

**VENTURE CORPORATION LIMITED**

**First Quarter Financial Statement And Dividend Announcement**

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

Quarterly financial statements on consolidated results for the quarter ended 31 March 2004.  
These figures have not been audited or reviewed.

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

	<b>Group</b>		
	<b>3 months ended 31.03.2004 S\$'000</b>	3 months ended 31.03.2003 S\$'000	<b>% increase/ (decrease)</b>
<b>Revenue</b>	<b>701,062</b>	634,185	10.5
Other operating income	<b>1,380</b>	895	54.2
Changes in inventories of finished goods and work in progress	<b>6,382</b>	5,104	25.0
Raw materials and consumables used	<b>(577,592)</b>	(511,576)	12.9
Staff costs (include R&D staff costs)	<b>(45,990)</b>	(45,834)	0.3
Depreciation and amortisation expense	<b>(14,038)</b>	(13,078)	7.3
Research and development expense (exclude R&D staff costs)	<b>(7,206)</b>	(9,009)	(20.0)
Foreign currency exchange adjustment loss	<b>(1,988)</b>	(1,625)	22.3
Other operating expense	<b>(18,021)</b>	(16,922)	6.5
<b>Profit from operations</b>	<b>43,989</b>	42,140	4.4
Interest income (net of interest expense)	<b>3,463</b>	2,386	45.1
Income from associates	<b>822</b>	1,059	(22.4)
<b>Profit before income tax</b>	<b>48,274</b>	45,585	5.9
Income tax expense	<b>(818)</b>	(2,212)	(63.0)
<b>Profit after income tax but before minority interests</b>	<b>47,456</b>	43,373	9.4
Minority interests	<b>(557)</b>	(1,018)	(45.3)
<b>Net profit attributable to the shareholders of the company</b>	<b>46,899</b>	42,355	10.7

1.(a)(ii) **The net profit attributable to the shareholders includes the following charges/(credits):**

	<b>Group</b>		
	<b>3 months ended 31.03.2004 S\$'000</b>	3 months ended 31.03.2003 S\$'000	<b>% increase/ (decrease)</b>
Overprovision of tax in respect of prior years	(721)	-	n.m.
Gain on disposal of plant and equipment, net	(94)	(81)	16.0
Gain on sale of fixed rate bonds	(740)	-	n.m.

Note:

(1) n.m. - not meaningful

1.(b)(i) **A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	31.03.2004	31.12.2003	31.03.2004	31.12.2003
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	165,478	155,556	45,979	38,898
Fixed deposits	672,369	624,577	555,320	507,072
Trade receivables	410,843	439,629	155,751	155,664
Other receivables and prepayments	51,135	29,752	26,306	8,797
Inventories	270,193	254,164	73,587	66,523
Amount due from subsidiaries	-	-	116,513	134,035
Amount due from associates	1,060	883	-	-
Amount due from joint venture	132	9	-	-
<b>Total current assets</b>	<b>1,571,210</b>	<b>1,504,570</b>	<b>973,456</b>	<b>910,989</b>
<b>Non-current assets:</b>				
Investments in subsidiaries	-	-	154,128	154,128
Investments in associates	23,720	23,284	-	-
Investment in joint venture	-	-	1,000	1,000
Other investments	38,029	47,034	8,250	8,250
Property, plant and equipment	153,426	159,362	22,913	23,813
Intangible assets	15,579	17,568	574	648
Goodwill on consolidation	56,705	57,515	-	-
<b>Total non-current assets</b>	<b>287,459</b>	<b>304,763</b>	<b>186,865</b>	<b>187,839</b>
<b>Total Assets</b>	<b>1,858,669</b>	<b>1,809,333</b>	<b>1,160,321</b>	<b>1,098,828</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank overdrafts	1,066	821	-	-
Short-term bank loans	9,244	9,043	-	-
Trade payables	381,434	380,000	62,244	66,448
Other payables and accrued expenses	37,811	59,691	13,206	29,695
Amount due to subsidiaries	-	-	106,062	70,475
Amount due to associates	1,121	2,167	422	630
Amount due to joint venture	264	70	258	124
Income tax payable	2,517	5,427	-	-
<b>Total current liabilities</b>	<b>433,457</b>	<b>457,219</b>	<b>182,192</b>	<b>167,372</b>
<b>Non-current liability:</b>				
Deferred tax liabilities	2,736	2,746	-	-
<b>Minority interests</b>	<b>8,825</b>	<b>8,310</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves:</b>				
Issued capital	64,872	64,281	64,872	64,281
Share premium	447,585	420,131	447,585	420,131
Accumulated profits	918,756	871,857	465,672	447,044
Reserve on consolidation	51	51	-	-
Currency translation reserves	(17,613)	(15,262)	-	-
<b>Total equity</b>	<b>1,413,651</b>	<b>1,341,058</b>	<b>978,129</b>	<b>931,456</b>
<b>Total Liabilities and Equity</b>	<b>1,858,669</b>	<b>1,809,333</b>	<b>1,160,321</b>	<b>1,098,828</b>

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 31.03.2004		As at 31.12.2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,966	8,344	1,735	8,129

(b) Amount repayable after one year

As at 31.03.2004		As at 31.12.2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

(c) Details of any collateral

The bank loans are provided to subsidiaries of Univac Precision Engineering Pte Ltd. The loans are secured by proportionate corporate guarantees provided by the shareholders of the subsidiaries.

1.(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31.03.2004</b>	<b>31.03.2003</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit before income from associates, income tax and minority interests	47,452	44,526
Adjustments for:		
Depreciation expense	10,166	9,726
Amortisation of goodwill	810	697
Amortisation of intangible assets	3,062	2,655
Interest income	(3,552)	(2,458)
Dividend income	(172)	(136)
Interest expense	89	72
Gain on disposal of plant and equipment, net	(94)	(81)
<b>Operating profit before working capital changes</b>	<b>57,761</b>	<b>55,001</b>
Trade receivables	28,786	50,320
Other receivables and prepayments	(23,718)	(13,604)
Inventories	(16,029)	(28,912)
Amount due from joint venture	71	21
Amount due from associates	(1,223)	(2,954)
Trade payables	1,434	(47,193)
Other payables and accrued expenses	(21,880)	(17,220)
<b>Cash generated from (used in) operations</b>	<b>25,202</b>	<b>(4,541)</b>
Interest received	3,552	2,458
Interest paid	(89)	(72)
Income tax paid	(1,155)	(1,439)
Dividends received	172	136
<b>Net cash from (used in) operating activities</b>	<b>27,682</b>	<b>(3,458)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(5,442)	(12,072)
Proceeds on disposal of plant and equipment	391	4,814
Addition of intangible assets	(1,088)	(2,086)
Purchase of other investments	(76)	(143)
Proceeds on disposal of other investments	9,506	469
Dividends received from associates	68	135
<b>Net cash from (used in) investing activities</b>	<b>3,359</b>	<b>(8,883)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term bank loans	201	873
Proceeds from issue of shares	28,045	24,994
<b>Net cash from financing activities</b>	<b>28,246</b>	<b>25,867</b>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<b>(1,818)</b>	<b>26</b>
Net increase in cash and cash equivalents	57,469	13,552
Cash and cash equivalents at beginning of period	779,312	419,733
<b>Cash and cash equivalents at end of period</b>	<b>836,781</b>	<b>433,285</b>

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

	<b>Issued capital S\$'000</b>	<b>Share premium S\$'000</b>	<b>Currency translation reserves S\$'000</b>	<b>Reserve on consolidation S\$'000</b>	<b>Accumulated Profits S\$'000</b>	<b>Total S\$'000</b>
<b>The Group</b>						
Balance at 1 January 2003	60,079	239,389	(6,504)	51	649,955	942,970
Currency translation differences	-	-	64	-	-	64
Net profit attributable to the shareholders of the company	-	-	-	-	42,355	42,355
Issue of shares	772	24,222	-	-	-	24,994
Balance at 31 March 2003	<u>60,851</u>	<u>263,611</u>	<u>(6,440)</u>	<u>51</u>	<u>692,310</u>	<u>1,010,383</u>
Balance at 1 January 2004	64,281	420,131	(15,262)	51	871,857	1,341,058
Currency translation differences	-	-	(2,351)	-	-	(2,351)
Net profit attributable to the shareholders of the company	-	-	-	-	46,899	46,899
Issue of shares	591	27,454	-	-	-	28,045
Balance at 31 March 2004	<u>64,872</u>	<u>447,585</u>	<u>(17,613)</u>	<u>51</u>	<u>918,756</u>	<u>1,413,651</u>
<b>The Company</b>						
Balance at 1 January 2003	60,079	239,389	-	-	371,296	670,764
Net profit attributable to the shareholders of the company	-	-	-	-	15,044	15,044
Issue of shares	772	24,222	-	-	-	24,994
Balance at 31 March 2003	<u>60,851</u>	<u>263,611</u>	<u>-</u>	<u>-</u>	<u>386,340</u>	<u>710,802</u>
Balance at 1 January 2004	64,281	420,131	-	-	447,044	931,456
Net profit attributable to the shareholders of the company	-	-	-	-	18,628	18,628
Issue of shares	591	27,454	-	-	-	28,045
Balance at 31 March 2004	<u>64,872</u>	<u>447,585</u>	<u>-</u>	<u>-</u>	<u>465,672</u>	<u>978,129</u>

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

Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme ("The Scheme")

Since the end of the previous financial year, options were granted in respect of 4,541,000 unissued shares of S\$0.25 each in the capital of the Company to 3 directors and 971 employees of the Group at a subscription price of S\$21.53 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 financial year, 2,364,000 ordinary shares of S\$0.25 each were issued to holders of options who exercised 2,364,000 of their options under the Scheme. As at 31 March 2004, there were 23,962,000 unissued shares of the Company under options (31 March 2003: 30,012,000).

Since the end of the previous financial year, no options to take up ordinary shares (31 March 2003: Nil) of S\$0.25 each in the capital of the Company lapsed.

Share Capital

As at 31 March 2004, the issued and paid up capital of the Company was S\$64,871,764 divided into 259,487,057 ordinary shares of S\$0.25 each.

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

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 2003.

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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Latest period 31.03.2004	Previous corresponding period 31.03.2003
(a) Based on the weighted average number of ordinary shares on issue (cents)	18.1	17.5
(b) On a fully diluted basis (cents) (detailing any adjustments made to the earnings)	17.5	17.0

7.

Net asset value per ordinary share based on issued share capital at the end of the period reported on (cents)

Group		Company	
31.03.2004	31.12.2003	31.03.2004	31.12.2003
544.8	521.6	376.9	362.3

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Compared to the same period last year, Group revenue in 1Q FY2004 increased by 11% from S\$634 million to S\$701 million. There was healthy growth in the networking and communication, test and measurement and medical product segments but slower year-on-year growth for high volume products.

Group profit after tax improved by 11% from S\$42.4 million to S\$46.9 million. This growth was attributable to the Group's continuous focus to develop a cost effective structure and improve efficiency by maximizing production throughput. The higher interest income earned and the lower effective tax rate also contributed to the growth.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

With signs of improvement in general and in the environment that the Group operates in, it is cautiously optimistic about its prospects for the next 12 months.

The Group will continue to work towards expanding its customer base to achieve a more balanced growth. It will strengthen its capabilities in both high-mix product development and high volume manufacturing, prototyping, new product introduction ("NPI") and product testing activities. The Group will also increase its scale of operations and scope of activities in all its clusters, especially in Asia, to cater to the growing demand for electronics services.

The Group will pursue enhancement of its cost-to-capability ratio through optimization of resource utilization worldwide. The Group continues to explore various growth opportunities including strategic acquisitions, alliances and partnerships.

11. **Dividend**

**(a) Current Financial Period Reported On**

Name of Dividend	Nil
Dividend Type	Nil
Dividend Amount per Share (in cents)	Nil
Dividend Rate	Nil
Par value of shares	Nil
Tax Rate	Nil

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of Dividend	Nil
Dividend Type	Nil
Dividend Amount per Share (in cents)	Nil
Dividend Rate	Nil
Par value of shares	Nil
Tax Rate	Nil

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend for the period ended 31 March 2004 is recommended or declared.

**BY ORDER OF THE BOARD**

Yvonne Choo  
Company Secretary  
4 May 2004