

VENTURE CORPORATION LIMITED
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, 2018.
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 30.06.2018 S\$'000	3 months ended 30.06.2017 S\$'000	% increase/ (decrease)	6 months ended 30.06.2018 S\$'000	6 months ended 30.06.2017 S\$'000	% increase/ (decrease)
Revenue	952,283	1,013,137	(6.0)	1,808,290	1,856,201	(2.6)
Other income	352	323	9.0	785	843	(6.9)
Changes in finished goods, work in progress and raw materials used	(684,668)	(790,569)	(13.4)	(1,313,110)	(1,445,003)	(9.1)
Employee benefits expense	(86,727)	(93,303)	(7.0)	(167,201)	(175,082)	(4.5)
Depreciation and amortisation expense	(7,606)	(7,111)	7.0	(15,290)	(13,737)	11.3
Research and development expense (Note 1)	(34,428)	(7,293)	372.1	(49,568)	(14,948)	231.6
Foreign currency exchange gain (loss)	2,467	(275)	n.m.	2,562	(607)	n.m.
Other operating expenses (Note 2)	(28,291)	(32,599)	(13.2)	(56,139)	(66,007)	(14.9)
Investment revenue	2,024	737	n.m.	3,973	1,663	n.m.
Finance costs (interest expense on bank loans)	(225)	(243)	(7.4)	(506)	(516)	(1.9)
Share of profit of associates (Note 3)	-	1,671	n.m.	-	1,671	n.m.
Profit before tax	115,181	84,475	36.3	213,796	144,478	48.0
Income tax expense	(17,262)	(14,653)	17.8	(32,160)	(26,078)	23.3
Profit for the period	97,919	69,822	40.2	181,636	118,400	53.4
Other comprehensive income (loss):						
- Items may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	31,536	(14,899)	n.m.	11,929	(44,026)	n.m.
Fair value (loss) gain on available-for-sale investments	(705)	426	n.m.	(567)	985	n.m.
Fair value gain (loss) on cash flow hedge	17	(5)	n.m.	40	21	n.m.
Total comprehensive income for the period	128,767	55,344	132.7	193,038	75,380	156.1
Profit attributable to:						
Owners of the Company	97,911	69,839	40.2	181,582	118,435	53.3
Non-controlling interests	8	(17)	n.m.	54	(35)	n.m.
	97,919	69,822	40.2	181,636	118,400	53.4
Total comprehensive income attributable to:						
Owners of the Company	128,776	55,361	132.6	192,913	75,455	155.7
Non-controlling interests	(9)	(17)	(47.1)	125	(75)	n.m.
	128,767	55,344	132.7	193,038	75,380	156.1

Note 1

Research and development (R&D) expense which comprised prototyping, tooling, NRE, materials and its related services was higher in 1H 2018 driven by increased customers' requirements. R&D manpower costs are separately recorded under Employee benefits expense.

Note 2

Other operating expenses decreased mainly due to non-recurring charges in 1H 2017 as disclosed in 1(a)(ii) and judicious cost management in 1H 2018.

Note 3

There were no share of profit of associates recorded for the reporting period as the Group had disposed of its interest in an associate in FY2017. The results of the remaining associate are not material.

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

	Group			Group		
	3 months ended 30.06.2018 S\$'000	3 months ended 30.06.2017 S\$'000	% increase/ (decrease)	6 months ended 30.06.2018 S\$'000	6 months ended 30.06.2017 S\$'000	% increase/ (decrease)
(Underprovision) Overprovision of tax in respect of prior years	(23)	155	n.m.	351	153	n.m.
Allowance for doubtful trade receivables	(8)	(2,121)	n.m.	(8)	(5,849)	n.m.
Gain (Loss) on disposal of property, plant and equipment, net	126	(29)	n.m.	125	(15)	n.m.
Inventories written off	(118)	(111)	6.3	(142)	(245)	(42.0)

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		
	30.06.2018	31.12.2017	01.01.2017	30.06.2018	31.12.2017	01.01.2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS		(Restated)	(Restated)		(Restated)	(Restated)
Current assets:						
Cash and bank balances	688,617	752,447	499,736	256,123	186,372	212,760
Trade receivables	715,760	762,641	706,987	8,893	10,865	224,144
Other receivables and prepayments	24,433	32,345	26,966	1,154	762	1,398
Contract assets (Note 4)	34,092	29,088	17,311	-	346	14,379
Inventories	727,169	699,630	622,988	56,082	49,866	47,726
Trade receivables due from subsidiaries	-	-	-	83,888	74,742	15,962
Other receivables due from subsidiaries	-	-	-	17,888	17,611	17,959
Income tax recoverable	5	5	5	-	-	-
Total current assets	2,190,076	2,276,156	1,873,993	424,028	340,564	534,328
Non-current assets:						
Investments in subsidiaries	-	-	-	1,227,849	1,227,849	1,227,849
Investments in associates	757	787	20,253	-	-	-
Available-for-sale investments	24,653	25,087	8,088	8,731	8,929	5,241
Other receivables	466	730	4,231	-	-	-
Property, plant and equipment	233,827	197,860	203,152	39,429	39,444	39,170
Intangible assets	423	209	1,283	-	-	913
Goodwill	639,708	639,708	639,708	-	-	-
Deferred tax assets	3,703	3,668	7,814	-	-	-
Total non-current assets	903,537	868,049	884,529	1,276,009	1,276,222	1,273,173
Total assets	3,093,613	3,144,205	2,758,522	1,700,037	1,616,786	1,807,501
LIABILITIES AND EQUITY						
Current liabilities:						
Bank loans	41,698	30,828	92,641	39,101	28,035	77,139
Trade payables	518,405	581,413	480,085	49,117	46,849	53,060
Other payables and accrued expenses	247,607	260,266	177,688	30,138	40,100	55,359
Contract liabilities (Note 4)	40,479	67,873	25,535	-	317	7,686
Trade payables due to subsidiaries	-	-	-	5,104	2,911	126,109
Other payables due to subsidiaries	-	-	-	20,676	21,209	21,223
Income tax payable	35,695	34,043	18,234	2,406	2,130	3,520
Total current liabilities	883,884	974,423	794,187	146,542	141,551	344,096
Non-current liabilities:						
Deferred tax liabilities	1,719	1,718	1,801	-	-	-
Total non-current liabilities	1,719	1,718	1,801	-	-	-
Capital and reserves:						
Share capital	793,425	761,706	713,686	793,425	761,706	713,686
Treasury shares	(13,604)	(1,879)	(2,569)	(13,604)	(1,879)	(2,569)
Share-based awards reserve	3,363	3,524	5,063	3,363	3,524	4,379
Investments revaluation and hedging reserve	1,309	1,836	21	1,717	1,876	21
Translation reserve	(64,333)	(76,191)	-	-	-	-
Other reserves	3,079	3,292	3,066	(815)	(247)	-
Accumulated profits	1,482,332	1,473,462	1,240,848	769,409	710,255	747,888
Equity attributable to owners of the Company	2,205,571	2,165,750	1,960,115	1,553,495	1,475,235	1,463,405
Non-controlling interests	2,439	2,314	2,419	-	-	-
Total equity	2,208,010	2,168,064	1,962,534	1,553,495	1,475,235	1,463,405
Total liabilities and equity	3,093,613	3,144,205	2,758,522	1,700,037	1,616,786	1,807,501

Note 4

In accordance with SFRS(I) 15 disclosure, Contract Assets and Contract Liabilities have been included in the statement of financial position. The comparatives have also been restated to take this into account. Effect of changes in accounting standards 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 30.06.2018		As at 31.12.2017		As at 30.06.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
26,966	14,732	-	30,828	26,966	12,135	-	28,035

(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 30.06.2018 S\$'000	3 months ended 30.06.2017 S\$'000	6 months ended 30.06.2018 S\$'000	6 months ended 30.06.2017 S\$'000
Operating activities:				
Profit before Taxation	115,181	84,475	213,796	144,478
Adjustments for:				
Share of profit of associates	-	(1,671)	-	(1,671)
Inventories written off	118	111	142	245
Depreciation expense	7,585	7,071	15,244	13,654
Allowance for doubtful trade receivables	8	2,121	8	5,849
Amortisation of intangible assets	21	167	46	419
Interest income	(2,024)	(737)	(3,973)	(1,663)
Dividend income	(396)	(104)	(541)	(123)
Interest expense	225	243	506	516
Share-based payments expense	457	358	944	712
Loss on disposal of plant and equipment, net	(126)	29	(125)	15
Operating profit before working capital changes	121,049	92,063	226,047	162,431
Trade receivables	(31,958)	(108,789)	57,869	(125,014)
Other receivables, prepayments and contract assets	(4,944)	(5,226)	1,823	(22,596)
Inventories	15,247	(8,194)	(20,719)	(72,657)
Trade payables	23,530	76,559	(66,452)	102,800
Other payables, accrued expenses and contract liabilities	(4,442)	67,980	(41,891)	76,404
Cash generated from operations	118,482	114,393	156,677	121,368
Interest paid	(225)	(243)	(506)	(516)
Income tax paid	(21,007)	(11,559)	(30,679)	(18,395)
Net cash from operating activities	97,250	102,591	125,492	102,457
Investing activities:				
Interest received	2,191	1,063	3,358	1,542
Dividend received from associates	-	-	30	450
Dividend received from other equity investments	396	104	541	123
Purchase of property, plant and equipment	(3,079)	(7,006)	(48,101)	(16,987)
Proceeds on disposal of plant and equipment	153	1	206	151
Addition of intangible assets	(91)	-	(249)	-
Net cash used in investing activities	(430)	(5,838)	(44,215)	(14,721)
Financing activities:				
Dividend paid	(172,413)	(140,728)	(172,413)	(140,728)
Refund of unclaimed dividends	-	-	-	8
Repayment of bank loans (Note 5)	-	(11,164)	(21,340)	(28,146)
Proceeds from new bank loans (Note 5)	746	-	32,195	14,185
Proceeds from issue of shares	7,969	15,317	30,960	24,170
Purchase of treasury shares	(12,583)	-	(12,583)	-
Bank balances pledged as securities for bank facilities	(52)	-	(27,092)	-
Net cash from used in financing activities	(176,333)	(136,575)	(170,273)	(130,511)
Net decrease in cash and cash equivalents	(79,513)	(39,822)	(88,996)	(42,775)
Cash and cash equivalents at beginning of period	738,232	462,470	752,447	474,728
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	2,806	(5,371)	(1,926)	(14,676)
Cash and cash equivalents at end of period	661,525	417,277	661,525	417,277
Cash and cash equivalents comprise:				
Cash	421,614	345,917	421,614	345,917
Fixed deposits	267,003	95,744	267,003	95,744
	688,617	441,661	688,617	441,661
Less: Pledged bank deposits	(27,092)	(24,384)	(27,092)	(24,384)
Cash and cash equivalents on the consolidated cash flow statement	661,525	417,277	661,525	417,277

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

	30.06.2018	Cash Flows	Non-cash changes	31.12.2017
	S\$'000	S\$'000	Foreign exchange movement	S\$'000
			S\$'000	
Bank loans	41,698	10,855	15	30,828

1.(d)(i) Statement of changes in equity for the period ended June 30, 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	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, 2017	713,686	(2,569)	5,063	21	-	3,066	1,240,848	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 income (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	(29,087)	3,539	1,289,269	1,989,424	2,361	1,991,785
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	69,839	69,839	(17)	69,822
Other comprehensive income (loss) for the period	-	-	-	421	(14,899)	-	-	(14,478)	-	(14,478)
Total	-	-	-	421	(14,899)	-	69,839	55,361	(17)	55,344
Transactions with owners, recognised directly in equity										
Issue of shares	15,879	-	(562)	-	-	-	-	15,317	-	15,317
Treasury shares reissued pursuant to equity compensation plans	-	690	(443)	-	-	(247)	-	-	-	-
Final tax exempt dividend paid in respect of the previous financial year	-	-	-	-	-	-	(140,728)	(140,728)	-	(140,728)
Share options lapsed	-	-	(8)	-	-	-	8	-	-	-
Recognition of share-based payments	-	-	358	-	-	-	-	358	-	358
Total	15,879	690	(655)	-	-	(247)	(140,720)	(125,053)	-	(125,053)
Balance at June 30, 2017	738,947	(1,879)	3,943	1,027	(43,986)	3,292	1,218,388	1,919,732	2,344	1,922,076

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, 2017**

	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
<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
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	5,459	5,459
Other comprehensive income for the period	-	-	-	421	-	-	421
Total	-	-	-	421	-	5,459	5,880
Transactions with owners, recognised directly in equity							
Issue of shares	15,879	-	(562)	-	-	-	15,317
Treasury shares reissued pursuant to equity compensation plans	-	690	(443)	-	(247)	-	-
Final tax exempt dividend paid in respect of the previous financial year	-	-	-	-	-	(140,728)	(140,728)
Share options lapsed	-	-	(8)	-	-	8	-
Recognition of share-based payments	-	-	358	-	-	-	358
Total	15,879	690	(655)	-	(247)	(140,720)	(125,053)
Balance at June 30, 2017	738,947	(1,879)	3,259	1,027	(247)	618,190	1,359,297

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
<u>The Company</u>							
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)(ii) **Share capital and treasury shares**

As at June 30, 2018, the total number of ordinary shares in issue was 288,186,577 (June 30, 2017: 282,219,577), of which 819,000 were treasury shares (June 30, 2017: 245,000).

The Company purchased 634,000 ordinary shares during Q2 2018 (Q2 2017: 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, 2018	284,872,577	761,706
Add: No. of share options exercised in Q1 2018	2,535,000	23,572
As at March 31, 2018	287,407,577	785,278
Add: No. of share options exercised in Q2 2018	779,000	8,147
As at June 30, 2018	<u>288,186,577</u>	<u>793,425</u>

	No. of treasury shares	S\$'000
As at January 1, 2018 and March 31, 2018	245,000	1,879
Less: Treasury shares transferred pursuant to restricted share plan in Q2 2018	(60,000)	(858)
Add: Treasury shares repurchased in Q2 2018	634,000	12,583
As at June 30, 2018	<u>819,000</u>	<u>13,604</u>

	As at 30.06.2018	As at 30.06.2017
% of treasury shares against the total ordinary shares in issue	0.3%	0.1%

	No. of shares	S\$'000
Issued shares excluding treasury shares as at January 1, 2018	284,627,577	759,827
Issued shares excluding treasury shares as at March 31, 2018	<u>287,162,577</u>	<u>783,399</u>
Issued shares excluding treasury shares as at June 30, 2018	<u>287,367,577</u>	<u>779,821</u>

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

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

Since the end of the previous financial quarter, 102,000 options (Q2 2017: 1,930,000) were exercised and 2,000 options (Q2 2017: 12,000) have lapsed.

As at June 30, 2018, there were 112,000 unissued shares of the Company under options in the 2004 Scheme (June 30, 2017: 2,775,000).

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

Since the end of the previous financial quarter, 677,000 options (Q2 2017: 72,000) were exercised and 5,000 options (Q2 2017: 67,000) have lapsed.

As at June 30, 2018, there were 3,594,000 unissued shares of the Company under options in the 2015 Scheme. (June 30, 2017: 7,176,000).

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, 2018 the number of RSP shares stood at 900,000 (June 30, 2017: 960,000).

	No. of RSP shares awarded	Lapsed shares	No. of RSP shares net of lapsed shares
May 2014 Award	120,000	(20,000)	100,000
May 2015 Award	270,000	(20,000)	250,000
June 2016 Award	280,000	(20,000)	260,000
June 2017 Award	290,000	-	290,000
	<u>960,000</u>	<u>(60,000)</u>	<u>900,000</u>

Since the end of the previous financial quarter, 60,000 (Q2 2017: 90,000) RSP shares were vested.

1.(d)(v) **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 Singapore Financial Reporting Standards (International) (SFRS(I)) effective 1 January 2018, 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 31 December 2017.

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 the new financial reporting framework - SFRS(I), in accordance with all Singapore-incorporated companies listed on the Singapore Exchange (SGX) for annual periods beginning on or after 1 January 2018. The Group assessed the transition provisions and elected to reset the cumulative translation differences recorded in the foreign translation reserve to \$NIL. The cumulative balance of S\$144.4 million was transferred to accumulated profits as at 1 January 2017.

The Group also adopted the following SFRS(I) pronouncements that are effective for annual periods beginning on or after 1 January 2018:

- SFRS(I) 9 Financial Instruments
- SFRS(I) 15 Revenue from Contracts with Customers

In accordance with SFRS(I) 15 disclosure, Contract Assets and Contract Liabilities have been included in the statement of financial position. The comparatives have also been restated to take this into account.

Other than as disclosed above, the adoption of the above did not have a material impact on the financial statements.

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 30.06.2018	3 months ended 30.06.2017	6 months ended 30.06.2018	6 months ended 30.06.2017
(a) Based on the weighted average number of ordinary shares on issue (cents)	34.1	24.7	63.3	42.1
(b) On a fully diluted basis (cents) (detailing any adjustments made to the earnings)	33.6	24.4	62.4	41.6

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

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
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)	767.5	760.9	540.6	518.3

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 2018, the Group generated revenue of S\$952.3 million. Quarter-on-quarter, revenue for 2Q 2018 increased by 11.2%. On a year-on-year basis, revenue declined by 6.0%. For the six months ended 30 June 2018, the Group recorded revenue of S\$1.8 billion, a slight decline of 2.6% year-on-year. In US dollar terms, revenue for 1H 2018 would have grown by 3.4%.

The Group recorded profit before tax (PBT) of S\$115.2 million for the quarter ended 30 June 2018, an increase of 36.3% year-on-year. For 1H 2018, the Group recorded PBT of S\$213.8 million, an increase of 48.0% year-on-year. In line with the higher PBT, the Group reported income tax expense of S\$17.3 million for the reported quarter and S\$32.2 million for 1H 2018. Net profit (profit attributable to owners of the Company) rose 40.2% year-on-year to S\$97.9 million for the reported quarter. For the six months ended 30 June 2018, net profit rose 53.3% year-on-year to S\$181.6 million. The Group's initiatives to leverage its core capabilities in engineering, advanced manufacturing to deliver deep value creation and drive operational excellence across the value-chain contributed to the improvement in profitability. The Group registered net margin of 10.3% for the reported quarter (2Q 2017: 6.9%) and 10.0% for 1H 2018 (1H 2017: 6.4%).

Diluted Earnings Per Share for the reported quarter was 33.6 cents (2Q 2017: 24.4 cents) and 62.4 cents for the first half of 2018 (1H 2017: 41.6 cents).

FINANCIAL POSITION AND CASHFLOW

The Group generated operating cash flow of S\$121.0 million before working capital changes for the quarter ended 30 June 2018 (2Q 2017: S\$92.1 million). For the six months ended 30 June 2018, operating profit before working capital changes amounted to S\$226.0 million (1H 2017: S\$162.4 million). For the quarter ended 30 June 2018, the Group registered an increase in working capital position mainly due to inventories balances to support customers' requirements and programmes. For the six months ended 30 June 2018, the Group generated cash from operations of S\$156.7 million (1H 2017: S\$121.4 million).

As of 30 June 2018, the Group had S\$688.6 million of cash and bank balances (S\$752.4 million as at 31 December 2017). During the quarter, the Group paid a final tax-exempt dividend of 60 cents per ordinary share amounting to S\$172.4 million (2Q 2017: S\$140.7 million). As at the end of the reported quarter, the Group remained net cash positive at S\$646.9 million (S\$721.6 million as at 31 December 2017).

As at 30 June 2018, Equity attributable to owners of the Company was S\$2.2 billion (S\$2.2 billion as at 31 December 2017) and Net Asset Value per share was S\$7.68 (S\$7.61 as at 31 December 2017) after payment of dividend in May 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**

While Venture has delivered a creditable 1H 2018 performance, some volatility may arise in the near term from customers' M&A, new product/platform transitions and also from the possibility of escalation of trade war and component shortages. Venture and its partners have worked out various strategies to mitigate these issues. Moreover, the Group is well positioned to leverage on its strong Clusters of Excellence, differentiated strategy and diversified competencies to capture new opportunities arising from the changing operating environment. In addition, growth drivers across Venture's broad-based portfolio of technology domains and strong supply chain management will provide resilience and stability to its long-term performance.

Venture's focus on its expanding R&D Capabilities, Transformational Engineering and Operational Excellence continue to underpin the Group's ability to gain traction and deepen its collaborative partnerships with leaders in fast-growing domains of interest. The Group will continue to execute with excellence in quality, productivity and value creation.

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	Nil
Dividend Type	Nil
Dividend Amount per Share (in cents)	Nil
Tax Rate	Nil

(c) Date payable

19 September 2018

(d) Books closure date

5pm on 7 September 2018

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

Angeline Khoo Cheng Nee
Company Secretary
August 3, 2018

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, 2018 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 3, 2018