Centurion Corporation Limited
(Company Registration No. 198401088W)

Unaudited Third Quarter Financial Statement and Dividend Announcement for the period ended 30 September 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Consolidated Income Statement

	Group Third Quarter ended 30 September			Group Nine months ended 30 September		
	2014 $ '000	2013 * $ '000	Change %	2014 $ '000	2013 * $ '000	Change %
Revenue	20,899	14,333	46	58,338	42,076	39
Cost of sales	(6,471)	(6,063)	7	(19,839)	(18,578)	7
Gross profit	14,428	8,270	74	38,499	23,498	64
Other gains (net) - miscellaneous	68	207	(67)	558	1,043	(47)
Expenses						
- Distribution	(251)	(271)	(7)	(879)	(905)	(3)
- Administrative	(3,177)	(2,471)	29	(10,227)	(7,352)	39
- Finance	(2,767)	(413)	570	(5,993)	(1,302)	360
Share of profit of associated companies and joint venture	1,521	1,186	28	21,392	21,126	1
	9,822	6,508	51	43,350	36,108	20
Other losses	-	-	N/M	-	(3,420)	N/M
Fair value gain on group's investment properties	-	-	N/M	-	36,427	N/M
Profit before income tax	9,822	6,508	51	43,350	69,115	(37)
Income tax expense	(1,905)	(1,181)	61	(5,058)	(3,330)	52
Profit from continuing operations *(Note 1)*	7,917	5,327	49	38,292	65,785	(42)
Discontinued operations						
Profit/(loss) from discontinued operations *(Note 2)*	-	66	N/M	(62)	(568)	(89)
Total profit	7,917	5,393	47	38,230	65,217	(41)
Attributable to:						
Equity holders of the Company	7,917	5,393	47	38,230	65,217	(41)

* *Comparative figures are re-presented due to discontinued operations in Note 2*

Note 1

Profit from continuing operations	7,917	5,327	49	38,292	65,785	(42)
Adjusted for:						
- Fair value gains on investment properties, including those of joint venture	-	-	N/M	-	(55,884)	N/M
- Impairment loss on property, plant and equipment	-	-	N/M	-	3,356	N/M
- Write-off of goodwill in relation to optical business	-	-	N/M	-	64	N/M
- Share of profit from joint venture from one-off sale of development	-	-	N/M	(17,300)	-	N/M
Profit from core business operations	**7,917**	**5,327**	**49**	**20,992**	**13,321**	**58**

Note 2

Profit/(loss) from discontinued operations arise from the discontinuing of Australian optical business which was sold during 2Q 2014. 9M 2013 loss includes impairment of property, plant and equipment of S$0.5m from the discontinued operations.

1(a)(ii) Consolidated Statement of Comprehensive Income

	Third Quarter ended 30 September			Nine months ended 30 September		
	2014	2013	Change	2014	2013	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Net profit	7,917	5,393	47	38,230	65,217	(41)
Currency translation differences	(5,157)	(1,496)	245	(2,696)	(2,726)	(1)
Financial assets, available-for-sale						
Fair value loss	(116)	(20)	480	(164)	(119)	38
Reclassification from fair value reserve to profit for the period	-	-	N/M	153	-	N/M
	(5,273)	(1,516)	248	(2,707)	(2,845)	(5)
Total comprehensive income	2,644	3,877	(32)	35,523	62,372	(43)
Attributable to:						
Equity holders of the Company	2,644	3,877	(32)	35,523	62,372	(43)
Non-Controlling Interest	-	-	N/M	-	-	N/M
Equity holders of the Company	2,644	3,877	(32)	35,523	62,372	(43)

1(a)(iii) Notes to Consolidated Income Statement

	Third Quarter ended 30 September			Nine months ended 30 September		
	2014	2013	Change	2014	2013	Change
	$ '000	$ '000	%	$ '000	$ '000	%
After (charging) / crediting:						
Interest expense	(2,767)	(413)	570	(5,993)	(1,302)	360
Depreciation and amortisation	(1,678)	(1,831)	(8)	(5,139)	(5,617)	(9)
Allowance for doubtful debts (net)	(31)	(52)	(40)	(85)	(123)	(31)
Currency exchange loss (net)	(145)	(216)	(33)	(101)	(312)	(68)
Net gain/(loss) on sale of property, plant & equipment	54	(6)	N/M	(34)	1	N/M
Goodwill written off	-	-	N/M	-	(64)	N/M
Impairment of property, plant and equipment	-	-	N/M	-	(3,356)	N/M

The miscellaneous gains (net) comprise the following:

	Third Quarter ended 30 September			Nine months ended 30 September		
	2014	2013 *	Change	2014	2013 *	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Other rental income	68	326	(79)	265	993	(73)
Interest income	81	27	200	269	111	142
Dividend income	28	49	(43)	83	160	(48)
Currency exchange loss (net)	(145)	(216)	(33)	(101)	(312)	(68)
Others	36	21	71	42	91	(54)
Other miscellaneous gains - net	68	207	(67)	558	1,043	(47)

N/M : Not meaningful

ACQUISITION OF ADDITIONAL 36% IN SHANGHAI HUADE PHOTOELECTRON SCIENCE & TECHNOLOGY CO. LTD. ("SHD")

On 27 January 2014, Advance Technology Investment Limited ("ATL"), an indirect wholly-owned subsidiary of the Company, has acquired an additional 36% of the equity interest in Shanghai Huade Photoelectron Science & Technology Co. Ltd. ("SHD"), a 49% associated company, from Chinatex (Beijing), an existing shareholder of SHD, for a total consideration of RMB10,000 (equivalent to S$2,084).

SHD is now an indirect 85% owned subsidiary of the Company. The acquisition was satisfied by cash and funded through internal resources of the Company.

Based on the unaudited management accounts that are subject to finalisation, the details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest and fair value of previously held equity interest recognised and the effects on the cash flows of the Group, at the acquisition date are as follows:

	$ '000
Identifiable assets acquired and liabilities assumed	
Cash & cash equivalents	372
Other current assets	64
Plant and equipment	3,991
Total assets	4,427
Trade and other payables	(989)
Borrowings	(3,436)
Total liabilities	(4,425)
Identifiable net assets	2
Add: Non-controlling interest at proportionate share of the identifiable net assets	- *
Consideration paid for additional 36% equity interest	2

Effect on cash flows of the Group

	$ '000
Cash paid	(2)
Less: cash and cash equivalents in subsidiary acquired	372
Cash inflow on acquisition	370

* Amounts are less than $1,000

1(b)(i) Balance Sheets

	Group		Company	
	30 Sep 14	31 Dec 13	30 Sep 14	31 Dec 13
	$ '000	$ '000	$ '000	$ '000
Current assets				
Cash and cash equivalents	63,781	44,374	22,632	19,480
Trade and other receivables	9,738	11,195	7,550	12,391
Inventories	669	994	-	-
Other current assets	2,487	11,083	395	2,224
	76,675	67,646	30,577	34,095
Non-current assets				
Trade and other receivables	457	-	250,901	264,932
Other non-current assets	265	265	265	265
Financial assets, available-for-sale	2,357	2,521	2,357	2,521
Investments in associated companies	1,395	1,348	1,298	1,298
Investments in joint venture	64,929	52,569	-	-
Investments in subsidiaries	-	-	21,045	10,046
Investment properties	623,736	368,712	-	-
Property, plant & equipment	10,039	6,019	152	119
Deferred income tax assets	92	91	-	-
Intangible assets	12,968	16,673	-	-
	716,238	448,198	276,018	279,181
Total assets	**792,913**	**515,844**	**306,595**	**313,276**
Current liabilities				
Trade and other payables	(38,043)	(25,850)	(5,568)	(3,343)
Current income tax liabilities	(5,902)	(6,908)	(133)	(133)
Borrowings	(23,249)	(17,357)	-	-
	(67,194)	(50,115)	(5,701)	(3,476)
Non-current liabilities				
Borrowings	(402,184)	(168,833)	(99,004)	(98,661)
Other payables	(350)	(871)	-	-
Deferred income tax liabilities	(2,661)	(3,104)	(6)	(25)
	(405,195)	(172,808)	(99,010)	(98,686)
Total liabilities	**(472,389)**	**(222,923)**	**(104,711)**	**(102,162)**
Net assets	**320,524**	**292,921**	**201,884**	**211,114**
Equity				
Share capital	89,836	89,431	201,147	200,742
Other reserves	9,627	12,334	345	509
Retained profits	221,061	191,156	392	9,863
	320,524	292,921	201,884	211,114
Non-controlling Interest	-	-	-	-
Total equity	**320,524**	**292,921**	**201,884**	**211,114**
Total borrowings	425,433	186,190		
Gearing ratio*	57%	39%		

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

1(b)(ii) Group's borrowings and debt securities

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

	As at 30 Sep 14 $'000	As at 31 Dec 13 $'000
Secured	23,249	17,357
Unsecured	-	-
Sub Total	**23,249**	**17,357**

(b) Amount repayable after one year

	As at 30 Sep 14 $'000	As at 31 Dec 13 $'000
Secured	303,180	70,172
Unsecured	99,004	98,661
Sub Total	**402,184**	**168,833**
Total Debt	**425,433**	**186,190**

(c) Details of any collateral

The Group's secured borrowings includes bank borrowings and lease liabilities. The borrowings are secured by fixed charges over the investment properties and certain property, plant and equipment of the subsidiaries.

1 (c) Consolidated Cash Flow Statement

The below consolidated cash flow statement includes the impact on the cash flows of the Group attributed to the discontinued operations.

	Third Quarter ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	$ '000	$ '000	$ '000	$ '000
Cash flows from operating activities				
Net profit	7,917	5,393	38,230	65,217
Adjustment for:				
Tax expense	1,905	1,181	5,058	3,312
Depreciation and amortisation	1,678	1,974	5,164	6,143
Allowance for impairment of trade and other receivables	31	126	174	258
Net (gain)/loss from sale of property, plant and equipment	(54)	6	(641)	(1)
Impairment of property, plant and equipment	-	-	-	3,865
Interest income	(81)	(82)	(327)	(286)
Dividend income	(28)	(49)	(83)	(160)
Interest expense	2,767	413	5,993	1,301
Share of profits of associated companies and joint venture (net)	(1,521)	(1,186)	(21,392)	(1,669)
Goodwill written off	-	-	-	64
Fair value gain on investment properties	-	-	-	(36,427)
Fair value gain on joint venture's investment properties	-	-	-	(19,457)
Currency translation differences	(2,319)	(819)	(2,897)	(252)
Reclassification from fair value reserve to profit for the period	-	-	153	-
Operating cash flow before working capital changes	10,295	6,957	29,432	21,908
Changes in operating assets and liabilities				
Inventories	(8)	247	325	434
Trade and other receivables	(3,889)	659	427	1,299
Other current assets	(677)	(417)	(546)	(768)
Trade and other payables	9,064	(683)	8,093	(3,588)
Cash generated from operations	14,785	6,763	37,731	19,285
Income tax paid - net	(2,465)	(1,458)	(6,428)	(3,298)
Net cash provided by operating activities	12,320	5,305	31,303	15,987
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	(26)	(3)	794	55
Proceeds from redemption of financial assets, available-for-sale	-	2,000	-	2,000
Additions of investment property	(165,340)	(8,704)	(254,687)	(16,300)
Purchase of property, plant and equipment	(944)	(714)	(1,629)	(1,198)
Acquisition of interest in subsidiaries, net of cash acquired	-	-	370	(3,675)
Loan to associate company	(457)	-	(457)	-
Interest received	81	82	327	286
Dividend received	28	49	83	160
Dividend received from joint venture	-	-	9,000	-
Short term deposits released as security from bank	820	-	820	-
Short term deposits released/(charged) as GST Escrow settled	-	3,744	-	3,744
Deposits paid for acquisition of investment property	-	(6,530)	-	(6,530)
Deposits refunded for acquisition of investment property	-	-	9,137	-
Net cash used in investing activities	(165,838)	(10,076)	(236,242)	(21,458)
Cash flows from financing activities				
Proceeds from borrowings	156,507	6,426	249,352	15,415
Repayment of borrowings	(3,736)	(2,450)	(10,581)	(8,533)
Interest paid	(2,424)	(413)	(5,650)	(1,301)
Acquisition of additional interest in a subsidiary	-	(1,800)	-	(4,175)
Capital contribution from warrants exercised	-	-	405	-
Dividends paid to shareholders	-	6	(8,325)	(3,018)
Net cash provided by/(used in) financing activities	150,347	1,769	225,201	(1,612)
Net (decrease)/increase in cash and cash equivalents held	(3,171)	(3,002)	20,262	(7,083)
Cash and cash equivalents at beginning of the period	67,253	31,715	43,558	36,460
Effects of exchange rate changes on cash and cash equivalents	(301)	54	(39)	(610)
Cash and cash equivalents at end of the year	63,781	28,767	63,781	28,767

* The consolidated cash and cash equivalents comprise the following:

Cash and bank balances	63,781	29,635	63,781	29,635
Bank overdraft	-	(56)	-	(56)
Short-term bank deposits charged as security to bank	-	(812)	-	(812)
	63,781	28,767	63,781	28,767

1(d)(i) **<u>Statement of Changes in Equity</u>**

As at 30 Sep 2014 vs 30 Sep 2013

GROUP 2014	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total Equity $'000	Non-Controlling Interest $'000	Total Equity $'000
	← Attributable to equity holders of the Company →					
Balance as at 1 Jan 2014	89,431	12,334	191,156	292,921	-	292,921
Dividends relating to FY2013 paid	-	-	(4,541)	(4,541)	-	(4,541)
Dividends relating to FY2014 paid	-	-	(3,784)	(3,784)	-	(3,784)
Issuance of shares pursuant to warrants exercised	405	-	-	405	-	405
Total comprehensive (expense)/income for the period	-	(2,707)	38,230	35,523	-	35,523
Balance as at 30 Sep 2014	**89,836**	**9,627**	**221,061**	**320,524**	**-**	**320,524**

GROUP 2013	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total Equity $'000	Non-Controlling Interest $'000	Total Equity $'000
Balance as at 1 Jan 2013 as previously reported	89,431	15,482	1,308	106,221	3,702	109,923
Effects of the change in accounting policy	-	7	101,050	101,057	424	101,481
As restated 1 Jan 2013	89,431	15,489	102,358	207,278	4,126	211,404
Dividends relating to FY2012 paid	-	-	(3,018)	(3,018)	-	(3,018)
Adjustment on acquisition of additional shares in a subsidiary from non-controlling interest	-	-	(343)	(343)	(4,126)	(4,469)
Total comprehensive (expense)/ income for the period	-	(2,845)	65,217	62,372	-	62,372
Balance as at 30 Sep 2013 (restated)	**89,431**	**12,644**	**164,214**	**266,289**	**-**	**266,289**

COMPANY 2014	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total $'000
Balance as at 1 Jan 2014	200,742	509	9,863	211,114
Dividends relating to FY2013 paid	-	-	(4,541)	(4,541)
Dividends relating to FY2014 paid	-	-	(3,784)	(3,784)
Issuance of shares pursuant to warrants exercised	405	-	-	405
Total comprehensive expense for the period	-	(164)	(1,146)	(1,310)
Balance as at 30 Sep 2014	**201,147**	**345**	**392**	**201,884**

COMPANY 2013	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total $'000
Balance as at 1 Jan 2013	200,742	238	5,100	206,080
Dividends relating to FY2012 paid	-	-	(3,018)	(3,018)
Total comprehensive expense for the period	-	(119)	(1,609)	(1,728)
Balance as at 30 Sep 2013	**200,742**	**119**	**473**	**201,334**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Company	
	No. of shares issued	**Share capital $ '000**
Issued and fully paid:		
As at 1 Jan 2014	756,060,841	200,742
Issue of new shares pursuant to the warrants exercised	811,397	405
As at 30 Sep 2014	756,872,238	201,147

The Company does not have any outstanding convertibles and treasury shares as at 30 Sep 2014 and 30 Sep 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	30 Sep 14	**31 Dec 13**
Total number of issued shares excluding treasury shares	756,872,238	756,060,841

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during the current financial period reported on.

2 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 Company's auditors.

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

The financial information has 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 Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") became effective from this financial year.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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.**

There are no significant changes in the Group's accounting policies and methods of computation nor any significant 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.**

		Group			
		Third Quarter ended 30 September		Nine months ended 30 September	
		2014	**2013**	**2014**	**2013**
(a)	Based on weighted average number of ordinary shares on issue	1.05 cents	0.71 cents	5.05 cents	8.63 cents
(b)	On a fully diluted basis	1.02 cents	0.71 cents	4.93 cents	8.63 cents

Note:
The earnings per share is calculated based on weighted average number of ordinary shares in issue of 756,060,903 for Q3 2014 and 756,494,851 for 9M 2014 (Q3 2013 & 9M 2013 : 756,060,841) ordinary shares.

The weighted average number of shares used for the calculation of EPS based on fully diluted basis is 774,192,878 for Q3 2014 and 774,718,177 for 9M 2014 (Q3 2013 & 9M 2013 : 756,060,841).

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 Sep 14	**31 Dec 13**	**30 Sep 14**	**31 Dec 13**
Net asset value per ordinary share	42.35 cents	38.74 cents	26.67 cents	27.92 cents

Note
The Group and Company net asset per ordinary share is calculated based on existing issued share capital of 756,872,238 (2013: 756,060,841) 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 – Q3 FY2014 vs Q3 FY2013

The Group recorded a total revenue of S$21 million in 3Q 2014, an increase of 46% or S$6.6 million compared to 3Q 2013. The growth is mainly contributed by the Group's accommodation business which registered a healthy quarter-on-quarter revenue growth of 61% or S$7.4 million from S$12.0 million in 3Q 2013 to S$19.4 million in 3Q 2014. The Group's optical disc business, on the other hand, experienced a drop in revenue of S$0.8 million in 3Q 2014 compared to the corresponding period last year due to weaker market demands.

The continued positive growth in revenue from the accommodation business stemmed largely from the increase in bed capacity at Westlite Toh Guan dormitory since January 2014, maiden revenue from the Group's student accommodation RMIT Village ("RMITV") located in Melbourne, Australia, acquired since February 2014 and the continued improvements in occupancy rates of the Group's dormitories located in Malaysia. The increase in rental rates for its dormitories in Singapore and the inclusion of two weeks rental revenue from its newly acquired UK student accommodation assets which completed on September 2014 further contributed to the growth in the Group's revenue.

Accordingly, the Group's gross profit in 3Q 2014 increased by 74%, from S$8.3 million to S$14.4 million due to revenue growth mainly arising from the expansion of the accommodation business. The Group's gross profit margin had also improved from 58% to 69% due to higher rental rates and the additional rental revenue derived from the expanded bed capacities at Westlite Toh Guan Dormitory.

Administrative expenses increased by S$0.7 million as a result of higher salary costs, professional fees and traveling costs associated with the expansion of the accommodation business.

Finance cost, which increased by S$2.4 million, mainly arose from the interest expense incurred for the medium term notes issued in October 2013 as well as one-off bank facility fees and additional interest costs incurred in financing newly acquired student accommodation assets.

The share of operational gains from associated companies and joint ventures was S$1.5 million in 3Q 2014 compared to S$1.2 million in the previous corresponding period in 2013. The Group's joint venture, Westlite Mandai dormitory currently operates a total capacity of 6,300 beds, compared to only 4,750 beds when it first commenced its operations in April 2013.

The resulting net profit from the Group's core business operations in 3Q 2014 was S$7.9 million, a S$2.6 million increase compared to the S$5.3 million recorded in 3Q 2013. This represents a healthy 49% increase quarter-on-quarter. The Group's accommodation business contributed S$7.8 million profit, while the optical disc business contributed S$0.1 million profit.

<u>(a)(ii) 9 months 2014 review – 9M FY2014 vs 9M FY2013</u>

The Group registered an increase of 39% in revenue from S$42.1 million in 9M 2013 to S$58.3 million in 9M 2014. The Group's accommodation business achieved a 52% growth or S$17.8 million increase in revenue compared to the corresponding period last year due to the continued expansion of the Group's accommodation assets. The Group's optical disc business however, experienced a decrease of 21% or S$1.6 million, due to continuing weak demand from its customers for physical optical disc media.

Gross profit for the Group in 9M 2014 improved by S$15.0 million, an increase of 64% compared to 9M 2013 on the back of higher revenue contribution from the accommodation business.

Administrative expenses rose by S$2.9 million as a result of higher salary costs and professional fees associated with the expansion of the accommodation business.

Finance costs increased by S$4.7 million, mainly as a result of the interest expense incurred for the medium term notes issued in October 2013, one-off bank facilities fee as well as interest on term loan from borrowings associated with the acquisition of student accommodation assets.

Share of the results of associates and jointly controlled entities included the recognition of profits from the sales of industrial property development, M Space, which amounted to S$17.3 million during 9M 2014. The results of 9M 2013 included the Group's share of the fair value gain on its joint venture's investment properties of S$19.5 million. Excluding the one off profits from sales of industrial property development during 9M 2014 and fair valuation gains in 9M 2013, the share of results of associates and jointly controlled entities recorded an increase of 152%, from S$1.6 million in 9M 2013 to S$4.1 million in 9M 2014 due to the expanded bed capacity from 4,750 to 6,300 beds in Mandai dormitory.

Other losses of S$3.4 million in 9M 2013 were related to the one-off impairment charge on the Group's optical disc plant and equipment.

During 9M 2013, the Group booked a fair value gain on investment properties of S$36.4 million. Fair valuation of investment properties has not been conducted in 9M 2014 but will be carried out at the end of the financial year.

The Group posted a net profit of S$38.3 million in 9M 2014 for its continuing operations compared to S$65.8 million in 9M 2013, which included a net gain of S$52.5 million from fair valuation gains over impairment charge and goodwill which had been written off.

For its core business operations, after excluding trading profits from the sales of M Space, the Group recorded a net profit of
1 **S$21.0 million in 9M 2014. This was an improvement of 58% or S$7.7 million compared to a net profit of S$13.3 million in 9M 2013, after adjusting for net gain from fair valuation and impairment charges.**

The Group's accommodation business accounted for the entire S$21.0 million of recurring net profit in 9M 2014 while its optical disc business broke even for the period. The optical disc business contributed approximately S$0.5 million towards the Group's cash flow in 9M 2014.

For discontinued operations, the Group incurred a slight loss of $0.1 million in 9M 2014 from its discontinued optical disc operations in Australia compared to a loss of S$0.6 million in 9M 2013.

(b)(i) Review of Group Balance Sheet

Assets

Other current assets decreased by S$8.6 million mainly due to deposits that were refunded on acquisitions and project tenders.

The increase of S$12.4 million in investments in joint ventures was mainly due to the Group's share of profits of the joint venture, offset by a S$9.0 million dividend received from the joint venture.

Investment property increased significantly by S$255.0 million, mainly due to the acquisitions of RMITV and the UK student accommodation assets, as well as the development of accommodation projects in Singapore and Malaysia.

The increase of S$4.0 million in property, plant and equipment was mainly attributed to the additional acquisition of shares in an associated company, resulting in net assets being consolidated since the company is now an indirectly owned subsidiary, as well as additional assets acquired by the Group's accommodation business.

Liabilities

Trade and other payables increased by S$12.2 million, largely due to advance rent collected from the student accommodation business and payables arising from operating the newly acquired assets.

Borrowings & Gearing

Borrowings increased S$239.2 million largely due to bank loans obtained in 9M 2014 to finance developmental workers accommodation projects and acquisitions of completed student accommodation assets. As a result, the Group's gearing ratio as at 30 September 2014 was 57%, an increase of 18% from the previous year.

The Group's workers and student accommodation assets during the period continued to generate stable and strong net operating cashflow of S$31.3 million, a 96% increase from S$16.0 million in 9M 2013. Despite the higher gearing ratio, the 5 times interest cover continues to be adequate and is within the Group's interest cover threshold. The Group's developmental and acquired operating assets are mostly funded through bank debt with a tenure averaging a maturity profile of 12 years. With proper debt and capital management policy, the Group continues to generate a net operating cash flow surplus of S$15.1 million (after deducting interest and loan principle repayments) for 9M 2014, which represents a strong improvement of 148 % compared to the S$6.1 million generated for 9M 2013.

The Group's balance sheet remains healthy and robust with S$63.8 million cash and cash equivalents. Given the strong and stable operating cashflow, the Group has further debt headroom for growth and expansion.

(b)(ii) Review of Company Balance Sheet

Cash and cash equivalents increased by S$3.2 million mainly due to trade and other receivables settled during the period, deposit refunds and offset by the increased in investment in subsidiaries and dividends paid to shareholders.

Investment in subsidiaries increased by S$11.0 million as a result of the acquisition of student accommodations.

(b)(iii) Review of Cash Flow Statement

In 3Q 2014, the Group generated a positive net cash flow of S$12.3 million from operating activities, which is an increase of 132% quarter-on-quarter.

Net cash of S$165.8 million used in investing activities was mainly attributed to the acquisitions of the UK student and development of new dormitories.

Net cash of S$150 million from financing activities was mainly due to the financing obtained to fund new acquisitions and development, offset by repayment of borrowings and interest expense.

As a result of the above activities, the Group recorded a total net reduction in cash and cash equivalents of S$3.2 million, with a cash and cash equivalent balance of S$63.8 million as at 30 September 2014.

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.**

Accommodation Business

The Group has made significant headway in growing and diversifying its Accommodation Business across accommodation types and geographical regions. The overall outlook for this business remains favorable, supported by healthy demand for both its workers and student accommodation across Singapore, Malaysia, Australia and the United Kingdom.

Workers Accommodation

Singapore continues to be a key market for the Group, with 23,500 beds across 3 dormitories. On a portfolio basis, the assets are achieving high occupancy rates. A fourth project, Westlite Woodlands with 4,100 beds, is under construction and is expected to be operational in 3Q 2015.

There are currently about 770,000 non-domestic work permit holders in Singapore, of which about half require dormitory beds. A large majority of those who require dormitories are housed in various accommodation types such as purpose built dormitories, factory converted dormitories, on-site housing and shop lots.

Against this backdrop, purpose built workers accommodation provides the quality living environment with self contained amenities and recreational facilities to properly house foreign workers living in Singapore. As highlighted by Mr Tan Chuan-Jin, Minister for Manpower, the Government's aim is to speed up the construction of more purpose-built dormitories to ensure that the daily basic living needs of foreign workers are better taken care of. In the longer term, it aims to accommodate the vast majority of foreign workers in self-contained housing facilities.

Earlier this month, the Ministry of Manpower introduced the Foreign Employee Dormitories Bill 2014, which encompasses additional regulations for larger dormitories with 1,000 and more beds. These new regulations bode well for the Group as they act as barriers of entry for new and inexperienced dormitory operators.

Notwithstanding the Government's measures to manage the growth of the foreign workers' population, the Group remains positive of the long-term demand for purpose built workers accommodation, in view of Singapore's integral need for foreign workers to sustain its economic growth.

While the Singapore Government has released parcels of land to build approximately 100,000 beds over the next two years, the Group believes the demand for purpose built workers accommodation will continue to outweigh the supply of beds. This new supply of beds are expected to replace a proportion of 70,000 beds belonging to purpose built dormitories with short-term leases that are due to expire over the next 2 to 3 years, as well as other non-purpose built dormitory beds.

With purpose built dormitories being the preferred type of accommodation for foreign workers, coupled with the good quality and the favorable locations of its dormitories, the Group is cautiously optimistic that its rental and occupancy rates will continue to remain stable. The Group will keep abreast of industry developments as well as government policy changes, so as to make the necessary adjustments to its portfolio mix and rental rates to adapt to changing industry demands.

In Malaysia, the Group is gaining traction with its portfolio of 14,500 beds across 5 dormitories in Johor, where its occupancy rate on a portfolio basis is presently above 90%. With its customers recognizing the Group's capabilities in managing their large numbers of workers, occupancy rates are expected to continue to improve. Two more projects with a total of 10,800 beds are under construction and are expected to complete and be operational in 1Q 2015 and 4Q 2015 respectively. This will be timely to ensure continued and steady growth in our Malaysian operations. In August this year, the Group also announced its plans to expand beyond Johor with a proposed land acquisition for a workers accommodation in Penang. Benefiting from a first mover advantage in Malaysia, the Group is optimistic that the occupancy and rental rates of its Malaysian assets will enjoy steady growth.

Student Accommodation

Student accommodation is a segment that the Group sees significant growth potential, in light of the strong demand for and stable rental rates of these assets.

In Australia, RMIT Village continues to operate at close to full occupancy, and is expected to maintain its occupancy rate. Studies are ongoing to carry out refurbishment and enhancement works to further realise the potential of the property.

In the United Kingdom, the Group's newly acquired portfolio of 4 student accommodation assets, comprising 3 assets in Manchester and 1 asset in Liverpool with a combined total of over 1,900 beds, are also maintaining close to full occupancy. Given the demand and limited supply of purpose built student accommodation in both cities, the assets are expected to be remain almost fully occupied and contribute positively to the Group's earnings.

Optical Disc Business

The operating environment for the Group's Optical Disc business remains difficult as the market demand for physical optical storage media is weak. The Group will focus on controlling costs and carrying out the necessary restructuring to ensure that the business continues to generate positive cash flow.

Moving forward, the Group will continue to explore strategic acquisition and partnership opportunities to further enlarge its Accommodation Business in both existing and new markets.

To fund its growth plans, the Group announced on 29 October 2014 that it has expanded its S$300 million Multicurrency Medium Term Note Programme to S$500 million.

11 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) Books Closure Date

Not applicable

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

No dividend has been declared for the 3Q 2014.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13 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.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

As explained in note 8.

15 Sales and Profit Breakdown

Not applicable for quarter announcement.

16 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.

17 Interested Person Transactions ("IPTs")

The Company does not have a shareholders' mandate for interested person transactions.

18 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.

19 Use of Proceeds - Warrants conversion

The Company had on 28 Oct 2013 issued 75,605,231 warrants pursuant to the issue of Bonus Warrants on the basis of 1 Warrants for every 10 existing ordinary shares in the capital of the Company held by entitled shareholders. Each Warrant shall carry the right to subscribe for 1 new Share (the "New Share") at an exercise price of S$0.50 per new share. The warrants are for a period of four years and expires on 27 October 2017.

The net proceeds of S$405,699 in relation to the new shares issued pursuants to warrants exercised, have not been utilised to date.

20 Negative Assurance Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, 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 financial statements for the third quarter ended 30 September 2014 to be false or misleading in any material aspect.

For and on behalf of the
Board of Directors of
CENTURION CORPORATION LIMITED

Kong Chee Min	Lee Kerk Chong
Chief Executive Officer and Director	Executive Director

Kong Chee Min
Chief Executive Officer and Director
14 November 2014