

Third 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 September 30, 2019. 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 30.09.2019 S\$'000 | 3 months ended 30.09.2018 S\$'000 | % increase/ (decrease) | 9 months ended 30.09.2019 S\$'000 | 9 months ended 30.09.2018 S\$'000 | % increase/ (decrease) |
| Revenue | 869,133 | 770,380 | 12.8 | 2,701,365 | 2,578,670 | 4.8 |
| Other income | 147 | 383 | (61.6) | 556 | 1,168 | (52.4) |
| Changes in finished goods, work in progress and raw materials used | (652,470) | (555,983) | 17.4 | (2,032,312) | (1,869,093) | 8.7 |
| Employee benefits expense | (82,233) | (73,460) | 11.9 | (247,807) | (240,661) | 3.0 |
| Depreciation and amortisation expense (Note 1) | (10,109) | (7,734) | 30.7 | (27,850) | (23,024) | 21.0 |
| Research and development expense (Note 2) | (8,492) | (18,704) | (54.6) | (24,677) | (68,272) | (63.9) |
| Foreign currency exchange gain | 3,036 | 684 | n.m. | 4,258 | 3,246 | 31.2 |
| Other operating expenses (Note 3) | (23,427) | (23,001) | 1.9 | (71,335) | (79,140) | (9.9) |
| Investment revenue | 3,151 | 2,356 | 33.7 | 8,297 | 6,329 | 31.1 |
| Finance costs (interest expenses on bank loans and lease liabilities) | (163) | (234) | (30.3) | (364) | (740) | (50.8) |
| Share of profit of associates | - | - | n.m. | 36 | - | n.m. |
| Profit before tax | 98,573 | 94,687 | 4.1 | 310,167 | 308,483 | 0.5 |
| Income tax expense (Note 4) | (13,205) | (13,900) | (5.0) | (43,051) | (46,060) | (6.5) |
| Profit for the period | 85,368 | 80,787 | 5.7 | 267,116 | 262,423 | 1.8 |
| Other comprehensive (loss) income: | | | | | | |
| - Items that will not be reclassified subsequently to profit or loss | | | | | | |
| Fair value (loss) gain on other financial assets, through other comprehensive income (FVTOCI) | (433) | - | n.m. | 733 | - | n.m. |
| Other comprehensive income (loss): | | | | | | |
| - Items may be reclassified subsequently to profit or loss | | | | | | |
| Exchange differences on translation of foreign operations | 17,377 | 9,913 | n.m. | 5,497 | 21,842 | n.m. |
| Fair value loss on available-for-sale investments | - | (3) | n.m. | - | (570) | n.m. |
| Fair value (loss) gain on cash flow hedge | - | (10) | n.m. | - | 30 | n.m. |
| Total comprehensive income for the period | 102,312 | 90,687 | 12.8 | 273,346 | 283,725 | (3.7) |
| Profit attributable to: | | | | | | |
| Owners of the Company | 85,201 | 80,789 | 5.5 | 266,877 | 262,371 | 1.7 |
| Non-controlling interests | 167 | (2) | n.m. | 239 | 52 | 359.6 |
| | 85,368 | 80,787 | 5.7 | 267,116 | 262,423 | 1.8 |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | 102,206 | 90,846 | 12.5 | 273,187 | 283,759 | (3.7) |
| Non-controlling interests | 106 | (159) | n.m. | 159 | (34) | n.m. |
| | 102,312 | 90,687 | 12.8 | 273,346 | 283,725 | (3.7) |

Note 1

Depreciation and amortisation expense was higher in 3Q19 and 9M 2019 mainly due to additional depreciation charge on Right-of-Use (ROU) assets totalling S\$5.2 million for 9M 2019 from the adoption of SFRS(I) 16 Leases (see item 5 page 10). Effective from January 1, 2019 qualifying lease payments were no longer taken to other operating expenses but capitalised to the balance sheet as ROU assets and depreciated over the term of the lease.

Note 2

Research and development (R&D) expense decreased for the reported period due to lower customers' requirements for prototyping, tooling, non-recurring engineering (NRE), materials and its related services. R&D manpower costs are separately recorded under Employee benefits expense.

Note 3

Other operating expenses decreased in 9M 2019 due to lease expenses totalling S\$5.5 million reclassified into depreciation expense and finance costs in accordance with SFRS(I) 16 (Note 1), doubtful debts recovery and net re-measurement of expected credit loss allowance mainly recorded in 2Q19 as disclosed in 1.(a)(ii), as well as continuous improvement in operational excellence.

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

| | Group | | | Group | | |
|--|---|---|------------------------------|---|---|------------------------------|
| | 3 months ended 30.09.2019 S\$'000 | 3 months ended 30.09.2018 S\$'000 | % increase/ (decrease) | 9 months ended 30.09.2019 S\$'000 | 9 months ended 30.09.2018 S\$'000 | % increase/ (decrease) |
| Overprovision (Underprovision) of tax in respect of prior years (Note 4) | 1,188 | (1) | n.m. | 2,494 | 350 | n.m. |
| Net re-measurement of expected credit loss allowance | 13 | 8 | n.m. | 218 | - | n.m. |
| Doubtful debts recovery | - | - | n.m. | 1,077 | - | n.m. |
| (Loss) Gain on disposal of property, plant and equipment, net | (12) | (9) | n.m. | (91) | 116 | n.m. |
| Reversal (Allowance) for Inventories | (386) | 61 | n.m. | (373) | (81) | n.m. |

Note:

n.m. - not meaningful

Note 4

Effective tax rate for the Group decreased for 3Q19 and 9M 2019 due to write back from overprovision of tax in respect of prior years.

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 | |
|---|------------------|------------------|------------------|------------------|
| | 30.09.2019 | 31.12.2018 | 30.09.2019 | 31.12.2018 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and bank balances | 803,621 | 712,826 | 288,085 | 271,723 |
| Trade receivables | 726,188 | 735,943 | 15,187 | 10,387 |
| Other receivables and prepayments | 40,939 | 29,997 | 2,766 | 1,520 |
| Contract assets | 16,246 | 19,202 | - | - |
| Inventories | 760,672 | 808,166 | 63,344 | 61,154 |
| Trade receivables due from subsidiaries | - | - | 32,923 | 44,114 |
| Other receivables due from subsidiaries | - | - | 18,048 | 17,940 |
| Income tax recoverable | 4 | 22 | - | - |
| Total current assets | 2,347,670 | 2,306,156 | 420,353 | 406,838 |
| Non-current assets: | | | | |
| Investments in subsidiaries | - | - | 1,227,849 | 1,227,849 |
| Investments in associates | 761 | 725 | - | - |
| Other financial assets | 25,181 | 22,939 | 7,233 | 6,977 |
| Other receivables | 449 | 455 | - | - |
| Property, plant and equipment | 240,267 | 230,686 | 38,987 | 40,283 |
| Right-of-use assets (Note 5) | 29,581 | - | 16,068 | - |
| Intangible assets | 208 | 181 | - | - |
| Goodwill | 639,708 | 639,708 | - | - |
| Deferred tax assets | 3,825 | 3,747 | - | - |
| Total non-current assets | 939,980 | 898,441 | 1,290,137 | 1,275,109 |
| Total assets | 3,287,650 | 3,204,597 | 1,710,490 | 1,681,947 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities: | | | | |
| Bank loans | 1,258 | 1,798 | - | - |
| Trade payables | 516,956 | 529,015 | 31,074 | 42,510 |
| Other payables and accrued expenses | 174,742 | 205,224 | 23,288 | 34,246 |
| Contract liabilities | 101,054 | 74,029 | 591 | - |
| Lease liabilities (Note 5) | 10,603 | - | 5,278 | - |
| Trade payables due to subsidiaries | - | - | 4,228 | 5,213 |
| Other payables due to subsidiaries | - | - | 20,853 | 20,751 |
| Income tax payable | 32,289 | 40,374 | 3,727 | 3,679 |
| Total current liabilities | 836,902 | 850,440 | 89,039 | 106,399 |
| Non-current liabilities: | | | | |
| Lease liabilities (Note 5) | 19,103 | - | 10,906 | - |
| Deferred tax liabilities | 2,066 | 2,058 | - | - |
| Total non-current liabilities | 21,169 | 2,058 | 10,906 | - |
| Capital and reserves: | | | | |
| Share capital | 810,208 | 803,220 | 810,208 | 803,220 |
| Treasury shares | (19,993) | (19,081) | (19,993) | (19,081) |
| Share-based awards reserve | 4,240 | 3,774 | 4,240 | 3,774 |
| Investments revaluation and hedging reserve | 1,398 | 665 | 1,451 | 1,194 |
| Translation reserve | (49,467) | (55,044) | - | - |
| Other reserves | 2,577 | 3,079 | (1,697) | (815) |
| Accumulated profits | 1,678,224 | 1,613,253 | 816,336 | 787,256 |
| Equity attributable to owners of the Company | 2,427,187 | 2,349,866 | 1,610,545 | 1,575,548 |
| Non-controlling interests | 2,392 | 2,233 | - | - |
| Total equity | 2,429,579 | 2,352,099 | 1,610,545 | 1,575,548 |
| Total liabilities and equity | 3,287,650 | 3,204,597 | 1,710,490 | 1,681,947 |

Note 5

The Group adopted SFRS(I)16 *Leases* with effect from January 1, 2019. The effects of changes in accounting standard are disclosed in item 5 page 10.

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 30.09.2019 | | As at 31.12.2018 | | As at 30.09.2019 | | As at 31.12.2018 | |
| | Secured | Unsecured | Secured | Unsecured | Secured | Unsecured | Secured | Unsecured |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Bank loans | - | 1,258 | - | 1,798 | - | - | - | - |
| Lease liabilities | 10,603 | - | - | - | 5,278 | - | - | - |
| Total | 10,603 | 1,258 | - | 1,798 | 5,278 | - | - | - |

(b) Amount repayable after one year

| | Group | | | | Company | | | |
|-------------------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|
| | As at 30.09.2019 | | As at 31.12.2018 | | As at 30.09.2019 | | As at 31.12.2018 | |
| | Secured | Unsecured | Secured | Unsecured | Secured | Unsecured | Secured | Unsecured |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Lease liabilities | 19,103 | - | - | - | 10,906 | - | - | - |

(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

| | 3 months ended 30.09.2019 | 3 months ended 30.09.2018 | 9 months ended 30.09.2019 | 9 months ended 30.09.2018 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Operating activities: | | | | |
| Profit before taxation | 98,573 | 94,687 | 310,167 | 308,483 |
| Adjustments for: | | | | |
| Share of profit of associates | - | - | (36) | - |
| Allowance (Reversal) for inventories | 386 | (61) | 373 | 81 |
| Depreciation expense | 10,073 | 7,712 | 27,692 | 22,956 |
| Net re-measurement of expected credit loss allowance | (13) | (8) | (1,295) | - |
| Amortisation of intangible assets | 36 | 22 | 158 | 68 |
| Interest income | (3,151) | (2,356) | (8,297) | (6,329) |
| Dividend income | (196) | (227) | (679) | (768) |
| Interest expense | 163 | 234 | 364 | 740 |
| Share-based payments expense | 562 | 308 | 1,164 | 1,252 |
| Loss (Gain) on disposal of plant and equipment, net | 12 | 9 | 91 | (116) |
| Operating profit before working capital changes | 106,445 | 100,320 | 329,702 | 326,367 |
| Trade receivables | (22,147) | 120,428 | 15,628 | 178,297 |
| Other receivables, prepayments and contract assets | 13,528 | (3,947) | (6,968) | (2,124) |
| Inventories | (1,801) | (60,718) | 50,491 | (81,437) |
| Trade payables | 35,662 | (68,333) | (13,999) | (134,785) |
| Other payables, accrued expenses and contract liabilities | 1,585 | 32,490 | (5,946) | (9,401) |
| Cash generated from operations | 133,272 | 120,240 | 368,909 | 276,917 |
| Interest paid | (163) | (234) | (364) | (740) |
| Income tax paid | (20,828) | (17,419) | (51,199) | (48,098) |
| Net cash from operating activities | 112,280 | 102,587 | 317,346 | 228,079 |
| Investing activities: | | | | |
| Interest received | 2,700 | 1,749 | 7,871 | 5,107 |
| Dividend received from associates | - | - | - | 30 |
| Dividend received from other equity investments | 196 | 227 | 679 | 768 |
| Purchase of property, plant and equipment | (15,770) | (5,828) | (31,179) | (53,929) |
| Proceeds on disposal of plant and equipment | (24) | - | (0) | 206 |
| Addition of intangible assets | - | (117) | (120) | (366) |
| Proceeds on disposal of other financial assets | - | 2,942 | - | 2,942 |
| Purchase of other financial assets | (1,378) | (1,628) | (1,378) | (1,628) |
| Net cash used in investing activities | (14,277) | (2,655) | (24,128) | (46,870) |
| Financing activities: | | | | |
| Dividend paid | (57,673) | (57,608) | (201,694) | (230,021) |
| Repayment of bank loans (Note 6) | (394) | - | (1,929) | (21,340) |
| Proceeds from new bank loans (Note 6) | 99 | 492 | 1,437 | 32,687 |
| Proceeds from issue of shares | 2,497 | 7,931 | 6,842 | 38,891 |
| Purchase of treasury shares | (597) | - | (2,178) | (12,583) |
| Lease payment (Notes 5 & 6) | (2,591) | - | (5,466) | - |
| Bank balances pledged as securities for bank facilities | - | - | - | (27,092) |
| Net cash used in financing activities | (58,659) | (49,185) | (202,988) | (219,458) |
| Net increase (decrease) in cash and cash equivalents | 39,344 | 50,747 | 90,230 | (38,249) |
| Cash and cash equivalents at beginning of period | 761,780 | 661,525 | 712,826 | 752,447 |
| Effect of foreign exchange rate changes on the balance of cash held in foreign currencies | 2,497 | 1,943 | 565 | 17 |
| Cash and cash equivalents at end of period | 803,621 | 714,215 | 803,621 | 714,215 |
| Cash and cash equivalents comprise: | | | | |
| Cash | 526,257 | 466,015 | 526,257 | 466,015 |
| Fixed deposits | 277,364 | 274,239 | 277,364 | 274,239 |
| | 803,621 | 740,254 | 803,621 | 740,254 |
| Less: Pledged bank deposits | - | (26,039) | - | (26,039) |
| Cash and cash equivalents on the consolidated cash flow statement | 803,621 | 714,215 | 803,621 | 714,215 |

Note 6: Reconciliation of liabilities arising from financing activities between cash and non-cash changes

| | 30.09.2019 | Financing Cash Flows | Non-cash changes | | 31.12.2018 |
|-------------------|------------|-------------------------|------------------------------|---------------------------|------------|
| | | | Foreign exchange movement | Adoption of SFRS(I) 16 | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Bank loans | 1,258 | (492) | (48) | - | 1,798 |
| Lease Liabilities | 29,706 | (5,466) | 292 | 34,880 | - |

1.(d)(i) Statement of changes in equity for the period ended September 30, 2018

| | Share capital S\$'000 | Treasury shares S\$'000 | Share-based awards reserve S\$'000 | Investments revaluation & Hedging reserve S\$'000 | Translation reserve S\$'000 | Other reserves 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, 2018 | 761,706 | (1,879) | 3,524 | 1,836 | (76,191) | 3,292 | 1,473,462 | 2,165,750 | 2,314 | 2,168,064 |
| Total comprehensive income for the period | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 83,671 | 83,671 | 46 | 83,717 |
| Other comprehensive income (loss) for the period | - | - | - | 161 | (19,695) | - | - | (19,534) | 88 | (19,446) |
| Total | - | - | - | 161 | (19,695) | - | 83,671 | 64,137 | 134 | 64,271 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Issue of shares | 23,572 | - | (581) | - | - | - | - | 22,991 | - | 22,991 |
| Appropriation to reserve fund | - | - | - | - | - | 355 | (355) | - | - | - |
| Share options lapsed | - | - | (55) | - | - | - | 55 | - | - | - |
| Recognition of share-based payments | - | - | 487 | - | - | - | - | 487 | - | 487 |
| Total | 23,572 | - | (149) | - | - | 355 | (300) | 23,478 | - | 23,478 |
| Balance at March 31, 2018 | 785,278 | (1,879) | 3,375 | 1,997 | (95,886) | 3,647 | 1,556,833 | 2,253,365 | 2,448 | 2,255,813 |
| Total comprehensive income for the period | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 97,911 | 97,911 | 8 | 97,919 |
| Other comprehensive (loss) income for the period | - | - | - | (688) | 31,553 | - | - | 30,865 | (17) | 30,848 |
| Total | - | - | - | (688) | 31,553 | - | 97,911 | 128,776 | (9) | 128,767 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Issue of shares | 8,147 | - | (178) | - | - | - | - | 7,969 | - | 7,969 |
| Purchase of treasury shares | - | (12,583) | - | - | - | - | - | (12,583) | - | (12,583) |
| Treasury shares reissued pursuant to equity compensation plans | - | 858 | (290) | - | - | (568) | - | - | - | - |
| Final tax exempt dividend paid in respect of the previous financial year | - | - | - | - | - | - | (172,413) | (172,413) | - | (172,413) |
| Share options lapsed | - | - | (1) | - | - | - | 1 | - | - | - |
| Recognition of share-based payments | - | - | 457 | - | - | - | - | 457 | - | 457 |
| Total | 8,147 | (11,725) | (12) | - | - | (568) | (172,412) | (176,570) | - | (176,570) |
| Balance at June 30, 2018 | 793,425 | (13,604) | 3,363 | 1,309 | (64,333) | 3,079 | 1,482,332 | 2,205,571 | 2,439 | 2,208,010 |
| Total comprehensive income for the period | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 80,789 | 80,789 | (2) | 80,787 |
| Other comprehensive (loss) income for the period | - | - | - | (13) | 10,070 | - | - | 10,057 | (157) | 9,900 |
| Total | - | - | - | (13) | 10,070 | - | 80,789 | 90,846 | (159) | 90,687 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Issue of shares | 8,097 | - | (166) | - | - | - | - | 7,931 | - | 7,931 |
| Interim tax exempt dividend paid in respect of the current financial year | - | - | - | - | - | - | (57,608) | (57,608) | - | (57,608) |
| Disposal of available-for-sale investments | - | - | - | (44) | - | - | 44 | - | - | - |
| Share options lapsed | - | - | (5) | - | - | - | 5 | - | - | - |
| Recognition of share-based payments | - | - | 308 | - | - | - | - | 308 | - | 308 |
| Total | 8,097 | - | 137 | (44) | - | - | (57,559) | (49,369) | - | (49,369) |
| Balance at September 30, 2018 | 801,522 | (13,604) | 3,500 | 1,252 | (54,263) | 3,079 | 1,505,562 | 2,247,048 | 2,280 | 2,249,328 |

1.(d)(i) Statement of changes in equity for the period ended September 30, 2019

| | Share capital S\$'000 | Treasury shares S\$'000 | Share-based awards reserve S\$'000 | Investments revaluation & Hedging reserve S\$'000 | Translation reserve S\$'000 | Other reserves 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, 2019 | 803,220 | (19,081) | 3,774 | 665 | (55,044) | 3,079 | 1,613,253 | 2,349,866 | 2,233 | 2,352,099 |
| Total comprehensive income for the period | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 90,866 | 90,866 | (3) | 90,863 |
| Other comprehensive income (loss) for the period | - | - | - | 661 | (10,871) | - | - | (10,210) | 56 | (10,154) |
| Total | - | - | - | 661 | (10,871) | - | 90,866 | 80,656 | 53 | 80,709 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Issue of shares | 3,005 | - | (60) | - | - | - | - | 2,945 | - | 2,945 |
| Purchase of treasury shares | - | (1,581) | - | - | - | - | - | (1,581) | - | (1,581) |
| Appropriation to reserve fund | - | - | - | - | - | 380 | (380) | - | - | - |
| Share options lapsed | - | - | (1) | - | - | - | 1 | - | - | - |
| Recognition of share-based payments | - | - | 309 | - | - | - | - | 309 | - | 309 |
| Total | 3,005 | (1,581) | 248 | - | - | 380 | (379) | 1,673 | - | 1,673 |
| Balance at March 31, 2019 | 806,225 | (20,662) | 4,022 | 1,326 | (65,915) | 3,459 | 1,703,740 | 2,432,195 | 2,286 | 2,434,481 |
| Total comprehensive income for the period | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 90,810 | 90,810 | 75 | 90,885 |
| Other comprehensive income (loss) for the period | - | - | - | 505 | (990) | - | - | (485) | (75) | (560) |
| Total | - | - | - | 505 | (990) | - | 90,810 | 90,325 | - | 90,325 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Issue of shares | 1,427 | - | (27) | - | - | - | - | 1,400 | - | 1,400 |
| Treasury shares reissued pursuant to equity compensation plans | - | 1,266 | (384) | - | - | (882) | - | - | - | - |
| Final tax exempt dividend paid in respect of the previous financial year | - | - | - | - | - | - | (144,021) | (144,021) | - | (144,021) |
| RSP/Share options lapsed | - | - | (167) | - | - | - | 167 | - | - | - |
| Recognition of share-based payments | - | - | 293 | - | - | - | - | 293 | - | 293 |
| Total | 1,427 | 1,266 | (285) | - | - | (882) | (143,854) | (142,328) | - | (142,328) |
| Balance at June 30, 2019 | 807,652 | (19,396) | 3,737 | 1,831 | (66,905) | 2,577 | 1,650,696 | 2,380,192 | 2,286 | 2,382,478 |
| Total comprehensive income for the period | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 85,201 | 85,201 | 167 | 85,368 |
| Other comprehensive income (loss) for the period | - | - | - | (433) | 17,438 | - | - | 17,005 | (61) | 16,944 |
| Total | - | - | - | (433) | 17,438 | - | 85,201 | 102,206 | 106 | 102,312 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Issue of shares | 2,556 | - | (59) | - | - | - | - | 2,497 | - | 2,497 |
| Purchase of treasury shares | - | (597) | - | - | - | - | - | (597) | - | (597) |
| Interim tax exempt dividend paid in respect of the current financial year | - | - | - | - | - | - | (57,673) | (57,673) | - | (57,673) |
| Recognition of share-based payments | - | - | 562 | - | - | - | - | 562 | - | 562 |
| Total | 2,556 | (597) | 503 | - | - | - | (57,673) | (55,211) | - | (55,211) |
| Balance at September 30, 2019 | 810,208 | (19,993) | 4,240 | 1,398 | (49,467) | 2,577 | 1,678,224 | 2,427,187 | 2,392 | 2,429,579 |

1.(d)(i) Statement of changes in equity for the period ended September 30, 2018

| | Share capital S\$'000 | Treasury shares S\$'000 | Share-based awards reserve S\$'000 | Investments revaluation & Hedging reserve S\$'000 | Other reserves S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|---|--------------------------|----------------------------|---------------------------------------|--|---------------------------|--------------------------------|-------------------------|
| The Company | | | | | | | |
| Balance at January 1, 2018 | 761,706 | (1,879) | 3,524 | 1,876 | (247) | 710,255 | 1,475,235 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 68,568 | 68,568 |
| Other comprehensive income for the period | - | - | - | 328 | - | - | 328 |
| Total | - | - | - | 328 | - | 68,568 | 68,896 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Issue of shares | 23,572 | - | (581) | - | - | - | 22,991 |
| Share options lapsed | - | - | (55) | - | - | 55 | - |
| Recognition of share-based payments | - | - | 487 | - | - | - | 487 |
| Total | 23,572 | - | (149) | - | - | 55 | 23,478 |
| Balance at March 31, 2018 | 785,278 | (1,879) | 3,375 | 2,204 | (247) | 778,878 | 1,567,609 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 162,943 | 162,943 |
| Other comprehensive income for the period | - | - | - | (487) | - | - | (487) |
| Total | - | - | - | (487) | - | 162,943 | 162,456 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Issue of shares | 8,147 | - | (178) | - | - | - | 7,969 |
| Purchase of treasury shares | - | (12,583) | - | - | - | - | (12,583) |
| Treasury shares reissued pursuant to equity compensation plans | - | 858 | (290) | - | (568) | - | - |
| Final tax exempt dividend paid in respect of the previous financial year | - | - | - | - | - | (172,413) | (172,413) |
| Share options lapsed | - | - | (1) | - | - | 1 | - |
| Recognition of share-based payments | - | - | 457 | - | - | - | 457 |
| Total | 8,147 | (11,725) | (12) | - | (568) | (172,412) | (176,570) |
| Balance at June 30, 2018 | 793,425 | (13,604) | 3,363 | 1,717 | (815) | 769,409 | 1,553,495 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 26,619 | 26,619 |
| Other comprehensive income for the period | - | - | - | 50 | - | - | 50 |
| Total | - | - | - | 50 | - | 26,619 | 26,669 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Issue of shares | 8,097 | - | (166) | - | - | - | 7,931 |
| Interim tax exempt dividend paid in respect of the current financial year | - | - | - | - | - | (57,608) | (57,608) |
| Disposal of available-for-sale investments | - | - | - | (44) | - | 44 | - |
| Share options lapsed | - | - | (5) | - | - | 5 | - |
| Recognition of share-based payments | - | - | 308 | - | - | - | 308 |
| Total | 8,097 | - | 137 | (44) | - | (57,559) | (49,369) |
| Balance at September 30, 2018 | 801,522 | (13,604) | 3,500 | 1,723 | (815) | 738,469 | 1,530,795 |

1.(d)(i) Statement of changes in equity for the period ended September 30, 2019

| | Share capital S\$'000 | Treasury shares S\$'000 | Share- based awards reserve S\$'000 | Investments revaluation & Hedging reserve S\$'000 | Other reserves S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|---|-----------------------------|-------------------------------|---|---|------------------------------|-----------------------------------|----------------------------|
| The Company | | | | | | | |
| Balance at January 1, 2019 | 803,220 | (19,081) | 3,774 | 1,194 | (815) | 787,256 | 1,575,548 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 9,427 | 9,427 |
| Other comprehensive income for the period | - | - | - | 310 | - | - | 310 |
| Total | - | - | - | 310 | - | 9,427 | 9,737 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Issue of shares | 3,005 | - | (60) | - | - | - | 2,945 |
| Purchase of treasury shares | - | (1,581) | - | - | - | - | (1,581) |
| Share options lapsed | - | - | (1) | - | - | 1 | - |
| Recognition of share-based payments | - | - | 309 | - | - | - | 309 |
| Total | 3,005 | (1,581) | 248 | - | - | 1 | 1,673 |
| Balance at March 31, 2019 | 806,225 | (20,662) | 4,022 | 1,504 | (815) | 796,684 | 1,586,958 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 85,513 | 85,513 |
| Other comprehensive income for the period | - | - | - | 275 | - | - | 275 |
| Total | - | - | - | 275 | - | 85,513 | 85,788 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Issue of shares | 1,427 | - | (27) | - | - | - | 1,400 |
| Treasury shares reissued pursuant to equity compensation plans | - | 1,266 | (384) | - | (882) | - | - |
| Final tax exempt dividend paid in respect of the previous financial year | - | - | - | - | - | (144,021) | (144,021) |
| RSP/Share options lapsed | - | - | (167) | - | - | 167 | - |
| Recognition of share-based payments | - | - | 293 | - | - | - | 293 |
| Total | 1,427 | 1,266 | (285) | - | (882) | (143,854) | (142,328) |
| Balance at June 30, 2019 | 807,652 | (19,396) | 3,737 | 1,779 | (1,697) | 738,343 | 1,530,418 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | 135,666 | 135,666 |
| Other comprehensive income for the period | - | - | - | (328) | - | - | (328) |
| Total | - | - | - | (328) | - | 135,666 | 135,338 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Issue of shares | 2,556 | - | (59) | - | - | - | 2,497 |
| Purchase of treasury shares | - | (597) | - | - | - | - | (597) |
| Interim tax exempt dividend paid in respect of the current financial year | - | - | - | - | - | (57,673) | (57,673) |
| Recognition of share-based payments | - | - | 562 | - | - | - | 562 |
| Total | 2,556 | (597) | 503 | - | - | (57,673) | (55,211) |
| Balance at September 30, 2019 | 810,208 | (19,993) | 4,240 | 1,451 | (1,697) | 816,336 | 1,610,545 |

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

As at September 30, 2019, the total number of ordinary shares in issue was 289,645,577 (September 30, 2018: 288,880,577), of which 1,265,000 were treasury shares (September 30, 2018: 819,000).

The Company purchased 40,000 ordinary shares during Q3 2019 (Q3 2018: 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.

Except as disclosed below, there were no other sales, transfers, cancellation and/or use of treasury shares during the period.

| | No. of ordinary shares in issue | S\$'000 |
|--|--|-----------------------|
| As at January 1, 2019 | 289,025,577 | 803,220 |
| Add: No. of share options exercised in Q1 2019 | 267,000 | 3,005 |
| As at March 31, 2019 | <u>289,292,577</u> | <u>806,225</u> |
| Add: No. of share options exercised in Q2 2019 | 109,000 | 1,427 |
| As at June 30, 2019 | <u>289,401,577</u> | <u>807,652</u> |
| Add: No. of share options exercised in Q3 2019 | 244,000 | 2,556 |
| As at September 30, 2019 | <u><u>289,645,577</u></u> | <u><u>810,208</u></u> |

| | No. of treasury shares | S\$'000 |
|---|------------------------------|----------------------|
| As at January 1, 2019 | 1,199,000 | 19,081 |
| Add: Treasury shares repurchased in Q1 2019 | 106,000 | 1,581 |
| As at March 31, 2019 | <u>1,305,000</u> | <u>20,662</u> |
| Less: Treasury shares utilised in Q2 2019 | (80,000) | (1,266) |
| As at June 30, 2019 | <u>1,225,000</u> | <u>19,396</u> |
| Add: Treasury shares repurchased in Q3 2019 | 40,000 | 597 |
| As at September 30, 2019 | <u><u>1,265,000</u></u> | <u><u>19,993</u></u> |

| | As at 30.09.2019 | As at 30.09.2018 |
|---|---------------------|---------------------|
| % of treasury shares against the total ordinary shares in issue | <u>0.4%</u> | <u>0.3%</u> |

| | No. of shares | S\$'000 |
|--|---------------------------|-----------------------|
| Issued shares excluding treasury shares as at January 1, 2019 | <u>287,826,577</u> | <u>784,139</u> |
| Issued shares excluding treasury shares as at March 31, 2019 | <u>287,987,577</u> | <u>785,563</u> |
| Issued shares excluding treasury shares as at June 30, 2019 | <u>288,176,577</u> | <u>788,256</u> |
| Issued shares excluding treasury shares as at September 30, 2019 | <u><u>288,380,577</u></u> | <u><u>790,215</u></u> |

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

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

Since the end of the previous financial quarter, no options (Q3 2018: 68,000) were exercised and no options (Q3 2018: Nil) have lapsed.

As at September 30, 2019, there were no unissued shares of the Company under options in the 2004 Scheme (September 30, 2018: 44,000).

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

Since the end of the previous financial quarter, 244,000 options (Q3 2018: 626,000) were exercised and 1,000 options (Q3 2018: 18,000) have lapsed.

As at September 30, 2019, there were 3,303,000 unissued shares of the Company under options in the 2015 Scheme. (September 30, 2018: 2,950,000).

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 September 30, 2019 the number of RSP shares stood at 950,000 (September 30, 2018: 900,000).

| | No. of RSP shares awarded | Lapsed shares | No. of RSP shares net of lapsed shares |
|-----------------|------------------------------|-----------------|---|
| May 2015 Award | 270,000 | (40,000) | 230,000 |
| June 2016 Award | 280,000 | (20,000) | 260,000 |
| June 2017 Award | 290,000 | - | 290,000 |
| June 2019 Award | 170,000 | - | 170,000 |
| | <u>1,010,000</u> | <u>(60,000)</u> | <u>950,000</u> |

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

There were no holdings in Venture Corporation Limited by any subsidiary 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**

Other than as mentioned in Paragraph 5 regarding the adoption of SFRS(I)16 *Leases* effective January 1, 2019, there were no significant changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at December 31, 2018.

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 Group adopted SFRS(I) 16 *Leases*, effective for annual periods beginning on or after January 1, 2019.

The Group adopted the simplified transition approach and the comparative amount for the year prior to first adoption was not restated. All Right-of-use ("ROU") assets will be measured at the amount of the lease liability (adjusted for any prepaid or accrued lease expenses).

- Under SFRS(I) 16, qualifying lease payments were no longer taken to other operating expenses but capitalised to the balance sheet as ROU assets and depreciated over the term of the lease.

- Lessees must present cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by SFRS(I) 1-7. The Group has opted to include the interest paid as part of operating activities and cash payments for the principal portion for lease liability as part of financing activities.

- The adoption of SFRS(I)16 did not have an impact on net cash flows.

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 30.09.2019 | 3 months ended 30.09.2018 | 9 months ended 30.09.2019 | 9 months ended 30.09.2018 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| (a) Based on the weighted average number of ordinary shares on issue (cents) | 29.5 | 28.0 | 92.6 | 91.3 |
| (b) On a fully diluted basis (cents) (detailing any adjustments made to the earnings) | 29.1 | 27.8 | 92.0 | 90.2 |

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

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 30.09.2019 | 30.09.2018 | 30.09.2019 | 30.09.2018 |
| 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) | 841.7 | 780.1 | 558.5 | 531.4 |

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 30 September 2019, the Group registered revenue of S\$869.1 million (+12.8% YoY). For the nine months ended 30 September 2019, the Group recorded revenue of S\$2,701.4 million (+4.8% YoY). Amidst headwinds from geopolitical tensions, the Group had been well positioned to capture growth from selected ecosystems through its differentiated value creation pathways.

The Group recorded profit before tax (PBT) of S\$98.6 million for 3Q 2019 (+4.1% YoY) and S\$310.2 million (+0.5% YoY) for 9M 2019. Income tax expense of the Group was S\$13.2 million for 3Q 2019 and S\$43.1 million for 9M 2019 which include adjustments for tax overprovision in prior years. Net profit (profit attributable to owners of the Company) was S\$85.2 million (+5.5% YoY) for 3Q 2019 and S\$266.9 million (+1.7% YoY) for 9M 2019. Notwithstanding competition and pricing pressure, the Group's continued initiatives to drive productivity gains and operational efficiency kept net margin healthy at 9.8% for 3Q 2019 and 9.9% for 9M 2019.

Diluted Earnings Per Share for the reported quarter improved to 29.1 cents (3Q 2018: 27.8 cents) and 92.0 cents for 9M 2019 (9M 2018: 90.2 cents).

FINANCIAL POSITION AND CASHFLOW

The Group generated operating cash flow of S\$106.4 million before working capital changes for 3Q 2019 (3Q 2018: S\$100.3 million). For 9M 2019, operating profit before working capital changes amounted to S\$329.7 million (9M 2018: S\$326.4 million). For the quarter ended 30 September 2019, the Group working capital position remained relatively stable with improvement registered for inventory balances offset by higher receivables in tandem with revenue. For the nine months ended 30 September 2019, cash generated from operations improved 33.2% to S\$368.9 million (9M 2018: S\$276.9 million).

As of 30 September 2019, the Group recorded S\$803.6 million of cash and bank balances (S\$712.8 million as at 31 Dec 2018). During the quarter, the Group paid an interim tax-exempt dividend of 20 cents per ordinary share amounting to S\$57.7 million (3Q 2018: S\$57.6 million). As at the end of the reported quarter, the Group net cash position registered record level at S\$802.4 million (S\$711.0 million as at 31 Dec 2018) underpinned by strong operating cashflow and judicious working capital management.

As at 30 September 2019, Equity attributable to owners of the Company was S\$2,427.2 million (S\$2,349.9 million as at 31 Dec 2018) and Net Asset Value per share was S\$8.42 (S\$8.16 as at 31 Dec 2018).

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**

In 3Q 2019, Venture delivered a creditable set of results. Revenue and profit have improved year-on-year amidst the US/China trade and tariff war, Brexit, currency volatility and other headwinds.

Over the next 12 months, some uncertainties in the business and geopolitical environment may remain unabated. Venture continues to see some hastened efforts to shift supply chain flows by OEMs for tariff mitigation. The Group does take advantage of these shifts to render support to its partners.

Venture will be supporting several partners in their new and key product launches over the next 12 months. More importantly, the Group expects to see traction in its entries into new technology domains and ecosystems. Venture is ebullient as to what new opportunities may portend in the future. The Group will continue to invest into growing and expanding its differentiating capabilities in selected technology domains and new ecosystems through multilateral partnerships globally.

There will be enhanced focus to bring Venture's globally linked Clusters of Excellence to greater heights over the next few years.

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.**

Not applicable

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

Devika Rani Davar
Company Secretary
November 8, 2019

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 third quarter ended September 30, 2019 to be false or misleading in any material aspect.

On behalf of the Directors

(signed)
Wong Ngit Liong
Director

(signed)
Goon Kok Loon
Director

November 8, 2019