



**PRESS RELEASE**  
**For Immediate Release**

**CENTURION CORP'S ACCOMMODATION BUSINESS GREW 43% TO ACHIEVE NET PROFIT OF S\$19.6 MILLION IN FY2013**

- *The Group's overall net profit in FY2013 reached S\$92.2 million, including S\$77.2 million in fair value gains on investment properties and a one-off impairment charge of S\$3.9 million on its optical disc equipment*
- *Successfully executed its diversification plan to expand regionally and into other accommodation segments*
- *On track to grow workers accommodation portfolio to more than 50,000 beds by 2015*

	Fourth Quarter Ended 31 December			Full Year Ended 31 December		
	2013 (4Q 2013)	2012 (4Q 2012)*	Increase %	2013 (FY 2013)	2012 (FY 2012)*	Increase %
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>	17,591	17,560	0%	66,432	65,231	2%
<b>Gross Profit</b>	9,606	8,848	9%	34,725	31,517	10%
<b>Gross Margin</b>	55%	50%	5 pp	52%	48%	4 pp
<b>Net Profit</b>	26,941	5,369	402%	92,158	15,997	476%

\* Restated

**Singapore, 28 February 2014 - 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 accommodation assets, has achieved strong financial performance for its financial year ending 31 December 2013 ("FY2013"), with its accommodation business growing a healthy 43% year-on-year to achieve S\$19.6 million in net profit.

Overall, the Group's net profit in FY2013 reached S\$92.2 million, including fair value gains of S\$77.2 million derived from the Group's and the joint venture's investment properties and a one-off impairment charge of S\$3.9 million on its optical disc plant and equipment.

"Over the year, the Group has expanded our geographical footprint and diversified into the student accommodation business. We are pleased with the Group's performance this year, which we believe sets the stage for us to bring our expertise and capabilities in the accommodation management business further out into Asia and beyond," said Mr Kong Chee Min (江志明), CEO of Centurion Corporation Limited.

Group revenue rose from S\$65.2 million in FY2012 to S\$66.4 million in FY2013. The Group's accommodation business achieved a 26% growth in revenue in FY2013, on the

back of continued expansion of the Group's workers accommodation assets in Malaysia as well as rental rate improvements in Singapore.

Revenue from the Group's optical disc business, however, declined 31% as demand for the Group's physical optical disc media from its customers continued to weaken.

With the increased revenue contribution from the accommodation business, which garners higher gross profit margin, the Group's gross profit improved by 10% in FY2013 to reach S\$34.7 million. Gross profit margin was up four percentage points to reach 52%.

With effect from the second quarter of FY2013, the Group changed its accounting policy for investment properties from cost to fair value model. Independent valuations were carried out for the financial year-end on all the investment properties held as at 31 December 2013. As a result, the Group recognised in FY2013 a fair value gain of S\$43.1 million on investment properties and S\$34.1 million on its joint venture's investment property, which comprised the change in fair value since the end of the last financial year.

### Accommodation Business

#### – Summary of Financial Figures (excluding fair value gain)

Accommodation Business	1 Oct 13 - 31 Dec 13	1 Oct 12 - 31 Dec 12	Increase %	1 Jan 13 - 31 Dec 13	1 Jan 12 - 31 Dec 12	Increase %
	(4Q 2013) S\$'000	(4Q 2012) S\$'000		(FY 2013) S\$'000	(FY 2012) S\$'000	
Revenue	12,690	10,591	20%	47,275	37,381	26%
Gross Profit	8,342	6,213	34%	30,050	23,199	30%
Gross Margin	66%	59%	7 pp	64%	62%	2 pp
Net Profit	5,179	3,580	45%	19,631	13,761	43%

Excluding fair value gains and the one-off impairment charge, the Group's net profit in FY2013 amounted to S\$18.8 million, an increase of 23% over last year. Of the S\$18.8 million, the Group's accommodation business contributed S\$19.6 million, while its optical disc business suffered a loss of S\$0.8 million compared to a net profit of S\$1.5 million achieved a year ago. Despite the loss in the optical disc business, it had contributed about S\$1.2 million towards the Group's operating cash flow in FY2013.

During the year, the Group continued to maintain a healthy balance sheet. Borrowings in FY2013 increased by S\$110.2 million largely due to the S\$100 million medium term note ("MTN") issued in October 2013 and bank loans obtained to finance the Group's dormitory expansion. As at 31 December 2013, the Group's gearing ratio stood at a comfortable 39%.

On a quarterly basis, the Group's revenue increased by S\$31,000 to S\$17.6 million in the fourth quarter ended 31 December 2013 ("4Q 2013") compared to 4Q 2012. Revenue for the accommodation business in 4Q 2013 grew by 20% year-on-year to hit S\$12.7 million. The optical disc business, on the other hand, experienced a revenue reduction of 30% during the reporting quarter.

Gross profit in 4Q 2013 was S\$0.8 million higher year-on-year with gross profit margin increasing from 50% to 55% due to the higher revenue contribution from the accommodation business.

Overall, the Group achieved a net profit of S\$26.9 million for 4Q 2013. Excluding fair value gains of S\$21.4 million, the net profit in 4Q 2013 was S\$5.6 million, of which the accommodation business accounted for S\$5.2 million and optical business for S\$0.4 million.

In view of the strong performance, the Board of Directors have proposed a final dividend of 0.6 Singapore cents per ordinary share for FY2013.

### **FY2013 Business Review**

As at 31 December 2013, the Group's worker accommodation portfolio comprised 19,700 and 13,500 beds in Singapore and Malaysia respectively. Occupancy rates in Singapore are close to 100%. For Malaysia, excluding the dormitories in Senai and Pasir Gudang II which recently commenced operations, the dormitories are operating at close to 80% occupancy as at the year end.

During the year under review, the Group continued to expand its workers accommodation portfolio by winning a tender for a site located at Woodlands Avenue 10 to develop a 4,100-bed dormitory.

FY2013 also saw Centurion making further inroads into the region and in other accommodation segments. In November 2013, it won the bid for a student accommodation asset, RMIT Village in Melbourne, Australia. The following month, it acquired a strategic land site in Jakarta, Indonesia for the development of worker accommodation to support multi-national corporations operating in the vicinity.

Centurion had in October 2013, issue 75.6 million free bonus warrants (with an exercise price of 50 cents each) to reward and provide shareholders an opportunity to increase equity participation and benefit from the growth of the Group. The proceeds arising from exercising of warrants will not only strengthen the Group's capital base and but also provide additional capital to fund its expansion plans.

To further fund its business expansion plans, the Group issued a S\$100 million MTN in October 2013 under its S\$300 million MTN programme set up in September 2013.

### **Business Outlook**

The outlook for the Group's accommodation business for the next 12 months remains promising. Underpinned by the healthy demand for and undersupply of purpose-built workers accommodation, the Group's existing accommodation and increased bed capacity in Singapore are expected to continue operating at almost full occupancy.

In Singapore, the asset enhancement works at the Group's Toh Guan dormitory to increase its bed capacity to about 8,600 beds, received its temporary occupancy permit ("TOP") in January 2014. The new 18-storey dormitory block with approximately 3,800 beds is expected to benefit from the strong demand for quality workers accommodation and contribute positively to the Group's profitability.

In addition, the 45% joint venture dormitory with Lian Beng Group in Mandai, which was fully operational with approximately 6,300 beds since the fourth quarter of 2013, is expected to further contribute to the Group's bottomline. The factory units that were developed and sold by the joint venture also received TOP in January 2014. The profits on the sale of the factory units, in which the Group has a 45% share, will be recognised in 1Q 2014.

Planning is underway for the new dormitory in Woodlands which the Group had won through a tender in September 2013. Construction is expected to commence in 2Q 2014, with completion expected in 3Q 2015.

In Malaysia, the Group's property in Pasir Gudang consisting of about 1,000 beds has just completed its refurbishments and commenced operations in February 2014. Together with the additional new dormitory in Senai, Johor that commenced operations in 4Q 2013, the Group currently has five operating dormitory sites with approximately 13,500 beds. The Group has also commenced construction works on its land in Tampoi, Johor to develop a workers dormitory of approximately 5,300 beds. This development is expected to complete in 1Q 2015.

With greater acceptance and the shift towards having workers managed and housed in better accommodation by employers in Malaysia, the Group expects the occupancy rates in its Malaysian accommodation to improve and contribute positively to the Group's profitability.

Meanwhile in Australia, the transaction for the Group's acquisition of RMIT Village in Melbourne was completed in February 2014. The 456-bed student accommodation is expected to contribute to the Group's revenue from FY2014 onwards. The Group will explore asset enhancement initiatives and the potential to redevelop the adjoining carpark land to further enhance the return on investment.

"With a strong balance sheet, we will continue to actively seek and explore acquisition opportunities, while exercising prudence to ensure that our investments are financially attractive and further deliver greater value to our shareholders," elaborated Mr Kong.

Aside from the accommodation business, the operating environment for the Group's optical disc business remains difficult as the market demand for physical optical storage media remains weak. The Group will carefully calibrate its factory operations in accordance with falling demand and will carry out the necessary re-organisation and restructuring to ensure that the business continues to generate positive cash flows.

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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. Its worker accommodation assets are managed under the Westlite brand. The Group owns and operates three workers accommodation assets in Singapore, one of which is owned and held under a 45% joint venture with Lian Beng Group. The joint venture also develops a ramp-up industrial building with factory units for sale. In Malaysia, through its subsidiary

Centurion Dormitories Sdn. Bhd., the Group owns and operates five purpose-built accommodation assets and two development projects in the state of Johor.

The Group currently has a portfolio of 19,700 and 13,500 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 over 50,000 beds by the end of 2015. 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 acquired a land plot in Port Hedland, Western Australia where it intends to develop short-stay accommodation for workers and business executives in the region's mining industry. Recently, it acquired a student accommodation asset, RMIT Village in Melbourne, Australia as well as a plot of land for the development of worker accommodation in Jakarta, Indonesia.

#### **MEDIA CONTACTS**

**Kreab Gavin Anderson**

Vanessa Ho / Jude Krishnan +65 6339 9110

[cent@kreabgavinanderson.com](mailto:cent@kreabgavinanderson.com)

## APPENDIX

### The Group's Accommodation Portfolio (as at 31 December 2013)

Location	Dormitory	Current Capacity (no. of beds)	Expected Capacity* (no. of beds)
<b>Singapore</b>	Toh Guan Dormitory (under upgrade )	4,800	8,600
	Mandai Dormitory (45% owned)	6,300	6,300
	Tuas Dormitory	8,600	8,600
	Woodlands Dormitory (under planning)	0	4,100
	<b>Total in Singapore</b>	<b>19,700</b>	<b>27,600</b>
<b>Malaysia</b>	Tebrau Dormitory	2,500	2,500
	Johor Tech Park Dormitory	5,800	5,800
	Desa Cemerlang Dormitory	1,600	1,600
	Pasir Gudang Dormitory	1,000	2,000
	Senai Dormitory	2,600	2,600
	Tampoi Dormitory (under construction)	0	5,300
	Senai II Dormitory (under planning)	0	5,500
	<b>Total in Malaysia</b>	<b>13,500</b>	<b>25,300</b>
<b>Australia</b>	RMIT Village (under planning)	-	456 TBC
	<b>Total in Australia</b>	<b>-</b>	<b>456</b>
<b>Total no. of beds</b>		<b>33,200</b>	<b>53,356</b>

*\*upon completion of upgrading works / construction in 2015*