

VENTURE CORPORATION LIMITED

Second Quarter Financial Statements And Dividend Announcement

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

Second quarter and year-to-date financial statements on consolidated results for the period ended June 30, 2011.
These figures have not been audited or reviewed.

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

	Group			Group		
	3 months ended 30.06.2011 S\$'000	3 months ended 30.06.2010 S\$'000	% increase/ (decrease)	6 months ended 30.06.2011 S\$'000	6 months ended 30.06.2010 S\$'000	% increase/ (decrease)
Revenue	628,682	652,904	(3.7)	1,216,326	1,292,435	(5.9)
Other operating income	226	253	(10.7)	423	764	(44.6)
Changes in inventories of finished goods and work in progress	19,357	(36,151)	n.m.	(29,952)	(26,538)	12.9
Raw materials and consumables used	(498,588)	(464,575)	7.3	(890,933)	(975,911)	(8.7)
Employee benefits expense	(64,538)	(62,565)	3.2	(125,827)	(118,441)	6.2
Depreciation and amortisation expense (Note 1)	(11,603)	(13,263)	(12.5)	(23,535)	(27,020)	(12.9)
Research and development expense	(6,504)	(5,399)	20.5	(13,015)	(10,188)	27.7
Foreign currency exchange adjustment gain (loss)	606	(16)	n.m.	884	(824)	n.m.
Other expenses	(25,287)	(26,248)	(3.7)	(50,022)	(51,133)	(2.2)
Investment revenue	573	57	905.3	1,055	391	169.8
Finance costs (interest on bank borrowings)	(439)	(364)	20.6	(866)	(790)	9.6
Share of profit of associates	324	682	(52.5)	470	794	(40.8)
Profit before tax	42,809	45,315	(5.5)	85,008	83,539	1.8
Income tax (expense) benefit	(803)	623	n.m.	(1,782)	1,878	n.m.
Profit for the period	42,006	45,938	(8.6)	83,226	85,417	(2.6)
Other comprehensive income:						
Exchange differences arising on translation foreign operations	(18,078)	(8,928)	102.5	(41,479)	(13,379)	210.0
Loss on available-for-sale investments taken to equity	(1,111)	(3,025)	(63.3)	(8,228)	(9,168)	(10.3)
Total comprehensive income for the period	22,817	33,985	(32.9)	33,519	62,870	(46.7)
Profit attributable to:						
Owners of the Company	41,952	45,803	(8.4)	83,111	85,260	(2.5)
Non-controlling interests	54	135	(60.0)	115	157	(26.8)
	42,006	45,938	(8.6)	83,226	85,417	(2.6)
Total comprehensive income attributable to:						
Owners of the Company	22,771	33,845	(32.7)	33,451	62,724	(46.7)
Non-controlling interests	46	140	(67.1)	68	146	(53.4)
	22,817	33,985	(32.9)	33,519	62,870	(46.7)

Note 1

This includes amortisation of customer relationships amounting to S\$4.2million per quarter and S\$8.4million for six months.

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

	Group			Group		
	3 months ended 30.06.2011 S\$'000	3 months ended 30.06.2010 S\$'000	% increase/ (decrease)	6 months ended 30.06.2011 S\$'000	6 months ended 30.06.2010 S\$'000	% increase/ (decrease)
(Under) Over-provision of tax in respect of prior years	(246)	567	n.m.	(181)	857	n.m.
Allowance for doubtful trade receivables	-	-	n.m.	-	(364)	(100.0)
Bad debt written off	-	(14)	(100.0)	(96)	(22)	336.4
Loss on disposal of plant and equipment, net	(132)	(23)	473.9	(203)	(32)	534.4
Allowance for inventories	(82)	(579)	(85.8)	(182)	(248)	(26.6)
Inventories written off	(157)	(20)	685.0	(324)	(1)	32,300.0
Impairment of plant and equipment	-	-	n.m.	-	(6)	n.m.

Note:

n.m. - not meaningful

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

	Group		Company	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	338,284	441,700	101,335	249,725
Trade receivables	442,358	524,026	63,050	76,903
Other receivables and prepayments	23,496	21,382	1,128	2,466
Inventories	551,259	513,126	55,708	49,603
Trade receivables due from subsidiaries	-	-	45,876	57,820
Other receivables due from subsidiaries	-	-	9,241	9,311
Income tax recoverable	1,914	1,657	-	-
Total current assets	1,357,311	1,501,891	276,338	445,828
Non-current assets:				
Investments in subsidiaries	-	-	1,257,522	1,231,522
Investments in associates	18,583	18,382	-	-
Available-for-sale investments	112,732	121,671	101,748	110,087
Property, plant and equipment	132,084	144,987	3,549	4,636
Intangible assets	109,502	117,847	16,030	17,135
Goodwill	640,593	640,593	-	-
Deferred tax assets	1,661	61	-	-
Total non-current assets	1,015,155	1,043,541	1,378,849	1,363,380
Total assets	2,372,466	2,545,432	1,655,187	1,809,208
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	82,396	83,418	77,588	81,731
Trade payables	313,654	352,948	39,012	44,367
Other payables and accrued expenses	85,206	104,882	18,270	25,032
Trade payables due to subsidiaries	-	-	5,996	33,205
Other payables due to subsidiaries	-	-	7,234	7,242
Trade payables due to associates	613	536	-	-
Income tax payable	6,234	5,557	1,540	602
Total current liabilities	488,103	547,341	149,640	192,179
Non-current liabilities:				
Bank loans	119,845	119,810	119,845	119,810
Deferred tax liabilities	19,102	20,687	-	-
Total non-current liabilities	138,947	140,497	119,845	119,810
Capital and reserves:				
Share capital	673,223	671,952	673,223	671,952
Share options reserve	39,259	35,929	38,592	35,262
Investments revaluation reserve	(38,874)	(30,646)	(36,839)	(28,596)
Translation reserve	(267,745)	(226,313)	-	-
Reserve fund	1,414	1,414	-	-
Accumulated profits	1,335,067	1,402,254	710,726	818,601
Equity attributable to owners of the Company	1,742,344	1,854,590	1,385,702	1,497,219
Non-controlling interests	3,072	3,004	-	-
Total equity	1,745,416	1,857,594	1,385,702	1,497,219
Total liabilities and equity	2,372,466	2,545,432	1,655,187	1,809,208

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

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

Group				Company			
As at 30.06.2011		As at 31.12.2010		As at 30.06.2011		As at 31.12.2010	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	82,396	-	83,418	-	77,588	-	81,731

(b) Amount repayable after one year

Group				Company			
As at 30.06.2011		As at 31.12.2010		As at 30.06.2011		As at 31.12.2010	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
-	119,845	-	119,810	-	119,845	-	119,810

(c) Details of any collateral
Not applicable.

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

Operating activities:

	3 months ended 30.06.2011 S\$'000	3 months ended 30.06.2010 S\$'000	6 months ended 30.06.2011 S\$'000	6 months ended 30.06.2010 S\$'000
Profit before tax	42,809	45,315	85,008	83,539
Adjustments for:				
Share of profit of associates	(324)	(682)	(470)	(794)
Allowance for inventories	82	579	182	248
Inventories written off	157	20	324	1
Depreciation expense	7,098	8,834	14,608	18,158
Bad debt written off	-	14	96	22
Allowance on doubtful trade receivables	-	-	-	364
Amortisation of intangible assets	7,050	5,082	13,784	10,083
Impairment loss on plant and equipment	-	-	-	6
Interest income	(573)	(57)	(1,055)	(391)
Dividend income	(645)	(294)	(645)	(294)
Interest expense	439	364	866	790
Share-based payments expense	1,381	1,257	3,950	1,257
Loss on disposal of plant and equipment, net	132	23	203	32
Loss on dilution of investment in an associate	-	760	-	760
Operating profit before working capital changes	57,606	61,215	116,851	113,781
Trade receivables	463	(58,935)	61,183	112,993
Other receivables and prepayments	(4,261)	3,782	(3,078)	14,438
Inventories	36,496	(11,397)	(63,622)	(72,148)
Amount due from associates	165	88	110	18
Trade payables	(53,316)	(37,542)	(24,593)	(146,778)
Other payables and accrued expenses	5,164	16,715	(16,018)	(15,597)
Cash generated from (used in) operations	42,317	(26,074)	70,833	6,707
Interest paid	(410)	(317)	(795)	(659)
Income tax (paid) refunded	(2,939)	(306)	(4,259)	2,817
Net cash from (used in) operating activities	38,968	(26,697)	65,779	8,865

Investing activities:

Interest received	620	57	1,150	391
Dividends received from other equity investments	645	294	645	294
Purchase of property, plant and equipment	(4,484)	(2,898)	(8,784)	(6,426)
Proceeds on disposal of plant and equipment	174	433	469	693
Addition of intangible assets	(2,072)	(2,569)	(5,498)	(6,161)
Proceeds on maturity of available-for-sale investments	181	5,000	395	5,000
Purchase of available-for-sale investments	-	-	-	(913)
Net cash (used in) from investing activities	(4,936)	317	(11,623)	(7,122)

Financing activities:

Dividends paid	(150,918)	(137,127)	(150,918)	(137,127)
Proceeds from new bank loans	16,866	48,415	16,866	48,415
Repayment of bank loans	(12,311)	-	(13,587)	(100,422)
Proceeds from issue of shares	1,133	-	1,271	-
Net cash used in financing activities	(145,230)	(88,712)	(146,368)	(189,134)

Net decrease in cash and cash equivalents	(111,198)	(115,092)	(92,212)	(187,391)
Cash and cash equivalents at beginning of period	454,471	492,724	441,700	567,068

Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(4,989)	(3,570)	(11,204)	(5,615)
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Cash and cash equivalents at end of period	338,284	374,062	338,284	374,062
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Cash and cash equivalents at end of period includes the following:

Cash	329,064	355,567	329,064	355,567
Fixed Deposits	9,220	18,495	9,220	18,495
Cash and cash equivalents at the end of the period	338,284	374,062	338,284	374,062

1.(d)(i) Statement of changes in equity for the period ended June 30

	Share capital S\$'000	Share options reserve S\$'000	Investments revaluation reserve S\$'000	Translation reserves S\$'000	Reserve fund S\$'000	Accumulated profits S\$'000	Equity attributable to owners of the company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
The Group									
Balance at January 1, 2010	671,906	32,185	(31,564)	(160,953)	924	1,350,252	1,862,750	2,857	1,865,607
Total comprehensive income for the period	-	-	(6,143)	(4,435)	-	39,457	28,879	6	28,885
Share options lapsed	-	(482)	-	-	-	482	-	-	-
Adjustment to reserve fund	-	-	-	-	(4)	4	-	-	-
Balance at March 31, 2010	671,906	31,703	(37,707)	(165,388)	920	1,390,195	1,891,629	2,863	1,894,492
Total comprehensive income for the period	-	-	(3,025)	(8,933)	-	45,803	33,845	140	33,985
Final tax exempt dividend paid in respect of the previous financial year	-	-	-	-	-	(137,127)	(137,127)	-	(137,127)
Recognition of share-based payments	-	1,257	-	-	-	-	1,257	-	1,257
Share options lapsed	-	(505)	-	-	-	505	-	-	-
Adjustment to reserve fund	-	-	-	-	-	-	-	-	-
Balance at June 30, 2010	671,906	32,455	(40,732)	(174,321)	920	1,299,376	1,789,604	3,003	1,792,607
Balance at January 1, 2011	671,952	35,929	(30,646)	(226,313)	1,414	1,402,254	1,854,590	3,004	1,857,594
Total comprehensive income for the period	-	-	(7,117)	(23,362)	-	41,159	10,680	22	10,702
Recognition of share-based payments	-	2,569	-	-	-	-	2,569	-	2,569
Share options lapsed	-	(288)	-	-	-	288	-	-	-
Issue of shares	138	-	-	-	-	-	138	-	138
Balance at March 31, 2011	672,090	38,210	(37,763)	(249,675)	1,414	1,443,701	1,867,977	3,026	1,871,003
Total comprehensive income for the period	-	-	(1,111)	(18,070)	-	41,952	22,771	46	22,817
Final tax exempt dividend paid in respect of the previous financial year	-	-	-	-	-	(150,918)	(150,918)	-	(150,918)
Recognition of share-based payments	-	1,381	-	-	-	-	1,381	-	1,381
Share options lapsed	-	(332)	-	-	-	332	-	-	-
Issue of shares	1,133	-	-	-	-	-	1,133	-	1,133
Balance at June 30, 2011	673,223	39,259	(38,874)	(267,745)	1,414	1,335,067	1,742,344	3,072	1,745,416

1.(d)(i) Statement of changes in equity for the period ended June 30

	Share capital S\$'000	Share options reserve S\$'000	Investments revaluation reserves S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<u>The Company</u>					
Balance at January 1, 2010	671,906	31,518	(29,497)	778,344	1,452,271
Total comprehensive income for the period	-	-	(6,179)	8,139	1,960
Share options lapsed	-	(482)	-	482	-
Balance at March 31, 2010	671,906	31,036	(35,676)	786,965	1,454,231
Total comprehensive income for the period	-	-	(2,845)	127,043	124,198
Final tax exempt dividend paid in respect of the previous financial year	-	-	-	(137,127)	(137,127)
Recognition of share-based payments	-	1,257	-	-	1,257
Share options lapsed	-	(505)	-	505	-
Balance at June 30, 2010	671,906	31,788	(38,521)	777,386	1,442,559
Balance at January 1, 2011	671,952	35,262	(28,596)	818,601	1,497,219
Total comprehensive income for the period	-	-	(7,119)	30,413	23,294
Recognition of share-based payments	-	2,569	-	-	2,569
Share options lapsed	-	(288)	-	288	-
Issue of shares	138	-	-	-	138
Balance at March 31, 2011	672,090	37,543	(35,715)	849,302	1,523,220
Total comprehensive income for the period	-	-	(1,124)	12,010	10,886
Final tax exempt dividend paid in respect of the previous financial year	-	-	-	(150,918)	(150,918)
Recognition of share-based payments	-	1,381	-	-	1,381
Share options lapsed	-	(332)	-	332	-
Issue of shares	1,133	-	-	-	1,133
Balance at June 30, 2011	673,223	38,592	(36,839)	710,726	1,385,702

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

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

Since the end of the previous financial quarter, 123,000 options were exercised (June 30, 2010: Nil). As at June 30, 2011, there were 12,356,000 unissued shares of the Company under options in the 2004 Scheme (June 30, 2010: 11,683,000).

Since the end of the previous financial quarter, 196,000 options (June 30, 2010: 245,000) have lapsed.

Share Capital

	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	Number of ordinary shares		\$'000	\$'000
Issued and paid-up capital:				
At beginning of year	274,258,577	274,258,577	671,952	671,952
Issue of shares	138,000	-	1,271	-
At end of year	<u>274,396,577</u>	<u>274,258,577</u>	<u>673,223</u>	<u>671,952</u>

- 1.(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Please refer to 1.(d)(ii). There were no treasury shares as at June 30, 2011.

- 1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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 December 31, 2010.

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

There are no changes in accounting policies and methods of computation.

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**

- (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)

3 months ended 30.06.2011	3 months ended 30.06.2010	6 months ended 30.06.2011	6 months ended 30.06.2010
15.3	16.7	30.3	31.1
15.3	16.7	30.2	31.1

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	
30.06.2011	31.12.2010	30.06.2011	31.12.2010
635.0	676.2	505.0	545.9

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 recorded revenue of S\$628.7 million for the quarter. In this particular quarter, the USD/SGD declined by more than 11.0% from a year ago. Although the Group registered volume growth, this was not sufficient to offset the steep USD depreciation, resulting in a 3.7% revenue decline year-on year.

All market segments recorded higher volume of activities for the quarter compared to the corresponding period of the prior year, except the Networking & Communications segment. The higher volume growth came from the Test & Measurement/Medical/Others and the Retail Store Solutions & Industrial Products segments.

The reported revenue of S\$628.7 million for the quarter was 7.0% higher than the revenue recorded for the first quarter of this year.

The Group recorded a net profit (profit attributable to owners of the Company) of S\$42.0 million for the quarter ended 30 June 2011. The net profit for the corresponding quarter of the prior year was S\$45.8 million and the net profit for the prior quarter was S\$41.2 million.

Diluted EPS was 15.3 cents for the quarter ended 30 June 2011 compared to 16.7 cents for the corresponding quarter of 2010.

For the quarter ended 30 June 2011, cash generated from operations before working capital changes amounted to S\$57.6 million.

As at 30 June 2011, cash and cash equivalent balances stood at S\$338.3 million, after dividend payment of S\$150.9 million in May 2011. Excluding bank loans of S\$202.2 million, the Group remained net cash positive at S\$136.1 million.

As at 30 June 2011, the working capital of the Group was S\$680.0 million. This comprised of S\$442.4 million Trade Receivables, S\$313.7 million Trade Payables and S\$551.3 million of Inventories. The working capital at the end of 2010 was S\$684.2 million.

Total shareholders' equity of the Group amounted to S\$1.7 billion and the Net Asset Value per share was S\$6.35 as at 30 June 2011.

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**

General sentiment of the Group's customers remains encouraging with most expecting business volume growth. The Group continues to maintain a high degree of responsiveness to support all customers' requirements.

Volatility in the USD/SGD exchange rate will continue to have an impact on the Group's business.

The Group remains firmly focused on its strategic vision of creating value through differentiation and innovation. This will continue to be achieved through sustained operational excellence, productivity growth and impactful design and engineering competencies. The Group is progressing well in diversifying its income stream through its ODM/Solutions business. With these ongoing initiatives, the Group is well-positioned for long-term growth and development.

11. **Dividend**

(a) Current Financial Period Reported On

Name of Dividend	Nil
Dividend Type	Nil
Dividend Amount per Share (in cents)	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
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 June 30, 2011 is recommended or declared.

BY ORDER OF THE BOARD

Angeline Khoo
Company Secretary
August 4, 2011

VENTURE CORPORATION LIMITED
Company Registration Number 198402886H

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter ended June 30, 2011 to be false or misleading in any material aspect.

On behalf of the Directors

(signed)
Wong Ngit Liong
Director

(signed)
Goon Kok Loon
Director

August 4, 2011