GALLANT VENTURE LTD
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FULL YEAR 2008 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

Further to our full year 2008 Financial Statements and Dividend Announcement on 25 February 2009 ("Results Announcement"), the Board of Directors of Gallant Venture Ltd advise the following questions raised by the Singapore Exchange and our reply to the queries:

(a) On Page 3 of the results announcement, we note that 'Property, plant and equipment', 'Investment properties' and 'Land inventories' amount to S$1.2 billion in total and forms a significant percentage to NAV. In this respect, please advise if there are any changes to fair value of carrying these assets in the balance sheet. If so, please disclose and quantify and provide details for the changes.

The Group carries the Property, plant and equipment ("PP&E") at its depreciated historical acquisition cost less provision for impairment, if any. As at 31 December 2008, the assets are still in use and there was no indication of impairment in value.

Investment properties ("IP") consist of buildings and improvements held to earn rental income. They are stated at their historical acquisition cost less accumulated depreciation and net of impairment provision, if any. The Group conducts bi-annual review by external professional valuer to determine the fair value of IP. Provision for impairment will be made if the fair value, as determined by external professional valuer, is lower than the carrying value. The last valuation was done in 4Q2008 and the fair value of IP exceeds its net carrying amount.

Land inventories are real land assets available for sale. They are carried at the lower of acquisition cost or its net realizable value. Similar to accounting for Investment Properties, the Group conducts bi-annual review of its Land inventories by external professional valuer. Based on the latest assessment by the external professional valuer, the valuation is higher than the net carrying value. Accordingly, no impairment provision was made.

(b) On Page 3 of the results announcement, we note that there is a 'Loan receivables' S$62.046 million. Please disclose to whom this loan is to, the terms of the loan and when the loan is due. In addition, please advise whether there are any concerns about repayment of the loan when due.

As disclosed in Gallant Venture's Prospectus dated 28 April 2006, Gallant's subsidiary, Verizon Resorts Limited, is the holder of a Convertible Bond issued by PT Alam Indah Bintan ("PT AIB"). The Convertible Bond matures on 31 December 2009 and bears annual interest at 1.5% above SIBOR (Singapore Interbank Offered Rate) re-priced quarterly.

PT AIB is current on its payments on the bond and the Board does not foresee any impairment in the value of the convertible bond.

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(c) On Page 9 of the results announcement, the Company has stated that "The Group's cost of sales increased from S$36.6 million in 4Q2007 to S$42.9 million in 4Q2008 and was mainly due to cost relating to the factory sales and higher fuel cost incurred for our utilities operations". Please explain what this "cost relating to the factory sales' is. In addition, please provide breakdown of the Group's cost of sales and explain material variances.

The breakdown of the Group's cost of sales was as follows:

	4th Qtr 2008 S$'000	4th Qtr 2007 S$'000	Incr/(decr) S$'000	%
Cost of utilities	25,443	21,454	3,989	18.6
Cost of factory	2,344	-	2,344	100.0
Cost of rental	9,804	9,220	584	6.3
Cost of golf business	642	701	(59)	(8.4)
Cost of resort	4,631	5,181	(550)	(10.6)
Cost of land	30	-	30	100.0
Total Cost of Sales	**42,894**	**36,556**	**6,338**	**17.3**

The explanation for major changes is as follows:

- Cost of utilities increased from S$21.5 million in 4Q2007 to 4Q2008's S$25.4 million and was mainly due to bought-in-material cost (such as fuel oil) for power generation.
- Cost of factory of S$2.3 million comprised of the net book value of a factory sold to industrial park's tenant in 4Q2008 and related factory sale commissions paid in 4Q2008.

The increase in cost of utilities and factory were corresponded with the increase in utilities and factory sale revenue.

(d) On Page 9 of the results announcement, please explain the financial impact of "fair value accounting of customers' deposits, amounting to S$2.4 million" on the Group's financial statement and how fair value was determined.

Certain subsidiaries of the Group hold non-interest bearing deposits from customers. This particular accounting gain relates to S$7.3 million of non-interest bearing cash deposited with one of our subsidiaries by its customers due for repayment in year 2020. Under the Financial Reporting Standards, FRS 39, we are required to present value this future liability at an appropriate discount rate, rather than our previous methodology which did not discount the deposits. The Group determined the fair value of the deposits using the discount rate that took into consideration, and not limiting to, market risk premium, the Group's cost of debts and timing of future cash flow. Therefore, the application of the fair value accounting to the deposits in FY2007 resulting in one-time accounting gain of S$2.4 million which represents the difference between the deposit amount and its underlying fair value.

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(e) On Page 9 of the results announcement, the Company has stated that "the Group recognized higher taxation expenses in 4Q2008 due to increased utility margin as compared to the previous period". Please explain and elaborate on "increased utility margin" and quantify the impact.

The Group has a number of subsidiaries in Indonesia. Some of the subsidiaries are profit making and some are loss making. Unfortunately, the Indonesian Fiscal Regime disallows offsetting the losses made by the loss making subsidiaries against the profits of the profitable subsidiaries.

Indonesia sourced incomes are taxed as follows:

Income Source	**Taxation**
Rental related income	10% on gross revenue
Utility related income	30% on net profit before tax

In 4Q2008, the Group experienced higher utility margins that contributed positively to the net profit of the utility division. Accordingly, higher tax was paid for utility related profit. The losses in the Resort Operations and Property Development divisions were not available to offset these higher profits. This has resulted in higher effective tax rate for the period under review.

Please refer to paragraph 13 of the Results Announcement for breakdown of before tax contribution by business segments.

(f) On Page 9 of the results announcement, please explain the reasons for "one-time payment of Indonesia withholding tax of S$2.0 million" and elaborate on the reasons for the tax included.

In 1Q2008, Gallant Venture's subsidiary, PT Batamindo Investment Cakrawala ("PT BIC"), declared S$20 million dividend to its holding company (i.e. Gallant Venture Ltd). In accordance to Indonesia Tax Regulation, PT BIC withheld and paid S$2 million tax on dividend declared to the Indonesia Tax Department.

(g) On Page 11 of the results announcement, the Company has stated that the "industrial parks' tenants have scaled down their operations, which will impact contributions to the Group". In respect of the above, please provide an update on occupancy rates and how much it has changed.

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The Group's average occupancy rate as at 31 December 2008 for its industrial parks are presented as follows:

	Average Occupancy rate	
	FY 2008	**FY 2007**
Batamindo Industrial Park ("BIP")	83%	80%
Bintan Industrial Estate ("BIE")	72%	81%

The average occupancy rate for Bintan Industrial Estate has reduced from 81% in FY2007 to FY2008's 72%. The Group foresees industrial parks' average occupancy rate to soften with potential weakening in certain clusters like textile manufacturing.

BY THE ORDER OF THE BOARD

CHOO KOK KIONG
COMPANY SECRETARY
2 March 2009