

Second 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 June 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 30.06.2019 S\$'000	3 months ended 30.06.2018 S\$'000	% increase/ (decrease)	6 months ended 30.06.2019 S\$'000	6 months ended 30.06.2018 S\$'000	% increase/ (decrease)
Revenue	903,481	952,283	(5.1)	1,832,232	1,808,290	1.3
Other income	145	352	(58.8)	409	785	(47.9)
Changes in finished goods, work in progress and raw materials used	(678,197)	(684,668)	(0.9)	(1,379,842)	(1,313,110)	5.1
Employee benefits expense	(83,944)	(86,727)	(3.2)	(165,574)	(167,201)	(1.0)
Depreciation and amortisation expense (Note 1)	(8,787)	(7,606)	15.5	(17,741)	(15,290)	16.0
Research and development expense (Note 2)	(8,955)	(34,428)	(74.0)	(16,185)	(49,568)	(67.3)
Foreign currency exchange gain	1,348	2,467	(45.4)	1,222	2,562	(52.3)
Other operating expenses (Note 3)	(22,330)	(28,291)	(21.1)	(47,908)	(56,139)	(14.7)
Investment revenue	2,662	2,024	31.5	5,146	3,973	29.5
Finance costs (interest expenses on bank loans and lease liabilities)	(96)	(225)	(57.3)	(201)	(506)	(60.3)
Share of profit of associates	36	-	n.m.	36	-	n.m.
Profit before tax	105,363	115,181	(8.5)	211,594	213,796	(1.0)
Income tax expense	(14,478)	(17,262)	(16.1)	(29,846)	(32,160)	(7.2)
Profit for the period	90,885	97,919	(7.2)	181,748	181,636	0.1
Other comprehensive income:						
- Items that will not be reclassified subsequently to profit or loss						
Fair value gain on other financial assets, through other comprehensive income (FVTOCI)	505	-	n.m.	1,166	-	n.m.
Other comprehensive (loss) income:						
- Items may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	(1,065)	31,536	n.m.	(11,880)	11,929	n.m.
Fair value loss on available-for-sale investments	-	(705)	n.m.	-	(567)	n.m.
Fair value gain on cash flow hedge	-	17	n.m.	-	40	n.m.
Total comprehensive income for the period	90,325	128,767	(29.9)	171,034	193,038	(11.4)
Profit attributable to:						
Owners of the Company	90,810	97,911	(7.3)	181,676	181,582	0.1
Non-controlling interests	75	8	n.m.	72	54	33.3
	90,885	97,919	(7.2)	181,748	181,636	0.1
Total comprehensive income attributable to:						
Owners of the Company	90,325	128,776	(29.9)	170,981	192,913	(11.4)
Non-controlling interests	-	(9)	n.m.	53	125	(57.6)
	90,325	128,767	(29.9)	171,034	193,038	(11.4)

Note 1

Depreciation and amortisation expense was higher in 2Q19 and 1H2019 mainly due to additional depreciation charge on Right-of-Use (ROU) assets totalling S\$2.8 million from the adoption of SFRS(I) 16 Leases (see item 5 page 9). 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 2Q19 and 1H2019 due to lease expenses totalling S\$3.1 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 30.06.2019 S\$'000	3 months ended 30.06.2018 S\$'000	% increase/ (decrease)	6 months ended 30.06.2019 S\$'000	6 months ended 30.06.2018 S\$'000	% increase/ (decrease)
Overprovision (Underprovision) of tax in respect of prior years	1,193	(23)	n.m.	1,306	351	n.m.
Net re-measurement of expected credit loss allowance	1	(8)	n.m.	205	(8)	n.m.
Doubtful debts recovery	1,077	-	n.m.	1,077	-	n.m.
(Loss) Gain on disposal of property, plant and equipment, net	(32)	126	n.m.	(79)	125	n.m.
Reversal (Allowance) for Inventories	-	(118)	n.m.	13	(142)	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	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	761,780	712,826	197,399	271,723
Trade receivables	691,864	735,943	10,498	10,387
Other receivables and prepayments	47,601	29,997	1,553	1,520
Contract assets	21,507	19,202	-	-
Inventories	749,705	808,166	64,836	61,154
Trade receivables due from subsidiaries	-	-	50,110	44,114
Other receivables due from subsidiaries	-	-	18,042	17,940
Income tax recoverable	22	22	-	-
Total current assets	2,272,479	2,306,156	342,438	406,838
Non-current assets:				
Investments in subsidiaries	-	-	1,227,849	1,227,849
Investments in associates	761	725	-	-
Other financial assets	23,990	22,939	7,561	6,977
Other receivables	451	455	-	-
Property, plant and equipment	229,515	230,686	39,247	40,283
Right-of-use assets (Note 4)	14,471	-	-	-
Intangible assets	244	181	-	-
Goodwill	639,708	639,708	-	-
Deferred tax assets	3,718	3,747	-	-
Total non-current assets	912,858	898,441	1,274,657	1,275,109
Total assets	3,185,337	3,204,597	1,617,095	1,681,947
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	1,568	1,798	-	-
Trade payables	475,351	529,015	39,350	42,510
Other payables and accrued expenses	172,542	205,224	17,894	34,246
Contract liabilities	97,044	74,029	270	-
Lease liabilities (Note 4)	5,418	-	-	-
Trade payables due to subsidiaries	-	-	4,436	5,213
Other payables due to subsidiaries	-	-	20,641	20,751
Income tax payable	39,741	40,374	4,086	3,679
Total current liabilities	791,664	850,440	86,677	106,399
Non-current liabilities:				
Lease liabilities (Note 4)	9,141	-	-	-
Deferred tax liabilities	2,054	2,058	-	-
Total non-current liabilities	11,195	2,058	-	-
Capital and reserves:				
Share capital	807,652	803,220	807,652	803,220
Treasury shares	(19,396)	(19,081)	(19,396)	(19,081)
Share-based awards reserve	3,737	3,774	3,737	3,774
Investments revaluation and hedging reserve	1,831	665	1,779	1,194
Translation reserve	(66,905)	(55,044)	-	-
Other reserves	2,577	3,079	(1,697)	(815)
Accumulated profits	1,650,696	1,613,253	738,343	787,256
Equity attributable to owners of the Company	2,380,192	2,349,866	1,530,418	1,575,548
Non-controlling interests	2,286	2,233	-	-
Total equity	2,382,478	2,352,099	1,530,418	1,575,548
Total liabilities and equity	3,185,337	3,204,597	1,617,095	1,681,947

Note 4

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 9.

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 30.06.2019		As at 31.12.2018		As at 30.06.2019		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	-	1,568	-	1,798	-	-	-	-
Lease liabilities	5,418	-	-	-	-	-	-	-
Total	5,418	1,568	-	1,798	-	-	-	-

(b) Amount repayable after one year

	Group				Company			
	As at 30.06.2019		As at 31.12.2018		As at 30.06.2019		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	9,141	-	-	-	-	-	-	-

(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 30.06.2019 S\$'000	3 months ended 30.06.2018 S\$'000	6 months ended 30.06.2019 S\$'000	6 months ended 30.06.2018 S\$'000
Operating activities:				
Profit before taxation	105,363	115,181	211,594	213,796
Adjustments for:				
Share of profit of associates	(36)	-	(36)	-
Allowance (Reversal) for inventories	-	118	(13)	142
Depreciation expense	8,735	7,585	17,619	15,244
Net re-measurement of expected credit loss allowance	(1,078)	8	(1,282)	8
Amortisation of intangible assets	52	21	122	46
Interest income	(2,662)	(2,024)	(5,146)	(3,973)
Dividend income	(355)	(396)	(483)	(541)
Interest expense	96	225	201	506
Share-based payments expense	293	457	602	944
Loss (Gain) on disposal of plant and equipment, net	32	(126)	79	(125)
Operating profit before working capital changes	110,440	121,049	223,257	226,047
Trade receivables	45,476	(31,958)	37,774	57,869
Other receivables, prepayments and contract assets	(16,033)	(4,944)	(20,496)	1,823
Inventories	68,612	15,247	52,293	(20,719)
Trade payables	(81,803)	23,530	(49,661)	(66,452)
Other payables, accrued expenses and contract liabilities	(42)	(4,442)	(7,531)	(41,891)
Cash generated from operations	126,651	118,482	235,637	156,677
Interest paid	(96)	(225)	(201)	(506)
Income tax paid	(21,999)	(21,007)	(30,370)	(30,679)
Net cash from operating activities	104,556	97,250	205,066	125,492
Investing activities:				
Interest received	3,068	2,191	5,171	3,358
Dividend received from associates	-	-	-	30
Dividend received from other equity investments	355	396	483	541
Purchase of property, plant and equipment	(7,118)	(3,079)	(15,409)	(48,101)
Proceeds on disposal of plant and equipment	-	153	24	206
Addition of intangible assets	(120)	(91)	(120)	(249)
Net cash used in investing activities	(3,815)	(430)	(9,851)	(44,215)
Financing activities:				
Dividend paid	(144,021)	(172,413)	(144,021)	(172,413)
Repayment of bank loans (Note 5)	(1,075)	-	(1,535)	(21,340)
Proceeds from new bank loans (Note 5)	1,103	746	1,338	32,195
Proceeds from issue of shares	1,400	7,969	4,345	30,960
Purchase of treasury shares	-	(12,583)	(1,581)	(12,583)
Lease payment (Notes 4 & 5)	(1,445)	-	(2,875)	-
Bank balances pledged as securities for bank facilities	-	(52)	-	(27,092)
Net cash used in financing activities	(144,038)	(176,333)	(144,329)	(170,273)
Net (decrease) increase in cash and cash equivalents	(43,297)	(79,513)	50,886	(88,996)
Cash and cash equivalents at beginning of period	806,753	738,232	712,826	752,447
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(1,676)	2,806	(1,932)	(1,926)
Cash and cash equivalents at end of period	761,780	661,525	761,780	661,525
Cash and cash equivalents comprise:				
Cash	542,786	421,614	542,786	421,614
Fixed deposits	218,994	267,003	218,994	267,003
	761,780	688,617	761,780	688,617
Less: Pledged bank deposits	-	(27,092)	-	(27,092)
Cash and cash equivalents on the consolidated cash flow statement	761,780	661,525	761,780	661,525

Note 5: Reconciliation of liabilities arising from financing activities between cash and non-cash changes

	30.06.2019 S\$'000	Financing Cash Flows S\$'000	Non-cash changes		31.12.2018 S\$'000
			Foreign exchange movement S\$'000	Adoption of SFRS(I) 16 S\$'000	
Bank loans	1,568	(197)	(33)	-	1,798
Lease Liabilities	14,559	(2,875)	(24)	17,458	-

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

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

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

1.(d)(i) Statement of changes in equity for the period ended June 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	<u>807,652</u>	<u>(19,396)</u>	<u>3,737</u>	<u>1,779</u>	<u>(1,697)</u>	<u>738,343</u>	<u>1,530,418</u>

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

As at June 30, 2019, the total number of ordinary shares in issue was 289,401,577 (June 30, 2018: 288,186,577), of which 1,225,000 were treasury shares (June 30, 2018: 819,000).

The Company purchased Nil ordinary shares during Q2 2019 (Q2 2018: 634,000). 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	289,292,577	806,225
Add: No. of share options exercised in Q2 2019	109,000	1,427
As at June 30, 2019	289,401,577	807,652

	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	1,305,000	20,662
Less: Treasury shares utilised in Q2 2019	(80,000)	(1,266)
As at June 30, 2019	1,225,000	19,396

	As at 31.06.2019	As at 31.06.2018
% of treasury shares against the total ordinary shares in issue	0.4%	0.3%

	No. of shares	S\$'000
Issued shares excluding treasury shares as at January 1, 2019	287,826,577	784,139
Issued shares excluding treasury shares as at March 31, 2019	287,987,577	785,563
Issued shares excluding treasury shares as at June 30, 2019	288,176,577	788,256

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 (Q2 2018: 102,000) were exercised and no options (Q2 2018: 2,000) have lapsed.

As at June 30, 2019, there were no unissued shares of the Company under options in the 2004 Scheme (June 30, 2018: 112,000).

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

1,082,000 new options were granted on June 19, 2019 and 1,078,000 of them were accepted under "The Scheme". Options are exercisable at the following subscription prices payable during different exercise periods. The vesting period is one year. If the options remain unexercised after the period of 5 years from the date of grant, the options would expire.

<u>Exercise period</u>	<u>Exercise price</u>
June 19, 2020 to June 18, 2021	\$20.64
June 19, 2021 to June 18, 2022	\$18.99
June 19, 2022 to June 18, 2024	\$16.51

Since the end of the previous financial quarter, 109,000 options (Q2 2018: 677,000) were exercised and no options (Q2 2018: 5,000) have lapsed.

As at June 30, 2019, there were 3,548,000 unissued shares of the Company under options in the 2015 Scheme. (June 30, 2018: 3,594,000).

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 June 30, 2019 the number of RSP shares stood at 950,000 (June 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
	1,010,000	(60,000)	950,000

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.

- Leasees 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 30.06.2019	3 months ended 30.06.2018	6 months ended 30.06.2019	6 months ended 30.06.2018
(a) Based on the weighted average number of ordinary shares on issue (cents)	31.5	34.1	63.1	63.3
(b) On a fully diluted basis (cents) (detailing any adjustments made to the earnings)	31.4	33.6	62.9	62.4

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	
30.06.2019	30.06.2018	30.06.2019	30.06.2018
825.9	767.5	531.1	540.6

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 June 2019, the Group generated revenue of S\$903.5 million (-5.1% YoY). For the six months ended 30 June 2019, the Group recorded revenue of S\$1,832.2 million (+1.3% YoY). Revenue for 1H 2019 held steady as the Group's diversified portfolio of customers provided resilience against headwinds from geopolitical and macroeconomic factors.

The Group recorded profit before tax (PBT) of S\$105.4 million for the quarter ended 30 June 2019 (-8.5% YoY). For 1H 2019, the Group recorded PBT of S\$211.6 million (-1.0% YoY). In line with the PBT, the Group reported income tax expense of S\$14.5 million for 2Q 2019 and S\$29.8 million for 1H 2019. Net profit (profit attributable to owners of the Company) was S\$90.8 million for 2Q 2019 (-7.3% YoY) and for 1H 2019, net profit sustained at S\$181.7 million (+0.1% YoY). This translated to a net margin of 10.1% for 2Q 2019 (2Q 2018: 10.3%) and 9.9% for 1H 2019 (1H 2018: 10.0%). The Group's performance was underpinned by impactful value creation for its partners and relentless focus on operational excellence to drive productivity gains.

Diluted Earnings Per Share for the reported quarter was 31.4 cents (2Q 2018: 33.6 cents) and 62.9 cents for the first half of 2019 (1H 2018: 62.4 cents).

FINANCIAL POSITION AND CASHFLOW

The Group generated operating cash flow of S\$110.4 million before working capital changes for the quarter ended 30 June 2019 (2Q 2018: S\$121.0 million). For the six months ended 30 June 2019, operating profit before working capital changes amounted to S\$223.3 million (1H 2018: S\$226.0 million). For the quarter ended 30 June 2019, the Group registered an improvement in working capital position mainly due to lower inventories balances. For the six months ended 30 June 2019, the Group generated cash from operations of S\$235.6 million (1H 2018: S\$156.7 million).

As of 30 June 2019, the Group had S\$761.8 million of cash and bank balances (S\$712.8 million as at 31 Dec 2018). During the quarter, the Group paid a final tax-exempt dividend of 50 cents per ordinary share amounting to S\$144.0 million (2Q 2018: S\$172.4 million). Notwithstanding the dividend payment, net cash as at 30 June 2019 grew 6.9% to S\$760.2 million (S\$711.0 million as at 31 Dec 2018).

As at 30 June 2019, equity attributable to owners of the Company was S\$2,380.2 million (S\$2,349.9 million as at 31 Dec 2018) and Net Asset Value per share was S\$8.26 (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**

The outlook continues to be shrouded by escalating geopolitical tensions and the prolonged trade war, which has adversely impacted the global economy and world trade. Venture anticipates the volatile environment to persist, but the Group has in place several initiatives to help it navigate this dynamic environment.

Venture will continue to diversify its value creation/value capture pathways in the multiple ecosystems it participates in. Focus will be on selected domains that have growth and value creation opportunities. Strong emphasis will be placed on building new differentiating capabilities to enhance the Group's competitiveness. And with its strong financial resources, Venture is well placed to capture growth opportunities as and when they arise. Amidst the headwinds, Venture will remain vigilant, agile to adapt and relentless in its pursuit of excellence.

11. **Dividend**

(a) Current Financial Period Reported On

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	20 cents per ordinary share
Tax Rate	Exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	20 cents per ordinary share
Tax Rate	Exempt

(c) Date payable

19 September 2019

(d) Books closure date

5pm on 6 September 2019

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.

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, 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

August 8, 2019