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**Unaudited First Quarter Financial Statement and Dividend Announcement for the period ended 31 March 2015**


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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS**
**1(a)(i) Consolidated Income Statement**

|  | <b>Group</b>                        |                |               |
|--|-------------------------------------|----------------|---------------|
|  | <b>First Quarter ended 31 March</b> |                |               |
|  | <b>2015</b>                         | <b>2014*</b>   | <b>Change</b> |
|  | <b>\$ '000</b>                      | <b>\$ '000</b> | <b>%</b>      |
| Revenue  | 25,281                              | 17,559         | 44            |
| Cost of sales  | (8,071)                             | (6,500)        | 24            |
| <b>Gross profit</b>  | <b>17,210</b>                       | <b>11,059</b>  | <b>56</b>     |
| Other gains - miscellaneous                                | 210                                 | 241            | (13)          |
| Expenses   |                                     |                |               |
| - Distribution   | (331)                               | (298)          | 11            |
| - Administrative   | (4,173)                             | (3,830)        | 9             |
| - Finance  | (3,153)                             | (1,403)        | 125           |
| Share of profit of associated companies and joint ventures | 1,543                               | 18,773         | (92)          |
| <b>Profit before income tax</b>                            | <b>11,306</b>                       | <b>24,542</b>  | <b>(54)</b>   |
| Income tax expense   | (2,103)                             | (1,707)        | 23            |
| <b>Profit from continuing operations (Note 1)</b>          | <b>9,203</b>                        | <b>22,835</b>  | <b>(60)</b>   |
| <b>Discontinued operations</b>                             |                                     |                |               |
| Loss from discontinued operations (Note 2)                 | -                                   | (210)          | N/M           |
| <b>Total profit</b>  | <b>9,203</b>                        | <b>22,625</b>  | <b>(59)</b>   |
| <b>Attributable to:</b>                                    |                                     |                |               |
| Equity holders of the Company                              | 9,433                               | 22,625         | (58)          |
| Non-controlling interest                                   | (230)                               | -              | N/M           |
| Equity holders of the Company                              | <b>9,203</b>                        | <b>22,625</b>  | <b>(59)</b>   |

\* Comparative figures are re-presented arising from the discontinued operations of the Group's optical segment in Australia.

**Note 1**
**Profit from continuing operations**

Adjusted for:

- Share of profit from joint venture from one-off sale of development properties

**Profit from core business operations**

|              |              |           |
|--------------|--------------|-----------|
| 9,203        | 22,835       | (60)      |
| -            | (17,293)     | N/M       |
| <b>9,203</b> | <b>5,542</b> | <b>66</b> |

**Note 2**

Loss from discontinued operations arise from the discontinuing of Australian optical business which was sold during FY2014.

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

|   | <b>First Quarter ended 31 March</b> |                |               |
|---|-------------------------------------|----------------|---------------|
|   | <b>2015</b>                         | <b>2014</b>    | <b>Change</b> |
|   | <b>\$ '000</b>                      | <b>\$ '000</b> | <b>%</b>      |
| Total profit  | 9,203                               | 22,625         | (59)          |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |                                     |                |               |
| Currency translation (losses)/gains arising from consolidation        | (4,197)                             | 1,855          | N/M           |
| Available-for-sale financial assets                                   |                                     |                |               |
| - Fair value losses   | (46)                                | (19)           | 142           |
| - Reclassification  | -                                   | 153            | N/M           |
| Other comprehensive (loss)/income, net of tax                         | (4,243)                             | 1,989          | N/M           |
| Total comprehensive income  | 4,960                               | 24,614         | (80)          |
| <b>Attributable to:</b>   |                                     |                |               |
| Equity holders of the Company   | 5,190                               | 24,614         | (79)          |
| Non-Controlling Interest  | (230)                               | -              | N/M           |
| Equity holders of the Company   | 4,960                               | 24,614         | (80)          |

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

The below notes do not include the impact attributed to the discontinued operations:

|  | <b>First Quarter ended 31 March</b> |                |               |
|--|-------------------------------------|----------------|---------------|
|  | <b>2015</b>                         | <b>2014</b>    | <b>Change</b> |
|  | <b>\$ '000</b>                      | <b>\$ '000</b> | <b>%</b>      |
| <b>After (charging) / crediting:</b>             |                                     |                |               |
| Interest expense                                 | (3,153)                             | (1,403)        | 125           |
| Depreciation and amortisation                    | (1,764)                             | (1,719)        | 3             |
| Allowance for doubtful debts (net)               | (45)                                | (23)           | 96            |
| Currency exchange (loss)/gain (net)              | (152)                               | 27             | N/M           |
| Adjustments for underprovision of prior year tax | -                                   | (154)          | N/M           |
| Net gain on sale of property, plant & equipment  | 2                                   | -              | N/M           |

The miscellaneous gains (net) comprise the following:

|                                     | <b>First Quarter ended 31 March</b> |                |               |
|-------------------------------------|-------------------------------------|----------------|---------------|
|                                     | <b>2015</b>                         | <b>2014*</b>   | <b>Change</b> |
|                                     | <b>\$ '000</b>                      | <b>\$ '000</b> | <b>%</b>      |
| Other rental income                 | 98                                  | 114            | (14)          |
| Interest income                     | 64                                  | 76             | (16)          |
| Dividend income                     | 27                                  | 27             | -             |
| Currency exchange (loss)/gain (net) | (152)                               | 27             | N/M           |
| Others                              | 173                                 | (3)            | N/M           |
| Other miscellaneous gains - net     | 210                                 | 241            | (13)          |

N/M : Not meaningful

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

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>31 Mar 15</b> | <b>31 Dec 14</b> | <b>31 Mar 15</b> | <b>31 Dec 14</b> |
|  | <b>\$ '000</b>   | <b>\$ '000</b>   | <b>\$ '000</b>   | <b>\$ '000</b>   |
| <b>Current assets</b>                                |                  |                  |                  |                  |
| Cash and cash equivalents                            | 58,102           | 63,144           | 7,069            | 21,680           |
| Trade and other receivables                          | 5,502            | 4,993            | 12,096           | 7,944            |
| Inventories  | 621              | 643              | -                | -                |
| Other assets   | 5,087            | 13,666           | 559              | 264              |
|  | <b>69,312</b>    | <b>82,446</b>    | <b>19,724</b>    | <b>29,888</b>    |
| <b>Non-current assets</b>                            |                  |                  |                  |                  |
| Trade and other receivables                          | 983              | 604              | 283,078          | 271,245          |
| Other assets   | 265              | 265              | 265              | 265              |
| Available-for-sale financial assets                  | 2,268            | 2,314            | 2,268            | 2,314            |
| Investments in associated companies / joint ventures | 83,291           | 85,788           | 1,298            | 1,298            |
| Investments in subsidiaries                          | -                | -                | 18,862           | 18,762           |
| Investment properties                                | 793,688          | 684,437          | -                | -                |
| Property, plant & equipment                          | 6,430            | 6,385            | 287              | 265              |
| Deferred income tax assets                           | 59               | 60               | -                | -                |
| Intangible assets                                    | 10,498           | 11,734           | -                | -                |
|  | <b>897,482</b>   | <b>791,587</b>   | <b>306,058</b>   | <b>294,149</b>   |
| <b>Total assets</b>                                  | <b>966,794</b>   | <b>874,033</b>   | <b>325,782</b>   | <b>324,037</b>   |
| <b>Current liabilities</b>                           |                  |                  |                  |                  |
| Trade and other payables                             | (30,681)         | (39,232)         | (5,311)          | (5,016)          |
| Current income tax liabilities                       | (9,191)          | (7,064)          | (222)            | (192)            |
| Borrowings   | (24,843)         | (24,692)         | (2,625)          | (1,313)          |
|  | <b>(64,715)</b>  | <b>(70,988)</b>  | <b>(8,158)</b>   | <b>(6,521)</b>   |
| <b>Non-current liabilities</b>                       |                  |                  |                  |                  |
| Borrowings   | (502,440)        | (408,081)        | (99,246)         | (99,125)         |
| Other liabilities                                    | (223)            | (276)            | -                | -                |
| Deferred income tax liabilities                      | (2,895)          | (3,128)          | (25)             | (26)             |
|  | <b>(505,558)</b> | <b>(411,485)</b> | <b>(99,271)</b>  | <b>(99,151)</b>  |
| <b>Total liabilities</b>                             | <b>(570,273)</b> | <b>(482,473)</b> | <b>(107,429)</b> | <b>(105,672)</b> |
| <b>Net assets</b>                                    | <b>396,521</b>   | <b>391,560</b>   | <b>218,353</b>   | <b>218,365</b>   |
| <b>Equity</b>  |                  |                  |                  |                  |
| Share capital  | 89,837           | 89,836           | 201,148          | 201,147          |
| Other reserves                                       | 2,520            | 6,763            | 256              | 302              |
| Retained profits                                     | 303,464          | 294,031          | 16,949           | 16,916           |
|  | <b>395,821</b>   | <b>390,630</b>   | <b>218,353</b>   | <b>218,365</b>   |
| Non-controlling Interest                             | 700              | 930              | -                | -                |
| <b>Total equity</b>                                  | <b>396,521</b>   | <b>391,560</b>   | <b>218,353</b>   | <b>218,365</b>   |
| Total borrowings                                     | 527,283          | 432,773          |                  |                  |
| <b>Gearing ratio*</b>                                | <b>57%</b>       | <b>52%</b>       |                  |                  |

\* 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<br>31 Mar 15<br>\$'000 | As at<br>31 Dec 14<br>\$'000 |
|------------------|------------------------------|------------------------------|
| Secured          | 22,178                       | 23,379                       |
| Unsecured        | 2,665                        | 1,313                        |
| <b>Sub Total</b> | <b>24,843</b>                | <b>24,692</b>                |

(b) Amount repayable after one year

|                   | As at<br>31 Mar 15<br>\$'000 | As at<br>31 Dec 14<br>\$'000 |
|-------------------|------------------------------|------------------------------|
| Secured           | 384,574                      | 304,836                      |
| Unsecured         | 117,866                      | 103,245                      |
| <b>Sub Total</b>  | <b>502,440</b>               | <b>408,081</b>               |
| <b>Total Debt</b> | <b>527,283</b>               | <b>432,773</b>               |

(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.

|   | <b>First Quarter ended 31 March</b> |                 |
|---|-------------------------------------|-----------------|
|   | <b>2015</b>                         | <b>2014</b>     |
|   | <b>\$ '000</b>                      | <b>\$ '000</b>  |
| <b>Cash flows from operating activities</b>                               |                                     |                 |
| Net profit  | 9,203                               | 22,625          |
| Adjustment for:   |                                     |                 |
| Income tax expense  | 2,103                               | 1,707           |
| Depreciation and amortisation   | 1,764                               | 1,731           |
| Allowance for impairment of trade and other receivables                   | 45                                  | 90              |
| Net gain on disposal of property, plant and equipment                     | (2)                                 | (6)             |
| Interest income   | (64)                                | (107)           |
| Dividend income   | (27)                                | (27)            |
| Interest expense  | 3,153                               | 1,426           |
| Share of profits of associated companies and joint ventures (net)         | (1,543)                             | (18,773)        |
| Unrealised currency translation differences                               | 183                                 | (1,062)         |
| Reclassification adjustment from fair value reserve to profit or loss     | -                                   | 153             |
| Operating cash flow before working capital changes                        | 14,815                              | 7,757           |
| Changes in working capital, net of effects from acquisition of subsidiary |                                     |                 |
| Inventories   | 22                                  | (170)           |
| Trade and other receivables   | (554)                               | 4,621           |
| Other assets  | (228)                               | (90)            |
| Trade and other payables  | (1,164)                             | (371)           |
| Cash generated from operations  | 12,891                              | 11,747          |
| Income tax paid - net   | (125)                               | (1,675)         |
| <b>Net cash provided by operating activities</b>                          | <b>12,766</b>                       | <b>10,072</b>   |
| <b>Cash flows from investing activities</b>                               |                                     |                 |
| Proceeds from disposal of property, plant and equipment                   | 5                                   | 6               |
| Additions of investment property  | (111,535)                           | (83,597)        |
| Purchase of property, plant and equipment                                 | (636)                               | (212)           |
| Acquisition of interest in subsidiaries, net of cash acquired             | -                                   | 370             |
| Loan to associated company  | (388)                               | -               |
| Interest received   | 64                                  | 107             |
| Dividend received   | 27                                  | 27              |
| Dividend received from an associated company/joint venture                | 4,050                               | 4,500           |
| Deposits paid for acquisition of investment property                      | (2,096)                             | -               |
| Deposits refunded for acquisition of investment property                  | -                                   | 9,137           |
| <b>Net cash used in investing activities</b>                              | <b>(110,509)</b>                    | <b>(69,662)</b> |
| <b>Cash flows from financing activities</b>                               |                                     |                 |
| Proceeds from borrowings  | 86,184                              | 90,686          |
| Repayment of borrowings   | (6,266)                             | (3,190)         |
| Interest paid   | (1,719)                             | (1,426)         |
| Proceeds from exercise of warrants  | 1                                   | -               |
| Cash provided by non-controlling interest                                 | 14,500                              | -               |
| <b>Net cash provided by financing activities</b>                          | <b>92,700</b>                       | <b>86,070</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents held</b>          | <b>(5,043)</b>                      | <b>26,480</b>   |
| Cash and cash equivalents at beginning of the period                      | 59,116                              | 43,558          |
| Effects of exchange rate changes on cash and cash equivalents             | (39)                                | 182             |
| <b>Cash and cash equivalents at end of the period</b>                     | <b>54,034</b>                       | <b>70,220</b>   |
| * The consolidated cash and cash equivalents comprise the following:      |                                     |                 |
| Cash and bank balances  | 58,102                              | 71,040          |
| Bank overdraft  | (40)                                | -               |
| Short-term bank deposits charged as security to bank                      | (4,028)                             | (820)           |
|   | <b>54,034</b>                       | <b>70,220</b>   |

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

As at 31 Mar 2015 vs 31 Mar 2014

← Attributable to equity holders of the Company →

| <b>GROUP</b><br><b>2015</b>                       | <b>Share<br/>Capital<br/>\$'000</b> | <b>Other<br/>Reserves<br/>\$'000</b> | <b>Retained<br/>Profits<br/>\$'000</b> | <b>Total<br/>Equity<br/>\$'000</b> | <b>Non-controlling<br/>Interest<br/>\$'000</b> | <b>Total<br/>Equity<br/>\$'000</b> |
|---|-------------------------------------|--------------------------------------|--|------------------------------------|--|------------------------------------|
| Balance as at 1 Jan 2015                          | 89,836                              | 6,763                                | 294,031                                | 390,630                            | 930  | 391,560                            |
| Issuance of shares pursuant to warrants exercised | 1                                   | -                                    | -                                      | 1                                  | -  | 1                                  |
| Profit/(loss) for the period                      | -                                   | -                                    | 9,433                                  | 9,433                              | (230)  | 9,203                              |
| Other comprehensive loss for the period           | -                                   | (4,243)                              | -                                      | (4,243)                            | -  | (4,243)                            |
| <b>Balance as at 31 Mar 2015</b>                  | <b>89,837</b>                       | <b>2,520</b>                         | <b>303,464</b>                         | <b>395,821</b>                     | <b>700</b>                                     | <b>396,521</b>                     |

| <b>GROUP</b><br><b>2014</b>               | <b>Share<br/>Capital<br/>\$'000</b> | <b>Other<br/>Reserves<br/>\$'000</b> | <b>Retained<br/>Profits<br/>\$'000</b> | <b>Total<br/>Equity<br/>\$'000</b> | <b>Non-controlling<br/>Interest<br/>\$'000</b> | <b>Total<br/>Equity<br/>\$'000</b> |
|---|-------------------------------------|--------------------------------------|--|------------------------------------|--|------------------------------------|
| Balance as at 1 Jan 2014                  | 89,431                              | 12,334                               | 191,156                                | 292,921                            | -  | 292,921                            |
| Profit for the period                     | -                                   | -                                    | 22,625                                 | 22,625                             | -  | 22,625                             |
| Other comprehensive income for the period | -                                   | 1,989                                | -                                      | 1,989                              | -  | 1,989                              |
| <b>Balance as at 31 Mar 2014</b>          | <b>89,431</b>                       | <b>14,323</b>                        | <b>213,781</b>                         | <b>317,535</b>                     | <b>-</b>                                       | <b>317,535</b>                     |

| <b>COMPANY</b><br><b>2015</b>                     | <b>Share<br/>Capital<br/>\$'000</b> | <b>Other<br/>Reserves<br/>\$'000</b> | <b>Retained<br/>Profits<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|-------------------------------------|--------------------------------------|--|-------------------------|
| Balance as at 1 Jan 2015                          | 201,147                             | 302                                  | 16,916                                 | 218,365                 |
| Issuance of shares pursuant to warrants exercised | 1                                   | -                                    | -                                      | 1                       |
| Profit for the period                             | -                                   | -                                    | 33                                     | 33                      |
| Other comprehensive loss for the period           | -                                   | (46)                                 | -                                      | (46)                    |
| <b>Balance as at 31 Mar 2015</b>                  | <b>201,148</b>                      | <b>256</b>                           | <b>16,949</b>                          | <b>218,353</b>          |

| <b>COMPANY</b><br><b>2014</b>           | <b>Share<br/>Capital<br/>\$'000</b> | <b>Other<br/>Reserves<br/>\$'000</b> | <b>Retained<br/>Profits<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|-------------------------------------|--------------------------------------|--|-------------------------|
| Balance as at 1 Jan 2014                | 200,742                             | 509                                  | 9,863                                  | 211,114                 |
| Loss for the period                     | -                                   | -                                    | (1,431)                                | (1,431)                 |
| Other comprehensive loss for the period | -                                   | (19)                                 | -                                      | (19)                    |
| <b>Balance as at 31 Mar 2014</b>        | <b>200,742</b>                      | <b>490</b>                           | <b>8,432</b>                           | <b>209,664</b>          |

- 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.**

|  | <b>Company</b>              |                              |
|--|-----------------------------|------------------------------|
|  | <b>No. of shares issued</b> | <b>Share capital \$ '000</b> |
| Issued and fully paid:                                 |                             |                              |
| As at 1 Jan 2015                                       | 756,872,238                 | 201,147                      |
| Issue of new shares pursuant to the warrants exercised | 1,100                       | 1                            |
| As at 31 Mar 2015                                      | <u>756,873,338</u>          | <u>201,148</u>               |

The Company does not have any outstanding convertibles and treasury shares as at 31 Mar 2015 and 31 Mar 2014.

- 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.**

|   | <b>Company</b>     |                    |
|---|--------------------|--------------------|
|   | <b>31 Mar 15</b>   | <b>31 Dec 14</b>   |
| Total number of issued shares excluding treasury shares | <u>756,873,338</u> | <u>756,872,238</u> |

- 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 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.**

|     |  | <b>Group</b>                        |             |
|-----|--|-------------------------------------|-------------|
|     |  | <b>First Quarter ended 31 March</b> |             |
|     |  | <b>2015</b>                         | <b>2014</b> |
| (a) | Based on weighted average number of ordinary shares on issue | 1.25 cents                          | 2.99 cents  |
| (b) | On a fully diluted basis                                     | 1.24 cents                          | 2.94 cents  |

**Note:**

The earnings per share is calculated based on weighted average number of ordinary shares in issue of 756,873,012 for Q1 2015 (Q1 2014 : 756,061,088) ordinary shares.

The weighted average number of shares used for the calculation of EPS based on fully diluted basis is 762,413,239 for Q1 2015 (Q1 2014 : 769,694,774).

**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.**

|                                    | <b>Group</b>     |                  | <b>Company</b>   |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | <b>31 Mar 15</b> | <b>31 Dec 14</b> | <b>31 Mar 15</b> | <b>31 Dec 14</b> |
| Net asset value per ordinary share | 52.30 cents      | 51.61 cents      | 28.85 cents      | 28.85 cents      |

**Note**

The Group and Company net asset per ordinary share is calculated based on existing issued share capital of 756,873,338 (2014: 756,872,238) ordinary shares.



## **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) First quarter review – Q1 FY2015 vs Q1 FY2014**

Group revenue in 1Q 2015 rose by 44%, or S\$7.7 million, to S\$25.3 million year-on-year. The growth was mainly contributed by the Group's accommodation business, which registered a healthy year-on-year revenue growth of 56% or S\$8.5 million. The Group's optical disc business, on the other hand, experienced a slight decline of S\$0.8 million in revenue due to weaker market demands.

Revenue contribution from the Group's student accommodation assets in Australia and the United Kingdom, which were acquired in February and September 2014 respectively, accounted for 64%, or approximately S\$5.5 million, of the revenue growth. The remaining increase in revenue of about S\$3.0 million was contributed mainly by higher occupancy rates of the Group's workers accommodation assets and the expanded bed capacity of Westlite Toh Guan. Occupancy rates at the Group's Malaysian workers accommodation assets had continued to improve. Westlite Tampoi in Malaysia began operations in January 2015 with a healthy take-up rate.

Due to the aforementioned revenue growth arising from the expansion of the accommodation business, the Group's gross profit in 1Q 2015 increased by 56% from S\$11.1 million to S\$17.2 million. The Group's gross profit margin also improved from 63% to 68% attributable to higher rental rates from the workers accommodation assets and the additional rental revenue derived from the expanded bed capacity at Westlite Toh Guan.

Administrative expenses increased by S\$0.3 million. The Group has provided S\$0.7 million for professional fees and expenses incurred in the evaluation of the proposed establishment of a Workers Accommodation Real Estate Investment Trust, which has since been deferred, as announced on 20 March 2015. This increase in administrative expenses was partially offset by the absence of a one-off non-recurring fee of about S\$0.3 million incurred in 1Q 2014 for the acquisition of RMIT Village in Australia.

Finance costs increased by S\$1.8 million, mainly due to additional interest costs incurred for the financing of the newly acquired student accommodation portfolio in the United Kingdom, as well as the bank facility fee incurred in financing the development of ASPRI-Westlite Dormitory - Papan.

Share of the results of associated companies and joint ventures fell by S\$17.2 million in 1Q 2015. In 1Q 2014, the Group recorded a one-off gain of S\$17.3 million from the sale of industrial factory units at M Space. Excluding this one-off gain, the Group's share of operational profits derived from Westlite Mandai's workers accommodation operations increased by S\$63,000 from S\$1.48 million in 1Q 2014 to S\$1.54 million in 1Q 2015.

Due to the absence of one-off gain in the quarter, the Group's total net profit after tax for the quarter dropped from S\$22.8 million in 1Q 2014 to S\$9.2 million in 1Q 2015.

Excluding the one-off gain in 1Q 2014 of S\$17.3 million, the net profit after tax derived from the Group's core business operations recorded a strong growth of 66%, or an increase of S\$3.7 million, quarter-on-quarter to S\$9.2 million in 1Q 2015. The Group's accommodation business contributed close to 97% of the net profit, which amounted to S\$8.9 million, while the optical disc business contributed a profit of S\$0.3 million in 1Q 2015.

### **(b)(i) Review of Group Balance Sheet**

#### ***Assets***

Other current assets decreased by S\$8.6 million, mainly due to the deposit of S\$9.8 million for the development of ASPRI-Westlite Dormitory – Papan, which was transferred and recorded as investment properties.

The decrease of S\$2.5 million in investments in associated companies / joint venture was primarily due to dividend received from Lian Beng-Centurion (Mandai) Pte Ltd.

Investment property increased by S\$109.3 million, largely due to the acquisitions and development of workers accommodation assets in Singapore and Malaysia.

#### ***Liabilities***

Trade and other payables reduced by S\$8.6 million, largely due to the settlement of the progress claims on the development of the investment properties.

### **Borrowings & Gearing**

Borrowings increased by S\$94.5 million, largely due to bank loans obtained in 1Q 2015 to finance the development of the Group's workers accommodation projects under construction. This includes Westlite Woodlands and Westlite Papan in Singapore, and Westlite Tampoi and Westlite Senai II in Malaysia. Accordingly, the Group's gearing ratio as at 31 March 2015 increased from 52% to 57%.

The Group's operating workers and student accommodation assets continued to generate stable and strong operating cash flow before working capital changes of S\$14.8 million, a 91% increase from S\$7.8 million in 1Q 2014. Despite the higher gearing ratio, the 5 times interest cover continues to be adequate and is within the Group's interest cover threshold. The Group's developmental and acquired operating assets are primarily funded through bank debt with a loan maturity profile averaging 12 years. With active debt and capital management policies in place, the Group continues to generate a net operating cash flow surplus of S\$6.7 million (after deducting income tax paid, interest and loan principal repayments) for 1Q 2015, which is a four fold increase compared to the S\$1.5 million generated for 1Q 2014.

The Group's balance sheet remains healthy and robust with S\$58.1 million cash and cash equivalents. 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 development projects for future growth.

### **(b)(ii) Review of Company Balance Sheet**

Cash and cash equivalents decreased by S\$14.6 million, mainly due to loans advanced to a subsidiary for the development of ASPRI-Westlite Dormitory – Papan.

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

Current borrowings of S\$2.6 million relates to the interest accrued for the Medium Term Notes.

### **(b)(iii) Review of Cash Flow Statement**

In 1Q 2015, the Group generated a positive cash flow of S\$14.8 million from operating activities before working capital changes.

During 1Q 2015, cash of S\$110.5 million in investing activities was mainly used for the acquisition and development of the Group's accommodation assets, in particular for ASPRI-Westlite Dormitory – Papan.

Net cash of S\$92.7 million was received from financing activities mainly due to financing obtained for acquisitions and project developments offset by the regular repayment of borrowings and interest paid during the period.

As a result of the above activities, the Group recorded a reduction in cash and cash equivalents of S\$5.0 million, but continues to maintain a healthy cash and cash equivalent balance of S\$54.0 million as at 31 March 2015.

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

Not applicable

**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.**

**(i) Accommodation Business**

The overall outlook for the Group's Accommodation Business remains positive, supported by stable demand for both its workers and student accommodation across Singapore, Malaysia, Australia and the United Kingdom. With Westlite Tampoi in Malaysia commencing operations in January 2015 and the expected completion of Westlite Woodlands with 4,100 beds in 3Q 2015, the Group is on track to achieve continued growth in its core business in 2015.

**(a) Workers Accommodation**

As at 31 March 2015, the Group has a total of 23,500 beds across three operating workers accommodation in Singapore. The Group's bed capacity in Singapore is expected to grow to 35,500 beds when Westlite Woodlands with 4,100 beds and Westlite Papan with 7,900 beds, are completed around 3Q 2015 and mid-2016 respectively.

In view of the good location of its existing three operational assets, two of which cater to workers from multiple industries, the Group is optimistic that the assets will continue to achieve high occupancy rates in 2015.

A few new dormitories with a total of about 30,000 beds have come onto the Singapore market over the last quarter of 2014 and the first quarter of 2015. However, the impact from this new supply of beds on the Group's dormitories has been minimal.

Singapore's government agencies have been stepping up its enforcement actions against employers who do not house their workers properly and are closing down illegal dormitories and factory converted dormitories that do not meet safety and health regulations. The Group is working closely with the Dormitory Association of Singapore which is in constant dialogue with the government agencies over the market changes and industry standards. The Group is also assisting the Ministry of Manpower by providing constant updates on the occupancy levels in its dormitories. These positive steps undertaken by the government bode well for the workers accommodation industry and are in the right direction towards improving the well being of foreign workers living in Singapore.

In Malaysia, the Group is gaining traction with its portfolio of 19,800 beds across six workers accommodation in Johor, where its occupancy rate on a portfolio basis has now reached above 90%. With more companies recognising the Group's proven record and capabilities in providing well-managed accommodation, occupancy rates are expected to continue to improve.

In January 2015, Westlite Tampoi with 5,300 beds was completed and the take up rate was healthy. The construction of Westlite Senai II with 5,500 beds is on track and expected to be completed in 4Q 2015. The Group is optimistic that the occupancy and rental rates of its Malaysian assets will continue to enjoy steady growth.

**(b) Student Accommodation**

Student accommodation is a segment that the Group sees good growth potential, in light of the strong demand for and stable rental rates of this asset class.

In Australia, RMIT Village is expected to operate at close to full occupancy in the 2015 academic year. It has strengthened its competitive position with the refurbishment of the rooms in January 2015.

In the United Kingdom, the Group's portfolio of four student accommodation assets, comprising three assets in Manchester and one asset in Liverpool with over 1,900 beds in total, are operating at close to full occupancy in the current 2014/15 academic year. Given the healthy demand of purpose-built student accommodation in both cities, the assets are expected to perform well and contribute positively to the Group's earnings.

**(c) Moving forward**

The Group will continue to explore opportunities to further grow its Accommodation Business in both existing and new markets.

**(ii) Optical Disc Business**

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

11 **Dividend**

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

Any dividend declared for the current financial period reported on ?

None

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

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

|                                      |  |
|--------------------------------------|--|
| Name of Dividend:                    | Special interim 1-tier tax exempt dividend |
| Dividend Type:                       | Cash                                       |
| Dividend Amount per Share (in cents) | 0.5 cent per ordinary shares               |
| Tax Rate:                            | 1-tier tax exempt                          |

(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 1Q 2015.

## 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 expires 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 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 first quarter ended 31 March 2015 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  
8 May 2015

Tony Bin Hee Din  
Executive Director  
8 May 2015

BY ORDER OF THE BOARD  
Kong Chee Min  
Chief Executive Officer  
11 May 2015