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MEDIA RELEASE

k1 Ventures Limited Unaudited Results for the First Quarter 2018 ended 30 September 2017

Singapore, 20 October 2017 - The Directors of k1 Ventures Limited advise the following unaudited results of the Group for the first quarter 2018 ended 30 September 2017.

For more information, please contact

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K1 VENTURES LIMITED

Co. Reg. No. 197000535W
(Incorporated in the Republic of Singapore)

FIRST QUARTER 2018 FINANCIAL STATEMENTS

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K1 VENTURES LIMITED

FIRST QUARTER 2018 FINANCIAL STATEMENTS

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

The Directors of **k1 Ventures Limited** advise the following unaudited results of the Group for the first quarter ended 30 September 2017.

1. GROUP PROFIT AND LOSS ACCOUNT for the first quarter ended 30 September 2017

	Note	1 Jul 17 to 30 Sep 17 \$'000	1 Jul 16 to 30 Sep 16 \$'000	+ / (-) %
Revenue	1a	2,432	12,306	(80.2)
Staff costs		(56)	(51)	9.8
Other operating income/(expenses)		9,804	(777)	NM
Profit before tax	1b	12,180	11,478	6.1
Taxation	1c	(566)	(981)	(42.3)
Profit for the period		11,614	10,497	10.6
Attributable to:				
Shareholders of the Company		11,614	10,497	10.6
EBITDA *		12,180	11,478	6.1
Earnings per ordinary share				
- basic	1d	2.68 cts	2.42 cts	10.7
- diluted	1d	2.68 cts	2.42 cts	10.7

NM – Not meaningful

* EBITDA is defined as profit before tax, finance expenses, depreciation and amortisation

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1a. Breakdown of revenue

	1 Jul 17 to 30 Sep 17 \$'000	1 Jul 16 to 30 Sep 16 \$'000	+/(-) %
Investment income	2,382	12,244	(80.5)
Interest income	50	62	(19.4)
	<u>2,432</u>	<u>12,306</u>	(80.2)

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

	1 Jul 17 to 30 Sep 17 \$'000	1 Jul 16 to 30 Sep 16 \$'000	+/(-) %
Foreign exchange (loss)/gain	(999)	1,411	NM
Foreign exchange translation realised on liquidation of subsidiary	(54)	168	NM
Fair value gain on investment reclassified from other comprehensive income to profit and loss account	12,231	-	NM

NM – Not meaningful

1c. Group taxation in the current year includes a write-back of tax in respect of prior years at a wholly-owned subsidiary.

1d. Earnings per ordinary share

	GROUP		
	1 Jul 17 to 30 Sep 17	1 Jul 16 to 30 Sep 16	+/(-) %
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
Based on weighted average number of shares	2.68 cts	2.42 cts	10.7
- Weighted average number of shares ('000)	433,124	433,124	-

The fully diluted earnings per ordinary share is the same as the basic earnings per ordinary share as there is no dilutive potential ordinary shares.

**2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the first quarter ended 30 September 2017**

	1 Jul 17 to 30 Sep 17 \$'000	1 Jul 16 to 30 Sep 16 \$'000	+ / (-) %
Profit for the period	<u>11,614</u>	<u>10,497</u>	10.6
Items that may be reclassified subsequently to profit & loss account:			
Fair value changes on available-for-sale assets realised & transferred to profit and loss account	(12,231)	-	NM
Exchange differences arising on consolidation	(2,956)	1,248	NM
Reclassification of currency translation reserve to profit and loss on liquidation of subsidiary	54	(168)	NM
	<u>(15,133)</u>	<u>1,080</u>	NM
Other comprehensive income for the period	<u>(15,133)</u>	<u>1,080</u>	NM
Total comprehensive income for the period	<u>(3,519)</u>	<u>11,577</u>	NM
Attributable to:			
Shareholders of the Company	<u>(3,519)</u>	<u>11,577</u>	NM

NM - Not meaningful

3. BALANCE SHEETS as at 30 September 2017

	Group		Company	
	As at 30 Sep 17 \$'000	As at 30 Jun 17 \$'000	As at 30 Sep 17 \$'000	As at 30 Jun 17 \$'000
Share capital	131,471	131,471	131,471	131,471
Reserves	194,485	198,004	33,745	35,015
Share capital & reserves	325,956	329,475	165,216	166,486
Represented by:				
Subsidiaries	-	-	54,115	55,526
	-	-	54,115	55,526
Current assets				
Debtors	312,873	13,969	10,812	11,049
Short term investment	-	303,688	-	-
Amounts due from subsidiaries	-	-	32	32
Notes receivable	-	-	68,559	69,498
Bank balances, deposits and cash	55,521	54,652	35,741	34,355
	368,394	372,309	115,144	114,934
Current liabilities				
Creditors	34,242	34,557	713	598
Provision for taxation	8,196	8,277	3,330	3,376
	42,438	42,834	4,043	3,974
Net current assets	325,956	329,475	111,101	110,960
Net assets	325,956	329,475	165,216	166,486

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

As at 30 September 2017, the Group did not have any borrowing (30 June 2017: Nil).

3b. Net asset value

	GROUP			COMPANY		
	As at 30 Sep 17	As at 30 Jun 17	+/(-)%	As at 30 Sep 17	As at 30 Jun 17	+/(-)%
Net asset value per ordinary share #	\$0.75	\$0.76	(1.3)	\$0.38	\$0.38	-
Net tangible asset value per ordinary share #	\$0.75	\$0.76	(1.3)	\$0.38	\$0.38	-

Based on issued share capital of 433,123,585 ordinary shares as at the end of the financial period (30 June 2017: 433,123,585).

3c. Balance sheet review

Group shareholders' funds decreased from \$329.5 million at 30 June 2017 to \$326.0 million at 30 September 2017 mainly due to net currency translation adjustments of \$2.8 million associated with weakening of the US dollar.

Group total assets decreased from \$372.3 million at 30 June 2017 to \$368.4 million at 30 September 2017 due mainly to weakening of the US dollar. The Guggenheim Capital, LLC ("Guggenheim") investment was reclassified from short term investment to debtors resulting from the definitive agreement entered into on 28 July 2017 for the redemption of the Group's entire ownership interests in Guggenheim.

Group total liabilities decreased from \$42.8 million at 30 June 2017 to \$42.4 million at 30 September 2017, due mainly to weakening of the US dollar.

**4. STATEMENTS OF CHANGES IN EQUITY
for the first quarter ended 30 September 2017**

4a. Group Statement of Changes in Equity

	Attributable to owners of the Company				
	<u>Share Capital</u> \$'000	<u>Fair Value Reserve</u> \$'000	<u>Foreign Exchange Translation Account</u> \$'000	<u>Revenue Reserves</u> \$'000	<u>Share Capital & Reserves</u> \$'000
2018					
As at 1 July 2017	131,471	12,368	6,268	179,368	329,475
Total comprehensive income for the period					
Profit for the period	-	-	-	11,614	11,614
Other comprehensive income*	-	(12,368)	(2,765)	-	(15,133)
Total comprehensive income for the period	-	(12,368)	(2,765)	11,614	(3,519)
As at 30 September 2017	131,471	-	3,503	190,982	325,956
2017					
As at 1 July 2016	163,955	(119)	5,848	38,048	207,732
Total comprehensive income for the period					
Profit for the period	-	-	-	10,497	10,497
Other comprehensive income*	-	-	1,080	-	1,080
Total comprehensive income for the period	-	-	1,080	10,497	11,577
As at 30 September 2016	163,955	(119)	6,928	48,545	219,309

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

4b. Statement of Changes in Equity of the Company

	<u>Share Capital</u> \$'000	<u>Revenue Reserves</u> \$'000	<u>Total</u> \$'000
2018			
As at 1 July 2017	131,471	35,015	166,486
Total comprehensive income for the period			
Loss for the period	-	<u>(1,270)</u>	<u>(1,270)</u>
Total comprehensive income for the period	-	<u>(1,270)</u>	<u>(1,270)</u>
As at 30 September 2017	131,471	33,745	165,216
2017			
As at 1 July 2016	163,955	14,090	178,045
Total comprehensive income for the period			
Profit for the period	-	<u>9,426</u>	<u>9,426</u>
Total comprehensive income for the period	-	<u>9,426</u>	<u>9,426</u>
As at 30 September 2016	163,955	23,516	187,471

4c. Share capital

Since 30 June 2017, there was no issue of ordinary shares by the Company.

As at 30 September 2017, the total number of issued shares was 433,123,585 (30 September 2016: 433,123,585).

As at 30 September 2017, there was no option (30 September 2016: nil) to take up unissued ordinary shares of the Company.

As at 30 September 2017, the Company was not holding any treasury shares (30 September 2016: nil).

5. **CONSOLIDATED STATEMENT OF CASH FLOWS for the first quarter ended 30 September 2017**

	Note	1 Jul 17 to 30 Sep 17 \$'000	1 Jul 16 to 30 Sep 16 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		12,180	11,478
Adjustments:			
Amortised debt discount		-	(728)
Exchange loss/(gain) on liquidation of subsidiary		54	(168)
Fair value gain on investment reclassified from other comprehensive income to profit and loss account		(12,231)	-
Unrealised foreign exchange differences		1,768	(1,332)
Cash flow from operations before changes in working capital		<u>1,771</u>	<u>9,250</u>
Working capital changes:			
Debtors		449	132
Creditors		(315)	149
Cash from operations		<u>1,905</u>	<u>9,531</u>
Income taxes paid, net of refunds received		(390)	(539)
Net cash generated from operating activities		<u>1,515</u>	<u>8,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from disposal and capital distribution of investments		-	68
Net cash from investing activities		<u>-</u>	<u>68</u>
Net increase in cash and cash equivalents		1,515	9,060
Cash and cash equivalents as at beginning of period		54,652	53,670
Effects of exchange rate changes on cash and cash equivalents		(646)	650
Cash and cash equivalents at end of period	5a	<u>55,521</u>	<u>63,380</u>

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Deposits, bank balances and cash

	As at 30 Sep 17 \$'000	As at 30 Sep 16 \$'000
Bank balances, deposits and cash	24,515	22,821
Deposits with related parties	31,006	40,559
Cash and cash equivalents	<u>55,521</u>	<u>63,380</u>

6. AUDIT

The financial statements have not been audited nor reviewed by the Company's auditors.

7. AUDITORS' REPORT

Not applicable

8. 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 2017.

9. CHANGES IN THE ACCOUNTING POLICIES

The Group adopted the new/revised FRS that are relevant to the Group and effective for annual periods beginning on or after 1 July 2017. The adoption of these new and revised FRSs did not result in any substantial impact on the financial statements of the Group.

10. REVIEW OF GROUP PERFORMANCE

Group revenue was \$2.4 million for the first quarter ended 30 September 2017 compared to \$12.3 million in the prior year period due to absence of investment income from Knowledge Universe Holdings, LLC.

Group profit before tax was \$12.2 million for the quarter ended 30 September 2017 compared to \$11.5 million in the corresponding previous year period. The increase was due to a fair value gain associated with the Guggenheim investment of \$12.2 million reclassified from other comprehensive income, partially offset by a decrease in investment income, and a foreign exchange loss of \$1.0 million compared to a foreign exchange gain in the prior year of \$1.4 million. Group EBITDA for the quarter ended 30 September 2017 of \$12.2 million was \$702,000 above the prior year period.

Group taxation was \$566,000 for the first quarter compared to \$981,000 in the prior year period due to a decrease in investment income and write-back of tax in respect of prior years. Group profit attributable to shareholders was \$11.6 million compared to \$10.5 million in the previous year period, and earnings per share were 2.68 cents.

In the opinion of the Directors, no factor has arisen between 30 September 2017 and the date of this report which would materially affect the results of the Group and the Company for the period just ended.

11. VARIANCE FROM FORECAST STATEMENT

No forecast for the first quarter ended 30 September 2017 was previously provided.

12. PROSPECTS

Following the divestment of the Company's entire ownership interests in Guggenheim (the "Guggenheim Disposal"), the Company will have disposed of all or substantially all of its assets. Accordingly, the Company will take steps to suspend the trading of its shares from the date of completion of the Guggenheim Disposal. The Company will then take steps to commence voluntary liquidation after the Company distributes all excess cash to its shareholders following the completion of the Guggenheim Disposal. The Company will, in compliance with its obligations under the Listing Manual of the Singapore Exchange Securities Trading Limited, make further announcement(s) and/or seek shareholders' approval on such plans for the Company at the appropriate time.

13. DIVIDEND

13a. Current Financial Period Reported On

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

13b. Corresponding Period of the Immediately Preceding Financial Year

For the preceding financial period, a tax exempt one-tier interim dividend of 2.0 cents per share in respect of the financial year ended 30 June 2016 was paid on 5 December 2016.

13c. Date Payable

Not applicable

13d. Books Closure Date

Not applicable

13e. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the quarter ended 30 September 2017.

For the financial year ended 30 June 2017, the Directors had recommended a tax exempt one-tier final dividend of 6.5 cents per share for approval by shareholders at the Annual General Meeting to be held on 20 October 2017. If approved, the final dividend will be paid on 8 November 2017.

Capital distribution

For the financial year ended 30 June 2017, the Board of Directors had proposed a capital distribution of up to 30.35 cents per share out of the Company's share capital. The capital distribution will be subject to the completion of the Guggenheim Disposal having taken place, approval of shareholders at an Extraordinary General Meeting to be held on 20 October 2017, all other relevant approvals and consents being obtained, and made pursuant to relevant sections of the Companies Act (Chapter 50). Subject to the above conditions being satisfied, as stated in the Circular dated 27 September 2017 to shareholders, the actual date of payment of the capital distribution will be announced in due course by way of SGXNET announcement(s) released on the SGX-ST.

14. SEGMENT ANALYSIS

Geographical Information

First quarter ended 30 September 2017

	<u>Singapore</u> \$'000	<u>USA</u> \$'000	<u>Total</u> \$'000
External sales	15	2,417	2,432

First quarter ended 30 September 2016

	<u>Singapore</u> \$'000	<u>USA</u> \$'000	<u>Total</u> \$'000
External sales	49	12,257	12,306
Non-current assets	-	149,397	149,397

Notes:

- (a) The Group has only one reportable operating segment: Investments. The Group's Investment activities consist of the Group's investments in quoted and unquoted investments.
- (b) The Group's operating segment operates in two main geographical areas. The operating activities and investment activities are predominantly in the USA. Singapore is the home country of the Company and its assets are mainly cash and cash equivalents.
- (c) For the quarters ended 30 September 2017 and 30 September 2016, no single external customer accounted for 10% or more of the Group's revenue.

15. REVIEW OF SEGMENT PERFORMANCE

Not applicable.

16. INTERESTED PERSON TRANSACTIONS

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 27 October 2016. During the quarter ended 30 September 2017, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual.	
	1 Jul 17 to 30 Sep 17 \$'000	1 Jul 16 to 30 Sep 16 \$'000	1 Jul 17 to 30 Sep 17 \$'000	1 Jul 16 to 30 Sep 16 \$'000
General Transactions				
KCL Group*	-	-	385	406
Greenstreet Partners	-	-	794	2,053
Corporate Treasury Transactions				
KCL Group	-	-	31,038	40,608
Total	-	-	32,217	43,067

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

17. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Winnie Mak
Company Secretary
20 October 2017

CONFIRMATION BY THE BOARD

We, NEO BOON SIONG and JEFFREY SAFCHIK, 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 first quarter ended 30 September 2017 financial results to be false or misleading in any material respect.

On behalf of the board of directors



NEO BOON SIONG
Chairman



JEFFREY SAFCHIK
Director

Singapore
20 October 2017