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CENTURION CORPORATION LIMITED

勝捷企業有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Co Reg No. 198401088W)

(SGX Stock Code: OU8)

(SEHK Stock Code:6090)

**UNAUDITED SECOND QUARTER AND HALF YEAR
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 30 JUNE 2019**

**For identification purpose only*

Unaudited Second Quarter Financial Statements and Dividend Announcement for the Period Ended 30 June 2019

The board (the "Board") of directors (the "Directors") of Centurion Corporation Limited ("Centurion" or the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the period ended 30 June 2019, together with the comparative figures for the period ended 30 June 2018 as follows:

1) Consolidated Income Statement

	Group Second quarter ended 30 June			Group Half year ended 30 June		
	2019 \$ '000	2018 \$ '000	Change %	2019 \$ '000	2018 \$ '000	Change %
Revenue	32,907	30,374	8	64,192	60,476	6
Cost of sales	(8,251)	(8,362)	(1)	(17,198)	(16,909)	2
Gross profit	24,656	22,012	12	46,994	43,567	8
Other income and gains	462	386	20	657	571	15
Expenses						
- Distribution expenses	(226)	(254)	(11)	(556)	(530)	5
- Administrative expenses	(5,931)	(5,135)	16	(11,171)	(9,920)	13
- Finance expenses	(7,052)	(5,731)	23	(14,468)	(11,328)	28
Share of profit of associated companies and joint venture	1,425	1,681	(15)	2,900	3,380	(14)
Profit before income tax	13,334	12,959	3	24,356	25,740	(5)
Income tax expense	(1,869)	(1,896)	(1)	(3,798)	(4,188)	(9)
Total profit	11,465	11,063	4	20,558	21,552	(5)
Profit attributable to:						
Equity holders of the Company	10,191	9,767	4	18,067	18,896	(4)
Non-controlling interests	1,274	1,296	(2)	2,491	2,656	(6)
Total profit	11,465	11,063	4	20,558	21,552	(5)

2) Consolidated Statement of Comprehensive Income

	<u>Second quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	2019	2018	Change	2019	2018	Change
	\$ '000	\$ '000	%	\$ '000	\$ '000	%
Total profit	11,465	11,063	4	20,558	21,552	(5)
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation losses arising from consolidation	(8,016)	(3,626)	N/M	(4,453)	(1,456)	N/M
Share of other comprehensive (losses)/gains of associated companies and joint venture	(605)	1,448	N/M	(578)	838	N/M
Cash flow hedges						
- Fair value losses	(1,118)	-	N/M	(1,118)	-	N/M
Financial assets at fair value through other comprehensive income						
- Fair value gains/(losses)	53	(72)	N/M	329	(242)	N/M
- Reclassification	-	-	N/M	150	-	N/M
Other comprehensive loss, net of tax	(9,686)	(2,250)	N/M	(5,670)	(860)	N/M
Total comprehensive income	1,779	8,813	(80)	14,888	20,692	(28)
<u>Total comprehensive income attributable to:</u>						
Equity holders of the Company	501	7,517	(93)	12,387	18,036	(31)
Non-controlling interests	1,278	1,296	(1)	2,501	2,656	(6)
Total comprehensive income	1,779	8,813	(80)	14,888	20,692	(28)

N/M : Not meaningful

3) Balance Sheets

	<u>Group</u>		<u>Company</u>	
	30 Jun 2019 \$ '000	31 Dec 2018 \$ '000	30 Jun 2019 \$ '000	31 Dec 2018 \$ '000
Current assets				
Cash and bank balances	51,818	62,902	23,442	34,081
Trade and other receivables	8,270	11,972	27,346	29,610
Inventories	86	88	-	-
Other assets	4,073	4,120	408	325
Financial assets, at fair value through other comprehensive income	9,623	9,322	9,623	9,322
Assets held for sale	5,553	5,586	-	-
	79,423	93,990	60,819	73,338
Non-current assets				
Trade and other receivables	-	-	358,853	358,853
Other assets	598	598	-	-
Financial assets, at fair value through profit or loss	379	383	-	-
Investments in associated companies	114,482	116,699	1,298	1,298
Investments in joint ventures	4,363	4,604	-	-
Investments in subsidiaries	-	-	16,703	16,703
Investment properties	1,137,377	1,097,191	-	-
Property, plant & equipment	7,364	8,275	652	745
	1,264,563	1,227,750	377,506	377,599
Total assets	1,343,986	1,321,740	438,325	450,937
Current liabilities				
Trade and other payables	(32,176)	(41,901)	(15,812)	(15,366)
Current income tax liabilities	(7,936)	(8,018)	(895)	(895)
Borrowings	(46,069)	(42,994)	(2,624)	(2,189)
Other liabilities	(84)	-	-	-
Lease liabilities	(3,715)	-	-	-
	(89,980)	(92,913)	(19,331)	(18,450)
Non-current liabilities				
Derivative financial instruments	(1,082)	-	(196)	-
Borrowings	(677,556)	(695,403)	(136,235)	(161,462)
Other liabilities	(343)	(356)	-	-
Deferred income tax liabilities	(8,090)	(8,117)	(80)	(87)
Lease liabilities	(35,504)	-	-	-
	(722,575)	(703,876)	(136,511)	(161,549)
Total liabilities	(812,555)	(796,789)	(155,842)	(179,999)
Net assets	531,431	524,951	282,483	270,938
Equity				
Share capital	142,242	142,242	253,553	253,553
Other reserves	(38,418)	(32,536)	(424)	(557)
Retained profits	407,268	397,609	29,354	17,942
	511,092	507,315	282,483	270,938
Non-controlling interests	20,339	17,636	-	-
Total equity	531,431	524,951	282,483	270,938
Gearing ratio*	58%	58%		
Net gearing ratio**	54%	54%		

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

** The net gearing ratio is computed as borrowings less cash and bank balances divided by total capital.

4) Consolidated Statement of Cash Flows

	Second quarter ended 30 June		Half year ended 30 June	
	2019 \$ '000	2018 \$ '000	2019 \$ '000	2018 \$ '000
Total profit	11,465	11,063	20,558	21,552
Adjustment for:				
Income tax expense	1,869	1,896	3,798	4,188
Depreciation and amortisation	208	834	1,451	1,605
Allowance for impairment of trade and other receivables	25	15	52	24
Net loss on disposal of property, plant and equipment	49	8	57	12
Interest income	(308)	(267)	(631)	(508)
Dividend income	-	(28)	-	(55)
Finance expenses	7,052	5,731	14,468	11,328
Share of profit of associated companies and joint venture	(1,425)	(1,681)	(2,900)	(3,380)
Unrealised currency translation differences	(90)	258	(65)	47
Reclassification adjustment from fair value reserve to profit or loss	-	-	150	-
Operating cash flow before working capital changes	18,845	17,829	36,938	34,813
Change in working capital				
Inventories	(1)	27	2	(7)
Trade and other receivables	229	1,949	3,665	6,435
Other assets	184	(869)	49	(1,109)
Trade and other payables	(6,383)	(4,330)	(9,484)	(8,269)
Cash generated from operations	12,874	14,606	31,170	31,863
Income tax paid	(2,662)	(3,252)	(3,805)	(4,621)
Net cash provided by operating activities	10,212	11,354	27,365	27,242
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	90	23	92	26
Additions to investment properties	(2,863)	(10,394)	(5,369)	(19,983)
Purchases of property, plant and equipment	(412)	(344)	(727)	(438)
Interest received	259	267	582	508
Dividends received	-	28	-	55
Dividends received from an associated company	3,883	862	4,744	1,723
Short term bank deposits released/(charged) as security to bank	18	(7)	18	(7)
Deposits paid for acquisition of investment property	-	(4,209)	-	(4,209)
Other deposits refunded	-	225	-	1,560
Net cash provided by/(used in) investing activities	975	(13,549)	(660)	(20,765)
Cash flows from financing activities				
Proceeds from borrowings	2,248	13,866	44,470	25,105
Repayment of borrowings	(46,803)	(14,840)	(57,277)	(23,817)
Interest paid on borrowings	(7,713)	(6,275)	(13,309)	(12,047)
Dividends paid to equity holders of the Company	(8,408)	(12,611)	(8,408)	(12,611)
Cash provided by non-controlling interests	-	-	300	-
Repayment of loan to associated company	-	(862)	(861)	(1,723)
Interest paid on lease liabilities	(342)	-	(689)	-
Repayment of principal portion of lease liabilities	(905)	-	(1,799)	-
Net cash used in financing activities	(61,923)	(20,722)	(37,573)	(25,093)
Net decrease in cash and cash equivalents held	(50,736)	(22,917)	(10,868)	(18,616)
Cash and cash equivalents at beginning of the period	101,077	77,514	61,358	73,191
Effects of currency translation on cash and cash equivalents	(75)	(265)	(224)	(243)
Cash and cash equivalents at end of the period	50,266	54,332	50,266	54,332
* The consolidated cash and cash equivalents comprise the following:				
Cash and bank balances	51,818	56,960	51,818	56,960
Restricted cash and short-term bank deposits charged as security to bank	(1,552)	(2,628)	(1,552)	(2,628)
	50,266	54,332	50,266	54,332

5) Consolidated Statement of Changes in Equity

← Attributable to equity holders of the Company →

GROUP 2019	Share Capital \$'000	Other Reserves \$'000	Retained Profits \$'000	Total \$'000	Non-controlling Interests \$'000	Total Equity \$'000
Balance as at 1 Jan 2019	142,242	(32,536)	397,609	507,315	17,636	524,951
Dividends relating to 2018 paid	-	-	(8,408)	(8,408)	-	(8,408)
Adjustment on acquisition of additional shares in a subsidiary from non-controlling interest	-	(202)	-	(202)	202	-
Profit for the period	-	-	18,067	18,067	2,491	20,558
Other comprehensive loss for the period	-	(5,680)	-	(5,680)	10	(5,670)
Balance as at 30 Jun 2019	142,242	(38,418)	407,268	511,092	20,339	531,431

GROUP 2018	Share Capital \$'000	Other Reserves \$'000	Retained Profits \$'000	Total \$'000	Non-controlling Interests \$'000	Total Equity \$'000
Balance as at 1 Jan 2018	142,242	(18,617)	339,302	462,927	12,806	475,733
Dividends relating to 2017 paid	-	-	(12,611)	(12,611)	-	(12,611)
Profit for the period	-	-	18,896	18,896	2,656	21,552
Other comprehensive loss for the period	-	(860)	-	(860)	-	(860)
Balance as at 30 Jun 2018	142,242	(19,477)	345,587	468,352	15,462	483,814

COMPANY 2019	Share Capital \$'000	Other Reserves \$'000	Retained Profits \$'000	Total \$'000
Balance as at 1 Jan 2019	253,553	(557)	17,942	270,938
Dividends relating to 2018 paid	-	-	(8,408)	(8,408)
Profit for the period	-	-	19,820	19,820
Other comprehensive income for the period	-	133	-	133
Balance as at 30 Jun 2019	253,553	(424)	29,354	282,483

COMPANY 2018	Share Capital \$'000	Other Reserves \$'000	Retained Profits \$'000	Total \$'000
Balance as at 1 Jan 2018	253,553	64	20,152	273,769
Dividends relating to 2017 paid	-	-	(12,611)	(12,611)
Profit for the period	-	-	6,544	6,544
Other comprehensive loss for the period	-	(242)	-	(242)
Balance as at 30 Jun 2018	253,553	(178)	14,085	267,460

6) Segment Information

Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding period

The business of the Group is organised into the following business segments:

- a) Workers Accommodation
- b) Students Accommodation
- c) Others

Six months ended 30 June 2019	<u>Workers</u>	<u>Students</u>	<u>Others</u>	<u>Total</u>
	<u>Accommodation</u>	<u>Accommodation</u>		
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Sales to external parties	40,479	22,992	721	64,192
Timing of revenue recognition in relation to revenue from contracts with customers				
- Point in time	2,129	841	593	3,563
- Over time	339	768	-	1,107
	<u>2,468</u>	<u>1,609</u>	<u>593</u>	<u>4,670</u>
Segment results	25,273	9,825	195	35,293
Finance expense	(9,490)	(4,977)	(1)	(14,468)
Interest income				631
Share of profit/(loss) of associated companies and joint ventures	2,614	364	(78)	<u>2,900</u>
Profit before tax				24,356
Income tax expense				<u>(3,798)</u>
Net profit				<u>20,558</u>
Segment assets	694,930	482,916	6,687	1,184,533
Short-term bank deposits				30,985
Financial assets, at fair value through other comprehensive income				9,623
Investments in associated companies				114,482
Investments in joint venture				<u>4,363</u>
Consolidated total assets				<u>1,343,986</u>
Segment liabilities	50,083	22,099	722	72,904
Borrowings	463,628	259,997	-	723,625
Current income tax liabilities				7,936
Deferred income tax liabilities				<u>8,090</u>
Consolidated total liabilities				<u>812,555</u>
Other segment items:				
Capital expenditure	<u>1,530</u>	<u>4,585</u>	-	<u>6,115</u>
Depreciation	<u>931</u>	<u>502</u>	<u>18</u>	<u>1,451</u>

	<u>Workers</u> <u>Accommodation</u>	<u>Students</u> <u>Accommodation</u>	<u>Others</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Six months ended 30 June 2018				
Sales to external parties	40,351	19,154	971	60,476
Timing of revenue recognition in relation to revenue from contracts with customers				
- Point in time	1,509	952	857	3,318
- Over time	341	698	-	1,039
	<u>1,850</u>	<u>1,650</u>	<u>857</u>	<u>4,357</u>
Segment results	25,158	7,572	395	33,125
Finance expense	(7,550)	(3,778)	-	(11,328)
Interest income				508
Dividend income				55
Share of profit/(loss) of associated companies	2,640	753	(13)	3,380
Profit before tax				25,740
Income tax expense				(4,188)
Net profit				<u>21,552</u>
Year ended 31 December 2018				
Segment assets	668,193	471,938	6,697	1,146,828
Short-term bank deposits				44,287
Financial assets, at fair value through other comprehensive income				9,322
Investments in associated companies				116,699
Investments in joint venture				4,604
Consolidated total assets				<u>1,321,740</u>
Segment liabilities	25,547	15,901	809	42,257
Borrowings	469,210	269,179	8	738,397
Current income tax liabilities				8,018
Deferred income tax liabilities				8,117
Consolidated total liabilities				<u>796,789</u>
Other segment items:				
Capital expenditure	14,296	104,758	1	119,055
Depreciation	1,926	1,124	36	3,086

7) NOTES TO THE UNAUDITED SECOND QUARTER AND HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

a) General information

Centurion is incorporated and domiciled in the Republic of Singapore and is dual listed on both the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and The Stock Exchange of Hong Kong Limited ("SEHK"). The address of its registered office is 45 Ubi Road 1, #05-01, Singapore 408696.

The principal activities of the Company include investment holding and provision of management services.

The financial statements are presented in thousands of Singapore Dollars (S\$'000) unless otherwise stated.

b) 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 statements of the Company and the Group have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") under the historical cost convention.

For the purpose of SFRS(I), financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS(I). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to collectively as "IFRS" in these financial statements, unless specified otherwise.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statement of the previous financial year, except where new or amended IFRS or SFRS(I) and Interpretation to FRS ("INT FRS") became effective from this financial year.

c) 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

The Group has adopted the following new accounting standards, amendment and interpretation to existing standards which are mandatory for accounting periods beginning on or after 1 January 2019.

International Financial Reporting Standard 16 - Leases ("IFRS 16")

The Group has applied IFRS 16 from the mandatory adoption date of 1 January 2019. The Group applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 1 January 2019, the Group recognised its existing operating lease arrangements as right-of-use assets (under investment properties) with corresponding lease liabilities and the effects are as shown below:

<u>Balance Sheet</u>	<u>Higher/(Lower)</u>
As at 1 January 2019	Group
<u>Assets</u>	S\$'000
Investment properties	<u>40,857</u>
<u>Liabilities</u>	
Lease liabilities - Current	4,082
Lease liabilities - Non-current	<u>36,775</u>
	<u>40,857</u>

d) Revenue

Rental income from investment properties

Revenue from contracts with customers (IFRS15)

Other revenue from accommodation business

Sales of optical storage media

Management services

Total revenue

	Group		
	<u>Half year ended 30 June</u>		
	2019	2018	Change
	\$ '000	\$ '000	%
Rental income from investment properties	59,522	56,119	6
Other revenue from accommodation business	2,970	2,461	21
Sales of optical storage media	593	857	(31)
Management services	1,107	1,039	7
Total revenue	64,192	60,476	6

e) Revenue and profit breakdown

Continuing operation:

(a) Revenue reported for first half year

(b) Profit after tax reported for first half year

	Group		
	<u>Half year ended 30 June</u>		
	2019	2018	Change
	\$ '000	\$ '000	%
(a) Revenue reported for first half year	64,192	60,476	6
(b) Profit after tax reported for first half year	20,558	21,552	(5)

f) Other income and gains - net

Rental income

Interest income

Dividend income

Currency exchange loss- net

Net loss on disposal of plant and equipment

Government grants

Others

	Group		
	<u>Half year ended 30 June</u>		
	2019	2018	Change
	\$ '000	\$ '000	%
Rental income	-	7	N/M
Interest income	631	508	24
Dividend income	-	55	N/M
Currency exchange loss- net	(3)	(99)	(97)
Net loss on disposal of plant and equipment	(57)	(12)	N/M
Government grants	59	108	(45)
Others	27	4	N/M
	657	571	15

g) Income tax expense

Tax expense attributable to the profit is made up of:

- Profit for the financial period

Current income tax

Deferred income tax

- (Over)/under provision in prior financial periods

Current income tax

Deferred income tax

	Group		
	<u>Half year ended 30 June</u>		
	2019	2018	Change
	\$ '000	\$ '000	%
- Profit for the financial period			
Current income tax	3,820	4,177	(9)
Deferred income tax	(43)	(56)	(23)
	3,777	4,121	(8)
- (Over)/under provision in prior financial periods			
Current income tax	(78)	10	N/M
Deferred income tax	99	57	74
	3,798	4,188	(9)

h) Other information on Income Statement

Depreciation and amortisation
Allowance for impairment of trade and other receivables

Group		
Half year ended 30 June		
2019	2018	Change
\$ '000	\$ '000	%
(1,451)	(1,605)	(10)
(52)	(24)	117

i) Trade and other receivables

Trade receivables primarily consisted of the trade receivables from non-related parties i.e. customers.

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

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

Up to 3 months
3 to 6 months
Over 6 months

Less: Cumulative allowance for impairment

Group	
30 Jun 2019	31 Dec 2018
\$ '000	\$ '000
2,458	2,892
167	302
730	672
3,355	3,866
(820)	(781)
2,535	3,085

j) Trade and other payables

Trade payables mainly comprised payables to utilities, suppliers of consumables and services.

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

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

Up to 3 months
3 to 6 months
Over 6 months

Group	
30 Jun 2019	31 Dec 2018
\$ '000	\$ '000
1,397	3,562
230	51
432	624
2,059	4,237

N/M: Not meaningful

k) Group's borrowings

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

Secured
Unsecured
Sub Total

Group	
30 Jun 2019	31 Dec 2018
\$'000	\$'000
43,834	42,055
2,235	939
46,069	42,994

(ii) Amount repayable after one year

Secured
Unsecured
Sub Total

Group	
30 Jun 2019	31 Dec 2018
\$'000	\$'000
569,805	560,984
107,751	134,419
677,556	695,403
723,625	738,397

Total borrowings

(iii) Details of any collateral

The Group's secured borrowings include bank borrowings and lease liabilities. The borrowings are secured by fixed charges over certain bank deposits and investment properties of the subsidiaries.

l) Share capital and treasury shares

Share capital

Beginning and end of financial period

Company No. of shares issued	Group Share capital \$ '000	Company Share capital \$ '000
840,778,624	142,242	253,553

Total number of issued shares excluding treasury shares

Company	
30 Jun 2019	31 Dec 2018
840,778,624	840,778,624

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Share options, warrants and convertibles

As at 30 June 2019 and 30 June 2018, the Company did not have any employee share option scheme and has no outstanding options, warrants or convertibles.

Treasury shares and subsidiary holdings

Number of shares held as treasury shares

Number of subsidiary holdings

Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding

Company	
As at 30 Jun 2019	As at 30 Jun 2018
-	-
-	-
0%	0%

There were no sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the current financial period reported on.

m) Purchase, sales or redemption of the Company's listed securities and cancellation of treasury shares

There was no purchase, sales or redemption of the Company's listed securities and cancellation of treasury shares during the period ended 30 June 2019.

8. Group Performance Review

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

(a)(i) Second quarter review - 2Q 2019 vs 2Q 2018

The Group's revenue increased by 8% to S\$32.9 million for the quarter ended 30 June 2019 ("2Q 2019"), from S\$30.4 million in the quarter ended 30 June 2018 ("2Q 2018").

The higher revenue was mainly due to revenue contribution from the Group's newly added properties such as dwell East End Adelaide in Australia and dwell Princess Street in the United Kingdom ("UK"). Higher occupancy rates achieved on our Singapore workers accommodation has also contributed to the better revenue performance.

The Group's gross profit increased by 12% year-on-year, from S\$22.0 million in 2Q 2018 to S\$24.7 million in 2Q 2019 mainly due to the increase in revenue. The adoption of IFRS 16 Leases ("IFRS 16") which came into effect in January 2019 had improved the gross profit including certain rental expenses on operating leases being reclassified as finance expenses. On the other hand, the Group's properties in South Korea and Westlite Bukit Minyak, Penang which started operations in late February 2019 and May 2019 respectively incurred start-up losses that reduced the gross profit by about S\$0.4 million in 2Q 2019. These two properties are in the midst of ramping up its occupancy.

In line with the Group's expanded business operations, administrative expenses increased by S\$0.8 million compared to 2Q 2018.

Finance expenses increased by S\$1.3 million, mainly due to new borrowings to fund the Group's expansion. The higher expenses were also due to higher interest rates compared to the previous corresponding period, and the implementation of the IFRS 16 which resulted in the recognition of S\$0.3 million finance expenses from lease liabilities in 2Q 2019.

Share of profit of associated companies and joint venture decreased by S\$0.3 million, largely due to lower contribution from the Centurion US Student Housing Fund (the "US Fund").

Net profit after tax derived from the Group's operations was S\$11.5 million in 2Q 2019, an increase of S\$0.4 million compared to 2Q 2018.

(a)(ii) Half year review - 1H FY2019 vs 1H FY2018

The Group registered a 6% increase in revenue, from S\$60.5 million in the six months ended 30 June 2018 ("1H 2018") to S\$64.2 million in the six months ended 30 June 2019 ("1H 2019").

The higher revenue was mainly attributable to revenue contribution from dwell East End Adelaide in Australia and dwell Princess Street in the UK as well as the increase in rental rates from the Group's UK assets.

Gross profit for the Group in 1H 2019 increased by S\$3.4 million on the back of the higher revenue and adoption of IFRS 16, which have offset the increased cost of sales associated with the start-up of new operational assets.

The expanded business operations resulted in an increase of S\$1.3 million in administrative costs.

Finance expenses increased by S\$3.1 million due to new borrowings to fund the Group's expansion, higher interest rates compared to the previous corresponding period, and the implementation of the IFRS 16 which resulted in S\$0.7 million additional finance expenses from lease liabilities.

Share of the profit of associated companies and joint venture reduced by S\$0.5 million in 1H 2019 mainly due to lower contribution from the US Fund.

The Group's net profit of S\$20.6 million was lower by S\$1.0 million compared to 1H 2018. This was substantially due to start-up costs incurred for the new properties and higher interest expense on additional borrowings to fund the Group's expansion.

(b) Review of Group Balance Sheet

Assets

The redemption of the Multicurrency Medium Term Notes ("MTN") Series 3 Notes in April 2019 and payment of dividends to equity holders of the Company led to a S\$11.1 million reduction in cash and bank balances, which stood at S\$51.8 million as at 30 June 2019. Please refer to (d) for review of the Group's cash flow statements.

Trade and other payables reduced by S\$9.7 million, largely due to settlement of the payables relating to construction costs and recognition of advance rental to the income statement.

As a result of the new IFRS 16, investment properties increased by S\$40.2 million. Correspondingly, the total lease liabilities balance of S\$39.2 million was recorded as at 30 June 2019.

During the quarter, the Group reduced its interest rate risk on borrowings through the purchase of an interest rate swap, which was recognised as S\$1.1 million of derivative financial instruments as at 30 June 2019.

Borrowings & Gearing

As at 30 June 2019, the Group had net current liabilities of S\$10.6 million. The Group currently has sufficient cash resources and banking facilities available of S\$118.5 million to meet its current liabilities.

The Group's net gearing ratio was 54% which remain the same as at 31 December 2018. The Group's developmental and acquired operating assets are primarily funded through bank borrowings, which has an average remaining maturity profile of 8 years. The Group finances its long term assets with long term bank debt with regular principal repayments.

The Group's balance sheet remained healthy with S\$51.8 million in cash and bank balances as at 30 June 2019.

(c) Review of Company Balance Sheet

Borrowings reduced by S\$24.8 million due to the redemption of S\$85 million of the MTN Series 3 Notes in April 2019 and the issue of S\$60 million MTN Series 4 Notes during 1H 2019.

(d) Review of Statement of Cash Flows

In 1H 2019, the Group generated a positive cash flow of S\$27.4 million from operating activities.

Net cash used in investing activities amounted to S\$0.7 million, mainly due to the development of RMIT Village, which was offset with dividends received from an associated company.

The Group recorded net cash used in financing activities of S\$37.6 million following the redemption of the MTN Series 3 Notes, the issue of the MTN Series 4 Notes, repayment of borrowings as well as interest and dividends paid during the period.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of S\$10.9 million in 1H 2019.

9. (a) Earnings per share

	Group <u>Second quarter ended 30 Jun</u>		Group <u>Half year ended 30 Jun</u>	
	2019	2018	2019	2018
Net profit attributable to equity holders of the Company (S\$'000)	10,191	9,767	18,067	18,896
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,779	840,779	840,779	840,779
<u>Earnings per ordinary share:</u>				
(i) Basic earnings per share (cents)	1.21	1.16	2.15	2.25
(ii) Diluted earnings per share (cents)	1.21	1.16	2.15	2.25

(b) Net asset value

	Group		Company	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Net asset value per ordinary share (see note below)	60.79 cents	60.34 cents	33.6 cents	32.22 cents

Note:

The Group's and Company's net asset value per ordinary share is calculated based on the Company's total number of issued shares (excluding treasury shares) of 840,778,624 ordinary shares as at 30 June 2019 and 31 December 2018.

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 2019, the Group operated a diversified portfolio of 31 operational purpose-built workers and student accommodation assets ("PBWA" and "PBSA", respectively) comprising approximately 63,052 beds across Singapore, Malaysia, Australia, South Korea, the United Kingdom ("UK") and United States ("US").

(a) Workers Accommodation

As at 30 June 2019, Centurion had a total of 26,100 beds across four operating workers accommodation assets in Singapore, with a high average occupancy rate of 96.9% for 1H 2019.

In its Budget 2019¹, the Singapore government indicated that it has kept the foreign workers quota in the construction, marine, processing and manufacturing sectors unchanged. Furthermore, the Ministry of Manpower has announced that as at December 2018, the population of Non-Domestic Foreign Workers with work permits (excluding Foreign Domestic Workers) stood at 718,800, as compared to 718,400 from the year before². The Group expects demand from the PBWA sector to remain stable.

In Singapore, Centurion has secured a 10-year lease, with an option to renew for another 5 years, for Westlite Juniper (fka Juniper Lodge), which will add approximately 1,900 beds to the PBWA portfolio. Westlite Juniper is located at Mandai Estate and is within walking distance to Westlite Mandai. Westlite Juniper is expected to commence operations from September 2019.

In April 2019, Centurion announced a proposed reconstruction of an existing block in Westlite Toh Guan, which has obtained outline permission from the Urban Redevelopment Authority (URA). This reconstruction will add an industrial training centre, and serve to enhance the property's service offer and occupancy stability. Following approval from the various governmental authorities, Centurion will apply to URA for a written permission and seek approval from the Singapore Land Authority (SLA) for an extension of the use of the existing lease for PBWA use from 2032 to 2057.

In Malaysia, Centurion operated approximately 30,700 beds across seven workers accommodation assets during the quarter. The assets, which are well-located in key manufacturing hubs, enjoyed an average occupancy of 90.2% for 1H 2019 excluding Westlite Bukit Minyak. The Group expects occupancy for Westlite Bukit Minyak to gradually ramp up over the course of 2019, following the fitting out works completed in 1Q 2019.

The demand for PBWA in Malaysia is expected to be driven by the government's moves to ensure proper housing for foreign workers. This is evidenced in the passing of the Worker's Minimum Standards of Housing and Amenities (Amendment) Bill 2019 in July 2019, which aims to expand the minimum standard of housing and provision of basic facilities for workers in all sectors.

In 2Q 2019, Centurion has leased an adjacent block in Westlite Pasir Gudang from Tenaga Nasional Berhad (TNB) on a 9-year lease term, adding approximately 400 beds. Centurion also commenced development for three dormitory blocks on an existing parcel of land at Tampoi. This project, named Tampoi II is expected to add approximately 3,600 beds and complete construction in 3Q 2020.

(b) Student Accommodation

The Group had a student portfolio of approximately 6,252 beds across 20 operational assets in the US, UK, Australia, Singapore and South Korea as at 30 June 2019.

In the UK, the Group achieved a healthy average occupancy of 90.3% for 1H 2019. Despite wider uncertainties surrounding Brexit, an increase in acquisitions of PBSA assets in the UK by global investors as well as an uptick in the development pipeline underscores the resilience of the sector. According to the Universities and Colleges Admissions Service, there was a record number of applicants from outside the European Union who have applied to study in the UK as at 30 June 2019, an increase of 8% from the previous year³. Demand from international students is also expected to remain strong, with the UK Department of Education setting the goal of attracting the number of international students from the current approximately 460,000 enrolled to 600,000 by 2030⁴.

In Australia, RMIT Village in Melbourne has achieved a stable average occupancy of 81.3% for 2Q 2019. This includes 43 beds which were completed in 2Q 2019 under the Asset Enhancement Programme. For the newly completed development of dwell East End Adelaide, it has achieved an average occupancy of 82.1% in 2Q 2019.

Australia remains the premier destination for international students. Statistics from Australia's Department of Education shows that Australia continued to experience growth in international student population, with 361,161 international students in the Higher Education segment as at May 2019, a 13% increase from 2018⁵.

In South Korea, occupancy for dwell Dongdaemun is expected to ramp up progressively over the course of 2019. In the US, the Group's six PBSA assets continued to record healthy average occupancy rates.

In Singapore, dwell Selegie achieved an average occupancy of 87.3% for 1H 2019.

The positive supply-demand dynamics within the student accommodation segment and the anti-cyclical resilience of this accommodation asset class point towards a healthy outlook for the Group's strategically-located student accommodation assets.

Growth strategy

The Group remains on track to continue growing its specialised accommodation business globally. It has both portfolio growth and asset light strategies in place, with the former involving selective acquisitions, developments and asset enhancement programmes. The latter seeks to achieve scalable growth through joint ventures, as well as the establishment and provision of investment, asset and property management services.

While the Group remains focused on niche accommodation assets within the PBSA and PBWA sectors which generate stable and recurring income streams, it will also consider opportunities to invest in new specialised accommodation types.

Remark:

1. Source: [MOM Budget 2019 Highlights](#), 5 March 2019
2. Source: [Ministry of Manpower – Foreign workforce numbers](#)
3. Source: [Universities and Colleges Admissions Service](#), 11 July 2019
4. Source: [ICEF Monitor](#), 20 March 2019
5. Source: [Australian Government Department of Education](#), May 2019

11. Use of Proceeds

Not applicable

12. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

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

Shareholders in Singapore will receive the interim dividend of SGD1.0 cent per share. Shareholders in Hong Kong will receive the interim dividend of Hong Kong dollar equivalent of HKD5.64* cents per share.

*Exchange used: SGD1 = HKD5.64 as at 13 August 2019.

(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	<u>Interim dividend</u>
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.0 cent per ordinary share
Dividend Payment Date	4 September 2018
Currency	SGD
Tax Rate	1-tier tax exempt

(c) Date Payable

The interim dividend will be paid on 12 September 2019.

(d) Book Closure Date

For shareholders in Singapore

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on 29 August 2019 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00, ASO Building, Singapore 048544, up to 5:00 pm on 28 August 2019 will be registered to determine shareholders' entitlements to the interim dividend.

Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares at 5:00 pm on 28 August 2019 will be entitled to the interim dividend.

For shareholders in Hong Kong

The Hong Kong branch share register will be closed on 29 August 2019 for the purpose of determining the shareholders' entitlements to the interim dividend. In order to qualify for the interim dividend for shareholders whose names appear on the Hong Kong branch share register, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on 28 August 2019.

13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable for quarter announcement

14. If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

15. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors, PricewaterhouseCoopers, LLP.

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

Not applicable.

17. Review by Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference which deal clearly with its authority and duties. Amongst the Audit Committee's principal duties is to review and supervise the Company's financial reporting process and internal controls. The Audit Committee has reviewed the unaudited consolidated results and the accounting principles and policies adopted by the Group for the period ended 30 June 2019.

The Company has out-sourced its internal audit function to BDO LLP. The internal auditor reports directly to the Chairman of the Audit Committee and presents their reports and audit findings with regards to the adequacy and effectiveness of the Company's internal control and make recommendations to the Audit Committee.

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

18. Compliance with Corporate Governance Codes

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

In the event of any conflict between the 2012 Code and HK CG Code, the Company will comply with the more stringent requirements. Throughout the six months ended 30 June 2019, the Company has complied with applicable provisions in the 2012 Code and HK CG Code, except those appropriately justified and disclosed.

As disclosed in the section titled "Corporate Governance" in the Company's 2018 Annual Report, the Monetary Authority of Singapore has on 6 August 2018 issued the revised Code of Corporate Governance ("2018 Code"). The 2018 Code replaces the 2012 Code and is applicable to the Company's Annual Reports covering the financial years commencing from 1 January 2019. The Company will review and report its corporate governance practices in line with the 2018 Code in the next Annual Report.

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

In compliance with Rule 1207(19) of the Listing Manual (the "Listing Manual") of SGX-ST and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the HK Listing Rules, the Company has adopted the Code of Best Practices on Securities Transactions by the Company and its Directors and Officers as its code for securities transactions by its Directors and Officers pursuant to the Listing Manual of the SGX-ST and the Model Code's best practices on dealings in securities. In furtherance, specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2019.

The Company, the Directors and its Officers are not allowed to deal in the Company's securities at all times whilst in possession of unpublished price sensitive information and during the periods commencing:

(a) 30 days immediately preceding the publication date of the announcement of the Company's quarterly results or half-year results of a financial year or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; and

(b) 60 days immediately preceding the publication date of the announcement of the Company's full-year results or, if shorter, the period from the end of a financial year and up to the publication date of the results.

Directors, officers and employees have also been directed to refrain from dealing in the Company's securities on short-term considerations.

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

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

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (the "HKEx") at www.hkexnews.hk, the website of the Company at www.centurioncorp.com.sg and the website of the SGX-ST at www2.sgx.com. The interim report of the Company for the six months ended 30 June 2019 will be despatched to the Shareholders in Hong Kong and published on the respective websites of the HKEx, SGX-ST and the Company in due course.

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

No forecast or prospect statement was previously disclosed to shareholders.

- 22. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect**

The Company does not have a shareholders' mandate for IPTs.

- 23. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual of SGX-ST. If there are no such persons, the issuer must make an appropriate negative statement**

Not applicable for quarter announcement.

- 24. Confirmation of Directors' and Executive Officers' Undertakings**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual of SGX-ST.

- 25. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST**

On behalf of the Board of Directors of the Company, we, Wong Kok Hoe and Loh Kim Kang David, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the second quarter and half year ended 30 June 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Kong Chee Min
Chief Executive Officer
13 August 2019

As at the date of this announcement, the Board comprises Mr. Teo Peng Kwang as executive director; Mr. Han Seng Juan, Mr. Loh Kim Kang David and Mr. Wong Kok Hoe as non-executive directors; and Mr. Gn Hiang Meng, Mr. Chandra Mohan s/o Rethnam, Mr. Owi Kek Hean and Ms. Tan Poh Hong as independent non-executive directors.