,747,139	(297,401)	172,322,390
Result					
Segment results	22,479,818	1,745,515	33,517,813	(217,240)	57,525,906
Operating expenses	(9,820,372)	(3,902,961)	(14,028,473)	217,240	(27,534,566)
Other income (expenses)	7,394,418	154,777	1,590,930	(2,016,100)	7,124,025
Profit (loss) from operating activities	20,053,864	(2,002,669)	21,080,270	(2,016,100)	37,115,365
Finance costs	(4,656,772)	(149,093)	-	1,990,603	(2,815,262)
Share of profits of associates	664,837	-	-	(494,752)	170,085
Profit before income tax	16,061,929	(2,151,762)	21,080,270	(520,249)	34,470,188
Income tax expense					(12,832,670)
Minority Interests					683,315
Net profit					22,320,833
Assets and liabilities					
Segment assets	496,990,052	45,569,362	143,479,892	(54,246,266)	631,793,040
Investments in associates	79,559,021	-	-	(78,585,699)	973,322
Total assets					632,766,362
Segment liabilities	159,078,225	16,670,253	17,260,851	(49,086,669)	143,928,660

(Expressed in Singapore Dollars, unless otherwise stated)

25. SEGMENT REPORTING (continued)

a. Business Segments (continued)

Year ended December 31, 2004 (continued)

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Other segment information					
Capital expenditures	7,603,827	364,845	2,601,291	-	10,569,963
Depreciation and amortization	25,390,584	2,371,195	11,451,863	-	39,213,642
Provision for doubtful accounts (trade)	2,909,581	40,100	-	-	2,949,681
Gain on disposal of property and equipment	8,000	-	263	-	8,263

Year ended December 31, 2003

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Operating revenues					
Revenues to external customers	62,827,962	5,224,447	95,821,220	-	163,873,629
Inter-segment revenues	136,811	42,363	195,852	(375,026)	-
Total revenues	62,964,773	5,266,810	96,017,072	(375,026)	163,873,629
Result					
Segment results	29,416,129	1,973,207	28,716,398	(318,618)	59,787,116
Operating expenses	(18,106,522)	(4,454,735)	(9,261,332)	181,807	(31,640,782)
Other income (expenses)	3,727,300	(132,723)	1,531,818	(1,838,614)	3,287,781
Profit (loss) from operating activities	15,036,907	(2,614,251)	20,986,884	(1,975,425)	31,434,115
Finance costs	(5,531,140)	(138,810)	(6,032)	1,975,425	(3,700,557)
Income from associates	(1,814,339)	-	-	1,930,206	115,867
Profit before income tax	7,691,428	(2,753,061)	20,980,852	1,930,206	27,849,425
Income tax expense					(12,347,752)
Minority interests					2,376,199
Net profit					17,877,872
Assets and liabilities					
Segment assets	526,370,753	48,072,868	145,628,792	(54,022,409)	666,050,004
Investment in associate	80,270,380	-	-	(79,144,008)	1,126,372
Total assets					667,176,376
Segment liabilities	197,863,942	16,662,368	23,457,805	(54,022,409)	183,961,704
Other segment information					
Capital expenditures	2,675,997	935,255	1,871,784	-	5,483,037
Depreciation and amortization	24,514,374	2,390,404	11,807,759	-	38,712,537
Provision for doubtful accounts (trade)	3,262,367	42,193	-	-	3,304,560
Gain on disposal of property and equipment	9,639	-	-	-	9,639

b. Geographical Segments

The Company and Subsidiaries' operating revenues, assets and capital expenditures are attributable to their tenants or customers and operations in Indonesia, which are located in Batam and Bintan islands. Accordingly, no analysis by geographical segments is presented.

26. OTHER MATTER

On March 1, 1994, PT Bintan Inti Industrial Estate (BIIE), a subsidiary, entered into a joint venture agreement with PT Lembah Kemakmuran (LK), a related party, wherein BIIE and LK shall have 40% and 60% ownership interest in BSP, a related party, respectively. BSP shall have an authorized capital share of US$7,500,000 divided into 7,500,000 shares at a par value of US$1 per share and shall carry on the business of developing, constructing and managing all utilities and infrastructure facilities in the Park. BIIE has not invested in BSP up to December 31, 2003 since the Investment Coordination Board (BKPM)'s approval for conversion of the status of BSP into a foreign investment (PMA) company under the framework of the Foreign Capital Investment Law No. 1 of 1967, as amended by Law No. 11 of 1970, is still pending. Effective January 1, 2004, the joint venture agreement was terminated.

27. CASH DIVIDENDS

Based on the Shareholders' Circular Resolution dated July 19, 2004, the Company's shareholders ratified the declaration of interim cash dividends for the financial year 2004 amounting to $15,000,000 ($187.5 per share) in 2004.

Based on the Shareholders' Circular Resolution dated July 10, 2003, the Company's shareholders ratified the declaration of cash dividends for the financial year 2001 amounting to $5,000,000 ($62.5 per share) in 2003.

28. ECONOMIC CONDITIONS

The operations of the Company and Subsidiaries 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 Company and Subsidiaries.

ASSURANCE AND ADVISORY
BUSINESS SERVICES

Consolidated Financial Statements
With Independent Auditors' Report
Six Months Ended June 30, 2005 and 2004

PT BATAMINDO INVESTMENT CAKRAWALA AND SUBSIDIARIES

ERNST & YOUNG

ERNST & YOUNG
PRASETIO, SARWOKO & SANDJAJA

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
SIX MONTHS ENDED JUNE 30, 2005 AND 2004

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Independent Auditors' Report

Report No. RPC-4645

The Shareholders, Boards of Commissioners and Directors
PT Batamindo Investment Cakrawala

We have audited the consolidated balance sheets of PT Batamindo Investment Cakrawala and Subsidiaries as of June 30, 2005 and December 31, 2004, and the consolidated statements of income, changes in equity and cash flows for the six months ended June 30, 2005 and 2004, which are expressed in Singapore Dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Batamindo Investment Cakrawala and Subsidiaries as of June 30, 2005 and December 31, 2004, and the results of their operations and their cash flows for the six months ended June 30, 2005 and 2004 in accordance with International Financial Reporting Standards.

As discussed further in Note 27 to the consolidated financial statements, the Company and Subsidiaries have been affected and may continue to be affected by the economic conditions in Indonesia.

The consolidated financial statements of the Company and Subsidiaries, which are expressed in Singapore Dollars, have been prepared for use by the Company in its submission of consolidated financial statements for inclusion in the proforma consolidated financial statements of Gallant Venture Pte., Ltd., Singapore, a prospective shareholder, in connection with the latter's plan to list its shares in the Singapore Exchange Securities Trading Limited. The consolidated financial statements are not prepared for use for other purpose and may not be appropriate for such use.

Prasetio, Sarwoko & Sandjaja

Drs. Iman Sarwoko
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PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Six Months Ended June 30, 2005 and 2004
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	2005	2004
OPERATING REVENUES	3	**89,223,909**	**86,421,780**
COST OF OPERATING REVENUES	4	60,739,293	57,470,926
GROSS PROFIT		**28,484,616**	**28,950,854**
Operating expenses	4	(12,364,555)	(13,864,748)
Other income, net	4	395,443	5,054,208
Profit from operating activities		**16,515,504**	**20,140,314**
Finance costs	5	(1,369,229)	(1,558,824)
Finance income	5	325,774	478,034
Share of profits of associates, net	9	196,919	131,697
PROFIT FROM OPERATING ACTIVITIES BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS		**15,668,968**	**19,191,221**
INCOME TAX EXPENSE	6	7,409,492	7,759,946
NET PROFIT		**8,259,476**	**11,431,275**
MINORITY INTERESTS		1,100,461	10,035
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**9,359,937**	**11,441,310**
EARNINGS PER SHARE - Basic		**117.00**	**143.02**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2005 and December 31, 2004
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	June 30, 2005	December 31, 2004
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	7	220,082,961	221,333,156
Investment properties, net	8	302,169,215	307,872,118
Investments in associates	9	983,452	973,322
Deferred tax assets, net	6	722,794	534,024
Due from related parties, net	19	1,324,303	1,085,231
Other non-current assets	10	4,674,392	2,763,781
TOTAL NON-CURRENT ASSETS		**529,957,117**	**534,561,632**
CURRENT ASSETS			
Inventories	11	9,053,787	7,573,053
Trade and other receivables, net	12,17	27,420,569	31,772,882
Prepayments		226,980	553,128
Restricted cash	13,17	2,827,321	2,119,244
Cash and cash equivalents	13	57,362,889	56,186,423
TOTAL CURRENT ASSETS		**96,891,546**	**98,204,730**
TOTAL ASSETS		**626,848,663**	**632,766,362**

The accompanying notes form an integral part of these consolidated financial statements.

**PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
June 30, 2005 and December 31, 2004
(Expressed in Singapore Dollars, unless otherwise stated)**

	Notes	June 30, 2005	December 31, 2004
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Issued capital	14	135,540,341	135,540,341
Currency translation reserve	2	(5,607,306)	(5,498,212)
Difference arising from restructuring transactions of common control entities	2	5,013,121	5,013,121
Accumulated profits		315,026,716	305,666,779
		449,972,872	440,722,029
MINORITY INTERESTS	2	47,001,941	48,115,673
TOTAL EQUITY		**496,974,813**	**488,837,702**
NON-CURRENT LIABILITIES			
Employee benefits liabilities	15	2,020,179	1,854,305
Deposits from tenants and golf membership	16	39,448,978	39,852,012
Interest-bearing bank loan and other borrowings, net of current portion	17,19	26,000,000	37,250,000
Deferred tax liability, net	6	324,498	315,605
Due to related parties	19	16,970,092	20,544,945
TOTAL NON-CURRENT LIABILITIES		**84,763,747**	**99,816,867**
CURRENT LIABILITIES			
Trade and other payables	18	18,284,884	20,226,617
Taxes payable	6	3,109,697	628,835
Other current liabilities		1,215,522	756,341
Current portion of interest-bearing bank loan and other borrowings	17,19	22,500,000	22,500,000
TOTAL CURRENT LIABILITIES		**45,110,103**	**44,111,793**
TOTAL LIABILITIES		**129,873,850**	**143,928,660**
TOTAL EQUITY AND LIABILITIES		**626,848,663**	**632,766,362**

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Six Months Ended June 30, 2005 and 2004
(Expressed in Singapore Dollars, unless otherwise stated)

	Notes	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating activities before income tax expense and minority interests		15,668,968	19,191,221
Adjustments to reconcile profit from operating activities before income tax expense and minority interests to net cash provided by operating activities:			
Depreciation and amortization		18,695,008	19,565,481
Interest expenses		1,307,775	1,319,738
Difference from foreign currency translation:			
Property and equipment		24,823	227,122
Deferred tax liability		2,985	11,264
Increase in allowance for doubtful accounts - Trade and other receivables and due from related parties		25,799	2,014,300
Gain on sales of building, landrights and related infrastructure		(1,578,431)	-
Reversal of allowance for doubtful accounts		(1,200,000)	(4,000,000)
Interest income		(254,775)	(477,909)
Income from associates, net		(196,919)	(131,697)
Decrease in currency translation reserve		(107,691)	(677,116)
Gain on disposal of property and equipment		(8,533)	(233)
Changes in operating assets and liabilities:			
Trade and other receivables		5,526,514	(2,336,327)
Prepayments		326,148	23,315
Inventories		(1,480,734)	918,643
Due from related parties		(239,072)	(64,925)
Other non-current assets		(1,912,786)	6,518,115
Trade and other payables		(54,758)	(5,878,061)
Taxes payable		3,705,659	(325,730)
Other current liabilities		459,182	725,306
Employee benefit liabilities		165,874	80,522
Deposits from tenants and golf membership		(403,034)	904,447
Cash generated from operations		38,472,002	37,607,476
Corporate income tax paid		(8,817,151)	(6,912,095)
Net Cash Flows From Operating Activities		**29,654,851**	**30,695,381**

The accompanying notes form an integral part of these consolidated financial statements.

**PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Six Months Ended June 30, 2005 and 2004
(Expressed in Singapore Dollars, unless otherwise stated)**

	Notes	2005	2004
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of building, landrights and related infrastructure		2,265,000	-
Interest received		254,775	477,909
Cash dividends received		180,000	108,000
Proceeds from disposal of property and equipment		8,533	233
Acquisitions of property and equipment and investment properties		(12,441,727)	(2,610,225)
Addition in intangible assets, net		(9,400)	(48,641)
Cash dividends paid to minority interest of a subsidiary		(7,886)	-
Net Cash Flows Used in Investing Activities		**(9,750,705)**	**(2,072,724)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term debt		(11,250,000)	(11,250,000)
Decrease in due to related parties		(5,975,229)	(9,466,366)
Interests paid		(794,374)	(746,281)
Decrease (increase) in restricted cash		(708,077)	1,143,709
Net Cash Flows Used in Financing Activities		**(18,727,680)**	**(20,318,938)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,176,466**	**8,303,719**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		56,186,423	48,901,955
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	**57,362,889**	**57,205,674**
Supplemental cash flows information:			
Non-cash financing activities:			
Reversal of overaccrued interest on a shareholder's loan		866,971	-
Assumption of due from a related party by reduction of due to a related party	19	-	7,972,351

The accompanying notes form an integral part of these consolidated financial statements.

PT BATAMINDO INVESTMENT CAKRAWALA
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Six Months Ended June 30, 2005 and 2004
(Expressed in Singapore Dollars, unless otherwise stated)

		Attributable to equity holders of the parent						
	Notes	**Issued capital**	**Currency translation reserve**	**Difference arising from restructuring transactions of common control entities**	**Accumulated profits**	**Total**	**Minority interest**	**Total equity**
Balance as of January 1, 2004		135,540,341	(4,539,148)	5,013,121	298,345,946	434,360,260	48,854,412	483,214,672
Net profit for the period		-	-	-	11,441,310	11,441,310	(10,035)	11,431,275
Foreign currency translation differences	2	-	(697,090)	-	-	(697,090)	(33,858)	(730,948)
Dividend of a subsidiary		-	-	-	-	-	(8,376)	(8,376)
At June 30, 2004		**135,540,341**	**(5,236,238)**	**5,013,121**	**309,787,256**	**445,104,480**	**48,802,143**	**493,906,623**
Balance as of January 1, 2005		135,540,341	(5,498,212)	5,013,121	305,666,779	440,722,029	48,115,673	488,837,702
Net profit for the period		-	-	-	9,359,937	9,359,937	(1,100,461)	8,259,476
Foreign currency translation differences	2	-	(109,094)	-	-	(109,094)	(5,385)	(114,479)
Dividend of a subsidiary		-	-	-	-	-	(7,886)	(7,886)
At June 30, 2005		**135,540,341**	**(5,607,306)**	**5,013,121**	**315,026,716**	**449,972,872**	**47,001,941**	**496,974,813**

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL

PT Batamindo Investment Cakrawala (the Company) was incorporated in the Republic of Indonesia (RI) as a limited liability company on January 5, 1990 within the framework of the Foreign Capital Investment Law No. 1 Year 1967 of RI, as amended by Law No. 11 Year 1970, based on notarial deed No. 63 of Benny Kristianto, S.H. The deed of establishment was approved by the Ministry of Justice on September 28, 1991, and was published in Supplement No. 2093 of State Gazette No. 37 dated May 8, 1992. The Articles of Association have been amended from time to time, most recently on April 8, 2002 concerning changes in the Company's name and authorized capital, and to conform with the Corporate Law No. 1 Year 1995. This latest amendment was approved by the Ministry of Justice and Human Rights on April 25, 2002.

The establishment of the Company was made as a step toward assisting the governments of the Republics of Indonesia and Singapore in realizing their program to develop Batam Island in Indonesia as an industrial growth center.

According to Article 3 of the Company's Articles of Association, the scope of activities of the Company consists of the development of approximately 500 hectares of the Batamindo Industrial Park (the Project) consisting of an industrial complex and supporting infrastructures and amenities. The landrights were granted by Batam Industrial Development Authority (BIDA) to PT Herwido Rintis, one of the Company's shareholders, which assigned its rights and obligations to the Company, and was approved by BIDA on March 11, 1991.

The Company is domiciled in Batam Island, Indonesia and its head office is located in Jalan Rasamala, Mukakuning, Batam Island. The Company started its commercial operations in 1990.

The Company's ultimate parent company is PT Herwido Rintis.

As of June 30, 2005, the members of the Company's Boards of Commissioners and Directors are as follows:

Commissioners		Directors	
1. Uray Sjaiful Hamid	- President Commissioner	1. Anthony Salim	- President Director
2. Wong Kok Siew	- Vice President Commissioner	2. Low Sin Leng	- Vice President Director
3. S.A. Habible	- Commissioner	3. Kuky Permana Kumalaputra	- Director
4. Goh Kok Huat	- Commissioner	4. Hartono Gunawan	- Director
5. Djoko Leksono Sugiarto	- Commissioner	5. Yee Hsien Wee	- Director
		6. Teo Ban Seng	- Director

Based on circular resolution of the Company's shareholders dated July 26, 2005, Mr. Goh Chao Kuang replaced Mr. Wong Kok Siew as a vice president commissioner.

As of June 30, 2005 and December 31, 2004, the Company and Subsidiaries have a total of 1,249 and 1,244 permanent employees, respectively (unaudited).

The consolidated financial statements of the Company and Subsidiaries for the six months ended June 30, 2005, which are expressed in Singapore Dollars, were authorized for issue by the Company's Board of Directors on October 19, 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The consolidated financial statements of the Company and Subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) effective as of January 1, 2005. The consolidated financial statements, which are expressed in Singapore Dollars currency, have been prepared for use by the Company in its submission of consolidated financial statements for inclusion in the proforma consolidated financial statements of Gallant Venture Pte. Ltd., Singapore, a prospective shareholder, in connection with the latter's plan to list its shares in the Singapore Exchange Securities Trading Limited. The significant accounting policies were applied consistently in the preparation of the consolidated interim financial statements for the six months ended June 30, 2005 and 2004 and the latest consolidated annual financial statements for the year ended December 31, 2004.

The consolidated financial statements have been prepared on a historical cost basis, except for inventories which are valued at the lower of cost or net realizable value and certain investments in associates which are accounted for under the equity method.

The consolidated statements of cash flows present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and Subsidiaries as at June 30 each period, with the comparative figures in the balance sheet as of December 31, 2004. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany accounts and transactions have been eliminated on consolidation.

The consolidated financial statements include the accounts of the Company and Subsidiaries which are more than 50% owned consisting of:

	Principal Activities	Country of incorporation	Percentage of Ownership (%)
PT Batam Bintan Telekomunikasi (BBT)	Telecommunication	Indonesia	95
PT Batamindo Executive Village (BEV)	Condominiums, cottages and golf course	Indonesia	60
PT Bintan Inti Industrial Estate (BIIE)	Development and management of industrial estate	Indonesia	60

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Basis of consolidation (continued)

The acquisition of 60% share ownership in PT Bintan Inti Industrial Estate (BIIE) from PT Dwi Sinergi Utama and PT Lembah Kemakmuran in 2002 was considered as transaction entered with an entity under common control and, accordingly, was accounted for similar to a pooling-of-interests. Under this method, the financial statements presented for years prior to the acquisition in 2002 have been restated as if the entity has been combined since the beginning of the period being presented. The resulting excess of the net assets of the subsidiary acquired under common control over the purchase price amounting to $5,047,681 is recorded as "Difference Arising from Restructuring Transactions of Common Control Entities" in the equity section.

The Company's investment in PT Batamindo Investment Ltd.,(S) Singapore (BI), in which the Company has ownership interest of 100%, is not consolidated because the investment is intended to be disposed in the near future and immaterial. Therefore, the investment is recorded at cost and shown as part of "Investments in Associates" (Note 9).

Minority interests represent the interests in the subsidiaries not held by the Company.

c. Significant accounting judgements and estimates

Judgements

In the process of applying the Company and Subsidiaries' accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating Lease Commitments - the Company and Subsidiaries as Lessors

The Company and certain Subsidiaries have entered into commercial property leases on its investment property portfolio. The entities have determined that they retain all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Landrights

The Company and its Subsidiaries have accounted for the landrights under the operating lease accounting considering the term of the land use rights which do not provide for the transfer of title by the end of its term.

Investment Properties

The Company and certain Subsidiaries classifies buildings and improvements as investment properties because these are being leased out to their tenants. An insignificant portion of investment properties is held for use in the supply of services or for administrative purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Significant accounting judgements and estimates (continued)

Temporary Difference Associated with Investments in Subsidiaries and Associates

The Company does not recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates since the temporary difference will not reverse in the foreseeable future. Based on Indonesia tax laws, dividend received by a limited liability company, as a resident taxpayer, through participation in the capital of an enterprise established and domiciled in Indonesia is excluded from income tax object, provided:

- the dividend originating from retained earnings;
- the recipient of the dividend which is a limited liability company, having at least 25% share ownership of the capital of body giving dividends and these should be an active business other than the share ownership.

Revenue Recognition

The Company and certain Subsidiaries recognize revenue from the sales of land and building based on the substance of the transaction rather than transfer of the legal title. In Indonesia, the equitable interest in a property may vest in the buyer before legal title passes to the buyer and therefore the risks and rewards of ownership have been transferred at that stage.

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 period are discussed below.

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 June 30, 2005 and December 31, 2004 are $2,020,179 and $1,854,305, respectively. More details are given in Note 15.

Allowance for Doubtful Accounts

The Company and Subsidiaries provide allowance for doubtful accounts mainly based on the account collectibility and aging status of the individual receivable accounts at the end of the period. The balances of allowance for doubtful accounts as of June 30, 2005 and December 31, 2004 are $10,030,985 and $11,205,186, respectively.

Income Tax Expense

The Company and Subsidiaries calculate current and deferred tax expense based on estimated taxable income for the period, previous year tax assessments, management's tax projection on taxable income (tax loss) and realization of deferred tax asset and settlement of deferred tax liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Investments in associates

The Company's investments in its associates that are intended to be held for long term are accounted for under the equity method of accounting. An associate is an entity, not being a subsidiary, in which the Company has a long term interest of not less than 20% and not more than 50% of the equity voting rights and over which is in a position to exercise significant influence. The financial statements of the associates are used by the Company to apply the equity method. The reporting dates of the associates and the Company are identical and both use consistent accounting policies.

The cost of investment is increased or decreased by the Company's share in the net profits (losses) of the associates since the date of acquisition, dividends received and foreign currency translation adjustment arising from the financial statements translation of a certain associate.

The details of associates held by the Company are as follows:

	Principal Activities	Country of incorporation	Percentage of Ownership (%)
Batamindo Carriers Pte., Ltd.	Provision of ship and boat chartering services	Singapore	36
PT Soxal Batamindo Industrial Gases	Producing and selling nitrogen gas	Indonesia	30
Batamindo Medical Management Pte., Ltd.	Provide medical management consultancy services	Singapore	50

e. 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.

f. Foreign currency translation

The functional and presentation currency of the Company and its Subsidiaries, except PT Batam Bintan Telekomunikasi (BBT), are Singapore Dollars.

The Company and its Subsidiaries maintain their books of accounts in Indonesian Rupiah. For the purpose of these consolidated financial statements, transactions in foreign currencies are also recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statements of income, except for differences in foreign currency borrowings that are capitalized as part of property and equipment.

The functional currency of BBT is Rupiah and BBT maintains its books of accounts in the same currency. As at the reporting date, the balance sheets of BBT are translated from Rupiah into Singapore Dollars at the rates of exchange ruling at the balance sheet date, and the statements of income are translated at the average exchange rates for the period. The exchange differences arising on the translation are taken directly in the "Currency Translation Reserve" in the equity section.

(Expressed in Singapore Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization, less any impairment in value. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Landrights	15 - 80
Infrastructures	3 - 30
Golf course	36 - 45
Utilities	3 - 30
Machinery	10
Transportation equipment	5 - 7
Medical equipment	7
Furniture, fixtures and equipment	3 - 10
Telecommunication equipment	10 - 30
Leasehold improvements	5

Construction in progress is stated at cost and presented as part of the property and equipment. The accumulated costs will be reclassified to the appropriate property and equipment account when the construction is substantially completed and the asset is ready for its intended use.

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. The gain or loss on disposal or retirement of a property and equipment recognized in the consolidated statements of income is the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal.

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.

h. Investment properties

Investment properties consist of buildings and improvements held to earn rentals, including buildings which could not be sold separately and an insignificant portion is held for use in the supply of services or for administrative purposes.

The Company and Subsidiaries apply the cost model. Investment properties are stated at cost less accumulated depreciation, less any impairment in value. Depreciation is computed using the straight-line method over the estimated useful lives of the investment property as follows:

	Years
Buildings and improvements	3 - 30

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. The gain or loss on disposal or retirement of investment property recognized in the consolidated statements of income is the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal.

The carrying values of investment properties 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Borrowing costs

Interest costs and similar charges are expensed in the consolidated statements of income in the period in which they are incurred, except to the extent that they are capitalized 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 capitalized to the extent that they are regarded as an adjustment to interest costs. Capitalization of borrowing costs will cease when all the activities necessary to prepare the asset for its intended use or sale are substantially completed. There is no borrowing cost capitalization for the six months ended June 30, 2005 and 2004.

j. Other non-current assets - intangible assets

Golf membership is an intangible asset with indefinite useful life and 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 for impairment when an indicator of impairment arises during the reporting period indicating that the carrying value may not be recoverable.

Software development cost is a finite intangible asset acquired with a definite useful life, which represent the Company's cost related to the development and implementation of the new financial reporting systems. These costs are amortized using the straight-line method over the estimated useful lives of 3 (three) years.

k. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. Allowance for inventory obsolescence, if any, is provided to reduce the carrying value of inventories to their net realizable value.

l. Trade and other receivables

Trade receivables, which generally have 14 - 25 day terms, are recognized and carried at amount billed less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Company and Subsidiaries will not be able to collect the debts.

m. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and short-term time deposits with an original maturity of three months or less and are not pledged as collateral for loans or restricted as to use.

n. Financial instruments

Financial assets and financial liabilities are recognized in the consolidated financial statements when the Company and its Subsidiaries become a party to the contractual provisions of the instrument.

Profits or losses on disposal of financial assets are the difference between the net disposal proceeds and the carrying amount of the financial assets at the time of disposal and are recognized in the consolidated statements of income as they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Trade and other payables

Liabilities to contractors, suppliers, and other payables , which generally have 30-60 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and its Subsidiaries.

p. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognized at cost. After initial recognition, interest bearing loans and borrowings are measured at amortized cost.

q. Employee benefits

The Company and Subsidiaries recognized unfunded employee benefits liabilities in accordance with Labor Law No. 13/2003 dated March 25, 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 recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the present value of defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

In addition, as required by Indonesian law, the Company and Subsidiaries, as well as their employees, contribute to the state pension scheme, Jamsostek. Jamsostek contributions are recognized as compensation expense in the same period as the employment that gives rise to the contributions. The ASTEK fund from Jamsostek contribution 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.

r. Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as the lease income. Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

s. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and its Subsidiaries and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Rental and service and maintenance income

Rental income on investment properties and service and maintenance income is recognized proportionately over the lease term. The services and maintenance are provided evenly over the lease term. The aggregate cost of any incentive is recognized proportionately over the lease term and presented as a reduction of rental income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Revenue recognition (continued)

Utilities revenue

Revenue from electricity and water supply is recognized upon delivery.

Telecommunications service revenue

Revenue from telecommunication services is recognized on the accrual basis. Revenue from telecommunication installation services is recognized at the time the installations are placed in service. Revenue from network interconnection with other domestic telecommunication carriers is recognized at the time connections takes place.

Golf and social facilities revenue

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

Sales of non-refundable golf club memberships are fully recognized as revenue in the period of sale.

Clinic operation revenue

Revenue from clinic operation is recognized when medical services are rendered or when medical supplies are delivered to patients.

Sales of land and building

Revenue from the sales of land and building is recognized when all the following conditions have been satisfied:

(a) The company has transferred to the buyer the significant risks and rewards of ownership of the land and building;
(b) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land and building 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 company;
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If the above conditions are not met, the payments received are accounted for under the deposit method.

Interest income

Interest income is recognized as the interest accrues to the net carrying amount of the financial asset.

Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Segment reporting

The Company and its Subsidiaries are engaged in providing services and facilities relating to industrial estate, golf course and utilities. In accordance with the Company and Subsidiaries' organizational and management structure, the primary segment reporting of financial information is presented based on business segment as the risks and returns are dominantly affected by the different business activities. The secondary segment reporting is defined based on geographical location of the Company and Subsidiaries' business activities.

u. Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of income.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Based on Government Regulation of the RI No. 79/1999 dated September 30, 1999, companies whose main activities is sales of land and buildings, are no longer subject to final tax for each payment on sales of land and buildings (including condominiums and cottages) starting January 1, 2000.

Based on Government Regulation of RI No. 5/2002 dated March 23, 2002, each rental payment on the rental of buildings is subject to final tax of 10% from the gross rental amount starting May 1, 2002.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses, to the extent that the deductible temporary differences, carry-forward of unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilized.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(Expressed in Singapore Dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. There were 80,000 outstanding shares during each of the period presented. No diluted earnings per share is presented for the six months periods ended June 30, 2005 and 2004 as there were no dilutive potential ordinary shares during the respective periods.

w. Debt restructuring between related parties

The acquisition of BIIE's loan and its accrued interest from PT Dwi Sinergi Utama in 2002 was considered as transaction entered with an entity under common control and, accordingly, the resulting excess of the purchase price over the assets' carrying value acquired under common control entity amounting to $34,560 is recorded as "Difference Arising from Restructuring Transactions of Common Control Entities".

The effects of BIIE's shareholders' loan restructuring have been accounted for prospectively from the time of restructuring. Since the debt restructuring transactions are between related parties or companies under common control, the forgiveness of principal or accrued interest on loans and the modification of terms of loans between related parties, which resulted in gains or losses from restructuring of such debt, are recorded as "Difference Arising from Restructuring Transactions of Common Control Entities".

x. Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods maybe based on amounts that differ from those estimates.

3. OPERATING REVENUES

An analysis of operating revenues is as follows:

	2005	2004
Electricity supply	47,217,303	45,188,176
Rental from investment properties	26,431,674	26,495,443
Water supply	4,638,530	4,645,122
Telecommunication	3,032,798	4,136,588
Service and maintenance	2,379,801	2,548,813
Golf and social facilities	2,357,183	2,271,873
Sale of building, landright and related infrastructure	2,265,000	-
Clinic operation	901,620	1,135,765
Total	**89,223,909**	**86,421,780**

(Expressed in Singapore Dollars, unless otherwise stated)

4. PROFIT FROM OPERATING ACTIVITIES

The profit from operating activities is arrived at after charging/crediting:

(i) Cost of operating revenues and operating expenses

	2005	2004
Depreciation and amortization	18,695,008	19,565,481
Marketing fees (Note 19)	2,193,578	2,191,003
Offshore service fee (Note 19)	1,140,000	1,265,000
Repairs and maintenance for investment properties	903,711	581,044
Cost of sold building, landright and related infrastructure	686,569	-
Human resource management fee (Note 19)	446,859	374,284
Management fee (Note 19)	128,862	154,476
Technical assistance fee (Note 19)	122,500	122,500
Rental expense (Note 22)	53,232	33,140
Staff costs:		
Salaries, allowance and other benefits	5,491,676	6,136,471
Net employee benefits (Note 15)	261,498	261,678
Auditor's remuneration	128,244	32,868
Provision for doubtful accounts	25,799	2,014,300

(ii) Other income (expenses)

	2005	2004
Reversal of allowance for doubtful accounts:		
Third party	1,200,000	-
Related party (Note 19)	-	4,000,000
Reversal of overaccrued interest on shareholder's loan	866,971	-
Indosat World Link and internet compensation income (Note 23)	333,028	205,536
Telecommunication facility rental income (Note 23)	90,637	212,506
Gain on disposal of property and equipment	8,533	233
Tax expense (Note 6)	(1,958,304)	-
Loss on foreign exchange, net	(125,808)	(754,641)
Write-off of due to a related party (Note 19)	-	1,078,363
Miscellaneous	(19,614)	312,211
Total	**395,443**	**5,054,208**

5. FINANCE COSTS/INCOME

	2005	2004
Interest expense:		
Bank loans	553,087	838,345
Due to related parties (Note 19)	557,350	597,450
Sub-total	1,110,437	1,435,795
Miscellaneous	258,792	123,029
Total finance costs	**1,369,229**	**1,558,824**

(Expressed in Singapore Dollars, unless otherwise stated)

5. FINANCE COSTS/INCOME (continued)

	2005	2004
Interest income:		
Bank (Note 17)	325,774	473,003
Related parties (Note 19)	-	5,031
Total finance income	**325,774**	**478,034**

6. INCOME TAX

Taxes payable consist of:

	June 30, 2005	December 31, 2004
Corporate income tax payable	741,913	92,553
Tax assessments	1,958,304	-
Income taxes:		
Article 21	74,524	288,152
Article 23/26	297,109	215,944
Article 25 - December	14,088	6,721
Value Added Tax, net	23,759	25,465
Total	**3,109,697**	**628,835**

Income tax expense for the six months ended June 30, 2005 and 2004 consist of:

	2005	2004
Current tax expense		
The Company		
Final tax	5,988,756	5,953,933
Non-final tax	702,762	716,787
Sub-total	6,691,518	6,670,720
Subsidiaries		
Final tax	632,502	622,633
Non-final tax	268,334	362,037
Sub-total	900,836	984,670
Current tax expense	7,592,354	7,655,390
Deferred tax expense (income)		
Subsidiaries		
Tax loss carryforward utilized during the period	1,013,647	-
Allowances (reversal of allowances) for unrecoverable deferred tax assets - tax loss	(543,282)	2,015,317
Property and equipment	109,959	118,426
Tax loss - current period	(729,734)	(2,015,317)
Employee benefits	(33,452)	(13,870)
Deferred tax expense (income)	(182,862)	104,556
Total income tax expense	**7,409,492**	**7,759,946**

(Expressed in Singapore Dollars, unless otherwise stated)

6. INCOME TAX (continued)

The deferred tax expense (income) on temporary differences for the six months ended June 30, 2005 and 2004 is computed using the maximum tax rate of 30%.

Under Indonesian taxation laws, tax losses may be carried forward for a period of 5 (five) years. Companies in Indonesia are generally subject to progressive tax rates up to a maximum of 30%. The Company and Subsidiaries submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within 10 (ten) years from the date when the tax was payable.

On July 18, 2005, BIIE received various tax assessment letters from the Tax Office for the 2001 and 2002 fiscal years as follows:
- overpayment of 2001 corporate income tax amounting to Rp1,686,327,495
- underpayment of 2002 corporate income tax amounting to Rp3,588,072,377 (including penalty)
- underpayment of income tax art 23/26 totaling Rp8,456,673,452 (including penalty)
- underpayment of income tax art 21 totaling Rp134,513,703 (including penalty)
- underpayment of final income tax totaling Rp186,297,034 (including penalty)
- underpayment of value added tax totaling Rp609,061,894 (penalty only)
- underpayment of 2001 final tax on purchase of land amounting to Rp827,496,785 (but BIIE submitted its objection letter for this tax to Tax Office on September 15, 2005)

The net tax assessments amounting to Rp11,288,290,965 (equivalent to $1,958,304) was accrued by BIIE in the June 2005 financial statements and has been settled in August 2005.

The details of deferred tax assets, net and deferred tax liability, net are as follows:

	June 30, 2005	December 31, 2004
Subsidiaries		
Deferred Tax Assets		
Tax loss - net of expired tax loss	1,551,192	2,086,159
Employee benefits	142,343	127,653
Allowances for unrecoverable deferred tax assets - tax loss	-	(762,805)
Deferred Tax Liability		
Property and equipment	(970,741)	(916,983)
Deferred Tax Assets, Net	**722,794**	**534,024**
Subsidiaries		
Deferred Tax Assets		
Tax loss - net of expired tax loss	1,945,368	1,746,704
Employee benefits	106,517	90,739
Allowances for unrecoverable deferred tax assets - tax loss	(1,160,776)	(964,868)
Deferred Tax Liability		
Property and equipment	(1,215,607)	(1,188,180)
Deferred Tax Liability, Net	**(324,498)**	**(315,605)**

(Expressed in Singapore Dollars, unless otherwise stated)

7. PROPERTY AND EQUIPMENT

Property and equipment consist of:

	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Translation Adjustment	Ending Balance
January - June 2005					
Movements					
Carrying Value					
Landrights	42,132,802	499,875	27,662	-	42,605,015
Infrastructures	111,978,265	49,567	473,337	-	111,554,495
Golf course	25,307,322	-	-	-	25,307,322
Utilities	227,333,977	1,486,445	-	-	228,820,422
Machinery	5,694,625	35,953	-	-	5,730,578
Transportation equipment	2,668,779	2,142	97,759	(1,190)	2,571,972
Medical equipment	660,585	-	-	-	660,585
Furniture, fixtures and equipment	13,284,655	1,384,094	80,493	(1,723)	14,586,533
Telecommunication equipment	9,620,319	1,123	-	(69,146)	9,552,296
Leasehold improvements	1,049,945	86,114	115,983	-	1,020,076
Construction in progress	3,755,580	9,295,786	4,775,055	-	8,276,311
Total	443,486,854	12,841,099	5,570,289	(72,059)	450,685,605
Accumulated Depreciation and Amortization					
Landrights	11,178,048	549,892	11,969	-	11,715,971
Infrastructures	46,034,025	2,226,445	237,212	-	48,023,258
Golf course	5,883,716	281,071	-	-	6,164,787
Utilities	135,676,316	5,083,335	-	-	140,759,651
Machinery	5,448,593	47,073	-	-	5,495,666
Transportation equipment	2,341,638	78,128	97,759	(696)	2,321,311
Medical equipment	644,440	5,074	-	-	649,514
Furniture, fixtures and equipment	9,439,765	436,700	80,493	(1,192)	9,794,780
Telecommunication equipment	4,457,212	328,937	-	(45,346)	4,740,803
Leasehold improvements	1,049,945	2,941	115,983	-	936,903
Total	222,153,698	9,039,596	543,418	(47,234)	230,602,644
Net Carrying Value					
Landrights	30,954,754				30,889,044
Infrastructures	65,944,240				63,531,237
Golf course	19,423,606				19,142,535
Utilities	91,657,661				88,060,771
Machinery	246,032				234,912
Transportation equipment	327,141				250,661
Medical equipment	16,145				11,071
Furniture, fixtures and equipment	3,844,890				4,791,753
Telecommunication equipment	5,163,107				4,811,493
Leasehold improvements	-				83,173
Construction in progress	3,755,580				8,276,311
Total	221,333,156				220,082,961

(Expressed in Singapore Dollars, unless otherwise stated)

7. PROPERTY AND EQUIPMENT (continued)

	Beginning Balance	Additions/ Reclassifications	Disposals/ Reclassifications	Translation Adjustment	Ending Balance
January - December 2004 Movements					
Carrying Value					
Landrights	40,855,502	1,277,300	-	-	42,132,802
Infrastructures	111,760,712	492,215	274,662	-	111,978,265
Golf course	25,307,322	-	-	-	25,307,322
Utilities	227,730,711	900,754	1,297,488	-	227,333,977
Machinery	5,596,277	98,348	-	-	5,694,625
Transportation equipment	2,666,702	57,206	46,828	(8,301)	2,668,779
Medical equipment	652,547	8,038	-	-	660,585
Furniture, fixtures and equipment	23,156,513	3,047,444	12,908,403	(10,899)	13,284,655
Telecommunication equipment	10,033,087	269,507	-	(682,275)	9,620,319
Leasehold improvements	1,045,540	4,405	-	-	1,049,945
Construction in progress	5,125,657	2,733,900	4,103,977	-	3,755,580
Total	453,930,570	8,889,117	18,631,358	(701,475)	443,486,854
Accumulated Depreciation and Amortization					
Landrights	9,451,313	1,726,735	-	-	11,178,048
Infrastructures	41,611,821	4,696,866	274,662	-	46,034,025
Golf course	5,321,575	562,141	-	-	5,883,716
Utilities	126,693,693	10,280,111	1,297,488	-	135,676,316
Machinery	4,923,672	524,921	-	-	5,448,593
Transportation equipment	2,228,929	165,702	46,828	(5,165)	2,341,638
Medical equipment	635,003	9,437	-	-	644,440
Furniture, fixtures and equipment	21,438,576	919,863	12,908,403	(10,271)	9,439,765
Telecommunication equipment	4,186,722	685,625	-	(415,135)	4,457,212
Leasehold improvements	996,350	53,595	-	-	1,049,945
Total	217,487,654	19,624,996	14,527,381	(431,571)	222,153,698
Net Carrying Value					
Landrights	31,404,189				30,954,754
Infrastructures	70,148,891				65,944,240
Golf course	19,985,747				19,423,606
Utilities	101,037,018				91,657,661
Machinery	672,605				246,032
Transportation equipment	437,773				327,141
Medical equipment	17,544				16,145
Furniture, fixtures and equipment	1,717,937				3,844,890
Telecommunication equipment	5,846,365				5,163,107
Leasehold improvements	49,190				-
Construction in progress	5,125,657				3,755,580
Total	236,442,916				221,333,156

As of June 30, 2005, construction in progress of the Company, PT Bintan Inti Industrial Estate, and PT Batam Bintan Telekomunikasi amounting to $7,220,183 includes all costs related to the construction of the industrial complex, supporting infrastructures and amenities and telecommunication project. The accumulated costs will be transferred to the appropriate property and equipment and investment property accounts upon completion of the specific phases of the Project.

(Expressed in Singapore Dollars, unless otherwise stated)

7. PROPERTY AND EQUIPMENT (continued)

As of June 30, 2005, PT Batamindo Executive Village (BEV)'s construction in progress amounting to $1,056,128 mainly includes all preliminary costs related to the construction of condominium phase 3A and for golf course phase 2 such as design, soil investigation and consultation fee. The management of BEV believes that the postponed projects can be realized upon shareholders' approval that depends on the improvement of economic conditions in Indonesia.

Property and equipment, except for landrights, are covered by insurance against losses by fire and other risks under blanket policies for $549,437,060, which in management's opinion, is adequate to cover possible losses arising from such risks.

The Company and PT Batamindo Executive Village's (BEV's) land use rights and property ("Hak Guna Bangunan"/"HGB") at Batam island, which are leased from Batam Industrial Development Authority, are valid for 30 (thirty) years up to the following expiration dates:

HGB	Expiration Date
The Company (271 hectares)	December 18, 2019 and February 26, 2025
BEV (213 hectares)	August 31, 2020

BIIE's HGB covering a land of approximately 173 hectares at Bintan Island is valid for 80 (eighty) years up to August 24, 2075. As of June 30, 2005, the HGB on another 100 hectares of land is not yet transferred under BIIE's name.

8. INVESTMENT PROPERTIES

The movements of investment properties for the six months ended June 30, 2005 and year ended December 31, 2004 are as follows:

	2005	2004
Balance at beginning of period	307,872,118	325,779,918
Additions:		
Transfer from property and equipment - construction in progress	3,275,686	1,654,901
Subsequent expenditures	1,100,000	25,945
Disposal of investment property	(434,752)	-
Depreciation charged for the period	(9,643,837)	(19,588,646)
Balance at end of period	**302,169,215**	**307,872,118**

	June 30, 2005	December 31, 2004
Carrying value	501,883,220	498,221,669
Accumulated depreciation	(199,714,005)	(190,349,551)
Net carrying value	**302,169,215**	**307,872,118**

(Expressed in Singapore Dollars, unless otherwise stated)

8. INVESTMENT PROPERTIES (continued)

The fair value of the investment properties, except PT Batamindo Executive Village (BEV)'s investment properties, as of June 30, 2005 amounted to $403.5 million and were based on the recent valuation using the "Open Market Value and Depreciated Replacement Cost Method", by independent professional valuers, Colliers International Consultancy and Valuation (Singapore) Pte., Ltd. The net carrying values of BEV's investment properties as of June 30, 2005 amounted to $1,405,337.

9. INVESTMENTS IN ASSOCIATES

Investments in associates consist of:

	June 30, 2005				
	Percentage of Ownership (%)	Cost	Accumulated Income from Associates	Foreign Currency Translation	Carrying Value
Batamindo Carriers Pte., Ltd., Singapore	36	180,000	324,787	-	504,787
PT Soxal Batamindo Industrial Gases, Indonesia	30	358,050	122,402	(6,789)	473,663
Batamindo Medical Management Pte., Ltd., Singapore (BMM)	50	5,000	-	-	5,000
Batamindo Investment Ltd.,(S) Singapore (BI)	100	2	-	-	2
Total		543,052	447,189	(6,789)	983,452

	December 31, 2004				
	Percentage of Ownership (%)	Cost	Accumulated Income from Associates	Foreign Currency Translation	Carrying Value
Batamindo Carriers Pte., Ltd., Singapore	36	180,000	322,876	-	502,876
PT Soxal Batamindo Industrial Gases, Indonesia	30	358,050	172,528	(65,134)	465,444
Batamindo Medical Management Pte., Ltd., Singapore (BMM)	50	5,000	-	-	5,000
Batamindo Investment Ltd.,(S) Singapore (BI)	100	2	-	-	2
Total		543,052	495,404	(65,134)	973,322

Investments in BMM and BI are recorded at cost and are not consolidated or accounted for at equity although the Company's ownership interest are more than 20% because the Company's management plan to dispose of these Subsidiaries in the near future.

(Expressed in Singapore Dollars, unless otherwise stated)

9. INVESTMENTS IN ASSOCIATES (continued)

All associates are private entities that are not listed on any public exchange and therefore there is no published quotation price for the fair value of these investments. The following table illustrates summarized information of the investment in associates, excluding BMM and BI:

	June 30, 2005	December 31, 2004
Share of associates' balance sheets:		
Current assets	788,876	663,677
Non-current assets	513,356	562,170
Current liabilities	(323,782)	(257,527)
Net assets	**978,450**	**968,320**

	2005	2004
Share of associates' revenues, profits and dividends:		
Revenue	830,311	821,428
Profit	196,919	131,697
Dividend	180,000	108,000

10. OTHER NON-CURRENT ASSETS

Other non-current assets consist of:

	June 30, 2005	December 31, 2004
Intangible assets:		
- Golf membership, net of impairment loss	2,022,524	2,013,124
- Software development cost, net of amortization	36,654	48,229
Advances for purchase of assets	1,922,307	-
Estimated claims for income tax refund	692,907	702,428
Net	**4,674,392**	**2,763,781**

Based on decision letters from the Directorate General of Taxes No. 00002/406/99/018/04 and No. 00015/406/00/018/04 dated March 10, 2004, PT Bintan Inti Industrial Estate's claims for income tax refunds in 1999 and 2000 were received in April 2004 amounting to $149,767 and $278,737, respectively.

(Expressed in Singapore Dollars, unless otherwise stated)

10. OTHER NON-CURRENT ASSETS (continued)

Due to the low market demand for golf membership, the Company recognized accumulated impairment loss as of June 30, 2005 and December 31, 2004 each amounting to $2,240,160 which represents the write-down of the non-refundable golf membership purchased from PT Batamindo Executive Village to recoverable amount. The recoverable amount was based on the published market price of the golf membership.

The movements of intangible assets are as follows:

June 30, 2005

	Golf Membership	Software Development Cost
Net carrying value at beginning of period	2,013,124	48,229
Addition	9,400	-
Amortization	-	(11,575)
Net carrying value at end of period	**2,022,524**	**36,654**
Cost	4,262,684	69,450
Accumulated amortization and impairment	(2,240,160)	(32,796)
Net carrying value at end of period	**2,022,524**	**36,654**

December 31, 2004

	Golf Membership	Software Development Cost
Net carrying value at beginning of period	2,151,036	-
Addition (deduction)	(137,912)	69,450
Amortization	-	(21,221)
Net carrying value at end of period	**2,013,124**	**48,229**
Cost	4,253,284	69,450
Accumulated amortization and impairment	(2,240,160)	(21,221)
Net carrying value at end of period	**2,013,124**	**48,229**

11. INVENTORIES

Inventories consist of the following which are stated at cost:

	June 30, 2005	December 31, 2004
Fuel and lubrication oil for power house	8,761,282	7,278,964
Medicines	61,917	67,251
Other inventories	230,588	226,838
Net	**9,053,787**	**7,573,053**

(Expressed in Singapore Dollars, unless otherwise stated)

12. TRADE AND OTHER RECEIVABLES, NET

Trade and other receivables consist of:

	June 30, 2005	December 31, 2004
Trade receivables	35,151,192	40,354,092
Less allowance for doubtful accounts	(10,030,985)	(11,205,186)
Net	25,120,207	29,148,906
Other receivables	2,300,362	2,623,976
Total	**27,420,569**	**31,772,882**

Trade receivables mainly arise from rental of buildings, electricity, service and water charges and sales of land, buildings, condominiums and golf membership.

Certain trade receivables are used as collateral for the interest-bearing bank loan obtained by the Company (Note 17).

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	June 30, 2005	December 31, 2004
Cash on hand	363,259	383,288
Cash in banks	31,229,125	26,058,671
Cash equivalents		
Time deposits	25,770,505	29,744,464
Total	**57,362,889**	**56,186,423**
Annual interest rate on time deposits:		
Singapore Dollars	0.7% - 1.9%	0.5% - 1.2%
Rupiah	5.75% - 6.0%	5.75% - 6.5%
United States Dollars	0.65% - 2.79%	0.65% - 1.89%

Cash in banks includes these accounts which earn interest at floating rates based on daily bank deposit rates.

Certain cash in bank, which is restricted or used as collateral for the interest-bearing bank loan obtained by the Company, is recorded as "Restricted Cash" in the consolidated balance sheets (Note 17).

(Expressed in Singapore Dollars, unless otherwise stated)

14. ISSUED CAPITAL

	June 30, 2005	December 31, 2004
Authorized, issued and fully paid - 80,000 ordinary shares at US$1,000 par value per share	135,540,341	135,540,341

The Company's shareholders and their respective share ownership as of June 30, 2005 and 2004 are as follows:

Shareholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount
PT Herwido Rintis, Jakarta	40,000	50.0%	64,371,096
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	30,000	37.5%	54,292,360
Ascendas Investment Pte., Ltd., Singapore	10,000	12.5%	16,876,885
Total	80,000	100.0%	135,540,341

The ordinary shares have the right to receive dividends declared and entitle their holders to one vote, either in person or by proxy, at a meeting of the Company's shareholders.

Due to translation of issued capital using historical rates, the percentage of ownership to be derived at, based on the Singapore Dollars financial statements, is different from the actual percentage of ownership among shareholders.

15. EMPLOYEE BENEFITS LIABILITIES

The Company and Subsidiaries provide benefits for their employees who achieve the retirement age at 55 years based on the provisions of the Labor Law. The benefits are unfunded.

The following tables summarize the components of net employee benefits expenses recognized in the consolidated statements of income and the unfunded status and amounts recognized in the consolidated balanced sheets for the employee benefits liabilities as determined by an independent actuary (PT Dayamandiri Dharmakonsilindo) in their reports dated February 4, 2005.

a. Net employee benefits expenses:

	2005	2004
Current service cost	159,759	125,880
Interest cost	93,359	97,308
Amortization of unvested past service cost	8,380	38,490
Net employee benefits expenses	261,498	261,678

(Expressed in Singapore Dollars, unless otherwise stated)

15. EMPLOYEE BENEFITS LIABILITIES (continued)

b. Employee benefits liabilities:

	June 30, 2005	December 31, 2004
Present value of employee benefits liabilities	2,276,222	2,178,641
Fair value of plan assets	-	-
Unfunded status	2,276,222	2,178,641
Unrecognized past service cost - vested	-	(41,007)
Unrecognized past service cost - unvested	(266,871)	(279,065)
Unrecognized actuarial losses	10,828	(4,264)
Employee benefits liabilities	**2,020,179**	**1,854,305**

Movements of the employee benefits liabilities for the six months ended June 30, 2005 and year ended December 31, 2004 are as follows:

	2005	2004
Balance at beginning of the period	1,854,305	1,655,004
Net employee benefits expenses		
January - June	261,498	261,678
July - December	-	221,692
Foreign exchange difference	(24,001)	(206,372)
Less: actual benefit payments	(71,623)	(77,697)
Balance at end of the period	**2,020,179**	**1,854,305**

The principal assumptions used in determining employee benefits liabilities as of June 30, 2005 and December 31, 2004 are as follows:

Discount rate	: 11% p.a.
Annual salary increases	: 9% p.a.
Mortality rate	: CSO 1980
Retirement age	: 55 years old (all employees are assumed to retire at their retirement age)
Turnover rates	: 5% up to age 25 and reducing linearly by 0.25% for each year up to 0% at the age 45 and thereafter.
Disability rates	: 10% of the mortality rate

16. DEPOSITS FROM TENANTS AND GOLF MEMBERSHIP

This account consists of:

	June 30, 2005	December 31, 2004
Deposits from tenants	31,689,458	31,914,892
Refundable golf membership deposits	7,759,520	7,937,120
Total	**39,448,978**	**39,852,012**

(Expressed in Singapore Dollars, unless otherwise stated)

16. DEPOSITS FROM TENANTS AND GOLF MEMBERSHIP (continued)

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 August 1, 2020.

17. INTEREST-BEARING BANK LOAN AND OTHER BORROWINGS

Interest-bearing bank loan and other borrowings consist of:

	June 30, 2005	December 31, 2004
Bank loan		
United Overseas Bank Limited, Singapore	22,500,000	33,750,000
Other borrowings:		
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore (Note 19)	16,250,000	16,250,000
Ascendas Investment Pte., Ltd., Singapore (Note 19)	9,750,000	9,750,000
	48,500,000	59,750,000
Less portion due within 1 year		
Bank loan	22,500,000	22,500,000
Long-term portion	**26,000,000**	**37,250,000**

On May 24, 2002, the Company entered into a credit agreement relating to a $90 million term loan facility with United Overseas Bank Limited, Singapore (UOBL) (formerly Overseas Union Bank Limited/ OUBL) which was used to finance the share acquisition of PT Bintan Inti Industrial Estate (BIIE). This loan is secured by an assignment of accounts receivable and the related bank account with UOBL, which is maintained for the collections of such accounts receivable. This loan bears annual interest at rates ranging from 3.41% to 4.12% for the six months ended June 30, 2005 and from 2.71% to 3.41% for the year ended December 31, 2004 and is payable in 16 (sixteen) equal quarterly installments beginning June 2002. The loan agreement generally includes certain covenants, among others, which require the Company to maintain some financial ratios.

Based on Shareholders' Loan Agreement dated February 25, 2002, PT Bintan Inti Industrial Estate (BIIE) has unsecured loans from PT Dwi Sinergi Utama (DSU), Singapore Technologies Industrial Corporation Pte., Ltd., Singapore (STIC) and Ascendas Investment Pte., Ltd., Singapore amounting to $39,000,000, $16,250,000 and $9,750,000, respectively (or totaling $65,000,000) and bear annual interest rate at 8%, which may be subject to revision from time to time by mutual agreement between BIIE and the lenders. The interest accrued on the loans shall be paid at semiannual intervals where the first payment will be made in June 2003. Based on this agreement, the shareholders shall not require BIIE to repay the whole or any part of the loans within one (1) year from the date of the agreement. The loans are unsecured and have no fixed repayment dates.

(Expressed in Singapore Dollars, unless otherwise stated)

17. INTEREST-BEARING BANK LOAN AND OTHER BORROWINGS (continued)

Based on the Transfer of Loan, Advance and Interest Agreement dated May 22, 2002, DSU sold and transferred all of its rights, ownership title, interest and benefit in BIIE's loan to the Company at certain price which was previously agreed by both parties in the Sale and Purchase Agreement for Exchangeable Bond, Advance, Loan and Interest dated May 14, 2002.

Based on the Second Supplementary Agreement dated December 15, 2003 and the Third Supplementary Agreement dated April 1, 2004, BIIE's shareholders also agreed to reduce the interest rate at 4% per annum up to March 31, 2004 and continue to remain at 4% per annum with effect from April 1, 2004 until further revision by BIIE's shareholders in writing. In August 2004, BIIE has paid interest to shareholders (including to the Company) amounting to $2,636,112.

18. TRADE AND OTHER PAYABLES

Trade and other payables consist of:

	June 30, 2005	December 31, 2004
Due to contractors	1,104,988	1,001,549
Other payables	4,151,929	5,107,739
Accrued operating expenses	7,187,667	7,923,459
Accrued interest		
Bank loans	69,072	88,286
Related parties (Note 19)	5,771,228	6,105,584
Total	**18,284,884**	**20,226,617**

19. RELATED PARTIES DISCLOSURES

Details of amounts receivable and amounts payable from/to related parties are as follows:

	June 30, 2005	December 31, 2004
Due from related parties		
Gallant Venture Pte., Ltd., Singapore	343,585	256,422
Bintan Shipping Services Pte., Ltd., Singapore	317,522	319,497
Riau Infrastructure Management Services Pte., Ltd., Singapore	243,840	158,839
PT Soxal Batamindo Industrial Gases	220,649	237,414
Sembawang Kimtrans Ltd., Singapore	91,240	5,270
Batamindo Shipping & Warehousing Pte., Ltd., Singapore	73,398	6,354
PT Karimun Indojaya Cakrawala, net of allowance for doubtful accounts of $833,590	21,516	21,515
PT Bintan Industrial Management	6,000	-
PT Bintan Resort Cakrawala	5,326	7,215
SembCorp Parks Management Pte., Ltd., Singapore	772	72,705
PT Buana Megawisatama	455	-
Total	**1,324,303**	**1,085,231**

(Expressed in Singapore Dollars, unless otherwise stated)

19. RELATED PARTIES DISCLOSURES (continued)

	June 30, 2005	December 31, 2004
Accounts receivable - trade*		
PT Tunaskarya Indoswasta	132,865	112,377
PT Bintan Resort Cakrawala	8,304	7,776
Total	**141,169**	**120,153**

* The related amounts are presented as part of "Trade and Other Receivables, Net" (Note 12) in the consolidated balance sheets.

	June 30, 2005	December 31, 2004
Interest-bearing other borrowings (Note 17)		
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	16,250,000	16,250,000
Ascendas Investment Pte., Ltd., Singapore	9,750,000	9,750,000
Total	**26,000,000**	**26,000,000**
Due to related parties		
PT Lembah Kemakmuran	9,907,634	12,377,768
SembCorp Parks Management Pte., Ltd., Singapore	3,896,444	4,813,552
Sumitomo Rubber Industries Ltd., Japan (US$600,000)	1,011,013	980,384
Sumitomo Electric Industries Ltd., Japan (US$400,000)	674,008	653,589
Obayashi Corporation, Japan (US$400,000)	674,008	653,589
Sembawang KMP Corporation Pte., Ltd., Singapore (US$200,000)	336,921	326,795
Bintan Carrier Services Pte., Ltd., Singapore	276,578	276,578
PT Surya Bangun Pertiwi	103,792	66,983
PT Bintan Resort Cakrawala	89,694	71,697
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	-	322,072
PT Buana Megawisatama	-	1,938
Total	**16,970,092**	**20,544,945**
Trade and other payables*		
PT Tunaskarya Indoswasta	328,223	179,989

* The related amounts are presented as part of "Trade and Other Payables" (Note 18) in the consolidated balance sheets.

	June 30, 2005	December 31, 2004
Accrued expenses - interest		
Ascendas Investment Pte., Ltd., Singapore	3,039,596	2,847,304
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	2,731,632	3,258,280
Total	**5,771,228**	**6,105,584**

(Expressed in Singapore Dollars, unless otherwise stated)

19. RELATED PARTIES DISCLOSURES (continued)

The following transactions have been entered into with related parties:

Cost of Operating Revenues and Operating Expenses:

	2005	2004
Management fees		
PT Herwido Rintis	128,862	154,476
Marketing fees		
SembCorp Parks Management Pte., Ltd., Singapore	2,112,500	2,112,500
Marketing remuneration fees		
SembCorp Parks Management Pte., Ltd., Singapore	81,078	78,503
Technical assistance charges		
Riau Infrastructure Management Services Pte., Ltd., Singapore	122,500	122,500
Offshore service fees		
SembCorp Parks Management Pte., Ltd., Singapore	1,140,000	1,265,000
Human resource management fees		
PT Tunaskarya Indoswasta	446,859	374,284

Finance costs:

	2005	2004
Interest expenses		
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	325,000	357,500
Ascendas Investment Pte., Ltd., Singapore	195,000	214,500
Sumitomo Electric Industries Ltd., Japan	10,824	6,375
Obayashi Corporation, Japan	10,798	6,375
Sumitomo Rubber Industries Ltd., Japan	10,308	9,563
Sembawang KMP Corporation Pte., Ltd., Singapore	5,420	3,137
Total	**557,350**	**597,450**

Finance income:

	2005	2004
Interest income		
PT Soxal Batamindo Industrial Gases	-	5,031

19. RELATED PARTIES DISCLOSURES (continued)

The nature of account balances/transactions with related parties are as follows:

Related Parties	Nature of Account Balances/Transactions
PT Bintan Resort Cakrawala	Provide telecommunication services in Bintan Beach International Resort (BBIR), revenue sharing for the operation of telecommunication systems at BBIR and intercompany charges.
PT Soxal Batamindo Industrial Gases	Investment in associate, grant interest bearing loan.
Sumitomo Rubber Industries Ltd., Japan	Receive interest bearing loan.
Sumitomo Electric Industries Ltd., Japan	Receive interest bearing loan.
Obayashi Corporation, Japan	Receive interest bearing loan.
Sembawang KMP Corporation Pte., Ltd., Singapore	Receive interest bearing loan.
SembCorp Parks Management Pte., Ltd.,	Marketing fee, membership services and marketing remuneration fee, offshore service fee and intercompany charges.
Riau Infrastructure Management Services Pte., Ltd., Singapore	Technical assistance fee.
PT Herwido Rintis	Management fee and intercompany charges.
Singapore Technologies Industrial Corporation Pte., Ltd., Singapore	Marketing fee and receive interest bearing loan.
Ascendas Investment Pte., Ltd., Singapore	Receive interest bearing loan.
Bintan Shipping Services Pte., Ltd., Singapore	Shipping services.
Bintan Carrier Services Pte., Ltd., Singapore	Shipping services.
Sembawang Kimtrans Ltd., Singapore	Shipping services.
PT Surya Bangun Pertiwi	Project consultant, purchase of land.
PT Buana Megawisatama	Fuel supplier.
PT Lembah Kemakmuran	Advances held in trust on behalf of PT Bintan Servicatama Perkasa, receive non-interest bearing loan and intercompany charges.
Batamindo Medical Management Pte., Ltd., Singapore	Investment in associate, medical consultancy fee.
PT Tunaskarya Indoswasta	Provision of human resource management services.
Batamindo Shipping & Warehousing Pte., Ltd., Singapore	Provision of shipping freight forwarding, storage and warehousing services.
SembCorp Industries Ltd., Singapore	Marketing fee.
PT Karimun Indojaya Cakrawala	Intercompany charges.
Gallant Venture Pte., Ltd., Singapore	Intercompany charges.
PT Bintan Industrial Management	Intercompany charges.

19. RELATED PARTIES DISCLOSURES (continued)

Due from PT Soxal Batamindo Industrial Gases (Soxal) represents loan which bears interest at 1% a year over the prime rate of Development Bank of Singapore Ltd. and has no fixed repayment date. This loan was used to finance Soxal's purchases of fixed assets and working capital requirements.

Due from PT Karimun Indojaya Cakrawala (KIC) represents mainly interest expense paid on behalf of KIC to Overseas Chinese Banking Corporation amounting to $813,591 as of June 30, 2005 and December 31, 2004. In 2002, the Company provided 100% allowance for doubtful accounts to cover possible losses on non-collection of the account.

As of December 31, 2003, PT Bintan Inti Industrial Estate (BIIE) held in trust non-interest bearing advances from PT Lembah Kemakmuran (LK) on behalf of PT Bintan Servicatama Perkasa (BSP) amounting to $21,420,996. Following the termination of joint venture agreement between BIIE and LK, on January 1, 2004, LK agreed to assume BIIE's receivables from BSP amounting to $7,972,351 and write off of a part of the advances amounting to $1,078,363. This transaction also resulted in the reversal of BIIE's allowance for doubtful accounts on receivables from BSP amounting to $4,000,000.

Based on loan agreement dated October 6, 2004 with effect from January 1, 2004, the remaining balance of advances from LK is converted to be a non-interest bearing loan for BIIE with no fixed repayment date amounting to $12,370,282. The loan will be used for BIIE's working capital purpose. On February 2005, BIIE has paid a part of the loan to LK amounting to $2,500,000.

Due to Sumitomo Rubber Industries Ltd., Sumitomo Electric Industries Ltd., Obayashi Corporation and Sembawang KMP Corporation Pte., Ltd., represent loans denominated in U.S. dollars received by PT Batamindo Executive Village (BEV), a subsidiary, from its minority shareholders, which will be due on March 31, 2006. These loans are unsecured and bear annual interest at 0.7% over SIBOR.

Other due from and due to related parties are non-interest bearing, unsecured and have no fixed repayment dates.

The related parties are under common control by the same shareholders and/or same boards of directors or commissioners of the Company and/or Subsidiaries.

Directors' remunerations

The executive members of the Board of Directors do not receive any remuneration from the Company and its Subsidiaries for the six months ended June 30, 2005 and 2004, except 1 (one) director at PT Batamindo Executive Village and directors at PT Batam Bintan Telekomunikasi.

20. FINANCIAL INSTRUMENTS

Fair values

Current financial assets and liabilities

The Company and its Subsidiaries' current financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables and current borrowings. The carrying values of the Company and its Subsidiaries' current financial instruments approximate their fair value due to the short-term maturity of these financial instruments.

(Expressed in Singapore Dollars, unless otherwise stated)

20. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

Non-current financial assets and financial liabilities

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 amortized cost. It is not practical to estimate the fair values of balances with related parties, other long-term receivables, other long-term borrowings and deposits from tenants due to a lack of fixed or repayment terms between both parties.

A comparison by category of carrying amounts and fair values of other non-current financial assets and liabilities as of June 30, 2005 and December 31, 2004 is set out below:

	Carrying Amount		Fair value	
	2005	2004	2005	2004
Financial Liabilities				
Refundable golf membership deposits (Note 16)	7,759,520	7,937,120	4,787,557	4,983,108

The Company's directors estimated the fair values by discounting the expected future cash flows based on current 15-year Singapore government bond rates for refundable golf membership deposits.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Company and Subsidiaries' financial instruments that are exposed to interest rate risk, which excluding other interest-earning financial asset and interest-bearing financial liabilities with no fixed or repayment terms.

June 30, 2005

Floating rate

	Within 1 year	1-2 years	More than 2 years	Total
Cash and cash equivalents	40,277,662	-	-	40,277,662
Interest-bearing bank loan (Note 17)	22,500,000	-	-	22,500,000

December 31, 2004

Floating rate

	Within 1 year	1-2 years	More than 2 years	Total
Cash and cash equivalents	38,413,374	-	-	38,413,374
Interest-bearing bank loan (Note 17)	22,500,000	11,250,000	-	33,750,000

21. FINANCIAL RISK MANAGEMENT

The Company and its Subsidiaries are affected by various financial risks, including credit risk, foreign currency risk, interest rate risk and liquidity risk. The Company and its Subsidiaries' overall risk management objectives are to effectively manage these risks and minimize potential adverse effects on their financial performance. The Board of Directors reviews and agrees with the policies for managing each of these risks, as well as economic risk and business risk of the Company and its Subsidiaries, which are summarized below, and also monitors the market price risk arising from all financial instruments.

21. FINANCIAL RISK MANAGEMENT (continued)

a. Credit risk

The financial assets that potentially subject the Company and its Subsidiaries to significant concentrations of credit risk consist principally of cash and cash equivalents, trade and other receivables, and due from related parties. The Company and its Subsidiaries have in place credit policies and procedures to ensure the ongoing credit evaluation and active account monitoring.

The Company and its Subsidiaries' exposure 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.

b. Foreign currency risk

The Company and its Subsidiaries are exposed to foreign currency exchange rate movement primarily in Indonesian Rupiah on certain expenses, assets and liabilities which arise from daily operations.

The Company uses foreign currency denominated assets as a natural hedge against its foreign currency denominated liabilities. As at balance sheet date, the Company and Subsidiaries' current exposure to foreign exchange risk is not significant and most transactions are denominated in Singapore Dollars (their functional currency), except for PT Batam Bintan Telekomunikasi whose functional currency is Rupiah.

c. Fair value interest rate risk

The Company and certain Subsidiaries are financed through interest-bearing bank loans and other borrowings such as shareholders' loans and advances from related parties. Therefore, the Company's exposure to market risk for changes in interest rates relates primarily to its long-term borrowing obligations and interest-bearing assets and liabilities. The Company'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-term borrowings.

d. Liquidity risk

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

(Expressed in Singapore Dollars, unless otherwise stated)

22. COMMITMENTS

a. Operating leases - the Company and PT Bintan Inti Industrial Estate (BIIE) as lessors

The Company and BIIE have entered into operating leases of factory buildings mainly with terms of three (3) years. Future minimum rentals receivable under non-cancellable operating leases are as follows as of June 30:

The Company:

	2005	2004
Within 1 year	23,698,120	28,345,390
Between 1 and 5 years	21,158,879	44,883,731
After 5 years	-	258,492
Total	**44,856,999**	**73,487,613**

BIIE:

	2005	2004
Within 1 year	5,512,652	5,544,033
Between 1 and 5 years	5,355,799	6,590,467
Total	**10,868,451**	**12,134,500**

At the expiration of the lease term or earlier termination of the lease agreement, the lessee is obliged to surrender the lease premises to the Company and BIIE in its original vacant condition except for normal wear and tear and any damage for which the Company and BIIE are liable and to remove any modifications, alterations or additions except those which the Company and BIIE shall mutually agree will remain.

b. Operating leases - the Company and Subsidiaries as lessees

The Company and Subsidiaries have entered into operating leases of certain properties with terms of one (1) year. Rental expense pertaining to the leased properties charged to operations amounted to $53,232 and $33,140 for the six months ended June 30, 2005 and 2004, respectively.

c. Capital expenditure commitments in respect of contracts placed

As of June 30, 2005, the outstanding uncompleted contracts for constructions in progress of the Company and BIIE, a subsidiary, amounted to about $50.11 million.

23. AGREEMENTS

The Company

a. On March 24, 2005 and August 10, 2004, the Company entered into technical assistance agreements whereby the Company has appointed Riau Infrastructure Management Services Pte., Ltd. (RIMS), a related party, to provide technical assistance for the development of the Project. Each agreement covers a period of 1 (one) year. Technical assistance fees charged to operations for the six months ended June 30, 2005 and 2004 each amounted to $37,500.

23. AGREEMENTS (continued)

The Company (continued)

b. On March 24, 2005 and August 10, 2004, the Company entered into marketing agency agreements with SembCorp Parks Management Pte., Ltd., Singapore (SPM), a related party, whereby the Company has appointed SPM as its sole and exclusive marketing agent outside of Indonesia for the promotion of, and solicitation of investors/customers for the Batamindo Industrial Park (BIP). Each agreement covers a period of 1 (one) year. Marketing fees charged to operations for the six months ended June 30, 2005 and 2004 each amounted to $2,112,500.

c. On January 1, 1997, the Company entered into an agreement with PT Tunaskarya Indoswasta (Tunaskarya), a related party, for the provision by Tunaskarya of human resource management services in respect of Batamindo Industrial Park (BIP) for a term of 6 (six) years from the date of the agreement.

On November 11, 2003, the Company entered into a new agreement with Tunaskarya whereby the Company shall retain Tunaskarya to provide recruitment and manpower management services in BIP in consideration of Tunaskarya maintaining good service standards contained in the agreement. The Company agreed to collect the fee on behalf of Tunaskarya from the Company's tenants which have employees residing in the dormitories in BIP. The fee is based on the optimum accommodation size of each dormitory unit occupied.

The fees charged to operations amounted to $386,259 and $320,884 for the six months ended June 30, 2005 and 2004, respectively.

d. On January 8, 1997, the Company entered into an agreement with PT Herwindo Rintis (HR) for the provision by HR of management, technical and financial services to the Company. The agreement shall continue unless terminated by either party by giving 1 (one) month's prior notice. Management fees charged to operations for the six months ended June 30, 2005 and 2004 each amounted to US$99,000, including VAT (or equivalent to $128,862 and $154,476, respectively)

e. On January 3, 2005, the Company entered into agreement with Wartsila Singapore Pte., Ltd., for the design, supply, delivery and installation of 3 (three) gas engines and transformers and auxiliaries for its power plant for about $21.1 million in aggregate, in accordance with the payment schedule of the agreement. The expected completion date for the whole work is January 31, 2006.

f. On May 27, 2005, the Company also entered into agreement with Wartsila Singapore Pte., Ltd., for the supply and delivery of parts for dual fuel conversion of existing diesel engines at a contract price of €13,040,500 or equivalent to $27,746,924, in accordance with the payment schedule of the agreement. The expected completion date for the whole work is January 14, 2006.

PT Batamindo Executive Village (BEV)

g. On June 29, 1995, BEV entered into a marketing agency agreement with SPM, a related party, whereby BEV has appointed SPM as its exclusive marketing agent for the promotion of and sale of BEV's golf membership outside the Japan market (Japanese corporation or resident outside Japan). The agreement shall be valid until either party terminates by giving to the other party at least 3 (three) months written notice of such termination. There are no marketing expenses charged to operations for the six months ended June 30, 2005 and 2004.

23. AGREEMENTS (continued)

PT Batamindo Executive Village (BEV) (continued)

h. On June 29, 1995, BEV also entered into a membership services and marketing agreement with SPM, whereby BEV has appointed SPM as its agent in Singapore to provide services to members and potential members of BEV's golf club, to market the bungalows and condominiums in its housing estate situated in Sekupang and to coordinate the marketing activities of its marketing agents. The agreement shall be valid until either party terminates by giving to other party at least 3 (three) months written notice of such termination. The marketing remuneration fee charged to operations for the six months ended June 30, 2005 and 2004 each amounted to $81,078 and $78,503, respectively.

i. On June 11, 1993, BEV entered into a project management agreement with SPM, a related party, whereby BEV has appointed SPM to provide the project management services in developing an integrated complex comprising residential housing, golfing, marina, clubhouse and recreational facilities on approximately 213 ha of land situated in Sekupang, Batam. BEV agrees to pay SPM an agency fee based on a certain percentage of final project cost. The agreement shall cease at the end of the defect liability period of the last construction contract for the project or at a mutually agreed date set after the completion of the project. There were no projects in 2005 and 2004.

PT Batam Bintan Telekomunikasi (BBT)

j. On December 2, 1996, BBT entered into an operational agreement with PT Indonesian Satellite Corporation Tbk (Indosat) regarding a dedicated circuit services provided to customers in BBT's telecommunication service area covering Batamindo Industrial Park, Bintan Beach International Resort and Bintan Industrial Estate in the form of marketing, service, operational and maintenance of telecommunication systems at the agreed rates and conditions as stipulated in the agreement. The agreement has been amended from time to time. The latest amendment was on October 11, 2004 whereby Indosat renewed the agreement for another 2 (two) years until December 2, 2005.

k. On January 29, 1997, BBT entered into an agreement with PT Telekomunikasi Indonesia Tbk - Regional Division I (TELKOM DIVRE - I) regarding the use of various telecommunication infrastructures facilities and services owned by TELKOM DIVRE - I at the mutually agreed rates and conditions as stipulated in the agreement. The agreement is valid for 5 (five) years and is renewable upon agreement of both parties, and if necessary this agreement shall be reviewed every year. The latest amendment was made on November 13, 1998, concerning changes of facilities, infrastructures and services provided by TELKOM DIVRE - I which was limited only to the use of transmission canal. This amendment is valid up to January 28, 2002. Based on the side letter from TELKOM dated November 29, 2004, the term of the agreement is renewed starting from January 29, 2002 up to March 31, 2005. As of October 19, 2005, the renewal agreement is still in process to obtain approval from each party.

l. On May 5, 1997, BBT entered into an interconnection agreement with TELKOM, whereby both parties agreed to make an interconnection between BBT's and TELKOM's Public Switched Telephone Network (PSTN) at the mutually agreed rates and conditions as stipulated in the agreement. The agreement was amended twice. Based on the latest amendment dated December 30, 1999, the agreement is valid for 3 (three) years starting January 1, 1997 and is renewable for another 3 (three) years. The agreement is automatically renewed for the following 3 (three) years unless otherwise amended by either party.

m. On October 1, 1998, BBT entered into an agreement with TELKOM - DIVNET regarding the technical, operational, maintenance and services aspect of the interconnection of each party's PSTN effective September 1, 1998. The agreement is valid in accordance with the previous interconnection agreement between BBT and TELKOM dated May 5, 1997 (Note k above).

23. AGREEMENTS (continued)

PT Batam Bintan Telekomunikasi (BBT) (continued)

n. On May 10, 1999, BBT entered into an agreement with PT Telekomunikasi Selular (TELKOMSEL) regarding the use of BBT's various telecommunication infrastructure and supporting facilities by TELKOMSEL to operate TELKOMSEL's telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years in accordance with the agreements between BBT and TELKOM - DIVRE I, TELKOM - DIVNET and TELKOM - DIVSISFO. As of October 19, 2005, the renewal agreement is still in process to obtain approval from each party.

o. On March 1, 2000, BBT entered into an agreement with PT Satelit Palapa Indonesia (Satelindo) regarding the use of BBT's various telecommunication infrastructure and supporting facilities by Satelindo to operate its telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years up to February 28, 2005. On November 20, 2003, Satelindo was merged into Indosat whereby Indosat is the surviving company. On February 7, 2005, BBT has entered a new agreement with Indosat regarding the above matter. This agreement is valid for 1 (one) year since the signing date and renewable automatically for the following year if there is no party's objection.

p. On November 14, 2000, BBT entered into an agreement with PT Excelcomindo Pratama (Excelcom) regarding the use of BBT's various telecommunication infrastructures and supporting facilities by Excelcom to operate Excelcom's telecommunication services in BBT's operational area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 5 (five) years starting November 14, 2000.

q. On November 14, 2000, BBT entered into an agreement with PT Aplikanusa Lintasarta (Lintasarta) regarding the use of BBT's various telecommunication infrastructures and supporting facilities by Lintasarta to operate Lintasarta's telecommunication services in BBT's operational area, at the agreed rates and condition as stipulated in the agreement. The agreement is valid starting June 1, 2000 up to June 1, 2005. On November 3, 2003, BBT and Lintasarta amended the agreed rates effective on January 1, 2003. As of October 19, 2005, the renewal agreement is still in process to obtain approval from each party.

r. On October 10, 2001, BBT entered into an agreement with Indosat regarding provider, service and marketing of internet services to customers in BBT's telecommunication service area. The agreement is valid starting June 1, 2001.

s. On December 14, 2001, BBT entered into an agreement with TELKOM, a shareholder, regarding the provider and marketing of TELKOMSave services with VOIP (Voice over Internet Protocol) base to customers in BBT's telecommunication service area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 2 (two) years starting December 14, 2001. Based on the side letter from TELKOM dated November 29, 2004, the term of the agreement is renewed starting June 13, 2003 up to March 31, 2005. As of October 19, 2005, the renewal agreement is still in process to obtain approval from each party.

t. On March 26, 2002, BBT entered into an agreement with Indosat regarding provider, service and marketing of VOIP services base to customers in the BBT's telecommunication service area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 1 (one) year starting February 6, 2002, and is renewable for another 1 (one) year upon agreement of both parties. As of October 19, 2005, the renewal agreement is still in process to obtain approval from each party.

23. AGREEMENTS (continued)

PT Batam Bintan Telekomunikasi (BBT) (continued)

u. On April 22, 2002, BBT entered into a formal agreement for the operation of telecommunication systems at Bintan Beach International Resort (BBIR) with PT Bintan Resort Cakrawala (BRC) to cover the previous arrangement since July 1, 1997. The agreement is valid for 10 (ten) years up to June 30, 2007. Upon the expiry of the term, this agreement shall be automatically renewed for another 5 (five) years and shall continue to be automatically renewed for the same term of years, except if terminated by either party.

   Under the agreement, BBT agrees to operate fixed line telecommunications system at BBIR, administration of the billing and collection of revenue, process the application and connection of new subscriber lines and maintenance only of the telecommunication aspects of BRC's telecommunication systems equipment, cabling and radio links and the gateway facilities, and bear the costs of maintaining and operating the telecommunication aspects. The net revenues after deduction of operator's costs collected by the Company at BBIR shall be divided equally 50% for BRC.

v. On July 25, 2002, BBT entered into an agreement with PT Speed Internet Digital, whereby both parties agreed to do mutual benefit co-operation in providing Data Telecommunication services in Barelang, Karimun and Bintan. The agreement is valid for 5 (five) years starting July 25, 2002, and shall continue to be automatically renewed for the same term of years, except if terminated by either party.

w. On September 25, 2003, BBT entered into an agreement with TELKOM, a shareholder regarding the provider of international telecommunication traffic - SLI 007 in BBT's telecommunication area at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid since this agreement date and will be operated after TELKOM obtained the required provider license.

x. On November 5, 2003, BBT entered into an agreement with Excelcom regarding the connection of Excelcom's equipments in BBT's Data Center at the agreed rates and condition as stipulated in the agreement. The agreement is valid for 1 (one) year starting October 8, 2003. As of October 19, 2005, the renewal agreement is still in process to obtain approval from each party.

y. On October 1, 2004, BBT entered into an interconnection agreement with TELKOMSEL whereby both parties agreed to make indirect interconnection (for voice service provider) between BBT's Public Switched Telephone Network (PSTN) and TELKOMSEL's Mobile Cellular Phone Switched (STBS) Network at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid since the signing date and renewable automatically unless certain condition stated in the agreement occurs.

z. On November 29, 2004, BBT entered into an interconnection agreement with Indosat whereby both parties agreed to make interconnection between BBT's PSTN and Indosat's PSTN at the mutually agreed rates and condition as stipulated in the agreement, including SLI001/008 which was agreed by both parties previously based on minutes of meeting dated August 13, 1997. The agreement is valid for 1 (one) year since the signing date and renewable automatically for the following year if there is no party's intention to change or terminate the agreement.

23. AGREEMENTS (continued)

PT Batam Bintan Telekomunikasi (BBT) (continued)

aa. On December 30, 2004, BBT entered into an agreement with PT Starcall Siskom regarding marketing, provider, operation and service of VOIP services base to customers in the BBT's telecommunication service area, at the mutually agreed rates and condition as stipulated in the agreement. The agreement is valid for 1 (one) year since the signing date and is renewable for another 1 (one) year, except if terminated by either party.

PT Bintan Inti Industrial Estate (BIIE)

bb. On December 16, 1996, BIIE entered into an agreement with PT Tunaskarya Indoswasta (Tunaskarya), a related party, for the provision by Tunaskarya of human resource management services in respect of Bintan Industrial Estate (BIE) at the agreed rates and conditions as stipulated in the agreement. The agreement has been renewed from time to time. Based on the latest supplementary agreement dated on November 5, 2003, the agreement provides for continuous renewal of each party's obligations for terms of 1 (one) year upon the expiry of the previous term and will continue to be automatically renewed on September 1 of each subsequent year unless the agreement is amended or terminated by the parties. The fees charged to operations amounted to $60,600 and $53,400 for the six months ended June 30, 2005 and 2004, respectively.

cc. On March 24, 2005 and January 15, 2004, BIIE entered into Offshore Services Agreements with SembCorp Parks Management Pte., Ltd. (SPM), a related party, pursuant to which SPM agreed to provide offshore services to BIIE for the Park on the terms and conditions of the agreements. As compensation, BIIE pays a fee based on the terms of each agreement. Each agreement covers a period of 1 (one) year. Service fees charged to operations for the six months ended June 30, 2005 and 2004 amounted to $1,140,000 and $1,285,000, respectively.

dd. On March 24, 2005 and January 15, 2004, BIIE entered into Technical Assistance Agreements with Riau Infrastructure Management Services Pte., Ltd. (RIMS), a related party, pursuant to which RIMS agreed to provide technical assistance to BIIE for the Park, including the management and supervision of the Park on the terms and conditions of the agreements. As compensation, BIIE pays a fee based on the terms of each agreement. Each agreement covers a period of 1 (one) year. Technical assistance fees charged to operations for the six months ended June 30, 2005 and 2004 each amounted to $85,000.

ee. On September 22, 2003, BIIE entered into a Logistics and Port Management Agreement with Sembawang Kimtrans Ltd., (SK), a related party, whereby BIIE appointed SK as the operator of BIIE's port at Lobam to manage the port and provide services in accordance with the terms and conditions of this agreement.

As compensation, SK shall pay to BIIE the agreed annual rates and tariffs to the order of Bintan Shipping Services Pte., Ltd., or any other Singapore incorporated company nominated by BIIE. The freight tariffs payable by BIIE's tenants to SK shall be in accordance with the rates specified in this agreement. The agreement is valid for a period of five (5) years effective from October 1, 2003. The port revenues credited to operations for the six months ended June 30, 2005 and 2004 amounted to $90,000 and $110,000, respectively.

24. CLAIMS AND CONTINGENCIES

a. As of June 30, 2005, there is a claim against PT Batamindo Executive Village, a subsidiary, 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 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 November 1, 2002, the Riau High Court ratified the claim amount to be paid to Akira and Titan, but Titan did not agree with the verdict and filed the lawsuit to the Supreme Court. As of June 30, 2005, BEV recorded the accrual for the claim amounting to $450,000 under "Trade and Other Payables" account in the consolidated balance sheets.

b. As of June 30, 2005, the Company, as plaintiff, has filed a lawsuit in the Supreme Court concerning the releasing of the seizure of a place of the Company's land against PT Sinar Dunia Makmur, PT Paper Box Industries Indonesia (PBII) and Paper Box Industries (Singapore) Pte., Ltd., as defendants. In November 2004, the Company has billed a balance of 10% of the purchase price amounting to $500,000 which is recorded under "Trade and Other Receivables" account in the consolidated balance sheets. In August 2005, PBII has fully paid the unpaid balance to the Company.

25. SEGMENT REPORTING

Segment information is presented in respect of the Company and its Subsidiaries' business and geographical segments. The primary format, business segments, is based on the Company and its Subsidiaries' management and internal reporting activities. The secondary format is defined based on geographical location of the Company and Subsidiaries' business activities.

Inter-segment pricing is determined on mutually agreed terms. All inter-segment transactions have been eliminated.

Segment results, assets and liabilities, income and expenses include those directly attributable to a segment as well as those that can be allocated on a reasonable basis.

a. Business Segments

In accordance with the Company's and Subsidiaries' organizational and management structure, the primary segment reporting of financial information is presented based on business segments as the risks and returns are dominantly affected by the different business activities. The business segments of the Company and its Subsidiaries comprise of the following:

Industrial park segment is engaged in activities consisting of the development, construction, operation, maintenance and management located in Batam and Bintan Island, together with the supporting infrastructure support activities.

Golf course segment provides golf course and related amenities in the integrated complex in Batam.

Utilities segment consists of activities to provide electricity and water supply, telecommunication services, wastewater and sewerage treatment at Batamindo Industrial Park area; and asset lease fee and utilities management fee at Bintan Industrial Estates area.

The following presents operating revenue, profit information, and certain assets, liabilities and other segment information for the Company and its Subsidiaries' business segments:

(Expressed in Singapore Dollars, unless otherwise stated)

25. SEGMENT REPORTING (continued)

a. Business Segments (continued)

Six months ended June 30, 2005

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Operating revenues					
Revenues to external customers	31,786,797	2,312,250	55,056,631	-	89,155,678
Inter-segment revenues	68,231	9,588	112,104	(121,692)	68,231
Total revenues	31,855,028	2,321,838	55,168,735	(121,692)	89,223,909
Result					
Segment results	13,852,914	1,063,066	13,602,077	(53,481)	28,484,616
Operating expenses	(4,401,044)	(1,879,390)	(6,205,813)	121,692	(12,364,555)
Other income (expenses)	(129,211)	(86,766)	679,671	(68,231)	395,443
Profit (loss) from operating activities	9,322,659	(883,090)	8,075,935	-	16,515,504
Finance costs	(2,111,835)	(108,393)	-	850,999	(1,369,229)
Finance income	1,050,097	10,064	116,612	(850,999)	325,774
Share of profits of associates	(910,383)	-	-	1,107,302	196,919
Profit (loss) before income tax	7,350,538	(981,419)	8,192,547	1,107,302	15,668,968
Income tax expense	(7,112,004)	(29,154)	(268,334)	-	(7,409,492)
Minority interests					1,100,461
Net profit					9,359,937
Other segment information					
Capital expenditures	12,183,394	136,567	121,768	-	12,441,727
Depreciation and amortization	12,162,470	959,142	5,573,396	-	18,695,008
Provision for doubtful accounts (trade)	-	25,799	-	-	25,799
Gain on disposal of property and equipment	8,533	-	-	-	8,533
Gain on sale of building, landright and related infrastructure	1,578,431	-	-	-	1,578,431
June 30, 2005					
Assets and liabilities					
Segment assets	502,207,701	44,432,300	131,415,252	(52,190,042)	625,865,211
Investments in associates	78,209,713	-	-	(77,226,261)	983,452
Total assets					626,848,663
Segment liabilities	146,456,459	16,549,764	19,057,669	(52,190,042)	129,873,850

Six months ended June 30, 2004

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Operating revenues					
Revenues to external customers	29,679,201	2,564,661	54,177,918	-	86,421,780
Inter-segment revenues	46,019	4,529	92,283	(142,831)	-
Total revenues	29,725,220	2,569,190	54,270,201	(142,831)	86,421,780
Result					
Segment results	12,281,629	873,791	15,892,246	(96,812)	28,950,854
Operating expenses	(5,080,347)	(1,951,422)	(6,929,791)	96,812	(13,864,748)
Other income (expenses)	4,284,540	(40,640)	810,308	-	5,054,208
Profit (loss) from operating activities	11,485,822	(1,118,271)	9,772,763	-	20,140,314

(Expressed in Singapore Dollars, unless otherwise stated)

25. SEGMENT REPORTING (continued)

a. Business Segments (continued)

Six months ended June 30, 2004 (continued)

	Industrial Estate	Golf Course	Utilities	Elimination	Total
Finance costs	(2,310,279)	(83,719)	-	815,174	(1,558,824)
Finance income	1,138,515	5,900	148,793	(815,174)	478,034
Share of profits of associates	975,804	-	-	(844,107)	131,697
Profit (loss) before income tax	11,289,862	(1,176,090)	9,921,556	(844,107)	19,191,221
Income tax expense	(7,327,859)	(50,140)	(381,947)	-	(7,759,946)
Minority interests					10,035
Net profit					11,441,310
Other segment information					
Capital expenditures	2,063,265	190,984	348,259	-	2,602,508
Depreciation and amortization	12,751,069	1,205,101	5,609,311	-	19,565,481
Provision for doubtful accounts (trade)	2,000,000	14,300	-	-	2,014,300
Gain on disposal of property and equipment	-	-	233	-	233
December 31, 2004					
Assets and liabilities					
Segment assets	496,990,052	45,569,362	143,479,892	(54,246,266)	631,793,040
Investments in associates	79,559,021	-	-	(78,585,699)	973,322
Total assets					632,766,362
Segment liabilities	159,078,225	16,676,253	17,260,851	(49,086,669)	143,928,660

b. Geographical Segments

The Company and Subsidiaries' operating revenues, assets and capital expenditures are attributable to their tenants or customers and operations in Indonesia, which are located in Batam and Bintan islands. Accordingly, no analysis by geographical segments is presented.

26. SUBSEQUENT EVENT

On July 12, 2005, the Company entered into a gas sale and purchase agreement with PT Perusahaan Gas Negara (Persero) Tbk (PGN) whereby the Company agrees to use gas distributed by PGN and PGN agrees to distribute and service the Company's gas consumption at the agreed rates and conditions as stipulated in the agreement with effective date on October 15, 2005. The agreement is valid for five (5) years and may be extended based on mutual agreement by both parties.

27. ECONOMIC CONDITIONS

The operations of the Company and Subsidiaries 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 Company and Subsidiaries.

REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PROFORMA FINANCIAL STATEMENTS OF GALLANT VENTURE LTD. AND ITS SUBSIDIARIES

28 April 2006

The Board of Directors
Gallant Venture Ltd.
371 Beach Road
#13-08/09 Keypoint
Singapore 199597

Dear Sirs

This report has been prepared for inclusion in the Prospectus dated 28 April 2006 for the:

(a) placement of 280,000,000 Placement Shares at S$0.50 for each Placement Share; and

(b) distribution of 16,800,000 Shares and 8,253,168 Shares to Alliance Technology and Development Limited ("ATD") Creditors and ATD Shareholders respectively, in connection with the ATD Scheme (as defined in the Prospectus).

We report on the unaudited proforma financial information as set out on pages **J17** to **J57** of the Prospectus which have been prepared, for illustrative purposes only and based on certain assumptions after making certain adjustments to show what:

(i) the financial results of the Company and its subsidiaries (collectively referred to as the "Proforma Group") for the financial years ended 31 December 2002, 2003, and 2004 and six-months ended 30 June 2005 would have been if the Proforma Group structure as of the date of lodgement of the Prospectus had been in place since 1 January 2002;

(ii) the financial positions of the Proforma Group as at 31 December 2004 and 30 June 2005 would have been if the Proforma Group structure as of the date of lodgement of the Prospectus had been in place on that date; and

(iii) the equity changes and cash flows of the Proforma Group for the financial year ended 31 December 2004 and six-months ended 30 June 2005 would have been if the Proforma Group structure as of the date of lodgement of the Prospectus had been in place since 1 January 2002.

The unaudited proforma financial information, because of their nature, may not give a true picture of the Proforma Group's actual financial positions, results, changes in equity and cashflows.

The unaudited proforma financial information is the responsibility of the directors of the Company. Our responsibility is to express an opinion on the unaudited proforma financial information based on our work.

We carried out procedures in accordance with Singapore Statements of Auditing Practice, SAP 24 – Auditors and Public Offering Documents. Our work, which involved no independent examination of the underlying financial information, consisted primarily comparing proforma financial information to the audited financial statements and considering the evidences supporting the adjustments and discussing the proforma financial information with the directors of the Company.

In our opinion:-

(a) the unaudited proforma financial information has been properly prepared in a manner consistent with both the format of the financial statements of the Company and the accounting policies of the Proforma Group as set out on pages **J21 to J29** of this report;

(b) the unaudited proforma financial information has been properly prepared on the basis as set out on pages **J14 to J16** of this report under the heading "Basis of presentation of proforma financial information";

(c) the financial information of the Proforma Group was prepared in accordance with the Singapore Financial Reporting Standards; and

each material adjustment made to the information used in the preparation of the unaudited proforma financial statements as set out on page **J58 to J62** of this report is appropriate for the purpose of preparing such financial statements.

Yours faithfully

Foo Kon Tan Grant Thornton
Certified Public Accountants
Singapore

Chia Siew Eng
Partner-in-charge

A. The Company

The Company was incorporated in Singapore on 7 April 2003 under the Singapore Companies Act as a private limited company limited by shares under the name of Gallant Venture Pte. Ltd. The principal activity of the Company is that of an investment holding company. On 25 April 2006, the Company was converted into a public company limited by shares and the name of the Company was changed to Gallant Venture Ltd..

As at 30 June 2005, the authorised share capital of the Company was S$500,000 comprising 500,000 ordinary shares of S$1.00 each and the issued and paid-up capital of the Company was S$2 comprising 2 ordinary shares of S$1.00 each.

At an EGM held on 14 October 2005, the Shareholders of the Company approved, *inter alia*, the following:

(a) the increase in the authorised share capital from S$500,000 divided into 500,000 ordinary shares of S$1.00 each to S$300,000,000 divided into 300,000,000 ordinary shares of S$1.00 each; and

(b) the sub-division of each ordinary share of S$1.00 each in the authorised and issued share capital of the Company into 10 Shares of S$0.10 each ("**Share Sub-Division**").

At an EGM held on 24 April 2006, the Shareholders of the Company approved, *inter alia*, the issue of an aggregate of 2,410,423,164 new Shares in connection with the Restructuring Exercise.

At an EGM held on 24 April 2006, the Shareholders of the Company approved, *inter alia*, the following:

(a) the conversion of the Company into a public limited company and the change of name to Gallant Venture Ltd.;

(b) the adoption of a new set of Articles of Association; and

(c) that authority be given to the Directors to:

(i) (aa) issue 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, 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) (notwithstanding the authority so conferred may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while such authority was in force;

Provided that:

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

A. The Company (Continued)

(iv) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (iii) above, the percentage of the issued Shares shall be based on the issued Shares of the Company 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, provided the options or awards were granted in compliance with the Listing Manual; and

(cc) any subsequent consolidation or subdivision of 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) in exercising the authority so conferred, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; 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.

B. Scheme/Acquisitions

(1) ATD SCHEME

Scheme Agreement

The restructuring of ATD and its debts involves a scheme of arrangement between ATD, ATD Shareholders and ATD Creditors in accordance with Section 210 (read with Section 227X) of the Singapore Companies Act.

On 16 April 2003, the Company entered into a scheme of arrangement agreement with ATD and PT HR, and the PT HR S&P Agreement. Subsequently on 8 February 2005, a revised scheme of arrangement agreement (which has since been amended by supplemental agreements dated 19 July 2005 and 18 January 2006) was entered into between the Company, ATD and PT HR.

Certain Proposed Terms of the ATD Scheme Involving the ATD Shareholders

Pursuant to the terms of the Scheme Agreement, it is provided that under the ATD Scheme on or after the ATD Scheme Effective Date, the following shall be effected:

(i) share capital of ATD of S$82,531,680 comprising 82,531,680 ATD Shares shall be cancelled by way of capital reduction;

(ii) PT HR shall transfer to the ATD Shareholders an aggregate of 8,253,168 Shares, representing approximately 0.34% of the issued Shares immediately after the Share Distribution, in accordance with the ATD Share Exchange Ratio; and

(iii) for the purpose of constituting ATD as a wholly-owned subsidiary of PT HR, ATD shall issue and allot two (2) ATD Shares (or such other number of shares in ATD as may be appropriate), credited as fully paid-up, to PT HR.

Based on the Placement Price and the ATD Share Exchange Ratio, the equivalent dollar value for each Share may be considered to be S$0.50 and PT HR will transfer Shares in an aggregate value of S$4,126,584 to ATD Shareholders.

In the event that the ATD Scheme becomes effective on the ATD Scheme Effective Date, PT HR will hold all the issued ordinary shares in ATD.

Certain Proposed Terms of the ATD Scheme Involving the ATD Creditors

Pursuant to the terms of the Scheme Agreement, it is provided that under the ATD Scheme on or after the ATD Scheme Effective Date, the following shall be effected:

(i) ATD Creditors shall assign to PT HR their rights, title and interests to a portion of their approved claims against ATD, which portion shall amount to an aggregate of S$8,400,000 ("**Assigned Indebtedness**");

(ii) PT HR shall transfer to the ATD Creditors an aggregate of 16,800,000 Shares, representing approximately 0.70% of the issued Shares immediately after the Share Distribution, at S$0.50 per Share; and

(iii) the Assigned Indebtedness will be subordinated to the balance of the outstanding claims owed by ATD to the ATD Creditors, subject to the terms and conditions of the Scheme Agreement and the ATD Scheme.

The transfer price of S$0.50 per Share was arrived at taking into account the Adjusted NAV per Share of the Group.

B. Scheme/Acquisitions (Continued)

In the event that the ATD Scheme becomes effective, PT HR will become a subordinated creditor of ATD.

Proposed Conditions to the ATD Scheme

The ATD Scheme is proposed to be subject, *inter alia*, to the following conditions being satisfied or waived (as the case may be):

(a) leave of Court having been obtained for the JMs to propose the ATD Scheme and to call for such meetings as are necessary for the ATD Scheme;

(b) all necessary approvals and consents from all relevant government, regulatory and other authorities and third parties in Singapore and other relevant jurisdictions to effect and complete the ATD Scheme being obtained;

(c) the confirmation granted by the SIC that the ATD Scheme is exempt from certain specified rules of the Singapore Code on Take-overs and Mergers (including Rule 14 which deals with the obligation to make a takeover offer), not being revoked or varied;

(d) the eligibility-to-list granted by the SGX-ST for the listing of the Shares on the SGX-Sesdaq not having been revoked or withdrawn;

(e) the requisite approval of the ATD Shareholders and the ATD Creditors including such approvals as may be required under Section 210 (read with Section 227X) of the Singapore Companies Act;

(f) the sanction and confirmation by the Court, *inter alia*, of the ATD Scheme and the reduction of the share capital of ATD; and

(g) the Private Placement having become unconditional in all respects save for any conditions thereof relating to the ATD Scheme and the admission of the Company to the Official List of the SGX-Sesdaq.

If the above conditions are not satisfied or waived by 4 October 2006 or such other date as the parties may agree or the Court may allow, the Scheme Agreement shall terminate and no party shall have any claim against the others save as provided in the Scheme Agreement.

The ATD Scheme will only become fully effective and binding subject to and upon the satisfaction or waiver (as the case may be) of the above conditions and the lodgment with the Registrar of Companies of the order of Court sanctioning the ATD Scheme. It is currently expected that such order of Court, if obtained, will be lodged on the closing date of the Private Placement.

After the ATD Scheme becomes effective, all ATD Shares shall be removed from the Official List of the SGX-ST and the listing and quotation of ATD Shares thereon shall cease. It is expected that the JMs will petition to the Court to place ATD in liquidation shortly after the completion of the ATD Scheme. Subject, *inter alia*, to the ATD Scheme becoming effective and the completion of the Private Placement, all the Shares will be admitted to the SGX-Sesdaq, and dealing and quotation of the Shares on the SGX-Sesdaq shall, subject to the approval of the SGX-ST, commence as soon as practicable thereafter.

B. Scheme/Acquisitions (Continued)

The Share Distribution

Pursuant to the Scheme Agreement, on or after the ATD Scheme Effective Date, PT HR will transfer a total of 25,053,168 Shares to the ATD Creditors and the ATD Shareholders as follows:

(a) 16,800,000 Shares to the ATD Creditors; and

(b) 8,253,168 Shares to the ATD Shareholders.

The said 25,053,168 Shares will constitute approximately 1.04% of the issued Shares.

Each ATD Shareholder will receive 100 Shares for every 1,000 ATD Shares held or standing to the credit of his Securities Account, while each ATD Creditor will receive 2,000 Shares for every S$1,000 of Assigned Indebtedness assigned to PT HR. Fractional share entitlements shall be disregarded.

The Approvals

On 6 January 2006, the SGX-ST granted eligibility-to-list for the Shares on the SGX-Sesdaq, subject to certain conditions.

On 9 February 2006, the SIC confirmed that the ATD Scheme is exempt from certain rules of the Singapore Code on Take-overs and Mergers (including Rule 14 which deals with the obligation to make a takeover offer), subject to, *inter alia*, ATD appointing an independent financial adviser to advise the ATD Shareholders on the ATD Scheme.

The ATD Scheme is subject to, *inter alia*, the approval of the ATD Shareholders and the ATD Creditors at the respective Scheme Meetings of the ATD Shareholders and the ATD Creditors. ATD has obtained the leave of the Court to convene the Scheme Meetings by 30 June 2006.

(2) RESTRUCTURING EXERCISE OF THE GROUP

The Group will undertake and complete the Restructuring Exercise described below prior to the registration of this Prospectus.

(a) PT HR Acquisition

Acquisition by the Company of interests in Batam assets from PT HR

The Company entered into the PT HR S&P Agreement to acquire from PT HR, 39,999 PT BIC Shares, representing approximately 50.0% of the issued share capital of PT BIC. The aggregate consideration for the purchase of the PT BIC Shares was S$256,996,688. The principal activities of PT BIC are the development and management of industrial estates. The purchase consideration was agreed between the parties taking into account the adjusted audited consolidated NAV of PT BIC of S$413,331,864 as at 30 June 2004.

Completion of the acquisition under the PT HR S&P Agreement will take place prior to registration of this Prospectus. On completion, the purchase consideration is to be fully satisfied by the allotment of 532,064,886 Shares (representing approximately 22.07% of the Shares immediately after the completion of the Restructuring Exercise) by the Company at an issue price of approximately S$0.48 for each Share. The transfers of the PT BIC Shares are to be registered with the relevant Indonesian authorities.

B. Scheme/Acquisitions (Continued)

(b) **SCI Acquisition**

Acquisition by the Company of interests in Batam and Bintan assets from the SCI Group

On 31 March 2006, the Company entered into the SCI S&P Agreement to acquire from the SCI Group, 30,000 PT BIC Shares (representing 37.5% of the issued share capital of PT BIC), 28,632,000 ordinary shares in PT BIIE (representing 25% of the issued share capital of PT BIIE after PT BIIE's loan capitalisations in 2006 set out in the section "General and Statutory Information – Share Capital" on page 196 of this Prospectus), 2,100,000 ordinary shares in the capital of BRF (representing 30% of the number of issued shares in the capital of BRF) and 5,205,000 ordinary shares in the capital of PT BRC (representing approximately 2.65% of the issued capital of PT BRC after PT BRC's loan capitalisations in 2006 set out in the section "General and Statutory Information – Share Capital" on page 196 of this Prospectus). The principal activities of PT BIIE are the development, operation, maintenance and management of Bintan Industrial Estate in Bintan, Indonesia, together with the supporting infrastructure support activities. BRF is principally involved in the provision of ferry services between Singapore and Bintan. The principal activities of PT BRC are the development and operation of a tourism area in Bintan, Indonesia, including the sale of land in such area.

Completion of the acquisition under the SCI S&P Agreement will take place prior to registration of this Prospectus. On completion, the aggregate purchase consideration of S$243,889,452 is to be paid by the Company in cash. The purchase consideration was agreed between the parties taking into account the adjusted audited consolidated NAV of PT BIC, PT BIIE, BRF and PT BRC of S$413,331,864, S$167,769,239, S$10,659,910 and S$150,928,884, respectively, as at 30 June 2004. The transfers of the shares in PT BIC, PT BIIE and PT BRC are to be registered with the relevant Indonesian authorities.

On 31 March 2006, the Company entered into a subscription agreement with SembPark Holdings ("**Subscription Agreement**"), pursuant to which SembPark Holdings agreed to subscribe in cash for 477,987,502 new Shares (representing approximately 19.83% of the Shares immediately after the completion of the Restructuring Exercise) at a subscription price of approximately S$0.51 for each Share. Completion of the subscription will take place prior to registration of this Prospectus and the Company will on completion allot and issue 477,987,502 new Shares at the agreed subscription price.

Pursuant to a sale and purchase agreement entered into between SembPark Holdings and the Salim Group, Dornier Profits, a member of the Salim Group, is to acquire 84,000,000 Shares at the Placement Price subject to the terms and conditions thereof. The sale and purchase is to be completed when the Subscription Agreement is completed. SembPark Holdings also has an option to acquire 233,069,664 Shares from PVP XXX, which is referred to in sub-paragraph (c) below. Upon the completions of the Subscription Agreement, the aforesaid sale and purchase agreement and option, SembPark Holdings will hold an aggregate of 627,057,166 Shares (representing approximately 26.01% of the Shares immediately following the completion of the Restructuring Exercise).

(c) **PVP Acquisition**

Acquisition by the Company of interest in Bintan assets from PVP XXX

The Company entered into the PVP S&P Agreement to acquire from PVP XXX the entire issued share capital of Verizon Resorts (Labuan). Verizon Resorts (Labuan) is an investment holding company with subsidiaries which are principally involved in property development, resort operations and utilities. The aggregate purchase consideration of S$613,341,220 for the issued share capital of Verizon Resorts (Labuan) was agreed between the parties taking into account the adjusted audited consolidated NAV of Verizon Resorts (Labuan) of S$613,341,219 as at 30 June 2004. In consideration for the sale by PVP XXX of the shares in Verizon Resorts (Labuan), the Company agreed to advance the amount of S$87,500,000 to Verizon Resorts (Labuan). Verizon Resorts (Labuan) in turn loaned S$87,500,000 to its then subsidiary, Oasis, to repay bank borrowings.

B. Scheme/Acquisitions (Continued)

Under the PVP S&P Agreement, the consideration of S$613,341,220 is to be satisfied by the allotment of 1,220,864,026 Shares to PVP XXX (or as it may direct) (representing approximately 50.65% of the Shares immediately after the completion of the Restructuring Exercise) at an issue price of approximately S$0.50 for each Share. Completion of the acquisition under the PVP S&P Agreement will take place prior to registration of this Prospectus.

Pursuant to options granted by PVP XXX to UOB and SembPark Holdings, UOB Nominees is to acquire 60,501,012 Shares (representing approximately 2.51% of the Shares immediately after the completion of the Restructuring Exercise), at a transfer price of approximately S$0.025 per Share, and SembPark Holdings is to acquire 233,069,664 Shares (representing approximately 9.67% of the Shares immediately after the completion of the Restructuring Exercise), at a transfer price of approximately S$0.025 per Share, from PVP XXX. The sale and purchase under these options are expected to be completed prior to the registration of this Prospectus. Upon the completions of the PVP Acquisition and its option agreements with UOB and SembPark Holdings, PVP XXX will hold an aggregate of 927,293,350 Shares (representing approximately 38.47% of the issued Shares immediately after the completion of the Restructuring Exercise).

(d) PT Elitindo Acquisition

Acquisition by the Company of interests in Bintan assets from the Salim Group

On 31 March 2006, the Company entered into the PT Elitindo S&P Agreement to acquire from PT Elitindo, 2,045,000 ordinary shares in the capital of PT BRC (representing approximately 1.04% of the issued share capital of PT BRC after PT BRC's loan capitalisations in 2006 set out in the section "General and Statutory Information – Share Capital" on page 196 of this Prospectus). The purchase consideration of S$1,569,660 was agreed between the parties taking into account the adjusted audited consolidated NAV of PT BRC of S$150,928,884 as at 30 June 2004.

Completion of the acquisition under the PT Elitindo S&P Agreement will take place prior to registration of this Prospectus. On completion, the purchase consideration is to be fully satisfied by the allotment of 3,106,688 Shares to PT Elitindo (representing approximately 0.13% of the Shares immediately after the completion of the Restructuring Exercise) at an issue price of approximately S$0.51 for each Share. The transfers of the shares in PT BRC are to be registered with the relevant Indonesian authorities.

(e) Ascendas Acquisition

Acquisition by the Company of interests in Batam and Bintan assets from Ascendas

On 31 March 2006, the Company entered into the Ascendas S&P Agreement to acquire from Ascendas, 10,000 PT BIC Shares (representing 12.5% of the issued share capital of PT BIC) and 17,179,200 ordinary shares in the capital of PT BIIE (representing 15% of the issued share capital of PT BIIE after PT BIIE's loan capitalisations in 2006 set out in the section "General and Statutory Information – Share Capital" on page 196 of this Prospectus). The purchase consideration of S$89,414,562 was agreed between the parties taking into account the adjusted consolidated NAV of PT BIC of S$413,331,864 and the adjusted NAV of PT BIIE of S$167,769,239 as at 30 June 2004.

Completion of the acquisition under the Ascendas S&P Agreement will take place prior to registration of this Prospectus. On completion, the purchase consideration is to be fully satisfied by the allotment of 176,400,062 Shares to Ascendas (representing approximately 7.32% of the Shares immediately after the completion of the Restructuring Exercise) at an issue price of approximately S$0.51 for each Share. The transfers of the PT BIC Shares and the PT BIIE shares are to be registered with the relevant Indonesian authorities.

B. Scheme/Acquisitions (Continued)

PT AIB CONVERTIBLE LOAN AGREEMENT

PT AIB is involved in the management of hotels and owns the Nirwana Garden Resort in Bintan, Indonesia. The issued share capital of PT AIB is held as to 35% by Verizon Land (Labuan) and 65% by Pulau Holdings Pte Ltd, a member of the SCI Group. Verizon Land (Labuan) is a wholly-owned subsidiary of PVP XXX, a company in which each of the Parallax Group and the Salim Group has an interest. The Company understands that the SCI Group has or is to acquire an option to purchase 19% of the issued share capital of Verizon Land (Labuan).

The subsidiary, Verizon Resorts (Labuan) has entered into a convertible loan agreement dated 1 January 2005 with PT AIB ("**PT AIB Convertible Loan Agreement**"). Under this agreement and subject to the terms thereof, a loan in the principal amount of S$62,045,922 owing from PT AIB to Verizon Resorts (Labuan) ("**PT AIB Convertible Loan**") is convertible at the option of Verizon Resorts (Labuan) into shares in the capital of PT AIB ("**PT AIB Shares**") at the par value of each PT AIB share of US$1. The conversion price was agreed between the parties taking into account the unaudited net liabilities of PT AIB as at 31 December 2004 of approximately S$14.9 million. Interest on the loan is at the rate of 1.5% above the Singapore Inter-bank Offer Rate (SIBOR) on a quarterly basis per annum. As at 30 June 2005, the interest accrued amounted to approximately S$2,369,457. 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. As at the Latest Practicable Date, the conversion of the loan into PT AIB Shares would, based on the current issued share capital of PT AIB, result in Verizon Resorts (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 Verizon Resorts (Labuan) and the businesses of the Group will include the ownership of a resort. The largest amount outstanding for the last three financial years ended 31 December 2005 and up to the Latest Practicable Date is S$65,989,901, which is also the amount outstanding as at the Latest Practicable Date.

The loan under the PT AIB Convertible Loan Agreement had been acquired by Verizon Resorts (Labuan) from Oasis, a company in which each of the Salim Group and the Parallax Group has an interest, for a consideration of S$63,395,658.72 ("**PT AIB Loan Acquisition**").

C. The Proforma Group

Upon completion of the Restructuring Exercise, the Company has the following subsidiaries. The particulars of the subsidiaries as at the date of this report are as follows:-

Name	Place and date of incorporation/ registration	Percentage of effective interest attributable to the Proforma Group	Paid-up share/ registered capital	Principal activities
Subsidiaries				
Directly held:				
PT Batamindo Investment Cakrawala ("PT BIC")	Indonesia 5 January 1990	99.99%	Rp145,760,000,000 (US$80,000,000)	Development and management of industrial estate
Verizon Resorts Limited ("VRL Labuan")	Malaysia 5 May 2004	100%	US$1	Investment holding
Indirectly held through PT BIC:				
PT Batamindo Executive Village ("PT BEV") (1)	Indonesia 8 February 1993	60%	Rp61,950,000,000 (US$30,000,000)	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 15 June 1996	95%	Rp11,750,000,000	Telecommunications service provider
PT Bintan Inti Industrial Estate ("PT BIIE") (1)	Indonesia 21 November 1990	100%	Rp247,609,536,000 (US$114,528,000) (a)	Development, operation, maintenance and management of Bintan Industrial Estate together with the supporting infrastructure support activities
Batamindo Investment (S) Ltd ("BI") (1)	Singapore 13 October 1995	100%	S$2	Dormant

C. **The Proforma Group (continued)**

Name	Place and date of incorporation/ registration	Percentage of effective interest attributable to the Proforma Group	Paid-up share/ registered capital	Principal activities
Indirectly held through VRL Labuan				
PT Suakajaya Indowahana ("PT SI") (2)	Indonesia 13 November 1990	80%	Rp8,000,000,000	Wholesaler
PT Bintan Resort Cakrawala ("PT BRC") (2)	Indonesia 20 November 1990	83.72%	Rp413,979,825,000 (US$196,665,000) (a)	Development and operation of a tourism area in Bintan including the sale of land in such area
PT Surya Bangunpertiwi ("PT SBP") (2)	Indonesia 21 February 1990	99.99%	Rp59,469,000,000 (a)	Wholesaler of hotels, resorts and golf courses
PT Buana Megawisatama ("PT BMW") (2)	Indonesia 25 January 1988	99.99%	Rp318,197,000,000 (a)	Wholesaler of hotels, resorts and golf courses
Indirectly held through PT BRC				
Bintan Resort Ferries Private Limited ("BRF") (3)	Singapore 27 January 1994	88.6%	S$7,000,000	Provision of ferry services between Singapore and Bintan
Indirectly held through BRF				
BRF Holidays Pte Ltd ("BRFH") (4)	Singapore 11 May 2001	88.6%	S$300,000	Provision of tour operations and related services
Associated companies				
Held by PT BIC				
PT Soxal Batamindo Industrial Gases (5)	Indonesia	30%	Rp10,850,000,000 (US$700,000)	Production and sale of industrial gases
Batamindo Carriers Pte Ltd (5)	Singapore	36%	S$500,000	Provision of ship and boat chartering services
Batamindo Medical Management Pte Ltd (5)	Singapore	50%	S$10,000	Dormant

C. The Proforma Group (continued)

1 Subsidiary of PT Batamindo Investment Cakrawala
2 Subsidiary of VRL Labuan
3 Subsidiary of PT Bintan Resort Cakrawala
4 Subsidiary of Bintan Resort Ferries Private Limited
5 Associate of PT Batamindo Investment Cakrawala

(a) After taking into account capitalisation of loans.

D. Basis of presentation of proforma financial information

The financial information set out in the Proforma Group financial statements, for the three financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 are prepared in accordance with Singapore Financial Reporting Standards.

The unaudited proforma financial information for the three financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 are prepared for illustration purpose only. These have been prepared in accordance with the accounting policies of the Proforma Group set out on pages **J21** to **J29** in this report on the assumption that the current Proforma Group structure as outlined under the heading "The Proforma Group" in Section C of this report has been in existence throughout the period or since the respective date of incorporation of the companies in the Proforma Group, whichever is the earlier.

The Proforma Group financial statements comprise the Proforma Group balance sheet, Proforma Group profit and loss accounts, Proforma Group statements of changes in equity, Proforma Group statements of cash flows, statement of adjustments to Proforma Group financial statements and notes to the Proforma Group financial statements.

The objective of the Proforma Group financial statements is to show what the historical information might have been had the Proforma Group existed at an earlier date. However, the unaudited Proforma Group financial statements are not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the Proforma Group actually existed earlier.

In arriving at the Proforma Group financial statements, adjustments have been made as considered necessary in order to present the financial statements on a consistent and comparable basis as if the Proforma Group existed throughout the period, or since the respective date of incorporation of the companies in the Proforma Group, whichever is earlier. The proforma adjustments were set out on pages **J58** to **J62** of the report.

All material intra-group transactions and balances have been eliminated in the preparation of the unaudited Proforma Group financial statements.

The Proforma Group financial statements for each of the financial years under review were prepared based on the following:-

(a) the audited consolidated financial statements of PT Batamindo Investment Cakrawala and its subsidiaries for the years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 were expressed in Singapore Dollars and prepared under International Accounting Standards ("IAS").

(b) the audited financial statements of Batamindo Investment (S) Ltd for the years ended 31 December 2003 and 2004 and six-months ended 30 June 2005, were expressed in Singapore Dollars and prepared under Singapore Financial Reporting Standards ("FRS") and for the year ended 31 December 2002 were expressed in Singapore dollars and prepared under Singapore Statements of Accounting Standard ("SAS").

(c) the audited consolidated financial statements of PT Bintan Resort Cakrawala and its subsidiaries for the years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 were expressed in Singapore Dollars and prepared under IAS.

D. Basis of presentation of proforma financial information (continued)

(d) the audited financial statements of PT Suakajaya Indowahana for the years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005, were expressed in Singapore Dollars and prepared under IAS.

(e) the audited financial statements of PT Buana Megawisatama for the years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005, were expressed in Singapore Dollars and prepared under IAS.

(f) the audited financial statements of PT Surya Bangunpertiwi for the years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005, were expressed in Singapore Dollars and prepared under IAS.

(g) the audited financial statements of Gallant Venture Pte Ltd for the period from 7 April 2003 (the date of incorporation) to 31 December 2003 and the financial year ended 31 December 2004 and six-months ended 30 June 2005 were expressed in Singapore Dollars and prepared under FRS.

(h) the audited financial statements of Verizon Resorts Limited for the period from 5 May 2004 (the date of incorporation) to 31 December 2004 and six-months ended 30 June 2005 were expressed in Singapore Dollars and prepared under FRS.

The financial year-end for each of the company within the Proforma Group is 31 December.

The auditors' report on the financial statements of each of the company within the Proforma Group for the financial years under review were not subject to any audit qualification.

The consolidated financial statements of PT Batamindo Investment Cakrawala and its subsidiaries, PT Batamindo Executive Village, PT Batam Bintan Telekomunikasi, and PT Bintan Inti Industrial Estate, for the financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 expressed in Singapore Dollars and prepared under IAS were audited by Prasetio, Sarwoko & Sandjaja, a member of the Indonesian Institute of Accountants.

The financial statements of Batamindo Investment (S) Ltd for the financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 were audited by Ernst & Young, Certified Public Accountants of Singapore.

The consolidated financial statements of PT Bintan Resort Cakrawala and its subsidiaries for the financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 expressed in Singapore Dollars and prepared under IAS were audited by Prasetio, Sarwoko & Sandjaja, a member of the Indonesian Institute of Accountants.

The financial statements of PT Suakajaya Indowahana, PT Buana Megawisatama and PT Surya Bangunpertiwi for the financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 expressed in Singapore Dollars and prepared under IAS were audited by Drs Johan, Malonda & Rekan, a member of the Indonesian Institute of Accountants.

The financial statements of Bintan Resort Ferries Private Limited for the financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 were audited by TeoFoongWongLCLoong., Certified Public Accountants of Singapore.

The financial statements of BRF Holidays Pte Ltd for the financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 were audited by N.F Lee & Co, Certified Public Accountants of Singapore.

D. Basis of presentation of proforma financial information (continued)

The financial statements of Gallant Venture Pte Ltd for the financial period from 7 April 2003 (the date of incorporation) to 31 December 2003 and the financial year ended 31 December 2004 and six-months ended 30 June 2005 were audited by Foo Kon Tan Grant Thornton, Certified Public Accountants of Singapore.

The financial statements of Verizon Resorts Limited for the financial period from 5 May 2004 (the date of incorporation) to 31 December 2004 and six-months ended 30 June 2005 were audited by Foo Kon Tan Grant Thornton, Certified Public Accountants of Singapore for the purpose of inclusion in the proforma consolidated financial statements of the Company.

For the purpose of the compilation report, Foo Kon Tan Grant Thornton has performed a review of the audited financial statements of PT Batamindo Investment Cakrawala and its subsidiaries, PT Bintan Resort Cakrawala and its subsidiaries, PT Buana Megawisatama, PT Surya Bangunpertiwi and PT Suakajaya Indowahana for the financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 which have been used in preparing the Proforma Group financial information and a review of the working papers of the other auditors.

PROFORMA GROUP BALANCE SHEET

	Note	31 December 2004 S$'000	30 June 2005 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	370,812	366,291
Investment properties	3	354,615	348,772
Land under development	4	12,917	12,917
Investments in unquoted equity shares	5	968	978
Deferred tax assets	6	4,544	5,112
Other non-current assets	7	67,270	67,250
		811,126	801,320
Current assets			
Land inventories	8	541,350	541,366
Inventories	9	8,122	9,873
Trade receivables	10	34,170	31,154
Other receivables	11	2,801	2,905
Due from related parties	12	12,001	12,638
Restricted cash	13	27,301	28,009
Cash and bank balances	14	65,568	66,669
		691,313	692,614
Total assets		**1,502,439**	**1,493,934**
LIABILITIES AND EQUITY			
Non-current liabilities			
Deposits from tenants/golf membership	15	39,852	39,449
Deferred tax liability	16	316	324
Employee benefit liabilities	17	3,128	3,380
Loans and borrowings	18	129,966	118,562
		173,262	161,715
Current liabilities			
Trade payables	19	20,870	19,450
Other payables	20	2,642	2,818
Due to related parties	21	44,111	45,271
Taxes payable	22	1,425	4,076
Current portion of loans and borrowings	18	37,620	37,562
		106,668	109,177
Total liabilities		**279,930**	**270,892**
Shareholders' equity		**1,189,775**	**1,191,325**
Minority interest		**32,734**	**31,717**
Total equity		**1,222,509**	**1,223,042**
Total liabilities and shareholders' equity		**1,502,439**	**1,493,934**
Net tangible assets		**1,187,370**	**1,188,920**

PROFORMA GROUP PROFIT AND LOSS ACCOUNTS

	Note	Financial year ended 31 December 2002 S$'000	2003 S$'000	2004 S$'000	Six-months ended 30 June 2005 S$'000	2004 S$'000
Revenue	23	202,308	191,695	201,996	103,755	100,746
Cost of sales		(120,525)	(129,087)	(142,399)	(73,516)	(69,907)
Gross profits		81,783	62,608	59,597	30,239	30,839
General and administration expense		(2,345)	(3,069)	(2,540)	(1,743)	(1,356)
Operating expenses		(41,157)	(42,499)	(40,302)	(19,298)	(19,928)
Other income	24	2,215	3,799	9,412	671	6,906
		40,496	20,839	26,167	9,869	16,461
Exchange gain/(loss)		2,880	(683)	3,287	3,005	2,124
Interest income		794	558	2,033	1,500	1,013
Profit from operations	25	44,170	20,714	31,487	14,374	19,598
Financing costs	26	(4,742)	(3,081)	(8,833)	(3,495)	(3,090)
		39,428	17,633	22,654	10,879	16,508
Share of associate results		154	114	170	197	132
Profit before taxation		39,582	17,747	22,824	11,076	16,640
Taxation	27	(20,649)	(12,330)	(11,697)	(7,750)	(7,437)
Profit after taxation but before minority interests		18,933	5,417	11,127	3,326	9,203
Minority interests		2,125	2,374	1,572	919	319
Net profit for the year		21,058	7,791	12,699	4,245	9,522
Earnings per share (cents) (1)		0.87	0.32	0.53	0.18	0.40

(1) Earnings per share were computed based on the pre-share distribution issued share capital of 2,410,423,184 shares.

PROFORMA GROUP STATEMENT OF CHANGES IN EQUITY

	Shareholders' equity S$'000	Minority interests S$'000	Total S$'000
Balance at 1 January 2004	1,225,592	34,110	1,259,702
Net profit for the year	12,699	(1,572)	11,127
Cash dividends declared	(15,000)	–	(15,000)
Exchange translation difference	(2,238)	196	(2,042)
Effects of assets and liabilities acquired by VRL Labuan	(31,278)	–	(31,278)
Balance at 31 December 2004	1,189,775	32,734	1,222,509
Net profit for the period	4,245	(919)	3,326
Exchange translation difference	(2,695)	(98)	(2,793)
Balance at 30 June 2005	1,191,325	31,717	1,223,042

PROFORMA GROUP STATEMENT OF CASH FLOWS

	Financial year ended 31 December 2004 S$'000	Six-months ended 30 June 2005 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,824	11,076
Adjustments for:		
Allowance for diminution in value of investments	–	300
Depreciation expense	51,190	24,542
Amortisation of software costs	26	16
Exchange translation difference	(861)	(2,786)
Loss/(gain) on disposal of property, plant and equipment	1,675	(220)
Gain on disposal of investment properties	–	(1,690)
Interest expense	8,833	3,495
Interest income	(2,033)	(1,500)
Employee benefits	874	404
Share of associate results	(170)	(197)
Cash from operations before changes in working capital	82,358	33,440
Changes in working capital		
Decrease in trade receivables	2,087	3,016
(Increase)/decrease in other receivables	(207)	916
Increase in inventories	(2,265)	(1,751)
Decrease/(increase) in owing by related parties	16,135	(637)
Decrease in trade payables	(4,908)	(1,421)
(Decrease)/increase in other payables	(681)	106
(Decrease)/increase in owing to related parties	(10,023)	1,136
Net cash from operations	82,496	34,805
Payment of employee benefits	(78)	(121)
Income tax paid	(7,310)	(5,649)
Interest paid	(7,670)	(3,424)
Interest received	683	480
NET CASH GENERATED FROM OPERATING ACTIVITIES	**68,121**	**26,091**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	–	(300)
Acquisition of property, plant and equipment and investment properties	(10,430)	(15,335)
Dividends from associated companies	258	180
Proceeds from disposal of property, plant and equipment	3,080	778
Proceeds from disposal investment properties	–	2,265
Proceeds from disposal/(acquisition) of golf membership	138	(9)
Acquisition of software	(89)	(4)
Deposits (paid)/refunded	(44)	8
NET CASH USED IN INVESTING ACTIVITIES	**(7,087)**	**(12,417)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(15,000)	–
Increase in restricted cash	(378)	(708)
Deposits from/(refunded to) tenants/golf members	1,319	(403)
Repayment of loan to financial institutions	(25,814)	(12,808)
Loan from financial institutions	120	2,000
Repayment of advances from third party	(15,334)	(654)
NET CASH USED IN FINANCING ACTIVITIES	**(55,087)**	**(12,573)**
INCREASE IN CASH AND CASH EQUIVALENTS	5,947	1,101
CASH AND CASH EQUIVALENTS AT BEGINNING	59,621	65,568
CASH AND CASH EQUIVALENTS AT END (Note 14)	**65,568**	**66,669**

NOTES TO THE PROFORMA GROUP FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Accounting convention

The unaudited proforma consolidated financial statements presented in nearest thousands of Singapore Dollars being the principal functional and reporting currency of the principal companies within the Proforma Group have been prepared under the historical cost convention, unless otherwise indicated in the other significant accounting policies and are in accordance with Singapore Financial Reporting Standards.

Basis of consolidation

The unaudited proforma consolidated financial statements for financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 are prepared for illustrative purposes only. The basis of preparation of the unaudited proforma consolidated financial statements is set out in Section D on pages **J14** to **J16**.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Landrights	16 – 80
Land improvements	20
Landfill	3
Building and infrastructures	3 – 30
Golf course	37 – 45
Utilities	3 – 30
Machinery and equipment	3 – 15
Vessels and ferry equipment	5 – 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.

The cost of maintenance and repairs is charged to the profit and loss account 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 profit and loss account.

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

1. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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.

Effective 1 January 2003, the Proforma Group revised the depreciation period of certain utilities from 10 (ten) to become 15 (fifteen) up to 20 (twenty) years. The Proforma Group believes that the revised depreciation period will reflect a more realistic and rational allocation of the cost of the assets over their economic lives. As a result of the changes in the depreciation period, net profit for the year ended 31 December 2003 was approximately $6.9 million higher than it would have been, if the change had not been made.

Investment properties

Investment properties consist of buildings and improvements held to earn rentals including buildings, which could not be sold separately and an insignificant portion is held for use in the supply of services or for administrative purposes.

The Proforma Group applies the cost model. Investment properties are stated at cost less accumulated depreciation, less any impairment in value. Depreciation is computed using the straight-line method over the estimated useful lives of the investment property as follows:

Buildings and improvements	3 –30 years

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalised. The gain or loss on disposal or retirement of investment property recognised in the consolidated profit and loss account is the difference between the net disposal proceeds and the carrying amount of the asset at the date of disposal.

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

Land under development

Cost of land under development includes pre-acquisition cost, cost of land, borrowing cost and other costs directly or indirectly related to the acquisition and development of the land. Capitalisation of these costs will cease and land under development will be transferred to land inventories 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 specific identification method.

Investments in unquoted equity shares

Investments held on a long-term basis are stated at cost. Allowance is made for diminution in value, other than temporary, on an individual investment basis.

1. **Summary of significant accounting policies (continued)**

Associate companies

Investments in which the Proforma Group has an ownership interest of at least 20% but not exceeding 50% are accounted for under the equity method whereby the cost of investment is increased or decreased by the Proforma Group's share in the net earnings (losses) of the investees since the date of acquisition and dividends received and difference in foreign currency translation arising from the financial statements translation of foreign investee.

Golf membership

Golf membership is an intangible asset with indefinite useful life and 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 for impairment when an indicator of impairment arises during the reported period indicating that the carrying value may not be recoverable.

Goodwill

Goodwill acquired in a business combination represents the excess of the cost of the business combination over the Proforma Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill on acquisition is recognised as an asset and are carried at cost less impairment losses, if any. At the balance sheet date, goodwill is assessed for any impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made to the profit and loss account if the carrying amount exceeds the recoverable amount.

Land inventories

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

Inventories

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.

Receivables

Receivables are carried at cost which is the original invoiced amount less allowance for doubtful debts. The carrying value approximates the fair value of receivables.

All known bad debts are written off and specific allowance is made for those which are considered to be doubtful.

Receivables include trade and non-trade balances with external parties and related parties.

1. Summary of significant accounting policies (continued)

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.

Software development costs

Software development costs is a finite intangible assets acquired with a definite useful life which represent the Proforma Group's assets related to the development and implementation of the new financial reporting systems. The costs are amortised using the straight-line method over the estimated useful life of 3 years.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at bank and time deposits with maturities of three months or less at the time of placement and not pledged as collateral for loans or restricted in usage.

Income tax

Income tax comprises current and deferred tax.

In compliance with Government Regulation of the Republic of Indonesia ("RI") No. 27/1996 dated 16 April 1996, starting 1 January 1996, each payment on sales of land and building (including condominiums and cottages) is subjected to final tax. In compliance with Government Regulation of the RI No. 29/1996 dated 18 April 1996, starting 1 January 1996, each rental payment on the rental of buildings (including utility and service charges) is subjected to final tax of 6% from the gross rental amount.

Based on Government Regulation of the RI No. 79/1999 dated 30 September 1999, which amended the Government Regulation of RI No. 27/1996, companies whose main activities is sales of land and buildings, are no longer subjected to final tax for each payment on sales of land and buildings (including condominiums and cottages) starting 1 January 2000.

Based on Government Regulation of the RI No. 5/2002 dated 23 March 2002, which amended the Government Regulation of RI No. 29/1996, the final tax rate was changed from 6% to 10% from the gross rental amount effective 1 May 2002.

The liability method of tax effect accounting is adopted by the Proforma 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 for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

1. Summary of significant accounting policies (continued)

Income tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised.

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

Loans and borrowings

Loans and borrowings are initially recognised at fair value of proceeds received, net of transaction costs associated with the borrowing or loan. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost, which is the initial fair value less principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit and loss account over the period of the borrowings using the effective interest method.

Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Proforma Group.

Payables include trade and non-trade balances with external parties and related parties.

Employee benefits

Pension schemes

The Proforma Group participates in national pension schemes as defined by the laws of the countries in which it operates. As required by Indonesian Law, the Proforma Group makes contributions to the state pension scheme, Jamsostek. Jamsostek contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions. The ASTEK fund from Jamsostek contributions are responsible for the entire insurance claim relating to accidents incurred by the employees at the work place and for the entire retirement benefit obligations of the related employees.

The Proforma 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.

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.

1. **Summary of significant accounting policies (continued)**

Annual leave

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Provisions for employee service entitlements

The Proforma Group recognised provisions for employee service entitlements in accordance with the Decree of the Minister of Manpower (Kep-Men) No. 150, "Settlement of Labor Dismissal and The Stipulation of Severance Pay, Gratuity and Compensations in Companies" dated 20 June 2000 as required by Indonesian Law.

In 2003, the Proforma Group recognised provisions for employee service entitlements in accordance with Labor Law No. 13/2003 dated 25 March 2003 under Indonesian Law. The provisions are accrued based on the results of an actuarial valuation. The provisions are estimated using the Projected Unit Credit Method.

Provisions

Provisions are recognised when the Proforma Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Impairment of assets

The carrying amounts of the Proforma Group's 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, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Recoverable mount is defined as the higher of value in use and net selling price.

Any impairment loss is charged to the profit and loss account.

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 exist 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.

Capitalisation of borrowing costs

Interest costs and similar charges are expensed in the profit and loss account 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.

1. Summary of significant accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are recognised in the profit and loss account, except for differences in foreign currency borrowings that are capitalised as part of property, plant and equipment.

Accounts included in the proforma financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Profoma Group ("the functional currency"). The consolidated financial statements are expressed in Singapore Dollars, which is the functional currency of the Proforma Group except for PT BBT whose functional currency is Rupiah.

For the purpose of consolidation, assets and liabilities of foreign subsidiaries and associated companies are translated at the rate of exchange ruling at the balance sheet date. The profit and loss accounts of foreign subsidiaries and associated companies are translated using the average exchange rates for the year. Exchange differences arising on the translation are recognised directly as part of the shareholders' equity in the consolidated balance sheet of the Proforma Group.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Proforma Group and the revenue can be reliably measured.

Revenue from services is recognised when service has been rendered. Revenue from the sale of goods is recognised when all significant risks and rewards of ownership of the goods have been passed to the customers.

The following specific recognition criteria must also be met before revenue is recognised:

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

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

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

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

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

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

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

If the above conditions are not met, the payments received are accounted for under the deposit method.

1. Summary of significant accounting policies (continued)

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 are recognised over the terms of services rendered.

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

Resort operations and ferry services

Revenue are recognised when the services are rendered.

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 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.

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

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

Interest income

Revenue is recognised on a time-apportioned basis.

Dividends

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

Segment reporting

A segment is a distinguishable component of the Proforma Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

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

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

Segment information is presented in respect of the Proforma Group's business segments. The primary format, business segments, is based on the Proforma 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 Proforma Group.

1. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments carried on the balance sheet include receivables and payables, cash and bank balances and loans and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 36.

Use of estimates

The preparation of financial statements requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods maybe based on amounts that differ from those estimates.

2. Property, plant and equipment

31 December 2004	Balance at 1/1/2004 S$'000	Exchange translation difference S$'000	Additions S$'000	Transfers S$'000	Disposals S$'000	Balance at 31/12/2004 S$'000
Cost						
Landrights	95,208	–	1,278	–	(3,017)	93,469
Land improvements	4,764	–	–	–	(245)	4,519
Landfill	1,391	–	132	–	(72)	1,451
Building and infrastructures	211,424	–	347	669	(1,665)	210,775
Golf course	25,307	–	–	–	–	25,307
Utilities	227,731	–	–	901	(1,298)	227,334
Machinery and equipment	53,791	–	929	–	(1,223)	53,497
Vessels and ferry equipment	21,916	–	1,794	–	(1,723)	21,987
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	5,663	(8)	220	–	(175)	5,700
Medical equipment	653	–	7	–	–	660
Furnitures, fixtures and equipment	27,401	(11)	2,294	1,056	(12,910)	17,830
Office equipment	1,897	–	169	–	(17)	2,049
Resort equipment	2,091	–	223	–	–	2,314
Reservoir	12,734	–	–	–	–	12,734
Telecommunications equipment	10,033	(682)	270	–	–	9,621
Leasehold improvements	1,046	–	–	–	–	1,046
Construction-in-progress	5,578	–	2,741	(4,281)	–	4,038
Total	710,313	(701)	10,404	(1,655)	(22,345)	696,016
				(Note 3)		

31 December 2004	Balance at 1/1/2004 S$'000	Exchange translation difference S$'000	Depreciation S$'000	Transfers S$'000	Disposals S$'000	Balance at 31/12/2004 S$'000
Accumulated depreciation						
Landrights	15,432	–	2,391	–	–	17,823
Land improvements	1,457	–	232	–	(89)	1,600
Landfill	1,391	–	132	–	(72)	1,451
Building and infrastructures	75,745	–	9,324	–	(825)	84,244
Golf course	5,321	–	563	–	–	5,884
Utilities	126,694	–	10,280	–	(1,298)	135,676
Machinery and equipment	30,084	–	3,853	–	(546)	33,391
Vessels and ferry equipment	11,536	–	1,718	–	(1,659)	11,595
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	4,555	(6)	361	–	(175)	4,735
Medical equipment	635	–	9	–	–	644
Furnitures, fixtures and equipment	25,110	(10)	1,144	–	(12,909)	13,335
Office equipment	1,476	–	184	–	(17)	1,643
Resort equipment	1,503	–	250	–	–	1,753
Reservoir	3,818	–	424	–	–	4,242
Telecommunications equipment	4,187	(416)	686	–	–	4,457
Leasehold improvements	996	–	50	–	–	1,046
Total	311,625	(432)	31,601	–	(17,590)	325,204

31 December 2004	Balance at 1/1/2004 S$'000	Exchange translation difference S$'000	Depreciation S$'000	Transfers S$'000	Disposals S$'000	Balance at 31/12/2004 S$'000
Net book value						
Landrights						75,646
Land improvements						2,919
Landfill						–
Building and infrastructures						126,531
Golf course						19,423
Utilities						91,658
Machinery and equipment						20,106
Vessels and ferry equipment						10,392
Working wharf						–
Transportation equipment and vehicles						965
Medical equipment						16
Furnitures, fixtures and equipment						4,495
Office equipment						406
Resort equipment						561
Reservoir						8,492
Telecommunications equipment						5,164
Leasehold improvements						–
Construction-in-progress						4,038
Total						370,812

2. Property, plant and equipment (continued)

30 June 2005	Balance at 1/1/2005 S$'000	Exchange translation difference S$'000	Additions S$'000	Transfers S$'000	Disposals S$'000	Balance at 30/6/2005 S$'000
Cost						
Landrights	93,469	–	500	–	(30)	93,939
Land improvements	4,519	–	142	–	–	4,661
Landfill	1,451	–	108	–	–	1,559
Building and infrastructures	210,775	–	46	49	(505)	210,365
Golf course	25,307	–	–	–	–	25,307
Utilities	227,334	–	37	1,450	–	228,821
Machinery and equipment	53,497	–	47	–	(3)	53,541
Vessels and ferry equipment	21,987	–	135	–	(152)	21,970
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	5,700	(1)	32	–	(152)	5,579
Medical equipment	660	–	–	–	–	660
Furnitures, fixtures and equipment	17,830	(2)	1,410	(4)	(82)	19,152
Office equipment	2,049	–	53	–	(23)	2,079
Resort equipment	2,314	–	5	–	(250)	2,069
Reservoir	12,734	–	–	–	–	12,734
Telecommunications quipment	9,621	(69)	–	–	–	9,552
Leasehold improvements	1,046	–	86	4	(116)	1,020
Construction-in-progress	4,038	–	11,634	(4,775)	–	10,897
Total	696,016	(72)	14,235	(3,276)	(1,313)	705,590
				(Note 3)		

30 June 2005	Balance at 1/1/2005 S$'000	Exchange translation difference S$'000	Depreciation S$'000	Transfers S$'000	Disposals S$'000	Balance at 30/6/2005 S$'000
Accumulated depreciation						
Landrights	17,823	–	882	–	(12)	18,693
Land improvements	1,600	–	128	–	–	1,728
Landfill	1,451	–	96	–	–	1,547
Building and infrastructures	84,244	–	4,471	(6)	(246)	88,463
Golf course	5,884	–	280	–	–	6,164
Utilities	135,676	–	5,084	–	–	140,760
Machinery and equipment	33,391	–	1,570	–	(1)	34,960
Vessels and ferry equipment	11,595	–	867	–	(12)	12,450
Working wharf	1,685	–	–	–	–	1,685
Transportation equipment and vehicles	4,735	(1)	195	–	(152)	4,777
Medical equipment	644	–	5	–	–	649
Furnitures, fixtures and equipment	13,335	(1)	555	–	(82)	13,807
Office equipment	1,643	–	104	–	(23)	1,724
Resort equipment	1,753	–	118	–	(111)	1,760
Reservoir	4,242	–	212	–	–	4,454
Telecommunications equipment	4,457	(45)	329	–	–	4,741
Leasehold improvements	1,046	–	2	6	(117)	937
Total	325,204	(47)	14,898	–	(756)	339,299

30 June 2005	Balance at 1/1/2005 S$'000	Exchange translation difference S$'000	Depreciation S$'000	Transfers S$'000	Disposals S$'000	Balance at 30/6/2005 S$'000
Net book value						
Landrights						75,246
Land improvements						2,933
Landfill						12
Building and infrastructures						121,902
Golf course						19,143
Utilities						88,061
Machinery and equipment						18,581
Vessels and ferry equipment						9,520
Working wharf						–
Transportation equipment and vehicles						802
Medical equipment						11
Furnitures, fixtures and equipment						5,345
Office equipment						355
Resort equipment						309
Reservoir						8,280
Telecommunications equipment						4,811
Leasehold improvements						83
Construction-in-progress						10,897
Total						366,291

2. Property, plant and equipment (continued)

Land rights on Bintan Island represents 1,760 ha used as site for utilities and common facilities under PT BRC.

The land use rights 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 BIC (236 hectars)	18 December 2019, 26 February 2025 and 1 July 2031
PT BEV (213 hectars)	31 August 2020

PT BIIE's HGB covering a land of approximately 168.6 ha at Bintan Island is held for 30 years up to 24 August 2025 with an option to extend for another 50 years up to 24 August 2075. As of 31 December 2004 and 30 June 2005, the HGB on another 100 ha of land is not yet transferred under PT BIIE's name.

Vessels and ferry equipment are pledged to a bank as collateral for the secured bank loan and other banking facilities as disclosed under Note 18 – "Loans and borrowings".

Construction in progress at the Industrial Parks amounting to S$2,749,333 as at 31 December 2004 and S$7,471,678 as at 30 June 2005, includes all costs related to the construction of the industrial complex and supporting infrastructures and amenities and telecommunication project. The accumulated costs will be transferred to the appropriate property and equipment and investment property accounts upon completion of the specific phases of the Project.

Construction in progress at the Executive Village amounting to S$1,006,247 as at 31 December 2004 and S$1,056,128 as at 30 June 2005, includes all preliminary costs related to the construction of condominium phase 3A and for golf course phase 2 such as design, soil investigation and consultation fee. The management believes that the postponed projects can be realized upon shareholder's approval that depends on the improvement of economic conditions in Indonesia.

3. Investment properties

	31 December 2004 S$'000	30 June 2005 S$'000
Balance at beginning	372,523	354,615
Transfer from property, plant and equipment (Note 2)	1,655	3,276
Additions	26	1,100
Disposal	–	(575)
Depreciation charge for the year/ period	(19,589)	(9,644)
Balance at end	354,615	348,772
Represented by:		
Carrying value	545,177	548,486
Accumulated depreciation	(190,562)	(199,714)
	354,615	348,772

The fair value of the investment properties, except PT Batamindo Executive Village (BEV)'s investment properties, as of 31 December 2004 and 30 June 2005 amounted to S$403.5 million and were based on recent valuation using the open market value and depreciated replacement cost method by independent professional valuers, Colliers International Consultancy and Valuation (Singapore) Pte Ltd, after taking into consideration the prevailing market conditions and other factors considered appropriate by the Directors. The net carrying values of BEV's investment properties as of 31 December 2004 and 30 June 2005 amounted to S$1,475,553 and S$1,405,337 respectively.

4. Land under development

	31 December 2004 S$'000	30 June 2005 S$'000
Road network	10,031	10,031
Land acquisition cost	1,070	1,070
Consultant fees	1,289	1,289
Others	527	527
	12,917	12,917

5. Investment in unquoted equity shares

	31 December 2004 $'000	30 June 2005 S$'000
Associated companies		
At cost	543	543
Share of post acquisition profits	490	442
Exchange translation difference	(65)	(7)
	968	978
Other unquoted equity shares		
Bintan Lagoon Resorts Ltd	10,000	10,000
Tropical Bintan Resort Pte Ltd	200	500
Bintan Resort Management Pte Ltd	800	800
	11,000	11,300
Allowance for diminution in value of investments	(11,000)	(11,300)
	–	–
	968	978

Details of associated companies are listed under the heading "Section C. The Proforma Group".

6. Deferred tax assets

	31 December 2004 S$'000	30 June 2005 S$'000
Balance at beginning	3,586	4,544
Credited to profit and loss accounts	958	568
Balance at end	4,544	5,112

	Balance at 1 January 2004 S$'000	(Charged)/credited to profit and loss accounts S$'000	Balance at 31 December 2004 S$'000
The balance comprises tax on:			
Deferred tax assets			
Fiscal loss net of expired loss	4,446	(511)	3,935
Provision for employee expenses	220	303	523
Allowance for doubtful debts	–	1,881	1,881
Allowance for diminution in value of investments	3,060	–	3,060
Deferred tax liabilities			
Allowances for unrecoverable deferred tax assets	(334)	(429)	(763)
Property, plant and equipment	(3,806)	(286)	(4,092)
	3,586	958	4,544

	Balance at 1 January 2005 S$'000	(Charged)/credited to profit and loss accounts S$'000	Balance at 30 June 2005 S$'000
The balance comprises tax on:			
Deferred tax assets			
Fiscal loss net of expired loss	3,935	926	4,861
Provision for employee expenses	523	(151)	372
Allowance for doubtful debts	1,881	(1,161)	720
Allowance for diminution in value of investments	3,060	30	3,090
Deferred tax liabilities			
Allowances for unrecoverable deferred tax assets	(763)	11	(752)
Property, plant and equipment	(4,092)	913	(3,179)
	4,544	568	5,112

7. Other non-current assets

	31 December 2004 S$'000	30 June 2005 S$'000
Golf membership, at cost (a)	4,253	4,263
Allowance for diminution in value	(2,240)	(2,240)
	2,013	2,023
Goodwill on acquisition	2,405	2,405
Estimated claims for income tax refund	703	693
Loan receivable (b)	62,046	62,046
Deposits paid	40	32
Software costs (c)	63	51
	67,270	67,250

(a) Golf membership represents the value of non-refundable unsold golf membership.

(b) Loan receivable is unsecured and interest is payable at the rate of 1.5% above the Singapore Inter-Bank Offer Rate (SIBOR) per annum and there are no fixed repayment terms.

The loan is convertible at the option of VRL Labuan into shares in the capital of PT AIB. Further details can be found on Section B under PT AIB Convertible Loan Agreement.

(c) Software costs comprise the following:

	31 December 2004 S$'000	30 June 2005 S$'000
Balance at beginning	–	63
Acquisition of software costs during the year	89	4
Amortisation for the year/period	(26)	(16)
Balance at end	63	51

8. Land inventories

	31 December 2004 S$'000	30 June 2005 S$'000
Land at cost	541,350	541,366

As at 31 December 2004 and 30 June 2005, PT SBP's land inventories comprise 3,767 ha with Building Use Right ("HGB") Certificates. These landrights will expire on certain dates in 2023 to 2026.

As at 31 December 2004 and 30 June 2005, PT BMW's land inventories comprise 14,433 ha of land with HGB certificates. These landrights will expire on several dates from 2023 to 2028.

9. Inventories

	31 December 2004 S$'000	30 June 2005 S$'000
Fuel and lubrication oil, at cost	7,828	9,564
Medicines, at cost	67	62
Consumables and supplies, at cost	227	247
	8,122	9,873

10. Trade receivables

	31 December 2004 S$'000	30 June 2005 S$'000
Trade receivables – external parties	46,299	42,012
Allowance for doubtful debts	(12,129)	(10,858)
	34,170	31,154

Certain trade receivables are used as collateral for the interest-bearing loans obtained (Note 18).

11. Other receivables

	31 December 2004 S$'000	30 June 2005 S$'000
Refundable deposits	41	38
Prepayments	1,110	429
Others	300	69
Interest receivable	1,350	2,369
	2,801	2,905

12. Due from related parties

	31 December 2004 S$'000	30 June 2005 S$'000
Related parties		
Trade	14,233	14,200
Allowance for doubtful debts (trade)	(2,971)	(3,431)
Non-trade	3,756	4,903
Allowance for doubtful debts (non trade)	(3,255)	(3,255)
Associated company	238	221
	12,001	12,638

The non-trade balances owing by related parties are unsecured and interest-free.

Included in non-trade balances are recoverable of S$501,000 as at 31 December 2004 and S$1,648,000 as at 30 June 2005 representing direct expenditure incurred relating to the Restructuring Exercise. The expenditure includes legal and professional fees.

The amount owing by an associated company is unsecured, interest-bearing at the interest rate of 1% per annum over the prime rate of Development Bank of Singapore and has no fixed terms of repayment.

13. Restricted cash

The restricted cash represents cash in a bank account with United Overseas Bank Limited ("UOBL"). As disclosed in Note 18 - "Loans and borrowings", the bank loan with UOBL is secured by an assignment of accounts receivable and the related bank account is designed and maintained for collection of such accounts receivable.

14. Cash and bank balances

	31 December 2004 S$'000	30 June 2005 S$'000
Cash on hand	4,122	4,083
Cash in banks	29,226	35,237
Cash at bank and in hand	33,348	39,320
Time deposits	32,220	27,349
	65,568	66,669

Interest rate on time deposits		
Singapore dollars	0.1875% to 1.25%p.a.	0.70% to 1.93%p.a.
Indonesian rupiah	5.75% to 7.25% p.a.	5.75% to 7.00% p.a.
United States dollars	0.65% to 1.89% p.a.	0.65% to 2.79% p.a.

15. Deposits from tenants and golf membership

	31 December 2004 S$'000	30 June 2005 S$'000
Deposits from tenants	31,915	31,689
Refundable golf membership deposit	7,937	7,760
	39,852	39,449

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

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

16. Deferred tax liability

	31 December 2004 S$'000	30 June 2005 S$'000
Balance at beginning	839	316
Charged/(credited) to profit and loss accounts	(523)	8
Balance at end	316	324

	Balance at 1 January 2004 S$'000	Charged/(credited) to profit and loss accounts S$'000	Balance at 31 December 2004 S$'000
Property, plant and equipment	2,000	(812)	1,188
Estimated liability for employee service entitlements	(129)	38	(91)
Allowance for unrecoverable deferred tax assets - tax loss	(1,032)	1,032	–
Allowance for doubtful debts	–	965	965
Tax loss - net of expired tax loss	–	(1,746)	(1,746)
	839	(523)	316

16. Deferred tax liability (continued)

	Balance at 1 January 2005 S$'000	Charged/(credited) to profit and loss accounts S$'000	Balance at 30 June 2005 S$'000
Property, plant and equipment	1,188	28	1,216
Estimated liability for employee service entitlements	(91)	(16)	(107)
Allowance for doubtful debts	965	195	1,160
Tax loss - net of expired tax loss	(1,746)	(199)	(1,945)
	316	8	324

17 Employee benefit liabilities

	31 December 2004 S$'000	30 June 2005 S$'000
Balance at beginning	2,585	3,128
Net employee' benefits expense	874	404
Translation adjustment	(253)	(31)
Actual benefit payment	(78)	(121)
Balance at end	3,128	3,380

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 Proforma Group recognised a provision for employees' service entitlement in accordance with the above Law. 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	:	8% to 11% per annum
Mortality rate	:	USA Table of Mortality, commissioners standard ordinary 1980
Wages and salary increases	:	9% to 10% per annum
Retirement age	:	55 years
Turnover sales	:	5% up to age 25 and reducing linearly by 0.25% for each year up to 0% at the age of 45 and thereafter

The net employee benefits expense comprises the following:

	31 December 2004 S$'000	30 June 2005 S$'000
Current service cost	601	283
Interest expense	216	103
Amortisation of unvested past service cost	42	18
Unrecognised past service cost	66	–
Settlement loss	(51)	–
	874	404

18. Loans and borrowings

	31 December 2004 S$'000	30 June 2005 S$'000
Promissory notes	19,716	19,062
Bank loans		
Term loan 1 – United Overseas Bank Limited	33,750	22,500
Term loan 2 – United Overseas Bank Limited	1,500	2,000
Term loan 3 – United Overseas Bank Limited	112,500	112,500
Short-term loans		
Bank Niaga Tbk	52	28
PT Bank Panin Tbk	68	34
	167,586	156,124
Less:		
Current portion of long term debts	(37,620)	(37,562)
	129,966	118,562

a. Promissory notes

The Proforma Group has issued promissory notes to Jiangjun Limited (formerly known as Parallax Venture Partner II Limited) for the amounts owing with interest accrued thereon at the rate of 2.25% per annum from 1 January 2004 to the date of payment. The repayment is due on 31 December 2006.

18. Loans and borrowings (continued)

b. Term loan 1 – United Overseas Bank Limted ("UOBL")

On 24 May 2002, PT BIC entered into a credit agreement with UOBL for a S$90 million term loan facility which will be used to finance the share acquisition of PT BIIE. This loan is secured by an assignment of accounts receivable (Note 10) and the related bank account with UOBL which is maintained for the collections of such accounts receivables (Note 13). This loan bears interest at rates ranging from 2.71% to 3.41% per annum in 2004 and from 3.41% to 4.12% per annum for six-months ended 30 June 2005 and is payable in 16 (sixteen) equal quarterly installments commencing June 2002.

The above loan agreements generally include certain covenants, among others, which require PT BIC to maintain some financial ratios:

(a) tangible consolidated net worth will not at any time be less than S$300,000,000;

(b) the ratio of total consolidated borrowings to tangible consolidated net worth will not at any time exceed 1.5 to 1;

(c) the ratio of total consolidated liabilities to tangible consolidated net worth will not at any time exceed 2.5 to 1;

(d) the ratio of EBITDA to interest expense for each test period will not be less than 3 to 1;

(e) the ratio of EBITDA to total debt for each test period will not be less than 1.3 to 1; and

(f) the value of the rental amounts subject to the Security created pursuant to the fiduciary security over receivables for the period of twelve months ending on each quarterly test date will not be less than S$36,000,000 (or its equivalent in any other currency or currencies).

c. Term loan 2 – United Overseas Bank Limited

In October 2001, BRF entered into a revised credit facilities agreement to include a 4-year term loan of S$4,900,000 for financing the construction of a new vessel. This loan is repayable in 35 monthly installments of S$100,000 starting on 1 September 2002 or one month after the delivery of the vessel, with a final payment of S$1,400,000. This loan bears interest at 0.75% above the prime lending rate. Interest charged was at 5.75% per annum in 2004. In October 2004, this loan was fully repaid.

The revolving credit facilities from the same bank amounting to S$3,000,000 was drawn on various dates. Under the revised credit facilities agreement referred to in the preceding paragraphs, the term of revolving credit facility was extended from 10 January 2005 to 10 January 2008. These loans bear interest 1% above the swap rate as defined in the loan agreement, which was at 2.15% per annum in 2004 and between 2.15% to 2.97% per annum for the six-months ended 30 June 2005.

The above mentioned loan and revolving credit facilities are secured by the following:

i deed of Debenture creating a fixed and floating charge over BRF's assets both present and future including goodwill and uncalled capital;

ii. first legal mortgage on BRF's vessels;

iii. corporate guarantee from PT BRC; and

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

18. Loans and borrowings (continued)

d. Term loan 3 – United Oveseas Bank Limited

On 23 December 2004, the Proforma Group obtained term loan facility for a loan of S$112,500,000 for the purposes of financing acquisition of assets as mentioned under Section B "Schemes/Acquisitions" of this report.

The loan is repayable in 3 half-yearly instalments of S$7,500,000 with effect from August 2005, 2 half-yearly instalments of S$12,000,000 from February 2007, 2 half-yearly instalments of S$16,000,000 from February 2008 and 2 half-yearly instalments of S$17,000,000 from February 2009.

Interest is charged at the relevant Singapore Interbank Offer Rate plus 2.25% per annum. The effective rate of interest is 3.12% per annum in 2004 and 4.37% per annum for the six-months ended 30 June 2005.

The loan is secured by:

(i) pledge of shares in the capital of PT BIC, PT BMW, PT SBP, PT SI and pledges by certain Associate of PVP XXX of shares in the capital of Avonian Pte Ltd, PT Citra Karimun Perkasa, PT AIB and Great Contribution Investments Limited;

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

(iii) cash deposit of S$25,000,000 (Note 13).

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 S$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.

e. Bank Niaga Tbk

PT BMW obtained a loan for the purchase of vehicle amounting to S$56,612 bearing a flat interest rate at 3.5% per annum. The loan is repayable by December 2005.

f. PT Bank Panin Tbk

PT SBP obtained a loan for the purchase of vehicles amounting to S$74,568 bearing a flat interest rate at 2.95% per annum. The loan is repayable by December 2005.

19. Trade payables

	31 December 2004 S$'000	30 June 2005 S$'000
Trade – external parties	10,507	10,142
Accrued operating expenses	10,363	9,308
	20,870	19,450

20. Other payables

	31 December 2004 S$'000	30 June 2005 S$'000
Accrued interest	1,276	1,346
Contractor payables	1,001	1,105
Retention payables	365	367
	2,642	2,818

21. Due to related parties

	31 December 2004 S$'000	30 June 2005 S$'000
Trade	12,661	16,821
Non-trade - interest bearing	2,614	3,603
- non-interest bearing	28,836	24,847
	44,111	45,271

The non-trade balances owing to related parties are unsecured and have no fixed terms of repayment. As at 31 December 2004, the interest bearing balances of S$2,614,000 are charged at an interest rate of 0.7% per annum above SIBOR. As at 30 June 2005, the interest bearing balances of S$2,696,000 are charged at an interest rate of 0.7% per annum above SIBOR and S$907,000 are at 2.25% per annum.

22. Taxes payable

	31 December 2004 S$'000	30 June 2005 S$'000
Corporate income tax	131	2,733
Income taxes		
Article 4(2)	162	160
Article 21	376	161
Article 23	247	334
Article 25	7	14
Article 26	144	180
Value added tax	355	340
Development tax	3	154
	1,425	4,076

23. Revenue

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Industrial parks	80,219	68,052	63,780	34,167	32,447
Property developer	–	–	–	–	–
Resort operations	19,187	18,168	19,199	8,383	9,097
Utilities	102,902	105,475	119,017	61,205	59,202
	202,308	191,695	201,996	103,755	100,746

24. Other income/(expenses)

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Inventories written off	(36)	(7)	–	–	–
Accounts payable written off	–	392	1,112	–	1,078
Gain/(loss) on disposal of property, plant and machinery	137	8	(1,675)	220	52
Indosat World Link and internet compensation income	354	599	472	333	206
Allowance for diminution in value of unquoted equity shares	–	–	–	(300)	–
Other income	1,548	244	1,762	(802)	692
Gain on settlement of final claim	–	–	2,994	–	–
Loss on repurchase of condominium	–	(149)	–	–	–
Tax refund	–	2,492	–	–	–
Telecommunication facility rental income	216	224	126	91	213
Bank charges	(4)	(4)	(4)	(79)	(2)
Bad debts recovered	–	–	625	–	–
Allowance for doubtful debts no longer required	–	–	4,000	1,208	4,000
Interest waiver	–	–	–	–	667
	2,215	3,799	9,412	671	6,906

25. Profit from operations

Profit from operations is arrived at after charging / (crediting):

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Amortisation of software costs	–	–	26	16	–
Depreciation of property, plant and equipment	38,721	30,898	31,601	14,898	15,665
Depreciation of investment property	16,912	19,267	19,589	9,644	9,561
Allowance for doubtful debts	1,817	3,468	4,333	408	2,335
Obsolete inventories written off	–	857	–	–	–
Allowance for decline in value of golf membership	494	–	–	–	–
Salaries, allowances and other benefits	19,114	20,110	19,844	10,157	9,610
Employees' service entitlements	750	1,107	874	404	578
Bad debt expenses	–	93	8	–	–

26. Financing costs

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Interest expense – loans and borrowings	4,742	3,081	8,833	3,495	3,090

27. Taxation

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Current taxation					
Indonesia tax					
Final tax	13,291	10,893	11,958	6,937	6,631
Non-final tax	693	1,170	1,147	971	1,079
Singapore tax	83	76	90	49	43
	14,067	12,139	13,195	7,957	7,753
Deferred taxation					
Indonesia tax	6,582	191	(1,498)	(562)	(316)
Withholding tax	–	–	–	355	–
	20,649	12,330	11,697	7,750	7,437

The tax expense on the results of the Proforma Group varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Proforma Group's profit as a result of the following:

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Profit before taxation	39,582	17,747	22,824	11,076	16,640
Tax at statutory rate	8,708	3,904	4,565	2,215	3,328
Tax effect on non-deductible expenses	8,364	6,898	4,173	4,427	2,220
Tax effect on non taxable income	–	–	–	–	–
Differences in tax rates	3,577	1,528	2,959	1,108	1,889
	20,649	12,330	11,697	7,750	7,437

28. Number of employees

As of 31 December 2002, 2003, 2004, the Proforma Group has a total of 2,115, 2,092 and 1,940 permanent employees respectively.

As of 30 June 2005 and 30 June 2004, the Proforma Group has a total of 1,950 and 1,940 permanent employees respectively.

29. Dividends

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Dividends paid	–	5,000	15,000	–	–
Total dividends declared	–	5,000	15,000	–	–

Based on the Shareholders' Circular Resolution dated 10 July 2003, PT BIC's shareholders ratified the declaration of cash dividend outstanding of S$62.50 per ordinary share for the financial year ended 31 December 2001 amounting to S$5,000,000 in 2003.

Based on the Shareholders' circular Resolution dated 19 July 2004, PT BIC's shareholders ratified the declaration of interim cash dividends of $187.50 per ordinary share for the financial year ended 31 December 2004 amounting to S$15,000,000.

30. Segment information

Industrial parks segment

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

Utilities segment

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

Resort operations segment

The resort operation segment is engaged in the activities of provision of services to resort operators in Bintan Resort including ferry terminal operations, workers accommodation, security, fire fighting services and facilities required by resort operators.

Property development segment

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

30. Segment information (continued)

For financial year ended 31 December 2002

Business segments	Industrial parks S$'000	Utilities S$'000	Resort operations S$'000	Property developer S$'000	Elimination S$'000	Total S$'000
Operating revenue						
External sales	80,219	102,902	19,187	–	–	202,308
Inter segment sales	–	380	–	–	(380)	–
Total sales	80,219	103,282	19,187	–	(380)	202,308
Segment results						
Profit / (loss) from operations	21,318	31,954	(5,468)	(3,480)	–	44,324
Finance costs						(4,742)
Profit before taxation						39,582
Taxation						(20,649)
Profit after taxation						18,933
Minority interest						2,125
Net profit for the year						21,058
Other information						
Capital expenditure	5,227	4,105	4,585	115	–	14,032
Depreciation of property, plant and equipment and investment properties	25,387	23,636	6,536	74	–	55,633
Property, plant and equipment written off	–	–	–	–	–	–
(Gain) / loss on disposal of property, plant and equipment	(8)	(175)	46	–	–	(137)
Allowance for doubtful debts (trade)	1,813	–	4	–	–	1,817
Bad debts written off (trade)	–	–	–	–	–	–
Allowance for diminution in value of golf membership	494	–	–	–	–	494

30. Segment information (continued)

For financial year ended 31 December 2003

Business segments	Industrial parks S$'000	Utilities S$'000	Resort operations S$'000	Property developer S$'000	Elimination S$'000	Total S$'000
Operating revenue						
External sales	68,052	105,475	18,168	–	–	191,695
Inter segment sales	180	307	–	–	(487)	–
Total sales	68,232	105,782	18,168	–	(487)	191,695
Segment results						
Profit / (loss) from operations	8,227	22,946	(6,326)	(4,019)	–	20,828
Finance costs						(3,081)
Profit before taxation						17,747
Taxation						(12,330)
Profit after taxation						5,417
Minority interest						2,374
Net profit for the year						7,791
Other information						
Capital expenditure	1,072	2,490	1,044	168	–	4,774
Depreciation of property, plant and equipment and investment properties	26,905	16,459	6,717	84	–	50,165
Property, plant and equipment written off	–	–	–	–	–	–
(Gain) / loss on disposal of property, plant and equipment	(10)	–	2	–	–	(8)
Allowance for doubtful debts (trade)	3,305	–	163	–	–	3,468
Bad debts written off (trade)	–	–	–	–	–	–
Bad debts written off (non–trade)	–	–	–	93	–	93
Allowance for diminution in value of golf membership	–	–	–	–	–	–

30. Segment information (continued)

For financial year ended 31 December 2004

Business segments	Industrial parks S$'000	Utilities S$'000	Resort operations S$'000	Property developer S$'000	Elimination S$'000	Total S$'000
Operating revenue						
External sales	63,780	119,017	19,199	–	–	201,996
Inter segment sales	92	244	–	–	(336)	–
Total sales	63,872	119,261	19,199	–	(336)	201,996
Segment results						
Profit / (loss) from operations	16,315	21,189	(1,105)	(4,742)	–	31,657
Finance costs						(8,833)
Profit before taxation						22,824
Taxation						(11,697)
Profit after taxation						11,127
Minority interest						1,572
Net profit for the year						12,699
Assets						
Segment assets	548,500	224,300	164,061	560,991	–	1,497,852
Unallocated corporate assets						4,587
Total assets						1,502,439
Liabilities						
Segment liabilities	93,797	17,084	26,102	7,112	–	144,095
Unallocated corporate liabilities						135,835
Total liabilities						279,930
Other information						
Capital expenditure	4,765	1,834	3,460	371	–	10,430
Software costs	74	–	–	15	–	89
Amortisation of software cost	22	–	–	4	–	26
Depreciation of property, plant and equipment and investment properties	27,762	15,518	7,803	107	–	51,190
Property, plant and equipment written off	–	–	–	–	–	–
(Gain) / loss on disposal of property, plant and equipment	(8)	1,194	546	(57)	–	1,675
Allowance for doubtful debts (trade)	2,950	–	1,383	–	–	4,333
Bad debts written off (trade)	–	–	–	–	–	–
Bad debts written off (non-trade)	–	–	–	8	–	8

30. Segment information (continued)

Six-months ended 30 June 2004

Business segments	Industrial parks S$'000	Utilities S$'000	Resort operations S$'000	Property developer S$'000	Elimination S$'000	Total S$'000
Operating revenue						
External sales	32,447	59,202	9,097	–	–	100,746
Inter segment sales	50	204	–	–	(254)	–
Total sales	32,497	59,406	9,097	–	(254)	100,746
Segment results						
Profit / (loss) from operations	10,828	9,864	1,465	(2,427)	–	19,730
Finance costs						(3,090)
Profit before taxation						16,640
Taxation						(7,437)
Profit after taxation						9,203
Minority interest						319
Net profit for the period						9,522
Other information						
Capital expenditure	2,254	358	2,159	21	–	4,792
Depreciation of property, plant and equipment and investment properties	13,926	7,954	3,304	42	–	25,226
Property, plant and equipment written off	–	–	–	–	–	–
(Gain) / loss on disposal of property, plant and equipment	–	–	6	(58)	–	(52)
Allowance for doubtful debts (trade)	2,015	–	320	–	–	2,335
Bad debts written off (trade)	–	–	–	–	–	–

30. Segment information (continued)

Six–months ended 30 June 2005

Business segments	Industrial parks S$'000	Utilities S$'000	Resort operations S$'000	Property developer S$'000	Elimination S$'000	Total S$'000
Operating revenue						
External sales	34,167	61,205	8,383	–	–	103,755
Inter segment sales	78	112	–	–	(190)	–
Total sales	34,245	61,317	8,383	–	(190)	103,755
Segment results						
Profit / (loss) from operations	7,978	8,943	(125)	(2,225)	–	14,571
Finance costs						(3,495)
Profit before taxation						11,076
Taxation						(7,750)
Profit after taxation						3,326
Minority interest						919
Net profit for the period						4,245
Assets						
Segment assets	558,124	212,090	135,538	582,432	–	1,488,184
Unallocated corporate assets						5,750
Total assets						1,493,934
Liabilities						
Segment liabilities	78,853	20,223	46,066	10,724	–	155,866
Unallocated corporate liabilities						115,026
Total liabilities						270,892
Other information						
Capital expenditure	14,242	122	914	57	–	15,335
Software costs	4	–	–	–	–	4
Amortisation of software cost	13	3	–	–	–	16
Depreciation of property, plant and equipment and investment properties	13,220	7,862	3,373	87	–	24,542
Property, plant and equipment written off	–	–	–	–	–	–
Gain on disposal of property, plant and equipment	6	–	199	15	–	220
Allowance for doubtful debts (trade)	27	–	381	–	–	408
Bad debts written off (trade)	–	–	–	–	–	–

30. Segment information (continued)

Geographical segments

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

Segment revenue and segment expense

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

Segment assets and liabilities

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

Segment liabilities include all operating liabilities and consist principally of operating payables, loans and borrowings.

Segment assets and liabilities do not include deferred tax assets, deferred tax liabilities and provision for taxation.

31. Operating lease commitments (for non-cancellable lease agreements)

At the balance sheet date, the Proforma Group was committed to making the following payments in respect of non-cancellable operating lease with a term of more than one year.

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Lease which expires:					
Not later than one year	159	159	86	185	153
Later than one year and not later than five years	269	111	51	329	46
Later than five years	–	–	–	–	–

The operating lease is for equipment and office rental of BRF and BRFH. The expiry date of the leases range from 31 May 2005 to 3 September 2007.

The monthly lease rental ranges from $955 to $9,300.

For the Company, the expiry date of the leases for office equipment and office premises is on 31 March 2008 and 31 May 2008 respectively subject to an option to renew for another 5 years and 3 years respectively.

The monthly lease rental ranges from $350 to $5,155.

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Operating lease rental	240	246	225	162	132

32. Operating lease income

PT BIC and PT BIIE have entered into operating leases of factory buildings. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
PT BIC					
Lease income receivable:					
Not later than one year	47,822	34,313	23,505	23,698	28,345
Later than one year and not later than five years	75,707	28,097	14,264	21,159	44,884
Later than five years	118	–	–	–	258
Total	123,647	62,410	37,769	44,857	73,487
PT BIIE					
Lease income receivable:					
Not later than one year	4,909	4,016	6,219	5,512	5,544
Later than one year and not later than five years	3,276	2,131	5,895	5,356	6,590
Later than five years	–	–	–	–	–
Total	8,185	6,147	12,114	10,868	12,134

33. Capital expenditure commitments in respect of contracts placed

The outstanding uncompleted contracts for construction in progress project of PT BIC and PT BIIE amounted to about S$27.9 million as at 31 December 2004 and S$50.11 million as at 30 June 2005.

34. Contingent liabilities

a. As of 30 June 2005, there is a claim against PT Batamindo Executive Village, a subsidiary, by Akira Heavy Machinery and Construction Pte., Ltd. (Akira) for sums allegedly unpaid for works done in the construction of the golf course amounting to S$1,495,410. In 2001, Akira and PT Karya Titan (Titan), a local joint venture of Akira, agreed with the claim settlement offered by BEV amounting to S$450,000. However, Titan filed a lawsuit with the Riau High Court against Akira on the claim amount allocation into their joint account. On November 1, 2002, the Riau High Court ratified the claim amount to be paid to Akira and Titan, but Titan did not agree with the verdict and filed the lawsuit to the Supreme Court. As of 31 December 2004 and 30 June 2005, BEV recorded the accrual for the claim amounting to S$450,000 under "Trade payables" account in the proforma consolidated balance sheet.

b. As of 30 June 2005, PT BIC, as plaintiff, has filed the lawsuit to the Batam District Court and Supreme Court concerning the release of the seizure of a portion of the PT BIC's land against PT Sinar Dunia Makmur, PT Paper Box Industries Indonesia and Paper Box Industries (Singapore) Pte., Ltd., as defendants. In November 2004, PT BIC has billed a balance of 10% of the purchase price amounting to S$500,000 remains unpaid to PT BIC which is recorded under "Trade Receivables" account in the proforma consolidated balance sheet. In August 2005, the unpaid balance has been fully paid to PT BIC.

c. Legal proceedings have been commenced in Indonesia by PT Adhya Tirta Batam ("PT ATB") against PT BIC and, inter alia, its directors who include Anthoni Salim and Low Sin Leng. PT ATB alleges, inter alia, that PT BIC's business activity of water extraction in Batam, processing and water supply to tenants in BIP is beyond the authority of PT BIC's articles of association, contravenes the permits owned by PT BIC and breaches PT ATB's alleged exclusive right to water exploitation in Batam Island. PT ATB also claims that PT BIC under the management of the other defendants failed to act honestly in registering and notifying its business activities to the Indonesian authorities.

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

   PT BIC has sought Indonesian legal advice and intends to vigorously defend the suit. The Batam Industrial Development Authority has issued letters to PT BIC approving the extraction of water by PT BIC of up to 4,500 m^3/day in respect of the supply of clean water for BIP, and further stating that any shortage of water shall be supplied by PT ATB. There is no specified expiry date to such approval. Having taken into account the legal advice of its Indonesian counsel, PT BIC has not made provision in its accounts in respect of the suit.

35. Related party transactions

Apart from the balances with related parties disclosed elsewhere in this report, the following transactions have been entered into by the Proforma Group during the financial years ended 31 December 2002, 2003 and 2004 and six-months ended 30 June 2005 and 30 June 2004 with related parties negotiated on terms mutually agreed with these related parties:

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
SembCorp Park Management Pte Ltd					
Marketing services	3,850	4,225	4,225	2,113	2,113
Marketing remuneration fees	151	162	162	81	79
Offshore marketing services	2,580	2,530	2,280	1,140	1,265
Staff secondment fees	4,430	3,212	2,284	2,011	1,948
PT Bintan Servicatama Perkasa					
Asset lease income	2,598	3,810	–	–	–
Utilities management fee	1,879	912	–	–	–
PT Herwido Rintis					
Management fee	350	342	310	128	154
Riau Infrastructure Management Services Pte Ltd					
Technical assistance fee	570	245	245	122	122
PT Tunaskarya Indoswasta					
Human resource management fee	376	727	737	447	374
Interest Expense					
Sumitomo Rubber industries Ltd	35	26	24	10	10
Obayashi Corporation Ltd	24	17	16	11	6
Sumitomo Electric Industries Ltd	24	17	16	11	6
Sembawang KMP Corporation Pte Ltd	12	9	9	5	3
PT Dwi Sinergi Utama	1,231	–	–	–	–
PT Soxal Batamindo Industrial Gases					
Interest Income	21	13	10	–	5
Island Leisure international Pte. Ltd.					
Management fee	4,162	3,083	3,759	1,447	1,855
Bintan Resort Development Corporation Pte. Ltd.					
Management fee	381	344	349	569	170
PT Asuransi Central Asia					
Insurance premiums	137	168	301	177	98
Claims received	–	(163)	–	–	–

35. Related party transactions (continued)

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Zuellig Insurance Brokers Pte Ltd					
Insurance premiums	192	93	73	6	23
PT Alam Indah Bintan					
Sales	3,469	3,714	4,116	1,851	1,839
Purchases	344	589	615	9	282
Interest income	–	–	1,350	1,020	467
PT Ria Bintan					
Sales	882	1,350	1,566	414	674
Purchases	21	55	42	25	14
PT Straits CM Village					
Sales	3,278	3,071	3,638	1,356	1,718
Purchases	50	76	30	–	6
PT Bintan Lagoon Resorts					
Sales	5,731	5,476	6,333	2,580	2,922
Purchases	352	442	584	34	264
SCI Group					
Sales	147	64	165	–	26
Temasek Group					
Fees and rentals	1,472	1,319	1,438	620	800
Singapore Power Limited					
Utilities	17	18	22	10	9
Singapore Telecommunications Ltd					
Telecommunication expenses	96	84	78	32	48
Sembawang Kimtrans Ltd					
Port management fees	–	50	258	90	110

36. Financial risk management policies

The Proforma Group is affected by various financial risks, including credit risk, foreign currency risk, interest rate risk and liquidity risk. The Proforma Group's overall risk management objectives 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 Proforma Group, which are summarized below, and also monitors the market price risk arising from all financial instruments.

Credit risk

The financial assets that potentially subject the Proforma Group to significant concentration of credit risk consist principally of cash and cash equivalents, trade and other receivables, and due from related parties. The Proforma Group has in place credit policies and procedures to ensure the ongoing credit evaluation and active account monitoring. The Proforma 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.

Foreign currency risk

The Proforma Group is exposed to foreign currency exchange rate movement primarily in Indonesian Rupiah on certain expenses, assets and liabilities which arise from daily operations.

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

Interest rate risk

The Proforma Group is financed through interest-bearing bank loans and other borrowings such as shareholders' loans and advances from related parties. Therefore, the Proforma Group's exposures to market risk for changes in interest rates relates primarily to its long-term borrowings obligations and interest-bearing assets and liabilities. The Proforma 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.

Liquidity risk

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

37. Financial instruments

Fair value

Current financial assets and liabilities

The Proforma Group's current financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables and current loans and borrowings. The carrying values of the Proforma Group's current financial instruments approximate their fair value due to the short-term maturity of these financial instruments.

38. Financial instruments (continued)

<u>Non-current financial assets and financial liabilities</u>

For other financial instruments which are not stated at quoted market price and whose fair value cannot be reliably measured without incurring excessive costs, they are carried at amortised cost. It is not practical to estimate the fair values of golf membership, other long-term receivables, other long-term loans and borrowings and deposits from tenants / golf membership due to a lack of fixed or repayment terms between both parties. However, the Proforma 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.

39. Events subsequent to the balance sheet date

The following significant events took place subsequent to 30 June 2005:

1. On July 2005, PT BIC entered into a gas sale and purchase agreement with PT Perusahaan Gas Negara (Persero) Tbk (PGN) whereby PT BIC agrees to use gas distributed by PNG and PNG agrees to distribute and service PT BIC's gas consumption at the agreed rates and conditions as stipulated in the agreement with effective date on 15 October 2005. The agreement is valid for 5 years and may be extended based on mutual agreement by both parties.

2. On 14 October 2005, the Company:

   (i) increased its authorized share capital from $500,000 divided into 500,000 shares of $1 each to $300,000,000 divided into 300,000,000 shares of $1 each by creation of 299,500,000 shares of $1 each.

   (ii) sub-divided its shares of $1 each into 10 shares of $0.10 each. The authorised share capital of $300,000,000 divided into 300,000,000 shares of $1 each shall upon sub-division comprise 3,000,000,000 shares of $0.10 each and the issued share capital of $2 divided into 2 shares of $1 each shall be sub-divided into 20 shares of $0.10 each.

3. On 30 January 2006, in line with the amendments to the Companies Act, Cap. 50, the concepts of par value of shares and authorized share capital have been abolished and on that date, the shares of the Company ceased to have a par value.

4. On 24 April 2006, the shareholders of the Company approved *inter alia*, the issue of an aggregate of 2,410,423,164 new shares in connection with the Restructuring Exercise.

5. On 24 April 2006, the Company was converted into a public company and change its name to Gallant Venture Ltd..

40. Economic conditions

The operations of the Proforma 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 Proforma Group.

41. Audited financial statements

No audited financial statements of the companies in the Proforma Group have been prepared for any period subsequent to 30 June 2005 except for the Company. The audited financial statements of the Company for the year ended 31 December 2005 have not been included as the Company is still dormant and has not commenced operations.

42. Statement of adjustments

In arriving at the proforma financial information of the Proforma Group, the following adjustments have been made:

	31 December 2004 S$'000	30 June 2005 S$'000
Total liabilities		
From summation of audited financial statements	439,229	623,343
a To convert loans to equity		
- Ascendas Investment Pte Ltd (in PT BIC)	(9,750)	(9,750)
- Singapore Technologies Industrial Corporation Ltd (in PT BIC)	(16,250)	(16,250)
- Verizon Resorts Ltd (in PT SBP)	(791)	(791)
- Verizon Resorts Ltd (in PT BMW)	(3,459)	(3,459)
b To convert loans to equity		
- Singapore – Bintan Resort Holding Pte Ltd	(10,232)	–
- PT Elitindo Citra Lestari	(3,480)	–
- Singapore Technologies Industrial Corporation Ltd	(2,320)	–
- Singapore Technologies Industrial Corporation Investment Pte Ltd	(6,542)	–
- Verizon Resorts Ltd	(226,780)	(226,780)
c To eliminate related companies' balances	(2,714)	(90,804)
l. To accrue for interest payable from UOB loan financing	1,187	–
m. To record UOB loan financing	112,500	–
o. To record advances from related parties	11,270	–
p. To reverse accrued interest expense arising from capitalisation of shareholders' loans	(6,106)	(5,771)
bb. To restate foreign currency loans to capitalised amount based on capitalised transacted rate	4,168	1,154
Adjusted proforma total liabilities	279,930	270,892

42. Statement of adjustments (continued)

	31 December 2004 S$'000	30 June 2005 S$'000
Total assets		
From summation of audited financial statements	980,885	1,379,924
c To eliminate related companies' balances	(3,131)	(90,805)
d To eliminate investment in unquoted equity shares	(79,247)	(278,998)
e To provide for diminution in value of unquoted equity investments	(800)	(800)
f To equity for share of associate results	(5)	(5)
i To eliminate unrealised profit on sale of land	(4,528)	(4,528)
j. To reinstate cost of investment in unquoted equity shares	47,970	47,970
k. To adjust for increase in value of underlying assets	436,105	435,962
m. To record restricted cash and interest receivable from UOB loan financing	25,182	182
n. To record goodwill arising from acquisition of BRF by the Company	2,405	2,405
q. To reinstate proforma cash balance relating to interest payment no longer required after capitalisation of shareholders' loans	3,649	3,636
r. To reverse share of profits of associate	(1,009)	(1,009)
s. To record loan receivable and interest receivable acquired	63,396	–
y. To record investments acquired	31,278	–
z. To reinstate cash-in-transit arising from sale of land rights	289	–
Adjusted proforma total assets	1,502,439	1,493,934

	Financial year ended 31 December 2002 S$'000	2003 S$'000	2004 S$'000	Six-months ended 30 June 2005 $'000	2004 $'000
Revenue					
From summation of audited financial statements	202,452	193,607	206,251	103,755	103,771
h To eliminate related companies' sales	(144)	(1,912)	(4,255)	–	(3,025)
Adjusted proforma revenue	202,308	191,695	201,996	103,755	100,746
Cost of sales					
From summation of audited financial statements	120,669	129,483	143,642	73,376	70,955
h To eliminate related companies' purchases	(144)	(396)	(1,243)	140	(1,048)
Adjusted proforma cost of sales	120,525	129,087	142,399	73,516	69,907

42. Statement of adjustments (continued)

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Share of associate results					
From summation of audited financial statements	155	116	169	197	132
f To equity for share of associate results	(1)	(2)	1	–	–
Adjusted proforma share of associate results	154	114	170	197	132
Profit before taxation					
From summation of audited financial statements	43,187	19,363	30,650	203,314	18,407
f To equity for share of associate results	(1)	(2)	1	–	–
g To reverse allowance for doubtful debts	–	–	2,400	–	–
i To eliminate unrealised profit on sale of land for the year	–	(1,516)	(3,012)	(140)	(1,977)
l. To accrue for interest payable from UOB loan financing	–	–	(5,756)	(996)	(1,429)
m. To record interest income from UOB loan financing	–	–	182	–	63
p. To reverse interest expense charge for the year arising from capitalisation of shareholders' loans					
- Singapore Technologies Industrial Corporation Ltd	961	781	794	325	357
- Ascendas Investment Pte Ltd	559	469	476	195	215
x. To reverse exchange differences on capitalisation of foreign currency denominated loans	(6,488)	(1,800)	(4,714)	3,016	379
aa. To reverse exchange loss on sale of land rights	1,364	452	453	–	158
s. To record interest income earned	–	–	1,350	–	467
cc. To reverse loss on waiver of loan	–	–	–	17,660	–
dd. To reverse over accrued interest expense of capitalisation of shareholders' loan	–	–	–	(867)	–
ee. To reverse fair value adjustment to PT BRC loan	–	–	–	(211,431)	–
Adjusted proforma profit before taxation	39,582	17,747	22,824	11,076	16,640

42. Statement of adjustments (continued)

	Financial year ended 31 December			Six-months ended 30 June	
	2002	2003	2004	2005	2004
	S$'000	S$'000	S$'000	$'000	$'000
Minority Interests					
From summation of audited financial statements	3,534	2,259	580	1,338	(55)
t. To reverse minority interest's share of (loss)/profit in PT BIIE	(3,409)	(1,320)	237	(727)	431
u. To reverse minority interest's share of profit in BRF	431	118	103	(238)	65
v. To account for minority interest's share of loss in PT BRC	1,563	1,312	1,076	543	227
w. To account for minority interest's share of loss/(profit) in PT SI	6	5	(424)	3	(349)
Adjusted minority interests	2,125	2,374	1,572	919	319

(a) Conversion of loans owing by PT BIIE, PT BMW and PT SBP to equity.

(b) Conversion of loans owing by PT BRC to equity.

(c) Elimination of related companies balances within the Proforma Group.

(d) Elimination of PT BRC share capital against cost of investments recorded in PT SI; and PT SBP, PT BMW and PT BRC share capital respectively against cost of investments recorded in VRL Labuan.

(e) Allowance for diminution in value of investments in Bintan Resort Management Pte Ltd recorded in PT SI.

(f) Equity account for results of associated company, Batamindo Medical Management Pte Ltd, in PT BIC.

(g) Allowance for doubtful debts owing by Tropical Bintan Resort Pte Ltd recorded in PT BMW no longer required at Proforma Group.

(h) Elimination of related companies' sales and purchases within the Proforma Group.

(i) Elimination of unrealised profit on sale of land from PT SBP to PT BIIE and sale of land rights from PT BMW to PT BRC.

(j) Reinstatement of cost of investments in PT BRC recorded in PT SI.

(k) Reassignment and measurement of excess of value between shares issued and net assets acquired to underlying identifiable assets in PT SBP, PT BMW and PT BIC.

(l) Accrual of interest payable arising from Term Loan 3 – UOB by the Company.

(m) Restricted cash and interest receivable arising from loan financing Term Loan 3 – UOB.

(n) Goodwill arising from acquisition of BRF by the Company.

42. Statement of adjustments (continued)

(o) Advances from related parties, PVP XXX, SembCorp Park Holdings Ltd and PT Herwido Rintis.

(p) Reversal of accrued interest expense arising from capitalisation of shareholders' loans, Singapore Technologies Industrial Corporation Pte Ltd and Ascendas Investment Pte Ltd, owing by PT BIIE.

(q) Reinstatement of proforma cash balance relating to interest payment no longer required after capitalisation of shareholders' loans as explained in (p).

(r) Reversal of share of associate results of Bintan Resort Resort Management Pte Ltd recorded in PT SI.

(s) Loan receivable and interest receivable from PT Alam Indah Bintan acquired by VRL Labuan.

(t) Reversal of minority interests in PT BIIE arising from acquisition of shares in PT BIIE and shares in PT BIC from Ascendas.

(u) Reversal of minority interests in BRF arising from acquisition of shares in BRF from SCI.

(v) To account for minority interests in PT BRC arising from acquisition of shares in PT BRC from SCI and PT BRC loans capitalisation.

(w) To account for minority interests in PT SI arising from acquisition of shares in PT SI by VRL Labuan.

(x) Reversal of exchange differences arising from the capitalisation of foreign currency denominated loans in PT BRC, PT SBP and PT BMW.

(y) Investments in PT SBP, PT BMW and PT BRC acquired by VRL Labuan.

(z) Reinstatement of cash-in-transit arising from sale of land rights from PT BMW to PT BRC as explained in (i).

(aa) Reversal of exchange loss on sale of land rights as explained in (i).

(bb) Restatement of foreign currency loans to capitalised amount based on capitalised transacted rate.

(cc) Reversal of loss on waiver of loan recorded in VRL Labuan.

(dd) Reversal of over-accrued interest expense as explained in (p).

(ee) Reversal of fair value adjustment to PT BRC loan recorded in VRL Labuan.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the SGX-Sesdaq, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through the SGX-Sesdaq will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct securities account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Singapore Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not, however, be valid for delivery pursuant to trades transacted on the SGX-Sesdaq, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 or such other amount as our Directors may determine, is payable to the share registrar for each share certificate issued, and a stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S$0.20 per S$100.00 or part thereof of the prevailing market value of our Shares where they are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-Sesdaq must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10.00 and stamp duty of S$10.00 are payable upon the deposit of each instrument of transfer with CDP. The above fees and stamp duty may be subject to such changes as may be in accordance with CDP's prevailing policies or the tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer or stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-Sesdaq is payable at the rate of 0.05% of the transaction value, subject to a maximum of S$200 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee, as well as the share certificate issue fee payable to our share registrar, may be subject to Singapore Goods and Services Tax at the prevailing rate, which is currently 5%.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement by CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-Sesdaq generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with CDP or a securities sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Applications are invited for the purchase of the Placement Shares at the Placement Price for each Share, subject to the following terms and conditions:

1. **APPLICATIONS FOR THE PLACEMENT SHARES MUST BE MADE IN LOTS OF 1,000 SHARES OR IN INTEGRAL MULTIPLES THEREOF. APPLICATIONS WHICH DO NOT COMPLY WITH THE REQUIREMENT MAY BE REJECTED.**

2. Applications for Placement Shares may only be made by way of Placement Shares Application Forms. **APPLICANTS MAY NOT USE CENTRAL PROVIDENT FUND ("CPF") FUNDS TO APPLY FOR THE PLACEMENT SHARES.**

3. **You are allowed to submit only one application in your own name for the Placement Shares. Any separate applications by you for the Placement Shares shall be deemed to be multiple applications and the Vendor or the Placement Agent have the discretion whether to accept or reject such multiple applications.**

   If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and the Vendor or the Placement Agent have the discretion whether to accept or reject such multiple applications.

   Joint or multiple applications may be rejected. Persons submitting or procuring submissions of multiple share applications may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and such applications may be referred to the relevant authorities for investigation. Applications appearing to be or suspected of being multiple applications may be rejected at the discretion of the Vendor or the Placement Agent.

4. Applications will not be accepted from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP and applicants whose addresses (furnished in their Application Forms) bear post office box numbers.

5. The existence of a trust will not be recognised. An application by any person must be made in his / their own name(s) and without qualification. Applications made by way of an Application Form in the name(s) of an approved nominee company or approved nominee companies must comply with paragraph 6 below.

6. **NOMINEE APPLICATIONS MAY BE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by any persons acting as nominees other than approved nominee companies shall be rejected.

7. **FOR NON-NOMINEE APPLICATIONS, EACH APPLICANT MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN HIS OWN NAME AT THE TIME OF HIS APPLICATION.** An applicant without an existing Securities Account with CDP in his own name at the time of his application will have his application rejected. An applicant with an existing Securities Account who fails to provide his Securities Account number or who provides an incorrect Securities Account number in section B of the Application Form is liable to have his application rejected. Subject to paragraph 8 below, an application may be rejected if the applicant's particulars such as name, NRIC / passport number, nationality and permanent residence status provided in his Application Form differ from those particulars in his Securities Account as maintained with CDP. If the applicant possesses more than one individual direct Securities Account with CDP, his application shall be rejected.

8. If the address of an applicant stated in the Application Form is different from the address registered with CDP, the applicant must inform CDP of his updated address promptly, failing which the notification letter on successful allocation and other correspondence from the CDP will be sent to his address last registered with CDP.

9. The Vendor reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and this Prospectus or with the terms and conditions of this Prospectus or which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance. The Vendor further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus or the instructions set out in the Application Forms and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

10. The Vendor reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Placement Shares, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of the Vendor will be entertained. In deciding the basis of allocation, which shall be at the discretion of the Vendor, due consideration will be given to the desirability of allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to each successful applicant, at his own risk, within 15 Market Days after the close of the Application List, a statement of account stating that his Securities Account has been credited with the number of Placement Shares allocated and/or allocated to him. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Vendor. Each applicant irrevocably authorises CDP to complete and sign on his behalf as transferee or renouncee any instrument of transfer and/or other documents required for the transfer of the Placement Shares allocated to the applicant.

12. Each applicant hereby irrevocably authorises CDP to disclose the outcome of his application, including the number of Placement Shares allotted and/or allocated to him pursuant to his application, to the Company, our Share Registrar, the Vendor, the Managers, the Placement Agent and/or the SGX-ST.

13. By completing and delivering an Application Form, each applicant:

    (a) irrevocably offers to purchase the number of Placement Shares specified in his application (or such smaller number for which the application is accepted) at the Placement Price and agrees that he will accept such Shares as may be allocated to him, in each case on the terms of, and subject to the conditions set out in, this Prospectus and our Memorandum and Articles of Association;

    (b) agree that the aggregate Placement Price is due and payable to the Vendor upon application;

(c) warrants the truth and accuracy of the information provided in his application, and representations and declarations made, in his application, and acknowledges and agrees that such information, representations and declarations will be relied on by the Vendor in determining whether to accept his application and/or whether to allocate any Placement Shares to him; and

(d) agrees and warrants that if the laws of any jurisdictions outside Singapore are applicable to his application, he has complied with all such laws and none of the Company, our Directors, PT HR, the Vendor, the Managers, the Placement Agent or any other party involved in the Private Placement shall have any liability for any information not so contained.

14. The Private Placement is underwritten subject to the terms and conditions of the Placement Agreement (as defined in the Prospectus).

15. Acceptance of applications will be conditional upon, *inter alia*, the Vendor being satisfied that permission has been granted by the SGX-ST to deal in and for quotation of all the existing Shares, including our Shares which are the subject of the Share Distribution and the Private Placement on the SGX-ST, the Placement Agreement (as defined in the Prospectus) having become unconditional and not having been terminated for any reason and the Authority not having issued a stop order directing that no or no further Shares to which the Prospectus relates be sold.

16. No Shares will be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus with the Authority.

17. Any reference to the "applicant" in this section shall include an individual, a corporation or an approved nominee applying for the Placement Shares by way of printed Application Forms.

18. No application will be held in reserve.

19. Additional terms and conditions for applications are set out below.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS

Applications by way of Application Forms shall be made on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out in the section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" set out on pages L-1 to L-5 of the Appendix of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. Applications must be made using the **BLUE** Application Forms for Placement Shares accompanying and forming part of this Prospectus. Attention is drawn to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **The Vendor reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn up or improper form of remittances.**

2. The Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS.**

3. All spaces in the Application Forms must be completed and the words "NOT APPLICABLE" or "N.A." should be written in any space that is not applicable.

4. Individuals, corporations and approved nominee companies must give their names in full. Applications must be made, in the case of individuals, in their full names appearing in their identity cards (if applicants have such identification documents) or in their passports and, in the case of corporations, in their full names as registered with a competent authority. An applicant, other than an individual, completing the Application Form under the hand of an officer, must state the name and capacity in which that officer signs. A corporation completing the Application Form is required to affix its Common Seal (if any) in accordance with its Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If an application by a corporate applicant is successful, a copy of its Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar. The Vendor reserves the right to require any applicant to produce documentary proof of identification for verification purposes.

5. (a) All applicants must complete page 1 and Sections A and B of the Application Forms.

   (b) All applicants are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Forms. Where paragraph 7(a) is deleted, the applicants must also complete Section C of the Application Forms with particulars of the beneficial owner(s).

   (c) Applicants who fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Forms are liable to have their applications rejected.

6. Individual applicants will be required to declare whether they are citizens or permanent residents of Singapore. Corporate applicants, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether they are corporations in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporations. Approved nominee companies are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

7. Applications for the Placement Shares must be accompanied by payment in cash in the form set out below only. Each application must be accompanied by a cash remittance in **Singapore currency** for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of **"GV SHARE ISSUE ACCOUNT"** and crossed **"A/C PAYEE ONLY"**, with the name and address of the applicant written clearly on the reverse side. Applications not accompanied by any payment or accompanied by **ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED.** Remittances bearing **"NOT TRANSFERABLE"** or **"NON TRANSFERABLE"** crossings shall be rejected. No acknowledgement of receipt will be issued by the Vendor for applications and application monies received.

8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. In the event that the Private Placement is cancelled following the termination of the Management Agreement and/or the Placement Agreement or the Private Placement does not proceed for any reason, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 5 Market Days of the termination of the Private Placement.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. In consideration of the Vendor having distributed the Application Form to the applicant and agreeing to close the Application List at 12.00 noon on 2 June 2006 or such later time or date as the Directors and the Vendor may, in consultation with the Managers and Placement Agent, decide and by completing and delivering the Application Form, the applicant agrees that:

    (a) his application is irrevocable;

    (b) his remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of his payment and he will not be entitled to any interest or any share of revenue or other benefit arising therefrom;

    (c) all applications, acceptances and contracts resulting therefrom under the Private Placement shall be governed by and construed in accordance with the laws of Singapore and that he irrevocably submits to the non-exclusive jurisdiction of the Singapore courts;

    (d) in respect of the Placement Shares for which his application has been received and not rejected, acceptance of his application shall be constituted by written notification by or on behalf of the Vendor and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Vendor;

    (e) he will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of his application;

    (f) in making his application, reliance is placed solely on the information contained in this Prospectus and that none of the Company, our Directors, PT HR, the Vendor, the Managers, the Placement Agent and/or any other party involved in the Private Placement and/or the Share Distribution shall have any liability for any information not so contained;

    (g) he consents to the disclosure of his name, NRIC/ passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to the SGX-ST, CDP, the Authority, our Company, the Vendor, PT HR, the Managers, our Share Registrar and the Placement Agent.

Applications for Placement Shares

The completed **BLUE** Placement Shares Application Form and the applicant's remittance with the name and address of the applicant written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by the applicant. The applicant must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at the applicant's own risk to the Vendor to UOB Kay Hian Private Limited at 80 Raffles Place, #30-01 UOB Plaza 1, Singapore 048624, to arrive by **12.00 noon on 2 June 2006 or such later date and time as the Directors and the Vendor may, in consultation with the Managers and Placement Agent, decide.** Local Urgent Mail or Registered Post must **NOT** be used.

No acknowledgement of receipt will be issued for any application or remittance received. **ONLY ONE APPLICATION** should be enclosed in each envelope.