Centurion Corporation Limited
(Company Registration No. 198401088W)

Unaudited Second Quarter Financial Statement and Dividend Announcement for the period ended 30 June 2017

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		
	2017 $ '000	2016 $ '000	Change %	2017 $ '000	2016 $ '000	Change %
Revenue	35,248	28,700	23	71,269	57,371	24
Cost of sales	(9,592)	(9,767)	(2)	(21,662)	(19,108)	13
Gross profit	25,656	18,933	36	49,607	38,263	30
Other miscellaneous gains - net	303	379	(20)	785	416	89
Expenses						
- Distribution	(211)	(338)	(38)	(480)	(691)	(31)
- Administrative	(5,871)	(4,209)	39	(11,665)	(7,975)	46
- Finance	(5,247)	(5,413)	(3)	(10,048)	(10,815)	(7)
Share of profit of associated companies	53	1,316	(96)	1,484	2,780	(47)
	14,683	10,668	38	29,683	21,978	35
Fair value gain on investment properties and assets held for sale	1,976	-	N/M	1,976	-	N/M
Profit before income tax	16,659	10,668	56	31,659	21,978	44
Income tax expense	(5,013)	(2,239)	124	(8,279)	(4,204)	97
Total profit	11,646	8,429	38	23,380	17,774	32
Attributable to:						
Equity holders of the Company	9,113	8,857	3	19,837	18,222	9
Non-controlling interest	2,533	(428)	N/M	3,543	(448)	N/M
Total profit	11,646	8,429	38	23,380	17,774	32

Note 1

Total profit	11,646	8,429	38	23,380	17,774	32
Adjusted for:						
- Fair value gain on investment properties, including those of associated companies	(731)	-	N/M	(731)	-	N/M
- Provision for deferred tax arising from fair value gain	2,207	-	N/M	2,676	-	N/M
- Dual listing expense	1,371	-	N/M	3,089	-	N/M
Profit from core business operations	**14,493**	**8,429**	**72**	**28,414**	**17,774**	**60**

Note 2

Profit attributable to equity holders of the Company	9,113	8,857	3	19,837	18,222	9
Adjusted for:						
- Fair value loss on investment properties, including those of associated companies attributable to equity holders	425	-	N/M	425	-	N/M
- Provision for deferred tax arising from fair value gain	2,207	-	N/M	2,676	-	N/M
- Dual listing expense	1,371	-	N/M	3,089	-	N/M
Profit from core business operations attributable to equity holders	**13,116**	**8,857**	**48**	**26,027**	**18,222**	**43**

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

	Second quarter ended 30 June			Half year ended 30 June		
	2017	2016	Change	2017	2016	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Total profit	11,646	8,429	38	23,380	17,774	32
Items that may be reclassified subsequently to profit or loss:						
Currency translation gains/(losses) arising from consolidation	3,322	(12,444)	N/M	1,601	(16,494)	N/M
Available-for-sale financial assets						
- Fair value loss	(31)	(1)	3,000	(25)	(18)	39
Other comprehensive gain/(loss), net of tax	3,291	(12,445)	N/M	1,576	(16,512)	N/M
Total comprehensive income/(loss)	14,937	(4,016)	N/M	24,956	1,262	1,877
Attributable to:						
Equity holders of the Company	12,404	(3,588)	N/M	21,413	1,710	1,152
Non-Controlling Interest	2,533	(428)	N/M	3,543	(448)	N/M
Total comprehensive income/(loss)	14,937	(4,016)	N/M	24,956	1,262	1,877

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

	Second quarter ended 30 June			Half year ended 30 June		
	2017	2016	Change	2017	2016	Change
	$ '000	$ '000	%	$ '000	$ '000	%
After (charging) / crediting:						
Interest expense	(5,247)	(5,413)	(3)	(10,048)	(10,815)	(7)
Depreciation and amortisation	(474)	(1,965)	(76)	(2,519)	(3,927)	(36)
Allowance for impairment of trade and other receivables	(87)	(114)	(24)	(110)	(117)	(6)
Currency exchange gain/(loss) (net)	(21)	(159)	(87)	22	(943)	N/M
Adjustments for underprovision of prior year tax	(1,473)	-	N/M	(2,030)	-	N/M
Net gain on sale of property, plant and equipment	5	17	(71)	3	79	(96)

The other miscellaneous gains - net comprise the following:

	Second quarter ended 30 June			Half year ended 30 June		
	2017	2016	Change	2017	2016	Change
	$ '000	$ '000	%	$ '000	$ '000	%
Other rental income	70	93	(25)	169	211	(20)
Interest income	170	363	(53)	346	791	(56)
Dividend income	23	25	(8)	50	55	(9)
Currency exchange gain/(loss) (net)	(21)	(159)	(87)	22	(943)	N/M
Others	61	57	7	198	302	(34)
Other miscellaneous gains - net	303	379	(20)	785	416	89

N/M : Not meaningful

1(b)(i) **Balance Sheets**

	Group		Company	
	30 June 17	**31 Dec 16**	**30 June 17**	**31 Dec 16**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Current assets				
Cash and bank balances	84,406	82,545	35,398	34,584
Trade and other receivables	9,444	7,835	13,563	6,419
Inventories	124	103	-	-
Other assets	4,249	3,802	608	257
Available-for-sale financial assets	7,999	2,174	7,999	2,174
Assets held for sale	6,741	7,375	-	-
	112,963	103,834	57,568	43,434
Non-current assets				
Trade and other receivables	-	-	297,966	294,623
Other assets	130	130	130	130
Investments in associated companies	76,977	77,236	1,298	1,298
Investments in subsidiaries	-	-	16,945	16,966
Investment properties	941,186	927,406	-	-
Property, plant & equipment	9,203	9,268	373	203
Deferred income tax assets	-	4	-	-
Intangible assets	956	1,856	-	-
	1,028,452	1,015,900	316,712	313,220
Total assets	**1,141,415**	**1,119,734**	**374,280**	**356,654**
Current liabilities				
Trade and other payables	(45,240)	(47,247)	(10,375)	(9,478)
Current income tax liabilities	(10,813)	(10,478)	(854)	(816)
Borrowings	(42,551)	(39,604)	(4,895)	(1,571)
Other liabilities	(323)	(286)	-	-
	(98,927)	(97,615)	(16,124)	(11,865)
Non-current liabilities				
Borrowings	(622,193)	(620,794)	(148,959)	(134,467)
Other liabilities	(472)	(500)	-	-
Deferred income tax liabilities	(3,903)	(1,343)	(19)	(23)
	(626,568)	(622,637)	(148,978)	(134,490)
Total liabilities	**(725,495)**	**(720,252)**	**(165,102)**	**(146,355)**
Net assets	**415,920**	**399,482**	**209,178**	**210,299**
Equity				
Share capital	89,837	89,837	201,148	201,148
Treasury shares	(7,617)	(6,498)	(7,617)	(6,498)
Other reserves	(19,718)	(21,294)	136	162
Retained profits	342,991	330,553	15,511	15,487
	405,493	392,598	209,178	210,299
Non-controlling interest	10,427	6,884	-	-
Total equity	**415,920**	**399,482**	**209,178**	**210,299**
Gearing ratio*	62%	62%		
Net gearing ratio**	54%	55%		

* 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.

1(b)(ii) Group's borrowings

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

	As at 30 June 17 $'000	As at 31 Dec 16 $'000
Secured	40,005	38,033
Unsecured	2,546	1,571
Sub Total	**42,551**	**39,604**

(b) Amount repayable after one year

	As at 30 June 17 $'000	As at 31 Dec 16 $'000
Secured	418,507	501,347
Unsecured	203,686	119,447
Sub Total	**622,193**	**620,794**
Total Debt	**664,744**	**660,398**

(c) Details of any collateral

The Group's secured borrowings includes bank borrowings and lease liabilities. The borrowings are secured by fixed charges over certain bank deposits and investment properties and assets held for sale of the subsidiaries and over certain available-for-sale financial assets of the Company.

1 (c) Consolidated Cash Flow Statement

	Second quarter ended 30 June		Half year ended 30 June	
	2017	**2016**	**2017**	**2016**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Total profit	11,646	8,429	23,380	17,774
Adjustment for:				
Income tax expense	5,013	2,239	8,279	4,204
Depreciation and amortisation	474	1,965	2,519	3,927
Allowance for impairment of trade and other receivables	87	114	110	117
Net gain on disposal of property, plant and equipment	(5)	(17)	(3)	(79)
Dual listing expenses	1,371	-	3,089	-
Interest income	(170)	(363)	(346)	(791)
Dividend income	(23)	(25)	(50)	(55)
Interest expense	5,247	5,413	10,048	10,815
Share of profits of associated companies	(53)	(1,316)	(1,484)	(2,780)
Fair value gain on investment properties and assets held for sale	(1,976)	-	(1,976)	-
Unrealised currency translation differences	(313)	423	(118)	658
Operating cash flow before working capital changes	21,298	16,862	43,448	33,790
Changes in working capital				
Inventories	(10)	89	(21)	238
Trade and other receivables	(40)	15	(1,704)	(896)
Other assets	(191)	555	(698)	-
Trade and other payables	(3,030)	(1,921)	(2,460)	(1,699)
Cash generated from operations	18,027	15,600	38,565	31,433
Income tax paid - net	(4,014)	(3,412)	(5,124)	(3,872)
Net cash provided by operating activities	14,013	12,188	33,441	27,561
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	15	132	22	239
Additions to investment properties	(8,496)	(12,446)	(10,413)	(41,711)
Purchase of property, plant and equipment	(993)	(882)	(1,553)	(1,538)
Purchase of available-for-sale financial assets	(5,850)	-	(5,850)	-
Interest received	170	363	346	791
Dividend received	23	25	50	55
Dividend received from an associated company	1,723	862	1,723	1,723
Short-term bank deposits charged as security to bank	(171)	(2,525)	(171)	(2,525)
Deposits paid for acquisition of investment property	-	(39,433)	-	(39,448)
Net cash used in investing activities	(13,579)	(53,904)	(15,846)	(82,414)
Cash flows from financing activities				
Proceeds from borrowings	86,813	38,797	86,813	59,073
Repayment of borrowings	(76,339)	(7,790)	(85,783)	(14,203)
Interest paid	(3,077)	(5,304)	(8,335)	(9,583)
Purchase of treasury shares	(1,119)	(2,807)	(1,119)	(4,391)
Dividends paid to shareholders	(7,399)	(7,476)	(7,399)	(7,476)
Cash provided by non-controlling interest	-	1,225	1,470	4,900
Dual listing expenses paid	(1,269)	-	(1,671)	-
Net cash (used in)/provided by financing activities	(2,390)	16,645	(16,024)	28,320
Net (decrease)/increase in cash and cash equivalents held	(1,956)	(25,071)	1,571	(26,533)
Cash and cash equivalents at beginning of the period	83,681	132,565	80,219	134,388
Effects of exchange rate changes on cash and cash equivalents	180	(529)	115	(890)
Cash and cash equivalents at end of the period	81,905	106,965	81,905	106,965

* The consolidated cash and cash equivalents comprise the following:

Cash and bank balances	84,406	113,536	84,406	113,536
Short-term bank deposits charged as security to bank	(2,501)	(6,571)	(2,501)	(6,571)
	81,905	106,965	81,905	106,965

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

As at 31 Mar 2017 vs 31 Mar 2016

	← Attributable to equity holders of the Company →						
GROUP **2017**	**Share Capital $'000**	**Treasury Shares $'000**	**Other Reserves $'000**	**Retained Profits $'000**	**Total Equity $'000**	**Non-controlling Interest $'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	-	-	-	19,837	19,837	3,543	23,380
Other comprehensive profit for the period	-	-	1,576	-	1,576	-	1,576
Balance as at 30 June 2017	**89,837**	**(7,617)**	**(19,718)**	**342,991**	**405,493**	**10,427**	**415,920**

GROUP **2016**	**Share Capital $'000**	**Treasury Shares $'000**	**Other Reserves $'000**	**Retained Profits $'000**	**Total Equity $'000**	**Non-controlling Interest $'000**	**Total Equity $'000**
Balance as at 1 Jan 2016	89,837	(2,107)	(2,336)	316,722	402,116	780	402,896
Dividends relating to FY2015 paid	-	-	-	(7,476)	(7,476)	-	(7,476)
Purchase of treasury shares	-	(4,391)	-	-	(4,391)	-	(4,391)
Profit/(loss) for the period	-	-	-	18,222	18,222	(448)	17,774
Other comprehensive loss for the period	-	-	(16,512)	-	(16,512)	-	(16,512)
Balance as at 30 June 2016	**89,837**	**(6,498)**	**(18,848)**	**327,468**	**391,959**	**332**	**392,291**

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**

COMPANY **2016**	**Share Capital $'000**	**Treasury Shares $'000**	**Other Reserves $'000**	**Retained Profits $'000**	**Total $'000**
Balance as at 1 Jan 2016	201,148	(2,107)	184	12,202	211,427
Dividends relating to FY2015 paid	-	-	-	(7,476)	(7,476)
Purchase of treasury shares	-	(4,391)	-	-	(4,391)
Profit for the period	-	-	-	6,550	6,550
					-
Other comprehensive loss for the period	-	-	(18)	-	(18)
Balance as at 30 June 2016	**201,148**	**(6,498)**	**166**	**11,276**	**206,092**

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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
As at 1 Jan 2017 and 30 June 2017	756,873,338	201,148

	Company	
	30 June 17	30 June 16
Number of warrants outstanding	74,792,734	74,792,734
Number of shares held as treasury shares	19,449,600	16,908,900
Number of subsidiary holdings	-	-
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding	3%	2%

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 June 17	31 Dec 16
Total number of issued shares excluding treasury shares	737,423,738	739,964,438

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

	Company	
	No. of shares	
	Half year ended 30 June	
	2017	2016
Beginning of financial period	16,908,900	5,071,400
Purchase of treasury shares	2,540,700	11,837,500
	19,449,600	16,908,900

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable

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 periods.

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	
		2017	2016	2017	2016
(a)	Based on weighted average number of ordinary shares on issue	1.23 cents	1.19 cents	2.68 cents	2.44 cents
(b)	On a fully diluted basis	1.23 cents	1.19 cents	2.68 cents	2.44 cents

Note:

The earnings per share is calculated based on weighted average number of ordinary shares in issue of 738,642,253 Q2 2017 and 739,299,693 for 1H2017 (Q2 2016: 743,604,498 and 1H2016: 746,760,795 ordinary shares).

The weighted average number of shares used for the calculation of EPS based on fully diluted basis is 738,642,253 for Q2 2017 and 739,299,693 for 1H2017 (Q2 2016: 743,604,498 and 1H2016: 746,760,795 ordinary shares).

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 June 17	31 Dec 16	30 June 17	31 Dec 16
Net asset value per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on	54.99 cents	53.06 cents	28.37 cents	28.42 cents

Note

The Group and Company net asset value per ordinary share is calculated based on the existing issued share capital excluding treasury shares of 737,423,738 (2016: 739,964,438) 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) Second quarter review – Q2 FY2017 vs Q2 FY2016

The Group's revenue in 2Q 2017 rose by 23%, or S$6.5 million, to S$35.2 million year-on-year.

The positive growth in revenue was largely contributed by ASPRI-Westlite Papan, which obtained its temporary occupation permit ("TOP") in May 2016, and has since achieved an average occupancy of over 95% in 2Q 2017. In addition, the four student accommodation assets in the United Kingdom (collectively "UK Braemar") which were acquired in July 2016, have also contributed positively to the Group's revenue.

The Group's gross profit in 2Q 2017 increased 36%, from S$18.9 million to S$25.7 million year-on-year, in view of the increase in revenue while cost of sales was slightly lower than last year. Cost of sales should have increased by S$1.4 million year-on-year due to the inclusion of the operating costs of UK Braemar assets and ASPRI-Westlite Papan. However, this was offset by a year-on-year reduction in cost of amortisation relating to the intangible assets on favourable lease ("Intangible Asset") in Westlite Tuas by S$1.6 million. As at 31 December 2016, an intangible asset balance of four months were left to be amortised in 2017. With the extension of the lease for Westlite Tuas by nine months beyond April 2017, the remaining Intangible Asset balance was spread and amortised in reduced monthly amounts from January 2017 till the lease expires in January 2018.

Administrative expenses were higher by S$1.7 million, which was mainly due to professional fees of S$1.4 million incurred during 2Q 2017 by the Group in preparation of the proposed dual primary listing of its ordinary shares on the Main Board of the Stock Exchange of Hong Kong Limited ("SEHK"). No such cost was incurred in 2Q 2016. Excluding this non-recurring cost in 2Q 2017, administrative expenses increased S$0.3 million, in line with the Group's expanded business operations.

Share of profit of associated companies was a reduction of S$1.3 million largely due to the fair value loss on investment property of Westlite Mandai.

A fair valuation exercise was conducted by independent valuers on the Group's investment properties as at 31 Mar 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$2.0 million was recognised. No fair valuation exercise was done in 2Q 2016 as the Group's annual valuation exercises are done at the end of each financial year.

The income tax expense increased by S$2.8 million mainly due to the provision for deferred tax of S$2.2 million, which arose from the cumulative fair valuation gains recognised for the Group's investment properties in Australia, China and Malaysia in 2Q 2017.

The net profit after tax derived from the Group's operations for 2Q 2017 was S$11.6 million, a year-on-year growth of 38%, or an increase of S$3.2 million.

Excluding one-off items in the form of fair value gains on investment properties, deferred tax arising from fair value gains and dual listing expense, the Group's profit from core business operations recorded a growth of 72% from S$8.4 million in 2Q 2016 to S$14.5 million in 2Q 2017.

The Group's net profit from core business operations attributable to equity holders of the Company increased by 48%, from S$8.9 million to S$13.1 million, after accounting for the non-controlling interest proportion of the results of ASPRI-Westlite Papan in which the Group has a 51% interest.

(a)(ii) Half year 2017 review – 1H FY2017 vs 1H FY2016

The Group registered an increase of 24% in revenue, from S$57.4 million in 1H 2016 to S$71.3 million in 1H 2017.

The double-digit growth was largely attributed to the improved performance of the Group's worker accommodation assets in Singapore, particularly the newer workers accommodation assets such as Westlite Woodlands and ASPRI-Westlite Papan, as well as from UK Braemar.

Gross profit for the Group in 1H 2017 improved by S$11.3 million, which was an increase of 30%, compared to 1H 2016 on the back of the revenue growth from the expansion of its accommodation business and reduced amortisation cost of Westlite Tuas.

Administrative costs increased by S$3.7 million, largely due to the dual listing expenses of S$3.1 million and Group's expanded business operations.

Share of the profit of associated companies reduced by S$1.3 million in 1H 2017 mainly due to the fair value loss on investment property of Westlite Mandai.

For the purpose of the dual listing exercise, updated valuation of the properties as of 31 Mar 2017 was performed by the valuer and resulting in a fair valuation gain of S$2.0 million was recorded in 1H 2017 (1H 2016: nil)

Income tax expense increased 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.

The net profit after tax derived from the Group's operations for 1H 2017 was S$23.4 million, a year-on-year growth of 32%, or an increase of S$5.6 million.

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 net profit after tax derived from the Group's core business operations recorded a growth of 60%, or S$10.6 million, from S$17.8 million to S$28.4 million in 1H 2017.

The Group's net profit from core business operations attributable to equity holders of the Company increased by 43%, from S$18.2 million to S$26.0 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)(i) Review of Group Balance Sheet

Assets

Cash and bank balances increased slightly by S$1.9 million, largely due to net cash provided by operating activities of S$33.4 million, of which S$15.8 million and S$16.0 million was used for investing and financing activities respectively. Please refer to b(iii) review of the Group's cash flow statements.

Available-for-sale financial assets increased S$5.8 million mainly due to investments in corporate bonds during the period to enhance interest yields derived from the Group's unutilised cash.

Investment properties increased by S$13.8 million, largely due to the investments in student accommodation in Adelaide, Australia and development or enhancement works for the Group's workers and student accommodation assets in Malaysia, Australia and the United Kingdom.

Borrowings & Gearing

Borrowings increased by S$4.3 million, largely due to bank loans obtained in 1H 2017 to partially finance the purchase of the available-for-sale financial assets. As at 30 June 2017, the Group's net gearing ratio is lower at 54%, as compared to 55% as at 31 December 2016.

The Group continued to generate stable and strong operating cash flow before working capital changes of S$43.4 million, a 29% increase from S$33.8 million in 1H 2016. The Group's interest cover of 4.6 times (or 6.5 times interest cover, excluding interest from the MTN) continues to be adequate and is within the Group's interest cover threshold. The Group's developmental and acquired operating assets are primarily funded through bank debt with a loan maturity profile averaging 11 years. With active debt and capital management policies in place, the Group continues to generate a net operating cash flow surplus of S$12.3 million (Earnings from core business operations before interest, tax, depreciation and amortisation after deducting income tax paid, interest and loan principal repayments) in 1H 2017.

The Group's balance sheet remains healthy and robust with S$84.4 million cash and bank balances. Given the strong and stable operating cashflow, the Group has adequate debt headroom for further growth and expansion. To ensure sustainable growth in the long run, the Group will carefully balance between acquiring operating assets, which will contribute to the current income and investing in development projects for future growth.

(b)(ii) Review of Company Balance Sheet

Trade and other receivables under current and non-current assets mainly relate to loan or advances given to subsidiaries.

Available-for-sale financial assets increased S$5.8 million mainly due to investment in corporate bonds during the period to enhance interest income yields for its unutilised cash.

Borrowings increased by S$17.8 million, largely due to the issue of S$85 million MTN and offset against repayment of borrowings.

(b)(iii) Review of Cash Flow Statement

In 1H 2017, the Group generated a positive cash flow of S$43.4 million from operating activities before working capital changes.

During 1H 2017, cash of S$15.8 million in investing activities was mainly used for the development and acquisition of the Group's accommodation assets, in particular for dwell Adelaide and Westlite Bukit Minyak, as well as the purchase of available-for-sale financial assets.

Net cash of S$16.0 million was used in financing activities mainly due to financing obtained for the MTN offset by the repayment of borrowings, interest paid and dividends paid during the period. In addition, S$1.1 million was used for the purchase of treasury shares during the period.

As a result of the above activities, the Group recorded an increase in cash and cash equivalents of S$1.6 million, and continues to maintain a healthy cash and cash equivalent balance of S$81.9 million as at 30 June 2017.

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

As at 30 June 2017, the Group operated a diversified portfolio of 21 workers and student accommodation assets comprising approximately 61,600 beds across four countries.

(a) Workers Accommodation

As at 30 June 2017, the Group had a total of 34,700 beds across five operating workers accommodation assets in Singapore, with an overall occupancy rate of approximately 92%. ASPRI-Westlite Papan, which commenced operations in May 2016, attained an occupancy rate of approximately 99%, up from around 95% as at 31 March 2017.

In the first half of 2017, the supply of purpose-built workers accommodation ("PBWA") in the market was reduced by approximately 16,500 beds as the land leases for some temporary PBWA had expired. The land leases for a further approximately 9,000 PBWA beds are due for expiry in 2017. Notwithstanding that some of these leases may be renewed or extended by the authorities, the overall market demand for PBWA is anticipated to remain healthy in the near term.

The Singapore economic outlook is anticipated to remain uncertain in 2017, especially in the oil and gas sectors, while growth in the manufacturing sector has moderated since March 2017(^1) . The Building and Construction Authority ("BCA") has noted in its January 2017 report that total construction demand is expected to increase in 2017, supported by anticipated increase in public sector construction projects which contributes to about 70% of the total construction demand(^2) in Singapore.

Given the quality and strategic location of Centurion's workers accommodation assets in Singapore, and the forecast demand for construction projects, the Group remains confident of its market position as the authorities continue to push for higher standards of accommodation for foreign workers by introducing new policies and regulations.

In Malaysia, as at 30 June 2017, the Group operated approximately 23,700 beds across six workers accommodation assets. The overall occupancy rate of the Group's PBWA assets in Malaysia experienced a healthy increase to approximately 82%. The increase is attributable to the Group's intensive marketing efforts, aided by the Malaysian government gradually permitting the hiring of foreign workers, after a hiring freeze imposed early 2016. Amid calls for the Malaysian government to set policies for the management of the foreign workforce, there are also advocates for higher accommodation standards for foreign workers.

Overall, the Group remains confident in the demand for PBWA in Singapore and Malaysia for the rest of the year, given the introduction of policies that could potentially favour the sector.

(b) Student Accommodation

As at 30 June 2017, the Group had a portfolio of 3,208 student accommodation beds across 10 purpose-built student accommodation ("PBSA") assets in the United Kingdom ("UK"), Australia and Singapore. The Group continues to remain confident that the student accommodation sector will be resilient and continue to perform well, given the strong demand and shortage of PBSA assets in key education hubs such as the United States, UK and Australia.

In the UK, the Group's eight student accommodation assets, which all operate under the dwell brand, continued to perform well with an overall occupancy rate of over 95%. Student bookings of its accommodation assets for the new 2017/18 academic year are currently in progress and the Group expects demand for the student beds in its PBSA assets in the UK to remain strong, underpinned by the continued undersupply of PBSA beds and year-on-year increase in acceptances of students by the UK universities.

As at 30 June 2017, RMIT Village achieved almost 100% occupancy based on available beds, after the closure of 29 beds for its asset enhancement programme ("AEP"). In May 2017, the Group launched an AEP for the development of a new wing in RMIT Village, which would add up to 160 new beds. The AEP is expected to be completed in the fourth quarter of 2018, ahead of the 2019 academic year. Given Australia's popularity among international students seeking tertiary education, the demand for PBSA in Melbourne is expected to remain strong.

In March 2017, the Group entered into an agreement to acquire a development site in Adelaide for a 280-bed student accommodation – dwell Adelaide – which is expected to be completed in 2018, ahead of the 2019 academic year. The ground breaking ceremony for dwell Adelaide was held in May 2017, with the completion of the site's acquisition in June 2017. dwell Adelaide is located in close proximity to the major universities in Adelaide and there is an undersupply and limited pipeline of PBSA beds in the city.

dwell Selegie achieved an occupancy rate of close to 89% as at 30 June 2017, as the asset's attractive city location and accessibility to the various education institutions in the vicinity continues to be a draw for student residents. The Group will continue to build on its close relationships with the various educational institutions and maintain high occupancy for the asset in 2017.

On 24 July 2017, Centurion announced plans to acquire a portfolio of five student accommodation assets, totalling 1,936 beds across four states in the United States, for an aggregate purchase consideration of approximately US$136 million (S$187 million(^3)). The states include Auburn, Alabama; Tallahassee, Florida; Madison, Wisconsin and College Station, Texas. The proposed acquisition, subject to a number of conditions and satisfactory due diligence, is expected to be completed around end September 2017. The Group intends to have an interest of up to 30% of the portfolio assets and is in discussion with various third party investors, which will own the remaining interest.

The 2017 outlook for the Group's student accommodation assets remains positive, given the attractive locations of its PBSA assets which are situated close to, or within, major universities and university towns, and the general strong demand and undersupply of PBSA beds.

(c) Corporate Action

On 27 June 2017, the Group announced that it has submitted an application to the Stock Exchange of Hong Kong Limited ("SEHK") for the listing and permission to deal in the Shares on the Main Board of the SEHK. This application follows an earlier announcement by the Group in April 2017 on the proposed dual listing of Centurion shares. The success of the proposed dual listing will be subject to prevailing market conditions and the best interests of the Group. The Group will provide updates through announcements when there are major developments.

The Group will continue to selectively explore opportunities to grow its student accommodation assets through strategic expansion in existing and new markets, joint ventures and providing management services.

Remarks:
^1. Based on EDB data (https://www.edb.gov.sg/content/edb/en/news-and-events/news/monthly-manufacturing-performance.html)
^2. Based on BCA forecast on 6 Jan 2017 (https://www.bca.gov.sg/newsroom/others/PR_Prospects2017.pdf)
^3. Based on exchange rate of US$1.00 : S$1.3762

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

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

<u>Any dividend declared for the current financial period reported on ?</u>

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

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

<u>Any dividend declared for the corresponding period of the immediately preceding financial year ?</u>

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

(c) **Date Payable**

To be advised

(d) **Book Closure Date**

To be advised

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

Not applicable

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 October 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 expire on 27 October 2017.

The net proceeds of S$406,249 in relation to the New Shares issued pursuant to warrants exercised, have not been utilised to date.

20 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.

21 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 unaudited financial statements for the second quarter ended 30 June 2017 to be false or misleading in any material aspect.

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

Wong Kok Hoe	Loh Kim Kang David
7 August 2017	

BY ORDER OF THE BOARD
Kong Chee Min
Chief Executive Officer
7 August 2017