CENTURION CORPORATION LIMITED

勝捷企業有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Co Reg No. 198401088W)

(SGX Stock Code: OU8)

(SEHK Stock Code:6090)

UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

**For identification purpose only*

Unaudited Third Quarter Financial Statements and Dividend Announcement for the Period Ended 30 September 2018

The board (the "Board") of directors (the "Directors") of Centurion Corporation Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the period ended 30 September 2018, together with the comparative figures for the period ended 30 September 2017 as follows:

1) Consolidated Income Statement

	Group Third quarter ended 30 September			Group Nine months ended 30 September		
	2018 $ '000	2017 $ '000	Change %	2018 $ '000	2017 $ '000	Change %
Revenue	28,268	32,253	(12)	88,744	103,522	(14)
Cost of sales	(8,453)	(10,489)	(19)	(25,362)	(32,151)	(21)
Gross profit	19,815	21,764	(9)	63,382	71,371	(11)
Other income and gains	304	396	(23)	875	1,181	(26)
Expenses						
- Distribution expenses	(295)	(329)	(10)	(825)	(809)	2
- Administrative expenses	(5,211)	(6,215)	(16)	(15,131)	(17,793)	(15)
- Finance expenses	(5,990)	(5,621)	7	(17,318)	(15,669)	11
Share of profit of associated companies	1,556	1,139	37	4,936	2,607	89
	10,179	11,134	(9)	35,919	40,888	(12)
Net fair value (losses)/gains on investment properties and assets held for sale	-	(1,478)	N/M	-	265	N/M
Profit before income tax	10,179	9,656	5	35,919	41,153	(13)
Income tax expense	(1,602)	(2,253)	(29)	(5,790)	(10,511)	(45)
Total profit	8,577	7,403	16	30,129	30,642	(2)
<u>Profit attributable to:</u>						
Equity holders of the Company	7,319	6,061	21	26,215	25,831	1
Non-controlling interests	1,258	1,342	(6)	3,914	4,811	(19)
Total profit	8,577	7,403	16	30,129	30,642	(2)

Note 1

Total profit	8,577	7,403	16	30,129	30,642	(2)
Adjusted for:						
- Fair value losses on investment properties and assets held for sale including those of associated companies	-	1,522	N/M	-	1,040	N/M
- Deferred tax arising from fair value gains	-	147	N/M	-	2,802	N/M
- Dual listing expense	-	1,149	N/M	-	4,238	N/M
Profit from core business operations	**8,577**	**10,221**	**(16)**	**30,129**	**38,722**	**(22)**

Note 2

Profit attributable to equity holders of the Company	7,319	6,061	21	26,215	25,831	1
Adjusted for:						
- Fair value losses on investment properties and assets held for sale including those of associated companies attributable to equity holders	-	1,522	N/M	-	2,122	N/M
- Deferred tax arising from fair value gains	-	147	N/M	-	2,802	N/M
- Dual listing expense	-	1,149	N/M	-	4,238	N/M
Profit from core business operations attributable to equity holders	**7,319**	**8,879**	**(18)**	**26,215**	**34,993**	**(25)**

N/M : Not meaningful

2) Consolidated Statement of Comprehensive Income

	Third quarter ended 30 September			Nine months ended 30 September		
	2018	2017	Change	2018	2017	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Total profit	8,577	7,403	16	30,129	30,642	(2)
Items that may be reclassified subsequently to profit or loss:						
Currency translation (losses)/gains arising from consolidation	(4,504)	2,639	N/M	(5,960)	4,272	N/M
Share of other comprehensive gain of associated companies	79	-	N/M	917	-	N/M
Available-for-sale financial assets						
- Fair value gain	-	63	N/M	-	38	N/M
Financial assets at fair value through other comprehensive income ("FVOCI")						
- Fair value loss	(187)	-	N/M	(429)	-	N/M
Other comprehensive (loss)/income, net of tax	(4,612)	2,702	N/M	(5,472)	4,310	N/M
Total comprehensive income	3,965	10,105	(61)	24,657	34,952	(29)
Total comprehensive income attributable to:						
Equity holders of the Company	2,708	8,763	(69)	20,744	30,141	(31)
Non-controlling interests	1,257	1,342	(6)	3,913	4,811	(19)
Total comprehensive income	3,965	10,105	(61)	24,657	34,952	(29)

N/M : Not meaningful

3) Balance Sheets

	Group		Company	
	30 Sep 18	31 Dec 17	30 Sep 18	31 Dec 17
	$ '000	$ '000	$ '000	$ '000
Current assets				
Cash and bank balances	72,092	75,765	36,223	34,762
Trade and other receivables	9,626	13,632	29,888	41,391
Inventories	108	84	-	-
Other assets	4,191	5,146	257	106
Available-for-sale financial assets	-	11,887	-	11,887
Financial assets, at fair value through other comprehensive income	9,522	-	9,522	-
Assets held for sale	4,924	6,801	-	-
	100,463	113,315	75,890	88,146
Non-current assets				
Trade and other receivables	-	-	335,814	335,834
Other assets	2,553	1,511	130	130
Financial assets, at fair value through profit or loss	230	51	-	-
Investments in associated companies	114,280	112,810	1,298	1,298
Investments in subsidiaries	-	-	16,853	16,853
Investment properties	1,009,310	952,345	-	-
Property, plant & equipment	7,923	8,959	773	837
	1,134,296	1,075,676	354,868	354,952
Total assets	**1,234,759**	**1,188,991**	**430,758**	**443,098**
Current liabilities				
Trade and other payables	(47,315)	(44,744)	(15,017)	(11,438)
Current income tax liabilities	(7,865)	(10,455)	(895)	(895)
Borrowings	(46,409)	(107,530)	(7,371)	(72,459)
Other liabilities	-	(879)	-	-
	(101,589)	(163,608)	(23,283)	(84,792)
Non-current liabilities				
Borrowings	(649,542)	(545,108)	(148,057)	(84,490)
Other liabilities	(367)	(447)	-	-
Deferred income tax liabilities	(3,890)	(4,095)	(53)	(47)
	(653,799)	(549,650)	(148,110)	(84,537)
Total liabilities	**(755,388)**	**(713,258)**	**(171,393)**	**(169,329)**
Net assets	**479,371**	**475,733**	**259,365**	**273,769**
Equity				
Share capital	142,242	142,242	253,553	253,553
Other reserves	(24,088)	(18,617)	(365)	64
Retained profits	344,498	339,302	6,177	20,152
	462,652	462,927	259,365	273,769
Non-controlling interests	16,719	12,806	-	-
Total equity	**479,371**	**475,733**	**259,365**	**273,769**
Gearing ratio*	59%	58%		
Net gearing ratio**	53%	51%		

* The gearing ratio is computed as borrowings divided by total capital. Total capital is calculated as borrowings plus net assets of the Group.

** The net gearing ratio is computed as borrowings less cash and bank balances divided by total capital.

4) Consolidated Statement of Cash Flows

	Third quarter ended 30 September		Nine months ended 30 September	
	2018	2017	2018	2017
	$ '000	$ '000	$ '000	$ '000
Total profit	8,577	7,403	30,129	30,642
Adjustment for:				
Income tax expense	1,602	2,253	5,790	10,511
Depreciation and amortisation	746	1,177	2,351	3,698
Allowance for impairment of trade and other receivables	(5)	-	19	110
Net gain on disposal of property, plant and equipment	(22)	(8)	(10)	(11)
Loss on disposal of financial assets, at FVOCI / available-for-sale	12	-	12	-
Interest income	(277)	(274)	(785)	(620)
Dividend income	(18)	(29)	(73)	(79)
Finance expenses	5,990	5,621	17,318	15,669
Share of profit of associated companies	(1,556)	(1,139)	(4,936)	(2,607)
Fair value losses/(gains) on investment properties and assets held for sale	-	1,478	-	(265)
Unrealised currency translation differences	76	(183)	122	(300)
Operating cash flow before working capital changes	15,125	16,299	49,937	56,748
Change in working capital				
Inventories	(17)	31	(24)	10
Trade and other receivables	(1,599)	482	4,836	(1,222)
Other assets	(341)	(856)	(1,450)	(1,420)
Trade and other payables	13,329	10,589	5,060	9,484
Cash generated from operations	26,497	26,545	58,359	63,600
Income tax paid	(3,268)	(2,937)	(7,889)	(8,061)
Net cash provided by operating activities	23,229	23,608	50,470	55,539
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	37	22	63	44
Proceeds from disposal of financial assets, at FVOCI / available-for-sale	2,000	-	2,000	-
Additions to investment properties	(42,126)	(5,811)	(66,318)	(16,224)
Purchases of property, plant and equipment	(557)	(396)	(995)	(1,949)
Purchase of financial assets, at FVOCI / available-for-sale	-	(4,104)	-	(9,954)
Interest received	277	274	785	620
Dividends received	18	29	73	79
Dividends received from an associated company	2,661	861	4,384	1,722
Bank deposits released/(charged) as security to bank	1,239	-	1,232	(171)
Deposits paid for acquisition of investment property	(909)	(1,118)	(909)	(1,118)
Other deposits refunded	-	(6,115)	1,561	(6,115)
Net cash used in investing activities	(37,360)	(16,358)	(58,124)	(33,066)
Cash flows from financing activities				
Proceeds from borrowings	120,715	6,469	145,820	93,282
Repayment of borrowings	(74,192)	(10,062)	(98,009)	(94,123)
Interest paid	(6,511)	(6,885)	(18,558)	(15,220)
Proceeds from exercise of warrants	-	29,142	-	29,142
Purchase of treasury shares	-	-	-	(1,119)
Dividends paid to equity holders of the Company	(8,408)	(7,957)	(21,019)	(15,356)
Cash provided by non-controlling interests	-	-	-	1,470
Listing expenses paid	-	(51)	-	(211)
Repayment of loan from associated companies	(861)	(861)	(2,584)	(1,722)
Net cash provided by financing activities	30,743	9,795	5,650	(3,857)
Net increase/(decrease) in cash and cash equivalents held	16,612	17,045	(2,004)	18,616
Cash and cash equivalents at beginning of the period	54,332	81,905	73,191	80,219
Effects of currency translation on cash and cash equivalents	(222)	160	(465)	275
Cash and cash equivalents at end of the period	70,722	99,110	70,722	99,110

* The consolidated cash and cash equivalents comprise the following:

Cash and bank balances	72,092	101,637	72,092	101,637
Short-term bank deposits charged as security to bank	(1,370)	(2,527)	(1,370)	(2,527)
	70,722	99,110	70,722	99,110

5) Consolidated Statement of Changes in Equity

GROUP 2018	Share Capital $'000	Treasury Shares $'000	Other Reserves $'000	Retained Profits $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
	← Attributable to equity holders of the Company →						
Balance as at 1 Jan 2018	142,242	-	(18,617)	339,302	462,927	12,806	475,733
Dividends relating to FY2017 paid	-	-	-	(12,611)	(12,611)	-	(12,611)
Dividends relating to FY2018 paid	-	-	-	(8,408)	(8,408)	-	(8,408)
Profit for the period	-	-	-	26,215	26,215	3,914	30,129
Other comprehensive loss for the period	-	-	(5,471)	-	(5,471)	(1)	(5,472)
Balance as at 30 September 2018	**142,242**	**-**	**(24,088)**	**344,498**	**462,652**	**16,719**	**479,371**

GROUP 2017	Share Capital $'000	Treasury Shares $'000	Other Reserves $'000	Retained Profits $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance as at 1 Jan 2017	89,837	(6,498)	(21,294)	330,553	392,598	6,884	399,482
Dividends relating to FY2016 paid	-	-	-	(7,399)	(7,399)	-	(7,399)
Dividends relating to FY2017 paid	-	-	-	(7,957)	(7,957)	-	(7,957)
Issuance of shares pursuant to warrants exercised	29,142	-	-	-	29,142	-	29,142
Purchase of treasury shares	-	(1,119)	-	-	(1,119)	-	(1,119)
Profit for the period	-	-	-	25,831	25,831	4,811	30,642
Other comprehensive profit for the period	-	-	4,310	-	4,310	-	4,310
Balance as at 30 September 2017	**118,979**	**(7,617)**	**(16,984)**	**341,028**	**435,406**	**11,695**	**447,101**

COMPANY 2018	Share Capital $'000	Treasury Shares $'000	Other Reserves $'000	Retained Profits $'000	Total $'000
Balance as at 1 Jan 2018	253,553	-	64	20,152	273,769
Dividends relating to FY2017 paid	-	-	-	(12,611)	(12,611)
Dividends relating to FY2018 paid	-	-	-	(8,408)	(8,408)
Profit for the period	-	-	-	7,044	7,044
Other comprehensive loss for the period	-	-	(429)	-	(429)
Balance as at 30 September 2018	**253,553**	**-**	**(365)**	**6,177**	**259,365**

COMPANY 2017	Share Capital $'000	Treasury Shares $'000	Other Reserves $'000	Retained Profits $'000	Total $'000
Balance as at 1 Jan 2017	201,148	(6,498)	162	15,487	210,299
Dividends relating to FY2016 paid	-	-	-	(7,399)	(7,399)
Dividends relating to FY2017 paid	-	-	-	(7,957)	(7,957)
Issuance of shares pursuant to warrants exercised	29,142	-	-	-	29,142
Purchase of treasury shares	-	(1,119)	-	-	(1,119)
Profit for the period	-	-	-	10,072	10,072
Other comprehensive profit for the period	-	-	38	-	38
Balance as at 30 September 2017	**230,290**	**(7,617)**	**200**	**10,203**	**233,076**

6) NOTES TO THE UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2018

a) General information

Centurion Corporation Limited (the "Company") is incorporated and domiciled in Singapore and is dual listed on both the Main Board of the Singapore Exchange Securities Trading Limited ("SGT-ST") and the Stock Exchange of Hong Kong Limited (the "SEHK"). The address of its registered office is 45 Ubi Road 1, #05-01, Singapore 408696.

The principal activities of the Company include investment holding and provision of management services.

The financial statements are presented in thousands of Singapore Dollars (S$'000) unless otherwise stated.

b) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the previous financial year, except where new or amended IFRS and Interpretation to FRS ("INT FRS") became effective from this financial year.

The adoption of the new or amended IFRS and INT IFRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior year.

The preparation of the financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

IFRS 9 - The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under IFRS 9. The Group has elected to recognise changes in the fair value of all its debts instruments and previously classified as avaliable-for-sale, in other comprehensive income. Accordingly, "Financial assets, available-for-sale" on the statement of financial position have been redesignated as "Financial assets, at fair value through other comprehensive income". Apart from this, the adoption of IFRS 9 has no significant impact on the Group's financial position and results of operations.

c) Assessment of adoption of IFRS 16 impact to the Group

IFRS 16 - There will be no material impact on the total expenses to be recognised by the Group over the entire lease period and the total net profit over the lease period is not expected to be materially affected. The adoption of IFRS 16 would not affect the Group's total cash flows in respect of the leases. The Group is continuing to assess the specific magnitude of the adoption of IFRS 16 to the relevant financial statement areas and management will conduct a more detailed assessment on the impact as information becomes available closer to the planned initial date of adoption of 1 January 2019.

d) Other income and gains

	Group		
	Nine month ended 30 September		
	2018	**2017**	**Change**
	$ '000	**$ '000**	**%**
Rental income	13	233	(94)
Interest income	785	620	27
Dividend income	73	79	(8)
Currency exchange (loss)/gain - net	(144)	46	N/M
Net gain on disposal of plant and equipment	10	11	(9)
Government grants	121	136	(11)
Others	17	56	(70)
	875	1,181	(26)

e) Income tax expense

	Group		
	Nine month ended 30 September		
	2018	**2017**	**Change**
	$ '000	**$ '000**	**%**
Tax expense attributable to the profit is made up of:			
- Profit for the financial period			
Current income tax	5,904	7,777	(24)
Deferred income tax	(159)	749	N/M
	5,745	8,526	(33)
- (Over)/under provision in prior financial periods			
Current income tax	(27)	2	N/M
Deferred income tax	72	1,983	(96)
	5,790	10,511	(45)

f) Other information on Income Statement

	Group		
	Nine month ended 30 September		
	2018	**2017**	**Change**
	$ '000	**$ '000**	**%**
Depreciation and amortisation	2,351	3,698	(36)
Allowance for impairment of trade and other receivables	19	(110)	N/M

N/M : Not meaningful

g) Group's borrowings

(i) Amount repayable in one year or less, or on demand

	Group	
	30 Sep 2018	**31 Dec 2017**
	$'000	**$'000**
Secured	44,330	40,335
Unsecured	2,079	67,195
Sub Total	**46,409**	**107,530**

(ii) Amount repayable after one year

	Group	
	30 Sep 2018	**31 Dec 2017**
	$'000	**$'000**
Secured	489,465	407,613
Unsecured	160,077	137,495
Sub Total	**649,542**	**545,108**
Total borrowings	**695,951**	**652,638**

(iii) Details of any collateral

The Group's secured borrowings include bank borrowings and lease liabilities. The borrowings are secured by fixed charges over certain bank deposits and investment properties of the subsidiaries.

h) Share capital and treasury shares

Share capital	**Group and Company No. of shares issued**	**Group Share capital $ '000**	**Company Share capital $ '000**
Beginning and end of financial period	840,778,624	142,242	253,553

	Company	
	30 Sep 2018	**31 Dec 2017**
Total number of issued shares excluding treasury shares	840,778,624	840,778,624

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Share options and warrants

As at 30 September 2018, the Company did not have any employee share option scheme and no outstanding options, convertibles or subsidiary holdings.

There were 16,508,847 warrants outstanding as at 30 September 2017, out of which 9,070,999 warrants were exercised to acquire 9,070,999 ordinary shares during 3Q 2017 and the remaining 7,437,848 unexercised warrants were expired at 5.00pm on 27 October 2017.

Warrants, treasury shares and subsidiary holdings

	Company	
	30 Sep 2018	**30 Sep 2017**
Number of warrants outstanding	-	16,508,847
Number of shares held as treasury shares	-	19,449,600
Number of subsidiary holdings	-	-
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	0%	2%

There were no sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period reported on.

There were no treasury shares and subsidiary holdings as at 30 September 2018.

The Company cancelled the 19,449,600 treasury shares amounting to S$7,617,000 on 22 November 2017.

i) Purchase, sales or redemption of the Company's listed securities and cancellation of treasury shares

There was no purchase, sales or redemption of the Company's listed securities and cancellation of treasury shares as at 30 September 2018.

7. **(a) Earnings per share**

	Group Third quarter ended 30 September		Group Nine months ended 30 September	
	2018	**2017**	**2018**	**2017**
Net profit attributable to equity holders of the Company (S$'000)	7,319	6,061	26,215	25,831
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,779	754,125	840,779	744,296
Weighted average number of ordinary shares outstanding after adjustments for warrants ('000)	840,779	755,264	840,779	744,296
Earnings per ordinary share:				
(i) Basic earnings per share (cents)	0.87	0.80	3.12	3.47
(ii) Diluted earnings per share (cents)	0.87	0.80	3.12	3.47

(b) Net asset value

	Group		Company	
	30 Sep 18	**31 Dec 17**	**30 Sep 18**	**31 Dec 17**
Net asset value per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on	55.03 cents	55.06 cents	30.85 cents	32.56 cents

Note:
The Group and Company net asset value per ordinary share is calculated based on the existing issued share capital excluding treasury shares of 840,778,624 (2017: 840,778,624) ordinary shares.

8. Group Performance Review

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.

(a)(i) Third quarter review - 3Q 2018 vs 3Q 2017

The Group's revenue in the quarter ended 30 September 2018 ("3Q 2018') was lower year-on-year by 12%, or S$4.0 million, to S$28.3 million from S$32.3 million in the quarter ended 30 September 2017 ("3Q 2017").

The lower revenue was mainly attributable to the expiry of the lease on Westlite Tuas in Singapore which ceased operations in December 2017. However, if Westlite Tuas' revenue was not factored into 3Q 2017's revenue, then the revenue would have increased by S$1.0 million or 4%.

Nonetheless, the reduced revenue due to Westlite Tuas was partially offset by additional revenue from the Group's recent acquisition of dwell Princess Street in Manchester, as well as a strong showing from our workers accommodation in Malaysia with a high occupancy rate of 95%, and improved performance in the Group's UK student accommodation portfolio.

The Group's gross profit reduced by 9%, from S$21.8 million to S$19.8 million year-on-year, in view of the lower revenue as explained above. Nevertheless, the gross profit margin has improved to 70% as compared to 67% in the corresponding quarter.

Administrative expenses were lower by S$1.0 million, which was mainly due to the absence of the one-off professional fees of S$1.1 million incurred during 3Q 2017 in preparation for the dual primary listing on SEHK which took place in 4Q 2017. No such cost was incurred in 3Q 2018.

Finance expenses increased by S$0.4 million, largely due to a higher interest rate environment on our borrowings as compared to the corresponding period last year, as well as the new borrowings to fund the group's acquisitions.

Share of profit of associated companies increased S$0.4 million largely due to the share of the profits from the Centurion US Student Housing Fund ("the US Fund") launched in November 2017 and the improved performance of Westlite Mandai.

A fair valuation exercise was conducted by independent valuers on the Group's investment properties as at 30 September 2017 comprising workers and student accommodation assets for the purpose of the dual listing on the SEHK, and a net fair valuation loss of S$1.5 million was recognised. No fair valuation exercise was conducted in 3Q 2018.

The income tax expense reduced by S$0.7 million mainly due to the lower taxable profits largely due to the cessation of Westlite Tuas' operations.

The net profit after tax derived from the Group's operations for 3Q 2018 was S$8.6 million, or an increase of S$1.2 million.

Excluding one-off items in the form of dual listing expense, fair value losses and provision of deferred tax arising from fair value gains, the Group's profit from core business operations reduced S$1.6 million from S$10.2 million in 3Q 2017 to S$8.6 million in 3Q 2018 mainly due to the absence of Westlite Tuas' contribution. The Group's profit from core business would have increased by S$0.6 million if the effects from Westlite Tuas' lease expiry were not taken into consideration.

(a)(ii) Nine months 2018 review - 9M FY2018 vs 9M FY2017

The Group registered a reduction of 14% in revenue or S$14.8 million, from S$103.5 million in the nine months ended 30 September 2017 ("9M 2017") to S$88.7 million in the nine months ended 30 September 2018 ("9M 2018").

The lower revenue was mainly attributable to the expiry of the lease on Westlite Tuas which ceased operations in December 2017. The reduction was partially offset by the improved performance of the Group's workers accommodation in Malaysia, ASPRI-Westlite Papan as well as student accommodation assets in the UK. The revenue would have increased by S$2.3 million if Westlite Tuas' revenue was excluded from 9M 2017's revenue.

Gross profit for the Group in 9M 2018 reduced by S$8.0 million on the back of the lower revenue but the gross profit margin has improved from 69% to 71% mainly due to the improved occupancy rates and beds rents in ASPRI- Westlite Papan and the Group's workers dormitories in Malaysia. Additionally, the improvement was also attributed to the Group's UK student accommodation portfolio rental rate reversions.

Administrative costs reduced by S$2.7 million, largely due to the absence of the dual listing expenses of S$4.2 million incurred in 9M 2017. Excluding this non-recurring cost, administrative expenses would have increased S$1.5 million, in line with the Group's expanding business operations.

Finance expenses increased by S$1.6 million, largely due to the issuance of the Multicurrency Medium Term Notes ("MTN") Series 3 of S$85.0 million in April 2017 and a higher interest rate environment on our borrowings as compared to the corresponding period last year.

Share of the profit of associated companies increased by S$2.3 million in 9M 2018, mainly due to the absence of fair value loss on investment property of Westlite Mandai recorded in 9M 2017 as well as an additional share of the profits from the US Fund launched in late 2017, along with higher occupancy rates recorded for Westlite Mandai.

For the purpose of the dual listing exercise, valuation of the properties performed by the valuer that resulted in a fair valuation gain of S$0.3 million was recorded in 9M 2017. No fair valuation was conducted on the Group's properties in 9M 2018.

Income tax expenses reduced by S$4.7 million mainly due to the provision for a deferred tax of S$2.8 million recorded in 9M 2017, which arose from the cumulative fair valuation gains recognised for the Group's investment properties in Australia, China and Malaysia, as well as the lower taxable profits recorded in 9M 2018, largely due to the cessation of Westlite Tuas' operations.

Excluding one-off items in the form of fair value losses on investment properties, deferred tax arising from the fair value gains and dual listing expenses, the profit derived from the Group's core business operations was S$30.1 million in 9M 2018, a year-on-year reduction of S$8.6 million. If Westlite Tuas' performance was to be excluded from 9M 2017 results, the profit from core business operations would be an increase of about S$0.2 million.

The Group's net profit from core business operations attributable to equity holders of the Company was S$26.2 million, after accounting for the non-controlling interest proportion of the results of ASPRI-Westlite Papan in which the Group has a 51% interest.

(b) Review of Group Balance Sheet

Assets

Cash and bank balances reduced by S$3.7 million to S$72.1 million was mainly due to investing activities which is in line with the Group's expansion. Please refer to (d) review of the Group's cash flow statements.

Trade and other receivables decreased S$4.0 million mainly due to collections in 9M 2018.

With the new IFRS 9, the Group has classified assets under "available for sale financial assets" to "financial assets, at fair value through other comprehensive income". There was a reduction of S$2.4 million largely due to the redemption of certain fixed income investments upon maturity.

Investment properties increased S$57.0 million, largely due to the acquisition of dwell Princess Street in the UK, construction of Bukit Minyak in Malaysia as well as asset enhancement works that are currently being carried out for the Group's student accommodation assets in Australia and the UK.

Borrowings & Gearing

As at 30 September 2018, the Group had net current liabilities of S$1.1 million. The Group currently has sufficient cash resources and banking facilities (both in aggregate of approximately S$188.5 million) available to meet the financing needs of the current liabilities.

As at 30 September 2018, the Group's net gearing ratio was at 53%.

The Group generated an operating cash flow of S$50.5 million in 9M 2018. Interest cover remained adequate and within the Group's threshold at 3.2 times (or 4.7 times interest cover, excluding interest from the MTN). Developmental and acquired operating assets are primarily funded through long term bank debt. The existing borrowings have a balance loan maturity profile averaging 9 years.

The Group's balance sheet remained healthy with S$72.1 million cash and bank balances

(c) Review of Company Balance Sheet

Cash and bank balances increased by S$1.5 million largely due to the reduction of receivables which are mainly settlements from subsidiaries of the Group.

(d) Review of Statement of Cash Flows

In 9M 2018, the Group generated a positive cash flow of S$50.5 million from operating activities.

During 9M 2018, cash of S$58.1 million in investing activities was mainly used for the acquisition of dwell Princess Street in the UK, development of the Group's accommodation assets, in particular for Westlite Bukit Minyak, Malaysia, RMIT Village, Australia and dwell Cathedral, UK.

Net cash of S$5.7 million was provided by financing activities mainly due to financing obtained for investments offset by the repayment of borrowings and interest paid during the period as well as the payment of dividends to equity holders.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of S$2.0 million in 9M 2018.

9. Where a forecast, or a prospect statement has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously disclosed to shareholders.

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

Accommodation Business

As at 30 September 2018, the Group operated a diversified portfolio of 27 purpose-built workers and student accommodation assets comprising c.55,273 beds across five countries.

(a) Workers Accommodation

Singapore's purpose-built workers accommodation ("PBWA") sector is expected to remain resilient in view of the demand for high quality workers accommodation. As at 30 September 2018, the Group had a total of c.26,100 beds across four operating workers accommodation assets in Singapore with a high and stable average occupancy rate of c.96.5% for 9M 2018. Despite the ongoing macroeconomic uncertainties, the Singapore economic outlook is anticipated to be on course for steady expansion. Given the stable customer base and strategic locations of Centurion's four workers accommodation assets in Singapore, the Group remains confident that its occupancy rates will remain stable.

In Malaysia, as at 30 September 2018, the Group operated c.23,700 beds across six workers accommodation assets with an average occupancy of c.93.8% for 9M 2018. The Malaysia Government has been drafting amendments to the Standard Minimum Housing and Amenities Act 446 (1990), which when implemented, will make it mandatory for employers across all sectors to provide better housing conditions for their foreign workers^1. Given the Group's market leadership position in the quality workers accommodation sector and the undersupply of PBWA beds within Malaysia, this legislative change bodes well for the Group. In addition, Centurion's existing portfolio assets in Malaysia are well-located in key manufacturing hubs and as such, the six PBWA assets are expected to benefit from improved demand for quality housing for workers in the Malaysia's manufacturing sector.

Westlite Bukit Minyak, located in Penang, Malaysia, is on track for completion in 4Q 2018, and this will allow the Group to take advantage of the favourable regulatory development, driving further growth in the Group's PBWA business in Malaysia.

(b) Student Accommodation

As at 30 September 2018, the Group had a portfolio of c.5,473 beds across 17 purpose-built assets in the United States ("US"), United Kingdom ("UK"), Australia, and Singapore, with a portfolio average occupancy rate of c.90.4% for 9M 2018.

The Group continues to see growth potential in the UK PBSA sector, where it recently announced the completion of acquisition of dwell Castle Gate Haus on 9 November 2018. The UK portfolio achieved a healthy average occupancy of c.92.1% for 9M 2018. The UK remains a key market for the Group with this latest acquisition located in Nottingham. According to Savills' latest Student Housing Spotlight, Nottingham is now considered to be a 'first-class' location, given that the supply of PBSA in the last few years have not matched the growth in student demand^2. Centurion's latest acquisition highlights the Group's commitment to continue seeking opportunities in markets with strong demand fundamentals and proximity to popular universities.

Driven by the Group's asset light strategy, the Group manages six PBSA assets in the US which is owned by a private real estate fund established and managed by the Group. The assets achieved an overall healthy average occupancy and the Group is confident that the demand for purpose-built quality student accommodation in the US will continue as the country remains as the first choice for many international students seeking a quality education.

In Australia, RMIT Village has achieved a stable overall average occupancy rate of c.85.3% for 9M 2018. The average occupancy rate of RMIT Village, excluding beds closed for the asset enhancement programme (AEP), was registered at c.98.0% during the period. The majority of the new c.160 beds under development for the RMIT Village AEP are expected to be completed in January 2019, in time for students to move in before the start of the new academic semester in February 2019, while the remaining beds for the AEP are expected to be completed in 2Q 2019. The development of the new 280-bed dwell East End Adelaide has been completed in October 2018 and students will be able to move in to the property in January 2019, before the start of the new academic semester in February 2019.

On 7 November 2018, the Group announced the completion of acquisition of Benikea Hotel KP in Seoul, South Korea, expanding its footprint into North Asia. Benikea Hotel KP will be refurbished into a 208-bed accommodation primarily targeting at students. It is strategically located in close proximity to multiple top Korean universities and the Group will be leveraging on Seoul's status as one of Asia's most highly rated student cities, having ranked consistently in the top 10 QS Best Student Cities^3 since 2015. South Korea saw record-high growth^4 in the number of international students in 2017.

In Singapore, dwell Selegie continues to achieve a healthy occupancy rate of c.95.3% for 9M 2018, as the asset's prime location and accessibility to various education institutions in the vicinity continues to drive the high occupancy rates.

The outlook for the Group's student accommodation assets remains positive, given the attractive locations of its PBSA assets which are situated close to major universities, or within university towns, and the general strong demand and undersupply of PBSA beds.

Growth strategy

Moving forward, the Group will maintain its course on selectively exploring opportunities to grow its accommodation business through targeted expansion in existing and new markets, as well as to diversify into other specialised accommodation assets.

The Group is currently seeking investors to participate in the establishment of a new student accommodation private fund, as part of its asset light strategy to achieve sustainable growth.

Remarks:
1 Source: Human Resources Ministry aims to make housing for foreign workers a mandatory, New Straits Times
2 Source: Nottingham and Reading join 'first-class' student towns
3.Source: QS Best Student Cities Rankings 2015-2018
4.Source: The PIE news online and National Institute for International Education, South Korea

11. Use of Proceeds

SEHK Listing Proceeds

The Company has on 11 December 2017 issued 36,000,000 offer shares pursuant to the dual primary listing in Hong Kong. Each share was offered at HK$3.18 (approximately S$0.55).

The aggregate net proceeds from the share offer received by the Company, after deducting underwriting commissions and expenses paid and payable in connection with the share offer was S$11,859,248.

The total net proceeds of S$11,859,248 received has been utilised to-date on Adelaide, Australia project which was completed on 30 October 2018 and general working capital.

12. Dividend

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on ?

None

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year ?

None

(c) Date Payable

Not applicable

(d) Book Closure Date

Not applicable

13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable for quarter announcement.

14. If no dividend has been declared / recommended, a statement to that effect

No interim dividend has been declared for the third quarter in the current and preceeding financial period.

15. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Group's auditors, PricewaterhouseCoopers, LLP.

16. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

17. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable for quarter announcement.

18. Sales and Profit Breakdown

Not applicable for quarter announcement.

19. If the Group has obtained a general mandate from Shareholders for interested person transactions (the "IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a shareholders' mandate for IPTs.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable for quarter announcement.

21. Confirmation of Directors' and Executive Officers' Undertakings

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual of SGX-ST.

22. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST

On behalf of the Board of Directors of the Company, we, Wong Kok Hoe and Loh Kim Kang David, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the third quarter and nine months ended 30 September 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
Kong Chee Min
Chief Executive Officer
12 November 2018

As at the date of this announcement, the Board comprises Mr. Teo Peng Kwang as executive director; Mr. Han Seng Juan, Mr. Loh Kim Kang David and Mr. Wong Kok Hoe as non-executive directors; and Mr. Gn Hiang Meng, Mr.Chandra Mohan s/o Rethnam, Mr. Owi Kek Hean and Ms. Tan Poh Hong as independent non-executive directors.