CONTENTS

k1 Ventures Limited

(Incorporated in the Republic of Singapore)

CHAIRMAN'S
Statement

This past fiscal year contained many positive accomplishments, which included a 74% increase in profit attributable to shareholders over the prior year and the completion of k1 Ventures Limited ("k1")'s transition into a diversified investment company. We have successfully transitioned k1 from a company that was primarily focused on venture capital technology to a company with a diversified portfolio of investments. We will endeavour to look for new investment opportunities to expand our existing platforms as well as look for investments in new markets.

This past fiscal year was a rewarding year for our shareholders, and although we will not attempt to project the future price of our stock, k1 has performed well against all major indexes. In this respect, k1's stock price reflected a yearly increase of 38.46% as compared to the increases for the following indexes: Dow Jones Industrial Average, 16.13%, S&P 500 Index, 17.06% and the Straits Times Index, 26.90%. In fact, since we have assumed management responsibility over k1, our stock price has increased 54.2% as compared to the Dow Jones Industrial Average of 8.6%, S&P 500 Index of 8.9% and the Straits Times Index of 14.79%.

On hindsight, management was correct not to deploy capital immediately after 11 September 2001 and to allow time for valuations and markets to stabilise. Over the past two years, we have focused on valuations and looked for opportunistic investments, while at the same time diversifying the portfolio and therefore reducing sector risk. Management will continue with its efforts to make k1 a world-class investment company.

I am pleased with the operating results of the past fiscal year, which marked the second consecutive year of increased profitability for the Company. We realised growth in all critical financial benchmarks, and did so while being disciplined with respect to overheads. This past year reflected an increase in operating profit and profit before tax of 143% and 114% respectively, as compared to the prior year, without considering the unrealised gains associated with the Group's investment portfolio which is reflected in the investment revaluation account.

During the year, the Company continued to broaden its investment portfolio base through discriminate and strategic investing. An additional $116 million was invested during the past year to bring the Company's total investment portfolio to approximately $335 million. The Company expanded its commitment to the energy and education sectors with investments in Semco Energy Corp, a US publicly traded gas distribution company and Unext LLC, a private provider of online education for both Master and Bachelor Degrees, which has an affiliation with the New York Institute of Technology.

The Company's investment portfolio reflects the Company's diverse investment base with investments in education, consumer durables, energy, gas distribution, oil and gas exploration, security, and telecommunication software applications. We are pleased to say that on an overall basis, our investment portfolio has continued to perform well. In fact, as a result of increased valuations, principally with investments made in publicly traded companies, the Company increased the amount of its investment revaluation account by approximately $20 million (net of taxes), bringing the total investment revaluation account to approximately $35 million at year end.

In addition to the positive results associated with the Company's investment portfolio, I am very pleased to report that our operating companies have also performed well this past fiscal year. In August 2003, we acquired The Gas Company ("GASCO") for a purchase price of approximately $188 million. GASCO and K-Mc Ventures ("K-MC") exceeded both earnings and EBITDA projections. We were able to transition GASCO ahead of schedule and below projected costs, demonstrating our commitment to a pro-active management approach.

GASCO is the dominant supplier of gas related products and services in Hawaii. The initial year of operations as a k1 subsidiary has confirmed our underwriting criteria both as to the quality of management and the reliability of earnings and cash flow. Acquisition indebtedness associated with the purchase of GASCO was reduced by US$11 million during our first year of ownership, through the application of excess cash flow. On 1 September 2004, we completed the strategic acquisition of the Hawaiian retail assets of ConocoPhillips Company, and we continue to look for additional investment opportunities in Hawaii to expand our platform there.

K-MC performed well as a result of the price of oil and the ability to manage production related costs. In accordance with our initial business plan, cash flow from K-MC is to be used to reduce debt and in this respect, debt was reduced by US$3 million during the past fiscal year. Our investment in K-MC was a strategic one as part of an overall investment in McMoRan Exploration Corp, a US publicly traded oil and gas exploration company.

We are very pleased that the Company was able to complete a private placement of 265 million shares with a sophisticated strategic private investment group. The private placement resulted in approximately $76 million of additional capital to the Company and underscored the positive developments associated with the Company's operations and investments.

We are optimistic with respect to the upcoming year but recognise that the coming year could present worldwide political and economic challenges. We will continue to be pro-active with our current investments and we will look to broaden our investment portfolio, while at the same time being mindful of our commitment to the enhancement of shareholder value.

I would like to thank the Board of Directors for their valued effort and continued support. The transition of k1 into a diversified investment company is the result of the efforts of both the board and management.

Sincerely

Steven J. Green
Chairman and Chief Executive Officer
17 September 2004

BUSINESS Review

OPERATING COMPANIES

In August 2003, we acquired The Gas Company ("GASCO"), the State of Hawaii's only publicly regulated, full service gas company and unregulated distributor of liquefied propane gas. The net assets acquired were approximately $188 million, of which $116 million was financed. GASCO and K-Mc Ventures ("K-MC"), our oil drilling operations in the Gulf of Mexico, comprise our operating companies as of June 2004. As a result of the acquisition of GASCO, there was a significant impact on the results of operations when compared to the prior year.

Turnover increased $167.5 million to $230.5 million, representing an increase of 265.6% over the prior year and profit attributable to shareholders increased $9.1 million to $21.3 million, representing an increase of 74.2% over the prior year. Collectively, our operating companies contributed approximately $218.8 million to the Group's turnover of $230.5 million and $19.3 million to the total profit attributable to shareholders of $21.3 million.

We are pleased with the results of our operating companies. Both GASCO and K-MC have performed well and in accordance with management's expectations. Although the results of both our operating companies are impacted by the price of energy related commodity prices, management expects that the current financial year will continue to benefit from the operations of these operating companies, as well as from the Hawaiian retail assets of ConocoPhillips, which was acquired on 1 September 2004.

PORTFOLIO ANALYSIS

In addition to our operating companies, the Group has investments in 20 companies with an aggregate value of approximately $334.8 million as of 30 June 2004, of which approximately $116 million was invested during the past financial year. Additionally, the Group received $4.1 million in warrants related to the termination of an option to acquire alternative use property associated with the Group's oil and gas operations in the Gulf of Mexico.

Management continues to focus on its various investment platforms, with an emphasis on energy related companies. Although we have and will continue to look at energy related companies, we are not solely focused in this area and will seek to both add on to and broaden our current platforms.

As of June 2004, our investment portfolio included investments in companies involved in natural gas distribution and pipelines, oil and gas exploration, the manufacturing and marketing of recreational products, pre-school education programs, provider of online education, security services, and technology companies involved in various industries inclusive of telecommunication software and medical devices.

By virtue of our investment programme over the past two years, we have successfully transitioned the Group from one solely invested in technology venture capital to a Group with a diversified investment portfolio. As of June 2004, the carrying value of technology-based investments comprised 8.6% of the Group's total invested assets as compared to 20.0% at June 2003 and 67.5% at June 2002.

In 2004, the fair value of the Group's long-term investments was adjusted upward by approximately $20.4 million, net of income taxes, bringing the total investment revaluation account to $35.2 million. This adjustment reflected management's estimate of the positive changes in fair value associated with the Group's long-term investment portfolio.

GEOGRAPHICAL FOCUS

Management continues to view the United States as a key market for the Group and will seek additional investment opportunities there. All investments made in the last financial year were in the United States. At the end of June 2004, the Group's assets in the United States represented 97.1% of total assets as compared to 54.1% at June 2003.

Management views the United States as a key market for the Group but does not view the United States as its sole market. In this respect, the Group has and will continue to assess opportunities in other markets, but such opportunities will be considered only after careful consideration of that market's particular business, political, legal and economic environment.

INVESTMENT ACTIVITIES

Due to the increase in investment activity in the financial year ended 30 June 2004, the percentage of the Group's assets held in cash compared to total assets declined from 49.9% at June 2003 to 6.7% at June 2004. On 1 September 2004, the Group completed the acquisition of the Hawaiian retail assets of ConocoPhillips for approximately $68.4 million.

Equity markets continue to be volatile, reflecting worldwide political and economic events. Management will continue to exercise caution with respect to its investment programme, and where possible, will structure its investments with a view towards reducing risk. Management will continue to be pro-active with its investment portfolio and seek to enhance value where opportunities are present. Strict underwriting criteria will continue to be employed with extensive financial and legal due diligence being undertaken in order to appropriately assess risk/reward profiles, as well as expected performance and returns.

OPERATIONS

Although the Group has grown significantly over the past two years and total assets at the end of the last financial year now exceed $663 million, an increase of approximately 40.6% over the prior year, management continues to be diligent with respect to the control of overheads. As management has indicated in the past, overheads will have to grow as the Group's investment base grows. However, management will not lose sight of the need to impose effective controls to ensure that any increase in overheads is supported by an increase in overall investment activity.

SHARE PLACEMENT

In July 2004, the Company completed a private placement of 265 million shares to BV Singapore Holdings Limited at $0.29 per share and raised approximately $76 million (the "Placement Funds"). To date, approximately $69.26 million of the Placement Funds have been utilised.

NET ASSET VALUE ("NAV") ANALYSIS

The Group's NAV per share at 30 June 2004 was $0.29, compared to $0.26 at 30 June 2003.

NAV increased during the year as a result of the Group's operating profit and the positive adjustment made to the investment revaluation account in the net amount of $20.4 million.

FINANCIAL
Statements

Report of the Directors

The directors present their report together with the audited financial statements of the Company and of the Group for the financial year ended 30 June 2004.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Steven Jay Green (Chairman)
Wong Yip Yan (Deputy Chairman)
Ang Kong Hua
Choo Chiau Beng
Kamal Bahamdan (appointed on 9 July 2004)
Lee Suan Yew
Lim Chee Onn
Philip Ng Chee Tat
Tan Teck Meng
Teo Soon Hoe

In accordance with the Articles of Association, Messrs Wong Yip Yan, Lim Chee Onn and Philip Ng Chee Tat will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Dr Lee Suan Yew will retire pursuant to section 153 of the Companies Act, Cap 50 (the "Companies Act"). A resolution will be proposed for his reappointment under section 153(6) of the Companies Act to hold office until the next annual general meeting of the Company.

2. AUDIT COMMITTEE

The Audit Committee comprises three members, two of whom are independent directors. Members of the Committee are:

Ang Kong Hua (Chairman)
Tan Teck Meng
Teo Soon Hoe

The Audit Committee performs the functions set out in the Companies Act. In performing those functions, the Committee reviews the audit plans and scope of the audit examination of the auditors of the Company, the auditors' findings on the internal controls of the companies arising from their audit examination, including assistance given by the Company's officers to the auditors. The Committee reviewed the financial statements of the Company and the consolidated financial statements of the Group for the year ended 30 June 2004 before their submission to the Board of Directors.

The Committee recommends to the Board of Directors the re-appointment of Deloitte & Touche as auditors of the Company at the forthcoming annual general meeting.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement the object of which is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except as disclosed in paragraph 6 of the Directors' Report.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year and their interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act are as follows:

	Interest held at		
	01.07.03	30.06.04	21.07.04
k1 Ventures Limited			
(Ordinary shares of $0.10 each)			
Steven Jay Green (deemed interest)	302,647,000	121,058,800	121,058,800
Wong Yip Yan (deemed interest)	302,647,000	60,529,400	60,529,400
Choo Chiau Beng	4,060	4,060	4,060
Teo Soon Hoe	72,500	72,500	72,500
Tan Teck Meng	60,000	298,000	298,000
Kamal Bahamdan (deemed interest) [b]	N/A	N/A	265,000,000
(Warrants) [a]			
Steven Jay Green (deemed interest)	230,000,000	138,000,000	138,000,000
Wong Yip Yan (deemed interest)	230,000,000	46,000,000	46,000,000

(a) Details of warrants are disclosed in paragraph 6(d) to the Directors' Report.
(b) Mr Kamal Bahamdan was appointed as a director of the Company on 9 July 2004.

5. MANAGEMENT AGREEMENT

The Company entered into a Management Agreement dated 18 November 2003, which was amended pursuant to a First Amendment Agreement dated 15 July 2004, (collectively, the "Agreement") with Greenstreet Partners, L.P. ("Greenstreet"), a limited partnership in which the Chairman of the Company has a substantial financial interest, for the provision of management services to the Group. The Agreement provides for a monthly fee of US$125,000 to be paid to Greenstreet, and the reimbursement of all reasonable costs and expenses incurred in connection with the performance of the said management services, but does not provide for the reimbursement of, among other things, office rent, insurance or any facility costs of Greenstreet.

Save as disclosed in this report and in the notes to the financial statements, no director of the Company has since the beginning of the financial year received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Companies Act by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

6. SHARE OPTIONS AND WARRANTS

The particulars of share options and warrants of the Company are as follows:

a) Share Option Schemes

The Keppel Marine Share Option Scheme 1990 ("Keppel Marine Scheme") and the k1 Ventures Share Option Scheme 2000 ("k1 Scheme") which was adopted in place of the Keppel Marine Scheme in 2000, are administered by the Compensation and Share Option Committee, whose members are:

Ang Kong Hua (Chairman)
Lim Chee Onn
Wong Yip Yan

b) k1 Ventures Share Option Scheme 2000

Under the k1 Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but not later than the expiry date. The shares under option may only be exercised in respect of 1,000 shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of the Offer. The Compensation and Share Option Committee may at its discretion fix the subscription price at a discount not exceeding 20 percent of the above price. Participants of the k1 Scheme are not disqualified from participating in any other share option scheme implemented by the Company or any other company within the Group. The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company. Options granted are cancelled when the employee is no longer in employment with the Company or any corporation in the Group, subject to certain exceptions set out in the rules of the k1 Scheme.

During the financial year, 6,868,250 shares were issued by virtue of the exercise of options to take up unissued shares under the k1 Scheme. There are no options granted to any of the Company's controlling shareholders or their associates under the k1 Scheme.

Details of the share options are as follows:

	Number of Share Options					
Date of grant	**Balance as at 01.07.03**	**Exercised**	**Cancelled**	**Balance as at 30.06.04**	**Subscription price**	**Expiry date**
07.08.01	31,165,875	(6,868,250)	-	24,297,625	$0.17	06.08.06
07.08.01	799,125	-	-	799,125	$0.17	06.08.11
	31,965,000	(6,868,250)	-	25,096,750		

No director of the Company received options under the k1 Scheme during the financial year under review, nor since the commencement of the k1 Scheme.

No employee received 5% or more of the total number of options available under the k1 Scheme, except for 15,982,500 share options granted to a past full-time director, Mr Lim Ho Kee.

	Number of Share Options			
Name of participant	**Options granted during the financial year under review**	**Aggregate options granted since commencement to end of financial year under review**	**Aggregate options exercised since commencement to end of financial year under review**	**Aggregate options outstanding as at end of financial year under review**
Lim Ho Kee	-	15,982,500	-	15,982,500

c) Keppel Marine Share Option Scheme 1990

Under the Keppel Marine Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but not later than the expiry date. The options are granted in consideration of $1 for all the ordinary shares in respect of which the option was granted. The shares under option may be exercised in full or in respect of 100 shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of the Offer. The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Options granted are cancelled when the employee is no longer in full-time employment with the Company or any corporation in the Group, subject to certain exceptions at the discretion of the Company.

There are no options granted to any of the Company's controlling shareholders or their associates under the Keppel Marine Scheme.

Details of the share options are as follows:

	Number of Share Options					
Date of grant	**Balance as at 01.07.03**	**Exercised**	**Cancelled**	**Balance as at 30.06.04**	**Subscription price**	**Expiry date**
29.08.98	255,000	(160,000)	(95,000)	-	$0.10	28.08.03
02.03.99	865,000	(485,000)	-	380,000	$0.19	01.03.09
19.08.99	1,430,000	(345,000)	-	1,085,000	$0.24	18.08.09
	2,550,000	(990,000)	(95,000)	1,465,000		

No director of the Company received options under the Keppel Marine Scheme.

No employee received 5% or more of the total number of options available under the Keppel Marine Scheme.

d) The Company entered into an agreement with PCG/Greenstreet Venture I, LP ("PCGG"), a limited liability partnership in which certain directors; namely Mr Steven Jay Green and Mr Wong Yip Yan, had a substantial financial interest, to issue 230 million warrants to PCGG to subscribe for 230 million new shares of $0.10 each in the Company (the "Warrants"). The Warrants, which were approved for issue at the Extraordinary General Meeting of the Company held on 25 January 2002, were issued on 15 July 2002.

Number of warrants	**Exercise price per warrant**
First 50 million	$0.20
Next 90 million	$0.23
Remaining 90 million	$0.25

Details of Messrs Steven Jay Green and Wong Yip Yan's interests in the Warrants are as follows:

	Number of warrants / Exercise price per warrant			
Name	$0.20 (First tranche)	$0.23 (Next tranche)	$0.25 (Remaining tranche)	Total
Mr Steven Jay Green (deemed interest)	30 million	54 million	54 million	138 million
Mr Wong Yip Yan (deemed interest)	10 million	18 million	18 million	46 million

The warrants may be exercised in whole or in part at any time during the exercise period commencing after 25 January 2004 and expiring on 25 January 2007.

As at the end of the financial year, the number of outstanding warrants was 230,000,000.

e) During the financial year, no options were granted to take up unissued shares of the subsidiaries and no shares of the subsidiaries were issued by virtue of the exercise of an option to take up unissued shares. At the end of the financial year, there were no unissued shares of the subsidiaries under option.

7. AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD

STEVEN JAY GREEN
Chairman

WONG YIP YAN
Deputy Chairman

Singapore
Date: 17 September 2004

Statement of Directors

In the opinion of the Directors, the accompanying financial statements set out on pages 17 to 45 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2004 and changes in equity of the Company and of the Group, results of the business and cash flows of the Group for the financial year then ended, 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 BOARD

STEVEN JAY GREEN
Chairman

WONG YIP YAN
Deputy Chairman

Singapore
Date: 17 September 2004

Auditors' Report

to the Members of k1 Ventures Limited

We have audited the accompanying financial statements of k1 Ventures Limited and the Group for the financial year ended 30 June 2004, set out on pages 17 to 45. 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 misstatements. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

a) the accompanying financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 Group and of the Company as at 30 June 2004 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

Deloitte & Touche

Deloitte & Touche
Certified Public Accountants

Aric Loh Siang Khee
Partner

Singapore
Date: 17 September 2004

Balance Sheets

as at 30 June 2004

	Note	Company 2004 $'000	Company 2003 $'000	Group 2004 $'000	Group 2003 $'000
Share capital	3	**160,654**	159,868	**160,654**	159,868
Reserves	4	**240,273**	245,831	**298,319**	260,746
Share capital and reserves		**400,927**	405,699	**458,973**	420,614
Minority interests		**-**	-	**1,005**	494
Capital employed		**400,927**	405,699	**459,978**	421,108
Represented by:					
Fixed assets	5	**219**	395	**222,553**	25,938
Subsidiaries	6	**165,534**	39,184	**-**	-
Associated company	7	**-**	-	**49,143**	52,047
Investments	8	**-**	-	**227,257**	99,001
Loans receivable		**-**	-	**21**	22
Other assets	9	**-**	-	**5,424**	-
Bank deposits	13	**-**	-	**15,459**	22,880
		165,753	39,579	**519,857**	199,888
Current assets					
Stocks	10	**-**	-	**11,248**	1,753
Due from subsidiaries	11	**186,133**	128,717	**-**	-
Debtors	12	**1,727**	850	**44,489**	7,316
Investments	8	**49,985**	41,960	**58,382**	50,110
Bank balances, deposits and cash	13	**8,610**	205,365	**29,103**	212,453
		246,455	376,892	**143,222**	271,632
Current liabilities					
Creditors	14	**1,080**	1,518	**29,604**	12,590
Amount owing to minority shareholder	15	**-**	-	**4,380**	4,488
Due to subsidiaries	11	**7,924**	6,977	**-**	-
Provision for taxation		**2,055**	2,055	**3,089**	2,756
		11,059	10,550	**37,073**	19,834
Net current assets		**235,396**	366,342	**106,149**	251,798
Non-current liabilities					
Term loans	16	**-**	-	**135,705**	16,563
Deferred liabilities	17	**-**	-	**21,169**	13,793
Deferred taxation	18	**222**	222	**9,154**	222
		222	222	**166,028**	30,578
Net assets		**400,927**	405,699	**459,978**	421,108

The accompanying notes form an integral part of the financial statements.

Consolidated Profit & Loss Account

for the year ended 30 June 2004

	Note	2004	2003
		$'000	$'000
Revenue	19	**230,458**	63,041
Direct costs		**(121,527)**	(14,051)
Fair value of investments disposed		**-**	(27,071)
Fair value adjustments on unquoted investments	8	**1,364**	8,276
Staff costs	20	**(39,618)**	(3,978)
Depreciation	5	**(11,607)**	(2,275)
Amortisation	17	**(1,017)**	(300)
Other operating expenses		**(13,791)**	(5,421)
Operating profit	21	**44,262**	18,221
Interest expenses		**(4,748)**	(383)
Foreign exchange loss		**(976)**	(490)
Share of results of associated company		**(1,469)**	(10)
Profit before taxation		**37,069**	17,338
Taxation	22	**(13,920)**	(3,811)
Profit after taxation		**23,149**	13,527
Minority interests		**(1,800)**	(1,270)
Profit attributable to shareholders		**21,349**	12,257
Earnings per share	23		
Basic		**1.33 cts**	0.77 cts
Diluted		**1.30 cts**	0.77 cts

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 30 June 2004

	Share capital $'000	Share premium account $'000	Investment revaluation account $'000	Translation reserves $'000	Revenue reserves $'000	Total $'000
Company						
As at 1 July 2003	**159,868**	**151,598**	**-**	**-**	**94,233**	**405,699**
Loss for the financial year	**-**	**-**	**-**	**-**	**(4,422)**	**(4,422)**
Exchange differences arising on net investment in foreign entity	**-**	**-**	**-**	**(1,709)**	**-**	**(1,709)**
Shares issued	**786**	**573**	**-**	**-**	**-**	**1,359**
As at 30 June 2004	**160,654**	**152,171**	**-**	**(1,709)**	**89,811**	**400,927**
As at 1 July 2002	159,851	151,598	-	-	80,557	392,006
Profit for the financial year	-	-	-	-	13,676	13,676
Shares issued	17	-	-	-	-	17
As at 30 June 2003	159,868	151,598	-	-	94,233	405,699
Group						
As at 1 July 2003	**159,868**	**151,598**	**14,804**	**237**	**94,107**	**420,614**
Revaluation of investments not recognised in profit and loss account	**-**	**-**	**26,637**	**-**	**-**	**26,637**
Profit for the financial year	**-**	**-**	**-**	**-**	**21,349**	**21,349**
Exchange differences arising on consolidation	**-**	**-**	**-**	**(4,747)**	**-**	**(4,747)**
Shares issued	**786**	**573**	**-**	**-**	**-**	**1,359**
	160,654	**152,171**	**41,441**	**(4,510)**	**115,456**	**465,212**
Transfer to deferred taxation	**-**	**-**	**(6,239)**	**-**	**-**	**(6,239)**
As at 30 June 2004	**160,654**	**152,171**	**35,202**	**(4,510)**	**115,456**	**458,973**
As at 1 July 2002	159,851	151,598	-	(595)	81,850	392,704
Revaluation of investments not recognised in profit and loss account	-	-	14,804	-	-	14,804
Profit for the financial year	-	-	-	-	12,257	12,257
Exchange differences arising on consolidation	-	-	-	832	-	832
Shares issued	17	-	-	-	-	17
As at 30 June 2003	159,868	151,598	14,804	237	94,107	420,614

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 30 June 2004

	Note	2004	2003
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		**44,262**	18,221
Adjustments for:			
Depreciation		**11,607**	2,275
Amortisation		**1,017**	300
Dividend income		**(507)**	-
Gain realised from cancellation of option		**(4,125)**	-
Amortisation of interest		**(440)**	-
Loss on disposal of fixed assets		**71**	-
Loss/(Profit) on disposal of investments		**335**	(7,275)
Fair value adjustments on unquoted investments		**(1,364)**	(8,276)
Cash flow from operations before changes in working capital		**50,856**	5,245
Working capital changes:			
Stocks		**(1,336)**	(1,753)
Debtors		**(14,683)**	(9,114)
Creditors		**2,254**	9,420
Translation of foreign subsidiaries and others		**(628)**	187
Cash from operations		**36,463**	3,985
Interest paid		**(4,184)**	(383)
Income tax paid		**(10,706)**	(3,089)
Net cash from operating activities		**21,573**	513
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	A	**(188,308)**	-
Acquisition of associated company		**-**	(52,115)
Purchase of fixed assets		**(10,391)**	(138)
Proceeds from disposal of fixed assets		**10**	-
Net proceeds from disposal of investments		**10,690**	32,318
Purchase of investments		**(115,832)**	(69,184)
Net cash used in investing activities		**(303,831)**	(89,119)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		**1,359**	17
Proceeds from minority shareholders of subsidiaries		**79**	-
Proceeds from term loans		**116,411**	-
Distribution to minority shareholder of subsidiary		**(1,355)**	(13,177)
Repayment of term loans		**(24,048)**	-
Withdrawal/(Placement) of non-current bank deposits - net		**7,421**	(22,880)
Net cash from/(used in) financing activities		**99,867**	(36,040)
Decrease in cash and cash equivalents		**(182,391)**	(124,646)
Cash and cash equivalents at beginning of year		**212,453**	336,974
Effects of exchange rate changes on cash and cash equivalents		**(959)**	125
Cash and cash equivalents at end of year		**29,103**	212,453

The accompanying notes form an integral part of the financial statements.

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(A) Acquisition of Subsidiaries

	30.06.04	30.06.03
	$'000	$'000
Fixed assets	**204,932**	27,479
Investments	**-**	8,893
Debtors	**23,235**	-
Stocks	**8,420**	-
Creditors	**(12,663)**	-
Term loans	**(31,031)**	(18,392)
Deferred liabilities	**(6,344)**	(13,492)
Amount due to a minority shareholder	**-**	(4,488)
Other assets	**1,323**	-
Net assets acquired	**187,872**	-
Goodwill written off (Note 21)	**436**	-
Cash outflow on acquisition, net of cash acquired	**188,308**	-

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

30 June 2004

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited. The addresses of its registered office and principal place of business are 1 HarbourFront Avenue #18-01 Keppel Bay Tower, Singapore 098632 and 1 HarbourFront Avenue #16-06 Keppel Bay Tower, Singapore 098632, respectively.

The principal activities of the Company are to invest in a wide range of investments across diverse industry sectors.

The principal activities of the subsidiaries are detailed in Note 6 to the financial statements.

The financial statements of the Company and of the consolidated financial statements of the Group for the financial year ended 30 June 2004 were authorised for issue in accordance with a resolution of the Board of Directors on 17 September 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from financial year commencing on or after 1 January 2003, Singapore-incorporated companies are required to prepare and present their financial statements in accordance with the Singapore Financial Reporting Standards ("FRS"), including related interpretations ("INT FRS"), promulgated by the Council on Corporate Disclosure and Governance ("CCDG").

Previously, the Company and the Group prepared their financial statements in accordance with the Singapore Statements of Accounting Standard ("SAS"). The adoption of FRS does not have a material impact on the accounting policies and figures presented in the financial statements for financial year ended 30 June 2003.

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The profit and loss statement, balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group are presented in Singapore dollars, which is the measurement currency of the Group.

b) BASIS OF CONSOLIDATION

The Group's financial statements include the financial statements of the Company and all its subsidiaries made up to 30 June each year. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the Group's financial statements from their respective dates of acquisition or disposal.

For inclusion in the Group's consolidated accounts, all assets and liabilities of foreign subsidiaries are translated into Singapore dollars at the exchange rates ruling at the end of the financial year. The trading results of foreign subsidiaries are translated into Singapore dollars at the average exchange rates for the financial year. Exchange differences due to such currency translations are taken directly to shareholders' interest.

c) GOODWILL

Goodwill represents the excess of the fair value of consideration given over the fair value of the Group's share of the identifiable net assets of subsidiaries and associated companies when acquired. Goodwill is amortised on a straight line basis over a maximum of 20 years. Goodwill which is assessed as having no economic value is written off to the profit and loss account. The gain or loss on disposal of a subsidiary or associated company includes the unamortised balance of goodwill relating to the subsidiary or associated company disposed of.

d) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Oil and gas exploration and development activities are accounted for using the successful efforts method. Under this method, costs of exploratory wells are capitalised pending determination of proved reserves. If proved reserves are not discovered, the related drilling costs are expensed. All development costs are capitalised. Expenditures to replace existing asset components at the field are charged to earnings unless such expenditures result in the field having additional proved reserves.

Where impairment indicates, the carrying values of oil assets are written down to their fair values. Measurement of the impairment loss is based on the estimated fair value of the asset, determined by estimated undiscounted future cash flows from related oil reserves adjusted to present value using an interest rate considered appropriate for the asset. Future cash flows are estimated on proved and risk-adjusted probable reserves, oil prices, production rates and operating, development and reclamation costs based on operating budget forecasts. Assumptions underlying future cash flow estimates are subject to various risks and uncertainties.

e) DEPRECIATION

Depreciation is provided on the straight-line method over the estimated useful lives of the depreciable fixed assets as follows:

Plant & Equipment	5 to 62 years
Office equipment	3 to 5 years
Motor vehicles	5 years

Proved oil and gas property, capitalised under the successful efforts method, are depreciated using the unit-of-production method based on estimated proved reserves.

f) SUBSIDIARIES

Investments in subsidiaries in the Company's financial statements are stated at cost less allowances for any impairment in net recoverable value, which is recognised in the profit and loss account.

g) ASSOCIATED COMPANIES

An associated company is a company or partnership, not being a subsidiary, in which the Group has a long-term equity interest of between 20 and 50 per cent and over whose financial and operating policy decisions it has significant influence.

Investments in associated companies are stated in the Company's financial statements at cost less provision to the extent of the amount considered by the Directors to be an impairment in value other than temporary, determined on an individual investment basis.

Investments in associated companies are accounted for in the Group's financial statements using the equity method of accounting whereby the Group's share of profits less losses of associated companies is included in the consolidated profit and loss account and the Group's share of net assets is included in the consolidated balance sheet. These amounts are taken from unaudited management financial statements of the companies concerned.

h) INVESTMENTS

Investments are recognised on a trade-date basis and are initially measured at cost, being the fair value of the consideration given and including acquisition charges associated with the investments.

Investments are classified as either current assets or non-current assets depending on the Company's intention to hold the investment for the next 12 months and are measured at their fair value at each reporting date. Investments are classified as held-for-trading based upon the Company's intention to dispose of the assets on a short-term basis.

Investments that are intended to be held for long-term are classified as non-current assets, with unrealised gains or losses arising from changes in fair value recognised in the Investment Revaluation Account until the investment is disposed of, at which time the cumulative gains or losses are included in the profit and loss account. Where permanent impairment arises, the amount is taken to the profit and loss account.

Investments that are acquired for the purpose of generating profit from short-term fluctuations in prices are classified as current assets, with recognised gains or losses arising from changes in fair value being recognised directly in the profit and loss account.

Quoted investments are valued at the last transacted price at the balance sheet date. Unquoted investments are valued at their estimated fair values at the balance sheet date. Estimates of the fair value are based on factors including financial position, industry and management analysis and progression towards key objectives.

i) INVENTORIES

Inventories are stated at lower of cost or net realisable value. Cost being principally determined on average cost.

j) REVENUE RECOGNITION

Revenue consists of crude oil, gas products and services, proceeds from disposal of investments, dividend income and interest income. Crude oil revenue is recognised when the title to the oil passes to the buyer, which occurs when the oil is loaded onto the barge. Revenue from sales of gas products and services is recognised when services are provided and is mainly based on consumption, with certain revenue based upon a flat rate. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Interest income is recognised on an accrual basis.

k) EMPLOYEE BENEFITS

Defined Contribution Plan
Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

Union Pension Plan
In connection with the acquisition of a subsidiary of the Company, the immediate holding company of that subsidiary assumed a Pension Plan for Classified Employees of the subsidiary and continues to accrue benefits pursuant to the terms of the applicable collective bargaining agreement. The Plan is non-contributory and covers all employees who have met certain service and age requirements. The benefits are based on a flat rate per year of service and date of employment termination. The subsidiary, who is the plan sponsor, has not made any contributions to the Plan following its acquisition by the immediate holding company. Future contributions will be made to meet ERISA funding requirements. The Plan's trustee handles the Plan's assets and invests them in a diversified portfolio of equity and fixed-income securities.

Share Option Scheme
Share options are recorded when exercised by allocating the exercise price to share capital for the par value of the shares and to the share premium account for the remaining amount.

l) DEFERRED TAXATION

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

m) FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into Singapore dollars at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies during the year are converted into Singapore dollars at exchange rates prevailing at the transaction dates. All exchange differences are taken to the profit and loss account, except that exchange differences arising on monetary balances that, in substance, form part of the Group's net investment in foreign entities, are taken to currency translation reserves.

n) REGULATORY ASSETS AND LIABILITIES

The regulated business operations of a subsidiary are governed by rules and regulations promulgated by the Hawaii Public Utilities Commission ("HPUC"). For costs that have been deferred for which future recovery through customer rates has been approved, the subsidiary recorded it as regulatory assets. When it is probable that revenue will be reduced for amounts that will be credited to the customers through the approved rate-making process, it is recorded as regulatory liabilities.

o) OIL & GAS RECLAMATION LIABILITIES

Third parties estimates are used in determining estimated assets retirement obligation under multiple probability scenarios reflecting a range of possible outcomes considering future costs to be incurred, the scope of work to be performed and the timing of such costs. Using this approach, the undiscounted retirement obligation is estimated. The fair value of the undiscounted estimated retirement obligation is then computed by applying an estimated rate that was based on estimates of rates that a third party would have to pay to insure its exposure to possible future increases in the costs of these obligations. Accretion expense is reflected as a component of depletion, depreciation and amortisation expenses in earnings.

p) CONTRIBUTION IN AID OF CONSTRUCTION

Contribution in aid of construction represents any amount of money, services or property received by a subsidiary at no cost from any person or governmental agency, to offset cost of acquisition, improvement, or construction costs of property, facilities or equipment used to provide utility services to the public. It also represents amount transferred from advances for construction, representing unrefunded balances of expired contracts or discounts resulting from termination of contracts. It is recorded as liability for 3 years. After 3 years, the amount is amortised over the life of the related asset and is recorded as a reduction of depreciation and amortisation expense.

q) FINANCIAL RISK MANAGEMENT

The activities of the Group are exposed to a variety of financial risks, including the effect of changes in debt and equity market prices, foreign currency exchange rates, interest rates and oil prices. The Group manages its risk through diversification of investments. The Group does not hold or issue derivative financial instruments for trading purposes or derivative financial instruments to hedge certain exposures.

i) Interest rate risk

The Group has exposure to market risk for changes in interest rate and such exposure relates to investment in fixed deposits and term loans. The Group does not use derivative financial instruments to hedge investment in fixed deposits or borrowings.

ii) Foreign currency risk

The Group has currency deposits and transactions denominated in foreign currencies arising from its investing activities, primarily the US dollar. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the Singapore dollars, which is the Group's reporting currency. The Group does not use derivative financial instruments to hedge such risk.

The Company has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Exchange differences arising from the translation are taken directly to the foreign currency translation reserve.

iii) Price Risk

The Group has exposure to price risk in its oil and non regulated gas business. Approximately 60 percent of the total revenues derived from the Group's gas distribution company in Hawaii are not affected by changes in energy prices, since commodity purchase costs are passed on to customers as allowable under applicable public utility regulations.

The results of operations and cash flows of the oil production and unregulated propane distribution operations can vary significantly with fluctuations in the market prices of crude oil and propane. These are affected by factors outside the Group's control, including the market forces of supply and demand; regulatory and political actions of governments; and attempts of international cartels to control or influence prices. Any significant or extended decrease in crude oil prices or increase in propane purchase prices, with no corresponding change in propane selling prices, would adversely affect the profitability, financial condition and operations of the Group's oil and non regulated propane gas business.

Management assesses the risks of price changes and the materiality of those changes on its operations and considers whether to enter into hedging arrangements to mitigate these risks. No hedging agreements are currently in place.

iv) Credit risk

The Group's maximum exposure to credit risk in the event that counter-parties fail to perform their obligations as at 30 June 2004 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet, and is generally limited to the amounts, if any, by which the counter-party's obligations exceed the obligations of the Group.

It is the Group's policy to enter into financial instruments with a diversity of credit-worthy counter-parties. The Group does not expect to incur material credit losses on its financial assets.

The Group has policies in place to ensure that transactions with trade customers are conducted within the Group's Credit and Receivable Policy. Open credit accounts are required to be reviewed periodically and credit limits revised where appropriate.

v) Liquidity risk

The Group maintains adequate cash and cash equivalents deemed necessary to meet its operational requirements.

vi) Investment risk

The Group's activities expose it to the effects of changes in debt and equity market prices. Its overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Investment risk exists as a result of changes in economic, industry or geographical factors. The Group's portfolio of financial investments is broadly diversified along industry and product lines, with the objective of mitigating significant concentration of investment risk.

vii) Fair values

The carrying amounts of financial assets and liabilities approximate their fair values.

r) CASH

Cash in the cash flow statement includes cash and cash equivalents. Cash equivalents include highly liquid investments with maturity of three months or less.

3. SHARE CAPITAL

	Company and Group	
	30.06.04	30.06.03
	$'000	$'000
Authorised:		
10,000,000,000 ordinary shares of $0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
Balance at beginning - 1,598,677,740 ordinary shares of $0.10 each (30.06.03 : 1,598,507,740 ordinary shares of $0.10 each)	**159,868**	159,851
6,868,250 ordinary shares of $0.10 each (30.06.03 : Nil) issued on exercise of options under k1 Scheme	**687**	-
990,000 ordinary shares of $0.10 each (30.06.03 : 170,000 ordinary shares of $0.10 each) issued on exercise of options under Keppel Marine Scheme	**99**	17
Balance at end - 1,606,535,990 ordinary shares of $0.10 each (30.06.03 : 1,598,677,740 ordinary shares of $0.10 each)	**160,654**	159,868

Details of outstanding share options and warrants of the Company as at the end of the financial year are set out in paragraph 6 of the Report of the Directors.

4. RESERVES

	Company		Group	
	30.06.04	30.06.03	**30.06.04**	30.06.03
	$'000	$'000	**$'000**	$'000
Share premium account	**152,171**	151,598	**152,171**	151,598
Investment revaluation account	**-**	-	**35,202**	14,804
Translation reserves	**(1,709)**	-	**(4,510)**	237
Revenue reserves	**89,811**	94,233	**115,456**	94,107
	240,273	245,831	**298,319**	260,746

Movements in reserves are set out in the Statements of Changes in Equity.

5. FIXED ASSETS

	Proved oil and gas property $'000	Plant and equipment $'000	Construction in progress $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Company						
30.06.04						
Cost:						
At beginning of year	**-**	**-**	**-**	**605**	**327**	**932**
Additions	**-**	**-**	**-**	**70**	**-**	**70**
Disposals	**-**	**-**	**-**	**(327)**	**-**	**(327)**
At end of year	**-**	**-**	**-**	**348**	**327**	**675**
Depreciation:						
At beginning of year	**-**	**-**	**-**	**407**	**130**	**537**
Charges for the year	**-**	**-**	**-**	**100**	**65**	**165**
Disposals	**-**	**-**	**-**	**(246)**	**-**	**(246)**
At end of year	**-**	**-**	**-**	**261**	**195**	**456**
Net book value	**-**	**-**	**-**	**87**	**132**	**219**
30.06.03						
Net book value	-	-	-	198	197	395
Depreciation	-	-	-	141	65	206
Group						
30.06.04						
Cost:						
At beginning of year	**27,604**	**-**	**-**	**625**	**327**	**28,556**
Subsidiaries acquired	**-**	**256,084**	**5,367**	**-**	**-**	**261,451**
Additions	**-**	**7,675**	**2,570**	**146**	**-**	**10,391**
Disposals	**-**	**(610)**	**-**	**(327)**	**-**	**(937)**
Others	**(1,056)**	**-**	**-**	**-**	**-**	**(1,056)**
Exchange differences	**(662)**	**(6,693)**	**(140)**	**(7)**	**-**	**(7,502)**
At end of year	**25,886**	**256,456**	**7,797**	**437**	**327**	**290,903**
Depreciation:						
At beginning of year	**2,067**	**-**	**-**	**421**	**130**	**2,618**
Subsidiaries acquired	**-**	**56,519**	**-**	**-**	**-**	**56,519**
Charges for the year	**3,667**	**7,756**	**-**	**119**	**65**	**11,607**
Disposals	**-**	**(610)**	**-**	**(246)**	**-**	**(856)**
Exchange differences	**(49)**	**(1,479)**	**-**	**(10)**	**-**	**(1,538)**
At end of year	**5,685**	**62,186**	**-**	**284**	**195**	**68,350**
Net book value	**20,201**	**194,270**	**7,797**	**153**	**132**	**222,553**
30.06.03						
Net book value	25,537	-	-	204	197	25,938
Depreciation	2,062	-	-	148	65	2,275

6. SUBSIDIARIES

	Company	
	30.06.04	30.06.03
	$'000	$'000
Unquoted shares at cost	**166,721**	40,371
Allowance for impairment in value	**(1,187)**	(1,187)
	165,534	39,184
Movements in allowance for impairment in value are as follows:		
At beginning of year	**1,187**	4,493
Impairment during the year	**-**	-
Amount written back	**-**	(3,306)
At end of year	**1,187**	1,187

Details of the subsidiaries are as follows:

Subsidiary	Effective equity interest		Cost of investment		Place of incorporation/ operation	Principal activity
	30.06.04	30.06.03	**30.06.04**	30.06.03		
	%	%	**$'000**	$'000		
Held by the Company						
CP K-1 Investment LLC (1)	**100**	100	**2,269**	2,269	United States of America	Investment holding
K-1 Holdings Equity I, Inc. (1)	**100**	100	**5,997**	5,743	United States of America	Investment holding
k1 Investments (I) Pte Ltd (2)	**100**	100	**5,334**	5,334	Singapore	Investment holding
k1 Ventures (Hong Kong) Limited (3)	**100**	100	**5,663**	5,663	Hong Kong	Investment holding
K-1 Wireless, Inc. (1) (4)	**55**	55	**-**	-	United States of America	Investment holding
K1-USA Energy Production Corporation (1)	**100**	100	**21,362**	21,362	United States of America	Investment holding
K-1 Ventures Michigan, Inc (1)	**100**	-	**16,088**	-	United States of America	Investment holding
K1 HGC Investment LLC (1)	**100**	-	**99,822**	-	United States of America	Investment holding
Mid Pac Petroleum, LLC (1) (Formerly known as K-1 Petroleum, LLC)	**100**	-	**10,186**	-	United States of America	Investment holding
			166,721	40,371		

Subsidiary	Effective equity interest		Cost of investment		Place of incorporation/ operation	Principal activity
	30.06.04	30.06.03	**30.06.04**	30.06.03		
	%	%	**$'000**	$'000		
Held by subsidiaries						
Focus Up Holdings Limited [(1)]	**100**	100	**-**	-	British Virgin Islands	Investment holding
K-1 Investments Series I, Inc. [(1)]	**100**	100	**-**	-	United States of America	Investment holding
K-1 U.S.A. Ventures Inc. [(5)]	**100**	100	**-**	-	United States of America	Investment holding
K-Mc Venture I, LLC [(6)]	**66.67**	66.67	**-**	-	United States of America	Oil & Gas
PS Wireless, LLC [(1)]	**100**	100	**-**	-	United States of America	Investment holding
Sporting Goods Investments I, LP [(1)]	**100**	100	**-**	-	United States of America	Investment holding
Sporting Goods Investments II, LP [(1)]	**100**	100	**-**	-	United States of America	Investment holding
Vectis-K1, LLC [(1)]	**99**	99	**-**	-	United States of America	Investment holding
K-1 USA Management, Inc. [(1)]	**100**	-	**-**	-	United States of America	Investment holding
K-1 GHM, LLLP [(1)]	**100**	-	**-**	-	United States of America	Investment holding
HGC Holdings, LLC [(7)]	**99.9**	-	**-**	-	United States of America	Investment holding
K1 Knowledge, LLC [(1)]	**100**	-	**-**	-	United States of America	Investment holding
The Gas Company, LLC [(7)]	**100**	-	**-**	-	United States of America	Gas Product and Services

Notes on auditors

(1) Not required to be audited by law in its country of incorporation.
(2) Audited by Deloitte & Touche, Singapore
(3) Audited by PKF, Hong Kong
(4) Preferred stock were redeemed and distribution of capital was made by the subsidiary.
(5) Audited by Deloitte & Touche, Singapore for consolidation purpose only.
(6) Audited by Ernst & Young, USA
(7) Audited by Deloitte & Touche, USA

7. ASSOCIATED COMPANY

	Group	
	30.06.04	30.06.03
	$'000	$'000
Unquoted shares at cost	**52,115**	52,115
Share of post-acquisition losses	**(1,718)**	(68)
Currency realignment on translation of foreign associate company	**(1,254)**	-
	49,143	52,047

An associated company whose results are equity accounted for is as follows:

Subsidiary	Effective equity interest		Cost of investment		Place of incorporation/ operation	Principal activity
	30.06.04	30.06.03	**30.06.04**	30.06.03		
	%	%	**$'000**	$'000		
Held by subsidiary						
Knowledge Universe Learning Corp.	**20**	20	**52,115**	52,115	United States of America	Investment holding

8. INVESTMENTS

Non-current Assets

	Group	
	30.06.04	30.06.03
	$'000	$'000
Investments:		
Quoted investments, at cost	**19,365**	19,365
Unquoted investments, at cost		
Shares in corporations	**107,675**	2,185
Bonds in corporations	**39,412**	40,382
Warrants	**18,849**	13,340
Others	-	8,800
Fair value adjustments recognised in Investment revaluation account	**41,441**	14,804
Amortised cost in Profit and Loss account	**561**	125
Exchange differences	**(46)**	-
At fair value	**227,257**	99,001

Movement of revaluation account:

	Group	
	30.06.04	30.06.03
	$'000	$'000
At beginning of year	**14,804**	-
Additions during the year		
Quoted shares in corporation	**8,322**	12,966
Warrants	**18,315**	1,838
At end of year	**41,441**	14,804
Transfer to deferred taxation	**(6,239)**	-
Net	**35,202**	14,804

The fair values of the non-current investments were determined based on one of the following valuation methods:

- last transacted price, net of certain liquidity discount; or
- the Black-Scholes Option Pricing Model; or
- the effective interest rate.

Current Assets

	Company		Group	
	30.06.04	30.06.03	**30.06.04**	30.06.03
	$'000	$'000	**$'000**	$'000
Investments at fair value at 30 June are as follows:				
Unquoted shares	**49,985**	41,960	**51,235**	43,242
Quoted secured bonds	**-**	-	**5,000**	5,000
Others	**-**	-	**2,147**	1,868
At fair value	**49,985**	41,960	**58,382**	50,110
Fair value adjustment:				
Credit to profit & loss account	**1,364**	8,276	**1,364**	8,276

The fair values of the current unquoted investments are based on an assessment of the investments individually for impairment and by reference to the net tangible asset value and profitability of the investee companies.

The Directors are of the opinion that the fair values of the total unquoted investments are $240,032,000 (30.06.03: $111,780,000).

9. OTHER ASSETS

	Note	Group 30.06.04 $'000	Group 30.06.03 $'000
Deferred financing costs		**2,771**	-
Pension intangible assets	(a)	**1,293**	-
Accumulated other comprehensive loss	(a)	**486**	-
Regulatory assets	(b)	**821**	-
Others		**53**	-
		5,424	-

(a) A subsidiary appointed a trustee to invest in a diversified portfolio of equity and fixed income securities for its employees' pension plan. Unrecognised prior service cost is recorded as intangible assets. Unrecognised net actuarial loss is recorded as accumulated other comprehensive loss. Please see note 17(c) on Union Pension Plan.

(b) The regulatory asset amounts relate to deferred rates cases and integrated resource plan preparation costs and a residual balance from a prior disposal of real estates. These costs are amortised over a 60-month period beginning January 2002.

10. STOCKS

	Group 30.06.04 $'000	Group 30.06.03 $'000
At cost:		
Crude oil	**2,503**	1,753
Fuel stock	**3,437**	-
Materials and supplies	**5,308**	-
	11,248	1,753

11. DUE FROM/TO SUBSIDIARIES

	Company 30.06.04 $'000	Company 30.06.03 $'000
Due from subsidiaries - non-trade	**186,133**	128,717
Due to subsidiaries - non-trade	**7,924**	6,977
Movement in the allowance for loan to subsidiary is as follows:		
At beginning of year	**-**	9,227
Amount written back	**-**	(1,187)
Amount written off	**-**	(8,040)
At end of year	**-**	-

The amounts due from and to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements.

12. DEBTORS

	Company		Group	
	30.06.04	30.06.03	**30.06.04**	30.06.03
	$'000	$'000	**$'000**	$'000
Trade debtors	**-**	-	**19,546**	4,235
Provision for doubtful debts	**-**	-	**(77)**	-
	-	-	**19,469**	4,235
Other debtors - non trade	**1,698**	22	**2,300**	680
Prepayments and deposits *	**29**	808	**12,471**	2,123
Unbilled revenue	**-**	-	**7,384**	-
Deferred gas costs **	**-**	-	**2,061**	-
Dividend receivable from external parties	**-**	-	**717**	-
Interest receivable from related parties	**-**	20	**-**	20
Interest receivable from external parties	**-**	-	**87**	258
	1,727	850	**25,020**	3,081
Total	**1,727**	850	**44,489**	7,316
Movement in provision for doubtful debts is as follows:				
At beginning of year	**-**	-	**-**	-
Charge to profit & loss account	**-**	-	**244**	-
Amount written off	**-**	-	**(239)**	-
Subsidiaries acquired	**-**	-	**72**	-
At end of year	**-**	-	**77**	-

* This includes deposits of $10,306,000 (US$6 million) placed by a subsidiary with an independent escrow agent to acquire the retail gasoline operations in Hawaii. The counter party shall be entitled to receive and retain $3,435,400 (US$2 million) of such aggregate deposits as liquidated damages if they terminate the purchase agreements due to the non-performance, default or breach by the subsidiary. Please see note 29 for subsequent events.

** Represent amounts paid for gas but not yet billed to utility customers of a subsidiary.

13. BANK BALANCES, DEPOSITS AND CASH

	Company		Group	
	30.06.04	30.06.03	**30.06.04**	30.06.03
	$'000	$'000	**$'000**	$'000
Bank balances, deposits and cash	**8,610**	205,365	**44,562**	235,333
Pledged fixed deposits shown as non-current assets	**-**	-	**(15,459)**	(22,880)
Shown as current assets	**8,610**	205,365	**29,103**	212,453

Fixed deposits placed with related parties amounted to $2,383,000 (30.06.03: $201,815,000) for the Company and Group as at the financial year end.

As at 30 June 2004, the amount of fixed deposits pledged to financial institutions was $15,459,000 (30.06.03: $22,880,000) (Note 16(c)).

14. CREDITORS

	Note	Company		Group	
		30.06.04	30.06.03	**30.06.04**	30.06.03
		$'000	$'000	**$'000**	$'000
Trade creditors		**-**	-	**17,167**	3,484
Customer advances and deposits	(a)	**-**	-	**2,374**	-
Sundry creditors and accruals		**1,080**	1,518	**8,481**	8,284
Interest payables		**-**	-	**806**	51
Other payables		**-**	-	**776**	771
		1,080	1,518	**29,604**	12,590

(a) Represent customer deposits received from customers prior to a subsidiary providing public utility service. Deposits are refunded or applied to customer balances after one year of on-time payment.

15. AMOUNT OWING TO MINORITY SHAREHOLDER

	Company		Group	
	30.06.04	30.06.03	**30.06.04**	30.06.03
	$'000	$'000	**$'000**	$'000
Minority shareholder - non-trade	**-**	-	**4,380**	4,488

Amount relates to outstanding notes payable to a minority shareholder of a subsidiary. The amount is interest-free, unsecured and has no fixed term of repayment.

16. TERM LOANS

	Note	Group	
		Due within one year	**Due after one year**
		$'000	**$'000**
2004			
Senior Secured Notes	(a)	**-**	**94,474**
Special Purpose Revenue Bonds	(b)	**-**	**30,219**
Bank Loans - secured	(c)	**-**	**11,012**
		-	**135,705**
2003			
Bank Loans - secured	(c)	-	16,573

(a) In August 2003, a subsidiary issued S$94.5 million (US$55 million) Floating Rate Senior Secured Notes due 15 August 2013. The notes are secured by a first priority security interest in all of the equity interest of the subsidiary pursuant to a pledge agreement in favour of the collateral agent on behalf of the holders of the notes and the bank. The net book values of shares pledged amounted to S$247,436,000. The notes bear interest at LIBOR plus 190 basis points, computed on the basis of a 360-day year. Interest rates averaging 3.1% per annum (30.06.03: Nil).

(b) In August 2003, as part of the purchase agreement, a subsidiary assumed the debt associated with S$30.2 million (US$17.6 million) Special Purpose Revenue Bonds ("SPRB") issued by the Department of Budget and Finance of the State of Hawaii and loaned to the vendor through a mirror loan transaction. The bonds mature 1 December 2020 and are secured by a pledge of receipts and a letter of credit issued through the subsidiary's credit facility arrangement. The bonds may bear interest in the variable "money market" mode. The subsidiary paid interest of S$3.4 million (US$2 million) associated with its letter of credit, which was recorded as interest expense. Interest rates averaging 1.0% per annum (30.06.03: Nil).

(c) The S$11 million (30.06.03: S$16.6 million) revolving credit facilities secured by a pledge of deposit, amounting to S$15,459,000 (30.06.03: S$22,880,000) (Note 13), of a subsidiary of the Company matures on 15 December 2007. Interest payable is based on money markets rates averaging 1.7% per annum (30.06.03: 1.8% per annum).

17. DEFERRED LIABILITIES

		Group	
		30.06.04	30.06.03
	Note	**$'000**	$'000
Oil and gas reclamation liabilities	(a)	**12,986**	13,793
Regulatory liabilities	(b)	**502**	-
Contributions in aid of construction		**400**	-
Pension plan liability	(c)	**5,026**	-
Energy corridor payment		**2,255**	-
		21,169	13,793

(a) A subsidiary has an asset retirement obligation in an oil & gas business. During the year, $581,000 (30.06.03: $300,000) of accretion expense was reflected as amortisation expense in the profit and loss account, based on the estimated fair value of the asset retirement obligation.

(b) The regulatory liabilities amounts relate to funds received for real property condemnations and disposals, as well as overcollected revenue from a prior rate case. Such amounts are being refunded to customers over a 60-month period.

(c) **Union Pension Plan**

The net accrued benefit obligation totaled S$4.9 million (US$2.9 million) on 30 June 2004. Additional information about the fair value of the plan assets, the components of net periodic cost, and the projected benefit obligation as of 30 June 2004 and for the period from 8 August 2003 to 30 June 2004 is as follows:

	S$'000
Change in benefit obligation:	
Benefit obligation acquired at inception (8 August 2003)	(42,506)
Service cost	(855)
Interest cost	(2,326)
Plan amendments	(1,293)
Actuarial losses	(385)
Benefits paid	1,915
Benefit obligation at 30 June 2004	(45,450)
Change in plan assets:	
Fair value of plan assets acquired at inception (8 August 2003)	39,689
Actual return on plan assets	2,759
Benefits paid	(1,915)
Fair value of plan assets at 30 June 2004	40,533

	S$'000
Net amount recognised:	
Funded status	(4,918)
Unrecognised net actuarial loss	486
Unrecognised prior service cost	1,293
Net amount recognised	(3,139)
Accrued benefit liability	(4,918)
Accumulated other comprehensive loss (Note 9)	486
Pension intangible assets (Note 9)	1,293
Net benefit liability recognised	(3,139)
Weighted-average assumptions as follows:	
Discount rate	6.25%
Expected return on plan assets	8.25%
Rate of compensation increases	N/A
The components of net periodic benefit cost for the Plan as follows:	
Service cost	855
Interest cost	2,326
Expected return on plan assets	(2,860)
Net periodic benefit cost	321

The subsidiary instructed the trustee to maintain the allocation of the Plan's assets between equity securities and fixed income (debt) securities within the pre-approved parameters set by the management of the immediate holding company (65% equity securities and 35% fixed income securities). The pension plan weighted average asset allocation at 30 June 2004 as follows:

Equity instruments	67%
Fixed income securities	30%
Cash	3%
Total	100%

The benefit payments expected to be paid by the Plan as follows:

Year ending 30 June	S$'000
2005	2,614
2006	2,680
2007	2,771
2008	2,882
2009	2,982
2010 - 2014	17,120
Total	31,049

401(k) Savings Plan

A subsidiary of the Company sponsors an employee retirement savings plan. All full-time non-union employees are eligible to participate in the plan. The plan allows eligible employees to contribute up to 50% of their pre-tax compensation. Under the Plan, the immediate holding company of that subsidiary matches 50% of each employee's contribution up to a maximum of 6% of his/her base pay. The immediate holding company incurred S$0.5 million (US$0.3 million) of charges associated with its employer contributions to the plan for the period from 8 August 2003 to 30 June 2004.

Retiree Life Insurance

In connection with the acquisition of a subsidiary, the immediate holding company of that subsidiary assumed the liabilities and obligations with respect to providing benefits under Citizen's post-retirement life insurance plan to certain non-union retirees. At 30 June 2004, the accrued benefit liability for the retiree life insurance plan totaled S$108,000 (US$63,000). The net periodic pension cost of the plan approximated S$5,000 (US$3,000) for the period from 8 August 2003 to 30 June 2004. The immediate holding company anticipates that the total benefits to be paid under this plan will approximate S$1,700 (US$1,000) to S$3,400 (US$2,000) a year over the next five years and total approximately S$40,000 (US$23,000) through 2014.

18. DEFERRED TAXATION

	Company		Group	
	30.06.04	30.06.03	**30.06.04**	30.06.03
	$'000	$'000	**$'000**	$'000
Deferred tax liabilities:				
Accelerated tax depreciation	**-**	-	**4,542**	-
Revaluation of investment	**-**	-	**6,239**	-
Offshore income & others	**222**	222	**1,071**	222
	222	222	**11,852**	222
Deferred tax assets:				
Other provisions	**-**	-	**(2,544)**	-
Unutilised tax benefits	**-**	-	**(154)**	-
	-	-	**(2,698)**	-
Net deferred tax liabilities	**222**	222	**9,154**	222

Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unutilised tax losses and capital allowances of $62,669,376 (30.06.03: $57,585,064) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The unutilised tax losses and capital allowances do not have expiry dates.

19. REVENUE

	Group	
	30.06.04	30.06.03
	$'000	$'000
Sales of gas products and services	**180,220**	-
Sales of crude oil	**38,560**	21,034
Proceeds from disposal of investments	**164**	34,344
Gain on cancellation of option	**4,125**	-
Dividend	**1,930**	909
Interest income from:		
Related parties	**561**	1,955
Others	**4,580**	4,141
Others	**318**	658
	230,458	63,041

20. STAFF COSTS

	Group	
	30.06.04	30.06.03
	$'000	$'000
Salaries and wages	**31,567**	3,755
Employer's contribution to Central Provident Fund	**23**	21
Other staff expenses	**8,028**	202
Total	**39,618**	3,978

	Group	
	30.06.04	30.06.03
Average number of employees	**351**	42

21. OPERATING PROFIT

In addition to charges and credits disclosed elsewhere in the notes to the profit and loss account, this item includes the following charges / (credits):

	Group	
	30.06.04	30.06.03
	$'000	$'000
Emoluments to Directors of the Company		
- Fees for current year	**260**	253
- Under/(Over)provision for prior year	**3**	(31)
Reimbursement of expenses to companies in which certain directors have an interest	**2,577**	868
Depreciation of fixed assets	**11,607**	2,275
Amortisation		
- Oil and gas reclamation liabilities	**581**	300
- Writeoff of goodwill	**436**	-
Auditors' remuneration:		
Auditors of the Company		
- Current year	**69**	59
- Overprovision in prior year	**(8)**	(2)
Other auditors	**9**	9

	Group	
	30.06.04	30.06.03
	$'000	$'000
Loss on disposal of fixed assets	**71**	-
Loss on sale of investments held for trading	**-**	133
Provision for doubtful debts	**244**	-
Non-audit fees paid to auditors of subsidiary	**98**	-

The Audit Committee has undertaken a review of all non-audit services provided by the auditors and in the opinion of the Audit Committee, these services would not affect the independence of the auditors.

22. TAXATION

	Group	
	30.06.04	30.06.03
	$'000	$'000
Tax expense comprise:		
Current taxation on profit for the year	**11,733**	3,725
Share of taxation of associated company	**184**	58
	11,917	3,783
(Over)/Underprovision for prior year	**(690)**	28
Deferred tax movement:		
Movements in temporary differences for other provision	**2,693**	-
	13,920	3,811

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	30.06.04	30.06.03
	$'000	$'000
Profit before tax	**37,069**	17,338
Tax expense calculated at tax rate of 20% (30.06.03 : 22%)	**7,414**	3,815
Deferred tax asset not recognised	**1,022**	-
Utilisation of prior year tax losses	**2**	(1,219)
Income not subject to tax	**(277)**	(975)
Effect of withholding tax rates	**349**	90
Effect of different tax rates in other countries	**5,279**	1,261
Expenses not deductible for tax purposes	**821**	811
(Over)/Underprovision for prior year	**(690)**	28
	13,920	3,811

As at 30 June 2004, the company has unutilised tax losses of $61,513,254 (30.06.03: $56,400,471) available for offsetting against future taxable income subject to confirmation by the tax authorities and there being no substantial change in shareholders in accordance with the relevant provisions of the Income Tax Act.

23. EARNINGS PER SHARE

	Group			
	30.06.04		30.06.03	
	Basic	**Diluted**	Basic	Diluted
Net profit attributable to shareholders (in S$'000)	**21,349**	**21,349**	12,257	12,257
Weighted average number of ordinary shares used to compute basic and diluted earnings per share (in 000s)	**1,600,128**	**1,642,620**	1,598,568	1,602,812
Earnings per share (cents)	**1.33**	**1.30**	0.77	0.77

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements.

Significant related party transactions:

	Group	
	30.06.04	30.06.03
	$'000	$'000
Income		
Interest income	**580**	1,955
Expenses		
Administrative expense charged by a subsidiary	**-**	-
Professional fee, office rental and others	**421**	492
Reimbursed costs	**2,577**	868
	2,998	1,360
Reimbursed costs		
Capitalised under investments	**-**	845
Capitalised under associated company	**-**	264
Prepayment	**-**	437
	-	1,546

25. CAPITAL COMMITMENTS

	Company and Group	
	30.06.04	30.06.03
	$'000	$'000
Investments approved by Directors and committed	**10,134**	83,864

26. OPERATING LEASE COMMITMENT

	Company		Group	
	30.06.04	30.06.03	**30.06.04**	30.06.03
	$'000	$'000	**$'000**	$'000
Minimum lease payments under operating leases	**121**	480	**2,403**	480

At the balance sheet date, the commitments in respect of operating leases with a term of more than one year were as follows:

Within one year	**63**	57	**1,828**	57
Second to fifth year	**74**	-	**7,301**	-
Fifth year and onwards	**-**	-	**16,956**	-

27. SEGMENT ANALYSIS

Business Segment

The Group has segmented its activities into oil & gas and investments. The oil & gas activities relate to operating activities of subsidiaries in crude oil production and the provision of all forms of utility gas in Hawaii. The investment activities of the Group consist of investments in quoted, unquoted investments and other financial instruments.

	Oil & Gas	**Investments**	**Elimination**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2004				
Revenue	**218,780**	**11,678**	**-**	**230,458**
Results				
Operating profit	**37,722**	**6,540**	**-**	**44,262**
Interest expenses	**(4,748)**	**-**	**-**	**(4,748)**
Foreign exchange loss	**-**	**(976)**	**-**	**(976)**
Share of results of associated company	**-**	**(1,469)**	**-**	**(1,469)**
Profit before taxation	**32,974**	**4,095**	**-**	**37,069**
Other information				
Segment assets	**282,870**	**342,606**	**(11,540)**	**613,936**
Investment in associated company	**-**	**49,143**	**-**	**49,143**
Total	**282,870**	**391,749**	**(11,540)**	**663,079**
Segment liabilities	**190,110**	**12,288**	**(11,540)**	**190,858**
Net tax provision & deferred taxation	**3,368**	**8,875**	**-**	**12,243**
Total	**193,478**	**21,163**	**(11,540)**	**203,101**
Net assets	**89,392**	**370,586**	**-**	**459,978**
Capital expenditure	**10,245**	**146**	**-**	**10,391**
Depreciation and amortisation	**(12,440)**	**(184)**	**-**	**(12,624)**
Fair value adjustment on unquoted investments	**-**	**1,364**	**-**	**1,364**

	Oil & Gas $'000	Investments $'000	Elimination $'000	Total $'000
2003				
Revenue	21,034	42,007	-	63,041
Results				
Operating profit	(1,046)	19,267	-	18,221
Interest expenses	(195)	(188)	-	(383)
Foreign exchange loss	-	(490)	-	(490)
Share of results of associated company	-	(10)	-	(10)
Profit before taxation	(1,241)	18,579	-	17,338
Other information				
Segment assets	35,507	400,580	(16,614)	419,473
Investment in associated company	-	52,047	-	52,047
Total	35,507	452,627	(16,614)	471,520
Segment liabilities	45,646	18,402	(16,614)	47,434
Net tax provision & deferred taxation	-	2,978	-	2,978
Total	45,646	21,380	(16,614)	50,412
Net assets	(10,139)	431,247	-	421,108
Capital expenditure	125	13	-	138
Depreciation and amortisation	(2,362)	(213)	-	(2,575)
Fair value adjustment on unquoted investments	-	8,276	-	8,276

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, assets and capital expenditure are analysed based on the location of the assets generating the income.

	Segment revenue		**Segment assets**		**Capital expenditure**	
	30.06.04 **$'000**	30.06.03 $'000	**30.06.04** **$'000**	30.06.03 $'000	**30.06.04** **$'000**	30.06.03 $'000
Singapore	**431**	718	**11,862**	106,685	**69**	12
USA	**229,861**	60,716	**644,019**	254,916	**10,322**	126
India	**-**	-	**-**	4,760	**-**	-
China/ Hong Kong	**166**	1,607	**1,831**	104,816	**-**	-
Others	**-**	-	**5,367**	343	**-**	-
Total allocated	**230,458**	63,041	**663,079**	471,520	**10,391**	138

28. CONTINGENT LIABILITIES (UNSECURED)

A subsidiary of the Company will provide up to US$10 million (30.06.03 : US$10 million) of credit support to provide financial assistance for bonding requirements with a United States government regulatory authority in relation to its obligation to remove the Main Pass Oil facilities and restore the related area of operation in accordance with applicable regulations following completion of oil production activities. As at 30 June 2004, the Group has already provided approximately US$7.6 million (30.06.03 : US$7.8 million) for the oil and gas reclamation activities. Please see note 17 on deferred liabilities.

29. SIGNIFICANT SUBSEQUENT EVENTS

(a) On 21 July 2004, Mid Pac Petroleum, LLC, a wholly owned subsidiary of the Company entered into a purchase agreement with ConocoPhillips Company to acquire their retail gasoline operations in Hawaii. The acquisition was completed on 1 September 2004. The aggregate consideration was approximately US$40 million (S$68.4 million), arrived at on a willing buyer willing seller basis, taking into account the estimated value of tangible assets acquired and the net projected incremental cash flow and earnings arising from the acquisition.

(b) Pursuant to a subscription agreement with the Company dated 1 June 2004, BV Singapore Holdings Ltd agreed to subscribe and pay for 265,000,000 new ordinary shares of S$0.10 each in the capital of the Company in cash at the price of S$0.29 for each new Share. On 5 July 2004, the Company completed the placement and new Shares have been allotted and issued to BV Singapore Holdings Limited.

Information on Directors and Key Executive

DIRECTORS

Steven Jay Green

US Ambassador to Singapore from November 1997 to March 2001. Mr Green spearheaded a number of strategic programmes that greatly enhanced US-Singapore relations in economic development, intellectual property, immigration and national security. He is currently a Special Advisor to the Singapore Government, and is also a director of TEC Worldwide, Inc., Knowledge Universe Learning Centers and Unext.com LLC.

Mr Green is the founder of merchant bank Greenstreet Partners, and the founding partner of a real estate investment company with real estate holdings throughout the United States. Mr Green has had 25 years of experience as an international industrialist leading major corporate restructurings and expansions in a host of manufacturing, housing, consumer products, retail and real estate enterprises. He served as Chairman and CEO of Samsonite Corporation from 1988 to 1996 where he oversaw the recapitalisation and subsequent turnaround of the company to a highly profitable business.

In addition to his corporate responsibilities, Mr Green is also active in national civic affairs. He serves as a contributing trustee for a number of community and national charities, including the Children's Health Fund and the University of Miami Advisory Board. He is also the Chairman of the Green Family Foundation.

Wong Yip Yan

Founder and Chairman of the Wywy Group. He also served as Chairman of Yeo Hiap Seng Ltd, Board Member of Orchard Parade Holdings Ltd, and Honorary Treasurer of the CSL Children's Home.

Dr Wong has lectured at the National University of Singapore, Nanyang Technological University, Singapore Management University, INSEAD, Civil Service College, Temasek Society, Marketing Institute of Singapore and Singapore National Employers Federation. Dr Wong is the inaugural chairman of the Pacific Basin Economic Council, for Singapore. Internationally, he has addressed the World Economic Forum, Nikkei Asia Symposium, ASEAN Forum, Europe's 500 Congress, St Gallen IMS, Annual World Bank/IMF Conference, and the APEC Heads of State CEO Conference.

Dr Wong was appointed honorary professor at the University of Stirling soon after he was conferred a Doctorate. He is a Board Member of the SEI Wharton School, and foundational advisor of the Fellows at Wharton. He is an AMP alumnus of the Harvard Business School, an Honorary Fellow of the Marketing Institute of Singapore and a Trustee of the Singapore National Employers Federation. Dr Wong has also served the Advisory and Endowment Board at the National University of Singapore. More recently he was invited to the President's Council at Yale University. He is a member of the International Council of the Asia Society of New York and the Intellibridge Expert Network in Washington.

Ang Kong Hua

Bachelor of Science in Economics, University of Hull, UK. Prior to joining Natsteel in 1975, Mr Ang worked at the Economic Development Board from 1966 to 1968 and at DBS Bank Ltd from 1968 to 1974.

Executive Director of NatSteel Ltd. He is also Vice-Chairman of Neptune Orient Lines and Director of Government of Singapore Investment Corporation Private Limited and Southern Steel Berhad.

Kamal Bahamdan

Bachelor of Science in Manufacturing Engineering, Boston University.

Mr Bahamdan is a founder and Managing Partner of The BV Group, the Vice-Chairman of Sara Holdings, founder and Chairman of Advanced Telecommunications Company, and Chairman of Tashelat Marketing Co. Ltd. He also serves on the Board of Directors and Advisory Board of several private companies and investment funds in which the BV Group has significant investments.

Mr Bahamdan is also an equestrian Olympian and has competed in the 1996 Atlanta, 2000 Sydney and 2004 Greece Olympics.

Choo Chiau Beng

Bachelor of Science (1st Class Honours), University of Newcastle upon Tyne (awarded the Colombo Plan Scholarship to study Naval Architecture); Master of Science in Naval Architecture, University of Newcastle upon Tyne; attended the Programme for Management Development in Harvard Business School in 1982 and is a Member of Wharton Society of Fellows.

Mr Choo is an Executive Director of Keppel Corporation Limited, the Chairman and Chief Executive Officer of Keppel Offshore & Marine Ltd and the Chairman of Singapore Petroleum Company Ltd, Singapore Refining Company Pte Ltd and SMRT Corporation Ltd. Mr Choo also sits on the board of directors of Keppel Land Ltd and is a Board Member of Maritime and Port Authority of Singapore, EDB Investments Pte Ltd and Singapore Maritime Foundation Limited. He is a member of the Nanyang MBA Advisory Committee.

Mr Choo started his career with Keppel Shipyard as a Shiprepair Management Trainee in 1971 and was appointed Executive Director of Singapore Slipway in 1973. In 1975, when Keppel set up its shipyard in Philippines, he was posted there to assume the position of Executive Vice President and CEO of the company for a period of four years. He joined Keppel FELS (formerly known as Far East Levingston Shipbuilding Ltd) in 1980 as Assistant General Manager and was appointed as Director to the Board of the company. He was promoted to Deputy Managing Director in November 1981 and to Managing Director in March 1983. In 1994, he was appointed as Deputy Chairman of Keppel FELS Ltd and in 1997, Chairman of the company.

He is also Chairman of Det Norske Veritas South East Asia Committee, Council Member of the American Bureau of Shipping and member of the American Bureau of Shipping's Southeast Asia Regional Committee and Special Committee on Mobile Offshore Drilling Units. He is Singapore's Non-Resident Ambassador to Brazil.

Lee Suan Yew

MBBS from Cambridge University, Fellow of the Royal College of Physicians, Glasgow.

Dr Lee is a Director of Haw Par Corporation Ltd, and was previously a Director of the Singapore General Hospital, Hotel Properties Ltd and Premier Healthcare Services International, and was also a Member of the Singapore Government's Review Sub-Committee on Specialists. He is currently the President of the Singapore Medical Council.

Dr Lee was appointed a Justice of Peace in 1998 and was conferred the Public Service Star in 1991 and the Public Service Star (Bar) in 2002.

Lim Chee Onn

Bachelor of Science (First Class Honours) in Naval Architecture, Glasgow University; Masters in Public Administration, Kennedy School of Government, Harvard University; Member of Wharton Society of Fellows, University of Pennsylvania; Honorary Doctorate of Engineering, Glasgow University.

Executive Chairman of Keppel Corporation since January 2000. He is also Chairman of Keppel Land Limited, MobileOne Ltd and Singapore-Suzhou Township Development Pte Ltd and a Director of the Monetary Authority of Singapore.

Mr Lim started his career in the Civil Service. He was Deputy Secretary, Ministry of Communications until elected as Member of Parliament for Bukit Merah in July 1977. He served as Political Secretary, Ministry of Science and Technology from August 1978 to September 1980. Mr Lim was Secretary-General, National Trades Union Congress from May 1979 to June 1983 and concurrently Minister without Portfolio, Prime Minister's Office from September 1980 to July 1983, and remained as Member of Parliament, Bukit Merah Constituency until August 1991. He was then elected Member of Parliament for Marine Parade GRC from September 1991 to December 1992.

In addition, Mr Lim is Co-Chairman of the Philippines-Singapore Business Council, Consultant of the Advisory Mission for Economic & Social Development of the People's Government of Yunnan Province, PRC, Deputy Council President, China Foreign Trade Council, and Deputy Chairman of the Seoul International Business Advisory Council. He is a Member of the Suzhou Industrial Park (SIP) Development Advisory Committee, the Singapore-US Business Council and Singapore representative, ASEAN Business Advisory Council. Mr Lim is also Global Counsellor of The Conference Board's Global Advisory Council on Economic Issues and member of the INSEAD Singapore International Council.

Philip Ng Chee Tat

Bachelor of Science (First Class Honours) in Civil Engineering, King's College, London University, UK; Masters of Science in Technology and Policy specialising in Geotechnical Engineering and Policy Analysis and Masters in City Planning specialising in Urban Economics both from the Massachusetts Institute of Technology, USA.

Mr Ng is the Chief Executive Officer of Far East Organization and Chairman of Orchard Parade Holdings Ltd, Far East Capital Ltd and Yeo Hiap Seng Ltd. Mr Ng is also a Director of Hong Kong-based Sino Group, which is Far East Organization's sister company, which engages in real estate activities in Hong Kong and China.

Mr Ng also holds a number of positions on various community groups and statutory boards such as the Singapore Totalisator Board, Sentosa Development Corporation and HDB Corporation Pte Ltd (a wholly-owned subsidiary of the Housing & Development Board). He is Singapore's Non-Resident Ambassador to Chile.

Tan Teck Meng

Bachelor of Accountancy (BAcc) University of Singapore (1970); Master of Commerce (MCom) (Honours), University of New South Wales (1982); Honorary PhD, Liaoning University (China) (1996). Holds Fellowships in the Australian Society of CPAs (FCPA), the Institute of Chartered Secretaries and Administrators (FCIS), and the Chartered Management Institute, UK (FCMI) and also garnered the Wilford L. White Award in 1997. Attended the Senior Executive Program at the Massachusetts Institute of Technology, Boston (1992).

Prof Tan is the Professor of Accounting, Singapore Management University, where he was the Deputy President from 1998 to 2001. He was Dean of Accountancy and Business at the Nanyang Technological University from 1990 to 1998. He is Chairman of the KK Women's & Children Hospital's Medifund Committee and the Singapore National Committee for Pacific Economic Co-operation, and is a Director of the Singapore Reinsurance Corporation Limited, Kim Eng Holdings Limited and Singapore Shipping Corporation Limited.

Teo Soon Hoe

Bachelor of Business Administration, University of Singapore; and Member of the Wharton Society of Fellows, University of Pennsylvania.

Mr Teo is an Executive Director and the Group Finance Director of Keppel Corporation Limited. He is the Chairman of Keppel Telecommunications & Transportation Ltd, Keppel Philippines Holding Inc. and Keppel Bank Philippines Inc. In addition, he is a director of several companies within the Keppel Group, including Keppel Land Limited, Keppel Offshore & Marine Ltd and Singapore Petroleum Company Limited. He is also a director of MobileOne Ltd and Centurion Bank Limited (India).

Mr Teo commenced his career with the Keppel Group in 1975 when he joined Keppel Shipyard. He rose through the ranks and was seconded to various subsidiaries of the Keppel Group before assuming the position of Group Finance Director in 1985.

KEY EXECUTIVE

Chief Financial Officer/Chief Operating Officer

Mr Jeffrey Safchik is a Certified Public Accountant and graduated with a degree in Bachelor of Business Administration (majoring in Accountancy) from Pace University, New York, and obtained a Masters degree in Taxation from St John's University, New York. During the course of his career, he attended advanced finance and real estate courses at the Massachusetts Institute of Technology and New York University.

Mr Safchik is also the Managing Director and Chief Financial Officer of Greenstreet Partners. He is also founder of Greenstreet Capital Partners, a company engaged in the business of real estate investment, and is the Chairman of their Investment and Advisory Committees. He is an active member of a number of civic and charitable institutions in Miami, Florida, and is the Chairman of the University of Miami Department of Pediatrics Children's Council. He is also a board member of Semco Energy, Inc. and Unext.com LLC.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance and in making sure that effective self-regulatory corporate practices are in place to protect the interests of its shareholders and maximise long-term shareholder value. These include a Board of Directors comprising high calibre members, Board Committees and having effective internal audit and sound systems of internal controls.

As required by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), the following report describes the Company's corporate governance processes with specific reference to the Code of Corporate Governance issued on 21 March 2001 by the Corporate Governance Committee set up by the Ministry of Finance (the "Code of Corporate Governance"). These corporate governance processes reflect what the Company believes are appropriate processes in light of its existing business and operations.

BOARD MATTERS

Principle 1: Effective Board to Lead and Control the Company

The principal functions of the Board of Directors are to:

- approve and review appropriate strategic plans, key operational and financial matters, major investments and divestments and funding decisions;
- oversee the business and affairs of the Company, including monitoring the performance of management;
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
- assume responsibility for corporate governance.

The Board is scheduled to meet every quarter. In addition, ad hoc non-scheduled Board Meetings are convened when necessary to deliberate on urgent substantive matters, and telephonic attendance and conferences via audio-visual communication at Board meetings are allowed under Article 112A of the Company's Articles of Association. The Board and Board Committees also rely on circular resolutions and discussions conducted via telephonic and other forms of correspondences in the discharge of their duties.

The Board had 3 meetings during the year. Messrs Ang Kong Hua and Choo Chiau Beng attended 2 out of 3 meetings whilst the other Directors attended all Board meetings. [1]

To ensure that the Directors are competent in carrying out their expected roles and responsibilities, the Directors will where necessary receive appropriate training on Directors' duties and responsibilities. The Directors are provided with a Director's tool kit containing information on directors' duties, relevant Companies Act and SGX Listing Manual requirements, and the Company's governance policies and practices. They will also, where necessary, receive appropriate training from time to time on other matters which would help them in the discharge of their duties as Director of the Board or as member of a Board Committee.

BOARD COMPOSITION AND BALANCE

Principle 2: Strong and Independent Element On The Board

The Directors believe that the Board is made up of independent Directors who can take a broader view of the Company's activities and bring independent judgement to bear on issues for the Board's consideration, particularly in view of the nature of the Company's business and the complex transactions in which it participates.

[1] Mr Kamal Bahamdan was appointed to the Board of Directors of the Company on 9 July 2004.

The Board currently consists of ten Directors, eight of whom are non-executive and out of whom four are considered independent [2] by the Nominating Committee. The Nominating Committee determines on an annual basis whether or not a Director is independent, bearing in mind the Code of Corporate Governance's definition of who constitutes an independent Director.

The nature of the current Directors' appointments on the Board and details of their membership on Board Committees are set out below:-

		Committee Membership			
Director	**Board Membership**	**Audit**	**Executive**	**Nominating**	**Compensation & Share Option**
Steven Jay Green	Chairman & CEO	-	Chairman	-	-
Wong Yip Yan	Deputy Chairman	-	Member	-	Member
Ang Kong Hua	Independent	Chairman	-	-	Chairman
Kamal Bahamdan	Non-Executive	-	Member	-	-
Choo Chiau Beng	Non-Executive	-	-	-	-
Lee Suan Yew	Independent	-	-	Chairman	-
Lim Chee Onn	Non-Executive	-	Member	-	Member
Philip Ng Chee Tat	Independent	-	-	Member	-
Tan Teck Meng	Independent	Member	Member	Member	-
Teo Soon Hoe	Non-Executive	Member	-	-	-

The Nominating Committee has reaffirmed their view that the current Board comprises persons who as a group is representative of the principal shareholders of the Company and who are able to provide the core competencies required for the Board to be effective and to meet the Company's objectives. The Nominating Committee is also of the view that, taking into account the nature and scope of the Company's activities, the current expanded Board size of ten members following the appointment of Mr Kamal Bahamdan on 9 July 2004 is appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Chairman and Chief Executive Officer to be separate to ensure appropriate balance of power, increased accountability and greater capacity of the board for independent decision-making

Steven Jay Green is both the Chairman and Chief Executive Officer ("CEO") of the Company. The Board is of the firm and unanimous view that the appointment of Steven Jay Green as both Chairman and CEO is in the best interests of the Company and does not unduly concentrate power in the hands of one individual, or compromise accountability and independent decision-making.

The executive Chairman, in consultation with Management and the Company Secretary, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the Company's business activities.

The executive Chairman monitors compliance with the Company's corporate governance guidelines and the flow of information from Management to the Board to ensure that all material information are provided as promptly as possible to the Board for the Board to make informed decisions. In addition, he ensures that relevant information on industry developments and analyst and press commentaries on matters in relation to the Company, its investee companies or the industries in which they operate are circulated to the Board members so as to enable them to be updated and thereby enhance the effectiveness of the non-executive Directors and the Board as a whole.

[2] The Code of Corporate Governance defines an "independent" director as one who has no relationship with the company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. A related company in relation to a company includes its subsidiaries, fellow subsidiaries, or parent company.

ACCESS TO INFORMATION / ACCOUNTABILITY

Principle 6: Board Members To Have Complete, Adequate And Timely Information

Principle 10: The Board is Accountable to Shareholders; Management is Accountable to the Board

The Company recognises fully that the continual flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management provides the Board with management accounts on a monthly basis to keep the Board informed of, on a balanced and understandable basis, the Group's performance, position and prospects. Such management accounts consist of the consolidated profit and loss accounts, analysis of revenues, operating profit and attributable profit by major subsidiaries and associates compared against the budgets, together with explanation given for significant variances for the month and year-to-date. Board members are also provided with all relevant information on material events and transactions accurately and promptly as and when they arise, as well as the Company's funding position and investment updates prior to each Board meeting.

The Board is committed to being open and transparent in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. The Company started quarterly reporting of its financial results from the first quarter of its financial year ended 30 June 2003, and financial reports and other price sensitive information are disseminated to shareholders through announcements via MASNET to the Singapore Exchange Securities Trading Limited.

The Company conducted a press and analysts' conference on 18 November 2003, and will continue to do so from time to time to enhance communication with investors.

The Board has separate and independent access to the Management and the Company Secretary at all times. Should the Directors, whether as a group or individually, require access to independent professional advice in the furtherance of their duties, the cost of such advice will be borne by the Company.

BOARD COMMITTEES

Executive Committee

The Executive Committee ("ExCo") comprises 5 members, of whom one is an independent Director. The members are: Steven Jay Green (Chairman of the ExCo), Kamal Bahamdan, Lim Chee Onn, Tan Teck Meng and Wong Yip Yan. Mr Kamal Bahamdan was appointed as a member of the ExCo on 9 July 2004. The ExCo did not hold any meeting during the year.

The ExCo is authorised to exercise all powers of the Board to manage the business and affairs of the Company, including the review of the Company's investment portfolio and approval of pending investments, save that:-

(a) the ExCo shall not have the power to approve investments equal to or exceeding 20% of the NTA (on an investment by investment basis and not in aggregate);
(b) all resolutions of the ExCo shall be passed by a simple majority of votes, save that all resolutions to approve any new investments shall include the affirmative vote of the member who is an independent Director; and
(c) all resolutions of the ExCo to approve any new investment which does not receive the affirmative vote of only the independent Director shall be referred to the Board of Directors.

Nominating Committee

Principle 4: Formal and Transparent Process for Appointment of New Directors

The Nominating Committee ("NC") comprises entirely independent Directors; namely, Lee Suan Yew (Chairman of the NC), Philip Ng Chee Tat and Tan Teck Meng. The NC had two meetings during the year, which was attended by all members.

The terms of reference of the NC are as follows:

(a) recommend the appointment and re-appointment of Directors;
(b) conduct an annual review of the composition of the Board;
(c) conduct an annual review of the independence of each Director, and ensure that the Board comprises at least one-third independent Directors;
(d) assess the effectiveness of the Board;
(e) review the ExCo's succession plan for Board and management's succession plan; and
(f) report to the Board on its plans, actions and outcomes with respect to its terms of reference.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years. Pursuant to Article 86 of the Company's Articles of Association, one-third of the Directors retire from office at the Company's Annual General Meeting. In addition, Article 93 of the Company's Articles of Association provides that a newly appointed Director must submit himself for re-election at the Annual General Meeting immediately following his appointment. The year of initial appointment and last re-election of the Directors are set out below:-

Name	Age	Position	Date of Initial Appointment	Date of Last Re-Election
Steven Jay Green	59	Chairman & CEO	7 Sept 2001	18 Nov 2003
Wong Yip Yan	59	Deputy Chairman	12 Sept 2001	23 Oct 2002
Ang Kong Hua	60	Director	27 Jul 2000	18 Nov 2003
Kamal Bahamdan	34	Director	9 Jul 2004	-
Choo Chiau Beng	57	Director	27 Jul 2000	18 Nov 2003
Lee Suan Yew	71	Director	8 Aug 2002	18 Nov 2003
Lim Chee Onn	60	Director	12 Sept 2001	23 Oct 2002
Philip Ng Chee Tat	46	Director	1 Oct 2001	23 Oct 2002
Tan Teck Meng	57	Director	8 Aug 2002	23 Oct 2002
Teo Soon Hoe	55	Director	25 Jan 1988	23 Oct 2002

All new appointments, and all re-nominations, of Directors are subject to the recommendation of the NC. However, Mr Kamal Bahamdan was appointed to the Board of Directors pursuant to the placement of 265 million new shares by the Company to BV Singapore Holdings Ltd on 5 July 2004. Accordingly, the NC did not deliberate on Mr Bahamdan's appointment.

The NC will consider the competing time commitments faced, if any, when Directors serve on multiple boards, on a case-by-case basis.

BOARD PERFORMANCE

Principle 5: Formal Assessment of the Effectiveness of the Board as a whole and the Performance of Individual Directors

The NC meets to assess the performance of the Board as a whole on a regular basis and at least once every six months, and provide feedback to the Chairman of the Board. The Chairman of the NC will then present the findings to the Board at the next Board meeting. The Board currently still considers it more appropriate to focus on collective Board performance and defer individual assessment to a later stage.

The Board has deemed that the current measure of the Board's performance, which focuses on the ability of the Board to lend support to Management and to steer the Group in the right direction, appropriate, especially in view of the nature of the Company's business. In addition, the Board, through the delegation of its authority to the NC, has used its best efforts to ensure that the Board comprises of persons who represent the principal strategic shareholders of the Company as well as independent Directors who enhance governance in the interests of all shareholders and the Company.

The Board considers that financial performance criteria may not be entirely appropriate for tracking Board performance as it was felt that such criteria did not evaluate a crucial element of the Board's role; namely, supervision and oversight. The Board therefore felt that its performance should be judged on the basis of accountability as a whole, rather than strict definitive financial performance criteria.

AUDIT COMMITTEE

Principle 11: Establishment of Audit Committee with Written Terms of Reference

The Audit Committee ("AC") comprises 3 Directors, 2 of whom (including the Chairman) are independent Directors; namely, Ang Kong Hua (Chairman of the AC), Tan Teck Meng and Teo Soon Hoe. Prof Tan Teck Meng is a certified public accountant whilst the Chairman of the AC and Teo Soon Hoe both have accounting and/or related financial management expertise and experience. The AC had 4 meetings during the year. Mr Teo Soon Hoe attended 3 out of 4 meetings, whilst the other members attended all AC meetings.

The terms of reference of the AC are as follows:-

(a) review the audit plans of the Company's external auditors and their evaluation of the systems of internal controls arising from their audit examination;
(b) review external auditors' management letter and the response from the management;
(c) review the independence and objectivity of the external auditors annually;
(d) review the nature and extent of non-audit services performed by auditors;
(e) nominate external auditors for re-appointment;
(f) review the valuation of investments;
(g) review the accounts of the Company and the consolidated accounts of the Group before their submission to the Board of Directors;
(h) review the scope and results of internal audit procedures;
(i) meet with external auditors and internal auditors, without the presence of management, at least annually;
(j) review interested person transactions; and
(k) investigate any matters within the AC's terms of reference, whenever it deems necessary.

The AC has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings.

During the year, the AC performed independent reviews of the financial statements of the Company before the announcement of the financial results. The AC also met with the external auditors separately without the presence of Management, and undertook a review of the nature and extent of all non-audit services performed by the external auditors to establish whether their independence has in any way been compromised as a result. The AC has confirmed that such services would not affect the independence of the external auditors.

INTERNAL AUDIT

Principle 13: Independent Internal Audit Function

The Board believes that it is crucial to put in place a system of internal controls of the Group's procedures and processes to safeguard shareholders' interests and the Group's assets, and to manage risks.

The Company has outsourced its internal audit functions to an independent third party accounting firm (the "Internal Auditor"). The AC's oversight and supervision of the Group's internal controls are complemented by the work of the Internal Auditor, whose role is to assist the AC to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertake investigations as directed by the AC, and conduct regular in-depth audits of high risk areas.

In order to allow for a more open discussion on any issues of concern, the AC met with the Internal Auditor separately without the presence of Management or any executive.

The Internal Auditor's primary line of reporting is to the Chairman of the AC, although the Internal Auditor also reports administratively to the executive Chairman of the Company.

The AC reviews, on an annual basis, the adequacy of the internal audit function. The AC has reviewed and is satisfied with the adequacy of the Company's internal audit function.

INTERNAL CONTROLS AND RISK MANAGEMENT

Principle 12: Sound System of Internal Controls

The Company's internal and external auditors conduct an annual review in accordance with their audit plans, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

The risk management process and system of internal controls in the Company are designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic objectives. It should be recognised that such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The AC has reviewed the effectiveness of the procedures described above and is satisfied that the Company's risk management processes and internal controls are adequate to meet the needs of the Company in its current business environment.

COMPENSATION AND SHARE OPTION COMMITTEE

The Compensation and Share Option Committee ("CSOC") comprises 3 Directors; namely, Ang Kong Hua (Chairman of the CSOC), who is the only independent Director, and Lim Chee Onn and Wong Yip Yan. The CSOC has access to expert advice in the field of executive compensation where required. The CSOC did not hold any meeting during the year.

The terms of reference of the CSOC are as follows:-

(a) recommend to the Board a framework of remuneration for the Board members and key executives;
(b) determine specific remuneration packages for each executive Director and the chief executive officer (if the chief executive officer is not an executive director);
(c) decide the early termination compensation of the Directors;
(d) consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes);
(e) review the terms, conditions and remuneration of the senior executives of the Company;
(f) administer the k1 Ventures Share Option Scheme 2000 in accordance with the rules of the Scheme;
(g) grant share options under the k1 Ventures Share Option Scheme 2000 as the CSOC may deem fit; and
(h) administer the Keppel Marine Share Option Scheme 1990 in accordance with the rules of the Scheme.

ANNUAL REMUNERATION REPORT

Principle 7: Formal and Transparent Procedure for Fixing Remuneration Packages of Directors

Principle 8: Remuneration of Directors should be Adequate But Not Excessive

Principal 9: Disclosure on Remuneration Policy, Level and Mix of Remuneration, and Procedure for Setting Remuneration

The aim of the CSOC is to motivate and retain Directors and executives, and ensure that the Company is able to attract the best talent in the market in order to maximise shareholder value.

Remuneration Policy of Non-executive Directors

The non-executive Directors are paid directors' fees, the amount of which is dependent on the level of responsibilities. Each Director is paid a basic fee. In addition, non-executive Directors who perform additional services through Board Committees are paid an additional fee for such services. The Chairman of each Board Committee is also paid a higher fee compared with members of that Committee in view of the higher responsibility carried by that office. The amount of Directors' fees payable is subject to shareholders' approval at the Company's Annual General Meetings. The framework for determining Directors' fees is as follows:

			Ratio to Retainer of $20,000
Chairman		$30,000 per annum	1.50
Director		$20,000 per annum	1.00
Executive Committee/Audit Committee	Chairman	$15,000 per annum	0.75
	Member	$10,000 per annum	0.5
Other Board Committees	Chairman	$7,500 per annum	0.375
	Member	$5,000 per annum	0.25

Remuneration Policy of Executive Directors and other Key Executives

The remuneration of the Directors and other key executives is under the purview of the CSOC.

Pursuant to the Memorandum of Agreement ("MOA") entered into between the Company and PCG/Greensteet Venture I, LP, an investment vehicle owned and controlled by Steven Jay Green, Gary Winnick and Wong Yip Yan ("PCGG"), the Company issued 230 million warrants to PCGG to subscribe for 230 million new ordinary shares of $0.10 each in the capital of the Company (the "Warrants"), in return for PCGG providing management services and expertise to the Company. The Warrants are exercisable at $0.20 for the initial 50 million Warrants, $0.23 for the subsequent 90 million Warrants and $0.25 for the remaining 90 million Warrants.

Each of Steven Jay Green, Gary Winnick and Wong Yip Yan has since redeemed their interests in PCGG, with the intention that PCGG be liquidated, and the Warrants have been divided and transferred to them individually and held by their respective companies. The MOA has also been terminated, and the rights and obligations contained therein are now reflected in a Management Agreement entered into between the Company and Greenstreet Partners, LP., an entity controlled by Steven Jay Green.

The compensation structure is designed such that the interests of the executive Directors are aligned with the interests of shareholders, and linked to the Company's performance.

Level of Remuneration of Directors for the year ended 30 June 2004

Other than as disclosed above, the Directors were paid only Directors' fees. The annual remuneration report for Directors is as follows:-

	Below $250,000 Percentage (%)		
Name of Director	**Base/Fixed Salary**	**Variable income/bonuses**	**Directors' Fees**
Steven Jay Green *	-	-	100
Wong Yip Yan	-	-	100
Ang Kong Hua	-	-	100
Choo Chiau Beng	-	-	100
Lee Suan Yew	-	-	100
Lim Chee Onn	-	-	100
Philip Ng Chee Tat	-	-	100
Tan Teck Meng	-	-	100
Teo Soon Hoe	-	-	100

* Declined to accept any Directors' fees for the financial year ended 30 June 2004.

Level and Mix of Remuneration of Key Executives (who are not also Directors) for the year ended 30 June 2004

Other than the Chief Financial Officer & Chief Operating Officer of the Company, Jeffrey A. Safchik, who does not receive a salary from the Company, there are no Key Executives who are not also Directors of the Company.

Remuneration of Employees who are Immediate Family Members of a Director or the Executive Chairman

No employee of the Company and its subsidiaries was an immediate family member of a Director or the executive Chairman and whose remuneration exceeded $150,000 during the financial year ended 30 June 2004. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

Details of the k1 Ventures Share Option Scheme 2000 and the Keppel Marine Share Option Scheme 1990

The particulars of share options of the Company granted pursuant to the k1 Ventures Share Option Scheme 2000 and the Keppel Marine Share Option Scheme 1990 are disclosed in the Directors' Report.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Regular, Effective and Fair Communication with Shareholders

Principle 15: Greater Shareholder Participation at Annual General Meetings

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. The Company also does not practise selective disclosure, and price-sensitive information is publicly released, and results and annual reports are announced or issued within the mandatory periods. Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

SECURITIES TRANSACTIONS

The Company has issued a policy on dealings in the securities of the Company to its Directors and officers, setting out the implications of insider trading and guidance on such dealings. It has adopted the Best Practices Guide on Dealings in Securities issued by the SGX. In line with the Best Practices Guide on Dealing in Securities issued by the SGX, the Company issues circulars to its Directors and officers informing that the Company and its officers must not deal in listed securities of the Company one month before the release of the full-year results and 2 weeks before the release of the quarterly results, as the case may be, and if they are in possession of unpublished material price-sensitive information.

Interested Person Transactions

Interested persons as defined by the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual") are the Directors, the chief executive officer, or controlling shareholders of the Company, or the associates of any such Director, chief executive officer or controlling shareholder.

Interested person transactions carried out during the financial year pursuant to the Shareholders' Mandate obtained under Chapter 9 of the Listing Manual by the Group are as follows:

	Company		**Group**	
	30.06.04 $'000	30.06.03 $'000	**30.06.04 $'000**	30.06.03 $'000
Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000)				
Income				
Keppel Corporation Limited Group	**580**	1,955	**580**	1,955
Expenses				
Greenstreet Partners	**-**	525	**2,577**	2,363
Keppel Corporation Limited Group	**406**	441	**406**	441
Deposits				
Keppel Corporation Limited Group	**2,383**	201,815	**2,383**	201,815

Save as disclosed above, in the Directors' Report and in the Financial Statements, the Company and its subsidiaries did not enter into any material contracts involving the interests of the Directors or controlling shareholders, which are either still subsisting at the end of the financial year, or if not then subsisting, entered into since the end of the previous financial year.

Shareholding Statistics

as at 15 September 2004

AUTHORISED SHARE CAPITAL	:	S$1,000,000,000.00
ISSUED AND FULLY PAID-UP CAPITAL	:	S$187,407,932.80
CLASS OF SHARES	:	SHARES OF 10 CENTS EACH WITH EQUAL VOTING RIGHTS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	139	1.94	41,035	0.00
1,000 - 10,000	3,415	47.81	21,886,892	1.17
10,001 - 1,000,000	3,540	49.56	190,770,976	10.18
1,000,001 & ABOVE	49	0.69	1,661,380,425	88.65
TOTAL	7,143	100.00	1,874,079,328	100.00

TOP TWENTY LARGEST SHAREHOLDERS

Name Of Shareholder	No. of Shares	% of Shares
Kephinance Investment Pte Ltd	676,128,190	36.08
UOB Kay Hian Pte Ltd	466,363,450	24.88
Citibank Nominees S'pore Pte Ltd	142,782,800	7.62
DBS Nominees Pte Ltd	43,546,375	2.32
United Overseas Bank Nominees Pte Ltd	41,522,320	2.22
Technopreneur Investment Pte Ltd	32,258,060	1.72
Raffles Nominees Pte Ltd	22,670,750	1.21
OCBC Securities Private Ltd	20,100,215	1.07
Oversea Chinese Bank Nominees Pte Ltd	17,717,890	0.95
Wong Ngit Liong @ Wong Geok Kiong	16,129,030	0.86
TIF Asia Pte Ltd	16,125,000	0.86
G K Goh Stockbrokers Pte Ltd	14,747,275	0.79
Lee Seng Tee	12,900,000	0.68
DBS Vickers Securities (S) Pte Ltd	12,147,250	0.65
Kim Eng Securities Pte Ltd	11,211,500	0.60
Lee Pineapple Company Pte Ltd	10,750,000	0.57
Singapex Investments Pte Ltd	9,922,000	0.53
ABN Amro Nominees S'pore Pte Ltd	9,003,000	0.48
Heng Yong Seng	9,000,000	0.48
HSBC (Singapore) Nominees Pte Ltd	6,936,330	0.37
Total	1,591,961,435	84.94

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Temasek Holdings (Private) Limited ("Temasek")	-	-	687,641,190	36.69	687,641,190	36.69
Kephinance Investment Pte Ltd	676,128,190	36.08	-	-	676,128,190	36.08
Keppel Corporation Limited ("KCL")	-	-	676,128,190	36.08	676,128,190	36.08
BV Singapore Holdings Ltd	265,000,000	14.14	-	-	265,000,000	14.14
BV Investment Holdings Ltd	-	-	265,000,000	14.14	265,000,000	14.14
Kamal Bahamdan	-	-	265,000,000	14.14	265,000,000	14.14
Alex Vahabzadeh	-	-	265,000,000	14.14	265,000,000	14.14
Greenstreet Partners, L.P.	121,058,800	6.46	-	-	121,058,800	6.46
Steven Jay Green	-	-	121,058,800	6.46	121,058,800	6.46
GKW Unified Holdings LLC	111,058,800	5.93	-	-	111,058,800	5.93
Gary Winnick	-	-	111,058,800	5.93	111,058,800	5.93

Notes

1. The interests of Temasek arise from its shareholdings in the KCL group of companies and the Singapore Technologies group of companies.
2. The interests of KCL arise from its interests in Kephinance Investment Pte Ltd, a wholly owned subsidiary of KCL.
3. The interests of BV Investment Holdings Ltd, Kamal Bahmadan and Alex Vahabzadeh arise from their interest in BV Singapore Holdings Ltd.
4. The interests of Steven Jay Green arise from his interests in Greenstreet Partners, L.P.
5. The interests of Gary Winnick arise from his interests in GKW Unified Holdings LLC.

Based on the information available to the Company as at 15 September 2004, approximately 33.53% of the issued shares of the Company (excluding preference shares and convertible equity securities) is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.

Corporate Information

BOARD OF DIRECTORS

Steven Jay Green (Chairman & CEO)
Wong Yip Yan (Deputy Chairman)
Ang Kong Hua
Kamal Bahamdan
Choo Chiau Beng
Lee Suan Yew
Lim Chee Onn
Philip Ng Chee Tat
Tan Teck Meng
Teo Soon Hoe

AUDIT COMMITTEE

Ang Kong Hua (Chairman)
Tan Teck Meng
Teo Soon Hoe

COMPENSATION AND SHARE OPTION COMMITTEE

Ang Kong Hua (Chairman)
Lim Chee Onn
Wong Yip Yan

EXECUTIVE COMMITTEE

Steven Jay Green (Chairman)
Kamal Bahamdan
Lim Chee Onn
Tan Teck Meng
Wong Yip Yan

NOMINATING COMMITTEE

Lee Suan Yew (Chairman)
Philip Ng Chee Tat
Tan Teck Meng

COMPANY SECRETARY

Lawrence Chan Kong Meng

REGISTERED OFFICE

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Telephone: 65 6270 6666
Telefax : 65 6413 6391

REGISTRAR

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS

Deloitte & Touche
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809

Audit Partner: Aric Loh Siang Khee
(Appointed on 6 June 2003)

Notice of Annual General Meeting

ALL MEMBERS ARE CORDIALLY INVITED TO ATTEND the Annual General Meeting of k1 Ventures Limited (the "Company") which will be held at Four Seasons Hotel, Crescent Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646 on Thursday, 21 October 2004 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 30 June 2004. **(Resolution 1)**

2. To pass the following resolution under Section 153(6) of the Companies Act (Chapter 50):

   That pursuant to Section 153(6) of the Companies Act (Chapter 50), Dr Lee Suan Yew be and is hereby re-appointed as Director of the Company to hold such office until the next Annual General Meeting of the Company. **(Resolution 2)**

3. To re-elect the following Directors of the Company who retire in accordance with Article 86 of the Company's Articles of Association and who, being eligible, offer themselves for re-election pursuant to Article 87:-

   (i) Dr Wong Yip Yan **(Resolution 3)**
   (ii) Mr Lim Chee Onn **(Resolution 4)**
   (iii) Mr Philip Ng Chee Tat **(Resolution 5)**

4. To re-elect Mr Kamal Bahamdan, who, being appointed by the Board of Directors after the last Annual General Meeting, retire in accordance with Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **(Resolution 6)**

5. To approve Directors' fees of S$260,000 for the year ended 30 June 2004 (S$253,000 for the year ended 30 June 2003) (see Note 2). **(Resolution 7)**

6. To re-appoint Messrs Deloitte & Touche as Auditors and authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

7. To consider and if thought fit, approve, with or without modifications, the following resolutions as Ordinary Resolutions:-

7.1 That pursuant to Section 161 of the Companies Act (Chapter 50) and Article 5 of the Company's Articles of Association, authority be and is hereby given to the Directors of the Company to:-

(a) (i) issue shares in the capital of the Company ("Shares") whether by way of right, bonus or otherwise, and including any capitalisation pursuant to Article 137 of the Company's Articles of Association of any sum for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and/or

(ii) 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 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

(b) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided that:-

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant thereto and any adjustments effected under any relevant Instrument), does not exceed 50% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustments effected under any relevant Instrument) does not exceed 20% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company as at the date of the passing of this Resolution, after adjusting for:-

(i) new Shares arising from the conversion or exercise of convertible securities or employee share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") 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

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution 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 (see Note 3). **(Resolution 9)**

7.2 That authority be and is hereby given to the Directors of the Company to:-

(i) offer and grant options in accordance with the provisions of the k1 Ventures Share Option Scheme 2000 (the "Share Option Scheme"); and

(ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options under the Share Option Scheme,

provided that the aggregate number of such Shares to be issued pursuant to the Share Option Scheme shall not exceed 15% of the issued share capital of the Company from time to time (see Note 4). **(Resolution 10)**

7.3 That:-

(i) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST ("Chapter 9"), for the Company, its subsidiaries and associated companies that are not listed on the SGX-ST or an approved exchange, provided that the Company and/or its subsidiaries (the "k1 Group"), or the k1 Group and its interested person(s), has control over the associated companies, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 1 to this Notice of Annual General Meeting ("Appendix 1"), with any person who falls within the classes of Interested Persons described in Appendix 1, provided that such transactions are made on arm's length basis and on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix 1 (the "Shareholders' Mandate");

(ii) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier;

(iii) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and

(iv) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution (see Note 5). **(Resolution 11)**

7.4 That:-

(i) the "Guidelines on Share Purchases by the Company" approved by shareholders at the Annual General Meeting held on 18 November 2003 and reproduced in Part B of Appendix 2 to this Notice of Annual General Meeting ("Appendix 2") be amended in accordance with Part C of Appendix 2; and

(ii) the Directors of the Company be and are hereby authorised to make purchases from time to time of up to a maximum of 10% of the issued ordinary share capital of the Company (ascertained as at the date of the last Annual General Meeting of the Company or at the date on which this Resolution is passed, whichever is higher) at any price up to but not exceeding the Maximum Price, in accordance with the "Guidelines on Share Purchases by the Company" as set out in Part B of Appendix 2 as amended in accordance with Part C of Appendix 2, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier (see Note 6). **(Resolution 12)**

8. To transact any other business which may properly be transacted.

BY ORDER OF THE BOARD

LAWRENCE CHAN KONG MENG
Company Secretary
Singapore, 6 October 2004

Notes:

1. *A Member of the Company entitled to attend and vote at the meeting is also entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a Member of the Company. The proxy form must be deposited at the registered office of the Company not less than 48 hours before the time appointed for holding the Meeting.*

2. *Amb Steven Jay Green has declined to accept any Directors' fees for the financial year ended 30 June 2004.*

3. *Ordinary Resolution 9 under the heading of Special Business is to empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further Shares and Instruments in the Company, including a bonus or rights issue. The maximum number of Shares which the Directors may issue under this Resolution shall not exceed the quantum set out in the Resolution.*

4. *Ordinary Resolution 10 is to empower the Directors to issue Shares pursuant to the k1 Ventures Share Option Scheme 2000 (the "Share Option Scheme") provided that the aggregate number of Shares to be issued pursuant to the Share Option Scheme shall not exceed 15% of the issued share capital of the Company for the time being. The Rules of the Share Option Scheme are available for inspection at the registered office of the Company at 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632 during normal office hours from the date hereof up to and including the date of the Annual General Meeting of the Company to be held on Thursday, 21 October 2004.*

5. *Ordinary Resolution 11 is to renew a mandate which was originally approved by shareholders on 23 June 1997, allowing the Company and its subsidiaries and associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to Appendix 1 to this Notice of Annual General Meeting for details.*

6. *Ordinary Resolution 12 is to modify and renew the Share Buy-Back Mandate, which was originally approved by shareholders on 30 April 1999. Please refer to Appendix 2 to this Notice of Annual General Meeting for details.*

Fold and glue along the dotted line

PROXY Form

k1 Ventures Limited
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy k1 Ventures Limited's shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING

I/We, ____ (Name)

of ____ (Address)
being a member/members of k1 Ventures Limited, hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	(%)

as my/our proxy/proxies to vote on my/our behalf at the Annual General Meeting of the Company to be held at Four Seasons Hotel, Crescent Ballroom (Level 2), 190 Orchard Boulevard, Singapore 248646 on Thursday, 21 October 2004 at 10.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

Resolutions	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	Number of Votes For**	Number of Votes Against**
Ordinary Business				
1. Adoption of Directors' Report and Accounts for the year ended 30 June 2004				
2. Re-appointment of Dr Lee Suan Yew as Director pursuant to Section 153(6) of the Companies Act, Cap. 50				
3. Re-election of Dr Wong Yip Yan as Director				
4. Re-election of Mr Lim Chee Onn as Director				
5. Re-election of Mr Philip Ng Chee Tat as Director				
6. Re-election of Mr Kamal Bahamdan as Director				
7. Approval of Directors' fees				
8. Re-appointment of Auditors				
Special Business				
9. Issue of additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Cap. 50				
10. Offer and grant options and allot and issue shares pursuant to the k1 Ventures Share Option Scheme 2000				
11. Renewal of Shareholders' Mandate for Interested Person Transactions				
12. Modification and renewal of Share Buy-Back Mandate				

* Please indicate your vote "For" or "Against" with an "X" within the box provided.
** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _________ day of ______________________ 2004

Total Number of Shares held

____
Signature(s) or Common Seal of Member(s)

Notes:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all of the Shares held by you.

2. A Member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. Where a Member appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time appointed for the Annual General Meeting.

Fold along this line (1)

Affix
Postage
Stamp

The Company Secretary
k1 Ventures Limited
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised in writing. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Members whose shares are entered against their names in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if such Members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.