

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

1 GENERAL

The company is incorporated in the Republic of Singapore with its principal place of business at 5006 Ang Mo Kio Avenue 5, #05-01/12 Techplace II, Singapore 569873 and registered office at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315. The financial statements are expressed in Singapore dollars.

The principal activities of the company are to provide manufacturing, design, engineering, customisation and logistic services to electronics companies worldwide. The principal activities of the subsidiaries, associates and joint venture company are detailed in Notes 9, 10 and 11 to the financial statements.

The financial statements of the company and of the group for the year ended December 31, 2003 were authorised for issue by the Board of Directors on March 5, 2004.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) **BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS").

The company and the group have adopted all the applicable new/revised FRS and INT FRS which became effective during the year. The adoption of the new/revised FRS and INT FRS does not affect the results of the company and of the group for the current or prior periods.

- b) **BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to December 31 each year. Control is achieved when the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Associates are entities over which the group exercises significant influence through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used. Where a group enterprise transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associate.

A joint venture is an entity whose activities the group has joint control over by contractual agreement. The group reports its interests in the joint venture using proportionate consolidation where the group's share of the assets, liabilities, income and expenses of the joint venture are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- c) **GOODWILL** - Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or joint venture at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis over 20 years. Any impairment loss where the recoverable amount of goodwill is lower than its carrying amount is charged to the profit and loss statement.
- d) **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - Transactions in foreign currencies are recorded at the rates ruling on the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment profits and losses are dealt with in the profit and loss statement, 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 the currency translation reserve.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign entities are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in the foreign entities is translated at the historical rates. The resulting currency translation differences are taken to the currency translation reserve. On disposal of a foreign entity, the accumulated currency translation differences are recognised in the profit and loss statement as part of the gain or loss on disposal.

- e) **OTHER INVESTMENTS** - Other investments held for long-term are stated at cost less any impairment in net recoverable value. Investments held for short-term are stated at the lower of cost or market value determined on a portfolio basis.
- f) **PROPERTY, PLANT AND EQUIPMENT** - Property, plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land	-	60 years
Factory building	-	50 years
Freehold building	-	30 years
Leasehold building	-	25 years
Machinery and equipment	-	5 to 10 years
Leasehold improvements and renovations	-	5 to 10 years
Office equipment, furniture and fittings	-	3 to 10 years
Computer hardware	-	3 years
Motor vehicles	-	5 to 6 years

Fully depreciated assets still in use are retained in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- g) **RESEARCH AND DEVELOPMENT COSTS** - Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets only if all the following conditions are met:

- * an asset is created that can be identified (such as software and new processes);
- * it is probable that the asset created will generate future economic benefits; and
- * the development cost of the asset can be measured reliably.

Other development expenditures are recognised as expenses when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised as intangible assets are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected benefits, which normally does not exceed 3 years. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

- h) **SOFTWARE DEVELOPMENT COSTS** - Costs that are directly associated with the development of identifiable and unique software products controlled by the group and have probable economic benefit exceeding the costs beyond one year, are recognised as intangible assets. Direct costs include the staff costs of the software development team and an appropriate portion of direct overheads. Costs that enhance or extend performance of computer software programs beyond their original specifications are capitalised and added to the original cost of software. Other software development costs are expensed when incurred. Computer software development costs that are capitalised are amortised using the straight-line method over their useful lives, not exceeding a period of 3 years. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.
- i) **INVENTORIES** - Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.
- j) **FINANCIAL ASSETS** - Financial assets include cash and fixed deposits, trade and other receivables and other investments. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Other investments are stated in accordance with the accounting policy enumerated above.
- k) **FINANCIAL LIABILITIES AND EQUITY** - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include trade and other payables, bank loans and bank overdrafts. Trade and other payables are stated at their nominal value.

Bank loans and bank overdrafts are recorded at the proceeds received, net of transaction costs. Finance costs are accounted for on an accrual basis (effective yield method) and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- l) **SHARE OPTIONS** - Share options are not expensed. When exercised, the exercise price is allocated between issued capital and share premium accordingly.
- m) **IMPAIRMENT OF ASSETS** - At each balance sheet date, the company and the group review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company and the group estimate the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset/cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset/cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset/cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset/cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

- n) **REVENUE RECOGNITION** - Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of transaction can be measured reliably. Revenue from the rendering of services that are of a short term duration is recognised when the services are completed. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.
- o) **LEASES** - Rental payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.
- p) **RETIREMENT BENEFIT COSTS** - 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.
- q) **GOVERNMENT GRANTS** - Government grants relating to deferred development expenditure and the purchase of property, plant and equipment are included in the balance sheet by deducting the grant in arriving at the carrying amount of the assets. Government grants relating to expenditures which are not capitalised are credited to the profit and loss statement to match the related expenditure when incurred.
- r) **INCOME TAX** - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realisation and the potential tax saving relating to a tax loss carryforward and unutilised capital allowances is not recorded as an asset unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax is charged or credited to the profit and loss statement. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

- s) **CASH** - Cash for the cash flow statement includes cash and cash equivalents.

3 FINANCIAL RISKS AND MANAGEMENT

i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the group. This risk is managed through the application of credit approvals, credit limits and monitoring procedures. The group has adopted a policy of only dealing with creditworthy counterparties and generally does not require collateral from customers. The group performs ongoing credit evaluation of their counterparties' financial condition and regular meetings are conducted to monitor debt collection and credit risk exposure on the group basis.

Cash and cash equivalents are placed with creditworthy financial institutions.

ii) Interest rate risk

Interest rate risk refers to the risk experienced by the company and the group as a result of the fluctuation in interest rates. The group has cash balances placed as various forms of deposits with reputable international financial institutions and investments in fixed rate bonds of strong financial ratings. These deposits and investments are generally with short-term maturities to provide the group the flexibility to meet working capital and other investments needs. The group's borrowings are also short-term in nature and kept at a minimal level.

iii) Foreign currency risk

The company and the group transact business in various foreign currencies and are therefore exposed to foreign exchange risk. These risks are managed through natural hedges.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. No hedge has been taken up to mitigate this exposure.

iv) Liquidity risk

Liquidity risk refers to the risk in which the group has difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle. The group's operations are financed mainly through equity and accumulated profits.

v) Investment risk

Investment risk refers to the risk experienced by the group in its management of the return of funds invested in financial instruments. This risk includes market price risk due to fluctuations in interest rates, foreign currency exchange rates, prices of equities, debt securities and other financial contracts. Investment risk is managed through sound investment policies and guidelines. These policies and guidelines are constantly reviewed taking into consideration changes in the overall market environment.

vi) Fair value of financial assets and financial liabilities

Except for other investments where the fair values are disclosed in Note 12, the carrying amounts of the financial assets and financial liabilities reported in the balance sheet approximate the fair values of those assets and liabilities, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

4 RELATED COMPANY TRANSACTIONS

Some of the company's transactions and arrangements are with members of the group and the effect of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and without fixed repayment terms.

Significant intercompany transactions, other than those disclosed elsewhere in the notes to profit and loss statement:

	<u>The Company</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000
Revenue	12,543	86,780
Management fee income	666	1,172
Purchases of goods	358,640	613,941
Purchases of services	4,852	19,207
Other charges	3,681	3,370
Other income	288	2,275

5 FIXED DEPOSITS

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2002</u> \$'000
Fixed deposits	464,760	176,742	552,001	223,615
Fixed rate bonds	42,312	32,363	72,576	39,551
Equity linked deposits	—	5,338	—	5,338
	<u>507,072</u>	<u>214,443</u>	<u>624,577</u>	<u>268,504</u>
Impairment loss on equity linked deposits	—	(2,500)	—	(2,500)
	<u>507,072</u>	<u>211,943</u>	<u>624,577</u>	<u>266,004</u>
Movement in impairment loss on equity linked deposits:				
Balance at beginning of year	2,500	4,300	2,500	4,300
Reversal during the year (Note 22)	(2,500)	(1,800)	(2,500)	(1,800)
Balance at end of year	<u>—</u>	<u>2,500</u>	<u>—</u>	<u>2,500</u>

The fixed deposits interest rates for the company is 0.44% (2002 : 0.68% to 1.3%) and for the group range from 0.23% to 4% (2002 : 0.44% to 4%) per annum.

The fixed rate bonds interest rates for the company range from 2.375% to 8.625% (2002 : 4.15% to 8.625%) and for the group range from 1.06% to 8.625% (2002 : 1.875% to 8.625%) per annum.

Fixed deposits of certain subsidiaries amounting to \$2,394,702 (2002 : \$2,731,226) are pledged to banks to secure bank credit facilities granted to the subsidiaries.

6 TRADE RECEIVABLES

	The Company		The Group	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Outside parties	155,664	198,580	439,629	451,403
Less allowance for doubtful debts	–	–	–	(16)
	<u>155,664</u>	<u>198,580</u>	<u>439,629</u>	<u>451,387</u>
Movement in allowance:				
Balance at beginning of year	–	–	16	–
On acquisition of subsidiaries	–	–	–	16
Amount written off against allowance	–	–	(16)	–
Balance at end of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>16</u>

7 OTHER RECEIVABLES AND PREPAYMENTS

	The Company		The Group	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Other receivables	5,436	8,882	15,090	15,993
Deposits	475	365	3,128	2,944
Prepayments	780	737	1,873	1,859
Income tax recoverable	2,106	–	9,661	5,356
	<u>8,797</u>	<u>9,984</u>	<u>29,752</u>	<u>26,152</u>

8 INVENTORIES

	The Company		The Group	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At cost:				
Raw materials	25,184	30,411	126,999	85,445
Work in progress	33,570	28,748	70,010	70,677
Finished goods	7,200	3,947	46,848	43,892
	<u>65,954</u>	<u>63,106</u>	<u>243,857</u>	<u>200,014</u>
At net realisable value:				
Raw materials	569	2,154	10,307	17,789
	<u>66,523</u>	<u>65,260</u>	<u>254,164</u>	<u>217,803</u>
Movement in allowance:				
Balance at beginning of year	2,337	2,212	4,556	3,274
On acquisition of subsidiaries	–	–	–	1,819
(Reversal) Charge to profit and loss (Note 22)	(125)	125	(125)	176
Amount written off against allowance	–	–	(1,041)	(713)
Exchange differences	–	–	(48)	–
Balance at end of year	<u>2,212</u>	<u>2,337</u>	<u>3,342</u>	<u>4,556</u>

9 INVESTMENTS IN SUBSIDIARIES

						<u>The Company</u>	
						<u>2003</u>	<u>2002</u>
						\$'000	\$'000
Unquoted equity shares, at cost						154,128	122,345
<u>Name of Subsidiaries</u>	<u>Country of Incorporation and Operation</u>	<u>Cost of Investment</u>		<u>Effective Equity Interest held by Group</u>		<u>Principal Activities</u>	
		<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>		
		\$'000	\$'000	%	%		
Advanced Products Corporation Pte Ltd	Singapore	863	863	100	100	Dormant	
Cebelian Holdings Pte Ltd	Singapore	2,500	2,500	100	100	Investment holding	
EAS Security Systems Pte Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd)	Singapore	–	–	100	100	Dormant	
Shanghai Waigaoqiao Venture Electronics Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁵⁾	People's Republic of China	–	–	100	–	Design, engineering and customisation services	
Venture Design Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁴⁾	United States of America	–	–	100	–	Trading and manufacturing of electronics and computer-related products, provision of engineering, customisation, logistics and repair services	
Venture Electronics (Europe), B.V. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁴⁾	The Netherlands	–	–	100	100	Investment holding	
Venture Hungary Electronics Manufacturing Limited Liability Company (95% owned by Venture Electronics (Europe), B.V. and 5% owned by Cebelian Holdings Pte Ltd) ⁽⁴⁾	Hungary	–	–	100	100	Design, manufacture, assemble and distribute electronic products	
Venture Electronics Spain S.L. (wholly-owned subsidiary of Venture Electronics (Europe), B.V.) ⁽⁴⁾	Spain	–	–	100	100	Manufacture, design, engineering, customisation and logistic services	

9 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Effective Equity Interest held by Group		Principal Activities
		2003	2002	2003	2002	
		\$'000	\$'000	%	%	
Venture Electronics (Shanghai) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽¹⁾	People's Republic of China	–	–	100	100	Trading in and manufacturing of electronic and computer-related products
VM Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) ⁽⁴⁾	United States of America	–	–	100	100	Trading in and manufacturing of electronic and computer-related products
Venture Electronics International, Inc. (wholly-owned subsidiary of VM Services, Inc.) ⁽⁴⁾	United States of America	–	–	100	100	Manufacture, design, engineering, customisation and logistic services
VIPColor Technologies Pte Ltd (a subsidiary of Cebelian Holdings Pte Ltd)	Singapore	–	–	93.8	93.8	Develop and market colour imaging products for label printing
VIPColor Technologies USA, Inc (wholly-owned subsidiary of VIPColor Technologies Pte Ltd) ⁽⁴⁾	United States of America	–	–	93.8	93.8	Develop and market colour imaging products for label printing
Innovative Trek Technology Pte Ltd	Singapore	1,780	1,780	100	100	Information system development and support
Venture Electronics Mexico S.A. de C.V. (98% owned by Innovative Trek Technology Pte Ltd and 2% owned by Cebelian Holdings Pte Ltd) ⁽¹⁾	Mexico	–	–	100	100	Trading in and manufacturing of electronic and computer-related products (During 2003, the company ceased operations)
Multitech Systems Pte Ltd	Singapore	3,215	3,215	100	100	Trading in and manufacturing of electronic and computer-related products

9 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Effective Equity Interest held by Group		Principal Activities
		2003	2002	2003	2002	
		\$'000	\$'000	%	%	
Technocom Systems Sdn Bhd ⁽¹⁾	Malaysia	1,543	1,543	100	100	Trading in and manufacturing of electronic and computer-related products
Pintarmas Sdn Bhd (wholly-owned subsidiary of Technocom Systems Sdn Bhd) ⁽¹⁾	Malaysia	–	–	100	100	Trading in and manufacturing of electronic and computer-related products
Syarikat Perusahaan Sing Mee (Johore) Sdn Bhd (wholly-owned subsidiary of Technocom Systems Sdn Bhd) ⁽¹⁾	Malaysia	–	–	100	100	Dormant
PT Venture Electronics Indonesia (99% owned by the company and 1% owned by Multitech Systems Pte Ltd) ⁽¹⁾	Indonesia	337	337	100	100	Trading in and manufacturing of electronic and computer-related products
Ventech Data Systems Pte Ltd	Singapore	5,000	5,000	100	100	Trading in and manufacturing of electronic and computer-related products (During 2003, the company ceased operations)
Venture Electronics Services (Malaysia) Sdn Bhd ⁽¹⁾	Malaysia	17,777	17,777	100	100	Manufacture and sale of removable disk drives and cartridge storage media
Venture Electronics Solutions Pte Ltd	Singapore	800	800	80	80	Manufacture, design, engineering, customisation and logistic services
Ventech Investments Ltd ⁽⁴⁾	British Virgin Islands	90	90	100	100	Investment holding
Univac Precision Engineering Pte Ltd	Singapore	120,223	88,440	100	67	Manufacture, design, fabricate, stamping and injection, metal punching and spraying, industrial metal parts, tools and dies

9 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Effective Equity Interest held by Group		Principal Activities
		2003	2002	2003	2002	
		\$'000	\$'000	%	%	
Unison Precision Industries (M) Sdn Bhd (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) ⁽¹⁾	Malaysia	–	–	100	67	Dormant (In the process of voluntary liquidation)
Munivac Sdn Bhd (65.6% owned by Unison Precision Industries Sdn Bhd and 23.8% owned by Univac Precision Engineering Pte Ltd) ⁽¹⁾	Malaysia	–	–	89.4	59.9	Manufacture of electronic and mechanical components
Univac Precision, Inc. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) ⁽⁴⁾	United States of America	–	–	100	–	Design, customisation and marketing of tool-making and precision engineering solutions
Univac Design & Engineering Pte Ltd (a subsidiary of Univac Precision Engineering Pte Ltd) ⁽²⁾	Singapore	–	–	58.8	*	Investment holding
Univac Precision Plastics (Shanghai) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) ⁽³⁾	People's Republic of China	–	–	58.8	*	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly
Total		154,128	122,345			

All the companies are audited by Deloitte & Touche, Singapore except for the subsidiaries that are indicated as follows:

⁽¹⁾ Audited by overseas practices of Deloitte Touche Tohmatsu.

⁽²⁾ Audited by another firm of auditors, Boon Suan Lee & Co.

⁽³⁾ Audited by another firm of auditors, Shanghai Shangshen Certified Public Accountants Co., Ltd

⁽⁴⁾ Not required to be audited by law in its country of incorporation.

⁽⁵⁾ Not audited (newly incorporated).

* During the financial year, Univac Precision Engineering Pte Ltd acquired additional interest in Univac Design & Engineering Pte Ltd, previously an associate.

The net assets of the subsidiaries referred to in notes (2) to (4) are less than 20% of the net assets of the group at the financial year end.

Amount due to and from subsidiaries are unsecured, interest-free and without fixed repayment terms.

10 INVESTMENTS IN ASSOCIATES

	The Group	
	<u>2003</u> \$'000	<u>2002</u> \$'000
Quoted equity shares, at cost	18,266	18,887
Unquoted equity shares, at cost	3,237	4,419
	<u>21,503</u>	<u>23,306</u>
Share of post-acquisition profits	1,875	910
Currency realignment on translation of foreign associates	(94)	(22)
Net	<u>23,284</u>	<u>24,194</u>
Market value of quoted equity shares	<u>35,520</u>	<u>21,173</u>

The investments in associates are held by Univac Precision Engineering Pte Ltd, a subsidiary of the group.

<u>Name of Associates</u>	<u>Country of Incorporation and Operation</u>	<u>Effective Equity Interest held by Group</u>		<u>Principal Activities</u>
		<u>2003</u> %	<u>2002</u> %	
Acumen Engineering Pte Ltd and its subsidiaries: ⁽¹⁾	Singapore	40.0	26.8	Trading of plastic resins
Acumen Kinetics Sdn Bhd ⁽²⁾	Malaysia	20.4	13.7	Trading of plastic resins and other related products
Acumen Engineering (China) Pte Ltd ⁽¹⁾	Singapore	40.0	–	Trading of plastic resins and other related products
Avaplas Ltd and its subsidiaries: ⁽³⁾	Singapore	28.2	18.9	Plastic injection moulding with secondary processes and sub-assembly
Avaplas Nypro (Thailand) Limited (formerly known as Avaplas (Thailand) Limited) ⁽³⁾	Thailand	*	18.9	Plastic injection moulding with secondary processes and sub-assembly
Avaplas Precision Plastics (Shanghai) Co., Ltd ⁽³⁾	People's Republic of China	28.2	18.9	Plastic injection moulding with secondary processes and sub-assembly
Fischer Tech Ltd and its subsidiaries: ⁽³⁾	Singapore	24.7	16.5	Manufacture of plastic injection moulds and mouldings with secondary processes
Fon-Fischer Pte Ltd ⁽³⁾	Singapore	24.7	16.5	Manufacture of plastic injection moulds and mouldings with secondary processes
Fischer Tech International Pte Ltd ⁽³⁾	Singapore	21.0	14.1	Investment holding

10 INVESTMENTS IN ASSOCIATES (cont'd)

<u>Name of Associates</u>	<u>Country of Incorporation and Operation</u>	<u>Effective Equity Interest held by Group</u>		<u>Principal Activities</u>
		<u>2003</u> %	<u>2002</u> %	
Fischer Tech (Suzhou) Co., Ltd ⁽³⁾	People's Republic of China	21.0	14.1	Plastic injection moulding with secondary processes and sub-assembly
SEB Corporation Pte Ltd and its subsidiaries: ⁽⁴⁾	Singapore	32.7	21.9	Investment holding
SEB Engineering & Trading Pte Ltd ⁽⁴⁾	Singapore	32.7	21.9	Manufacture and trading of printed circuit board toolings, metal tools and dies and metal stamping
SEB Plastic Pte Ltd ⁽⁴⁾	Singapore	32.7	21.9	Plastic injection moulding
SEB Precision Pte Ltd ⁽⁴⁾	Singapore	32.7	14.2	Manufacture of printed circuit board tools and mechanical engineering works
SEB Engineering (HK) Limited ⁽⁵⁾	Hong Kong	32.7	21.9	Investment holding
SEB Metal & Plastic (Panyu) Co Ltd ⁽⁶⁾	People's Republic of China	32.7	21.9	Plastic injection moulding and metal stamping
SEB Precision Pte Ltd (formerly known as Sin Star Hou Engineering Pte Ltd) ⁽⁷⁾	Singapore	32.7	21.9	Manufacture of plastic injection moulds and related engineering activities
SEB Manufacturing (Malaysia) Sdn Bhd (formerly known as Sin Star Hou Engineering Sdn Bhd) ⁽⁸⁾	Malaysia	32.7	21.9	Manufacture of plastic injection moulds, metal tools and dies, plastic injection moulding and metal stamping
SEB Technologies Pte Ltd (formerly known as Western Univac Pte Ltd) ⁽⁷⁾	Singapore	32.7	21.9	Manufacture of plastic injection moulds and mould components
Univac Design & Engineering Pte Ltd and its subsidiary: ⁽⁷⁾	Singapore	**	31.7	Investment holding
Univac Precision Plastics (Shanghai) Co Ltd ⁽⁹⁾	People's Republic of China	**	31.7	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly

10 INVESTMENTS IN ASSOCIATES (cont'd)

- (1) Audited by Deloitte & Touche, Singapore.
 (2) Audited by another firm of auditors, OEK & Partners.
 (3) Audited by another firm of auditors, Ernst & Young.
 (4) Audited by another firm of auditors, PricewaterhouseCoopers.
 (5) Audited by another firm of auditors, Ho, Sneddon, Chui.
 (6) Audited by another firm of auditors, Guangzhou Yang Cheng Certified Public Accountants.
 (7) Audited by another firm of auditors, Boon Suan Lee & Co.
 (8) Audited by another firm of auditors, Horwath Teoh Yap.
 (9) Audited by another firm of auditors, Shanghai Shangshen Certified Public Accountants Co., Ltd.
 * During the financial year, Avaplas Ltd reduced its equity interest in Avaplas Nypro (Thailand) Limited to 50% to become a joint venture of Avaplas Ltd.
 ** During the financial year, Univac Precision Engineering Pte Ltd acquired additional interest in Univac Design & Engineering Pte Ltd which became a subsidiary.

The net assets of the associates referred to in notes (2) to (9) are less than 20% of the net assets of the group at the financial year end.

Significant related party transactions:

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Purchases of goods from associates	20,218	9,323

11 INVESTMENT IN JOINT VENTURE

	<u>The Company</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Unquoted equity shares, at cost	1,000	1,000

The company has a 50% interest in a joint venture, VS Electronics Pte Ltd, incorporated in the Republic of Singapore, whose principal activities are those of research and development, sales and marketing, redesigning and manufacturing of system electronics products and other related products.

The group financial statements include a proportionate share of the joint venture's current assets of \$369,000 (2002 : \$470,000), non-current assets of \$220,000 (2002 : \$201,000), current liabilities of \$89,000 (2002 : \$108,000) and net loss after tax of \$63,000 (2002 : \$79,000).

12 OTHER INVESTMENTS

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Quoted equity shares, at cost	10,861	5,522	48,542	53,559
Impairment loss	(2,611)	(4,608)	(5,211)	(10,826)
	8,250	914	43,331	42,733
Unquoted equity shares, at cost	–	–	3,703	3,301
Total	8,250	914	47,034	46,034
Market value of quoted equity shares	5,650	914	43,565	33,778
Movement in impairment loss:				
Balance at beginning of year	4,608	–	10,826	2,018
(Reversal) Charge during the year (Note 22)	(1,997)	4,608	(4,586)	8,808
Utilised	–	–	(1,029)	–
Balance at end of year	2,611	4,608	5,211	10,826

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold building \$'000	Machinery and equipment \$'000	Leasehold improvements and renovations \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
<u>The Company</u>							
Cost:							
At beginning of year	6,576	2,500	66,649	3,496	7,080	1,506	87,807
Additions	-	-	1,862	227	1,009	400	3,498
Disposals	-	-	(4,960)	-	(136)	(481)	(5,577)
At end of year	6,576	2,500	63,551	3,723	7,953	1,425	85,728
Accumulated depreciation:							
At beginning of year	-	333	49,148	2,555	5,609	817	58,462
Additions	-	83	6,252	299	1,040	180	7,854
Disposals	-	-	(3,885)	-	(88)	(428)	(4,401)
At end of year	-	416	51,515	2,854	6,561	569	61,915
Depreciation for last year	-	83	6,161	429	1,237	141	8,051
Carrying amount:							
At beginning of year	6,576	2,167	17,501	941	1,471	689	29,345
At end of year	6,576	2,084	12,036	869	1,392	856	23,813

	Freehold land \$'000	Leasehold land \$'000	Factory building \$'000	Freehold building \$'000	Leasehold building \$'000	Machinery and equipment \$'000	Leasehold improvements and renovations \$'000	Office equipment, furniture and fittings \$'000	Computer hardware \$'000	Motor vehicles \$'000	Total \$'000
<u>The Group</u>											
Cost:											
At beginning of year	9,931	3,467	12,283	2,837	28,658	250,495	11,630	20,988	3,189	3,504	346,982
On acquisition of subsidiaries	-	-	-	-	-	6,597	1,145	182	-	186	8,110
Exchange differences	(82)	(85)	(301)	-	(701)	(3,332)	(374)	(191)	(33)	(20)	(5,119)
Additions	-	-	-	-	-	29,640	2,194	4,141	33	770	36,778
Disposals	-	-	-	-	-	(4,713)	(412)	(533)	(434)	(916)	(7,008)
At end of year	9,849	3,382	11,982	2,837	27,957	278,687	14,183	24,587	2,755	3,524	379,743
Accumulated depreciation:											
At beginning of year	-	348	1,049	402	10,893	145,076	8,177	15,216	1,050	2,341	184,552
On acquisition of subsidiaries	-	-	-	-	-	1,823	551	58	-	64	2,496
Exchange differences	-	(10)	(30)	-	(285)	(2,088)	(167)	(162)	(20)	5	(2,757)
Additions	-	57	244	91	951	33,858	1,477	3,346	892	446	41,362
Disposals	-	-	-	-	-	(3,601)	(228)	(336)	(280)	(827)	(5,272)
At end of year	-	395	1,263	493	11,559	175,068	9,810	18,122	1,642	2,029	220,381
Depreciation for last year	-	10	250	92	161	28,549	1,540	2,720	653	281	34,256
Carrying amount:											
At beginning of year	9,931	3,119	11,234	2,435	17,765	105,419	3,453	5,772	2,139	1,163	162,430
At end of year	9,849	2,987	10,719	2,344	16,398	103,619	4,373	6,465	1,113	1,495	159,362

14 INTANGIBLE ASSETS

	Computer software \$'000
<u>The Company</u>	
Costs:	
At beginning of year	-
Additions	883
At end of year	<u>883</u>
Accumulated amortisation:	
At beginning of year	-
Amortisation for the year	235
At end of year	<u>235</u>
Carrying amount:	
At beginning of year	<u>-</u>
At end of year	<u>648</u>

	Development expenditure \$'000	Computer software \$'000	Total \$'000
<u>The Group</u>			
Costs:			
At beginning of year	21,419	11,608	33,027
On acquisition of subsidiaries	231	-	231
Additions	653	3,298	3,951
Exchange differences	(19)	-	(19)
At end of year	<u>22,284</u>	<u>14,906</u>	<u>37,190</u>
Accumulated amortisation:			
At beginning of year	4,337	3,589	7,926
On acquisition of subsidiaries	231	-	231
Amortisation for the year	7,097	4,376	11,473
Exchange differences	(8)	-	(8)
At end of year	<u>11,657</u>	<u>7,965</u>	<u>19,622</u>
Amortisation for last year	<u>4,536</u>	<u>2,347</u>	<u>6,883</u>
Carrying amount:			
At beginning of year	<u>17,082</u>	<u>8,019</u>	<u>25,101</u>
At end of year	<u>10,627</u>	<u>6,941</u>	<u>17,568</u>

15 GOODWILL ON CONSOLIDATION

	<u>The Group</u> \$'000
Costs:	
At beginning of year	54,011
Acquisition of subsidiaries	9,144
At end of year	<u>63,155</u>
Accumulated amortisation:	
At beginning of year	2,545
Amortisation for the year	3,095
At end of year	<u>5,640</u>
Amortisation for last year	<u>1,511</u>
Carrying amount:	
At beginning of year	<u>51,466</u>
At end of year	<u>57,515</u>

16 SHORT TERM BANK LOANS

The short-term bank loans of subsidiaries bear interest at rates ranging from 2.1% to 5.3% (2002 : 2.2% to 6%) per annum. The short-term bank loans include bank loans of certain subsidiaries which are covered by proportionate corporate guarantees provided by the shareholders of the subsidiaries.

17 OTHER PAYABLES AND ACCRUED EXPENSES

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Other creditors	986	579	6,773	4,950
Salary related accruals	13,416	14,010	21,362	26,667
Accrued expenses	6,459	11,656	22,722	23,339
Due to directors	8,834	10,703	8,834	10,792
Total	<u>29,695</u>	<u>36,948</u>	<u>59,691</u>	<u>65,748</u>

The amount due to directors is unsecured, interest-free and without fixed repayment terms.

18 DEFERRED TAX LIABILITIES

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Balance at beginning of year	3,458	4,188
On acquisition of subsidiaries	–	1,191
Credit to income for the year (Note 24)	(658)	(1,823)
Exchange differences	(54)	(98)
Balance at end of year	<u>2,746</u>	<u>3,458</u>

The above deferred income tax is mainly due to the tax effect of the foreign exchange differences and the excess of capital allowances over book depreciation.

19 ISSUED CAPITAL

	<u>The Company and The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Authorised:		
500,000,000 (2002 : 500,000,000) ordinary shares of \$0.25 each	<u>125,000</u>	<u>125,000</u>
Issued and fully paid:		
257,123,057 (2002 : 240,314,280) ordinary shares of \$0.25 each	<u>64,281</u>	<u>60,079</u>
Movement during the year was:		
Balance at beginning of year	60,079	57,776
Shares issued upon exercise of options	3,775	1,431
Shares issued in consideration for acquisition of a subsidiary	427	872
Balance at end of year	<u>64,281</u>	<u>60,079</u>

During the financial year, the company made the following share issues:

- i) 18,000 new ordinary shares of \$0.25 each at a price of \$5.40 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- ii) 1,166,000 new ordinary shares of \$0.25 each at a price of \$14.40 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- iii) 1,296,000 new ordinary shares of \$0.25 each at a price of \$14.60 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.

19 ISSUED CAPITAL (cont'd)

- iv) 1,566,000 new ordinary shares of \$0.25 each at a price of \$12.27 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- v) 9,454,000 new ordinary shares of \$0.25 each at a price of \$8.05 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- vi) 1,600,000 new ordinary shares of \$0.25 each at a price of \$13.77 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.
- vii) 1,708,777 new ordinary shares of \$0.25 each at a price of \$18.60 per ordinary share to the shareholders of Univac Precision Engineering Pte Ltd ("Univac") as consideration paid to acquire the remaining 33% of the issued share capital of Univac pursuant to the Sale and Purchase Agreement.

The total number of options outstanding to subscribe for ordinary shares as at end of the year was 21,785,000 (2002 : 33,103,000).

20 REVENUE

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Rendering of electronic manufacturing and engineering services	3,168,545	2,365,514
Dividend income	1,473	738
	<u>3,170,018</u>	<u>2,366,252</u>

21 OTHER OPERATING INCOME

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Government grants	378	2,628
Research and development income	151	591
Bad debts recovered	–	11
Reversal of impairment loss on equity linked deposits	2,500	1,800
Reversal of impairment loss on other investments	4,586	–
Rental income	109	181
Commission received	361	292
Other income	3,294	560
	<u>11,379</u>	<u>6,063</u>

22 PROFIT FROM OPERATIONS

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
Number of employees at end of year	11,553	11,277

	<u>The Group</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000
Directors' remuneration:		
Directors of the company	10,356	12,064
Directors of the subsidiaries and joint venture	2,466	1,271
Directors' fees paid to directors of the company	86	86
Professional fees paid to a firm of which a director of the subsidiary is a member	2	1
Staff costs (including directors' remuneration)	192,095	154,383
Costs of defined contribution plans included in staff costs	10,907	8,908
Non-audit services paid to auditors:		
Auditors of company	32	105
Auditors of subsidiaries	58	23
(Reversal of) Allowance for inventories, net (Note 8)	(125)	176
Reversal of impairment loss on equity linked deposits (Note 5)	(2,500)	(1,800)
(Reversal of) Impairment loss on other investments (Note 12)	(4,586)	8,808

23 INTEREST INCOME (NET OF INTEREST EXPENSE)

	<u>The Group</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000
Interest income from outside parties	12,484	12,560
Interest expense to outside parties	(343)	(443)
	<u>12,141</u>	<u>12,117</u>

24 INCOME TAX EXPENSE

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Income tax on profit for the year:		
Current year	6,821	11,712
(Over) Under provision in prior years	(2,929)	33
Deferred income tax (Note 18):		
Overprovision in prior years	(658)	(1,823)
Share of tax attributable to associates	379	194
Total	<u>3,613</u>	<u>10,116</u>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 22% (2002 : 22%) to profit before income tax as a result of the following differences:

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Income tax expense at statutory tax rate	55,032	42,722
Non-allowable items	501	1,118
Overprovision of income tax in prior years	(3,587)	(1,790)
Prior years' tax loss carryforwards utilised	-	(281)
Deferred tax benefits not recognised	4,441	2,024
Effect of different tax rates of overseas operations	6,770	5,028
Tax exempt income	(59,314)	(38,672)
Utilisation of deferred tax benefits previously not recognised	(83)	-
Other items	(147)	(33)
Total income tax expense	<u>3,613</u>	<u>10,116</u>
Effective tax rate	<u>1.44%</u>	<u>5.21%</u>

The income tax expense for the group is less than the amount determined by applying the statutory tax rates primarily due to tax incentives granted to the company and its subsidiaries.

The Economic Development Board ("EDB") of Singapore granted the company and one of its subsidiaries, Multitech Systems Pte Ltd, Pioneer Status for qualifying activities subject to the fulfilment of certain conditions, for a period of five years commencing August 1, 1999.

In addition, as at December 31, 2003, in-principle approval was given by EDB in granting a subsidiary, Venture Electronics Solutions Pte Ltd, Pioneer Status and Development and Expansion Incentive for qualifying activities subject to the fulfilment of certain conditions, for a period of five years commencing on July 1, 2002.

24 INCOME TAX EXPENSE (cont'd)

3 subsidiaries in Malaysia were granted Pioneer Status which exempts profits derived from pioneer products from income tax for the following periods:

- a) Technocom Systems Sdn Bhd : 10 years commencing January 1, 2002.
- b) Pintarmas Sdn Bhd : 6 years commencing January 1, 2001.
- c) Venture Electronics Services (Malaysia) Sdn Bhd : 5 years commencing September 1, 2001.

The group has estimated tax losses and unabsorbed capital allowances amounting to approximately \$30,203,000 (2002 : \$10,394,000) which are available for offsetting against future taxable income subject to the conditions for deductibility imposed by law, including the retention of majority shareholders as defined. The potential deferred tax benefits of approximately \$6,645,000 (2002 : \$2,287,000) have not been recognised in the financial statements in accordance with the group's accounting policy.

25 EARNINGS PER SHARE

	<u>2003</u>		<u>2002</u>	
	<u>Basic</u>	<u>Diluted</u>	<u>Basic</u>	<u>Diluted</u>
	\$'000	\$'000	\$'000	\$'000
<u>The Group</u>				
Net profit attributable to shareholders	<u>240,386</u>	<u>240,386</u>	<u>181,099</u>	<u>181,099</u>
	<u>Number of shares</u>	<u>Number of shares</u>	<u>Number of shares</u>	<u>Number of shares</u>
	'000	'000	'000	'000
Weighted average number of ordinary shares	<u>249,744</u>	<u>249,744</u>	<u>234,870</u>	<u>234,870</u>
Adjustment for potential dilutive ordinary shares	<u>-</u>	<u>8,781</u>	<u>-</u>	<u>10,426</u>
Weighted average number of ordinary shares used to compute earnings per share	<u>249,744</u>	<u>258,525</u>	<u>234,870</u>	<u>245,296</u>
Earnings per share (cents)	<u>96.3</u>	<u>93.0</u>	<u>77.1</u>	<u>73.8</u>

26 OPERATING LEASE COMMITMENTS

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments paid under operating leases	5,876	5,520	15,169	12,166

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

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Within one year	5,391	5,545	11,389	12,617
In the second to fifth year inclusive	3,387	1,268	11,283	10,320

27 FUTURE CAPITAL EXPENDITURE

	<u>The Group</u>	
	<u>2003</u>	<u>2002</u>
	\$'000	\$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	1,639	3,410

28 CONTINGENT LIABILITIES (UNSECURED)

	<u>The Company</u>		<u>The Group</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	\$'000	\$'000	\$'000	\$'000
Letters of guarantee issued by bankers	3,817	4,798	6,728	6,188
Standby letter of credit	5,819	5,975	5,819	5,975
Corporate guarantees given to banks for banking facilities granted to associates	—	—	3,300	4,320

29 SEGMENT INFORMATION

The group operates predominantly as a provider of manufacturing, engineering, design and fulfilment services to the electronics industry. Geographical segments are reported based on the location of the group's production and service facilities and assets.

Segment revenue and expenses are the operating revenue and expenses in the group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to a segment.

Inter-segment pricing is determined on terms agreed between the parties of the transaction.

Geographical segments

	<u>Singapore</u> \$'000	<u>Asia-Pacific</u> <u>(excluding</u> <u>Singapore)</u> \$'000	<u>United States</u> <u>of America/</u> <u>Mexico/Others</u> \$'000	<u>Eliminations</u> \$'000	<u>Group</u> \$'000
<u>2003</u>					
Revenue:					
External sales	2,832,757	286,705	50,556	–	3,170,018
Inter-segment sales	161,153	1,874,867	22,894	(2,058,914)	–
Total revenue	<u>2,993,910</u>	<u>2,161,572</u>	<u>73,450</u>	<u>(2,058,914)</u>	<u>3,170,018</u>
Results:					
Profit from operations	116,023	145,546	2,182	(28,147)	235,604
Interest income (net of interest expense)	10,947	657	537	–	12,141
Income from associates	2,401	–	–	–	2,401
Profit before income tax	129,371	146,203	2,719	(28,147)	250,146
Income tax expense					(3,613)
Profit after income tax					<u>246,533</u>
Other information:					
Capital additions	21,611	26,687	1,575	–	49,873
Depreciation and amortisation	31,997	20,411	3,563	(41)	55,930
Assets:					
Segment assets	1,287,359	424,588	64,441	–	1,776,388
Investment in associates	23,284	–	–	–	23,284
Unallocated corporate assets					9,661
					<u>1,809,333</u>
Liabilities:					
Segment liabilities	188,745	249,504	13,543	–	451,792
Unallocated corporate liabilities					8,173
					<u>459,965</u>

29 SEGMENT INFORMATION (cont'd)

	<u>Singapore</u> \$'000	<u>Asia-Pacific</u> <u>(excluding</u> <u>Singapore)</u> \$'000	<u>United States</u> <u>of America/</u> <u>Mexico/Others</u> \$'000	<u>Eliminations</u> \$'000	<u>Group</u> \$'000
<u>2002</u>					
Revenue:					
External sales	2,155,289	177,069	33,894	–	2,366,252
Inter-segment sales	422,344	1,298,295	39,626	(1,760,265)	–
Total revenue	<u>2,577,633</u>	<u>1,475,364</u>	<u>73,520</u>	<u>(1,760,265)</u>	<u>2,366,252</u>
Results:					
Profit (Loss) from operations	105,241	85,534	(6,763)	(3,492)	180,520
Interest income (net of interest expense)	9,540	755	1,822	–	12,117
Income from associates	1,552	–	–	–	1,552
Profit (Loss) before income tax	116,333	86,289	(4,941)	(3,492)	194,189
Income tax expense					(10,116)
Profit after income tax					<u>184,073</u>
Other information:					
Capital additions	69,821	36,767	2,745	–	109,333
Depreciation and amortisation	24,714	13,966	4,053	(83)	42,650
Assets:					
Segment assets	1,013,489	316,849	67,216	–	1,397,554
Investment in associates	24,194	–	–	–	24,194
Unallocated corporate assets					5,356
					<u>1,427,104</u>
Liabilities:					
Segment liabilities	217,010	224,212	9,271	–	450,493
Unallocated corporate liabilities					11,190
					<u>461,683</u>

Business segments

The following table provides an analysis of the group's revenue by business segments.

	<u>2003</u> \$'000	<u>2002</u> \$'000
Design, manufacturing and fulfilment services in electronics industry	<u>3,170,018</u>	<u>2,366,252</u>

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, goodwill and intangible assets, analysed by the business segments in which the assets are located:

	<u>Segment assets</u>		<u>Capital additions</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000	<u>2003</u> \$'000	<u>2002</u> \$'000
Design, manufacturing and fulfilment services in electronics industry	<u>1,776,388</u>	<u>1,397,554</u>	<u>49,873</u>	<u>109,333</u>

30 DIVIDENDS

- i) During the financial year ended December 31, 2002, the company declared and paid a first and final tax exempt dividend of \$0.025 per ordinary share and bonus tax exempt dividend of \$0.025 per ordinary share on the ordinary shares of the company totalling \$11,636,832 in respect of the financial year ended December 31, 2001.
- ii) During the financial year ended December 31, 2003, the company declared and paid a first and final tax exempt dividend of \$0.0375 per ordinary share and bonus tax exempt dividend of \$0.0375 per ordinary share on the ordinary shares of the company totalling \$18,483,696 in respect of the financial year ended December 31, 2002.
- iii) Subsequent to December 31, 2003, the directors of the company proposed a first and final tax exempt dividend of \$0.0625 per ordinary share and a bonus dividend of \$0.125 per ordinary share less tax for the financial year just ended on the ordinary shares of the company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 - Events After The Balance Sheet Date.

31 MAJOR PROPERTIES

The schedule below shows the group's major properties together with particulars of their tenure and usage:

<u>Held by</u>	<u>Location</u>	<u>Description and Approx. Land Area</u>	<u>Tenure</u>	<u>Usage</u>
Pintarmas Sdn Bhd	Lot 3789 (sub-divided into 5 lots PTD 67770-67774) Mukim of Tebrau, Johor Bahru, Malaysia	Land area: 29,029 sq. m. Industrial land	Freehold	Manufacturing facilities
Venture Electronics Services (Malaysia) Sdn Bhd	No.44, Hilir Sungai Keluang Satu, Taman Perindustrian Bayan Lepas (Fasa IV), 11900 Bayan Lepas, Penang, Malaysia	Land area: 39,536 sq. m. Industrial land	60 years leasehold from June 13, 1995	Manufacturing facilities
Venture Corporation Limited	Lot 7114 Mukim 17 Singapore	Gross floor area: 1,424.6 sq. m.	Freehold	Residential Property
Cebelian Holdings Pte Ltd	69 Huang Yang Road Block 2, 6/F Unit D, Xinh Garden, Jinqiao Pudong Shanghai 201206 People's Republic of China	Gross floor area: 156.48 sq. m.	70 years leasehold from November 30, 1994	Lease