Centurion

Centurion Corporation Limited (formerly known as SM Summit Holdings Ltd)

(Company Registration No. 198401088W)

PRESS RELEASE

For Immediate Release

CENTURION'S NET PROFIT ACHIEVES 12-FOLD INCREASE TO $56 MILLION IN 2Q 2013 BOOSTED BY FAIR VALUE GAINS

- Accommodation Business registered revenue growth of 9% and net profit increase of 16% in 2Q 2013
- Balance sheet strengthened by increase of net asset value to $263 million
- Declares issuance of 1 free bonus warrant for every 10 shares held to reward shareholders

	1 Apr 13 - 30 Jun 13 (2Q 2013) $'000	1 Apr 12 - 30 Jun 12 (2Q 2012) $'000	Increase %	1 Jan 13 - 30 Jun 13 (1H 2013) $'000	1 Jan 12 - 30 Jun 12 (1H 2012) $'000	Increase %
Revenue	15,984	17,030	-6%	31,983	30,005	7%
Gross Profit	7,742	7,726	0%	15,766	13,797	14%
Gross Margin	48%	45%	3 pp	49%	46%	3 pp
Net Profit	55,999	4,200	1233%	59,824	6,209	864%

Singapore, 13 August 2013 - Centurion Corporation Limited (胜捷企业有限公司) ("Centurion", the "Company", or together with its subsidiaries, the "Group") which owns, develops and manages quality workers accommodation assets under the WESTLITE brand, today announced its financial results for the second quarter ("2Q 2013") and first half ("1H 2013") ended 30 June 2013.

The Group reported a net profit of $56 million in 2Q 2013, a twelve-fold increase or $52 million higher compared to the corresponding quarter 2Q 2012. The current quarter's results had included one-off items namely the fair value gain arising from the change in recognition of investment properties from a cost to a fair value basis and the impairment loss of assets of its optical disc business.

In 2Q 2013, the Group recorded revenues of $16 million, a decline of $1 million or 6% from 2Q 2012. The Group's workers accommodation business registered a quarter on quarter growth of 9% or a $1 million increase in revenue but was offset by a drop in sales in the optical business, of about $2 million in 2Q 2013.

Despite lower turnover, gross profit margin for the Group improved 3 percent due to revenue growth in the workers accommodation business, which has a higher profit margin compared to the optical disc business.

In alignment with industry practice, the Group changed its accounting policy for its investment properties from a cost to a fair value model with effect from the current quarter 2Q 2013. The fair value gain on the Group's and joint venture's investment properties of $36.4 million and $19.5 million respectively were recognized in the current quarter, which comprises the change in fair value since the end of the last financial year.

In view of the unfavorable market outlook for its optical disc business, the Group made a one-off impairment charge of $3.9 million on plant and equipment to reflect expected reduction in future cash flow generated from the use of such assets. After the impairment, the Group's optical disc plant and equipment has approximately $2 million in book value remaining on the Group's balance sheets.

Accommodation Business
– Summary of Financial Figures (excluding fair value gains)

	1 Apr 13 - 30 Jun 13 (2Q 2013) $'000	1 Apr 12 - 30 Jun 12 (2Q 2012) $'000	Increase %	1 Jan 13 - 30 Jun 13 (1H 2013) $'000	1 Jan 12 - 30 Jun 12 (1H 2012) $'000	Increase %
Revenue	11,341	10,408	9%	22,484	16,031	40%
Gross Profit	6,731	6,170	9%	13,477	10,101	33%
Gross Margin	59%	59%	0 pp	60%	63%	- 3 pp
Net Profit	4,634	3,983	16%	8,739	5,889	48%

Excluding the fair value gain and one-off impairment charge, the Group's net profit for 2Q 2013 was $4 million, of which the accommodation business accounted for $4.6 million, a 16% gain compared to 2Q 2012 primarily due to the 9% growth in revenue, while the optical disc business incurred a loss of $0.6 million compared to a profit of $0.2 million in 2Q 2012.

In 1H 2013 revenue grew to $32 million from $30 million in 1H 2012. The Group's worker's accommodation business achieved 40% growth or a $6.5 million increase in revenue compared to the previous year due to the continued expansion of the Group's workers accommodation assets and the growth in rental rates in Singapore. Overall, the Group posted a net profit of $60 million for 1H 2013. Excluding the total fair value gains of $55.9 million and the one-off impairment charge of $3.9 million, the Group's net profit in 1H 2013 was $7.9 million, an increase of 27% or $1.7 million compared to 1H 2012.

With the fair valuation and impairment charge, the Group's long-term asset values have been brought closer to its market value and are better reflected on the Group's balance sheets. The net assets of the Group had accordingly increased to $263 million as at the end of 30 Jun 2013.

Mr Kong Chee Min (江志明), Mr Kong Chee Min, CEO of Centurion Corporation Limited said, "Centurion's focus on the accommodation business has gained further traction, and continues to drive the growth of the company. Having built a firm foundation and a solid balance sheet, we are actively seeking growth opportunities in other geographical territories as well as other accommodation types, including student, executive and short stay accommodation."

Outlook

The Group's Accommodation Business is expected to remain robust. Underpinned by strong demand for workers accommodation in Singapore, its accommodation at Tuas and Toh Guan are expected to enjoy almost-full occupancy rates.

The Group's joint venture workers accommodation at Mandai, which commenced operations in April 2013 with 4,750 beds, has achieved full occupancy in 3Q 2013. It expects similarly good demand for the additional 1,540 beds when the second phase of its development is completed in 4Q 2013. The profits on the sale of factory units (currently under development), in which the Group has a 45% share, shall be recognised when it expects to receive its temporary occupancy permit in 4Q2013.

In Malaysia, the Group currently has four operational workers accommodation properties in Johor. The Group expects a steady growth in occupancy levels, contributing positively to profitability in 2013. The Group expects to increase its bed capacity by 4,000 when its properties in Senai and Pasir Gudang commence operations in 3Q 2013.The operating environment for the Group's optical disc business is likely to remain challenging. Market demand for physical storage media is expected to fall with consumers shifting to internet downloads and streaming versus physical packaged media. The Group will carefully calibrate its factory capacity according to demand, and exercise prudent cost management strategies to ensure that the business continues to contribute positively to overall profitability and generates positive cash flows.

In accordance with its expansion plans, the Group continues to actively seek and explore acquisition and management service opportunities in its accommodation business, both in Singapore and overseas.

Bonus Warrants

The Group is pleased to announce a renounceable non-underwritten warrants issue of up to 75,606,084 free warrants on the basis of one (1) free Warrant for every ten (10) existing ordinary shares in the capital of the Company held by the shareholders of the Company.

Each Warrant will carry the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of $0.50. This is to reward shareholders and provide shareholders with the opportunity to increase their equity participation in the Company.

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ABOUT CENTURION CORPORATION LIMITED

Centurion Corporation Limited, formerly known as SM Summit Holdings Limited, owns and operates accommodation assets, as well as a storage disc manufacturing business. The Group owns and operates two accommodation assets in Singapore and 45% of the issued share capital of Lian Beng-Centurion (Mandai) Pte. Ltd. which owns a piece of freehold land in Mandai, that is being developed into a ramp up industrial building and workers accommodation. In Malaysia, through its subsidiary Centurion Dormitories Sdn. Bhd., the Group owns and operates four purpose-built accommodation assets and two development projects in the state of Johor.

The Group currently has a portfolio of 18,186 and 10,880 beds in Singapore and Malaysia respectively. Upon completion of upgrading, renovation or development works, the Group's accommodation portfolio will grow to a total of up to 50,370 beds. The Group continues to tap on its expertise in the workers accommodation business to seek new business opportunities in student accommodation and short-stay accommodation for business executives and workers. In September 2012, it announced its foray into the Australian accommodation business with the acquisition of land in Port Hedland, Western Australia which it intends to develop to cater for workers and business executives in the region's mining industry. In addition, the Group is involved in the business of manufacturing compact discs, digital versatile discs and data storage.

MEDIA CONTACTS

Kreab Gavin Anderson

Vanessa Ho / Jude Krishnan
+65 6339 9110
vho@kreabgavinanderson.com
jkrishnan@kreabgavinanderson.com

APPENDIX

The Group's Asset Portfolio (as at 30 June 2013)

Location	Dormitory	Current Capacity (no. of beds)	Expected Capacity* (no. of beds)
Singapore	Toh Guan Dormitory (under upgrade)	4,836	8,600
	Mandai Dormitory (under development)	4,750	6,290
	Tuas Dormitory	8,600	8,600
Malaysia	Tebrau Dormitory	2,480	2,480
	Johor Tech Park Dormitory	5,800	5,800
	Desa Cemerlang Dormitory	1,600	1,600
	Pasir Gudang I Dormitory	1,000	1,000
	Pasir Gudang II Dormitory (under development)	0	1,000
	Tampoi Dormitory (under planning)	0	6,000
	Senai Dormitory (under development)	0	3,000
	Senai Dormitory (under planning)	0	6,000
	Total	29,066	50,370

**upon completion of upgrading works/ construction*