Centurion Corporation Limited
(Company Registration No. 198401088W)

Unaudited Second Quarter Financial Statement and Dividend Announcement for the period ended 30 June 2014

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

1(a)(i) Consolidated Income Statement

	Group Second Quarter ended 30 June			Group Half Year ended 30 June		
	2014 $ '000	2013 $ '000 (Represented)	Change %	2014 $ '000	2013 $ '000 (Represented)	Change %
Revenue	19,880	14,115	41	37,439	27,743	35
Cost of sales	(6,868)	(6,277)	9	(13,368)	(12,515)	7
Gross profit	13,012	7,838	66	24,071	15,228	58
Other gains (net) - miscellaneous	249	325	(23)	490	836	(41)
Expenses						
- Distribution	(330)	(311)	6	(628)	(634)	(1)
- Administrative	(3,220)	(2,291)	41	(7,050)	(4,359)	62
- Finance	(1,823)	(360)	406	(3,226)	(783)	312
Share of gain of associated companies and joint venture (net) (Note 1)	1,098	20,000	(95)	19,871	19,940	(0)
	8,986	25,201	(64)	33,528	30,228	11
Other losses	-	(3,420)	N/M	-	(3,420)	N/M
Fair value gain on Group's investment properties	-	36,427	N/M	-	36,427	N/M
Profit before income tax	8,986	58,208	(85)	33,528	63,235	(47)
Income tax expense	(1,446)	(1,102)	31	(3,153)	(2,149)	47
Profit from continuing operations	7,540	57,106	(87)	30,375	61,086	(50)
Discontinued operations						
Profit/(loss) from discontinued operations (Note 2)	148	(1,107)	N/M	(62)	(1,262)	(95)
Total profit	7,688	55,999	(86)	30,313	59,824	(49)
Attributable to:						
Equity holders of the Company	7,688	55,999	(86)	30,313	59,824	(49)
Non-Controlling Interest	-	-	N/M	-	-	N/M
Equity holders of the Company	7,688	55,999	(86)	30,313	59,824	(49)

Note

1) Share of gain/(loss) of associated companies and joint venture for 1H 2014 includes our share of the profits realised in 1H 2014 on sales of the factory units that were developed and sold by the 45% joint venture with Lian Beng Group.

2) Profit/(loss) from discontinued operations arise from the discontinuing of Australian optical business which was sold during 2Q 2014.

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

	Second Quarter ended 30 June			Half Year ended 30 June		
	2014	2013	Change	2014	2013	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Net profit	7,688	55,999	(86)	30,313	59,824	(49)
Currency translation differences	606	(1,582)	N/M	2,461	(1,230)	N/M
Financial assets, available-for-sale						
Fair value loss	(29)	(61)	(52)	(48)	(99)	(52)
Reclassification from fair value reserve to profit for the period	-	-	N/M	153	-	N/M
	577	(1,643)	N/M	2,566	(1,329)	N/M
Total comprehensive income	8,265	54,356	(85)	32,879	58,495	(44)
Attributable to:						
Equity holders of the Company	8,265	54,356	(85)	32,879	58,495	(44)
Non-Controlling Interest	-	-	N/M	-	-	N/M
Equity holders of the Company	8,265	54,356	(85)	32,879	58,495	(44)

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

	Second Quarter ended 30 June			Half Year ended 30 June		
	2014	2013	Change	2014	2013	Change
	$ '000	$ '000	%	$ '000	$ '000	%
After (charging) / crediting:						
Interest expense	(1,823)	(360)	406	(3,226)	(783)	312
Depreciation and amortisation	(1,742)	(1,872)	(7)	(3,461)	(3,786)	(9)
Allowance for doubtful debts (net)	(31)	(54)	(43)	(54)	(71)	(24)
Currency exchange gain/(loss) (net)	18	(144)	N/M	44	(96)	N/M
Adjustments for underprovision of prior year tax	-	-	N/M	(154)	-	N/M
Net (loss)/gain on sale of property, plant & equipment	(88)	1	N/M	(88)	7	N/M
Goodwill written off	-	(64)	N/M	-	(64)	N/M
Impairment of property, plant and equipment	-	(3,356)	N/M	-	(3,356)	N/M

The miscellaneous gains (net) comprise the following:

	Second Quarter ended 30 June			Half Year ended 30 June		
	2014	2013	Change	2014	2013	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Other rental income	83	335	(75)	197	667	(70)
Interest income	112	40	180	188	84	124
Dividend income	28	53	(47)	55	111	(50)
Currency exchange gain/(loss) (net)	18	(144)	N/M	44	(96)	N/M
Others	8	41	(80)	6	70	(91)
Other miscellaneous gains - net	249	325	(23)	490	836	(41)

N/M : Not meaningful

ACQUISITION OF ADDITIONAL 36% IN SHANGHAI HUADE PHOTOELECTRON SCIENCE & TECHNOLOGY CO. LTD. ("SHD") IN QUARTER 1

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
# Adjusted for amounts due to acquirer

1(b)(i) Balance Sheets

	Group		Company	
	30 Jun 14	**31 Dec 13**	**30 Jun 14**	**31 Dec 13**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Current assets				
Cash and cash equivalents	68,073	44,374	26,523	19,480
Trade and other receivables	9,317	11,195	14,844	12,391
Inventories	661	994	-	-
Other current assets	1,813	11,083	361	2,224
	79,864	67,646	41,728	34,095
Non-current assets				
Trade and other receivables	-	-	239,377	264,932
Other non-current assets	265	265	265	265
Financial assets, available-for-sale	2,473	2,521	2,473	2,521
Investments in associated companies	1,383	1,348	1,298	1,298
Investments in joint venture	63,421	52,569	-	-
Investments in subsidiaries	-	-	21,045	10,046
Investment properties	458,603	368,712	-	-
Property, plant & equipment	9,439	6,019	123	119
Deferred income tax assets	92	91	-	-
Intangible assets	14,203	16,673	-	-
	549,879	448,198	264,581	279,181
Total assets	**629,743**	**515,844**	**306,309**	**313,276**
Current liabilities				
Trade and other payables	(29,028)	(25,850)	(3,731)	(3,343)
Current income tax liabilities	(6,330)	(6,908)	(133)	(133)
Borrowings	(16,963)	(17,357)	-	-
	(52,321)	(50,115)	(3,864)	(3,476)
Non-current liabilities				
Borrowings	(256,426)	(168,833)	(98,890)	(98,661)
Other payables	(306)	(871)	-	-
Deferred income tax liabilities	(2,810)	(3,104)	(3)	(25)
	(259,542)	(172,808)	(98,893)	(98,686)
Total liabilities	**(311,863)**	**(222,923)**	**(102,757)**	**(102,162)**
Net assets	**317,880**	**292,921**	**203,552**	**211,114**
Equity				
Share capital	89,836	89,431	201,147	200,742
Other reserves	14,900	12,334	461	509
Retained profits	213,144	191,156	1,944	9,863
	317,880	292,921	203,552	211,114
Non-controlling Interest	-	-	-	-
Total equity	**317,880**	**292,921**	**203,552**	**211,114**
Total borrowings	273,389	186,190		
Gearing ratio*	46%	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 Jun 14 $'000	As at 31 Dec 13 $'000
Secured	16,963	17,357
Unsecured	-	-
Sub Total	**16,963**	**17,357**

(b) Amount repayable after one year

	As at 30 Jun 14 $'000	As at 31 Dec 13 $'000
Secured	157,536	70,172
Unsecured	98,890	98,661
Sub Total	**256,426**	**168,833**
Total Debt	**273,389**	**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.

	Second Quarter ended 30		Half Year ended 30 June	
	2014	2013	2014	2013
	$ '000	$ '000	$ '000	$ '000
Cash flows from operating activities				
Net profit	7,688	55,999	30,313	59,824
Adjustment for:				
Tax expense	1,446	1,093	3,153	2,131
Depreciation and amortisation	1,756	2,060	3,487	4,169
Allowance for impairment of trade and other receivables	52	111	142	132
Net gain on sale of property, plant and equipment	(581)	(1)	(587)	(7)
Impairment of property, plant and equipment	-	3,865	-	3,865
Interest income	(139)	(102)	(246)	(204)
Dividend income	(28)	(53)	(55)	(111)
Interest expense	1,800	430	3,226	888
Share of profits of associated companies and joint venture (net)	(1,098)	(543)	(19,871)	(483)
Goodwill written off	-	64	-	64
Fair value gain on investment properties	-	(36,427)	-	(36,427)
Fair value gain on joint venture's investment properties	-	(19,457)	-	(19,457)
Currency translation differences	484	762	(578)	569
Reclassification from fair value reserve to profit for the period	-	-	153	-
Operating cash flow before working capital changes	11,380	7,801	19,137	14,953
Changes in operating assets and liabilities				
Inventories	503	150	333	187
Trade and other receivables	(305)	(1,010)	4,316	640
Other current assets	221	(28)	131	(351)
Trade and other payables	(600)	(226)	(971)	(2,905)
Cash generated from operations	11,199	6,687	22,946	12,524
Income tax paid - net	(2,288)	(1,883)	(3,963)	(1,840)
Net cash provided by operating activities	8,911	4,804	18,983	10,684
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	814	52	820	58
Additions of investment property	(5,750)	(4,388)	(89,347)	(7,596)
Purchase of property, plant and equipment	(473)	(347)	(685)	(484)
Acquisition of interest in subsidiaries, net of cash acquired	-	-	370	(3,677)
Interest received	139	102	246	204
Dividend received	28	53	55	111
Dividend received from joint venture	4,500	-	9,000	-
Deposits refunded for acquisition of investment property	-	-	9,137	-
Capital contribution from warrants exercised	405	-	405	-
Net cash used in investing activities	(337)	(4,528)	(69,999)	(11,384)
Cash flows from financing activities				
Proceeds from borrowings	2,159	1,870	92,845	8,989
Repayment of borrowings	(3,655)	(3,523)	(6,845)	(6,083)
Interest paid	(1,800)	(430)	(3,226)	(888)
Acquisition of additional interest in a subsidiary	-	-	-	(2,375)
Dividends paid to shareholders	(8,325)	(3,024)	(8,325)	(3,024)
Net cash (used in)/provided by financing activities	(11,621)	(5,107)	74,449	(3,381)
Net increase in cash and cash equivalents held	(3,047)	(4,831)	23,433	(4,081)
Cash and cash equivalents at beginning of the period	70,220	37,329	43,558	36,468
Effects of exchange rate changes on cash and cash equivalents	80	(775)	262	(664)
Cash and cash equivalents at end of the year	67,253	31,723	67,253	31,723

* The consolidated cash and cash equivalents comprise the following:

Cash and bank balances	68,073	36,285	68,073	36,285
Bank overdraft	-	(6)	-	(6)
Short-term bank deposits charged as security to bank	(820)	(812)	(820)	(812)
Restricted short-term bank deposits	-	(3,744)	-	(3,744)
	67,253	31,723	67,253	31,723

1(d)(i) Statement of Changes in Equity

As at 30 Jun 2014 vs 30 Jun 2013

GROUP 2014	Attributable to equity holders of the Company					
	Share Capital $'000	Other Reserves $'000	Retained Profits $'000	Total Equity $'000	Non-Controlling Interest $'000	Total Equity $'000
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 income for the period	-	2,566	30,313	32,879	-	32,879
Balance as at 30 Jun 2014	**89,836**	**14,900**	**213,144**	**317,880**	**-**	**317,880**

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	-	-	(3,024)	(3,024)	-	(3,024)
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	-	(1,329)	59,824	58,495	-	58,495
Balance as at 30 Jun 2013 (restated)	**89,431**	**14,160**	**158,815**	**262,406**	**-**	**262,406**

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	-	(48)	406	358
Balance as at 30 Jun 2014	**201,147**	**461**	**1,944**	**203,552**

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	-	-	(3,024)	(3,024)
Total comprehensive expense for the period	-	(99)	(1,281)	(1,380)
Balance as at 30 Jun 2013	**200,742**	**139**	**795**	**201,676**

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	810,772	405
As at 30 Jun 2014	756,871,613	201,147

The Company does not have any outstanding convertibles and treasury shares as at 30 June 2014 and 30 June 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 Jun 14	31 Dec 13
Total number of issued shares excluding treasury shares	756,871,613	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			
		Second Quarter ended 30 June		**Half Year ended 30 June**	
		2014	**2013**	**2014**	**2013**
(a)	Based on weighted average number of ordinary shares on issue	1.02 cent	7.41 cent	4.01 cents	7.91 cent
(b)	On a fully diluted basis	0.99 cent	7.41 cent	3.91 cents	7.91 cent

Note:

The earnings per share is calculated based on weighted average number of ordinary shares in issue of 756,304,182 for Q2 2014 and 756,304,601 for FY2014 (Q2 2013 & FY2013 : 756,060,841) ordinary shares.

The weighted average number of shares used for the calculation of EPS based on fully diluted basis is 775,426,849 for Q2 2014 and 775,427,311 for FY2014 (Q2 2013 & FY2013 : 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 Jun 14	**31 Dec 13**	**30 Jun 14**	**31 Dec 13**
Net asset value per ordinary share	42.00 cents	38.74 cents	26.89 cents	27.92 cents

Note

The Group and Company net asset per ordinary share is calculated based on existing issued share capital of 756,871,613 (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.

Second quarter review – Q2 FY2014 vs Q2 FY2013

The Group recorded a total revenue of S$20 million in 2Q 2014, an increase of 41% or S$6 million from the previous corresponding period in 2Q 2013. Its accommodation business registered a healthy quarter-on-quarter revenue growth of 56% or S$6.4 million from S$11.4 million in 2Q 2013 to S$17.8 million in 2Q 2014.

This positive growth in revenue from the accommodation business stemmed largely from the increase in bed capacity at Westlite Toh Guan dormitory since January 2014, as well as maiden revenue from the Group's student accommodation RMIT Village ("RMITV") located in Melbourne, Australia, acquired since February 2014. Other factors such as an increase in rental rates and continued improvements in the occupancy rates of the Group's dormitories located in Malaysia further contributed to the segment's revenue growth.

In 2Q 2014, the revenue gain from the accommodation business was offset by the drop in revenue of approximately S$0.6 million from the optical disc business due to continued reduced market demand for physical optical disc storage media.

The Group's gross profit in 2Q 2014 increased by 66%, from S$8 million to S$13 million, while gross profit margin increased from 56% to 65% due to the higher revenue contribution from the accommodation business since gross profit margin for the accommodation business is higher compared to the optical disc business.

Administrative expenses increased by S$0.9 million as a result of higher salary costs and professional fees associated with the expansion of the accommodation business.

Finance cost, which increased by S$1.5 million, mainly arose from the interest expense incurred for the medium term notes issued in October 2013.

The share of operational gains from associated companies and joint ventures came to S$1.1 million in 2Q 2014 compared to S$0.5 million in the previous corresponding period in 2013. The Group's joint venture, Westlite Mandai dormitory now operates a total capacity of 6,290 beds, compared to only 4,750 beds when it first commenced its operations in April 2013.

An independent valuation exercise was conducted for the Group's investment properties as the Group changed its accounting policy for its investment properties from a cost to a fair value model with effect from 2Q 2013. As a result, a fair value gain on the Group's and joint venture's investment properties of S$36.4 million and S$19.5 million respectively were recognised in 2Q 2013. No valuation was conducted in 2Q 2014 as the Group intends to conduct a valuation exercise for its investment properties annually at the year end.

Along with the valuation of its investment properties, the Group had also made an assessment on its optical disc assets in view of the unfavorable business conditions. A one-off impairment charge of S$3.4 million on plant and machinery was recorded as other losses in 2Q 2013.

The resulting net profit from the Group's continuing operations in 2Q 2014 was S$7.5 million, S$2.9 million higher compared to the S$4.6 million recorded in 2Q 2013, excluding fair value gains and one-off impairment charge. This represents a considerable 62% increase year-on-year. The Group's accommodation business contributed $7.6 million profit, while the optical disc business experienced a marginal loss of S$0.1 million.

The Group's Australian optical business assets was sold in 2Q 2014 and the profit from the discontinued operation during the period was S$0.1 million, largely due to a net gain on sale of the assets over cost in closing the operations. The loss of S$1.1 million in 2Q 2013 included the one-off impairment charge of S$0.5 million on Australian plant and equipment.

Half year 2014 review – 1H FY2014 vs 1H FY2013

The Group registered an increase of 35% in revenue from S$27.7 million in 1H 2013 to S$37.4 million in 1H 2014. The Group's accommodation business achieved a 46% growth or S$10.5 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 15% or S$0.8 million, due to continuing weak demand from its customers for physical optical disc media.

Gross profit for the Group in 1H 2014 improved by S$8.8 million which is an increase of 58% compared to 1H 2013 on the back of higher revenue contribution from the accommodation business.

Administrative expenses rose by S$2.7 million as a result of higher salary costs and professional fees associated with the expansion of the accommodation business.

Finance costs, which increased by S$2.4 million, mainly as a result of the interest expense incurred for the medium term notes issued in October 2013.

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 in 1H 2014. The results of 1H 2013 included the Group's share of the fair value gain on its joint venture's investment properties of S$19.5 million.

Other losses of S$3.4 million in 1H 2013 were related to the one-off impairment charge on the Group's optical disc plant and equipment.

The fair value gain on investment properties of S$36.4 million in 1H 2013 comprises the change in fair value since the end of FY2012. Moving forward, the Group shall engage independent valuers to re-assess the fair value of the investment properties at the end of each financial year.

Overall, the Group posted a net profit of S$30 million in 1H 2014 for its continuing operations; however, excluding the profits from the sales of M Space, its total net profit was S$13.1 million. This is an improvement of 52% or S$4.5 million compared to a net profit of S$8.6 million in 1H 2013 after excluding the total fair value gains of S$55.9 million and a one-off impairment charge of S$3.4 million. The Group's accommodation business accounted for the entire S$30 million of net profit in 1H 2014 as its optical disc business broke even for the period. The optical disc business contributed approximately S$0.4 million towards the Group's cash flow in 1H 2014.

The Group experienced a slight loss for the discontinued Australian operations of S$0.1 million in 1H 2014, as compared to S$0.8 million loss period-on-period after excluding the S$0.5 million impairment charge in 1H 2013.

Review of Group Balance Sheet

Other current assets decreased by S$9.3 million mainly due to deposits that were refunded on acquisitions and project tenders.

The increase of S$10.9 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 million dividend received from the joint venture.

Investment property increased by S$89.9 million, mainly due to the acquisition of RMITV and the development of accommodation projects in Singapore and Malaysia.

The increase of S$3.4 million in property, plant and equipment was mainly attributed to the acquisition of shares in a China associated company and additional assets acquired by the Group's accommodation business.

Borrowings increased S$87.2 million largely due to bank loans obtained in 1H 2014 to finance the expansion of the Group's accommodation business. The Group's gearing ratio stood at a comfortable 46%.

Review of Company Balance Sheet

Cash and cash equivalents increased by S$7 million mainly due to trade and other receivables settled during the period and deposit refunds, offset by the increased in investment in subsidiaries and dividends paid to shareholders.

Other current assets were reduced by S$1.9 million due to deposit refunds from project tenders.

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

Review of Cash Flow Statement

In 2Q 2014, the Group generated a positive net cash flow of S$8.9 million from operating activities, which is an increase of 85% year-on-year.

Net cash of S$0.3 million used in investing activities was mainly attributed to the development of new dormitories, offset by dividends received from the Group's joint venture as well as proceeds from the sale of property, plant and equipment.

Net cash of S$11.6 million used in financing activities was mainly due to the S$8.3 million dividends paid to shareholders as well as repayment of borrowings.

As a result of the above activities, the Group recorded a total net reduction in cash and cash equivalents of S$3 million.

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

Supported by healthy demand and a more diversified portfolio of purpose built workers and students accommodation across the region, the outlook for the Group's Accommodation Business remains favourable.

Workers Accommodation

In Singapore, the Group presently has 23,500 beds across 3 workers accommodation assets. A fourth project, Westlite Woodlands, is under construction with 4,100 beds and is expected to complete and be operational in 3Q 2015. On a portfolio basis, the assets are achieving high occupancy rates.

The local workers' accommodation landscape is changing. Over the past one and a half years, government agencies have released parcels of land for a total of approximately 100,000 beds, most of which have short-term land lease of between 6 to 9 years. The smaller portion of these beds are under long-term land lease, including Westlite Woodlands which has a land tenure of 30 years. These new dormitories will be completed progressively from 2H 2014 to 2016; some of which are expected to replace certain purpose-built dormitories whose land leases are due to expire.

In addition, the Government has introduced measures to manage the foreign workers' population, in particular, the construction industry. Both these developments may have an effect on the overall demand for beds, occupancy as well as rental rates.

The Group will continually review measures to keep abreast of industry developments as well as government policy changes, and make the necessary adjustments to remain competitive. The Group's assets are well-located throughout Singapore, and 2 of the assets cater to different and multiple industries, thus allowing the Group to adapt to changing demands in the foreign worker industry. As such, the Group's overall occupancy at the portfolio level is expected to remain healthy.

In Malaysia, the Group presently has 14,500 beds across 5 workers accommodation assets in Johor. Two more projects with a total of 10,800 beds are under construction and expected to complete and be operational in 1Q 2015 and 4Q 2015 respectively. On a portfolio basis, the assets have achieved good occupancy. This was a result of strong proactive marketing to existing and potential clients, as well as achieving high quality standards benchmarked against international requirements. Besides meeting the needs of its residents, the Group also provides management services to complement its total service. All these efforts have earned good reception from the clients, and the Group is optimistic of steady growth in the occupancy and rental rates of its Malaysian assets.

Notwithstanding the changing landscape in Singapore, the Group will continually explore selected acquisition opportunities here as well as build on its presence in Malaysia. It will also draw on its strengths to leverage on its expertise across other countries as and when opportunities arise.

Student Accommodation

In Australia, RMIT Village continued to operate at almost 100%. Supported by strong student demand, the asset is expected to continue to maintain its occupancy rate and contribute to the profitability of the Group. Studies are ongoing to carry out refurbishment works as well as enhancement works to further realise the potential of the property.

In July 2014, the Group announced the proposed acquisition of a portfolio of 4 student accommodation assets comprising 1,906 beds in the United Kingdom. The portfolio comprises 3 in Manchester and 1 in Liverpool. Completion of the acquisition is expected to be in September 2014. Given the strong demand and limited supply of student accommodation in both cities, the assets are expected to be almost fully occupied at market rents, thereby immediately contributing to the Group's revenue and profitability in 2014.

The Group will explore further opportunities for this new area of growth.

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. Faced with falling demand, the Group will continue to focus on controlling cost and carry out the necessary restructuring to ensure that the business continues to generate positive cash flow.

11 **<u>Dividend</u>**

(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 2Q 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

On 28 October 2013, the Company had 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 carries the right to subscribe for one (1) ordinary share in the capital of the Company at an exercise price of S$0.50 for each ordinary share. Each warrant may be exercised at any time during the period of four years commencing on and including the date of issue of the warrants and expires on 27 October 2017.

The net proceeds of S$405,386 in relation to the new shares issued pursuant 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 second quarter ended 30 June 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
Chief Executive Officer and Director

Lee Kerk Chong
Executive Director

BY ORDER OF THE BOARD
Kong Chee Min
Chief Executive Officer and Director
14 August 2014