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MEDIA RELEASE

k1 Ventures Limited Unaudited Results for the Financial Year ended 30 June 2016

Singapore, 03 August 2016 - The Directors of k1 Ventures Limited advise the following unaudited results of the Group for financial year ended 30 June 2016.

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K1 VENTURES LIMITED

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

FULL YEAR 2016 FINANCIAL STATEMENTS

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K1 VENTURES LIMITED

FULL YEAR 2016 FINANCIAL STATEMENTS

UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2016

The Directors of **k1 Ventures Limited** advise the following unaudited results of the Group for the year ended 30 June 2016.

1. GROUP PROFIT AND LOSS ACCOUNT for the year ended 30 June 2016

	Note	1 Jul 15 to 30 Jun 16 \$'000	1 Jul 14 to 30 Jun 15 \$'000	+ / (-) %
Revenue	1a	195,081	60,618	221.8
Net carrying value of investment disposed		(7,507)	(18,225)	(58.8)
Staff costs		(238)	(210)	13.3
Investment impairment loss		-	(13,244)	NM
Other operating (expenses)/income		(42,971)	2,805	NM
Profit before tax	1b	144,365	31,744	354.8
Taxation	1c	(3,799)	(6,815)	(44.3)
Profit for the year		140,566	24,929	463.9
Attributable to:				
Shareholders of the Company		140,566	24,929	463.9
EBITDA *		144,365	44,988	220.9
Earnings per ordinary share **				
- basic	1d	32.45 cts	5.76 cts	463.4
- diluted	1d	32.45 cts	5.76 cts	463.4

* EBITDA is defined as profit before tax, finance expenses, depreciation and amortization, and investment impairment loss

** Comparative figures for EPS have been adjusted for the share consolidation of every five existing issued ordinary shares into one ordinary share

NM - Not meaningful

NOTES TO GROUP PROFIT AND LOSS ACCOUNT

1a. Breakdown of revenue

	1 Jul 15 to 30 Jun 16 \$'000	1 Jul 14 to 30 Jun 15 \$'000	+ / (-) %
Proceeds from sale of investments	6,865	45,584	(84.9)
Investment income	187,875	14,840	>500.0
Interest income	341	194	75.8
	<u>195,081</u>	<u>60,618</u>	221.8

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

	1 Jul 15 to 30 Jun 16 \$'000	1 Jul 14 to 30 Jun 15 \$'000	+ / (-) %
(Loss)/profit on sale of investments	(642)	27,359	NM
Investment impairment loss	-	(13,244)	NM
Foreign exchange translation realised on liquidation of subsidiary	(19,926)	1,595	NM
Foreign exchange (loss)/gain	(227)	5,446	NM

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

1d. Earnings per ordinary share

	GROUP		
	1 Jul 15 to 30 Jun 16	1 Jul 14 to 30 Jun 15	+ / (-) %
Earnings per ordinary share of the Group based on net profit attributable to shareholders:-			
Based on weighted average number of shares*	32.45 cts	5.76 cts	463.4
- 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.

* Comparative figures for EPS have been adjusted for the share consolidation of every five existing issued ordinary shares into one ordinary share

1e. Breakdown of revenue and profit

	GROUP		
	1 Jul 15 to 30 Jun 16	1 Jul 14 to 30 Jun 15	+ / (-) %
<u>First half</u>			
Revenue	102,893	54,412	89.1
Profit after tax reported for first half year	78,859	33,972	132.1
<u>Second half</u>			
Revenue	92,188	6,206	>500.0
Profit/(loss) after tax reported for second half year	61,707	(9,043)	NM

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2016

	1 Jul 15 to 30 Jun 16 \$'000	1 Jul 14 to 30 Jun 15 \$'000	+ / (-) %
Profit for the year	<u>140,566</u>	<u>24,929</u>	463.9
Items that may be reclassified subsequently to profit & loss account:			
Fair value changes on available-for-sale investments	(622)	762	NM
Fair value changes on available-for-sale assets realised & transferred to profit and loss account	658	7,203	-90.9
Exchange differences arising on consolidation	(687)	9,119	NM
Reclassification of currency translation reserve to profit or loss on liquidation of subsidiary	<u>19,926</u>	<u>(1,595)</u>	NM
Other comprehensive income for the year	<u>19,275</u>	<u>15,489</u>	24.4
Total comprehensive income for the year	<u>159,841</u>	<u>40,418</u>	295.5
Attributable to:			
Shareholders of the Company	<u>159,841</u>	<u>40,418</u>	295.5

NM - Not meaningful

3. BALANCE SHEETS as at 30 June 2016

	Group		Company	
	As at 30 Jun 16 \$'000	As at 30 Jun 15 \$'000	As at 30 Jun 16 \$'000	As at 30 Jun 15 \$'000
Share capital	163,955	196,439	163,955	196,439
Reserves	43,777	13,873	14,090	10,720
Share capital & reserves	207,732	210,312	178,045	207,159
Represented by:				
Subsidiaries	-	-	59,594	90,664
Investments	146,804	155,111	-	-
Notes receivable	-	-	-	67,948
	146,804	155,111	59,594	158,612
Current assets				
Debtors	14,211	14,004	10,991	11,024
Amount due from subsidiaries	-	-	28	26
Notes receivable	-	-	67,943	-
Bank balances, deposits and cash	53,670	46,983	43,367	41,367
	67,881	60,987	122,329	52,417
Current liabilities				
Creditors	1,561	573	578	570
Provision for taxation	3,300	3,300	3,300	3,300
	4,861	3,873	3,878	3,870
Net current assets	63,020	57,114	118,451	48,547
Non-current liabilities				
Deferred taxation	2,092	1,913	-	-
	2,092	1,913	-	-
Net assets	207,732	210,312	178,045	207,159

NOTES TO BALANCE SHEETS

3a. Group's borrowings and debt securities

As at 30 June 2016, the Group did not have any borrowing (30 June 2015: Nil).

3b. Net asset value

	GROUP			COMPANY		
	As at 30 Jun 16	As at 30 Jun 15	+/(-)%	As at 30 Jun 16	As at 30 Jun 15	+/(-)%
Net asset value per ordinary share #	\$0.48	\$0.49	(2.0)	\$0.41	\$0.48	(14.6)
Net tangible asset value per ordinary share #	\$0.48	\$0.49	(2.0)	\$0.41	\$0.48	(14.6)

Based on issued share capital of 433,123,585 ordinary shares as at the end of the financial year (30 June 2015: 433,123,585). The comparative figures for net asset value per ordinary share and net tangible asset per ordinary share have been adjusted for the share consolidation.

3c. Balance sheet review

Group shareholders' funds decreased from \$210.3 million at 30 June 2015 to \$207.7 million at 30 June 2016. The decrease was attributable to capital and dividend distributions paid to shareholders of \$162.4 million partly offset by comprehensive income for the year of \$159.8 million. Comprehensive income for the year was driven by Group net profit, as a result of investment income from Knowledge Universe Holdings LLC ("KUH") pertaining to the receipt of cash distributions of approximately \$174.9 million.

Group total assets decreased from \$216.1 million at 30 June 2015 to \$214.7 million at 30 June 2016 due mainly to a decrease in investments driven by the sale of the Group's investment in K12, Inc ("K12"). Group cash increased by approximately \$6.7 million driven by distributions received from KUH, offset in part by distributions paid to shareholders.

Group total liabilities increased from \$5.8 million at 30 June 2015 to \$7.0 million at 30 June 2016, as a result of an increase in creditors.

4. STATEMENTS OF CHANGES IN EQUITY for the year ended 30 June 2016

4a. Statement of Changes in Equity of the Group

	Attributable to owners of the Company				
	Share Capital \$'000	Fair Value Reserve \$'000	Foreign Exchange Translation Account \$'000	Revenue Reserves \$'000	Share Capital & Reserves \$'000
2016					
As at 1 July 2015	196,439	(155)	(13,391)	27,419	210,312
Total comprehensive income for the year					
Profit for the year	-	-	-	140,566	140,566
Other comprehensive income*	-	36	19,239	-	19,275
Total comprehensive income for the year	-	36	19,239	140,566	159,841
Transactions with owners, recognised directly in equity					
Capital distribution	(32,484)	-	-	-	(32,484)
Dividends paid	-	-	-	(129,937)	(129,937)
As at 30 June 2016	163,955	(119)	5,848	38,048	207,732
2015					
As at 1 July 2014	196,439	(8,120)	(20,915)	89,115	256,519
Total comprehensive income for the year					
Profit for the year	-	-	-	24,929	24,929
Other comprehensive income*	-	7,965	7,524	-	15,489
Total comprehensive income for the year	-	7,965	7,524	24,929	40,418
Transactions with owners, recognised directly in equity					
Dividends paid	-	-	-	(86,625)	(86,625)
As at 30 June 2015	196,439	(155)	(13,391)	27,419	210,312

* 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>Fair Value Reserve</u> \$'000	<u>Revenue Reserves</u> \$'000	<u>Total</u> \$'000
2016				
As at 1 July 2015	196,439	-	10,720	207,159
Total comprehensive income for the year				
Profit for the year	-	-	133,307	133,307
Total comprehensive income for the year	-	-	133,307	133,307
Transactions with owners, recognised directly in equity				
Capital distribution	(32,484)	-	-	(32,484)
Dividends paid	-	-	(129,937)	(129,937)
As at 30 June 2016	163,955	-	14,090	178,045
2015				
As at 1 July 2014	196,439	(924)	6,512	202,027
Total comprehensive income for the year				
Profit for the year	-	-	90,833	90,833
Other comprehensive income	-	924	-	924
Total comprehensive income for the year	-	924	90,833	91,757
Transactions with owners, recognised directly in equity				
Dividends paid	-	-	(86,625)	(86,625)
As at 30 June 2015	196,439	-	10,720	207,159

4c. Share capital

Since 31 March 2016, there was no issue of ordinary shares by the Company.

As at 30 June 2016, the total number of issued shares was 433,123,585 (30 June 2015: 2,165,618,003 before share consolidation).

On 9 December 2015, the Company completed the share consolidation of every five existing issued ordinary shares into one ordinary share. This resulted in 433,123,585 consolidated shares as at 9 December 2015. The share consolidation was effected pursuant to the approval of shareholders at an Extraordinary General Meeting held on 29 October 2015.

As at 30 June 2016, there was no option (30 June 2015: nil) to take up unissued ordinary shares of the Company.

As at 30 June 2016, the Company was not holding any treasury shares (30 June 2015: nil).

5. CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 30 June 2016

	Note	1 Jul 15 to 30 Jun 16 \$'000	1 Jul 14 to 30 Jun 15 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		144,365	31,744
Adjustments:			
Investment impairment loss		-	13,244
Amortised debt discount		(2,715)	(2,476)
Exchange loss on liquidation of subsidiary		19,926	-
Loss/(profit) on sale of investments		642	(27,359)
Unrealised foreign exchange differences		(856)	(6,488)
Cash flow from operations before changes in working capital		161,362	8,665
Working capital changes:			
Debtors		(11)	(1,264)
Creditors		988	(1,045)
Cash from operations		162,339	6,356
Income taxes paid, net of refunds received		(3,708)	(3,330)
Net cash generated from operating activities		158,631	3,026
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiary	5a	-	11,935
Net proceeds from disposal and capital distribution of investments		10,479	46,034
Net cash from investing activities		10,479	57,969
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital distribution		(32,484)	-
Dividends paid to shareholders of the Company		(129,937)	(86,625)
Net cash used in financing activities		(162,421)	(86,625)
Net increase/(decrease) in cash and cash equivalents		6,689	(25,630)
Cash and cash equivalents as at beginning of year		46,983	70,602
Effects of exchange rate changes on cash and cash equivalents		(2)	2,011
Cash and cash equivalents at end of year	5b	53,670	46,983

NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

5a. Disposal of Subsidiary

This pertains to receipt of escrow receivables from the disposal of Helm in FY 2014.

5b. Deposits, bank balances and cash

	As at 30 Jun 16 \$'000	As at 30 Jun 15 \$'000
Bank balances, deposits and cash	49,055	20,222
Deposits with related parties	<u>4,615</u>	<u>26,761</u>
Cash and cash equivalents	<u>53,670</u>	<u>46,983</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 year compared with those of the audited financial statements as at 30 June 2015.

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 2015. 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 \$195.1 million for the year ended 30 June 2016 compared to \$60.6 million in the prior year driven by investment income from KUH of \$174.9 million attributable mainly to the receipt of a cash distributions from the sales of the US and international childcare operations.

Group profit before tax was \$144.4 million for the year ended 30 June 2016 compared to \$31.7 million in the previous year. The increase was mostly due to investment income from KUH, partly offset by an increase in other operating expenses. The increase in other operating expenses was mainly attributable to a foreign exchange loss of \$19.9 million related to the voluntary liquidation of Focus Up Holdings Limited and the Greenstreet carried interest related to the cash proceeds received from the KUH. In the previous year, the Group recorded an impairment loss of \$13.2 million related to the Group's investment in K12, a profit of \$27.4 million from the sale of China Auto and a foreign exchange gain of \$5.4 million. Group EBITDA of \$144.4 million was \$99.4 million above the prior year driven by investment income from KUH.

The decrease in Group taxation for the year was mainly due to tax arising from the sale of China Auto in the prior year. Group profit attributable to shareholders for the year ended 30 June 2016 was \$140.6 million compared to \$24.9 million in the previous year, and earnings per share was 32.45 cents.

In the opinion of the Directors, no factor has arisen between 30 June 2016 and the date of this report which would materially affect the results of the Group and the Company for the year just ended.

11. VARIANCE FROM FORECAST STATEMENT

No forecast for the full year ended 30 June 2016 was previously provided.

12. PROSPECTS

The Board has determined that the Company will not be making any new investments, but will focus its efforts on managing the current portfolio of assets and, at the appropriate time, realizing such assets. This will enable the Company to maximize value from the proceeds from any realization of assets and to return the same to shareholders as appropriate.

13. DIVIDEND

13a. Current Financial Period Reported On

No final dividend has been proposed for the financial year ended 30 June 2016 (2015: nil). During the financial year ended 30 June 2016, interim dividends of 21.0 cents and 9.0 cents per share (2015: 12.5 cents and 7.5 cents, adjusted for share consolidation) had been declared and paid to shareholders on 18 February 2016 and 18 May 2016 respectively.

Capital Distribution

The Board of Directors is pleased to propose a capital distribution of 7.5 cents per share (June 2015: 7.5 cents, adjusted for share consolidation) out of the Company's share capital account. The capital distribution will be subject to the approval of shareholders at a meeting to be convened and made pursuant to relevant sections of the Companies Act (Chapter 50). Please refer to the SGXNet announcement uploaded on 3 August 2016 for further details.

13b. Corresponding Period of the Immediately Preceding Financial Year

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

13c. Date Payable

To be announced later.

13d. Books Closure Date

To be announced later.

13e. Total Annual Dividend/ Capital Distribution

	1 Jul 15 to 30 Jun 16 \$'000	1 Jul 14 to 30 Jun 15 \$'000
Interim dividend	129,937	86,625
Capital distribution	32,484	32,484
Total	<u>162,421</u>	<u>119,109</u>

14. SEGMENT ANALYSIS

Geographical Information

Financial year ended 30 June 2016

	<u>Singapore</u> \$'000	<u>USA</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
External sales	120	194,956	5	195,081
Non-current assets	-	146,804	-	146,804

Financial year ended 30 June 2015

	<u>Singapore</u> \$'000	<u>USA</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
External sales	140	11,880	48,598	60,618
Non-current assets	-	155,111	-	155,111

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 three 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 years ended 30 June 2016 and 30 June 2015, 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 29 October 2015. During the year ended 30 June 2016, 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 15 to 30 Jun 16 \$'000	1 Jul 14 to 30 Jun 15 \$'000	1 Jul 15 to 30 Jun 16 \$'000	1 Jul 14 to 30 Jun 15 \$'000
General Transactions				
KCL Group	-	-	509	510
Greenstreet Partners	-	-	20,384	2,782
Corporate Treasury Transactions				
KCL Group	-	-	4,740	26,904
Total	-	-	25,633	30,196

17. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in k1 Ventures Limited (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

18. 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
3 August 2016