

VENTURE CORPORATION LIMITED

First Quarter Financial Statements 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 2006.

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**

	Group		
	3 months ended 31.03.2006 S\$'000	3 months ended 31.03.2005 S\$'000	% increase/ (decrease)
Revenue	733,865	763,404	(3.9)
Other income	11,876	3,692	221.7
Changes in inventories of finished goods and work in progress	29,232	8,607	239.6
Raw materials and consumables used	(615,686)	(644,847)	(4.5)
Staff costs	(56,012)	(51,198)	9.4
Depreciation and amortisation expense	(10,573)	(12,787)	(17.3)
Research and development expense (exclude R&D staff costs)	(14,597)	(5,608)	160.3
Foreign currency exchange adjustment loss	(14,792)	(78)	18,864.1
Other expenses	(23,239)	(21,209)	9.6
Investment revenue	8,327	5,775	44.2
Finance costs (interest on bank borrowings)	(87)	(90)	(3.3)
Share of profits of associates	561	563	(0.4)
Profit before income tax	48,875	46,224	5.7
Income tax expense	868	(1,332)	n.m.
Profit after income tax	49,743	44,892	10.8
Attributable to:			
Equity holders of the company	49,363	44,805	10.2
Minority interests	380	87	336.8
	49,743	44,892	10.8

1.(a)(ii) **The profit after income tax includes the following (charges)/credits:**

	Group		
	3 months ended 31.03.2006 S\$'000	3 months ended 31.03.2005 S\$'000	% increase/ (decrease)
Overprovision of tax in respect of prior years	2,716	221	1,129.0
(Loss) Gain on disposal of plant and equipment, net	(130)	64	n.m.
Gain on sale of available-for-sale investments	-	2,467	n.m.
Fair value gain on derivative financial instruments	11,356	636	1,685.5

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	
	31.03.2006	31.12.2005	31.03.2006	31.12.2005
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	515,375	556,586	363,257	401,096
Available-for-sale investments	38,994	38,756	25,000	25,000
Trade receivables	521,523	590,598	204,486	220,083
Other receivables and prepayments	45,802	30,214	5,827	3,951
Inventories	446,673	408,136	107,452	98,892
Amount due from subsidiaries	-	-	90,912	101,340
Amount due from associates	2	-	-	-
Amount due from joint venture	48	-	-	-
Total current assets	1,568,417	1,624,290	796,934	850,362
Non-current assets:				
Investments in subsidiaries	-	-	190,867	190,867
Investments in associates	104,208	21,112	82,536	-
Investment in joint venture	-	-	1,000	1,000
Available-for-sale investments	270,477	274,779	249,229	253,620
Property, plant and equipment	164,018	168,114	14,409	13,149
Intangible assets	10,508	4,851	332	432
Goodwill	79,550	79,086	-	-
Total non-current assets	628,761	547,942	538,373	459,068
Total assets	2,197,178	2,172,232	1,335,307	1,309,430
LIABILITIES AND EQUITY				
Current liabilities:				
Bank overdraft and loans	5,108	5,844	-	-
Trade payables	373,828	386,709	77,696	64,006
Other payables and accrued expenses	82,491	74,633	41,420	37,238
Amount due to subsidiaries	-	-	178,301	190,038
Amount due to associates	453	383	-	-
Amount due to joint venture	77	59	32	48
Income tax payable	3,910	3,781	-	-
Total current liabilities	465,867	471,409	297,449	291,330
Non-current liabilities:				
Derivative financial instruments	15,925	27,281	15,925	27,281
Bank loans	236	236	-	-
Deferred tax liabilities	2,469	2,522	-	-
Total non-current liabilities	18,630	30,039	15,925	27,281
Capital and reserves:				
Issued capital	622,400	67,368	622,400	67,368
Share premium	-	554,145	-	554,145
Share options reserve	22,934	21,299	22,934	21,299
Investments revaluation reserve	(17,177)	(16,103)	(13,586)	(10,881)
Accumulated profits	1,104,834	1,055,471	390,185	358,888
Reserve on consolidation	51	51	-	-
Currency translation reserves	(28,049)	(19,042)	-	-
Equity attributable to equity holders of the company	1,704,993	1,663,189	1,021,933	990,819
Minority interests	7,688	7,595	-	-
Total equity	1,712,681	1,670,784	1,021,933	990,819
Total Liabilities and Equity	2,197,178	2,172,232	1,335,307	1,309,430

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 31.03.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,355	3,753	2,137	3,707

(b) Amount repayable after one year

As at 31.03.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
236	-	236	-

(c) Details of any collateral

Some of the short term bank loans are provided to subsidiaries of Univac Precision Engineering Pte Ltd. These loans are secured by proportionate guarantees provided by the shareholders of the subsidiaries.

The long term bank loan is provided to Scinetic Engineering Pte Ltd. The loan is secured by a first legal mortgage on its leasehold property and a joint & several directors' guarantee from certain of its directors.

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

	3 months ended	3 months ended
	31.03.2006	31.03.2005
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	48,875	46,224
Adjustments for:		
Share of profits of associates	(561)	(563)
Depreciation expense	9,895	10,202
Amortisation of other intangible assets	678	2,585
Interest income	(8,327)	(5,775)
Dividend income	(19)	(98)
Interest expense	87	90
Share-based payments expense	1,635	3,603
Fair value gain on derivative financial instruments	(11,356)	(636)
Gain on disposal of available-for-sale investments	-	(2,467)
Loss (Gain) on disposal of plant and equipment, net	130	(64)
Operating profit before working capital changes	41,037	53,101
Trade receivables	69,075	57,034
Other receivables and prepayments	(13,417)	(6,286)
Inventories	(38,537)	(18,772)
Amount due from/to joint venture	(30)	65
Amount due from/to associates	68	12
Trade payables	(12,881)	(39,181)
Other payables and accrued expenses	7,858	(14,308)
Cash generated from operations	53,173	31,665
Interest paid	(87)	(90)
Income tax paid	(1,212)	(1,315)
Net cash from operating activities	51,874	30,260
Cash flows from investing activities:		
Interest received	8,327	5,775
Dividends received	19	98
Purchase of property, plant and equipment	(9,230)	(11,163)
Proceeds on disposal of plant and equipment	1,601	365
Addition of other intangible assets	(6,476)	(335)
Proceeds on disposal of other intangible assets	59	-
Proceeds on disposal of available-for-sale investments	5,012	6,975
Purchase of available-for-sale investments	(3,832)	(24,921)
Acquisition of shareholdings in an associate	(82,536)	-
Payment to minority shareholders for acquisition of additional shares in a subsidiaries	(569)	(780)
Net cash used in investing activities	(87,625)	(23,986)
Cash flows from financing activities:		
Decrease in short-term bank loans	(846)	(1,299)
Proceeds from issue of shares	887	9,087
Net cash from financing activities	41	7,788
Net effect of exchange rate changes in consolidating subsidiaries	(5,611)	(1,886)
Net (decrease) increase in cash and cash equivalents	(41,321)	12,176
Cash and cash equivalents at beginning of period	556,555	609,607
Cash and cash equivalents at end of period	515,234	621,783
Cash and cash equivalents at end of period include the following:		
Cash and bank balances	515,375	621,788
Bank overdrafts	(141)	(5)
	515,234	621,783

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

	Issued capital S\$'000	Share premium S\$'000	Share options reserve S\$'000	Investments revaluation reserve S\$'000	Currency translation reserves S\$'000	Reserve on consolidation S\$'000	Accumulated profits S\$'000	Total S\$'000	Minority interests S\$'000	Total equity S\$'000
The Group										
Balance at 1 January 2005										
As previously stated	65,895	501,751	18,017	-	(33,647)	51	1,018,198	1,570,265	2,246	1,572,511
Effect of adoption of FRS 39	-	-	-	(1,665)	-	-	(31,881)	(33,546)	-	(33,546)
As restated	65,895	501,751	18,017	(1,665)	(33,647)	51	986,317	1,536,719	2,246	1,538,965
Currency translation differences	-	-	-	-	(2,620)	-	-	(2,620)	8	(2,612)
Profit for the period	-	-	-	-	-	-	44,805	44,805	87	44,892
Recognition of share-based payments	-	-	3,603	-	-	-	-	3,603	-	3,603
Net fair value changes in available-for-sale investments	-	-	-	(1,738)	-	-	-	(1,738)	-	(1,738)
Released on disposal of available-for-sale investments	-	-	-	(1,718)	-	-	-	(1,718)	-	(1,718)
Acquisition of shareholdings from minority shareholders	-	-	-	-	-	-	-	-	(780)	(780)
Issue of shares	203	8,884	-	-	-	-	-	9,087	-	9,087
Balance at 31 March 2005	66,098	510,635	21,620	(5,121)	(36,267)	51	1,031,122	1,588,138	1,561	1,589,699
Balance at 1 January 2006	67,368	554,145	21,299	(16,103)	(19,042)	51	1,055,471	1,663,189	7,595	1,670,784
Issue of shares from 1 January 2006 to 30 January 2006	2	96	-	-	-	-	-	98	-	98
Adjustment arising from abolition of par value of shares	554,241	(554,241)	-	-	-	-	-	-	-	-
	621,611	-	21,299	(16,103)	(19,042)	51	1,055,471	1,663,287	7,595	1,670,882
Currency translation differences	-	-	-	-	(9,007)	-	-	(9,007)	(182)	(9,189)
Profit for the period	-	-	-	-	-	-	49,363	49,363	380	49,743
Recognition of share-based payments	-	-	1,635	-	-	-	-	1,635	-	1,635
Net fair value changes in available-for-sale investments	-	-	-	(1,074)	-	-	-	(1,074)	-	(1,074)
Acquisition of shareholdings from minority shareholders	-	-	-	-	-	-	-	-	(105)	(105)
Issue of shares from 31 January 2006 to 31 March 2006	789	-	-	-	-	-	-	789	-	789
Balance at 31 March 2006	622,400	-	22,934	(17,177)	(28,049)	51	1,104,834	1,704,993	7,688	1,712,681

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

	Issued capital S\$'000	Share premium S\$'000	Share options reserve S\$'000	Investments revaluation reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
The Company						
Balance at 1 January 2005	65,895	501,751	18,017	-	455,315	1,040,978
Effect of adoption of FRS 39	-	-	-	1,426	(31,881)	(30,455)
As restated	65,895	501,751	18,017	1,426	423,434	1,010,523
Profit for the period	-	-	-	-	15,716	15,716
Recognition of share-based payments	-	-	3,603	-	-	3,603
Net fair value changes in available-for-sale investments	-	-	-	(1,325)	-	(1,325)
Issue of shares	203	8,884	-	-	-	9,087
Balance at 31 March 2005	66,098	510,635	21,620	101	439,150	1,037,604
Balance at 1 January 2006	67,368	554,145	21,299	(10,881)	358,888	990,819
Issue of shares from 1 January 2006 to 30 January 2006	2	96	-	-	-	98
Adjustment arising from abolition of par value of shares	554,241	(554,241)	-	-	-	-
	621,611	-	21,299	(10,881)	358,888	990,917
Profit for the period	-	-	-	-	31,297	31,297
Recognition of share-based payments	-	-	1,635	-	-	1,635
Net fair value changes in available-for-sale investments	-	-	-	(2,705)	-	(2,705)
Issue of shares from 31 January 2006 to 31 March 2006	789	-	-	-	-	789
Balance at 31 March 2006	622,400	-	22,934	(13,586)	390,185	1,021,933

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

Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme ("The 1993 Scheme")

Since the end of the previous financial year, 86,000 ordinary shares were issued to holders of options who exercised 86,000 of their options under the 1993 Scheme. As at 31 March 2006, there were 12,241,000 unissued shares of the Company under options in the 1993 Scheme (31 March 2005: 19,117,000).

Since the end of the previous financial year, no options to take up ordinary shares (31 March 2005: Nil) in the capital of the Company under the 1993 Scheme lapsed.

Venture Corporation Executives' Share Option Scheme ("The 2004 Scheme")

Since the end of the previous financial year, no ordinary shares were issued to holders of options under the 2004 Scheme. As at 31 March 2006, there were 2,280,000 unissued shares of the Company under options in the 2004 Scheme (31 March 2005: Nil).

Since the end of the previous financial year, no options to take up ordinary shares (31 March 2005: Nil) in the capital of the Company under the 2004 Scheme lapsed.

Share Capital

	31.03.2006	31.12.2005	31.03.2006	31.12.2005
	Number of ordinary shares		\$'000	\$'000
Issued and paid-up capital:				
At beginning of year	269,473,577	263,580,577	67,368	65,895
Issue of shares from 1 January 2006 to 30 January 2006	9,000		2	
Transfer from share premium account on 30 January 2006	-	-	554,241	-
Issue of shares from 31 January 2006 to 31 March 2006	77,000	5,893,000	789	1,473
At end of period	<u>269,559,577</u>	<u>269,473,577</u>	<u>622,400</u>	<u>67,368</u>

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account has been transferred to the Company's share capital account in the current year.

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 the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 2005 as well as all the applicable Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2006.

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**

The adoption of the new/revised FRS does not have a material financial impact on the Group and the Company.

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**

	3 months ended 31.03.2006	3 months ended 31.03.2005
(a) Based on the weighted average number of ordinary shares on issue (cents)	18.3	17.0
(b) On a fully diluted basis (cents) (detailing any adjustments made to the earnings)	18.2	16.7

7. **Net asset value per ordinary share**

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

Group		Company	
31.03.2006	31.12.2005	31.03.2006	31.12.2005
632.5	617.2	379.1	367.7

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.

For the period ended 31 March 2006, the Group recorded profit after tax of S\$49.7m, representing a 10.8% increase compared to the corresponding period last year. This profit improvement was a result of broader base contribution from the Group's design and engineering services, as well as its continuous effort to achieve a balanced product portfolio and customer mix. Profits were affected by a foreign exchange loss of S\$14.8m due to a sharp depreciation in the US currency. On the other hand, the Group also registered a S\$11.4m positive fair value adjustment on derivative financial instruments.

Group revenue saw a slight decline of 3.9% from S\$763m to S\$734m. This was largely due to the Group exiting the manufacture of a high-volume telecommunication product. However, demand growth in several areas including printing and imaging products, test and measurement equipment, networking products, data capture terminals and microwave / RF modules mitigated the decline.

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**

The business environment remains competitive and pricing pressure is expected to continue over the next 12 months particularly for products in the high volume category. The Group continues to participate in greater portion of the value chain and strive for a balanced product portfolio. Along with contribution from its larger customers, the Group expects its partnerships with medium-sized customers to continue to yield results well into 2006 and beyond.

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 2006 is recommended or declared.

BY ORDER OF THE BOARD

Yvonne Choo
Company Secretary
26 April 2006