Centurion Corporation Limited (formerly known as SM Summit Holdings Ltd)
(Company Registration No. 198401088W)

**PRESS RELEASE**

***For Immediate Release***

## CENTURION SEES IMPROVEMENT IN GROSS MARGIN FOR SECOND QUARTER AND FIRST HALF FY2011

- 1H2011 gross margin improved 5.3% points year-on-year to 24.6%
- Overall net loss of S$2.16 million in 1H2011 largely due to one-off Acquisition Cost[1]
- Post acquisitions[2], Centurion will further expand workers accommodation business to become a leading player in the region

**Singapore, 11 August 2011 -** Centurion Corporation Limited ("Centurion" or the "Group") today announced its financial results for the second quarter ("2Q FY2011") and half year ("1H2011") ended 30 June 2011.

As a result of reduction in fixed manufacturing overheads and better gross profit margin, the Group reported a year-on-year growth in gross profit of 13% to S$2.21 million in 2Q FY2011. This was despite a 5% decrease in revenue for the quarter, which was affected by slower demand in customer orders.

Comparing 1H2010 and 1H2011, the Group saw a 1% revenue increase to S$17.46 million, and a bigger jump in gross profit of 29% to S$4.30 million. The improvement in profit performance is largely attributed to lower depreciation and labour costs but partly limited by the increase in material costs due to the higher cost of outsourcing to third parties for certain orders in 1Q FY2011.

Despite a healthy gross profit performance, the Group's bottom line was affected by a one-off expenditure of S$1.5 million incurred in 2Q FY2011 relating to the acquisitions of Westlite[3] and 45% stake in JVCo[4] ("Acquisition Cost")[1] in line with the Group's expansionary and diversification efforts. This has resulted in net losses of S$1.76 million and S$2.16 million for 2Q FY2011 and 1H2011, respectively for the Group.

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[1] Acquisition Cost refers to S$1.5million fee relating to the acquisitions of Westlite and a 45% stake in JVCo
[2] Acquisitions of Westlite and 45% stake in JVCo
[3] Westlite refers to Centurion Dormitory (Westlite) Pte. Ltd.
[4] JVCo refers to Lian Beng-Centurion (Mandai) Pte. Ltd.

Comparing this performance with 1H2010 where losses reached S$1.84 million, the Group would have reduced its net loss to S$660,000 in 1H2011 if the Acquisition Cost was excluded. Similarly, excluding the Acquisition Cost, the net loss for 2Q FY2011 would have been reduced to S$260,000.

Despite the net losses, the Group achieved positive cash flow of S$1.1 million from its operating activities before changes in working capital for 1H2011, which compares favourably with the S$415,000 generated for 1H2010. Taking into consideration changes in operating assets and liabilities, the Group still generated positive operating cash flow of S$161,000 for 1H2011, a sharp reversal from negative cash flow of S$1.62 million for 1H2010.

Mr Kong Chee Min, CEO of Centurion Corporation Limited said, "We are pleased that our optical disc manufacturing business has continued to generate positive cash flows, despite challenging operating environment and market conditions. The recent successful acquisitions will allow us to jumpstart our diversification into the workers dormitory business, which will create a new revenue stream for the Group and propel our growth in the region moving forward. Our aim is to be a leading provider of quality workers' accommodation which will be primarily engaged in designing, building and owning of dormitory assets, as well as providing professional dormitory management services in Singapore and the region."

Commenting on the Group's expansion plans in the region, Mr Kong said, "We are currently actively exploring growth opportunities in the region, particularly in Malaysia and China. Leveraging the combined experience and expertise of our new board and management team, we believe that our Group is well-positioned to capitalise on the increasing demand for quality workers' dormitory in this region, supported by the regional economies' continuous reliance on foreign workers."

In Malaysia, Centurion is currently in discussion with potential business partners to enter the market. "There are a lot of opportunities for growth in Malaysia, especially in the key industrial hubs where foreign workers are employed. Over the next few years, we aim to be one of the leading providers of quality workers' accommodation in Malaysia, with a capacity of 50,000 to 100,000 beds," Mr Kong added.

Following the completion of the acquisitions of Westlite[5] and a 45% stake in JVCo[6] on 1 August 2011, the Group's financial results for the year ending 31 December 2011 are expected to improve. As part of the terms of the Westlite acquisition, there was a profit warranty that the combined aggregate net profit after tax of Westlite for the financial year ending 31 December 2011 and for the financial year ending 31 December 2012 shall be at least S$10.2 million in total.

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**ABOUT CENTURION CORPORATION LIMITED**

Centurion Corporation Limited, formerly known as SM Summit Holdings Limited, owns and operates dormitory assets, as well as a storage disc manufacturing business. The Group's dormitory assets currently include Centurion Dormitory (Westlite) Pte. Ltd. the owner-operator of Westlite Dormitory located at 18 Toh Guan Road East and 45% of the issued share capital of Lian Beng-Centurion (Mandai) Pte. Ltd. which owns a piece of freehold industrial land in Mandai, of approximately 18,700 square metres which will be developed into dormitories on part of the land. In addition, it is also involved in the business of manufacturing compact discs, digital versatile discs and data storage.

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