



## PRESS RELEASE

### VENTURE REPORTS NET PROFIT OF S\$239M FOR 2006

#### RECORD NET PROFIT OF S\$78M FOR 4<sup>TH</sup> QUARTER 2006

**SINGAPORE, 26 February 2007** – Venture Corporation Limited (SGX: V03.SI), a leading global Electronics Services Provider, today reported a net profit of S\$239.2m or EPS of 88.1 cents for the financial year ended 31 December 2006. This is a 19% increase from the S\$201.2m or EPS of 74.5 cents reported for the previous corresponding year.

The Group chalked up a record net profit of S\$78.3m in 4Q06, a rise of 43% compared to the same period in 2005. Improvement in profit before tax was even stronger at 50%. The Group's revenue for the fourth quarter declined by 4% to S\$841m. However, in US dollar terms, the revenue would have grown by 4%.

#### Key Performance Highlights:-

S\$m	Q4 FY06	Q4 FY05	Change	FY06	FY05	Change
Revenue	841.2	877.5	↓ 4.1%	3,124.9	3,238.0	↓ 3.5%
Profit before tax	83.7	55.9	↑ 49.6%	252.6	207.1	↑ 22.0%
Tax	(5.2)	(0.8)	↑ 523.4%	11.6	5.4	↑ 115.2%
Net profit	78.3	54.8	↑ 42.8%	239.2	201.2	↑ 18.9%
Fully Diluted EPS (cents)	28.8	20.2	↑ 42.6%	88.1	74.5	↑ 18.3%

Mr Wong Ngit Liong, Chairman and CEO of Venture Corporation Limited, said: "In FY 2006, the Group registered stronger operating margin over four linear quarters with the most significant margin growth in the fourth quarter. The profitability improvement is underpinned by sustained operational excellence and better returns from our cash and non-cash investments. We have also successfully reined in what would otherwise be substantial foreign currency exchange losses in the second half of 2006. The Group's strong performance has been achieved in spite of the higher corporate tax provision."

## Performance Review & Update

The breakdown of the Group's revenue contributed by each product segment is as follows:-

<b><u>Revenue from:</u></b>	<b><u>FY06</u></b>
Printing & Imaging	S\$1,116m
Computer Peripherals	S\$759m
Test & Measurement /Others	S\$655m
Networking & Communications	S\$595m

For the year ended 31 December 2006, the Printing & Imaging segment recorded a growth of 17% and raked in the highest revenue for the Group. This was largely due to the successful introduction of several high-end enterprise products and commercial systems.

Revenue from the Test & Measurement/Others segment grew significantly by 23% underpinned by the introduction of new products and an expanded customer base. A decline in revenue was recorded in the Networking & Communications and the Computer Peripherals segments.

The Group carried out a re-evaluation of the functional currency of two Malaysian subsidiaries and a re-measurement of those subsidiaries' accounts based on US dollar in the fourth quarter. The full impact was recorded in the fourth quarter results.

At end-November 2006, the Group completed its acquisition of GES International Limited (GES). GES contributed one month to the Group's overall revenue and profit for the month of December 2006. However, this was offset by one month amortisation of Intangible Assets amounting to S\$1.4m and a non-recurring charge of S\$7m for the realisation of re-valued GES' finished goods inventory, coupled with a corresponding deferred tax liability write back of S\$2.0m. These were results arising from the fair valuation exercise carried out at time of acquisition in accordance with FRS 103 Business Combinations. In addition, there was an increase in financing costs due to funding of the acquisition.

## **Balance Sheet**

The Group ended the year with total shareholders' equity standing at S\$1.76b, an increase of 6% over the previous year. Net assets per share rose 5% from S\$6.17 in the year before to S\$6.45. Cash and cash equivalent ended the year at S\$329m.

Goodwill and Intangible Assets arising from the acquisition of GES amounted to S\$550.9 million and S\$168.5 million respectively and have been recognised on the Balance Sheet.

## **Dividend**

For the financial year ended 31 December 2006, the Board of Directors has proposed a final dividend payout of S\$0.25 per share plus a bonus dividend of S\$0.25 per share, both on a tax-exempt basis.

## **Outlook**

Several ongoing key initiatives that have been put in place are beginning to produce results. These initiatives include achieving operational excellence, excelling in high-mix businesses, strengthening of engineering and design capabilities, widening participation in providing innovative and end-to-end solutions and moving up the value chain.

Based on recent trends and customers' feedback, the Group expects an increase in demand for holistic and total value chain management. More and more customers are seeking new and innovative ways to grow their business and strengthen competitiveness.

The rise of India and China has prompted more companies to seek new and different business models in Asia-Pacific. This has opened up more opportunities for co-investment and collaborative activities with the OEM customers.

The Group has therefore repositioned itself by focusing on three core business groups: Electronic Services Provider (ESP), Component Technology and Product Technology.

The key strategies have been well mapped out for the ESP business. In the current financial year, the Group sees opportunities for continuous growth and expansion in this business segment.

The Component Technology business has identified new opportunities in growing its plastics-related business in product design, tooling and turnkey manufacturing, and expanding beyond plastics by exploring new components and process technologies that will become strategic to the needs of existing as well as potential customers.

The Group has high expectations for the Product Technology business which has been engaging in knowledge-based and innovation-intensive activities. The focused areas - Wireless Sensor Network (WSN), Retail Store Solutions (RSS) and specialty Printing and Imaging - hold high potential for growing Intellectual Property and to add profits to the Group.

The Group has seen interesting opportunities in driving up its earnings in recent quarters and will expect this trend to continue.

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**About Venture Corporation**

Venture Corporation Limited ranks among the best in managing the value chains of leading electronics companies around the world. Offering a combination of cutting-edge design expertise, innovative manufacturing technology and reliable testing and fulfilment capabilities, the Venture Group comprises over 30 companies with global clusters of excellence in Southeast Asia, North Asia, the Americas and Europe. Top Fortune 500 companies including HP, Agilent, IBM, Intermec, as well as up-and-coming MNCs have selected Venture as their strategic partner for their long-term manufacturing, engineering, product development and supply chain management needs.

Venture is recognised as one of the companies with the strongest management and technical expertise in the industry and has received numerous accolades such as “Supplier of the Year” and “Successful Strategic Partnership” from customers; “Singapore’s Best Managed Company”, “Singapore’s Top 10 Innovative Companies” and “Leader in Corporate Governance” from regional financial publications such as Businessweek, Asiamoney and FinanceAsia. More information on Venture Corporation is available on [www.venture.com.sg](http://www.venture.com.sg).

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