

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 2005.  
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 31.03.2005 S\$'000</b>	3 months ended 31.03.2004 S\$'000 (Restated)	<b>% increase/ (decrease)</b>
<b>Revenue</b>	763,404	701,062	8.9
Other operating income	3,692	1,380	167.5
Changes in inventories of finished goods and work in progress	8,607	6,382	34.9
Raw materials and consumables used	(644,847)	(577,592)	11.6
Staff costs	(51,198)	(47,954)	6.8
Depreciation and amortisation expense	(12,787)	(14,038)	(8.9)
Research and development expense	(5,608)	(7,206)	(22.2)
Foreign currency exchange adjustment loss	(78)	(1,988)	(96.1)
Other operating expense	(21,209)	(18,021)	17.7
<b>Profit from operations</b>	<b>39,976</b>	<b>42,025</b>	<b>(4.9)</b>
Interest income (net of interest expense)	5,685	3,463	64.2
Income from associates	744	822	(9.5)
<b>Profit before income tax</b>	<b>46,405</b>	<b>46,310</b>	<b>0.2</b>
Income tax expense	(1,513)	(818)	85.0
<b>Profit after income tax</b>	<b>44,892</b>	<b>45,492</b>	<b>(1.3)</b>
Attributable to:			
<b>Shareholders of the company</b>	44,805	44,935	(0.3)
Minority interests	87	557	(84.4)
	<b>44,892</b>	<b>45,492</b>	<b>(1.3)</b>

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

	<b>Group</b>		
	<b>3 months ended 31.03.2005 S\$'000</b>	3 months ended 31.03.2004 S\$'000	<b>% increase/ (decrease)</b>
Overprovision of tax in respect of prior years	221	721	(69.3)
Gain on disposal of plant and equipment, net	64	94	(31.9)
Gain on sale of other investments	2,467	740	233.4

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	
	31.03.2005	31.12.2004	31.03.2005	31.12.2004
	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash	83,472	90,929	23,470	16,408
Fixed deposits	538,316	518,678	378,523	376,425
Trade receivables	424,412	481,446	180,773	191,196
Other receivables and prepayments	33,721	27,807	4,779	5,732
Inventories	372,310	353,538	115,303	90,540
Amount due from subsidiaries	-	-	112,964	122,925
Amount due from joint venture	80	177	-	-
<b>Total current assets</b>	<b>1,452,311</b>	<b>1,472,575</b>	<b>815,812</b>	<b>803,226</b>
<b>Non-current assets:</b>				
Investments in subsidiaries	-	-	169,954	169,954
Investments in associates	18,372	17,810	-	-
Investment in joint venture	-	-	1,000	1,000
Other investments	306,911	291,973	283,472	258,807
Property, plant and equipment	167,980	167,714	20,890	21,503
Intangible assets	6,139	8,374	799	921
Goodwill on consolidation	66,561	66,561	-	-
<b>Total non-current assets</b>	<b>565,963</b>	<b>552,432</b>	<b>476,115</b>	<b>452,185</b>
<b>Total assets</b>	<b>2,018,274</b>	<b>2,025,007</b>	<b>1,291,927</b>	<b>1,255,411</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank overdrafts	5	-	-	-
Short-term bank loans	6,696	7,995	-	-
Trade payables	333,056	372,237	98,358	79,845
Other payables and accrued expenses	53,170	63,609	21,705	28,825
Amount due to subsidiaries	-	-	106,573	105,322
Amount due to associates	900	888	275	392
Amount due to joint venture	146	178	36	49
Income tax payable	3,659	4,012	-	-
<b>Total current liabilities</b>	<b>397,632</b>	<b>448,919</b>	<b>226,947</b>	<b>214,433</b>
<b>Non-current liabilities:</b>				
Other payables	27,376	-	27,376	-
Deferred tax liabilities	3,567	3,577	-	-
<b>Total non-current liabilities</b>	<b>30,943</b>	<b>3,577</b>	<b>27,376</b>	<b>-</b>
<b>Capital and reserves:</b>				
Issued capital	66,098	65,895	66,098	65,895
Share premium	510,635	501,751	510,635	501,751
Share option reserve	21,620	18,017	21,620	18,017
Accumulated profits	1,031,122	1,018,198	439,150	455,315
Investments revaluation reserve	(5,121)	-	101	-
Reserve on consolidation	51	51	-	-
Currency translation reserves	(36,267)	(33,647)	-	-
<b>Total equity attributable to shareholders of the company</b>	<b>1,588,138</b>	<b>1,570,265</b>	<b>1,037,604</b>	<b>1,040,978</b>
Minority interests	1,561	2,246	-	-
<b>Total equity</b>	<b>1,589,699</b>	<b>1,572,511</b>	<b>1,037,604</b>	<b>1,040,978</b>
<b>Total Liabilities and Equity</b>	<b>2,018,274</b>	<b>2,025,007</b>	<b>1,291,927</b>	<b>1,255,411</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 31.03.2005		As at 31.12.2004	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,380	5,321	1,368	6,627

(b) Amount repayable after one year

As at 31.03.2005		As at 31.12.2004	
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 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>	3 months ended
	<b>31.03.2005</b>	31.03.2004
	<b>S\$'000</b>	S\$'000
		(Restated)
<b>Cash flows from operating activities:</b>		
Profit before income tax and income from associates	45,661	45,488
Adjustments for:		
Depreciation expense	10,202	10,166
Amortisation of goodwill	-	810
Amortisation of intangible assets	2,585	3,062
Interest income	(5,775)	(3,552)
Dividend income	(98)	(172)
Interest expense	90	89
Gain on disposal of plant and equipment, net	(64)	(94)
Gain on disposal of other investments	(2,467)	-
Share option expense	3,603	1,964
Fair value adjustments on financial instruments	(636)	-
<b>Operating profit before working capital changes</b>	<b>53,101</b>	<b>57,761</b>
Trade receivables	57,034	28,786
Other receivables and prepayments	(6,286)	(23,718)
Inventories	(18,772)	(16,029)
Amount due from joint venture	65	71
Amount due from associates	12	(1,223)
Trade payables	(39,181)	1,434
Other payables and accrued expenses	(14,308)	(21,880)
<b>Cash generated from operations</b>	<b>31,665</b>	<b>25,202</b>
Interest received	5,775	3,552
Interest paid	(90)	(89)
Income tax paid	(1,315)	(1,155)
Dividends received	98	172
<b>Net cash from operating activities</b>	<b>36,133</b>	<b>27,682</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(11,163)	(5,442)
Proceeds on disposal of plant and equipment	365	391
Addition of intangible assets	(335)	(1,088)
Purchase of other investments	(24,921)	(76)
Proceeds on disposal of other investments	6,975	9,506
Dividends received from associates	-	68
Payment to minority shareholder for acquisition of additional shares in a subsidiary	(780)	-
<b>Net cash (used in) from investing activities</b>	<b>(29,859)</b>	<b>3,359</b>
<b>Cash flows from financing activities:</b>		
(Decrease) Increase in short-term bank loans	(1,299)	201
Proceeds from issue of shares	9,087	28,045
<b>Net cash from financing activities</b>	<b>7,788</b>	<b>28,246</b>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<b>(1,886)</b>	<b>(1,818)</b>
Net increase in cash and cash equivalents	12,176	57,469
Cash and cash equivalents at beginning of period	609,607	779,312
<b>Cash and cash equivalents at end of period</b>	<b>621,783</b>	<b>836,781</b>
Cash and cash equivalents at end of period include the following:		
Cash	83,472	165,478
Fixed deposits	538,316	672,369
Bank overdrafts	(5)	(1,066)
	<b>621,783</b>	<b>836,781</b>

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

	Issued capital S\$'000	Share premium S\$'000	Share option 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
<b>The Group</b>										
Balance at 1 January 2004	64,281	420,131	-	-	(15,262)	51	871,857	1,341,058	8,310	1,349,368
Currency translation differences	-	-	-	-	(2,351)	-	-	(2,351)	(42)	(2,393)
Cost of share-based payment	-	-	1,964	-	-	-	(1,964)	-	-	-
Net profit for the period	-	-	-	-	-	-	46,899	46,899	557	47,456
Issue of shares	591	27,454	-	-	-	-	-	28,045	-	28,045
Balance at 31 March 2004	<u>64,872</u>	<u>447,585</u>	<u>1,964</u>	<u>-</u>	<u>(17,613)</u>	<u>51</u>	<u>916,792</u>	<u>1,413,651</u>	<u>8,825</u>	<u>1,422,476</u>
Balance at 1 January 2005 As previously stated	65,895	501,751	-	-	(33,647)	51	1,036,215	1,570,265	2,246	1,572,511
Cost of share-based payment	-	-	18,017	-	-	-	(18,017)	-	-	-
As restated	<u>65,895</u>	<u>501,751</u>	<u>18,017</u>	<u>-</u>	<u>(33,647)</u>	<u>51</u>	<u>1,018,198</u>	<u>1,570,265</u>	<u>2,246</u>	<u>1,572,511</u>
Transitional adjustment required under FRS 39	-	-	-	(1,665)	-	-	(31,881)	(33,546)	-	(33,546)
	<u>65,895</u>	<u>501,751</u>	<u>18,017</u>	<u>(1,665)</u>	<u>(33,647)</u>	<u>51</u>	<u>986,317</u>	<u>1,536,719</u>	<u>2,246</u>	<u>1,538,965</u>
Currency translation differences	-	-	-	-	(2,620)	-	-	(2,620)	8	(2,612)
Cost of share-based payment	-	-	3,603	-	-	-	-	3,603	-	3,603
Net fair value changes on 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)
Net profit for the period	-	-	-	-	-	-	44,805	44,805	87	44,892
Issue of shares	203	8,884	-	-	-	-	-	9,087	-	9,087
Balance at 31 March 2005	<u>66,098</u>	<u>510,635</u>	<u>21,620</u>	<u>(5,121)</u>	<u>(36,267)</u>	<u>51</u>	<u>1,031,122</u>	<u>1,588,138</u>	<u>1,561</u>	<u>1,589,699</u>
<b>The Company</b>										
Balance at 1 January 2004	64,281	420,131	-	-	-	-	447,044	931,456	-	931,456
Cost of share-based payment	-	-	1,964	-	-	-	(1,964)	-	-	-
Net profit for the period	-	-	-	-	-	-	18,628	18,628	-	18,628
Issue of shares	591	27,454	-	-	-	-	-	28,045	-	28,045
Balance at 31 March 2004	<u>64,872</u>	<u>447,585</u>	<u>1,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,708</u>	<u>978,129</u>	<u>-</u>	<u>978,129</u>
Balance at 1 January 2005 As previously stated	65,895	501,751	-	-	-	-	473,332	1,040,978	-	1,040,978
Cost of share-based payment	-	-	18,017	-	-	-	(18,017)	-	-	-
As restated	<u>65,895</u>	<u>501,751</u>	<u>18,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>455,315</u>	<u>1,040,978</u>	<u>-</u>	<u>1,040,978</u>
Transitional adjustment required under FRS 39	-	-	-	1,426	-	-	(31,881)	(30,455)	-	(30,455)
	<u>65,895</u>	<u>501,751</u>	<u>18,017</u>	<u>1,426</u>	<u>-</u>	<u>-</u>	<u>423,434</u>	<u>1,010,523</u>	<u>-</u>	<u>1,010,523</u>
Cost of share-based payment	-	-	3,603	-	-	-	-	3,603	-	3,603
Net fair value changes on available-for-sale investments	-	-	-	(1,325)	-	-	-	(1,325)	-	(1,325)
Net profit for the period	-	-	-	-	-	-	15,716	15,716	-	15,716
Issue of shares	203	8,884	-	-	-	-	-	9,087	-	9,087
Balance at 31 March 2005	<u>66,098</u>	<u>510,635</u>	<u>21,620</u>	<u>101</u>	<u>-</u>	<u>-</u>	<u>439,150</u>	<u>1,037,604</u>	<u>-</u>	<u>1,037,604</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, 810,000 ordinary shares of S\$0.25 each were issued to holders of options who exercised 810,000 of their options under the Scheme. As at 31 March 2005, there were 19,117,000 unissued shares of the Company under options (31 March 2004: 23,962,000).

Since the end of the previous financial year, no options to take up ordinary shares (31 March 2004: Nil) of S\$0.25 each in the capital of the Company lapsed.

Share Capital

As at 31 March 2005, the issued and paid up capital of the Company was S\$66,097,644 divided into 264,390,577 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 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 2004 as well as all the applicable Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2005.

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 impact of the adoption of the new FRS are as follows:

**FRS 39 Financial Instruments: Recognition and Measurement**

FRS 39 establishes the accounting and reporting standards for recognising and measuring a company's financial assets and financial liabilities. The standard requires a financial asset or financial liability to be recognised initially at fair value. Subsequent to initial recognition, the Group will continue to measure financial assets at their fair values, except for loans and receivables and held-to-maturity investments, which are to be measured at cost or amortised cost using the effective interest rate method. Financial liabilities will subsequently be measured at cost or amortised cost, except for liabilities classified as "at fair value through profit and loss" and derivatives, which will subsequently be measured at fair value.

FRS 39 also covers accounting for derivative instruments. This standard has expanded the definition of a derivative instrument to include derivatives (and derivative-like provisions) embedded in non-derivative contracts. Under the standard, every derivative instrument is recorded in the balance sheet as either an asset or liability measured at its fair value. Derivatives that do not qualify as hedges are adjusted to fair value through income. If a derivative is designated and qualify as a hedge, depending on the nature of the hedging relationship, changes in the fair value of the derivative are either offset against the changes in the fair value of the hedged assets, liabilities and firm commitments through earnings, or recognised in equity until the hedged item is recognised in earnings.

The effect of the transitional adjustments required under FRS 39 is reflected in the statement of changes in equity. The impact of the adoption of FRS 39 on the net profit of the Group for the quarter ended 31 March 2005 was a credit of S\$0.6 million.

**FRS 102 Share-based Payment**

The Group's share option schemes are equity settled, share-based compensation plans. FRS 102 requires the Group and the Company to recognise an expense in the profit and loss statement for share options granted after 22 November 2002 and not vested as at 1 January 2005, the effective date of FRS 102.

The total amount of the expense will equal to the multiplication of the total number of share options that are expected to vest and the fair value of each option determined at the date of grant. The total amount of the expense is recognised over the share options' vesting period. At each reporting date, the amount expensed should be adjusted to reflect the Group' and the Company's best estimate of the number of share options that will vest.

Under the transitional provision of FRS 102, the comparative financial information needs to be restated for all grants of share options to which the requirements of FRS 102 are applied.

Accordingly, as a result of the adoption of FRS 102, the comparative financial information for the quarter ended 31 March 2004 have been restated to include a charge of S\$2 million for the share option expense applicable to that quarter. In addition, the accumulated profits of the Group and the Company as at 1 January 2005 were adjusted downwards by S\$18 million, the estimated share option expense applicable for the full year ended 31 December 2004. As part of the restatement, there is a corresponding increase in share option reserve of S\$18 million resulting in no net impact to the opening balance of shareholders' equity of the Group and the Company as at 1 January 2005.

The impact of the adoption of FRS 102 on the net profit of the Group for the quarter ended 31 March 2005 was a charge of S\$3.6 million.

**FRS 103 Business Combinations**

Until 31 December 2004, goodwill was amortised on a straight line basis up to a maximum period of 20 years; and at each balance sheet date, the Group will assess if there was any indication of impairment of the cash-generating-unit in which the goodwill was attached to.

In accordance with the provisions of FRS 103,

- the Group ceased amortisation of goodwill from 1 January 2005;
- the accumulated amortisation as at 31 December 2004 has been eliminated by offsetting it against the cost of goodwill; and
- from the financial year commencing 1 January 2005 onwards, goodwill will be tested annually for impairment before the end of each financial year, as well as when there are indications of impairment.

Apart from the above, 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**

	<b>3 months ended 31.03.2005</b>	3 months ended 31.03.2004 (Restated)
(a) Based on the weighted average number of ordinary shares on issue (cents)	<b>17.0</b>	17.4
(b) On a fully diluted basis (cents) (detailing any adjustments made to the earnings)	<b>16.7</b>	16.8

**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)

<b>Group</b>		<b>Company</b>	
<b>31.03.2005</b>	31.12.2004	<b>31.03.2005</b>	31.12.2004
<b>600.7</b>	595.7	<b>392.5</b>	394.9

**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.**

The Group reported a 9% growth in revenue to S\$763 million from S\$701 million for the period ended 31 March 2005. New customers and products added in the second half of 2004 contributed to the increases in the networking & communications, automotive, test & measurement and medical product segments. Generally the demand for high volume printing & imaging products and computer peripherals was weak. However, growth was registered in several areas including high-end printing & imaging business, large storage systems, scanners and data capture systems, especially products designed by the Group.

Profit attributable to shareholders for the Group was S\$44.8 million for the period ended 31 March 2005 compared to S\$44.9 million in the corresponding period. Due to the introduction of FRS 102, the profit attributable to shareholders for both periods were adjusted for the expensing of share options. Prior to the adjustments, these profits were S\$48.4 million and S\$46.9 million respectively. This represented a profit growth of 3%.

**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 Group expects improvement in the business environment for the year. New customers are expected to contribute to revenue well into 2005 and beyond. To-date, new product introductions in the printing & imaging, computer peripherals & data storage, and networking & communication segments are generally on schedule. The Group has expanded its scope of activities to include RoHS (Restriction of Hazardous Substances) compliant process controls, introduction of RFID technologies and business warehouse management for its e-fulfillment services. This will provide more comprehensive end-to-end solutions to its customers. The Group has also implemented new performance programs, such as Lean Manufacturing and Kaisan, to provide its customers with assurance of the highest quality, performance and service levels.

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 2005 is recommended or declared.

**BY ORDER OF THE BOARD**

Pay Cher Wee  
Company Secretary  
28 April 2005