

K1 VENTURES LIMITED

REG. NO. 197000535W

SECOND QUARTER FINANCIAL STATEMENT
UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 2006

The Directors of **k1 Ventures Limited** advise the following unaudited results of the Group for the second quarter and half year ended 31 December 2006.

1. GROUP PROFIT AND LOSS ACCOUNTS for the second quarter and half year ended 31 December 2006

	Note	Second Quarter			6 months		
		1 Oct 06 to 31 Dec 06 \$'000	1 Oct 05 to 31 Dec 05 \$'000	+/(-)%	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000	+/(-)%
<u>Continuing Operations</u>							
Revenue	1a	101,079	100,265	0.81	222,622	194,221	14.62
Raw materials & consumables used		(49,196)	(48,763)	0.89	(111,005)	(102,573)	8.22
Net carrying value of investments disposed		-	(3,288)	NM	(5,000)	(3,288)	52.07
Staff costs		(5,249)	(4,869)	7.80	(10,223)	(9,593)	6.57
Depreciation and amortisation		(13,033)	(12,357)	5.47	(25,410)	(25,633)	(0.87)
Other operating expenses		(11,791)	(12,671)	(6.94)	(21,483)	(21,788)	(1.40)
Operating profit		21,810	18,317	19.07	49,501	31,346	57.92
Finance expenses		(12,096)	(13,046)	(7.28)	(23,508)	(23,780)	(1.14)
Foreign exchange gain/(loss)		(9,694)	304	NM	(8,640)	16	NM
Share of result of associated company and joint ventures		1,945	513	279.14	3,680	2,736	34.50
Profit before tax		1,965	6,088	(67.72)	21,033	10,318	103.85
Taxation		(3,574)	(1,783)	100.45	(8,786)	(4,031)	117.96
Profit/(loss) from continuing operations		(1,609)	4,305	NM	12,247	6,287	94.80
<u>Discontinued Operations</u>							
Profit from discontinued operations	1d	-	4,758	NM	-	9,952	NM
Profit/(loss) for the period		(1,609)	9,063	NM	12,247	16,239	(24.58)
Attributable to :							
Shareholders of the Company		(2,162)	8,612	NM	10,726	15,244	(29.64)
Minority interest		553	451	22.62	1,521	995	52.86
		(1,609)	9,063	NM	12,247	16,239	(24.58)
EBITDA *		27,094	31,491	(13.96)	69,951	59,731	17.11
Earnings per ordinary share :							
Continuing and discontinued operations							
basic	1e	(0.11) cts	0.46 cts	NM	0.56 cts	0.81 cts	(30.86)
diluted	1e	(0.11) cts	0.44 cts	NM	0.53 cts	0.77 cts	(31.17)
Continuing operations							
basic	1e	(0.11) cts	0.21 cts	NM	0.56 cts	0.28 cts	100.00
diluted	1e	(0.11) cts	0.20 cts	NM	0.53 cts	0.27 cts	96.30

* EBITDA is defined as profit before tax, finance expenses, depreciation and amortisation for continuing operations.

** NM - Not Meaningful

Note :

Discontinued Operations reflects the Group's activities in The Gas Company, LLC ("GASCO"), the gas distribution business in Hawaii. The financial results in the prior period relating to GASCO, which was divested on 7 June 2006, has been reclassified as a single amount under "Profit from discontinued operations" in accordance with FRS 105 - Non Current Assets Held for Sale and Discontinued Operations. Refer to note 1d for details.

Notes to Group Profit and Loss Accounts

1a. Breakdown of revenue

	Second Quarter			Half Year		
	1 Oct 06 to 31 Dec 06 \$'000	1 Oct 05 to 31 Dec 05 \$'000	+ / (-) %	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000	+ / (-) %
Continuing operations						
Revenue from retail gasoline operations	57,417	54,112	6.11	127,256	112,560	13.06
Revenue from transportation leasing	36,225	36,703	(1.30)	71,361	69,485	2.70
Proceeds from sale of investments	227	6,440	(96.48)	7,480	6,440	16.15
Investment income	1,087	1,064	2.16	2,157	2,034	6.05
Interest income from :						
Related parties	284	72	294.44	3,728	162	NM
Others	3,831	142	NM	4,655	310	NM
Others	2,008	1,732	15.94	5,985	3,230	85.29
	<u>101,079</u>	<u>100,265</u>	0.81	<u>222,622</u>	<u>194,221</u>	14.62

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

	Second Quarter			Half Year		
	1 Oct 06 to 31 Dec 06 \$'000	1 Oct 05 to 31 Dec 05 \$'000	+ / (-) %	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000	+ / (-) %
Continuing operations						
Profit on disposal of fixed assets	362	113	220.35	2,194	250	777.60
Profit on sale of investments	227	3,152	(92.80)	2,480	3,152	(21.32)
Fair value gain/(loss) - Derivatives	47	1,412	(96.67)	(319)	2,486	NM
Discontinued operations						
Provision for stock obsolescence	-	(37)	NM	-	(77)	NM
Write-back of provision for doubtful debts	-	167	NM	-	160	NM

1c. There was no material adjustment for under or over provision of tax in respect of prior years.

1d. Profit from discontinued operations

On 7 June 2006, the Group completed the sale of The Gas Company, LLC ("GASCO"), the gas distribution business in Hawaii. An analysis of the results of discontinued operations is as follows :

	Second Quarter		Half Year	
	1 Oct 06 to 31 Dec 06 \$'000	1 Oct 05 to 31 Dec 05 \$'000	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000
Revenue	-	64,980	-	124,922
Expenses	-	(54,659)	-	(104,687)
Operating profit	-	10,321	-	20,235
Finance expenses	-	(1,964)	-	(3,768)
Profit before tax	-	8,357	-	16,467
Taxation	-	(3,599)	-	(6,515)
Profit after tax	-	4,758	-	9,952

1e. Earnings per ordinary share

	GROUP					
	1 Oct 06 to 31 Dec 06	1 Oct 05 to 31 Dec 05		1 Jul 06 to 31 Dec 06	1 Jul 05 to 31 Dec 05	
			+/(-)%			+/(-)%
Continuing and Discontinued operations Earnings per Ordinary Share of the Group for the period based on net profit attributable to shareholders :						
(i) Based on the weighted average number of shares	(0.11) cts	0.46 cts	NM	0.56 cts	0.81 cts	(30.86)
- Weighted average number of shares ('000)	1,911,558	1,888,488	1.22	1,911,558	1,888,488	1.22
(ii) On a fully diluted basis	(0.11) cts	0.44 cts	NM	0.53 cts	0.77 cts	(31.17)
- Adjusted weighted average number of shares ('000)	2,030,035	1,967,650	3.17	2,030,035	1,967,650	3.17
Continuing operations Earnings per Ordinary Share of the Group for the period based on net profit attributable to shareholders :						
(i) Based on the weighted average number of shares	(0.11) cts	0.21 cts	NM	0.56 cts	0.28 cts	100.00
- Weighted average number of shares ('000)	1,911,558	1,888,488	1.22	1,911,558	1,888,488	1.22
(ii) On a fully diluted basis	(0.11) cts	0.20 cts	NM	0.53 cts	0.27 cts	96.30
- Adjusted weighted average number of shares ('000)	2,030,035	1,967,650	3.17	2,030,035	1,967,650	3.17

1f. There was no extraordinary item during the period.

2. BALANCE SHEETS as at 31 December 2006

	Note	GROUP		COMPANY	
		As at 31 Dec 06 \$'000	As at 30 Jun 06 \$'000	As at 31 Dec 06 \$'000	As at 30 Jun 06 \$'000
Share capital		283,831	393,213	283,831	393,213
Reserves		346,087	362,889	255,973	259,474
Share capital & reserves		629,918	756,102	539,804	652,687
Minority interests		47,010	46,618	-	-
Capital employed		676,928	802,720	539,804	652,687
Represented by :					
Fixed assets		562,289	540,944	194	241
Subsidiaries		-	-	204,615	203,855
Associated company and joint ventures		80,434	79,276	-	-
Available-for-sale investments		225,931	288,495	8,425	42,981
Other assets		8,438	11,535	-	-
Intangibles		241,403	248,865	-	-
		1,118,495	1,169,115	213,234	247,077
Current assets					
Stocks		19,704	14,684	-	-
Due from subsidiaries		-	-	134,046	137,762
Debtors		21,417	24,482	2,650	2,590
Available-for-sale investments		35,953	6,850	35,953	-
Bank balances, deposits and cash	3b	231,173	385,246	210,957	334,881
		308,247	431,262	383,606	475,233
Current liabilities					
Creditors		37,184	55,599	42,880	54,613
Amount owing to minority shareholders		-	24,510	-	-
Due to subsidiaries		-	-	10,175	11,662
Term loans		26,210	3,720	-	-
Provision for taxation		38,222	39,263	2,055	2,055
		101,616	123,092	55,110	68,330
Net current assets		206,631	308,170	328,496	406,903
Non-current liabilities					
Term loans		455,517	473,080	-	-
Deferred liabilities		2,820	3,713	-	-
Deferred taxation		189,861	197,772	1,926	1,293
		648,198	674,565	1,926	1,293
Net assets		676,928	802,720	539,804	652,687

Notes to Balance Sheets

2a. Group's borrowings and debt securities

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

As at 31 Dec 06		As at 30 Jun 06	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
26,210	-	3,720	-

(ii) Amount repayable after one year

As at 31 Dec 06		As at 30 Jun 06	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
455,517	-	473,080	-

(iii) Details of any collateral

The term loans pertained to debt financing taken up by Helm and are pledged against the assets of Helm. The net book value of the fixed assets and other assets pledged to financial institutions amounted to \$898 million (June 2006 : \$901 million).

2b. Net asset value

	GROUP			COMPANY		
	As at 31 Dec 06	As at 30 Jun 06	+ / (-)%	As at 31 Dec 06	As at 30 Jun 06	+ / (-)%
Net asset value per Ordinary Share #	\$0.33	\$0.40	(17.50)	\$0.28	\$0.34	(17.65)
Net tangible asset value per Ordinary Share #	\$0.20	\$0.27	(25.93)	\$0.28	\$0.34	(17.65)

Based on issued share capital of 1,925,588,003 ordinary shares as at the end of the financial period (June 2006 : 1,897,528,003).

2c. Balance Sheet review

During the period under review, a capital distribution of \$113.9 million was made. Consequently, Group shareholders' funds decreased by \$126.1 million from \$756.1 million as at 30 June 2006 to \$630 million as at 31 December 2006 despite the achievement of net profit attributable to shareholders of \$10.7 million for the half year.

Group total assets of \$1.4 billion as at 31 December 2006 were \$173.6 million lower than that as at 30 June 2006. The decrease was primarily due to the abovementioned capital distribution, the release of escrow funds to the minority shareholders of Helm Holding Corporation ("Helm"), the payment of escrow funds from the sale of the Group's interests in The Gas Company, LLC, as well as the downward mark-to-market adjustment of the Group's available-for-sale investment in McMoRan Exploration.

Group total liabilities decreased by \$47.9 million from \$797.7 million as at 30 June 2006 to \$749.8 million as at 31 December 2006 primarily due to the release of escrow funds described above and a decrease in creditors and deferred taxation.

3. CONSOLIDATED CASH FLOW STATEMENTS for the second quarter and half year ended 31 December 2006

	Note	Second Quarter		Half Year	
		1 Oct 06 to 31 Dec 06 \$'000	1 Oct 05 to 31 Dec 05 \$'000	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit		21,810	28,638	49,501	51,581
Adjustments:					
Depreciation and amortisation		13,033	12,357	25,410	27,125
Investment income		(886)	(854)	(1,758)	(1,614)
Profit on disposal of fixed assets		(362)	(113)	(2,194)	(250)
Fixed asset written off		-	1,218	-	1,218
Profit on sale of investments		(227)	(3,152)	(2,480)	(3,152)
Cash flow from operations before changes in working capital		33,368	38,094	68,479	74,908
Working capital changes :					
Stocks		(3,432)	(5,277)	(5,438)	(7,313)
Debtors		(2,061)	1,731	2,757	6,702
Creditors		(7,096)	4,963	(10,544)	(2,662)
Translation of foreign subsidiaries and others		(3,045)	(2,426)	(2,508)	(3,086)
Cash from operations		17,734	37,085	52,746	68,549
Interest paid		(7,112)	(14,394)	(22,069)	(20,619)
Income taxes paid		(3,139)	(3,719)	(4,460)	(3,976)
Net cash from operating activities		7,483	18,972	26,217	43,954
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries	3a	-	-	-	(726,529)
Adjustment to acquisition value for an investment in a subsidiary		(2,464)	-	(2,464)	-
Purchase of fixed assets		(5,877)	(16,689)	(63,967)	(56,234)
Proceeds from disposal of fixed assets		2,985	4,447	7,329	5,840
Net proceeds from disposal and capital distribution of investments		1,534	6,440	8,787	9,567
Purchase of investments		-	(254)	-	(1,226)
Net cash used in investing activities		(3,822)	(6,056)	(50,315)	(768,582)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from share issue		4,473	-	4,473	2,062
Proceeds from/(Repayment of) amount due to minority shareholders		235	(7,427)	235	(7,427)
Proceeds from term loans		94,346	502,246	126,106	1,089,985
Repayment of term loans		(105,683)	(512,042)	(107,653)	(513,035)
Capital distribution		(113,855)	-	(113,855)	-
Distribution to minority shareholder of subsidiary		-	(5)	-	(5)
Net cash from financing activities		(120,484)	(17,228)	(90,694)	571,580
Increase in cash and cash equivalents		(116,823)	(4,312)	(114,792)	(153,048)
Cash and cash equivalents at beginning of period		352,267	52,021	349,182	201,046
Effects of exchange rate changes on cash and cash equivalents		(9,694)	305	(8,640)	16
Cash and cash equivalents at end of period	3b	225,750	48,014	225,750	48,014

Notes to Consolidated Cashflow Statements

3a. Acquisition of Subsidiaries

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

	Second Quarter		Half Year	
	1 Oct 06 to 31 Dec 06 \$'000	1 Oct 05 to 31 Dec 05 \$'000	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000
Fixed assets	-	-	-	539,975
Associated company and joint ventures	-	-	-	76,439
Available-for-sale investments	-	-	-	43,017
Debtors	-	-	-	57,926
Stocks	-	-	-	4,420
Intangibles	-	-	-	55,881
Other assets	-	-	-	13,731
Cash and cash equivalents	-	-	-	6,080
Creditors	-	-	-	(21,152)
Amount due to minority shareholder	-	-	-	(33,262)
Provision for taxation	-	-	-	(15,121)
Deferred taxation	-	-	-	(143,667)
Deferred liabilities	-	-	-	(597)
Minority Interest	-	-	-	(45,660)
Net assets acquired	-	-	-	538,010
Goodwill	-	-	-	194,599
Purchase consideration	-	-	-	732,609
Less : cash and cash equivalents acquired	-	-	-	(6,080)
Cash flow on acquisition, net of cash acquired	-	-	-	726,529

3b. Bank balances, deposits and cash

	Continuing operations		Discontinued operations		Total operations	
	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000
Bank balances, deposits and cash	213,383	19,759	-	15,674	213,383	35,433
Deposits with related parties	12,367	12,581	-	-	12,367	12,581
Cash and cash equivalents	225,750	32,340	-	15,674	225,750	48,014
Restricted cash held under escrow	5,423	25,050	-	-	5,423	25,050
	231,173	57,390	-	15,674	231,173	73,064

Restricted cash held under escrow as at 31 December 2006 relates to an amount payable to a former subsidiary on certain obligations arising out of the settlement conditions with respect to the regulatory approval obtained on the sale of a subsidiary.

Restricted cash held under escrow as at 31 December 2005 related to a payable to the former shareholders of a subsidiary, which represented the minority interests of a subsidiary, as collateral for representations and warranties provided at the time of the acquisition.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Group Statement of Changes in Equity for the second quarter and half year ended 31 December

	Attributable to equity holders of the Company						
	Share capital S\$'000	Capital reserves S\$'000	Translation reserves S\$'000	Revenue reserves S\$'000	Share capital & reserves S\$'000	Minority interests S\$'000	Capital employed S\$'000
2006							
As at 1 July 2006	393,213	58,799	(24,706)	328,796	756,102	46,618	802,720
Fair value changes on available-for-sale investments	-	436	-	-	436	-	436
Fair value gain realised and transferred to profit and loss account upon disposal of investment	-	(1,850)	-	-	(1,850)	-	(1,850)
Fair value change on cashflow hedges	-	(843)	-	-	(843)	-	(843)
Exchange differences arising on consolidation	-	-	1,270	-	1,270	157	1,427
Currency translation loss realised and transferred to profit and loss account	-	-	8	-	8	-	8
	-	(2,257)	1,278	-	(979)	157	(822)
Profit for the period	-	-	-	12,888	12,888	968	13,856
As at 30 September 2006	393,213	56,542	(23,428)	341,684	768,011	47,743	815,754
Fair value changes on available-for-sale investments	-	(14,112)	-	-	(14,112)	-	(14,112)
Fair value gain realised and transferred to profit and loss account upon disposal of investment	-	(249)	-	-	(249)	-	(249)
Fair value change on cashflow hedges	-	14	-	-	14	-	14
Exchange differences arising on consolidation	-	-	(12,202)	-	(12,202)	(1,521)	(13,723)
	-	(14,347)	(12,202)	-	(26,549)	(1,521)	(28,070)
Loss for the period	-	-	-	(2,162)	(2,162)	553	(1,609)
Capital distribution	(113,855)	-	-	-	(113,855)	-	(113,855)
Shares issued	4,473	-	-	-	4,473	-	4,473
Increased share capital in a subsidiary	-	-	-	-	-	235	235
As at 31 December 2006	283,831	42,195	(35,630)	339,522	629,918	47,010	676,928

Attributable to equity holders of the Company

	Share capital S\$'000	Share premium S\$'000	Capital reserves S\$'000	Translation reserves S\$'000	Revenue reserves S\$'000	Share capital & reserves S\$'000	Minority interests S\$'000	Capital employed S\$'000
2005								
As at 1 July 2005								
As previously reported	187,741	202,011	59,508	(7,919)	153,192	594,533	151	594,684
Effect of adopting FRS 39	-	-	26,096	-	-	26,096	-	26,096
	187,741	202,011	85,604	(7,919)	153,192	620,629	151	620,780
Fair value changes on available-for-sale investments	-	-	3,352	-	-	3,352	-	3,352
Exchange differences arising on consolidation	-	-	-	2,575	-	2,575	451	3,026
	-	-	3,352	2,575	-	5,927	451	6,378
Profit for the period	-	-	-	-	6,632	6,632	544	7,176
Subsidiary acquired	-	-	-	-	-	-	45,660	45,660
Shares issued	1,210	852	-	-	-	2,062	-	2,062
As at 30 September 2005	188,951	202,863	88,956	(5,344)	159,824	635,250	46,806	682,056
Fair value changes on available-for-sale investments	-	-	(415)	-	-	(415)	-	(415)
Fair value gain realised and transferred to profit and loss account upon disposal of investment	-	-	(4,356)	-	-	(4,356)	-	(4,356)
Exchange differences arising on consolidation	-	-	-	(8,862)	-	(8,862)	(816)	(9,678)
	-	-	(4,771)	(8,862)	-	(13,633)	(816)	(14,449)
Profit for the period	-	-	-	-	8,612	8,612	451	9,063
Distribution from subsidiaries	-	-	-	-	-	-	(5)	(5)
As at 31 December 2005	188,951	202,863	84,185	(14,206)	168,436	630,229	46,436	676,665

4b. Company Statement of Changes in Equity for the second quarter and half year ended 31 December

	Share capital S\$'000	Capital reserves S\$'000	Revenue reserves S\$'000	Total S\$'000
2006				
As at 1 July 2006	393,213	1,897	257,577	652,687
Profit for the period	-	-	5,079	5,079
As at 30 September 2006	393,213	1,897	262,656	657,766
Fair value changes on available-for-sale investments	-	2,231	-	2,231
Fair value gain realised and transferred to profit and loss account upon disposal of investment	-	(249)	-	(249)
	-	1,982	-	1,982
Loss for the period	-	-	(10,562)	(10,562)
Capital distribution	(113,855)	-	-	(113,855)
Share issued	4,473	-	-	4,473
As at 31 December 2006	283,831	3,879	252,094	539,804

2005	Share capital S\$'000	Share premium S\$'000	Capital reserves S\$'000	Translation reserves S\$'000	Revenue reserves S\$'000	Total S\$'000
As at 1 July 2005						
As previously reported	187,741	202,011	-	(2,629)	72,312	459,435
Effect of adopting FRS 21	-	-	-	2,629	(2,629)	-
As restated	187,741	202,011	-	-	69,683	459,435
Effect of adopting FRS 39	-	-	753	-	-	753
	187,741	202,011	753	-	69,683	460,188
Fair value changes on available-for-sale investments			3,603	-	-	3,603
	-	-	3,603	-	-	3,603
Loss for the period	-	-	-	-	(212)	(212)
Shares issued	1,210	852	-	-	-	2,062
As at 30 September 2005	188,951	202,863	4,356	-	69,471	465,641
Fair value changes on available-for-sale investments	-	-	(712)	-	-	(712)
Fair value gain realised and transferred to profit and loss account upon disposal of investment	-	-	(4,356)	-	-	(4,356)
	-	-	(5,068)	-	-	(5,068)
Profit for the period	-	-	-	-	233	233
As at 31 December 2005	188,951	202,863	(712)	-	69,704	460,806

4c. Share capital

Since 30 June 2006, the Company issued 60,000 ordinary shares upon the exercise of options granted to employees under the Keppel Marine Share Share Option Scheme 1990 and 28,000,000 ordinary shares upon the exercise of warrants issued in 2002. As at 31 December 2006, there were unexercised options for 255,000 (December 2005: 8,345,500) of unissued ordinary shares under the Keppel Marine Share Option Scheme 1990 and 240 million warrants (December 2005: 268 million) to subscribe for 240 million ordinary shares.

The issued share capital of the Company as at 31 December 2006 was 1,925,588,003 ordinary shares. Subsequent to the half year under review, 202,000,000 shares were issued arising from the exercise of warrants. At the date of this announcement, the number of ordinary shares issued by the Company is 2,127,588,003.

5. AUDIT

The financial statements have not been audited nor reviewed by our auditors.

6. AUDITORS' REPORT

Not applicable

7. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 30 June 2006.

8. CHANGES IN THE ACCOUNTING POLICIES

Not applicable

9. REVIEW OF GROUP PERFORMANCE

The Group recorded revenue from continuing operations of \$101.1 million and \$222.6 million for the second quarter and half year respectively. These represent an increase of 1% and 15% over the corresponding periods last year.

As compared to last year, Group operating profit improved by 19% to \$21.8 million for the second quarter and 58% to \$49.5 million for the half year ended 31 December 2006.

The improved revenue and operating profit was mainly attributable to increased contributions from Helm Holding Corporation ("Helm"), and Mid Pac Petroleum, LLC ("Mid Pac"). Higher interest income and gains from the disposal of two portfolio investments also boosted revenue and operating profit for the half year.

The Group's operating results in the second quarter was impacted by a foreign exchange loss of \$9.7 million associated with the proceeds from the sale of GASCO held in US dollars. Nevertheless, the Group achieved an operating profit before tax for the half year of \$21 million, which represents a 104% increase over the corresponding period last year. Excluding the foreign exchange gain/(loss), the Group's profit before tax for the second quarter and half year increased by 102% and 188% respectively over the corresponding periods in the previous financial year.

The Group's EBITDA for continuing operations (excluding foreign exchange gain/(loss)) improved by 18% to \$36.8 million for the second quarter and 32% to \$78.6 million for the half year.

The exchange loss resulted in a net loss for the Group of \$2.2 million and loss per share of 0.11 cents for the second quarter. For the half year, profit attributable to shareholders (PATMI) amounted to \$10.7 million and earnings per share was 0.56 cents, each representing a decline of 30% over the corresponding periods last year.

The prior period results included the contribution from GASCO which was accounted for as discontinued operations. Excluding the contribution from GASCO and the effect of the foreign exchange gain/(loss), PATMI from continuing operations increased by 112% and 267%, for the second quarter and half year respectively, reflecting the improved operating results of the Group.

The Group's share of results of associated companies in the second quarter and half year represented earnings from Helm's joint ventures and associated company.

In the opinion of the Directors, no factor has arisen between 31 December 2006 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

10. VARIANCE FROM PROSPECT STATEMENT

No variance from previous statement.

11. PROSPECTS

It is anticipated that the Group's operating subsidiary in retail gasoline operations will continue to contribute positively to the results of the Group. The transportation leasing operations is expected to contribute positively to the Group but it is anticipated that its results will be impacted by the slowdown in home building and the warmer weather causing a lower demand for coal transportation in the second half of the year.

The sale of the Group's investment in Good Technology, Inc, was completed in Jan 2007. The Group is expected to record a pre-tax gain of approximately \$3.1 million in the third quarter.

Management will continue to focus on growth and expansion, by seeking additional investment opportunities that are accretive to earnings and cash flow.

12. DIVIDENDS

12a. Current Financial Period Reported On

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

12b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

12c. Date Payable

Not applicable

12d. Books Closure Date

Not applicable

12e. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the quarter ended 31 December 2006.

A capital distribution of 6 cents per share in respect of the year ended 30 June 2006 was paid on 22 December 2006.

13. SEGMENT ANALYSIS

BUSINESS SEGMENT

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

Half year ended 31 December

	Continuing Operations				Total	Discontinued Operations	Total Operations
	Energy	Transportation leasing	Investments	Elimination			
2006	\$'000	\$'000	\$'000	\$'000	\$'000	GASCO \$'000	\$'000
Revenue	<u>128,850</u>	<u>77,902</u>	<u>17,919</u>	<u>(2,049)</u>	<u>222,622</u>	-	<u>222,622</u>
Results							
Operating profit	8,136	33,007	10,407	(2,049)	49,501	-	49,501
Finance expenses	(2,049)	(23,508)	-	2,049	(23,508)	-	(23,508)
Foreign exchange gain	-	-	(8,640)	-	(8,640)	-	(8,640)
Share of results of associated company and joint ventures	-	3,680	-	-	3,680	-	3,680
Profit before taxation	<u>6,087</u>	<u>13,179</u>	<u>1,767</u>	<u>-</u>	<u>21,033</u>	<u>-</u>	<u>21,033</u>
Other information							
Segment assets	169,537	818,018	403,303	(47,054)	1,343,804	-	1,343,804
Investment in associated company and joint ventures	-	80,434	-	-	80,434	-	80,434
Tax recoverable	-	-	2,504	-	2,504	-	2,504
Total	<u>169,537</u>	<u>898,452</u>	<u>405,807</u>	<u>(47,054)</u>	<u>1,426,742</u>	<u>-</u>	<u>1,426,742</u>
Segment liabilities	64,476	496,145	8,164	(47,054)	521,731	-	521,731
Net tax provision & deferred taxation	20,325	164,313	43,445	-	228,083	-	228,083
Total	<u>84,801</u>	<u>660,458</u>	<u>51,609</u>	<u>(47,054)</u>	<u>749,814</u>	<u>-</u>	<u>749,814</u>
Net assets	<u>84,736</u>	<u>237,994</u>	<u>354,198</u>	<u>-</u>	<u>676,928</u>	<u>-</u>	<u>676,928</u>
Capital expenditure	3,801	60,162	4	-	63,967	-	63,967
Depreciation and amortisation	(1,598)	(23,745)	(67)	-	(25,410)	-	(25,410)

Half year ended 31 December

	Continuing Operations					Discontinued Operations	Total Operations
	Energy \$'000	Transportation leasing \$'000	Investments \$'000	Elimination \$'000	Total \$'000	GASCO \$'000	\$'000
2005							
Revenue	<u>114,312</u>	<u>73,004</u>	<u>9,104</u>	<u>(2,199)</u>	<u>194,221</u>	<u>124,922</u>	<u>319,143</u>
Results							
Operating profit	2,902	29,591	1,052	(2,199)	31,346	20,235	51,581
Finance expenses	(2,199)	(23,300)	(480)	2,199	(23,780)	(3,768)	(27,548)
Foreign exchange loss	-	-	16	-	16	-	16
Share of results of associated company and joint ventures	-	2,736	-	-	2,736	-	2,736
Profit/(loss) before taxation	<u>703</u>	<u>9,027</u>	<u>588</u>	<u>-</u>	<u>10,318</u>	<u>16,467</u>	<u>26,785</u>
Other information							
Segment assets	234,539	911,414	227,610	(71,072)	1,302,491	267,230	1,569,721
Investment in associated company and joint ventures	-	79,092	-	-	79,092	-	79,092
Tax recoverable	805	1,858	-	-	2,663	-	2,663
Total	<u>235,344</u>	<u>992,364</u>	<u>227,610</u>	<u>(71,072)</u>	<u>1,384,246</u>	<u>267,230</u>	<u>1,651,476</u>
Segment liabilities	64,746	601,195	36,904	(71,072)	631,773	149,215	780,988
Net tax provision & deferred taxation	18,655	156,866	2,136	-	177,657	16,166	193,823
Total	<u>83,401</u>	<u>758,061</u>	<u>39,040</u>	<u>(71,072)</u>	<u>809,430</u>	<u>165,381</u>	<u>974,811</u>
Net assets	<u>151,943</u>	<u>234,303</u>	<u>188,570</u>	<u>-</u>	<u>574,816</u>	<u>101,849</u>	<u>676,665</u>
Capital expenditure	1,694	48,638	5	-	50,337	5,897	56,234
Depreciation and amortisation	(1,981)	(23,589)	(63)	-	(25,633)	(1,492)	(27,125)

GEOGRAPHICAL SEGMENT

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

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

Half year ended 31 December

	<u>Singapore</u> \$'000	<u>USA</u> \$'000	<u>China/ Hong Kong</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
2006					
Continuing operations					
External revenue	7,758	211,254	3,383	227	222,622
Segment assets	17,686	1,313,422	4,271	8,425	1,343,804
Capital expenditure	1	63,966	-	-	63,967
Discontinued operations					
External revenue	-	-	-	-	-
Segment assets	-	-	-	-	-
Capital expenditure	-	-	-	-	-

2005	<u>Singapore</u> \$'000	<u>USA</u> \$'000	<u>China/ Hong Kong</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
Continuing operations					
External revenue	6,542	187,664	15	-	194,221
Segment assets	17,373	1,276,763	2,368	5,987	1,302,491
Capital expenditure	-	50,337	-	-	50,337
Discontinued operations					
External revenue	-	124,922	-	-	124,922
Segment assets	-	267,230	-	-	267,230
Capital expenditure	-	5,897	-	-	5,897

14. REVIEW OF SEGMENT PERFORMANCE

Not applicable.

15. INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual.	
	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000	1 Jul 06 to 31 Dec 06 \$'000	1 Jul 05 to 31 Dec 05 \$'000
General transactions				
KCL Group	-	-	697	480
Greenstreet Partners *	-	-	3,766	4,035
Corporate treasury transactions				
KCL Group	-	-	16,095	25,576
Greenstreet Partners	-	-	-	4,277
Total	-	-	20,558	34,368

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

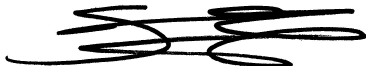
BY ORDER OF THE BOARD

Lawrence Chan
Company Secretary
7-Feb-2007

CONFIRMATION BY THE BOARD

We, STEVEN JAY GREEN and TEO SOON HOE, being two directors of k1 Ventures Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second quarter ended 31 December 2006 financial results to be false or misleading.

On behalf of the board of directors



STEVEN JAY GREEN
Chairman

Singapore
7-Feb-2007



TEO SOON HOE
Director