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 SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

**For identification purpose only*

Unaudited Second Quarter Financial Statements and Dividend Announcement for the Period Ended 30 June 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 June 2018, together with the comparative figures for the period ended 30 June 2017 as follows:

1) Consolidated Income Statement

	Group Second quarter ended 30 June			Group Half year ended 30 June		
	2018 $ '000	2017 $ '000	Change %	2018 $ '000	2017 $ '000	Change %
Revenue	30,374	35,248	(14)	60,476	71,269	(15)
Cost of sales	(8,362)	(9,592)	(13)	(16,909)	(21,662)	(22)
Gross profit	22,012	25,656	(14)	43,567	49,607	(12)
Other income and gains	386	303	27	571	785	(27)
Expenses						
- Distribution expenses	(254)	(211)	20	(530)	(480)	10
- Administrative expenses	(5,135)	(5,784)	(11)	(9,920)	(11,578)	(14)
- Finance expenses	(5,731)	(5,247)	9	(11,328)	(10,048)	13
Share of profit of associated companies	1,681	37	4,443	3,380	1,468	130
	12,959	14,754	(12)	25,740	29,754	(13)
Net fair value gains on investment properties and assets held for sale	-	1,743	N/M	-	1,743	N/M
Profit before income tax	12,959	16,497	(21)	25,740	31,497	(18)
Income tax expense	(1,896)	(4,992)	(62)	(4,188)	(8,258)	(49)
Total profit	11,063	11,505	(4)	21,552	23,239	(7)
Profit attributable to:						
Equity holders of the Company	9,767	9,046	8	18,896	19,770	(4)
Non-controlling interests	1,296	2,459	(47)	2,656	3,469	(23)
Total profit	11,063	11,505	(4)	21,552	23,239	(7)

Note 1

Total profit	11,063	11,505	(4)	21,552	23,239	(7)
Adjusted for:						
- Fair value gains on investment properties and assets held for sale including those of associated companies	-	(482)	N/M	-	(482)	N/M
- Provide deferred tax arising from fair value gains	-	2,656	N/M	-	2,656	N/M
- Dual listing expense	-	1,371	N/M	-	3,089	N/M
Profit from core business operations	**11,063**	**15,050**	**(26)**	**21,552**	**28,502**	**(24)**

Note 2

Profit attributable to equity holders of the Company	9,767	9,046	8	18,896	19,770	(4)
Adjusted for:						
- Fair value gains on investment properties and assets held for sale including those of associated companies attributable to equity holders	-	600	N/M	-	600	N/M
- Provide deferred tax arising from fair value gains	-	2,656	N/M	-	2,656	N/M
- Dual listing expense	-	1,371	N/M	-	3,089	N/M
Profit from core business operations attributable to equity holders	**9,767**	**13,673**	**(29)**	**18,896**	**26,115**	**(28)**

N/M : Not meaningful

2) Consolidated Statement of Comprehensive Income

	Second quarter ended 30 June			Half year ended 30 June		
	2018	2017	Change	2018	2017	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Total profit	11,063	11,505	(4)	21,552	23,239	(7)
Items that may be reclassified subsequently to profit or loss:						
Currency translation (losses)/gains arising from consolidation	(3,626)	3,354	N/M	(1,456)	1,633	N/M
Share of other comprehensive gain of associated companies	1,448	-	N/M	838	-	N/M
Available-for-sale financial assets						
- Fair value loss	-	(31)	N/M	-	(25)	N/M
	(2,178)	3,323	N/M	(618)	1,608	N/M
Items that will not be reclassified subsequently to profit or loss:						
Financial assets at fair value through other comprehensive income						
- Fair value loss	(72)	-	N/M	(242)	-	N/M
Other comprehensive (loss)/income, net of tax	(2,250)	3,323	N/M	(860)	1,608	N/M
Total comprehensive income	8,813	14,828	(41)	20,692	24,847	(17)
Total comprehensive income attributable to:						
Equity holders of the Company	7,517	12,369	(39)	18,036	21,378	(16)
Non-controlling interests	1,296	2,459	(47)	2,656	3,469	(23)
Total comprehensive income	8,813	14,828	(41)	20,692	24,847	(17)

N/M : Not meaningful

3) Balance Sheets

	Group		Company	
	30 Jun 18	31 Dec 17	30 Jun 18	31 Dec 17
	$ '000	$ '000	$ '000	$ '000
Current assets				
Cash and bank balances	56,960	75,765	20,366	34,762
Trade and other receivables	7,144	13,632	48,135	41,391
Inventories	91	84	-	-
Other assets	4,097	5,146	1,270	106
Available-for-sale financial assets	-	11,887	-	11,887
Financial assets, at fair value through other comprehensive income	11,713	-	11,713	-
Assets held for sale	5,012	6,801	-	-
	85,017	113,315	81,484	88,146
Non-current assets				
Trade and other receivables	-	-	335,864	335,834
Other assets	5,739	1,511	130	130
Financial assets, at fair value through profit or loss	51	51	-	-
Investments in associated companies	115,308	112,810	1,299	1,298
Investments in subsidiaries	-	-	16,853	16,853
Investment properties	971,022	952,345	-	-
Property, plant & equipment	7,807	8,959	791	837
	1,099,927	1,075,676	354,937	354,952
Total assets	**1,184,944**	**1,188,991**	**436,421**	**443,098**
Current liabilities				
Trade and other payables	(35,207)	(44,744)	(10,848)	(11,438)
Current income tax liabilities	(9,454)	(10,455)	(895)	(895)
Borrowings	(111,683)	(107,530)	(72,566)	(72,459)
Other liabilities	-	(879)	-	-
	(156,344)	(163,608)	(84,309)	(84,792)
Non-current liabilities				
Borrowings	(540,337)	(545,108)	(84,602)	(84,490)
Other liabilities	(383)	(447)	-	-
Deferred income tax liabilities	(4,066)	(4,095)	(50)	(47)
	(544,786)	(549,650)	(84,652)	(84,537)
Total liabilities	**(701,130)**	**(713,258)**	**(168,961)**	**(169,329)**
Net assets	**483,814**	**475,733**	**267,460**	**273,769**
Equity				
Share capital	142,242	142,242	253,553	253,553
Other reserves	(19,477)	(18,617)	(178)	64
Retained profits	345,587	339,302	14,085	20,152
	468,352	462,927	267,460	273,769
Non-controlling interests	15,462	12,806	-	-
Total equity	**483,814**	**475,733**	**267,460**	**273,769**
Gearing ratio*	57%	58%		
Net gearing ratio**	52%	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

	Second quarter ended 30 June		Half year ended 30 June	
	2018	2017	2018	2017
	$ '000	$ '000	$ '000	$ '000
Total profit	11,063	11,505	21,552	23,239
Adjustment for:				
Income tax expense	1,896	4,992	4,188	8,258
Depreciation and amortisation	834	476	1,605	2,521
Allowance for impairment of trade and other receivables	15	87	24	110
Net loss/(gain) on disposal of property, plant and equipment	8	(5)	12	(3)
Interest income	(267)	(170)	(508)	(346)
Dividend income	(28)	(23)	(55)	(50)
Finance expenses	5,731	5,247	11,328	10,048
Share of profit of associated companies	(1,681)	(37)	(3,380)	(1,468)
Fair value gains on investment properties and assets held for sale	-	(1,743)	-	(1,743)
Unrealised currency translation differences	258	(312)	47	(117)
Operating cash flow before working capital changes	17,829	20,017	34,813	40,449
Change in working capital				
Inventories	27	(10)	(7)	(21)
Trade and other receivables	1,949	(40)	6,435	(1,704)
Other assets	(869)	(57)	(1,109)	(564)
Trade and other payables	(4,330)	(3,078)	(8,269)	(1,105)
Cash generated from operations	14,606	16,832	31,863	37,055
Income tax paid	(3,252)	(4,014)	(4,621)	(5,124)
Net cash provided by operating activities	11,354	12,818	27,242	31,931
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	23	15	26	22
Additions to investment properties	(10,394)	(8,496)	(19,983)	(10,413)
Purchases of property, plant and equipment	(344)	(993)	(438)	(1,553)
Purchase of available-for-sale financial assets	-	(5,850)	-	(5,850)
Interest received	267	170	508	346
Dividends received	28	23	55	50
Dividends received from an associated company	862	861	1,723	861
Short-term bank deposits charged as security to bank	(7)	(171)	(7)	(171)
Deposits paid for acquisition of investment property	(4,209)	-	(4,209)	-
Other deposits refunded	225	-	1,560	-
Net cash used in investing activities	(13,549)	(14,441)	(20,765)	(16,708)
Cash flows from financing activities				
Proceeds from borrowings	13,866	86,813	25,105	86,813
Repayment of borrowings	(14,840)	(74,617)	(23,817)	(84,061)
Interest paid	(6,275)	(3,077)	(12,047)	(8,335)
Purchase of treasury shares	-	(1,119)	-	(1,119)
Dividends paid to equity holders of the Company	(12,611)	(7,399)	(12,611)	(7,399)
Cash provided by non-controlling interests	-	-	-	1,470
Listing expenses paid	-	(73)	-	(160)
Repayment of loan from associated companies	(862)	(861)	(1,723)	(861)
Net cash used in financing activities	(20,722)	(333)	(25,093)	(13,652)
Net (decrease)/increase in cash and cash equivalents held	(22,917)	(1,956)	(18,616)	1,571
Cash and cash equivalents at beginning of the period	77,514	83,681	73,191	80,219
Effects of currency translation on cash and cash equivalents	(265)	180	(243)	115
Cash and cash equivalents at end of the period	54,332	81,905	54,332	81,905

* The consolidated cash and cash equivalents comprise the following:

Cash and bank balances	56,960	84,406	56,960	84,406
Short-term bank deposits charged as security to bank	(2,628)	(2,501)	(2,628)	(2,501)
	54,332	81,905	54,332	81,905

5) Consolidated Statement of Changes in Equity

GROUP 2018	←		**Attributable to equity holders of the Company**		→		
	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 2018	142,242	-	(18,617)	339,302	462,927	12,806	475,733
Dividends relating to FY2017 paid	-	-	-	(12,611)	(12,611)	-	(12,611)
Profit for the period	-	-	-	18,896	18,896	2,656	21,552
Other comprehensive loss for the period	-	-	(860)	-	(860)	-	(860)
Balance as at 30 June 2018	**142,242**	**-**	**(19,477)**	**345,587**	**468,352**	**15,462**	**483,814**

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)
Purchase of treasury shares	-	(1,119)	-	-	(1,119)	-	(1,119)
Profit for the period	-	-	-	19,770	19,770	3,469	23,239
Other comprehensive profit for the period	-	-	1,608	-	1,608	-	1,608
Balance as at 30 June 2017	**89,837**	**(7,617)**	**(19,686)**	**342,924**	**405,458**	**10,353**	**415,811**

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)
Profit for the period	-	-	-	6,544	6,544
Other comprehensive loss for the period	-	-	(242)	-	(242)
Balance as at 30 June 2018	**253,553**	**-**	**(178)**	**14,085**	**267,460**

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)
Purchase of treasury shares	-	(1,119)	-	-	(1,119)
Profit for the period	-	-	-	7,423	7,423
Other comprehensive loss for the period	-	-	(26)	-	(26)
Balance as at 30 June 2017	**201,148**	**(7,617)**	**136**	**15,511**	**209,178**

6) Segment Information

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 period

The business of the Group is organised into the following business segments:
a) Workers Accommodation
b) Students Accommodation
c) Others

Period ended 30 June 2018	Workers Accommodation $'000	Students Accommodation $'000	Others $'000	Total $'000
Sales to external parties	40,351	19,154	971	60,476
Timing of revenue recognition				
- Point of time	-	-	857	-
- Over time	40,351	19,154	114	60,476
	40,351	19,154	971	60,476
Segment results	25,158	7,572	395	33,125
Finance expense	(7,550)	(3,778)	-	(11,328)
Interest income				508
Dividend income				55
Share of profit/(loss) of associated companies	2,640	753	(13)	3,380
Profit before tax				25,740
Income tax expense				(4,188)
Net profit				21,552
Segment assets	682,446	337,514	6,943	1,026,903
Short-term bank deposits				31,020
Financial assets, at fair value through other comprehensive income				11,713
Investments in associated companies				115,308
Consolidated total assets				1,184,944
Segment liabilities	24,839	9,720	1,031	35,590
Borrowings	428,026	223,977	17	652,020
Current income tax liabilities				9,454
Deferred income tax liabilities				4,066
Consolidated total liabilities				701,130
Capital expenditure	8,202	10,964	-	19,166
Depreciation	995	592	18	1,605
Amortisation	-	-	-	-

	Workers Accommodation	Students Accommodation	Others	Total
Period ended 30 June 2017	$'000	$'000	$'000	$'000
Sales to external parties	51,812	18,536	921	71,269
Timing of revenue recognition				
- Point of time	-	-	921	921
- Over time	51,812	18,536	-	70,348
	51,812	18,536	921	71,269
Segment results	33,211	7,514	302	41,027
Finance expense	(6,568)	(3,449)	(31)	(10,048)
Listing expenses				(3,089)
Interest income				346
Dividend income				50
Fair value (losses)/gains on investment properties and assets held for sales	(47)	772	1,018	1,743
Share of profit/(loss) of associated companies	1,476	-	(8)	1,468
Profit before tax				31,497
Income tax expense				(8,258)
Net profit				23,239
Year ended 31 December 2017				
Segment assets	685,167	332,070	9,056	1,026,293
Short-term bank deposits				37,454
Available-for-sale, financial assets				11,887
Tax recoverable				547
Investments in associated companies				112,810
Consolidated total assets				1,188,991
Segment liabilities	32,380	12,300	1,390	46,070
Borrowings	426,502	226,110	26	652,638
Current income tax liabilities				10,455
Deferred income tax liabilities				4,095
Consolidated total liabilities				713,258
Capital expenditure	8,624	16,021	-	24,645
Depreciation	2,042	1,044	34	3,120
Amortisation	1,649	-	-	1,649

7) NOTES TO THE UNAUDITED SECOND QUARTER AND SIX MONTHS FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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) Revenue

	Group		
	Half year ended 30 June		
	2018	2017	Change
	$ '000	$ '000	%
Sale of goods	857	921	(7)
Rendering of services	1,707	945	81
Rental income from investment properties	54,646	65,616	(17)
Rental income from operating leases	1,473	1,672	(12)
Others	1,793	2,115	(15)
Total revenue	60,476	71,269	(15)

e) Revenue and profit breakdown

	Group		
	Half year ended 30 June		
	2018	2017	Change
	$ '000	$ '000	%
Continuing operation:			
(a) Revenue reported for first half year	60,476	71,269	(15)
(b) Profit after tax reported for first half year	21,552	23,239	(7)

f) Other income and gains - net

	Group		
	Half year ended 30 June		
	2018	2017	Change
	$ '000	$ '000	%
Rental income	7	169	(96)
Interest income	508	346	47
Dividend income	55	50	10
Currency exchange (loss)/gain - net	(99)	22	N/M
Net (loss)/gain on disposal of plant and equipment	(12)	4	N/M
Government grants	108	125	(14)
Others	4	69	(94)
	571	785	(27)

g) Income tax expense

	Group		
	Half year ended 30 June		
	2018	2017	Change
	$ '000	$ '000	%
Tax expense attributable to the profit is made up of:			
- Profit for the financial year			
Current income tax	4,177	5,653	(26)
Deferred income tax	(56)	595	N/M
	4,121	6,248	(34)
- Under provision in prior financial years			
Current income tax	10	37	(73)
Deferred income tax	57	1,973	(97)
	4,188	8,258	(49)

h) Other information on Income Statement

	Group Half year ended 30 June 2018 $ '000	2017 $ '000	Change %
Depreciation and amortisation	(1,605)	(2,521)	(36)
Allowance for impairment of trade and other receivables	(24)	(110)	(78)

i) Trade and other receivables

Trade receivables primarily consisted of the trade receivables from non-related parties i.e.customers. The non-trade receivables from subsidiaries, related companies and associated companies are unsecured, interest-free and repayable on demand.

The majority of the group's sales are on cash terms. The remaining overdue amounts, were mainly due to some customers requesting for a delay in payment and we allow them for deferred settlement of up to 30 days (for workers and student accommodation) or up to 90 days (for commercial tenants of student accommodations and optical disc business), as the case may be, after considering the requesting customer's rental deposit balance, payment history and financial situation, in order to maintain long term relationships with the customers.

The ageing analysis of trade receivables based on invoice date is as follows:

	Group 30 Jun 2018 $ '000	31 Dec 2017 $ '000
Up to 3 months	2,952	2,546
3 to 6 months	177	186
Over 6 months	613	655
	3,742	3,387
Less: Cumulative allowance for impairment	(783)	(852)
	2,959	2,535

j) Trade and other payables

Trade payables mainly comprised payables to utilities, suppliers of consumables and services. The non-trade payables to subsidiaries and associated companies are unsecured, interest-free and repayable on demand.

Trade payables that are aged over 3 months were mainly due to liabilities recognised but under negotiation with suppliers over payment or goods/services delivered. Our trade payables were due according to the terms on the relevant contracts. In general, our suppliers grant us a credit term of cash terms of up to 30 days and we settle our payment by cheque or bank transfer.

The ageing analysis of trade payables based on invoice date is as follows:

	Group 30 Jun 2018 $ '000	31 Dec 2017 $ '000
Up to 3 months	1,894	3,025
3 to 6 months	194	358
Over 6 months	744	408
	2,832	3,791

k) Group's borrowings

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

	Group 30 Jun 2018 $'000	Group 31 Dec 2017 $'000
Secured	44,404	40,335
Unsecured	67,279	67,195
Sub Total	**111,683**	**107,530**

(ii) Amount repayable after one year

	Group 30 Jun 2018 $'000	Group 31 Dec 2017 $'000
Secured	404,454	407,613
Unsecured	135,883	137,495
Sub Total	**540,337**	**545,108**
Total borrowings	**652,020**	**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.

l) 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 Jun 2018	Company 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 June 2018, the Company did not have any employee share option scheme and no outstanding options, convertibles or subsidiary holdings.

There were 74,792,734 warrants outstanding as at 30 June 2017, out of which 67,354,886 warrants were exercised to acquire 67,354,886 ordinary shares during 2H 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 Jun 2018	Company 30 Jun 2017
Number of warrants outstanding	-	74,792,734
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%	3%

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 June 2018.

The Company cancelled the 19,449,600 treasury shares amounting to S$7,617,000 during 2H 2017.

m) 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 June 2018.

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) Second quarter review - 2Q 2018 vs 2Q 2017

The Group's revenue in the quarter ended 30 June 2018 ("2Q 2018') was lower year-on-year by 14%, or S$4.9 million, to S$30.4 million from S$35.2 million in the quarter ended 30 June 2017 ("2Q 2017").

The lower revenue was mainly attributable to the expiry of the lease on Westlite Tuas in Singapore which ceased operations in December 2017. This was offset by a better performance in our workers accommodation in Malaysia as well as ASPRI-Westlite Papan in Singapore which have achieved average occupancy rates of 94% and close to full occupancy respectively during the quarter. Excluding Westlite Tuas, the revenue would have increased by S$0.6 million or 2%.

The Group's gross profit reduced by 14%, from S$25.7 million to S$22.0 million year-on-year, in view of the lower revenue.

Administrative expenses were lower by S$0.6 million, which was mainly due to the absence of the non-recurring cost of professional fees of S$1.4 million incurred during 2Q 2017 in preparation for the dual primary listing of the Group's ordinary shares on SEHK which took place in 4Q 2017. No such cost was incurred in 2Q 2018. Excluding this non-recurring cost, administrative expenses increased S$0.8 million, in line with the Group's expanding business operations.

Finance expenses increased by S$0.5 million, largely due to the issuance of the Multicurrency Medium Term Notes ("MTN") Series 3 of S$85.0 million in mid-April 2017 and a higher interest rate environment on our other borrowings as compared to corresponding period last year.

Share of profit of associated companies increased S$1.6 million largely due to the absence of fair value loss on investment property of Westlite Mandai of S$1.26 million recorded in 2Q 2017 in preparation of the listing in Hong Kong. No fair valuation was conducted in 2Q 2018 as fair valuation on investment properties is normally conducted on an annual basis at the end of each financial year. Excluding this fair valuation loss, the share of profits of associated companies increased by S$0.6 million which is mainly derived from 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 June 2017 comprising workers and student accommodation assets for the purpose of the dual listing on the SEHK, and a net fair valuation gain of S$1.7 million was recognised. No fair valuation exercise was conducted in 2Q 2018.

The income tax expense reduced by S$3.1 million mainly due to the prior deferred tax provision of $2.7 million recorded in 2Q 2017 which arose from the cumulative fair valuation gains recognised for the Group's investment properties in Australia, China and Malaysia. No such provision was made in 2Q 2018.

The net profit after tax derived from the Group's operations for 2Q 2018 was S$11.1 million, or a reduction of S$0.4 million.

Excluding one-off items in the form of dual listing expense, fair value gains and provision of deferred tax arising from fair value gains, the Group's profit from core business operations reduced from S$15.1 million in 2Q 2017 to S$11.1 million in 2Q 2018 mainly due to the absence of Westlite Tuas contribution. If excluding Westlite Tuas, the Group's profit from core business would reduce slightly by S$0.3 million.

(a)(ii) Half year 2018 review - 1H FY2018 vs 1H FY2017

The Group registered a reduction of 15% in revenue or S$10.8 million, from S$71.3 million in the six months ended 30 June 2017 ("1H 2017") to S$60.5 million in the six months ended 30 June 2018 ("1H 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 ASPRI-Westlite Papan and the Group's workers accommodation in Malaysia in terms of occupancy rates and bed rents. The revenue would have increased by S$1.4 million if Westlite Tuas revenue were excluded from 1H 2017 revenue.

Gross profit for the Group in 1H 2018 reduced by S$6.0 million on the back of the lower revenue but the gross profit margin has improved from 70% to 72% mainly due to the improved occupancy rates and beds rents in ASPRI- Westlite Papan and the Group's workers dormitories in Malaysia.

Administrative costs reduced by S$1.7 million, largely due to absence of the dual listing expenses of S$3.1 million incurred in 1H 2017.

Finance expenses increased by S$1.3 million, largely due to the issuance of the MTN Series 3 of S$85.0 million in April 2017.

Share of the profit of associated companies increased by S$1.9 million in 1H 2018 mainly due to the absence of fair value loss on investment property of Westlite Mandai recorded in 1H 2017 as well as additional share of the profits from the US Fund launched in late 2017 and the improved performance of Westlite Mandai that resulted from higher occupancy rates.

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$1.7 million was recorded in 1H 2017. No fair valuation was conducted on the Group's properties in 1H 2018.

Income tax expense reduced by S$4.1 million mainly due to the provision for deferred tax of S$2.7 million, which arose from the cumulative fair valuation gains recognised for the Group's investment properties in Australia, China and Malaysia.

Excluding one-off items in the form of fair value gains 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$21.6 million in 1H 2018, a year-on-year reduction of S$7.0 million. If Westlite Tuas performance were to be excluded from 1H 2017 results, the reduction in the profit from core business operations was only about S$0.4 million.

The Group's net profit from core business operations attributable to equity holders of the Company was S$18.9 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$18.8 million to S$57.0 million was mainly due to S$20.8 million used for 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$6.5 million mainly due to collections in 1H 2018.

Other non-current assets increased S$4.2 million largely due to deposits paid for acquiring 121 Princess Street in Manchester, United Kingdom.

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".

Investment properties increased S$18.7 million, largely due to the 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 United Kingdom.

Trade and other payables decreased S$9.5 million, largely due to settlement of the payables relating to construction cost and professional fees for the dual listing exercise.

Borrowings & Gearing

As at 30 June 2018, the Group had net current liabilities of S$71.3 million mainly due to the reclassification of the notes payable of S$64.8 million, which will mature in July 2018, from long term borrowings to short term borrowings. The Group currently has sufficient cash resources and banking facilities (both in aggregate of approximately S$225.1 million) available to meet the financing needs of the current liabilities. The notes payable of S$64.8 million was repaid post-period on 16 July 2018.

As at 30 June 2018, the Group's net gearing ratio was higher at 52%.

The Group generated operating cash flow before working capital changes of S$34.8 million in 1H 2018. Interest cover remained adequate and within the Group's threshold at 3.4 times (or 5.3 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 10 years.

The Group's balance sheet remained healthy with S$57.0 million cash and bank balances.

(c) Review of Company Balance Sheet

Cash and bank balances reduced by S$14.4 million largely due to payment of dividends and increased financing to the Group's subsidiaries for its expansion.

(d) Review of Statement of Cash Flows

In 1H 2018, the Group generated a positive cash flow of S$27.2 million from operating activities.

During 1H 2018, cash of S$20.8 million in investing activities was mainly used for the development of the Group's accommodation assets, in particular for Westlite Bukit Minyak, RMIT Village, Australia and Dwell Cathedral, United Kingdom.

Net cash of S$25.1 million was used in 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$18.6 million in 1H 2018.

9. (a) Earnings per share

	Group Second quarter ended 30 Jun 2018	 2017	Group Half year ended 30 Jun 2018	 2017
Net profit attributable to equity holders of the Company (S$'000)	9,767	9,046	18,896	19,770
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,778	738,642	840,778	739,300
Weighted average number of ordinary shares outstanding after adjustments for warrants ('000)	840,778	738,642	840,778	739,300
Earnings per ordinary share:				
(i) Basic earnings per share (cents)	1.16	1.22	2.25	2.67
(ii) Diluted earnings per share (cents)	1.16	1.22	2.25	2.67

(b) Net asset value

	Group 30 Jun 18	 31 Dec 17	Company 30 Jun 18	 31 Dec 17
Net asset value per ordinary share (see note below)	55.7 cents	55.06 cents	31.81 cents	32.56 cents

Note:
The Group's and Company's net asset value per ordinary share is calculated based on the Company's total number of existing shares excluding treasury shares of 840,778,624 ordinary shares for the periods ended 30 June 2018 and 31 December 2017.

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 June 2018, the Group operated a diversified portfolio of 26 purpose-built workers and student accommodation assets comprising 55,147 beds across five countries.

(a) Workers Accommodation

The purpose-built workers accommodation ("PBWA") sector is expected to continue to remain stable in Singapore, with an increasing focus on the provision of quality workers accommodation. As at 30 June 2018, the Group had a total of c.26,100 beds across four operating workers accommodation assets in Singapore with an average occupancy of c.97% for 1H 2018. The Government continues to promote the need to provide quality accommodation to improve the living standard of foreign workers in Singapore. As a distinguished player in the Singapore market, the Group is well-placed to continue meeting the ongoing demand for high-quality workers accommodation and services.

In Malaysia, as at 30 June 2018 the Group operated c.23,700 beds across six workers accommodation assets with an average occupancy of c.93% for 1H 2018. The long term growth prospects for the PBWA sector in Malaysia remain intact amidst the undersupply of PBWA and efforts of the government to ensure proper housing for foreign workers to improve productivity. With its existing portfolio in key manufacturing hubs, the Group is well-positioned to continue meeting the demand for quality PBWA.

(b) Student Accommodation

As at 30 June 2018, the Group had a portfolio of 5,347 purpose built student accommodation beds across 16 purpose-built student accommodation ("PBSA") assets in the United States ("US"), United Kingdom ("UK"), Australia and Singapore. The average occupancy for the student accommodation portfolio was c.92% for 1H 2018. With rising international student mobility, the Group is poised to benefit from the trend especially to key tertiary education markets in which the Group operates, in addition to the presence of a large number of local students in those markets.

The UK continued to maintain its position as a leader in tertiary education with new wealth in Asia fuelling the international student market in the UK.[1] The Group's eight PBSA assets continued to perform well with an overall average occupancy rate of c.93% on available beds (excluding beds removed for asset enhancements) for 1H 2018. In July 2018, the Group completed the acquisition of 121 Princess Street, a premium accommodation asset in Manchester, one of the UK's leading university cities. The acquisition demonstrates the Group's continued optimism in the growth opportunities in the PBSA sector, and in the UK.

The Group's six PBSA assets in the US achieved an overall average occupancy rate of c.90% for 1H 2018. The Group remains optimistic in the demand for student accommodation in the US driven by the country's position as the number one destination for tertiary education in the world.

In Australia, RMIT Village continued to perform well with an overall average occupancy rate of c.87% for 1H 2018. Excluding beds that were removed due to the asset enhancement programme ("AEP"), RMIT Village achieved close to full average occupancy for the remaining available beds. International student enrolment in Australian universities[2] has reached new high in 2017 (+13% y-o-y). The Group is confident that occupancy rates will remain healthy. RMIT Village's AEP and the development of dwell Adelaide are on track for completion in 4Q 2018.

In Singapore, dwell Selegie achieved an average occupancy of c.94% for 1H 2018. Performance of the accommodation asset is expected to remain resilient with its location near to the city and is within walking distance to a number of educational institutions such as the Singapore Management University, Nanyang Academy of Fine Arts, LASALLE College of the Arts, School of the Arts and Kaplan Singapore.

Growth strategy

Following the expansion into investment management services in November 2017, the Group is seeking investors in Singapore and Hong Kong in preparation for the establishment of a new student accommodation private fund as part of its asset light strategy. The Group aims to expand its total asset under management for student accommodation in existing as well as new markets of key education hubs in Europe and Asia.

Looking ahead, the Group will continue to enlarge its accommodation portfolio through selective acquisition opportunities, strengthen its operational capabilities as well as pursue alternative growth prospects and new asset types to achieve sustainable growth.

Remarks:

1 http://www.whatinvestment.co.uk/student-housing-in-demand-2613670/
2 http://monitor.icef.com/2018/03/australia-welcomed-600000-foreign-students-2017/

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 not been utilised to-date.

12. Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on ?

Name of Dividend:	Interim dividend
Dividend Type:	Cash
Dividend Amount per Share (in cents)	1.0 cent per ordinary share
Currency	SGD
Tax Rate:	1-tier tax exempt

Shareholders in Singapore will receive the interim dividend of SGD1.0 cent per share. Shareholders in Hong Kong will receive the interim dividend of Hong Kong dollar equivalent of HKD5.73* cents per share.

*Exchange used: SGD1 = HKD5.73 as at 7 August 2018.

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

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

Name of Dividend:	Interim dividend
Dividend Type:	Cash
Dividend Amount per Share (in cents)	1.0 cent per ordinary share
Dividend Payment Date	15 September 2017
Currency	SGD
Tax Rate:	1-tier tax exempt

(c) Date Payable

The interim dividend will be paid on 4 September 2018.

(d) Book Closure Date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 24 August 2018 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00, ASO Building, Singapore 048544, up to 5.00 p.m. on 23 August 2018 will be registered to determine shareholders' entitlements to the interim dividends.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares at 5.00 p.m. on 23 August 2018 will be entitled to the interim dividend.

The Hong Kong branch share register will be closed on Friday, 24 August 2018 for the purpose of determining the shareholders' entitlements to the interim dividend. In order to qualify for the proposed interim dividend for shareholders whose names appear on the Hong Kong branch share register, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 23 August 2018.

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

Not applicable.

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 Company'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. Review by Audit Committee

The Company established an audit committee (the "Audit Committee") with written terms of reference which deal clearly with its authority and duties. Amongst the Audit Committee's principal duties is to review and supervise the Company's financial reporting process and internal controls. The Audit Committee has reviewed the unaudited consolidated results and the accounting principles and policies adopted by the Group for the period ended 30 June 2018.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Gn Hiang Meng, Mr. Chandra Mohan s/o Rethnam and Mr. Owi Kek Hean. Mr. Gn Hiang Meng is the chairman of the Audit Committee.

18. Compliance with Corporate Governance Codes

The Company has adopted the principles and practices of corporate governance in line with the recommendations of the Singapore Code of Corporate Governance 2012 (the “2012 Code”) and the applicable code provisions of the Corporate Governance Code (the “HK CG Code”) as set out in Appendix 14 to the HK Listing Rules.

In the event of any conflict between the 2012 Code and HK CG Code, the Company will comply with the more stringent requirements. Throughout the six months ended 30 June 2018, the Company has complied with applicable provisions in the 2012 Code and HK CG Code, except those appropriately justified and disclosed.

19. Compliance with Singapore Listing Manual and Hong Kong Model Code

In compliance with Rule 1207(19) of the Listing Manual (the “Listing Manual”) of SGX-ST and the Model Code as set out in Appendix 10 to the HK Listing Rules, the Company has adopted the Code of Best Practices on Securities Transactions by the Company and its Directors and Officers as its code for securities transactions by its Directors and Officers pursuant to the Listing Manual of SGX-ST’s and the Model Code’s best practices on dealings in securities. In furtherance, specific enquiry has been made of all the Directors and the Directors of the Company have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2018.

The Directors and the Officers are not allowed to deal in the Company’s shares during the period commencing 30 days immediately before the announcement of the Company’s quarterly results and 60 days immediately before the announcement of the Company’s full year results, and ending on the date of the announcement of the relevant results.

The Directors, management and executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company’s securities on short-term considerations.

20. Publication of Information on the websites of Hong Kong Exchanges and Clearing Limited, the Company and SGX-ST

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the “HKEx”) at www.hkexnews.hk, the website of the Company at www.centurioncorp.com.sg and the website of the SGX-ST at www.sgx.com. The interim report of the Company for the six months ended 30 June 2018 will be despatched to the Shareholders and published on the respective websites of the HKEx, SGX-ST and the Company in due course.

21. 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.

22. 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.

23. 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). If there are no such persons, the issuer must make an appropriate negative statement

Not applicable for quarter announcement.

24. 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.

25. 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 second quarter and half year ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
Kong Chee Min
Chief Executive Officer
7 August 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.