

## **k1 VENTURES LIMITED FULL YEAR 2006 REPORT CARD**

### **YET ANOTHER YEAR OF RECORD EARNINGS**

1. PATMI increased 211% to a record S\$175.6 million from FY2005's S\$56.5 million.
2. EBITDA rose 277.9% to S\$346.6m compared to FY2005's S\$91.7million.
3. Earnings per share of 9.29 cents, up 205% from FY2005's 3.05 cents.
4. Net asset value per share of 40 cents, up 25% from FY2005's 32 cents.
5. Capital distribution of 6 cents per share proposed, arising from GASCO sale.

**FULL YEAR FINANCIAL STATEMENT**

**UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2006**

The Directors of **k1 Ventures Limited** advise the following unaudited results of the Group for the year ended 30 June 2006.

**1. GROUP PROFIT AND LOSS ACCOUNTS for the year ended 30 June 2006**

	Continuing Operations			Discontinued Operation (a)			Group			
	Note	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000	+/(-)%	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000	+/(-)%	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000	+/(-)%
<b>Revenue</b>	1a	<b>433,143</b>	356,410	21.53	<b>548,757</b>	220,405	148.98	<b>981,900</b>	576,815	70.23
Raw materials & consumables used		(214,292)	(156,548)	36.89	(156,265)	(132,862)	17.61	(370,557)	(289,410)	28.04
Net carrying value of investments disposed		(15,370)	(129,872)	(88.17)	(137,314)	-	NM	(152,684)	(129,872)	17.56
Fair value adjustment on quoted investments		-	834	NM	-	-	NM	-	834	NM
unquoted investments		-	(2,320)	NM	-	-	NM	-	(2,320)	NM
Impairment on investments		-	(572)	NM	-	-	NM	-	(572)	NM
Staff costs		(18,821)	(7,306)	157.61	(38,609)	(34,951)	10.47	(57,430)	(42,257)	35.91
Depreciation and amortisation		(51,192)	(4,435)	NM	(1,492)	(8,446)	(82.33)	(52,684)	(12,881)	309.01
Other operating expenses		(48,062)	(15,575)	208.58	(12,710)	(8,830)	43.94	(60,772)	(24,405)	149.01
<b>Operating profit</b>		<b>85,406</b>	40,616	110.28	<b>202,367</b>	35,316	473.02	<b>287,773</b>	75,932	278.99
Finance expenses		(47,028)	(126)	NM	(9,178)	(5,799)	58.27	(56,206)	(5,925)	848.62
Foreign exchange loss		(390)	1,990	NM	-	-	NM	(390)	1,990	NM
Share of result of associated company and joint ventures		6,525	911	616.25	-	-	NM	6,525	911	616.25
<b>Profit before tax &amp; exceptional items</b>		<b>44,513</b>	43,391	2.59	<b>193,189</b>	29,517	554.50	<b>237,702</b>	72,908	226.03
Exceptional items	1d	-	(3,283)	NM	-	2,150	NM	-	(1,133)	NM
<b>Profit before tax</b>		<b>44,513</b>	40,108	10.98	<b>193,189</b>	31,667	510.06	<b>237,702</b>	71,775	231.18
Taxation		(17,674)	(4,585)	285.47	(40,779)	(12,296)	231.64	(58,453)	(16,881)	246.27
<b>Profit for the year</b>		<b>26,839</b>	35,523	(24.45)	<b>152,410</b>	19,371	686.79	<b>179,249</b>	54,894	226.54
<b>Attributable to :</b>										
Shareholders of the Company										
- Profit before exceptional items		23,221	39,354	(40.99)	152,383	17,191	786.41	175,604	56,545	210.56
- Exceptional items		-	(2,189)	NM	-	2,148	NM	-	(41)	NM
		23,221	37,165	(37.52)	152,383	19,339	687.96	175,604	56,504	210.78
Minority interest		3,618	(1,642)	NM	27	32	(15.63)	3,645	(1,610)	NM
		26,839	35,523	(24.45)	152,410	19,371	686.79	179,249	54,894	226.54
<b>EBITDA *</b>		<b>142,733</b>	47,952	197.66	<b>203,859</b>	43,762	365.84	<b>346,592</b>	91,714	277.91
<b>Earnings per ordinary share :</b>										
Before exceptional items										
- basic		1.23 cts	2.12 cts	(41.98)	8.06 cts	0.93 cts	766.67	9.29 cts	3.05 cts	204.59
- diluted		1.18 cts	2.08 cts	(43.27)	7.70 cts	0.91 cts	746.15	8.88 cts	2.99 cts	196.99
After exceptional items										
- basic	1e	1.23 cts	2.01 cts	(38.81)	8.06 cts	1.04 cts	675.00	9.29 cts	3.05 cts	204.59
- diluted	1e	1.18 cts	1.96 cts	(39.80)	7.70 cts	1.02 cts	654.90	8.88 cts	2.98 cts	197.99

\* EBITDA is defined as profit before tax and exceptional items, interest, depreciation and amortisation.

\*\* NM - Not Meaningful

Note :  
(a) Discontinued Operation reflects the Group's activities in The Gas Company, LLC ("GASCO"), the gas distribution business in Hawaii. Refer to note 2d for details.  
(b) The profit and loss comparatives have been adjusted to conform with changes in presentation in the current financial year.

## Notes to Group Profit and Loss Accounts

### 1a. Breakdown of revenue

	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000	+ / (-) %
<b>Continuing operations</b>			
Revenue from retail gasoline operations	230,411	166,011	38.79
Revenue from transportation leasing	148,558	-	NM
Revenue from crude oil	-	10,849	NM
Proceeds from sale of investments	28,915	169,874	(82.98)
Investment income	4,137	4,025	2.78
Interest income from :			
Related parties	1,241	963	28.87
Others	835	2,348	(64.44)
Others	19,046	2,340	713.93
	<u>433,143</u>	<u>356,410</u>	21.53
<b>Discontinued operation</b>			
Revenue from utility supply	241,277	220,401	9.47
Consideration for sale of business	307,454	-	NM
Interest income	26	4	550.00
	<u>981,900</u>	<u>576,815</u>	70.23

### 1b. Pre-tax profit of the Group is arrived at after crediting/(charging) the following :

	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000	+ / (-) %
<b>Continuing operations</b>			
Profit on disposal of fixed assets	11,853	76	NM
Profit on sale of investments	13,545	32,120	(57.83)
Profit on disposal of subsidiary	-	7,882	NM
Fair value gain - Derivatives	2,790	-	NM
Provision for doubtful debts	(43)	-	NM
<b>Discontinued operation</b>			
Profit on disposal of subsidiary *	170,140	-	NM
Provision :			
Stocks	(129)	-	NM
Doubtful debts	(229)	(306)	(25.16)

\* Profit on disposal of subsidiary relates to the GASCO gain as announced on 8 June 2006. The increase from \$145 million, as announced, to \$170 million is mainly attributable to changes in the net assets disposed upon final closing.

### 1c. Tax expense includes an adjustment for overprovision of tax in respect of prior years for an amount of S\$664,000.

### 1d. Exceptional items for the year comprised :

	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
Uninsured expenses associated with repairs for damages caused by Hurricane Ivan	-	(3,283)
Reimbursement of developmental costs of utility lines	-	2,150
	-	(1,133)
Minority share of exceptional items	-	1,092
Net exceptional items	<u>-</u>	<u>(41)</u>

## 1e. Earnings per ordinary share

	GROUP		
	1 Jul 05 to 30 Jun 06	1 Jul 04 to 30 Jun 05	+/(-)%
From continuing and discontinued operations			
Earnings per Ordinary Share of the Group for the year based on net profit attributable to shareholders :-			
(i) Based on the weighted average number of shares	<b>9.29 cts</b>	3.05 cts	204.59
- Weighted average number of shares('000)	<b>1,890,752</b>	1,852,702	2.05
(ii) On a fully diluted basis	<b>8.88 cts</b>	2.98 cts	197.99
- Adjusted weighted average number of shares ('000)	<b>1,977,788</b>	1,894,350	4.40
From continuing operations			
Earnings per Ordinary Share of the Group for the year based on net profit attributable to shareholders :-			
(i) Based on the weighted average number of shares	<b>1.23 cts</b>	2.01 cts	(38.81)
- Weighted average number of shares('000)	<b>1,890,752</b>	1,852,702	2.05
(ii) On a fully diluted basis	<b>1.18 cts</b>	1.96 cts	(39.80)
- Adjusted weighted average number of shares ('000)	<b>1,977,788</b>	1,894,350	4.40

## 1f. Breakdown of revenue

	GROUP		
	1 Jul 05 to 30 Jun 06	1 Jul 04 to 30 Jun 05	+/(-)%
	\$'000	\$'000	
<b>First Half</b>			
Revenue reported for first half year	<b>319,143</b>	255,324	25.00
Operating profit/loss after tax and exceptional items before deducting minority interests reported for first half year	<b>16,239</b>	28,305	(42.63)
<b>Second Half</b>			
Revenue reported for second half year	<b>662,757</b>	321,491	106.15
Operating profit/loss after tax and exceptional items before deducting minority interests reported for second half year	<b>163,010</b>	26,589	513.07

## 1g. There was no extraordinary item during the year.

2. BALANCE SHEETS as at 30 June 2006

	GROUP		COMPANY	
	As at 30 Jun 06 \$'000	As at 30 Jun 05 \$'000	As at 30 Jun 06 \$'000	As at 30 Jun 05 \$'000
<b>Share capital *</b>	<b>393,213</b>	187,741	<b>393,213</b>	187,741
<b>Reserves</b>	<b>362,889</b>	406,792	<b>259,474</b>	271,694
<b>Share capital &amp; reserves</b>	<b>756,102</b>	594,533	<b>652,687</b>	459,435
<b>Minority interests</b>	<b>46,618</b>	151	-	-
<b>Capital employed</b>	<b>802,720</b>	594,684	<b>652,687</b>	459,435
<b>Represented by :</b>				
<b>Fixed assets</b>	<b>540,944</b>	244,450	<b>241</b>	335
<b>Subsidiaries</b>	-	-	<b>203,855</b>	155,283
<b>Associated company and joint ventures</b>	<b>79,276</b>	-	-	-
<b>Available-for-sale investments</b>	<b>288,495</b>	256,549	<b>42,981</b>	57,693
<b>Intangibles</b>	<b>248,865</b>	17,338	-	-
<b>Other assets</b>	<b>11,535</b>	6,433	-	-
	<b>1,169,115</b>	524,770	<b>247,077</b>	213,311
<b>Current assets</b>				
Stocks	14,684	15,632	-	-
Due from subsidiaries	-	-	137,762	113,967
Debtors	24,482	37,720	2,590	1,856
Available-for-sale investments	6,850	5,000	-	-
Bank balances, deposits and cash	385,246	201,046	334,881	143,751
	<b>431,262</b>	259,398	<b>475,233</b>	259,574
<b>Current liabilities</b>				
Creditors	55,599	31,673	54,613	1,122
Due to subsidiaries	-	-	11,662	10,051
Amount owing to minority shareholders of subsidiary	24,510	-	-	-
Term loans	3,720	-	-	-
Provision for taxation	39,263	2,258	2,055	2,055
	<b>123,092</b>	33,931	<b>68,330</b>	13,228
<b>Net current assets</b>	<b>308,170</b>	225,467	<b>406,903</b>	246,346
<b>Non-current liabilities</b>				
Term loans	473,080	122,363	-	-
Deferred liabilities	3,713	6,090	-	-
Deferred taxation	197,772	27,100	1,293	222
	<b>674,565</b>	155,553	<b>1,293</b>	222
<b>Net assets</b>	<b>802,720</b>	594,684	<b>652,687</b>	459,435

\* Pursuant to The Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account has been transferred to the company's share capital account as at that date.

## Notes to Balance Sheets

### 2a. Group's borrowings and debt securities

(i) Amount repayable in one year or less, or on demand

As at 30 Jun 06		As at 30 Jun 05	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
3,720	-	-	-

(ii) Amount repayable after one year

As at 30 Jun 06		As at 30 Jun 05	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
473,080	-	122,363	-

(iii) Details of any collateral

The term loans as at 30 June 2006 pertained to debt financing taken up by Helm and are pledged against the assets of Helm. The net book value of the fixed assets and other assets pledged to financial institutions amounted to \$901 million.

The term loans as at 30 June 2005 related to GASCO, and were secured by a pledge of all the equity interest of a subsidiary and receipts and a letter of credit issued through the subsidiary's credit facility. The net book value of shares in a subsidiary pledged amounted to \$279,124,000 in the previous financial year.

### 2b. Net asset value

	GROUP			COMPANY		
	As at 30 Jun 06	As at 30 Jun 05	+ / (-) %	As at 30 Jun 06	As at 30 Jun 05	+ / (-) %
Net asset value per Ordinary Share #	\$0.40	\$0.32	25.00	\$0.34	\$0.25	36.00
Net tangible asset value per Ordinary Share #	\$0.27	\$0.31	(12.90)	\$0.34	\$0.25	36.00

# Based on issued share capital of 1,897,528,003 ordinary shares as at the end of the financial year (June 2005 : 1,877,412,503).

### 2c. Balance Sheet review

The changes in the balance sheet arose substantially from the acquisition of Helm and the sale of GASCO in June 2006.

Group shareholders' funds increased from \$594.5 million as at 30 June 2005 to \$756.1 million as at 30 June 2006. The increase was mainly due to the profits attributable to shareholders for the year resulting principally from the sale of GASCO, the positive results from the Group's operating companies, and the adoption of the new accounting standard, FRS 39 – Financial Instruments: Recognition and Measurement, from 1 July 2005 as disclosed in paragraph 8 below. The increase was partially offset by the net decrease in capital and translation reserves.

Following the acquisition of Helm on 8 July 2005, Group total assets more than doubled from \$784.2 million as at 30 June 2005 to \$1.6 billion as at 30 June 2006.

Total current assets increased by \$171.9 million to \$431.3 million due primarily to the cash proceeds received upon completion of disposal of GASCO and sale of Savi. The increase was in part offset by the cash paid for the acquisition of Helm.

Non-current assets increased by \$644.3 million from \$524.8 million to \$1.2 billion mainly due to the acquisition of Helm.

Current liabilities increased by \$89.2 million from \$33.9 million as at 30 June 2005 to \$123.1 million as at 30 June 2006. The increase resulted principally from an increase in the provision for taxation as well as \$24.5 million owing to minority shareholders of Helm, which is being maintained in an escrow account as collateral for representations and warranties provided at the time of the Helm acquisition.

Non-current liabilities increased by \$519 million from \$155.6 million as at 30 June 2005 to \$674.6 million as at 30 June 2006. The increase was the result of an increase in term loans of \$350.7 million arising from the Helm acquisition and an increase in deferred taxation of \$170.7 million.

2d. Discontinued operation

Discontinued Operation reflects the Group's activities in The Gas Company, LLC ("GASCO"), the gas distribution business in Hawaii.

On 19 August 2005, the Company announced that it had entered into a purchase agreement for the sale of GASCO. The transaction was completed on 7 June 2006. After taking into consideration the repayment of existing debt relating to GASCO and the payment of closing costs, but subject to the determination of relevant taxes, the gain on disposal is approximately \$170 million.

i. An analysis of the results of discontinued operations is as follows :-

	Group	
	1 Jul 05 to 7 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
<b><u>Operations</u></b>		
Revenue	241,303	220,405
Expenses	<u>(209,076)</u>	<u>(185,089)</u>
Operating profit	32,227	35,316
Finance expenses	<u>(9,178)</u>	<u>(5,799)</u>
Profit before tax and exceptional items	23,049	29,517
Exceptional items	-	2,150
Profit before tax	<u>23,049</u>	<u>31,667</u>
<b><u>Profit from sale of business</u></b>		
Gross Consideration	422,894	-
Less : Debt	<u>(115,440)</u>	-
Net consideration	307,454	-
Net carrying value of assets disposed	<u>(137,314)</u>	-
Gain on disposal of discontinued operations	<u>170,140</u>	-
Profit before tax for the year	<u>193,189</u>	<u>31,667</u>

ii The impact of the Discontinued Operation on the cashflows of the Group is as follows :

	1 Jul 05 to 7 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
Operating cashflows	7,246	31,111
Investing cashflows	<u>(12,744)</u>	<u>(10,309)</u>
Financing cashflows	5,316	(8)
Net cashflows	<u>(182)</u>	<u>20,794</u>

### 3. CONSOLIDATED CASH FLOW STATEMENTS for the year ended 30 June 2006

Note	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating profit	287,773	75,932
Adjustments:		
Depreciation and amortisation	52,684	12,881
Investment income	(3,316)	(3,743)
Amortisation of interest	-	(158)
Profit on disposal of subsidiary	(170,140)	(7,882)
Profit on disposal of fixed assets	(11,853)	(76)
Profit on sale of investments	(13,545)	(32,120)
Fair value adjustments on quoted investments	-	(834)
Fair value adjustments on unquoted investments	-	2,320
Impairment on investments	-	572
<b>Cash flow from operations before changes in working capital</b>	<b>141,603</b>	<b>46,892</b>
Working capital changes :		
Stocks	(9,628)	(2,590)
Debtors	(19,426)	8,069
Creditors	42,098	6,572
Translation of foreign subsidiaries and others	20,599	(2,809)
<b>Cash from operations</b>	<b>175,246</b>	<b>56,134</b>
Interest paid	(50,558)	(5,765)
Income taxes paid (net of refund received)	(1,913)	(7,662)
<b>Net cash from operating activities</b>	<b>122,775</b>	<b>42,707</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries	3a (726,531)	(68,099)
Disposal of subsidiary	3b 279,560	(2,574)
Purchase of fixed assets	(98,372)	(12,530)
Proceeds from disposal of fixed assets	67,941	223
Net proceeds from disposal and capital distribution of investments	35,206	171,713
Purchase of investments	(3,430)	(33,309)
<b>Net cash (used in) /from investing activities</b>	<b>(445,626)</b>	<b>55,424</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	3,461	76,927
Proceeds from term loans	522,324	4,175
Acquisition of additional interest in subsidiary	(127)	-
Distribution to minority shareholder of subsidiary	(5)	(126)
Repayment of amount due to minority shareholders	(8,752)	(4,161)
Repayment of term loans (net)	(45,524)	(1,684)
Dividend paid to shareholders of the Company	-	(18,768)
Withdrawal of non-current bank deposits (net)	-	15,459
<b>Net cash from financing activities</b>	<b>471,377</b>	<b>71,822</b>
<b>Increase in cash and cash equivalents</b>	<b>148,526</b>	<b>169,953</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>201,046</b>	<b>29,103</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(390)</b>	<b>1,990</b>
<b>Cash and cash equivalents at end of year</b>	<b>349,182</b>	<b>201,046</b>



## Notes to Consolidated Cashflow Statements

### 3a. Acquisition of Subsidiaries

The fair values of net assets and liabilities of subsidiaries acquired were as follows :

	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
Fixed assets	539,975	44,133
Associated company	76,439	-
Available-for-sale investments	43,019	-
Debtors	57,926	375
Stocks	4,420	3,448
Intangibles	55,881	7,906
Other assets	13,731	1,488
Cash and cash equivalents	6,080	-
Creditors	(21,152)	-
Amount due to minority shareholder	(33,262)	-
Provision for taxation	(15,121)	-
Deferred taxation	(143,667)	-
Deferred liabilities	(597)	-
Minority Interest	(45,660)	-
Net assets acquired	<u>538,012</u>	<u>57,350</u>
Goodwill	<u>194,599</u>	<u>10,749</u>
Purchase consideration	<u>732,611</u>	<u>68,099</u>
Less : cash and cash equivalents acquired	<u>(6,080)</u>	<u>-</u>
Cash flow on acquisition, net of cash acquired	<u>726,531</u>	<u>68,099</u>

Note :

The fair values of the assets acquired in the current financial year were based on an independent valuation conducted for the purpose of purchase price allocation of the assets acquired from Helm.

### 3b. Disposal of Subsidiaries

The fair values of net assets and liabilities of a subsidiary disposed were as follows :

	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
Fixed assets	(200,185)	(18,500)
Other assets	(18,261)	-
Debtors	(31,809)	(1,052)
Stock	(13,803)	(1,444)
Bank balances, deposits & cash	(27,894)	(2,574)
Creditors	31,847	6,733
Term loan	114,682	13,035
Deferred taxation	14,349	-
Deferred liabilities	6,578	12,606
Foreign Exchange Translation Reserves	(12,818)	(55)
Minority Interest	-	(867)
	<u>(137,314)</u>	<u>7,882</u>
Net profit on disposal	<u>(170,140)</u>	<u>(7,882)</u>
Sales Proceeds	<u>(307,454)</u>	<u>-</u>
Add : Bank balance and cash disposed	<u>27,894</u>	<u>2,574</u>
Cash flow on disposed, net of cash disposed	<u>(279,560)</u>	<u>2,574</u>

### 3c. Bank balances, deposits and cash

	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
Bank balances, deposits and cash	335,784	92,352
Deposits with related parties	<u>13,398</u>	<u>108,694</u>
Cash and cash equivalents	<u>349,182</u>	<u>201,046</u>
Restricted cash held under escrow	<u>36,064</u>	<u>-</u>
	<u>385,246</u>	<u>201,046</u>

Restricted cash held under escrow is made up of:

- i. \$24.5 million payable to the former shareholders of a subsidiary as collateral for representations and warranties provided at the time of the acquisition,
- ii \$11.6 million payable to a former subsidiary on certain obligations arising out of the settlement conditions with respect to the regulatory approval obtained on the sale of a subsidiary.

#### 4. STATEMENTS OF CHANGES IN EQUITY

##### 4a. Group Statement of Changes in Equity for the year ended 30 June

###### Attributable to equity holders of the Company

	Share Capital S\$'000	Share Premium S\$'000	Capital Reserves S\$'000	Translation Reserves S\$'000	Revenue Reserves S\$'000	Share Capital & Reserves S\$'000	Minority Interests S\$'000	Capital Employed S\$'000
<b>2006</b>								
As at 1 July 2005								
As previously reported	187,741	202,011	59,508	(7,919)	153,192	594,533	151	594,684
Effect of adopting FRS 39	-	-	26,076	-	-	26,076	-	26,076
	187,741	202,011	85,584	(7,919)	153,192	620,609	151	620,760
Fair value changes on available-for-sale investments	-	-	(23,646)	-	-	(23,646)	-	(23,646)
Fair value gain realised and transferred to profit and loss account upon disposal of investment	-	-	(4,165)	-	-	(4,165)	-	(4,165)
Fair value change on cashflow hedges	-	-	1,026	-	-	1,026	-	1,026
Exchange differences arising on consolidation	-	-	-	(28,902)	-	(28,902)	(2,706)	(31,608)
Currency translation loss realised and transferred to profit and loss account	-	-	-	12,115	-	12,115	-	12,115
	-	-	(26,785)	(16,787)	-	(43,572)	(2,706)	(46,278)
Profit for the year	-	-	-	-	175,604	175,604	3,645	179,249
Acquisition of subsidiary	-	-	-	-	-	-	45,660	45,660
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(127)	(127)
Distribution from subsidiaries	-	-	-	-	-	-	(5)	(5)
Shares issued	2,602	859	-	-	-	3,461	-	3,461
Adjustment arising from abolition of par value of shares (Note 4c)	202,870	(202,870)	-	-	-	-	-	-
As at 30 June 2006	393,213	-	58,799	(24,706)	328,796	756,102	46,618	802,720

\* Prior to 1 July 2005, quoted investments were valued at the last transacted price, net of certain liquidity discount. With effect from 1 July 2005, the adoption of FRS 39 by the Group resulted in a change in accounting policy that the liquidity discount factor was no longer applied. The implementation of FRS 39 has resulted in upward adjustment of \$26.1 million to opening capital reserves as at 1 July 2005. See paragraph 8 for further details on the implementation of FRS 39.

##### Group Statement of Changes in Equity for the year ended 30 June

###### Attributable to equity holders of the Company

	Share Capital S\$'000	Share Premium S\$'000	Capital Reserves S\$'000	Translation Reserves S\$'000	Revenue Reserves S\$'000	Share Capital & Reserves S\$'000	Minority Interests S\$'000	Capital Employed S\$'000
<b>2005</b>								
As at 1 July 2004	160,654	152,171	35,202	(4,510)	115,456	458,973	1,005	459,978
Fair value changes on available-for-sale investments *	-	-	29,431	-	-	29,431	-	29,431
Fair value gain realised and transferred to profit and loss account upon disposal of investment	-	-	(486)	-	-	(486)	-	(486)
Exchange differences arising on consolidation	-	-	-	(9,331)	-	(9,331)	17	(9,314)
Currency translation loss realised and transferred to profit and loss account	-	-	-	5,922	-	5,922	-	5,922
Disposal of a subsidiary	-	-	-	-	-	-	866	866
Transfer to deferred taxation	-	-	(4,639)	-	-	(4,639)	-	(4,639)
	-	-	24,306	(3,409)	-	20,897	883	21,780
Profit for the year	-	-	-	-	56,504	56,504	(1,610)	54,894
Distribution from subsidiaries	-	-	-	-	-	-	(127)	(127)
Shares issued	27,087	49,840	-	-	-	76,927	-	76,927
Dividend paid	-	-	-	-	(18,768)	(18,768)	-	(18,768)
As at 30 June 2005	187,741	202,011	59,508	(7,919)	153,192	594,533	151	594,684

4b. Company Statement of Changes in Equity for the year ended 30 June

	Share Capital S\$'000	Share Premium S\$'000	Capital Reserves S\$'000	Translation Reserves S\$'000	Revenue Reserves S\$'000	Total S\$'000
<b>2006</b>						
As at 1 July 2005						
As previously reported	187,741	202,011	-	(2,629)	72,312	459,435
Effect of adopting FRS 21	-	-	-	2,629	(2,629)	-
As restated	187,741	202,011	-	-	69,683	459,435
Effect of adopting FRS 39	-	-	753	-	-	753
	187,741	202,011	753	-	69,683	460,188
Fair value changes on available-for-sale investments *	-	-	5,309	-	-	5,309
Fair value gain realised and transferred to profit and loss account upon disposal of investment	-	-	(4,165)	-	-	(4,165)
	-	-	1,144	-	-	1,144
Profit for the year	-	-	-	-	187,894	187,894
Shares issued	2,602	859	-	-	-	3,461
Adjustment arising from abolition of par value of shares (Note 4c)	202,870	(202,870)	-	-	-	-
As at 30 June 2006	393,213	-	1,897	-	257,577	652,687

Company Statement of Changes in Equity for the year ended 30 June

	Share Capital S\$'000	Share Premium S\$'000	Translation Reserves S\$'000	Revenue Reserves S\$'000	Total S\$'000
<b>2005</b>					
As at 1 July 2004					
As previously reported	160,654	152,171	(1,709)	89,811	400,927
Effect of adopting FRS 21	-	-	1,709	(1,709)	-
As restated	160,654	152,171	-	88,102	400,927
Profit for the year	-	-	-	349	349
Shares issued	27,087	49,840	-	-	76,927
Dividend paid	-	-	-	(18,768)	(18,768)
As at 30 June 2005	187,741	202,011	-	69,683	459,435

4c. Share capital

Pursuant to The Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account has been transferred to the company's share capital account as at that date.

Since 30 June 2005, the Company issued 740,000 ordinary shares upon the exercise of options granted under the Keppel Marine Share Option Scheme 1990 and 19,375,500 ordinary shares upon the exercise of options granted under the k1 Ventures Share Option Scheme 2000 to employees.

As at 30 June 2006, there were unexercised options for 330,000 (June 2005: 1,070,000) of unissued ordinary shares under the Keppel Marine Share Option Scheme 1990 and 268 million warrants (June 2005: 268 million) to subscribe for 268 million ordinary shares.

The issued share capital of the Company as at 30 June 2006 was 1,897,528,003 ordinary shares.

5. AUDIT

The figures have not been audited or reviewed by the Company's auditors.

## 6. AUDITORS' REPORT

N.A.

## 7. ACCOUNTING POLICIES

Except as disclosed in paragraph 8 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 30 June 2005.

## 8. CHANGES IN THE ACCOUNTING POLICIES

With effect from 1 July 2005, the Group adopted the following new and revised Financial Reporting Standards (FRS) which were issued by the Council on Corporate Disclosure and Governance (CCDG):

- FRS 21 (r2004) The Effects of Changes in Foreign Exchange Rates
- FRS 39 (r2004) Financial Instruments: Recognition and Measurement

In accordance with the transitional provisions of FRS 39, the effect of recognition, derecognition and measurement of financial instruments, for periods prior to 1 July 2005, is not restated. Consequently, the comparative figures have not been restated.

The implementation of FRS 21, on the other hand, is applied retrospectively and the comparative figures are restated accordingly.

The effect of the adoption of FRS 21 and FRS 39 is disclosed as follows:

	FRS 21		FRS 39	
	Group	Company	Group	Company
	Increase/(Decrease)			
Opening retained earnings 1 July 2004	-	(1,709)	-	-
Opening retained earnings 1 July 2005	-	(2,629)	-	-
Opening Translation reserve 1 July 2004	-	1,709	-	-
Opening Translation reserve 1 July 2005	-	2,629	-	-
Opening Capital reserves 1 July 2005	-	-	26,076	753

Apart from the above, the Group adopted various revisions in FRS that are relevant to its operations and effective for the financial year beginning 1 July 2005. These are currently assessed to have no material effect on the financial statements.

## 9. REVIEW OF GROUP PERFORMANCE

The Group achieved record attributable profits and earnings per share for the third consecutive year.

The Group's revenue at \$981.9 million for the year exceeded the prior year by \$405.1 million or by 70%. The Group reported profit before tax of \$237.7 million, representing an increase of \$165.9 million or 231% over the prior year. The Group posted an impressive 211% increase in profit attributable to shareholders to \$175.6 million from \$56.5 million in the prior year. Basic earnings per share increased three fold from 3.05 cents in the prior year to 9.29 cents in the current year. The higher revenue and earnings were mainly attributable to the gain on disposal of GASCO and the operating results contributed by the Group's operating subsidiaries. The sale of GASCO resulted in a profit of \$170.1 million to the group.

Group EBITDA of \$346.6 million for the year exceeded the prior year by \$254.9 million or 278%. The increase in Group EBITDA was primarily due to the gain recognised on the sale of GASCO as well as the positive operating results contributed by the Group's subsidiaries.

Raw materials, consumables, staff costs and other operating expenses for the year also increased compared to the prior year, as a result of the inclusion of Helm as an operating company and a full 12 months of operations of Mid Pac.

Depreciation and amortisation for the year increased substantially following the acquisition of Helm. The increase in interest expense for the year was due mainly to the borrowings of Helm.

In the opinion of the Directors, no factor has arisen between 30 June 2006 and the date of this report which would materially affect the results of the Group and the Company for the year just ended.

## 10. VARIANCE FROM PROSPECT STATEMENT

No variance from previous prospect statement.

## 11. PROSPECTS

The Group expects positive earnings from its operating subsidiaries in the year ahead. Management will continue to be pro-active with the current investments and seek to enhance shareholder value.

## 12. DIVIDENDS

### 12a. Current Financial Period Reported On

Any dividend recommended for the current financial year reported on? No

#### Capital Distribution

Arising from the sale of GASCO, the Board of Directors is pleased to propose a capital distribution of 6 cents per share (June 2005: Nil), without deduction for tax, out of the Company's share capital account. The capital distribution will be subject to the approval of shareholders at a meeting to be convened and made pursuant to relevant sections of the Companies Act (Chapter 50).

### 12b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Special	
Dividend Type	Cash	Cash
Dividend Rate	3% or 0.3 cts	7.6% or 0.76 cts
Par value of Shares	\$0.10	\$0.10
Tax Rate	20%	Tax-exempt (one-tier)

### 12c. Date Payable

To be announced later.

### 12d. Books Closure Date

To be announced later.

### 12e. Total Annual Dividend / Capital distribution

	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
Special dividend	-	18,768
Capital distribution *	<u>113,852</u>	<u>-</u>
	<u>113,852</u>	<u>18,768</u>

\* The current year capital distribution is estimated based on share capital of 1,897,528,003 at the end of the financial year.

### 13. SEGMENT ANALYSIS

#### BUSINESS SEGMENT

The Group has segmented its continuing operations into Energy, Transportation Leasing and Investments. The Group's Energy segment reflects Mid Pac's retail gasoline operations in Hawaii and other energy-related investments. The Transportation Leasing segment represents Helm's locomotive and railcar leasing business in North America. The Group's Investment activities consist mainly of the Group's education and technology investments.

With effect from 1 July 2005, the Group's energy-related investments have been classified under the Energy segment. They were classified under Investments in previous financial years. The comparative segment analysis has also been reclassified to be consistent with the existing segment reporting.

	Continuing Operations				Total	Discontinued Operation	Total Operations
	Energy \$'000	Transportation leasing \$'000	Investments \$'000	Elimination \$'000			
<b>2006</b>						<b>GASCO</b>	<b>\$'000</b>
<b>Revenue</b>	<b>233,841</b>	<b>168,318</b>	<b>35,245</b>	<b>(4,261)</b>	<b>433,143</b>	<b>548,757</b>	<b>981,900</b>
<b>Results</b>							
Operating profit	7,427	72,470	9,770	(4,261)	85,406	202,367	287,773
Finance expenses	(4,261)	(46,077)	(951)	4,261	(47,028)	(9,178)	(56,206)
Foreign exchange loss	-	-	(390)	-	(390)	-	(390)
Share of results of associated company	-	6,525	-	-	6,525	-	6,525
Profit before taxation	<u>3,166</u>	<u>32,918</u>	<u>8,429</u>	<u>-</u>	<u>44,513</u>	<u>193,189</u>	<u>237,702</u>
<b>Other information</b>							
Segment assets	211,274	846,153	509,586	(48,428)	1,518,585	-	1,518,585
Investment in associated company	-	79,276	-	-	79,276	-	79,276
Tax recoverable	5	-	2,511	-	2,516	-	2,516
Total	<u>211,279</u>	<u>925,429</u>	<u>512,097</u>	<u>(48,428)</u>	<u>1,600,377</u>	<u>-</u>	<u>1,600,377</u>
Segment liabilities	62,608	524,829	21,613	(48,428)	560,622	-	560,622
Net tax provision & deferred taxation	30,255	163,766	43,014	-	237,035	-	237,035
Total	<u>92,863</u>	<u>688,595</u>	<u>64,627</u>	<u>(48,428)</u>	<u>797,657</u>	<u>-</u>	<u>797,657</u>
Net assets	<u>118,416</u>	<u>236,834</u>	<u>447,470</u>	<u>-</u>	<u>802,720</u>	<u>-</u>	<u>802,720</u>
Capital expenditure	4,487	80,961	113	-	85,561	12,811	98,372
Depreciation and amortisation	(3,997)	(47,052)	(143)	-	(51,192)	(1,492)	(52,684)

	Continuing Operations					Discontinued Operation	Total Operations
	Energy \$'000	Transportation leasing \$'000	Investments \$'000	Elimination \$'000	Total \$'000		
2005							
<b>Revenue</b>	<u>281,915</u>	<u>-</u>	<u>78,134</u>	<u>(3,639)</u>	<u>356,410</u>	<u>220,405</u>	<u>576,815</u>
<b>Results</b>							
Operating profit	23,305	-	20,950	(3,639)	40,616	35,316	75,932
Finance expenses	(3,754)	-	(11)	3,639	(126)	(5,799)	(5,925)
Foreign exchange loss	(73)	-	2,063	-	1,990	-	1,990
Share of results of associated company	-	-	911	-	911	-	911
Profit before taxation and exceptional items	19,478	-	23,913	-	43,391	29,517	72,908
Exceptional items	(3,283)	-	-	-	(3,283)	2,150	(1,133)
Profit before taxation	<u>16,195</u>	<u>-</u>	<u>23,913</u>	<u>-</u>	<u>40,108</u>	<u>31,667</u>	<u>71,775</u>
<b>Other information</b>							
Segment assets	452,483	-	380,540	(51,573)	781,450	-	781,450
Tax recoverable	2,936	-	(218)	-	2,718	-	2,718
Total	<u>455,419</u>	<u>-</u>	<u>380,322</u>	<u>(51,573)</u>	<u>784,168</u>	<u>-</u>	<u>784,168</u>
Segment liabilities	210,536	-	1,163	(51,573)	160,126	-	160,126
Net tax provision & deferred taxation	22,663	-	6,695	-	29,358	-	29,358
Total	<u>233,199</u>	<u>-</u>	<u>7,858</u>	<u>(51,573)</u>	<u>189,484</u>	<u>-</u>	<u>189,484</u>
Net assets	<u>222,220</u>	<u>-</u>	<u>372,464</u>	<u>-</u>	<u>594,684</u>	<u>-</u>	<u>594,684</u>
Capital expenditure	977	-	422	-	1,399	11,131	12,530
Depreciation and amortisation	(4,225)	-	(210)	-	(4,435)	(8,446)	(12,881)
Fair value adjustment on quoted investments	-	-	834	-	834	-	834
unquoted investments	-	-	(2,320)	-	(2,320)	-	(2,320)
Impairment on investments	-	-	(572)	-	(572)	-	(572)

#### GEOGRAPHICAL SEGMENT

The Group's two business segments operate in three main geographical areas. The operating activities and investment activities are predominately in the USA. There are also investment activities in Hong Kong. Singapore is the home country of the Company and its assets are mainly cash and cash equivalents.

Segment revenue is based on geographical location of its customers or, in the case of revenue from investments, the source of its investments income. Segment assets and capital expenditure are analyzed based on the location of the assets generating the income.

	2006				
	<u>Singapore</u> \$'000	<u>USA</u> \$'000	<u>China/ Hong Kong</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
<b>Continuing operations</b>					
External revenue	6,957	425,308	878	-	433,143
Segment assets	21,464	1,485,915	1,003	10,203	1,518,585
Capital expenditure	2	85,559	-	-	85,561
<b>Discontinued operation</b>					
External revenue	-	548,757	-	-	548,757
Segment assets	-	-	-	-	-
Capital expenditure	-	12,811	-	-	12,811
	<u>Singapore</u> \$'000	<u>USA</u> \$'000	<u>China/ Hong Kong</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
2005					
<b>Continuing operations</b>					
External revenue	5,598	350,789	23	-	356,410
Segment assets	117,144	654,151	2,182	7,973	781,450
Capital expenditure	371	1,028	-	-	1,399
<b>Discontinued operation</b>					
External revenue	-	220,405	-	-	220,405
Capital expenditure	-	11,131	-	-	11,131

#### 14. REVIEW OF SEGMENT PERFORMANCE

Not applicable.

#### 15. INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual.	
	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000	1 Jul 05 to 30 Jun 06 \$'000	1 Jul 04 to 30 Jun 05 \$'000
KCL Group	-	-	15,869	110,178
Greenstreet Partners	-	-	6,069 *	6,058 *
Total	-	-	21,938	116,236

\* This amount represents the full financial year transaction with the related person as per agreement.

#### BY ORDER OF THE BOARD

Lawrence Chan  
Company Secretary  
23-Aug-2006