

VENTURE CORPORATION LIMITED

Full Year Financial Statement And Dividend Announcement

The Board of Directors of Venture Corporation Limited wishes to make the following announcement:

Full-year financial statements on consolidated results for the financial year ended 31 December 2002.
These figures have not been audited.

- 1.(a)(i) **An income statement for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | Group | | |
|---|--------------------|-----------------|------------------------------|
| | 2002 S\$'000 | 2001 S\$'000 | % increase/ (decrease) |
| Revenue | 2,366,252 | 1,430,862 | 65.4 |
| Other operating income | 6,063 | 7,090 | (14.5) |
| Changes in inventories of finished goods and work in progress | 55,430 | 5,476 | 912.2 |
| Raw materials and consumables used | (1,935,688) | (1,099,594) | 76.0 |
| Staff costs | (154,383) | (115,179) | 34.0 |
| Depreciation and amortisation expense | (42,650) | (27,791) | 53.5 |
| Research and development expense | (29,675) | (19,706) | 50.6 |
| Foreign currency exchange adjustment gain/(loss) | (12,730) | 8,145 | (256.3) |
| Other operating expense | (72,099) | (56,746) | 27.1 |
| Profit from operations | 180,520 | 132,557 | 36.2 |
| Interest income (net of interest expense) | 12,117 | 11,178 | 8.4 |
| Share of profits in associates | 1,552 | - | - |
| Profit before income tax | 194,189 | 143,735 | 35.1 |
| Income tax expense | (10,116) | (9,186) | 10.1 |
| Profit after income tax but before minority interest | 184,073 | 134,549 | 36.8 |
| Minority interests | (2,974) | 132 | n.m. |
| Net profit attributable to the shareholders of the company | 181,099 | 134,681 | 34.5 |

- 1.(a)(ii) **Additional information for the income statement**

| | Group | | |
|---|-----------------|-----------------|------------------------------|
| | 2002 S\$'000 | 2001 S\$'000 | % increase/ (decrease) |
| Impairment loss on equity linked deposits/ other investments | 7,200 | 4,300 | 67.4 |
| Under(Over) provision of tax in respect of prior years | (1,790) | 299 | (698.7) |

1.(b) **Balance Sheet**

| | Group | | Company | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2002 | 31.12.2001 | 31.12.2002 | 31.12.2001 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash | 153,729 | 77,009 | 53,394 | 37,335 |
| Fixed deposits | 266,004 | 237,107 | 211,943 | 201,251 |
| Trade receivables | 446,334 | 240,748 | 193,527 | 174,841 |
| Other receivables and prepayments | 31,205 | 18,176 | 15,037 | 5,866 |
| Inventories | 217,803 | 151,274 | 65,260 | 85,596 |
| Amount due from subsidiaries | - | - | 155,835 | 104,988 |
| Amount due from joint venture | 74 | 1,409 | - | 2,776 |
| Amount due from associates | 2,730 | - | - | - |
| Total current assets | 1,117,879 | 725,723 | 694,996 | 612,653 |
| Non-current assets: | | | | |
| Investments in subsidiaries | - | - | 122,345 | 15,328 |
| Investments in associates | 24,194 | - | - | - |
| Investment in joint venture | - | - | 1,000 | 1,000 |
| Other investments | 46,034 | 20,848 | 914 | - |
| Property, plant and equipment | 162,430 | 114,260 | 29,345 | 32,637 |
| Intangible assets | 25,101 | 23,218 | - | - |
| Goodwill on consolidation | 51,466 | 1,936 | - | - |
| Total non-current assets | 309,225 | 160,262 | 153,604 | 48,965 |
| Total Assets | 1,427,104 | 885,985 | 848,600 | 661,618 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities: | | | | |
| Bank overdrafts | - | 9,667 | - | - |
| Short-term bank loans | 6,054 | 5,179 | - | - |
| Trade payables | 372,841 | 144,902 | 76,900 | 60,383 |
| Other payables | 65,748 | 49,875 | 36,948 | 36,819 |
| Amount due to subsidiaries | - | - | 61,915 | 74,768 |
| Amount due to joint venture | 142 | - | 274 | - |
| Amount due to associates | 5,708 | - | 1,162 | - |
| Income tax payable | 7,732 | 6,344 | 637 | 648 |
| Total current liabilities | 458,225 | 215,967 | 177,836 | 172,618 |
| Non-current liability: | | | | |
| Deferred Income Tax | 3,458 | 4,188 | - | - |
| Minority interest | | | | |
| | 22,451 | 441 | - | - |
| Capital and reserves: | | | | |
| Issued capital | 60,079 | 57,776 | 60,079 | 57,776 |
| Share premium | 239,389 | 126,547 | 239,389 | 126,547 |
| Accumulated profits | 649,955 | 480,493 | 371,296 | 304,677 |
| Reserve on Consolidation | 51 | 51 | - | - |
| Translation Reserves | (6,504) | 522 | - | - |
| Total equity | 942,970 | 665,389 | 670,764 | 489,000 |
| Total Liabilities and Equity | 1,427,104 | 885,985 | 848,600 | 661,618 |

1.(b)(ii) **Aggregate amount of group's borrowings and debt securities**

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

| As at 31/12/2002 | | As at 31/12/2001 | |
|-------------------------|------------------|-------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| - | 6,054 | - | 14,846 |

(b) Amount repayable after one year

| As at 31/12/2002 | | As at 31/12/2001 | |
|-------------------------|------------------|-------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| - | - | - | - |

1.(c) Consolidated cash flow statement

| | 31.12.2002 | 31.12.2001 |
|--|-----------------|-----------------|
| | S\$'000 | S\$'000 |
| Cash flows from operating activities: | | |
| Profit before income tax | 192,637 | 143,735 |
| Adjustments for: | | |
| Depreciation expense | 34,256 | 26,402 |
| Amortisation of goodwill | 1,511 | 69 |
| Goodwill written off | - | 12 |
| Amortisation of intangible assets | 6,883 | 1,308 |
| Impairment loss on equity linked deposits/other investments | 7,200 | 900 |
| Interest income | (12,560) | (11,507) |
| Dividend income | (738) | (712) |
| Interest expense | 443 | 329 |
| Gain on disposal of investment in associates | - | (28) |
| Loss on disposal of fixed assets | 41 | 61 |
| Operating profit before working capital changes | 229,673 | 160,569 |
| | | |
| Trade receivables | (188,908) | (62,426) |
| Other receivables and prepaid expenses | (7,484) | (6,928) |
| Amount due from joint venture (trade) | 1,477 | (1,283) |
| Inventories | (55,472) | 76,145 |
| Trade payables | 189,625 | (9,990) |
| Other payables | 8,929 | (8,525) |
| Amount due to associates (trade) | 2,978 | - |
| Cash generated from operations | 180,818 | 147,562 |
| | | |
| Interest received | 12,560 | 11,507 |
| Interest paid | (443) | (329) |
| Income tax paid | (19,927) | (7,865) |
| Dividends paid | (11,637) | (11,550) |
| Dividends received | 738 | 712 |
| Net cash from operating activities | 162,109 | 140,037 |
| Cash flows from investing activities: | | |
| Contribution from minority shareholders | 187 | (179) |
| Purchase of fixed assets | (49,515) | (39,315) |
| Proceeds on disposal of fixed assets | 3,514 | 6,246 |
| Intangible assets | (8,777) | (11,521) |
| Dividend received from associates | 449 | - |
| Proceeds on disposal of investment in associates | - | 500 |
| Purchase of investments | (31,651) | (276) |
| Acquisition of subsidiaries, net of cash acquired | (14,041) | - |
| Net cash used in investing activities | (99,834) | (44,545) |
| Cash flows from financing activities: | | |
| Increase in short-term bank loans | 875 | 4,832 |
| Proceeds from issue of shares | 56,706 | 1,360 |
| Net cash from financing activities | 57,581 | 6,192 |
| Net effect of exchange rate changes in consolidating subsidiaries | (4,572) | 3,825 |
| Increase in cash and cash equivalents | 115,284 | 105,509 |
| Cash and cash equivalents at beginning of year | 304,449 | 198,940 |
| Cash and cash equivalents at end of year | 419,733 | 304,449 |

1.(d)(i) **Statement of changes in equity for the period ended 31 December 2002**

| | Issued capital S\$'000 | Share premium S\$'000 | Currency translation reserves S\$'000 | Reserve on consolidation S\$'000 | Accumulated Profits S\$'000 | Total S\$'000 |
|--|------------------------------|-----------------------------|--|---|-----------------------------------|------------------|
| The Group | | | | | | |
| Balance at 31 December 2000 | 57,703 | 125,260 | (5,526) | 51 | 357,362 | 534,850 |
| Currency translation differences | - | - | 6,048 | - | - | 6,048 |
| Net profit attributable to the shareholders of the company | - | - | - | - | 134,681 | 134,681 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | - | - | - | - | (11,550) | (11,550) |
| Issue of share capital | 73 | 1,287 | - | - | - | 1,360 |
| Balance at 31 December 2001 | 57,776 | 126,547 | 522 | 51 | 480,493 | 665,389 |
| Currency translation differences | - | - | (7,026) | - | - | (7,026) |
| Net profit attributable to the shareholders of the company | - | - | - | - | 181,099 | 181,099 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | - | - | - | - | (11,637) | (11,637) |
| Issue of share capital | 2,303 | 112,842 | - | - | - | 115,145 |
| Balance at 31 December 2002 | 60,079 | 239,389 | (6,504) | 51 | 649,955 | 942,970 |
| The Company | | | | | | |
| Balance at 31 December 2000 | 57,703 | 125,260 | - | - | 218,667 | 401,630 |
| Net profit attributable to the shareholders of the company | - | - | - | - | 97,560 | 97,560 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | - | - | - | - | (11,550) | (11,550) |
| Issue of share capital | 73 | 1,287 | - | - | - | 1,360 |
| Balance at 31 December 2001 | 57,776 | 126,547 | - | - | 304,677 | 489,000 |
| Net profit attributable to the shareholders of the company | - | - | - | - | 78,256 | 78,256 |
| First and final tax exempt dividend and tax exempt bonus dividend paid in respect of the previous financial year | - | - | - | - | (11,637) | (11,637) |
| Issue of share capital | 2,303 | 112,842 | - | - | - | 115,145 |
| Balance at 31 December 2002 | 60,079 | 239,389 | - | - | 371,296 | 670,764 |

1.(d)(ii) **Details of any changes in the Company's issued share capital**

Venture Corporation Limited Executive Share Option Scheme ("The Scheme")

Since the end of the previous half-year, options were granted in respect of 5,252,000 unissued shares of S\$0.25 each in the capital of the Company to 3 directors and 587 employees of the Group at a subscription price of S\$13.77 per share in accordance with the Scheme. The options are exercisable during the period commencing twelve (12) months from the date of grant and expiring at the end of five (5) years from the date of grant.

Since the end of the previous half-year, 3,897,000 ordinary shares of S\$0.25 each were issued to holders of options who exercised 3,897,000 of their options under the Scheme. As at 31 December 2002, there were 33,103,000 unissued shares of the Company under options (30 June 2002: 32,076,300).

Since the end of the previous half-year, 328,300 options to take up ordinary shares (30 June 2002: Nil) of S\$0.25 each in the capital of the Company lapsed.

Acquisition of Univac Precision Engineering Pte Ltd ("Univac")

In July 2002, the Company issued 3,489,663 ordinary shares of S\$0.25 each at S\$16.7466 per share to the shareholders of Univac as part of the consideration for the Company's acquisition of 67 per cent. of the total issued share capital of Univac.

Share Capital

As at 31 December 2002, the issued and paid up capital of the Company was S\$60,078,570 divided into 240,314,280 shares of S\$0.25 each.

Subsequent to the end of the financial year to the date of the announcement, 1,503,000 shares were issued for options exercised, hence the issued and paid up capital of the Company was increased to S\$60,454,320 divided into 241,817,280 shares of S\$0.25 each.

2. **Whether the figures have been audited, or reviewed and in accordance with which standard.**

These figures have not been audited or reviewed.

3. **Where these figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2001.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

Not applicable.

6.

Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

(a) Based on the weighted average number of ordinary shares on issue (cents)

(b) On a fully diluted basis (cents)
(detailing any adjustments made to the earnings)

| | Latest period 31/12/02 | Previous corresponding period 31/12/01 |
|-----|---------------------------|---|
| (a) | 77.1 | 58.3 |
| (b) | 73.8 | 57.7 |

7.

Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported in (cents)

| Group | | Company | |
|------------|------------|------------|------------|
| 31.12.2002 | 31.12.2001 | 31.12.2002 | 31.12.2001 |
| 392.4 | 287.9 | 279.1 | 211.6 |

8. **Review of the performance of the group**

The Group achieved a record full year revenue of S\$2.37 billion, registering an increase of 65.4% over the same period last year. There was strong revenue growth in all product segments due to market share improvement from existing customers as well as commencement of business from new customers sourcing for lower cost solutions in Asia. Higher volume from a wider spectrum of products also contributed to the growth.

On the back of record revenue, profit after tax grew 34.5% to S\$181 million compared to the corresponding period last year. This growth was achieved in spite of higher exchange losses and increased depreciation and amortization expenses. The increased profitability was due to more higher value-added activities such as NPI programmes, component design, test and process development, tooling design and fabrication and rapid prototyping. Improved efficiency through higher productivity and innovation also contributed to the increase. Lower cost structure achieved through the Group's sound strategy mitigated unabated price erosion in the market place to help sustain its profitability.

9. **Comment on forecast, if previously disclosed**

Not applicable.

10. **Commentary on competitive conditions that may affect the group in the next reporting period**

The operating environment is generally expected to remain challenging. There are mixed signals of recovery in end-market demand with downside risks due to any protracted conflict in the Middle East. However, the Group remains confident that it is well-positioned to further improve its market share through its sound strategy, innovative business models and superb execution.

Going forward, the Group will continue to enhance its global presence, particularly by building up its clusters of excellence in North-East Asia, Europe and the Americas. Combining synergistically with its South-East Asia cluster of excellence, the Group seeks to continually optimize the utilization of resources globally and to provide an integrated range of world-class end-to-end supply chain solutions at lower cost. In addition, the Group plans to intensify its efforts to develop and acquire new technologies, through its own internal research and development programmes and collaboration with strategic partners.

11. **Dividend**

(a) Present Period

| | | |
|---------------------|-----------------|-----------------|
| Name of Dividend | <u>Ordinary</u> | <u>Ordinary</u> |
| Dividend Type | Proposed Final | Proposed Bonus |
| Dividend Rate | 15% | 15% |
| Par value of shares | S\$0.25 | S\$0.25 |
| Tax Rate | Exempt | Exempt |

(b) Previous Corresponding Period

| | | |
|---------------------|-----------------|-----------------|
| Name of Dividend | <u>Ordinary</u> | <u>Ordinary</u> |
| Dividend Type | Proposed Final | Proposed Bonus |
| Dividend Rate | 10% | 10% |
| Par value of shares | S\$0.25 | S\$0.25 |
| Tax Rate | Exempt | Exempt |

(c) Date payable

Date of payment of dividend will be announced at a later date.

(d) Books closing date

Notice of book closure will be announced at a later date.

12. **If no dividend has been declared(recommended), a statement to that effect.**

Not applicable.

13. **Segmental Results**

a) **By Geographical Segments**

| | Singapore S\$'000 | Asia Pacific (excluding Singapore) S\$'000 | United States of America/Mexico/ Others S\$'000 | Eliminations S\$'000 | Group S\$'000 |
|---|----------------------|---|--|-------------------------|------------------|
| 2002 | | | | | |
| 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 | 2,577,633 | 1,475,364 | 73,520 | (1,760,265) | 2,366,252 |
| Results: | | | | | |
| Profits (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 |
| Share of profits in 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 | | | | | 184,073 |
| 2001 | | | | | |
| Revenue: | | | | | |
| External sales | 1,212,851 | 190,026 | 27,985 | - | 1,430,862 |
| Inter-segment sales | 327,938 | 296,370 | 15,278 | (639,586) | - |
| Total revenue | 1,540,789 | 486,396 | 43,263 | (639,586) | 1,430,862 |
| Results: | | | | | |
| Profits (Loss) from operations | 103,667 | 32,766 | (4,921) | 1,045 | 132,557 |
| Interest income (net of interest expense) | 10,122 | 1,291 | (235) | | 11,178 |
| Profit (Loss) before income tax | 113,789 | 34,057 | (5,156) | 1,045 | 143,735 |
| Income tax expense | | | | | (9,186) |
| Profit after income tax | | | | | 134,549 |

b) **By Business Segments**

| | 2002 S\$'000 | 2001 S\$'000 |
|--|-----------------|-----------------|
| Design, manufacturing and fulfillment services in electronics industry | 2,366,252 | 1,430,862 |

Note:

For the segmental reporting by geographical segments, the revenue and profit before tax are based on country of operations.

14. **In the review of performance, the factors leading to any material changes in contributions to revenue and earnings by the business or geographical segments**

Not applicable.

15.

| Group | | |
|--|-------------------------|----------------------|
| | S\$'000 | % |
| Latest Financial Year | Previous Financial Year | Increase/ (Decrease) |
| (a) Revenue reported for first half year | 905,569 | 682,214 32.7 |
| (b) Profit after income tax but before minority interest reported for first half year | 74,819 | 55,378 35.1 |
| (c) Revenue reported for second half year | 1,460,683 | 748,648 95.1 |
| (d) Profit after income tax but before minority interest reported for second half year | 109,254 | 79,171 38.0 |

16. **Breakdown of annual dividend**

Total Annual Dividend (if applicable)

| | Latest Year 31/12/02 | Previous Year 31/12/01 |
|------------|----------------------|------------------------|
| Ordinary | 18,024,000 | 11,637,000 |
| Preference | - | - |
| Total | 18,024,000 | 11,637,000 |

BY ORDER OF THE BOARD

Yvonne Choo
 Company Secretary
 28 February 2003