

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 March 31, 2017. 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		
	3 months ended 31.03.2017 S\$'000	3 months ended 31.03.2016 S\$'000	% increase/ (decrease)
Revenue	843,064	630,720	33.7
Other income	520	289	79.9
Changes in finished goods and work in progress, and raw materials used	(654,434)	(477,505)	37.1
Employee benefits expense	(81,779)	(66,722)	22.6
Depreciation and amortisation expense (Note 1)	(6,626)	(10,676)	(37.9)
Research and development expense	(7,655)	(8,219)	(6.9)
Foreign currency exchange loss	(332)	(1,710)	(80.6)
Other operating expenses (Note 2)	(33,408)	(24,261)	37.7
Investment revenue	926	812	14.0
Finance costs (interest expense on bank loans)	(273)	(265)	3.0
Profit before tax	60,003	42,463	41.3
Income tax expense	(11,425)	(6,615)	72.7
Profit for the period	48,578	35,848	35.5
Other comprehensive income (loss):			
- Items may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(29,127)	(43,162)	(32.5)
Fair value gain (loss) on available-for-sale investments	559	(89)	n.m.
Fair value gain (loss) on cash flow hedge	26	(133)	n.m.
Total comprehensive income (loss) for the period	20,036	(7,536)	n.m.
Profit attributable to:			
Owners of the Company	48,596	35,839	35.6
Non-controlling interests	(18)	9	n.m.
	48,578	35,848	35.5
Total comprehensive income attributable to:			
Owners of the Company	20,094	(7,443)	n.m.
Non-controlling interests	(58)	(93)	n.m.
	20,036	(7,536)	n.m.

Note 1

Amortisation charge for 1Q FY2017 decreased by \$4.1 mil for the period as the carrying value of Intangible asset for Customer relationships was fully amortised in FY2016.

Note 2

Other operating expenses increased due to charges as disclosed in 1.(a)(ii) and in tandem with the higher level of activities.

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

	Group		
	3 months ended 31.03.2017 S\$'000	3 months ended 31.03.2016 S\$'000	% increase/ (decrease)
(Underprovison) Overprovision of tax in respect of prior years	(2)	58	n.m.
Allowance for doubtful trade receivables	(3,728)	(1,717)	n.m.
Gain (Loss) on disposal of property, plant and equipment, net	14	(60)	n.m.
Inventories written off	(134)	(249)	(46.2)

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	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	486,818	499,736	197,293	212,760
Trade receivables	710,068	712,994	88,563	227,389
Other receivables and prepayments	55,695	38,270	19,254	12,532
Inventories	670,324	622,988	51,940	47,726
Trade receivables due from subsidiaries	-	-	45,581	15,962
Other receivables due from subsidiaries	-	-	17,967	17,959
Income tax recoverable	5	5	-	-
Total current assets	1,922,910	1,873,993	420,598	534,328
Non-current assets:				
Investments in subsidiaries	-	-	1,227,849	1,227,849
Investments in associates	19,803	20,253	-	-
Available-for-sale investments	8,647	8,088	5,800	5,241
Other receivables	3,689	4,231	-	-
Property, plant and equipment	202,006	203,152	38,829	39,170
Intangible assets	1,022	1,283	702	913
Goodwill	639,708	639,708	-	-
Deferred tax assets	7,603	7,814	-	-
Total non-current assets	882,478	884,529	1,273,180	1,273,173
Total assets	2,805,388	2,758,522	1,693,778	1,807,501
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	87,219	92,641	75,023	77,139
Trade payables	505,263	490,936	49,311	53,060
Other payables and accrued expenses	196,940	192,376	36,082	63,045
Trade payables due to subsidiaries	-	-	27,115	126,109
Other payables due to subsidiaries	-	-	23,784	21,223
Income tax payable	22,246	18,234	3,993	3,520
Total current liabilities	811,668	794,187	215,308	344,096
Non-current liabilities:				
Deferred tax liabilities	1,935	1,801	-	-
Total non-current liabilities	1,935	1,801	-	-
Capital and reserves:				
Share capital	723,068	713,686	723,068	713,686
Treasury shares	(2,569)	(2,569)	(2,569)	(2,569)
Share-based awards reserve	4,598	5,063	3,914	4,379
Investments revaluation and hedging reserve	606	21	606	21
Translation reserve	(173,469)	(144,382)	-	-
Reserve fund	3,539	3,066	-	-
Accumulated profits	1,433,651	1,385,230	753,451	747,888
Equity attributable to owners of the Company	1,989,424	1,960,115	1,478,470	1,463,405
Non-controlling interests	2,361	2,419	-	-
Total equity	1,991,785	1,962,534	1,478,470	1,463,405
Total liabilities and equity	2,805,388	2,758,522	1,693,778	1,807,501

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 31.03.2017		As at 31.12.2016		As at 31.03.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
26,145	61,074	26,883	65,758	26,145	48,878	26,883	50,256

(b) Amount repayable after one year
Not applicable.

(c) Details of any collateral
The secured bank loan is secured by pledged bank deposits.

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 31.03.2017 S\$'000	3 months ended 31.03.2016 S\$'000
Operating activities:		
Profit before Taxation	60,003	42,463
Adjustments for:		
Inventories written off	134	249
Depreciation expense	6,583	6,326
Allowance for doubtful trade receivables	3,728	1,717
Amortisation of intangible assets	252	5,106
Interest income	(926)	(812)
Dividend income	(19)	(19)
Interest expense	273	265
Share-based payments expense	354	121
(Gain) Loss on disposal of plant and equipment, net	(14)	60
Operating profit before working capital changes	70,368	55,476
Trade receivables	(16,225)	44,046
Other receivables and prepayments	(17,370)	5,254
Inventories	(64,463)	(37,182)
Trade payables	26,241	38,764
Other payables and accrued expenses	8,424	(6,314)
Cash generated from operations	6,975	100,044
Interest paid	(273)	(265)
Income tax paid	(6,836)	(4,214)
Net cash (used in) from operating activities	(134)	95,565
Investing activities:		
Interest received	479	440
Dividend received from associates	450	210
Dividend received from other equity investments	19	19
Purchase of property, plant and equipment	(9,981)	(7,231)
Proceeds on disposal of plant and equipment	150	35
Net cash used in investing activities	(8,883)	(6,527)
Financing activities:		
Refund of unclaimed dividends	8	-
Repayment of bank loans (Note 3)	(16,982)	(4,218)
Proceeds from new bank loans (Note 3)	14,185	-
Proceeds from issue of shares	8,853	1,066
Net cash from (used in) financing activities	6,064	(3,152)
Net (decrease) increase in cash and cash equivalents	(2,953)	85,886
Cash and cash equivalents at beginning of period	474,728	433,154
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(9,305)	(17,110)
Cash and cash equivalents at end of period	462,470	501,930
Cash and cash equivalents comprise:		
Cash	282,225	324,800
Fixed deposits	204,593	202,222
	486,818	527,022
Less: Pledged bank deposits	(24,348)	(25,092)
Cash and cash equivalents on the consolidated cash flow statement	462,470	501,930

Note 3: Reconciliation of liabilities arising from financing activities between cash and non-cash changes

	31.03.2017 S\$'000	Cash Flows S\$'000	Non-cash changes	31.12.2016 S\$'000
			Foreign exchange movement S\$'000	
Bank loans	87,219	(2,797)	(2,625)	92,641

1.(d)(i) Statement of changes in equity for the period ended March 31, 2016

	Share capital S\$'000	Treasury shares S\$'000	Share-based awards reserve S\$'000	Investments revaluation & Hedging reserve S\$'000	Translation reserve S\$'000	Reserve fund S\$'000	Capital reserve 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, 2016	693,333	(2,081)	6,375	(135)	(149,897)	2,398	17	1,343,215	1,893,225	2,584	1,895,809
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	35,839	35,839	9	35,848
Other comprehensive loss for the period	-	-	-	(222)	(43,060)	-	-	-	(43,282)	(102)	(43,384)
Total	-	-	-	(222)	(43,060)	-	-	35,839	(7,443)	(93)	(7,536)
Transactions with owners, recognised directly in equity											
Issue of shares	1,209	-	(143)	-	-	-	-	-	1,066	-	1,066
Appropriation to reserve fund	-	-	-	-	-	668	-	(668)	-	-	-
Share options lapsed	-	-	(54)	-	-	-	-	54	-	-	-
Recognition of share-based payments	-	-	121	-	-	-	-	-	121	-	121
Total	1,209	-	(76)	-	-	668	-	(614)	1,187	-	1,187
Balance at March 31, 2016	694,542	(2,081)	6,299	(357)	(192,957)	3,066	17	1,378,440	1,886,969	2,491	1,889,460

1.(d)(i) Statement of changes in equity for the period ended March 31, 2017

	Share capital S\$'000	Treasury shares S\$'000	Share-based awards reserve S\$'000	Investments revaluation & Hedging reserve S\$'000	Translation reserve S\$'000	Reserve fund S\$'000	Capital reserve 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, 2017	713,686	(2,569)	5,063	21	(144,382)	3,066	-	1,385,230	1,960,115	2,419	1,962,534
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	48,596	48,596	(18)	48,578
Other comprehensive gain (loss) for the period	-	-	-	585	(29,087)	-	-	-	(28,502)	(40)	(28,542)
Total	-	-	-	585	(29,087)	-	-	48,596	20,094	(58)	20,036
Transactions with owners, recognised directly in equity											
Issue of shares	9,382	-	(529)	-	-	-	-	-	8,853	-	8,853
Appropriation to reserve fund	-	-	-	-	-	473	-	(473)	-	-	-
Share options lapsed	-	-	(290)	-	-	-	-	290	-	-	-
Recognition of share-based payments	-	-	354	-	-	-	-	-	354	-	354
Refund of unclaimed dividends	-	-	-	-	-	-	-	8	8	-	8
Total	9,382	-	(465)	-	-	473	-	(175)	9,215	-	9,215
Balance at March 31, 2017	723,068	(2,569)	4,598	606	(173,469)	3,539	-	1,433,651	1,989,424	2,361	1,991,785

1.(d)(i) Statement of changes in equity for the period ended March 31, 2016

	Share capital S\$'000	Treasury shares S\$'000	Share- based awards reserve S\$'000	Investments revaluation & Hedging reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<u>The Company</u>						
Balance at January 1, 2016	693,333	(2,081)	5,691	(135)	715,464	1,412,272
Total comprehensive income for the period						
Profit for the period	-	-	-	-	21,626	21,626
Other comprehensive loss for the period	-	-	-	(222)	-	(222)
Total	-	-	-	(222)	21,626	21,404
Transactions with owners, recognised directly in equity						
Issue of shares	1,209	-	(143)	-	-	1,066
Share options lapsed	-	-	(54)	-	54	-
Recognition of share-based payments	-	-	121	-	-	121
Total	1,209	-	(76)	-	54	1,187
Balance at March 31, 2016	694,542	(2,081)	5,615	(357)	737,144	1,434,863

1.(d)(i) Statement of changes in equity for the period ended March 31, 2017

	Share capital S\$'000	Treasury shares S\$'000	Share- based awards reserve S\$'000	Investments revaluation & Hedging reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<u>The Company</u>						
Balance at January 1, 2017	713,686	(2,569)	4,379	21	747,888	1,463,405
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,265	5,265
Other comprehensive income for the period	-	-	-	585	-	585
Total	-	-	-	585	5,265	5,850
Transactions with owners, recognised directly in equity						
Issue of shares	9,382	-	(529)	-	-	8,853
Share options lapsed	-	-	(290)	-	290	-
Recognition of share-based payments	-	-	354	-	-	354
Refund of unclaimed dividends	-	-	-	-	8	8
Total	9,382	-	(465)	-	298	9,215
Balance at March 31, 2017	723,068	(2,569)	3,914	606	753,451	1,478,470

1.(d)(ii) **Share capital and treasury shares**

As at March 31, 2017, the total number of ordinary shares in issue was 280,217,577 (March 31, 2016: 276,923,577), of which 335,000 were treasury shares (March 31, 2016: 275,000).

The Company did not purchase any ordinary shares during Q1 2017 (Q1 2016: Nil). Ordinary shares purchased by the Company are held as treasury shares which can, in accordance with the Companies Act, be sold for cash, transferred for the purposes of or pursuant to an employee's share-based scheme; transferred as consideration for the acquisition of shares in or assets of another company or assets of a person; or cancelled. There were no sales, transfers, cancellation and/or use of treasury shares during the period.

	No. of ordinary shares in issue	S\$'000
As at January 1, 2017	279,119,577	713,686
Add: No. of share options exercised in Q1 2017	1,098,000	9,382
As at March 31, 2017	<u>280,217,577</u>	<u>723,068</u>
	No. of treasury shares	S\$'000
As at January 1, 2017 and March 31, 2017	<u>335,000</u>	<u>2,569</u>
	As at 31.03.2017	As at 31.03.2016
% of treasury shares against the total ordinary shares in issue	<u>0.1%</u>	<u>0.1%</u>
	No. of shares	S\$'000
Issued shares excluding treasury shares as at January 1, 2017	<u>278,784,577</u>	<u>711,117</u>
Issued shares excluding treasury shares as at March 31, 2017	<u>279,882,577</u>	<u>720,499</u>

1.(d)(iii) **Share-based awards**

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

Since the end of the previous financial quarter, 1,028,000 options (Q1 2016: 150,000) were exercised and 4,000 options (Q1 2016: 137,000) have lapsed.

As at March 31, 2017, there were 4,717,000 unissued shares of the Company under options in the 2004 Scheme (March 31, 2016: 8,313,000).

Venture Corporation Executives' Share Option Scheme ("The 2015 Scheme")

Since the end of the previous financial quarter, 70,000 options (Q1 2016: Nil) were exercised and 4,000 options (Q1 2016: 31,000) have lapsed.

As at March 31, 2017, there were 4,708,000 unissued shares of the Company under options in the 2015 Scheme. (March 31, 2016: 2,496,000).

Venture Corporation Restricted Share Plan ("RSP")

The RSP has a 5-year vesting period and is subject to the rules of the RSP. As at March 31, 2017 the number of RSP shares stood at 760,000 (March 31, 2016: 610,000).

	No. of RSP shares awarded	Lapsed shares	No. of RSP shares net of lapsed shares
May 2012 Award	180,000	(90,000)	90,000
May 2013 Award	120,000	(60,000)	60,000
May 2014 Award	120,000	(20,000)	100,000
May 2015 Award	270,000	(20,000)	250,000
June 2016 Award	<u>280,000</u>	<u>(20,000)</u>	<u>260,000</u>
	<u>970,000</u>	<u>(210,000)</u>	<u>760,000</u>

1.(d)(v) **Subsidiary holdings**

There were no subsidiary holdings as at the end of the current financial period reported on.

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, 2016.

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 31.03.2017	3 months ended 31.03.2016
(a)	17.4	13.0
(b)	17.2	12.9

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

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares at the end of the financial period reported on (cents)

Group		Company	
31.03.2017	31.12.2016	31.03.2017	31.12.2016
710.8	703.1	528.2	524.9

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.

PERFORMANCE REVIEW

For the quarter ended 31 March 2017, the Group registered revenue of S\$843.1 million, an increase of 33.7% year-on-year. The Group's diversified customer base and new product/programme introduction by several customers contributed to the revenue improvement for the reported quarter.

Driven by the revenue growth, the Group recorded profit before tax (PBT) of S\$60.0 million, an increase of 41.3% year-on-year for the three months ended 31 March 2017. In line with the higher PBT, the Group reported income tax expense of S\$11.4 million based on tax incentives granted to its subsidiaries. Net profit (profit attributable to owners of the Company) rose 35.6% to S\$48.6 million for the three months ended 31 March 2017. Revenue growth, value creation and capture, as well as improvements in operational excellence continued to drive improvement in profitability. The Group registered net margin of 5.8% for the reported quarter (1Q 2016: 5.7%).

Diluted Earnings Per Share for the reported quarter was 17.2 cents (1Q 2016: 12.9 cents).

FINANCIAL POSITION AND CASHFLOW

The Group generated operating cash flow of S\$70.4 million before working capital changes. For the quarter ended 31 March 2017, the Group registered an increase in working capital position largely due to trade receivables and inventories balances. Trade Receivables remained above S\$700 million in tandem with the revenue recorded for the reported quarter. The increase in inventories was primarily to support customers' requirements and programmes. As at the end of the reported quarter, the Group had cash and bank balances of S\$486.8 (S\$499.7 million as at 31 December 2016) and remained net cash positive at S\$399.6 million (S\$407.1 million as at 31 December 2016).

As at 31 March 2017, Equity attributable to owners of the Company was S\$1,989.4 million (S\$1,960.1 million as at 31 December 2016) and Net Asset Value per share was S\$7.11 (S\$7.03 as at 31 December 2016).

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 has begun the year with positive momentum. Financial performance improved year-on-year on the strength of the Group's ability to achieve compelling differentiation underpinned by its well regarded engineering and advanced manufacturing capabilities, sustained operational excellence, as well as its new product/programme execution with several customers. The Group remains vigilant of intense industry competition. To stay ahead, the Group will continue to execute with excellence in quality, productivity and value creation. As Venture strives to render exceptional and impactful solutions to its partners and customers, it will continue to focus on investing in transformative engineering talents and advanced manufacturing capabilities.

While the Group expects to execute well, it is cognizant of externalities such as geopolitical tensions and potential consolidations which may introduce some degree of uncertainty. Amid this dynamic and evolving global environment, the Group's unwavering commitment to its long-term strategic initiatives and objectives will continue to keep it on course.

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 March 31, 2017 is recommended or declared.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not sought a general mandate from shareholders for Interested Person Transactions.

14. **Please disclose a confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Group has procured undertakings from all its directors and executive officers

BY ORDER OF THE BOARD

Angeline Khoo Cheng Nee
Company Secretary
April 28, 2017

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 first quarter ended March 31, 2017 to be false or misleading in any material aspect.

On behalf of the Directors

(signed)
Wong Ngit Liong
Director

(signed)
Goon Kok Loon
Director

April 28, 2017