

OFFER INFORMATION STATEMENT DATED 23 OCTOBER 2013
(Lodged with the Monetary Authority of Singapore on 23 October 2013)

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, OR OTHER PROFESSIONAL ADVISER.

Capitalised terms used below which are not otherwise defined herein shall have the same meanings ascribed to them under the Section entitled “**Definitions**” of this offer information statement (“**Offer Information Statement**”) issued by Centurion Corporation Limited (the “**Company**” or “**Centurion**”).

A copy of this Offer Information Statement has been lodged with the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgement of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Warrants and the New Shares being issued, or in respect of which an invitation is made, for investment.

An application has been made by the Company to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to list for quotation the Warrants and the New Shares on the Main Board of the SGX-ST. Approval in-principle has been granted by the SGX-ST for the listing of and quotation for the Warrants and the New Shares on the Main Board of the SGX-ST, subject to certain conditions. The Company may in its absolute discretion waive any of the said conditions in the event that the SGX-ST waives compliance of the same. The Warrants and the New Shares will be admitted to the Official List of the SGX-ST and the official listing of and quotation for the Warrants and the New Shares will commence after all conditions imposed by the SGX-ST are satisfied, the certificates relating thereto have been issued and the notification letters from The Central Depository (Pte) Limited (“**CDP**”) have been despatched.

The approval in-principle granted by the SGX-ST for admission to the Official List of the SGX-ST and the dealing in, listing of and quotation for, the Warrants and the New Shares are in no way reflective of, and are not to be taken as an indication of the merits of the Bonus Issue, the Warrants, the New Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained and opinions expressed in this Offer Information Statement.

No Warrants shall be allotted or allocated on the basis of this Offer Information Statement later than six (6) months after the date of lodgement of this Offer Information Statement with the Authority.



CENTURION CORPORATION LIMITED
(formerly known as SM Summit Holdings Limited)
(Company Registration No. 198401088W)
(Incorporated in the Republic of Singapore on 31 March 1984)

BONUS ISSUE OF UP TO 75,606,084 FREE WARRANTS (“WARRANTS”), WITH EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE (“NEW SHARE”) AT AN EXERCISE PRICE OF S\$0.50 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) WARRANT FOR EVERY TEN (10) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “SHARES”) HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS, IF ANY, BEING DISREGARDED

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DEFINITIONS

In this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

Entities in relation to the Bonus Issue

- “Company” or “Centurion” : Centurion Corporation Limited
- “Group” : The Company and its subsidiaries

Other Companies, Organisations and Agencies

- “Authority” : Monetary Authority of Singapore
- “CDP” : The Central Depository (Pte) Limited
- “CPF” : Central Provident Fund
- “CPF Board” : The Board of the CPF established pursuant to the Central Provident Fund Act, Chapter 36 of Singapore, as amended or modified from time to time
- “SGX-ST” : Singapore Exchange Securities Trading Limited
- “Share Registrar” : B.A.C.S. Private Limited
- “Warrant Agent” : B.A.C.S. Private Limited

General

- “Board” or “Board of Directors” : The board of Directors of the Company as at the date of this Offer Information Statement
- “Bonus Issue” : The bonus issue by the Company of up to 75,606,084 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.50 for each New Share, on the basis of one (1) Warrant for every ten (10) existing Shares held as at the Books Closure Date, fractional entitlements, if any, being disregarded
- “Books Closure Date” : 5.00 p.m. on 22 October 2013, being the time and date at and on which the Register of Members and the Share Transfer Books of the Company were closed to determine the entitlements of Entitled Scripholders to the Bonus Issue and, in the case of Entitled Depositors, at and on which their entitlements under the Bonus Issue were determined
- “Companies Act” : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “CPF Funds” : The CPF account savings of CPF members under the CPFIS - Ordinary Account
- “CPFIS” : Central Provident Fund Investment Scheme
- “CPF Regulations” : The Central Provident Fund (Investment Schemes) Regulations, as the same may be modified, amended or supplemented from time to time
- “Deed Poll” : The deed poll dated 22 October 2013 executed by the Company for the purposes of constituting the Warrants (as the same may be

amended or supplemented from time to time) and containing, *inter alia*, provisions for the protection of the rights and interests of the Warrantholders

“Directors”	:	Directors of the Company as at the date of this Offer Information Statement
“Entitled Depositors”	:	Shareholders with Shares entered against their names in the Depository Register maintained by CDP as at the Books Closure Date and whose registered addresses with CDP were in Singapore as at the Books Closure Date or who had provided CDP with addresses in Singapore for the service of notices and documents at least three (3) Market Days prior to the Books Closure Date
“Entitled Scripholders”	:	Shareholders with Shares registered in their own names in the Register of Members of the Company as at the Books Closure Date (for the avoidance of doubt excluding CDP) or persons who had tendered to the Share Registrar duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title for registration up to the Books Closure Date and, in each case, whose registered addresses with the Company were in Singapore as at the Books Closure Date or who had provided the Share Registrar with addresses in Singapore for the service of notices and documents at least three (3) Market Days prior to the Books Closure Date
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“Exercise Period”	:	The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fourth (4th) anniversary of the date of issue of the Warrants, but excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll
“Exercise Price”	:	The sum payable in respect of each New Share to which a Warrantholder will be entitled to subscribe upon the exercise of a Warrant, being S\$0.50, subject to certain adjustments in accordance with the terms and conditions of the Warrants as set out in the Deed Poll
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who had not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
“FY”	:	Financial year or years ended or ending 31 December, as the case may be
“Latest Practicable Date”	:	16 October 2013, being the latest practicable date prior to the printing of this Offer Information Statement
“Listing Manual”	:	Listing Manual of the SGX-ST, as may be amended or modified from time to time
“Mandai Land”	:	Land lots no. 202V, 203P, 240K and 241N of MK 14 at Mandai Estate Singapore
“Market Day”	:	A day on which the SGX-ST is open for trading in securities

“Offer Information Statement”	: This document issued by the Company in respect of the Bonus Issue, and all other accompanying documents issued by the Company, including, where the context admits, any supplementary or replacement document which may be issued by the Company in respect of with the Bonus Issue
“Record Date”	: In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Securities Account”	: A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
“Securities and Futures Act”	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGXNET”	: A system network used by listed companies to send information and announcements to the SGX-ST or any other system network(s) as may be prescribed by the SGX-ST
“Shareholders”	: Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Shares”	: Ordinary shares in the capital of the Company
“Substantial Shareholder”	: A person who has an interest in one or more voting Shares and the total votes attached to such Share(s) is not less than 5% of the total votes attached to all the voting Shares
“Warrant Certificates”	: The certificates (in registered form) to be issued in respect of the Warrants as from time to time modified in accordance with the conditions to be set out in the Deed Poll
“Warrantholders”	: Registered holders of the Warrants, except that where CDP is the registered holder, the term “Warrantholders” shall, in relation to such Warrants and where the context so admits, mean the Entitled Depositors whose Securities Accounts are credited with the Warrants
“Warrants”	: Up to 75,606,084 free warrants in registered form to be issued by the Company pursuant to the Bonus Issue, and where the context so admits, such additional warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Deed Poll (any such additional warrants to rank <i>pari passu</i> with the warrants issued pursuant to the Bonus Issue and for all purposes to form part of the same series), each such warrant entitling its holder to subscribe for one (1) New Share at the Exercise Price, subject to the terms and conditions of the Deed Poll

Currencies, Units and Others

“A\$”	: Australian dollars, the lawful currency of Australia
“China”	: The People's Republic of China

"Indonesia"	:	Republic of Indonesia
"RM"	:	Ringgit Malaysia, the lawful currency of Malaysia
"S\$" and "cents"	:	Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
"%" or "per cent."	:	Per centum or percentage

The terms **"Depositor"**, **"Depository Agent"** and **"Depository Register"** shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act.

The term **"subsidiary"** shall have the meaning ascribed to it by Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day or date in this Offer Information Statement shall be a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated. Any reference to a date and/or time in this Offer Information Statement in relation to the Bonus Issue shall include such other date(s) and/or time(s) as may be announced from time to time by or on behalf of the Company.

Any reference in this Offer Information Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Securities and Futures Act, the Companies Act, the Listing Manual or any amendment or modification thereof and used in this Offer Information Statement shall, where applicable, have the meaning assigned to it under the Securities and Futures Act, the Companies Act, the Listing Manual or such amendment or modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any discrepancy in the figures included in this Offer Information Statement between the amounts listed and the totals thereof is due to rounding. Accordingly, figures shown as totals in this Offer Information Statement may not be an arithmetic aggregation of the figures that precede them.

INDICATIVE TIMETABLE OF KEY EVENTS

An indicative timetable for the Bonus Issue is set out below (all references are to Singapore dates and times). For the event listed which are described as “expected”, please refer to future announcement(s) by the Company and/or the SGX-ST for the exact dates of these events.

Books Closure Date	: 22 October 2013 at 5:00 p.m.
Expected date for issuance of Warrants	: 28 October 2013
Expected date and time for commencement of trading of Warrants on the Main Board of SGX-ST (subject to there being an adequate spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants)	: 31 October 2013 from 9.00 a.m.

The above timetable is indicative only and is subject to change.

As at the Latest Practicable Date, the Company does not expect the above timetable to be modified. However, the Company may, with the approval of the SGX-ST, modify the timetable subject to any limitation under any applicable laws. In that event, the Company will publicly announce the same through a SGX-NET announcement to be posted on the website of the SGX-ST at <http://www.sgx.com>.

ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE BONUS ISSUE

1. Entitled Shareholders

Entitled Shareholders are entitled to participate in the Bonus Issue

2. Foreign Shareholders

This Offer Information Statement has not been and will not be registered, lodged or filed in any jurisdiction other than in Singapore. The distribution of this Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant requirements, whether legal or otherwise, being complied with) in certain jurisdictions under the relevant laws of those jurisdictions.

For practical reasons and in order to avoid any violation of the legislation applicable in countries other than Singapore, the Warrants will not be issued to, and this Offer Information Statement has not been and will not be despatched to, Foreign Shareholders.

Foreign Shareholders will not be entitled to participate in the Bonus Issue.

Notwithstanding the above, Shareholders or any other person having possession of this Offer Information Statement are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any jurisdiction outside Singapore receiving this Offer Information Statement may treat the same as an offer, invitation or solicitation to subscribe for any Warrants or Shares.

The Warrants which represent fractional entitlements disregarded in accordance with the terms of the Bonus Issue shall be dealt with in such manner as the Directors may, in their absolute discretion, deem fit.

TRADING

1. Listing of and Quotation for the Warrants and New Shares

Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the Warrants and New Shares on the Main Board of the SGX-ST. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Bonus Issue, the Warrants, the New Shares, the Company and/or its subsidiaries.

Upon the listing and quotation on the Main Board of the SGX-ST, the Warrants and the New Shares, when allotted and issued, will be traded under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Warrants and New Shares effected through the SGX-ST and/or CDP shall be made in accordance with the “Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited” and the “Terms and Conditions for The Central Depository (Pte) Limited to act as Depository for the Warrants”, as the same may be amended from time to time. Copies of the above are available from CDP.

2. Arrangements for Scripless Trading

To facilitate scripless trading, Entitled Scripholders who wish to trade the Warrants issued to them on the SGX-ST under the book-entry (scripless) settlement system, should open and maintain Securities Accounts with CDP in their own names (if they do not already maintain such Securities Accounts) in order that the number of Warrants may be credited by CDP into their Securities Accounts.

A holder of physical certificate(s), or an Entitled Scripholder who has not deposited his certificate(s) with CDP but wishes to trade on the SGX-ST, must deposit his certificate(s) with CDP, together with the duly executed instrument(s) of transfer in favour of CDP, and have his Securities Account credited with the number of Warrants, as the case may be, before he can effect the desired trade.

3. Trading of Odd Lots

Shareholders should note that most counters on the SGX-ST trade in board lot sizes of 1,000 shares. Following the Bonus Issue, Entitled Shareholders who hold odd lots of Warrants (i.e. lots other than board lots of 1,000 Warrants) and who wish to trade in odd lots on the SGX-ST should note that they are able to do so on the Unit Share Market of the SGX-ST.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Information Statement, statements made in public announcements, press releases and oral statements that may be made by the Company or its related corporations, directors, officers, executives or employees acting on its behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that have a bias towards the future or, are forward-looking such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will" and "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's and the Group's expected financial position and performance, operating results, business strategies, plans and future prospects are forward-looking statements. These forward-looking statements, including, but not limited to, statements as to the Company's and the Group's revenue and profitability, cost measures, expected industry trends, prospects, future plans, planned strategy and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's and the Group's actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These risks, uncertainties and other factors are discussed in more detail in this Offer Information Statement, in particular, but not limited to, discussions under paragraph 9 of Part V (Operating and Financial Review and Prospects) of this Offer Information Statement.

Given the risks, uncertainties and other factors that may cause the Company's and the Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, undue reliance must not be placed on these statements and information. None of the Company, its respective related corporations, directors, officers, executives and employees or any other person represents or warrants that the Company's and the Group's actual future results, performance or achievements will be as discussed in those statements and financial information. The Group's actual results, performance or achievements may differ materially from those anticipated in these forward-looking statements as a result of, *inter alia*, the risks and uncertainties faced by the Group.

In light of the volatile global financial markets and global economic uncertainties, any forward-looking statements contained in this Offer Information Statement must be considered with significant caution and reservation.

Further, the Company and its related corporations, directors, officers, executives and employees disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with any applicable laws and regulations and/or rules of the SGX-ST and/or any regulatory or supervisory body or agency. Where such developments, events or circumstances occur after the lodgement of this Offer Information Statement with the Authority and are materially adverse from the point of view of an investor, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. The Company is also subject to the provisions of the Listing Manual regarding corporate disclosure.

This Offer Information Statement may include market and industry data and information that have been obtained from, *inter alia*, internal studies and publicly available information such as government statistical and industry reports, and industry publications. Please note that such information is supplied to you for your personal use only. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but the accuracy and completeness of that information is not guaranteed, and may contain other disclaimers in relation to reliance on their contents. There can therefore be no assurance as to the accuracy or completeness of such information. While reasonable steps have been taken to ensure that the information is extracted accurately, the Company and its related corporations, directors, executives and employees have not independently verified any of the data from third party sources or ascertained the underlying bases or assumptions relied upon therein, nor have the consents of these sources been obtained for the inclusion of such data or information in this Offer Information Statement.

THE SINGAPORE CODE ON TAKE-OVERS AND MERGERS

The Singapore Code on Take-overs and Mergers ("**Code**") regulates the acquisition of voting shares in, *inter alia*, corporations with a primary listing of their equity securities in Singapore (such as the Company). In general terms, except with the consent of the Securities Industry Council of Singapore where any person acquires shares in a company which, taken together with shares held by persons acting in concert with him, carry 30% of more of the voting rights of the company or where any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights, acquires in any 6 month-period additional shares carrying more than 1% of the voting rights, such person must make an offer for all the remaining shares in the company in accordance with the Code.

Shareholders who are in doubt as to their position including obligations if any under the Code in connection with any acquisition and exercise of Warrants under the Bonus Issue should consult their professional advisers.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART II (IDENTITY OF DIRECTORS, ADVISERS AND AGENTS)

Directors

1. Provide the names and addresses of each of the directors of the relevant entity.

Board of Directors

Names of Directors	Designation	Addresses of Directors
Wong Kok Hoe	Non-executive Chairman	18 Sunset Close Clementi Park Singapore 597532
Kong Chee Min	Executive Director and Chief Executive Officer	423 Ang Mo Kio Avenue 2 Horizon Gardens Singapore 567867
Lee Kerk Chong	Executive Director	20 Lorong J Telok Kurau Singapore 425801
Tony Bin Hee Din	Executive Director	15 Evelyn Road #19-03 Residences @ Evelyn Singapore 309311
Gn Hiang Meng	Non-executive Independent Director	102 Duchess Avenue #02-01 Duchess Residences Singapore 266310
Chandra Mohan Rethnam s/o	Non-executive Independent Director	100 Thomson Terrace Thomson Hills Estate Singapore 574611

Advisers

2. Provide the names and addresses of –
- (a) the issue manager to the offer, if any;
 - (b) the underwriter to the offer, if any; and
 - (c) the legal adviser to the offer, if any.

Role	Name and Address
Issue Manager	: Not applicable.
Underwriter	: Not applicable.

Legal Advisers to the Company in respect of the Bonus Issue (as to Singapore law) : Rajah & Tann LLP
9 Battery Road #25-01
Straits Trading Building
Singapore 049910

Registrars and Agents

3. **Provide the names and addresses of the relevant entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.**

Role	Name and Address
Share Registrar and Warrant Agent	: B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758
Transfer Agent	: Not applicable.
Receiving Banker	: Not applicable.

PART III (OFFER STATISTICS AND TIMETABLE)

Offer Statistics

1. For each method of offer, state the number of the securities being offered.

Bonus issue by the Company of up to 75,606,084 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.50 for each New Share, on the basis of one (1) Warrant for every ten (10) existing Shares held as at the Books Closure Date, fractional entitlements, if any, being disregarded.

Method and Timetable

2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to –

- (a) the offer procedures; and**
- (b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.**

See paragraphs 3 to 7 below.

3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgement of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.

The Bonus Issue is to be made by the Company to Entitled Shareholders on the basis of one (1) Warrant for every ten (10) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements, if any, being disregarded.

As at the Latest Practicable Date, the Company does not expect the timetable under the section entitled “Indicative Timetable of Key Events” on page 7 of this Offer Information Statement to be modified. However, the Company may, with the approval of the SGX-ST, modify the timetable subject to any limitation under any applicable laws. In that event, the Company will publicly announce such modification to the timetable through an SGXNET announcement to be posted on the website of the SGX-ST at <http://www.sgx.com>.

The terms and conditions of the Bonus Issue, including method of payment of the Exercise Price and the names and addresses to whom payment is to be submitted, are found in Appendix A to this Offer Information Statement.

4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.

The Warrants are issued free to Entitled Shareholders with no obligation on their part to exercise the Warrants. The terms and conditions of the Bonus Issue, including method of payment of the Exercise Price and time limit for paying up, are found in Appendix A to this Offer Information Statement.

5. State, where applicable, the methods of and time limits for –

- (a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
- (b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.**

The Warrants will be allotted to the Entitled Shareholders by crediting the allotments to Entitled Depositors or through the despatch of warrants certificate(s) to Entitled Scripholders. In the case of Entitled Scripholders, the Warrant Certificate(s) representing such number of Warrants will be sent by ordinary post, at their own risk, to their mailing addresses in Singapore as registered with the Share Registrar.

The Company will announce the date on which (a) the certificates for the Warrants are despatched, and (b) the Warrants are credited into the relevant Securities Accounts (as the case may be) through an SGXNET announcement to be posted on the website of the SGX-ST at <http://www.sgx.com>.

6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.

Not applicable.

7. Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).

The Warrants are issued free to Entitled Shareholders on the basis of one (1) Warrant for every ten (10) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements, if any, being disregarded. Further information on the terms and conditions of the Warrants is set out in Appendix A of this Offer Information Statement.

PART IV (KEY INFORMATION)

Use of Proceeds from the Offer and Expenses Incurred

1. In the same section, provide the information set out in paragraphs 2 to 7 of this Part.

See paragraphs 2 to 7 below.

2. **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.**

As the Warrants are issued free, there will be no proceeds from the Bonus Issue. Assuming all the Warrants issued are exercised, the Company will receive gross proceeds of approximately S\$37.8 million. The estimated net proceeds from the exercise of the Warrants is approximately S\$37.7 million (the “**Net Proceeds**”), after deducting professional fees as well as related expenses amounting to an aggregate of approximately S\$0.1 million in connection with the Bonus Issue.

3. **Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.**

The Company intends to utilise the Net Proceeds for its general working capital, the repayment of borrowings and/or such other purposes as the Directors may deem fit. The percentage allocation for each intended use cannot be determined at this moment. The Company will make the necessary announcements and subsequently provide a status report on the use of such proceeds and any material deviations therefrom in its annual report.

Pending the deployment of the Net Proceeds for the purposes mentioned above, such Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

The Directors believe that the Bonus Issue provides a means to the Company to raise funds for Group’s business activities and operations in the future and that the Bonus Issue is intended to reward the Shareholders by providing them with an opportunity to increase their equity participation in the Company through the exercise of the Warrants. The Directors are of the opinion that there is no minimum amount which must be raised under the Bonus Issue.

4. **For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**

As the Warrants are issued free to Entitled Shareholders with no obligation on their part to exercise the Warrants and the exercise period for the Warrants commences on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fourth (4th) anniversary of the date of issue of the Warrants, the amount of proceeds arising from the issue of the New Shares and the time of receipt of such proceeds cannot be ascertained as at the date of this Offer Information Statement.

The actual amount of proceeds received by the Company from the exercise of the Warrants will depend on when and the extent to which such Warrants are exercised. As and when the Warrants are exercised, the proceeds arising from the issue of the New Shares will be used for the purposes specified in paragraph 3 of Part IV (Key Information) of this Offer Information Statement.

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5. **If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.**

Not applicable.

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6. **If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.**

Not applicable.

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7. **If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**

As the Warrants are issued free to Entitled Shareholders with no obligation on their part to exercise the Warrants and the exercise period for the Warrants commences on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fourth (4th) anniversary of the date of issue of the Warrants, the amount of proceeds arising from the issue of the New Shares, the time of receipt of such proceeds and the percentage allocation of each intended use of such proceeds cannot be ascertained as at the date of this Offer Information Statement. The Company intends to utilise the Net Proceeds for its general working capital, the repayment of borrowings and/or such other purposes as the Directors may deem fit.

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8. **In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.**

Not applicable. No underwriter, placement agent or selling agent has been appointed by the Company in relation to the Bonus Issue.

Information on the Relevant Entity

9. Provide the following information:

9(a) the address and telephone and facsimile numbers of the relevant entity's registered office and principal place of business (if different from those of its registered office);

Registered office address	45 Ubi Road 1 Summit Building Singapore 408696
General Telephone Line	(65) 6745 3288
Facsimile	(65) 6743 5818

9(b) the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group;

Centurion Corporation Limited, formerly known as SM Summit Holdings Limited, was incorporated under the laws of the Republic of Singapore on 31 March 1984 with its company registration number being 198401088W. The Company is an investment holding company and is involved in two main businesses - the development, ownership and management of accommodation properties and assets ("**Accommodation Business**"), and the manufacture and sale of optical storage media ("**Optical Disc Business**").

Optical Disc Business

The Group's Optical Disc Business was founded by its Executive Director, Mr Lee Kerk Chong in 1981. The Group started out as an audio cassette tape manufacturing business operating out of a factory with 10 persons. Over the years, the Optical Disc Business evolved together with the market's technology requirements, advancing into the manufacture of optical disc storage media. The Group was listed on the Main Board of SGX-ST in 1995 and later grew its regional presence with manufacturing plants in Singapore, Australia and Indonesia.

Built upon the prestigious "Summit" name and brand within the industry, the Group currently produces optical discs for numerous clients including prominent companies in the leisure, entertainment and information technology industries. The range of optical discs that it manufactures includes compact discs ("**CD**"), digital versatile discs ("**DVD**") and Ecodiscs. Besides manufacturing optical discs, the business offers a suite of support services such as copyright protection, audio mastering, video authoring, design, sub-titling and packaging amongst others.

Accommodation Business

The Group subsequently made the decision to enter into the Accommodation Business to capitalise on the opportunities in this niche market. In August 2011, the Group undertook a reverse acquisition exercise and diversified its business to include the designing, building and operation of workers accommodation ("**Worker Accommodation Business**") by acquiring the entire issued and paid up capital of Westlite Dormitory (Toh Guan) Pte. Ltd. (formerly known as Centurion Dormitory (Westlite) Pte. Ltd.) ("**Westlite Dormitory**") and a 45% stake in Lian Beng-Centurion (Mandai) Group ("**Lian Beng-Centurion JV Co**").

Shortly after the reverse acquisition in 2011, the Group expanded its geographical footprint to Malaysia with the acquisitions and development of six workers accommodations in Johor. The Group managed to strengthen its workers accommodation further with another acquisition in

Singapore and made its first foray into Western Australia with the acquisition of land for development as short stay accommodation in Port Hedland in 2012.

The Worker Accommodation Business of the Group is presently managed under the Westlite brand and provides accommodation for approximately 30,000 foreign workers in Singapore and Malaysia, making the Group one of the largest providers of workers accommodation in Singapore and Malaysia.

9(c) the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since –

- (i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or**
- (ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published;**

As mentioned in paragraph 9(b) above of this of this Part IV (Key Information), the Group undertook a reverse acquisition exercise in August 2011 and thereafter was engaged in the Accommodation Business. Prior to the completion of the August 2011 reverse acquisition exercise, the Group was engaged in the Optical Disc Business and has continued carrying out the Optical Disc Business since. The Company has no current intention to dispose of its existing businesses.

The general development of the business of the Group from the completion of the reverse acquisition exercise in August 2011 to the Latest Practicable Date is set out below. The information included in this section has been extracted from the relevant announcements released by the Company via SGXNET and is correct as at the date of the relevant announcements. Shareholders are advised to refer to the relevant announcements for further information.

1 August 2011 to the financial year ended 31 December 2011

- August 2011**
- The Company announced the completion of the acquisitions of the entire issued share capital of Westlite Dormitory and a 45% stake in Lian Beng-Centurion JV Co, which amounted to a reverse takeover under Chapter 10 of the Listing Manual (“**2011 RTO**”). Following the completion of the 2011 RTO, the Company’s businesses expanded to comprise the Optical Disc Business and the Accommodation Business.
 - In connection with the 2011 RTO, the Company undertook, *inter alia*, the following:
 - (a) the change of the Company’s name from “SM Summit Holdings Limited” to “Centurion Corporation Limited”;
 - (b) a consolidation of two (2) Shares to 1 consolidated Share; and
 - (c) a compliance placement of the Company’s Shares which was completed in October 2011.
- September 2011**
- Following the completion of the 2011 RTO, Lian Beng-Centurion JV Co, which holds the Mandai Land, became an associated company of Centurion. Lian Beng-Centurion JV Co had proposed to erect two (2) blocks of 13 or 14 storey independent worker dormitory on a part of the Mandai Land (“**Project**”). The Company announced that further to an appeal submitted by Lian Beng-Centurion JV Co to the Urban Redevelopment Authority (“**URA**”), the URA had accepted the appeal and amended the conditions of the original provisional permission granted for the Project. The URA had informed that, *inter alia*, it was

prepared to accept an increase in the worker capacity of the Project and based on such increase capacity, the Project would be able to house approximately 4,700 workers. Lian Beng-Centurion JV Co would also be seeking approval of the Singapore Land Authority (Land Dealings Unit) to hold the said land for dormitory use and the URA for written permission on the Project. Lian Beng-Centurion JV Co obtained the approval from the Singapore Land Authority (Land Dealings Unit) in October 2011 and obtained the written permission on the Project from the URA in July 2012.

The Project was completed in March 2013.

- The Company announced that it had identified six (6) initial dormitory projects in Malaysia ("**6 Dormitory Projects**") and in connection thereto:
 - (a) its subsidiary Centurion Dormitories Pte. Ltd. ("**Centurion Dormitories**") had entered into a Memorandum of Understanding ("**MOU**") with JYC-NCL Pte Ltd ("**JYC-NCL**") to establish a joint venture company ("**JV Co**") to acquire, own, develop and/or manage dormitory projects in Malaysia. It was intended that the Company would hold 60% interest in the JV Co while JYC-NCL would hold the remaining 40%;
 - (b) Centurion Dormitories, JYC-NCL, Beyond Memory Sdn Bhd ("**Beyond Memory**"), Brave Privilege Sdn Bhd ("**Brave Privilege**"), Twice Moderate Sdn Bhd ("**Twice Moderate**"), Approach Impact Sdn Bhd ("**Approach Impact**") (Beyond Memory, Brave Privilege, Twice Moderate and Approach Impact are collectively known as "**Targets 1 to 4**"), Yang Tse Pin and Chan Kim Fook (Yang Tse Pin and Chan Kim Fook are collectively known as the "**Sellers 1**") had entered into a MOU under which JV Co shall acquire from Sellers 1 all the shares in Targets 1 to 4 on such terms and at such purchase consideration to be agreed by the parties;
 - (c) Centurion Dormitories, JYC-NCL, Alpha Sunshine Sdn Bhd ("**Target 5**"), Yang Tse Pin, Chan Kim Fook and Teo Peng Kwang (Yang Tse Pin, Chan Kim Fook and Teo Peng Kwang are collectively known as "**Sellers 2**") had entered into a MOU under which JV Co shall acquire from Sellers 2 all the shares in Target 5 for a total purchase consideration of RM\$16.5 million and on such terms to be agreed by the parties;
 - (d) Centurion Dormitories, JYC-NCL, Goodwill Origins Sdn Bhd ("**Target 6**"), Yang Tse Pin and Chan Kim Fook (Yang Tse Pin and Chan Kim Fook are collectively known as "**Sellers 3**") had entered into a MOU under which JV Co shall acquire from Sellers 3 shares representing 90% interest in Target 6 on such terms and at such purchase consideration to be agreed by the parties; and
 - (e) The above acquisitions of Targets 1 to 4, Target 5 and Target 6 would be subject to JV Co's satisfactory due diligence investigations and the execution and completion of relevant definitive agreements.

The Company subsequently announced that after careful due diligence, the Group had decided not to proceed with the acquisition of Beyond Memory.

- The Company announced that Lian Beng-Centurion JV Co intended to launch the sale of 141 units of its ramp-up industrial building to be developed on the freehold Mandai Land in the fourth quarter of 2011.

Construction on the ramp-up industrial building commenced in the fourth quarter of 2011 and is expected to be completed in December 2013.

- November 2011**
- In connection with the 6 Dormitory Projects, Centurion Dormitories Sdn Bhd (“**CDSB**”), a wholly owned subsidiary of Centurion Dormitories, had entered into a share sale agreement with Chan Kim Fook to acquire a 54% interest in the share capital of Goodwill Origins Sdn Bhd for a purchase consideration of RM5.8 million. The acquisition was completed in November 2011.

The Company announced in February 2012 that CDSB had entered into a share sale agreement with Yang Tse Pin to acquire a 36% interest in the share capital of Goodwill Origins Sdn Bhd for a purchase consideration of RM5.95 million. The acquisition was completed in February 2012.

The Company announced in May 2012 that CDSB had entered into a share sale agreement with Lee Siang Huat to acquire the remaining 10% interest in the share capital of Goodwill Origins Sdn Bhd for a purchase consideration of RM10 and CDSB to provide a shareholder loan of RM 2,012,096 to Goodwill Origins Sdn Bhd for Goodwill Origins Sdn Bhd to repay advances made by Lee Siang Huat to Goodwill Origins Sdn Bhd. The acquisition was completed in May 2012.

- December 2011**
- The Company announced that its 49% associated company Shanghai Huade Photoelectron Science & Technology Co. Ltd. had ceased operations due to, *inter alia*, the failing demand for optical disc and the tightening of governmental regulations to restrict manufacturing and sales of optical disc to other provinces.

FY2012

- January 2012**
- The Company announced that it had received a written acceptance from Crest Industrial Holdings Pte. Ltd. (“**CIH**”) following a tender offer made by it to CIH on 27 January 2012 to acquire 85% of the of the total equity interest in Dormitory Investments Private Limited (“**DIPL**”) held by CIH. DIPL is the sub-tenant of the land at Tuas South Avenue 9, State Land Lot 4093L, 4217Kpt and 4088Npt MK07 together with a foreign workers; dormitory erected thereon.

In February 2012, Centurion Dormitories entered into:

- (a) a sale and purchase agreement with CIH to acquire all 6,800,000 issued ordinary shares in DIPL held by CIH, representing approximately 85% of the equity interest in DIPL, for a cash consideration of S\$40.375 million. The acquisition was completed in February 2012; and
- (b) a sale and purchase agreement with Kang Choon Boon to acquire 400,000 issued ordinary shares in DIPL held by Kang Choon Boon, representing approximately 5% of the equity interest in DIPL (“**Sale Shares Acquisition**”) and a call option in respect of all of the remaining 800,000 issued ordinary shares in DIPL held by Kang Choon Boon, representing approximately 10% of the equity interest in DIPL (“**Call Option**”) (collectively the “**KCB Acquisition**”). The cash consideration for the 5% equity interest in DIPL was S\$2.375 million and the Sale Shares Acquisition was completed in February 2012.

In January 2013, the Company announced that CDPL had entered into a share purchase agreement with Kang Choon Boon for 800,000 issued

ordinary shares in DIPL, representing approximately 10% of DIPL equity's interest, such shares being the subject of the Call Option ("**Remaining KCB Acquisition**"). The consideration for the Remaining KCB Acquisition was S\$4,825,000. The Call Option was terminated and the Remaining KCB Acquisition was completed in January 2013.

- February 2012**
- In connection with the 6 Dormitory Projects, the Company announced that CDSB entered into a share sale agreement with each of Yang Tse Pin, Chan Kim Fook and Teo Peng Kwang to acquire a 45%, 15% and 40% interest, respectively, in Alpha Sunshine Sdn Bhd. The total consideration payable by the Company amounted to an aggregate of approximately RM17.12 million. The acquisition completed in February 2012.
- April 2012**
- Centurion Dormitories Sdn Bhd, a wholly-owned subsidiary of Centurion Dormitories, entered in a share sale agreement with each of Chan Kim Fook and Yang Tse Pin to acquire the entire 100% interest in the share capital of Gallery Connection Sdn Bhd for an aggregate consideration of RM2,467,000.
- May 2012**
- The Company received shareholders approval at an extraordinary general meeting on 22 May 2013 to:
 - (a) geographically extend the scope of the Group's business of developing, owning managing and operating worker dormitory accommodation as well as providing dormitory accommodation and services, to the new geographical markets of South-East Asia, China, Taiwan, Australia, the United Arab Emirates, Qatar and Saudi Arabia (collectively the "**New Markets**"); and
 - (b) expand the scope of the Group's businesses to include:
 - (i) the developing, owning, selling, managing and operating of student accommodation and the provision of student accommodation and services; and
 - (ii) the developing, owning, selling, managing and operating of industrial properties.
 - In connection with the 6 Dormitory Projects, CDSB had entered into a share sale agreement with each of Chan Kim Fook and Yang Tse Pin for the acquisition of Chan Kim Fook's 60% interest and Yang Tse Pin's 40% interest, respectively, in the share capital of Approach Impact Sdn Bhd. The aggregate cash consideration paid in relation to the acquisition was RM11,927,361.47. The acquisition was completed in May 2012.
- August 2012**
- The Company announced that Lian Beng-Centurion JV Co was granted provisional permission from the URA on 31 July 2012 to develop a third dormitory block on the Mandai Land. The development of the third dormitory block on the Mandai Land was completed in September 2013.
- September 2012**
- The Company's wholly-owned subsidiary, Wow Vision Australia Pty Ltd, had entered into contracts for sale of land with three (3) Australian individuals to acquire four (4) adjacent plots of land at Port Hedland, Western Australia at an aggregate purchase price of A\$4.8 million. The acquisition was completed in September 2012.
- October 2012**
- CDSB had entered into a share sale agreement with each of Chan Kim Fook and Yang Tse Pin for the acquisition of Chan Kim Fook's 60% interest and Yang Tse Pin's 40% interest, respectively, in the share capital of Duke Dormitory Management Sdn Bhd, for a purchase

consideration of RM2,759,385.24. The acquisition was completed in October 2012.

- December 2012**
- In connection with the 6 Dormitory Projects, CDSB had entered into a share sale agreement with each of Chan Kim Fook and Yang Tse Pin for the acquisition of Chan Kim Fook's 64% interest and Yang Tse Pin's 36% interest, respectively, in the share capital of Brave Privilege Sdn Bhd, for a purchase consideration of RM4,108,071.27. The acquisition was completed in December 2012.

1 January 2013 to the Latest Practicable Date

- March 2013**
- CDSB had entered into a share sale agreement with Chan Kim Fook and Lian Kah Geok for the acquisition of the entire 100% interest in the share capital of Skyhutch Intelligent Sdn Bhd, for an aggregate consideration of RM3,697,618. The acquisition was completed in March 2013.

- In connection with the 6 Dormitory Projects, CDSB had entered into a share sale agreement with each of Chan Kim Fook and Yang Tse Pin for the acquisition of Chan Kim Fook's 60% interest and Yang Tse Pin's 40% interest, respectively, in the share capital of Twice Moderate Sdn Bhd, for an aggregate consideration of RM5,483,552. The acquisition was completed in March 2013.

- August 2013**
- On 13 August 2013, the Company announced the Bonus Issue.
 - The Company announced that its indirect wholly-owned subsidiary, Westlite Dormitory (V One) Pte Ltd submitted a tender for a land located at Woodlands Avenue 10 ("**Woodlands Land**") for the proposed workers dormitory development pursuant to an invitation for tender by Jurong Town Corporation ("**Proposed Workers Dormitory Development**").

On 12 September 2013, the Company announced that Jurong Town Corporation had accepted Westlite Dormitory (V One) Pte Ltd's tender bid for the Woodlands Land at a price of S\$80.8 million. The Proposed Workers Dormitory Development is expected to complete in 2015.

- September 2013**
- The Company established a S\$300,000,000 multicurrency medium term note programme ("**Centurion MTN Programme**") under which the Company may, from time to time, issue notes in series or tranches in Singapore dollars or in other currencies, in various amounts and tenors, and which may bear fixed, floating, variable or hybrid rates of interest, or may not bear interest, as may be agreed between the Company and the relevant dealer(s). The net proceeds arising from the issue of notes will be used for general corporate purposes, including refinancing of borrowings, financing investments and general working capital of the Company or its subsidiaries.

- October 2013**
- The Company issued the first series of notes comprising S\$100,000,000 in aggregate principal amount of 5.25 per cent. per annum fixed rate notes due 2016 pursuant to the Centurion MTN Programme.

9(d) the equity capital and the loan capital of the relevant entity as at the latest practicable date, showing –

- (i) in the case of the equity capital, the issued capital; or
- (ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;

As at the Latest Practicable Date, the share capital and loan capital of the Company is as follows:

Issued and Paid-Up Share Capital	:	S\$200,742,000*
		*As contained in the Company Balance Sheet of Appendix D to this Offer Information Statement
Loan Capital	:	S\$100,000,000 in aggregate principal amount of 5.25 per cent. per annum fixed rate notes due 2016, issued pursuant to the Centurion MTN Programme

9(e) where –

- (i) the relevant entity is a corporation, state the number of shares of the relevant entity owned by each substantial shareholder as at the latest practicable date; or
- (ii) the relevant entity is not a corporation, state the amount of equity interests in the relevant entity owned by each substantial interest-holder as at the latest practicable date;

As at the Latest Practicable Date, the interests of the Substantial Shareholders in the Shares, based on information recorded in the Register of Substantial Shareholders maintained by the Company, were as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Substantial Shareholders						
Centurion Properties Pte Ltd ⁽²⁾	423,869,206	56.06	–	–	423,869,206	56.06
Centurion Global Ltd ⁽³⁾	–	–	423,869,206	56.06	423,869,206	56.06
Loh Kim Kang David ⁽⁴⁾	19,713,500	2.61	468,869,206	62.01	488,582,706	64.62
Han Seng Juan ⁽⁵⁾	3,072,000	0.41	476,094,206	62.97	479,166,206	63.38
Thinkpac Limited ⁽⁶⁾	45,000,000	5.95	–	–	45,000,000	5.95
Teo Peng Kwang ⁽⁷⁾	54,696,664	7.23	–	–	54,696,664	7.23

Notes:

(1) Based on 756,060,841 issued Shares as at the Latest Practicable Date.

(2) 130,000,000 Shares of Centurion Properties Pte Ltd are registered under the name of UOB Kay Hian Private Limited.

(3) Centurion Global Ltd is deemed interested in the 423,869,206 Shares held by Centurion Properties Pte Ltd.

- (4) Loh Kim Kang, David has a deemed interest in 45,000,000 Shares held by Thinkpac Limited by virtue of his shareholding interests in Thinkpac Limited, a deemed interest in the 423,869,206 Shares held by Centurion Properties Pte Ltd by virtue of his shareholding interests in Centurion Properties Pte Ltd, and 9,250,000 Shares of Loh Kim Kang, David are registered under CIMB Securities (Singapore) Pte Ltd.
 - (5) Han Seng Juan has a deemed interest in 45,000,000 Shares held by Thinkpac Limited by virtue of his shareholding interests in Thinkpac Limited, a deemed interest in the 423,869,206 Shares held by Centurion Properties Pte Ltd by virtue of his shareholding interests in Centurion Properties Pte Ltd, and a deemed interest in the 7,225,000 Shares held by his spouse Kang Lee Cheng Susanna.
 - (6) 45,000,000 Shares of Thinkpac Limited are registered under the name of UOB Kay Hian Private Limited.
 - (7) 225,000 Shares of Teo Peng Kwang are registered under the name of DBS Vickers Securities (S) Pte Ltd, and 87,500 Shares of Teo Peng Kwang are registered in the name of United Overseas Bank Nominees Pte Ltd, and 54,384,164 shares of Teo Peng Kwang are registered under the name of DBS Nominees Pte. Ltd.
-

9(f) any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of the offer information statement, a material effect on the financial position or profitability of the relevant entity or, where the relevant entity is a holding company or holding entity of a group, of the group;

As at the date of this Offer Information Statement, the Directors are not aware of any legal or arbitration proceedings pending or known to be contemplated, by or against the Company or any of its subsidiaries which might have or which have had in the twelve (12) months immediately preceding the date of lodgement of this Offer Information Statement, a material effect on the financial position or profitability of the Company or the Group taken as a whole.

9(g) where any securities or equity interests of the relevant entity have been issued within the 12 months immediately preceding the latest practicable date –

- (i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or
- (ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests;

During the last twelve (12) months immediately preceding the Latest Practicable Date, the Company issued for cash at 100% of their principal amount, S\$100,000,000 in principal amount of 5.25% per annum fixed rate notes due 2016, pursuant to the Centurion MTN Programme.

The Company has not issued any securities or equity interests for services within the twelve (12) months immediately preceding the Latest Practicable Date.

9(h) a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgement of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the relevant entity or any other member of the group, as the case may be.

A summary of the material contracts, not being contracts entered into in the ordinary course of business, entered into by the Company or its subsidiaries during the two (2) years immediately

preceding the date of lodgement of this Offer Information Statement is set out below:

- (a) trust deed dated 6 September 2013 between the Company and DBS Trustee Limited. as trustee, in relation to the Centurion MTN Programme;
- (b) agency agreement dated 6 September 2013 between the Company, DBS Bank Ltd. (as issuing and paying agent), DBS Bank Ltd. (as agent bank), and DBS Trustee Limited as trustee, in relation to the Centurion MTN Programme; and
- (c) programme agreement dated 6 September 2013 between the Company, DBS Bank Ltd. (as arranger) and DBS Bank Ltd. (as dealer).

PART V (OPERATING AND FINANCIAL REVIEW AND PROSPECTS)

Operating Results

1. Provide selected data from –
 - (a) the audited income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, the audited consolidated income statement of the relevant entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and
 - (b) any interim income statement of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, any interim consolidated income statement of the relevant entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.
2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:
 - (a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;
 - (b) earnings or loss per share; and
 - (c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

The selected consolidated financial information as of and for the years ended 31 December 2010 (FY 2010), 31 December 2011 (FY2011) and 31 December 2012 (FY2012) has been derived from the audited financial statements of the Group and the unaudited financial information for the half-year ended 30 June 2013 (1H2013) and half-year ended 30 June 2012 (1H2012) (restated) as announced by the Group on 13 August 2013.

With effect from 2Q2013, the Group changed its accounting policy with respect to the subsequent measurement of investment properties from cost to fair value model, with the changes in fair values recognised in the statement of comprehensive income. The change in accounting policy was applied retrospectively and accordingly, the comparative unaudited financial information was restated in this Offer Information Statement.

Notes:

1. *The net profit of S\$26.12 million reflected for FY2011 in the consolidated statement of comprehensive income contained above takes into account the one-off goodwill impairment amounting to S\$12.97 million and one-off reverse acquisition expense of S\$0.1 million in FY2011. If the one-off goodwill impairment and reverse acquisition expense are not taken into account, the Group would have posted a net profit of S\$39.19 million for FY2011.*
2. *FY2010 financials comprise only the financial results of Westlite Dormitory (Toh Guan) Pte Ltd due to the reverse acquisition accounting.*
3. *The Enlarged Group as described below comprises of:*
 - *Centurion Corporation Limited and its subsidiaries*
 - *Westlite Dormitory (Toh Guan) Pte Ltd*
 - *Lian Beng-Centurion (Mandai) Group*

Consolidated income statement

	← Unaudited →				
	1H2013 S\$'000	1H2012 S\$'000 (Restated)*	FY 2012 S\$'000 (Restated)*	FY 2011 S\$'000 (Restated)*	FY 2010 S\$'000 (Restated)*
Revenue	31,983	30,005	65,231	30,044	12,020
Cost of sales	(16,217)	(16,208)	(33,775)	(13,826)	(1,675)
Gross profit	15,766	13,797	31,456	16,218	10,345
Other income	-	-	1,718	645	-
Other gains – net	884	1,331	520	3	9
Expenses					
- Distribution	(974)	(1,064)	(2,013)	(1,062)	-
- Administrative	(5,271)	(5,124)	(11,031)	(4,431)	(511)
- Finance	(888)	(1,116)	(1,980)	(847)	(1,177)
- Others	-	-	30	(12,967)	-
Share of gain / (loss) of associated companies and joint venture (net)	483	(279)	(318)	(673)	-
Profit / (loss) before other losses and fair value gains	10,000	7,545	18,382	(3,114)	8,666
Other losses	(3,929)	-	-	-	-
Fair value gain on group's investment properties	36,427	-	3,940	17,108	33,000
Fair value gain / (loss) on joint venture's investment properties	19,457	-	(2,435)	13,618	-
Profit before income tax	61,955	7,545	19,887	27,612	41,666
Income tax expense	(2,131)	(1,336)	(3,166)	(1,493)	(1,436)
Net profit	59,824	6,209	16,721	26,119	40,230
Profit attributable to:					
Equity holders of the Company	59,824	5,903	15,942	26,127	40,230
Non-controlling interests	-	306	779	(8)	-
	59,824	6,209	16,721	26,119	40,230
Earnings per share attributable to equity holders of the Company (basic and diluted)	7.91 cents	0.78 cents	2.11 cents	4.82 cents	9.47 cents

Dividends per share	-	0.3 cents	0.7 cents	-	\$4.90**
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* Certain comparative figures of the Group for 1H 2012, FY 2012, FY 2011 and FY 2010 have been restated to reflect the change in accounting policy for investment properties from cost to fair value model.

** The dividends paid per share are computed based on the share capital of Westlite Dormitory (Toh Guan) Pte. Ltd. of 1,000,000 shares due to the reverse acquisition accounting.

Consolidated statement of comprehensive income

	← Unaudited →				
	1H2013 S\$'000	1H2012 S\$'000 (Restated)*	FY 2012 S\$'000 (Restated)*	FY 2011 S\$'000 (Restated)*	FY 2010 S\$'000 (Restated)*
Net profit for the period/year	59,824	6,209	16,721	26,119	40,230
Other comprehensive (loss)/income:					
Items that may be reclassified subsequently to profit or loss:					
Financial assets, available-for-sale					
Fair value losses	(99)	(84)	(31)	(34)	-
Currency translation differences arising from consolidation					
(Losses) / gains	(1,230)	(997)	(1,658)	110	-
Other comprehensive (loss) / income, net of tax	(1,329)	(1,081)	(1,689)	76	-
Total comprehensive income	58,495	5,128	15,032	26,195	40,230
Total comprehensive income attributable to: Equity holders of the Company	58,495	4,822	14,253	26,203	40,230
Non-controlling interests	-	306	779	(8)	-
	58,495	5,128	15,032	26,195	40,230

* Certain comparative figures of the Group for 1H 2012, FY 2012, FY 2011 and FY 2010 have been restated to reflect the change in accounting policy for investment properties from cost to fair value model.

3. In respect of –

(a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and

(b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the relevant entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the relevant entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

Half year 2013 review – 1H FY2013 versus 1H FY2012

Revenue registered an increase from S\$30 million in 1H FY2012 to S\$32 million in 1H FY2013. The Group's Worker's Accommodation Business achieved 40% growth or a S\$6.5 million increase in revenue compared to the corresponding period last year due to the continued expansion of the Group's workers accommodation assets and the growth in rental rates in Singapore. The Group's Optical Disc Business however registered a decrease of S\$4.5 million or a 32% decline as demand for the Group's physical optical disc media from its customers continued to weaken. Accordingly, the Group's overall net revenue registered an increase of only S\$2 million or 7% from 1H FY2012.

Gross profit for 1H FY2013 improved S\$2 million or 14% as compared to 1H FY2012 as a result of the higher revenue contribution from the Worker Accommodation Business.

Miscellaneous gains fell by S\$0.4 million mainly due to a one-off write back of a provision for certain contractual obligations in 1H FY2012.

In view of the unfavourable market outlook for its Optical Disc Business, the Group made a one-off impairment charge of S\$3.9 million on plant and equipment to reflect the reduction in expected future cash flow generated from the use of such assets. This impairment charge was included as other losses in 1H FY2013.

The Group changed its accounting policy for its investment properties from a cost to a fair value model with effect from 1H FY2013. An independent valuation was obtained for all the investment properties held as at 30 June 2013. The fair value gain on the Group's and joint venture's investment properties of S\$36.4 million and S\$19.5 million respectively were recognized in the 1H FY2013, which comprise the change in fair value since the end of the last financial year.

Share of the results of associates and jointly controlled entities turned from a S\$0.3 million loss to a S\$0.5 million profit due to the commencement of its Mandai workers accommodation operations in April 2013.

Overall, the Group posted a net profit of S\$60 million for 1H FY2013. Excluding the total fair value gains of S\$55.9 million and the one-off impairment charge of S\$3.9 million, the Group's net profit in 1H FY2013 was S\$7.9 million which is an improvement of 27% or S\$1.7 million compared to 1H FY2012. The Group's workers accommodation accounted for S\$8.7 million in net profit while its Optical Disc Business incurred a loss of S\$0.8 million in 1H FY2013. Despite the loss in the Optical Disc Business, it contributed about S\$0.1 million towards the Group's operating cash flow in 1H FY2013.

FY2012 versus FY2011

The Group's revenue doubled from S\$30.04 million in FY2011 to S\$65.23 million in FY2012. This increase of S\$35.19 million was attributable to the following:

- (a) an increase of S\$10.80 million due to the inclusion of twelve months' revenue from the Group's Optical Disc Business in FY2012 as opposed to only five months' revenue inclusion in FY2011; and
- (b) an increase of S\$24.39 million due to the contributions from the new accommodations acquired during the year and an increase in accommodation rental rates at Westlite Dormitory (Toh Guan) Pte Ltd.

Accordingly, gross profit for FY2012 improved by S\$15.24 million or 94% in comparison with FY2011.

Miscellaneous gains of S\$2.24 million for FY2012, which include twelve months results from the Group's Optical Disc Business, consisted mainly of other rental, interest and dividend income. The S\$0.65 million for FY2011 included only five (5) months of Optical Disc Business.

Distribution cost of S\$2.01 million for FY2012 was mainly attributable to the sales and marketing expenses of the Group's Optical Disc Business for twelve months' of operation as compared to only five months of the Group's Optical Disc Business distribution cost of

S\$1.06 million included for FY2011. Distribution cost incurred has effectively reduced which is in line with the reduction in sales.

Administrative cost for FY2012 rose by S\$6.6 million. The additional seven months of optical disc operations accounted in FY2012 accounts for S\$3.89 million of this increase compared to FY2011. The remaining administrative cost increase was attributed to expenses incurred in the acquisition of new accommodations and expansion of the Group's Accommodation Business.

Finance expenses grew in line with the increased borrowings made by the Group to finance its acquisitions.

The other expenses in FY2011 was largely due to the one-off impairment charge of S\$12.97 million made on goodwill that arose as a result of the full impairment of the reverse acquisition accounting recognised in FY 2011.

The share of losses from associated companies and joint venture activities of S\$0.32 million was mainly due to the marketing costs incurred in the sales of factory units by Lian Beng-Centurion JV Co. Revenue from the sales of these factory units will be recognised by Lian Beng-Centurion JV Co when the development is completed.

The Group changed its accounting policy for investment properties from cost to fair value model with effect from 1H FY2013. The change was applied retrospectively and accordingly, the financial statements of FY2012 and FY2011 were restated. The fair value gain on the Group's investment properties of S\$3.94 million (FY2011: S\$17.11 million); and fair value changes on joint ventures of S\$2.44 million loss (FY2011: S\$13.62 million gain) were recognized.

As a result of the above, the Group posted net profit of S\$16.72 million for FY2012, compared to S\$26.12 million (or adjusted net profit of S\$39.19 million, excluding the one-off goodwill impairment amounting to S\$12.97 million and one-off reverse acquisition expense of S\$0.1 million) in FY2011. The Group's Accommodation Business and Optical Disc Business contributed approximately S\$15.17 million and S\$1.55 million to the FY 2012 overall net profit respectively.

FY2011 versus FY2010

Due to the reverse acquisition accounting in accordance to FRS 103, FY2011 financial results included twelve months' financial results of Westlite Dormitory (Toh Guan) Pte Ltd and five months' financial results of Centurion Corp Group and Lian Beng-Centurion JV Co. In contrast, FY2010 results only comprised the twelve months' financial results of Westlite Dormitory (Toh Guan) Pte Ltd.

For FY2011, the Enlarged Group's revenue was S\$30 million, compared to S\$12 million for FY2010. This 150% increase was mainly due to the recognition of five months' revenue of S\$17 million from the Group's Optical Disc Business. Revenue generated from Westlite Dormitory (Toh Guan) Pte Ltd was S\$13 million for the twelve months of FY2011 as compared to S\$12 million for FY2010. The improvement of about S\$1 million was mainly attributed to an increase in rental rates. Westlite Dormitory (Toh Guan) Pte Ltd operated at near 100% occupancy rates for both periods.

The 57% increase in gross profit from S\$10.3 million in FY2010 to S\$16.2 million in FY2011 was mainly due to the inclusion of five months' gross profit from the Optical Disc Business and the increase in rental rates at Westlite Dormitory (Toh Guan) Pte Ltd.

The Group incurred other losses of S\$12.97 million in FY2011 mainly due to the impairment of goodwill in relation to the reverse acquisition.

The increase in distribution and administrative expenses was mainly due to the inclusion of five month's expenditure incurred by the Optical Disc Business which totalled S\$4.5 million and an increase in administrative expenses of S\$0.5 million due to the expansion of the Group's

dormitory business. The administrative expenses in FY2011 also included a one-off expenditure of S\$0.1 million incurred in the five months' period due to the reverse acquisition exercise.

Finance cost reduced by 28% in FY2011 as a result of the lower average bank borrowings during the year.

The share of loss of associated companies was mainly attributed to the losses incurred by Lian Beng-Centurion JV Co where marketing expenses for the sale of ramp-up industrial building units were recognised as a loss.

The fair value gains on Group's investment properties reduced from S\$33 million in FY2010 to S\$17.11 million in FY2011. This is offsetted by a fair value gain recognized in FY2011 on joint venture's investment properties of \$13.62 million.

As a result of the above, the Enlarged Group incurred a net gain of S\$26.1 million in FY2011 as compared to a profit of S\$40.2 million in FY2010. However, excluding the one-off goodwill impairment amounting to S\$12.97 million and the one-off reverse acquisition expense of S\$0.1 million, the Enlarged Group would have achieved a net profit of S\$39.19 million for FY2011 of which the Group's dormitory and Optical Disc Business contributed approximately S\$37.66 million and S\$1.53 million respectively.

Financial Position

4. **Provide selected data from the balance sheet of the relevant entity or, if it is the holding company or holding entity of a group, the group as at the end of –**
 - (a) **the most recent completed financial year for which audited financial statements have been published; or**
 - (b) **if interim financial statements have been published for any subsequent period, that period.**
5. **The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the relevant entity or the group, as the case may be, and shall in addition include the following items:**
 - (a) **number of shares after any adjustment to reflect the sale of new securities;**
 - (b) **net assets or liabilities per share; and**
 - (c) **net assets or liabilities per share after any adjustment to reflect the sale of new securities.**

Balance sheet

← Unaudited →
1H2013
S\$'000

ASSETS

Current assets

Cash and cash equivalents	36,285
Trade and other receivables	13,294
Inventories	1,405
Other current assets	2,026

	53,010
Non-current assets	
Trade and other receivables	-
Financial assets, available-for-sale	4,151
Investments in associated companies	1,386
Investment in a joint venture	35,357
Investment properties	258,667
Property, plant and equipment	7,612
Deferred income tax assets	104
Intangible assets	19,142
	326,419
Total assets	379,429
LIABILITIES	
Current liabilities	
Trade and other payables	25,331
Current income tax liabilities	6,936
Borrowings	13,023
	45,290
Non-current liabilities	
Borrowings	66,467
Other liabilities	931
Deferred income tax liabilities	3,611
	71,009
Total liabilities	116,299
NET ASSETS	263,130
EQUITY	
Capital and reserves attributable to the equity holder of the company	
Share capital	89,431
Other reserves	14,160
Retained profits/(Accumulated losses)	159,539
	263,130
Non-controlling interests	-
Total equity	263,130

Effects of the Bonus Issue on consolidated NAV per Share

	<u>Before the Bonus Issue</u>	<u>After the Bonus Issue (on the basis that all the Warrants are exercised)</u>
Total number of issued shares	756,060,841	831,666,925
Net asset value per share	34.8 cents	36.2 cents

Liquidity and Capital Resources

6. Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of –
- (a) the most recent completed financial year for which financial statements have been published; and
 - (b) if interim financial statements have been published for any subsequent period, that period.

Consolidated Cash Flow Statement

	← Unaudited →	
	1H2013 S\$'000	FY2012 S\$'000 (Restated)*
Cash flows from operating activities		
Net profit	59,824	16,721
Adjustment for:		
Tax expense	2,131	3,166
Depreciation and amortisation	4,169	7,450
Allowance for impairment of trade and other receivables	132	299
Net (gain) / loss on disposal of property, plant and equipment	(7)	35
Impairment of property, plant and equipment	3,865	-
Fair value gain on investment properties	(36,427)	(3,940)
Fair value (gain) / loss on joint venture's investment properties	(19,457)	2,435
Interest income	(204)	(353)
Dividend income	(111)	(206)
Interest expense	888	1,980
Share of (gain) / loss of associated companies and joint venture (net)	(483)	318
Impairment of goodwill / (Negative goodwill written off)	64	(30)
Currency translation differences	569	(21)
Operating cash flow before working capital changes	14,953	27,854
Changes in working capital		
Inventories	187	939
Trade and other receivables	640	6,628
Other current assets	(351)	296
Trade and other payables	(2,905)	(444)
Cash generated from operations	12,524	35,273
Income tax paid - net	(1,840)	(3,351)
Net cash provided by operating activities	10,684	31,922
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	58	67
Additions of investment properties	(7,596)	(17,251)
Purchase of property, plant and equipment	(484)	(3,342)
Acquisition of interest in subsidiaries, net of cash acquired	(3,677)	(43,408)
Acquisition of additional interest in a subsidiary	(2,375)	(3,328)
Loan repaid from / (disbursed to) joint venture	-	9,550
Dividend received	111	206

Interest received	204	353
Short term deposits released/(charged) as security to bank	-	1,568
Restricted short-term deposits charged	-	(3,744)
Short term bank deposits charged	-	(820)
Net cash used in investing activities	(13,759)	(60,149)
Cash flows from financing activities		
Proceeds from borrowings	8,989	44,389
Repayment of borrowings	(6,083)	(9,951)
Interest paid	(888)	(1,980)
Dividends paid to shareholders	(3,024)	(2,268)
Dividends paid in relation to pre-completion dividends	-	(1,095)
Dividends paid to non-controlling interest of a subsidiary	-	(1,050)
Net cash provided by financing activities	(1,006)	28,045
Net (decrease) / increase in cash and cash equivalents held	(4,081)	(182)
Cash and cash equivalents at beginning of the period	36,468	36,906
Effects of exchange rate changes on cash and cash equivalents	(664)	(264)
Cash and cash equivalents at end of the year	31,723	36,460

**Certain comparative figures of the Group for FY 2012 have been restated to reflect the change in accounting policy for investment properties from cost to fair value model.*

Review of Cash Flow Statement – 1H2013

The Group generated positive net cash of S\$14.95 million from its operating cash before working capital changes in 1H2013. Net cash used in investing activities of S\$13.76 million in 1H2013 was mainly attributable to the further development of dormitory projects in Malaysia and Westlite Dormitory (Toh Guan) Pte. Ltd.. Net cash used in financing activities was mainly due to the repayment of current borrowings and dividend payments to shareholders for dividends declared in FY2012.

Review of Cash Flow Statement – FY2012

The Group generated positive net cash of S\$27.85 million from its operating cash before working capital changes in FY2012. The net cash used in investing activities of S\$60.15 million for FY2012 is mainly attributable to the acquisition of interest in subsidiaries. Net cash of S\$28.05 million generated for FY2012 from financing activities stemmed mainly from proceeds obtained from borrowings.

- 7. Provide a statement by the directors or equivalent persons of the relevant entity as to whether, in their reasonable opinion, the working capital available to the relevant entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgement of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.**

The Directors are of the reasonable opinion that, after taking into account the Group's existing banking facilities, operating cashflows and its internal cash resources, the working capital available to the Group, as at the date of lodgement of this Offer Information Statement, is sufficient to meet its present requirements.

- 8. If the relevant entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the relevant entity's financial position and results or business operations, or the investments by holders of securities in the relevant entity, provide –**

- (a) a statement of that fact;
- (b) details of the credit arrangement or bank loan; and
- (c) any action taken or to be taken by the relevant entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).

As at the Latest Practicable Date, the Directors are not aware of any breach by any entity in the Group of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Company's financial position and results or business operations, or the investments by holders of securities in the Company.

Trend Information and Profit Forecast or Profit Estimate

9. Discuss, for at least the current financial year, the business and financial prospects of the relevant entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.

The discussion on the business and financial prospects of the Group as set out herein may contain forward-looking statements, and are subject to certain risks. Please refer to the Section entitled "**Cautionary Note on Forward-Looking Statements**" of this Offer Information Statement for further information.

Business and financial prospects for the current financial year

Accommodation Business

The Group endeavours to be one of the leading providers of quality accommodation in the region through three principal tenets, namely, undertaking active asset enhancement initiatives, developing and providing customised accommodation management services, as well as acquiring and developing quality workers accommodation assets in Asia. The Group remains highly positive about the future prospects of its Accommodation Business due to the growing demand and persistent shortage of quality and purpose-built accommodation for workers in the region. In addition, the Group will leverage on its expertise in the Worker Accommodation Business to actively seek new business opportunities in other accommodation types such as student accommodation ("**Student Accommodation Business**") and short stay accommodation ("**Short Stay Accommodation Business**") in existing and new geographical territories such as in South-East Asia, China, Taiwan, Australia, United Kingdom, the United Arab Emirates, Qatar and Saudi Arabia (the "**New Markets**").

Optical Disc Business

The operating environment for the Group's Optical Disc Business has been and is likely to remain challenging. Market demand for physical storage media has been decreasing over the years with consumers shifting to internet downloads and streaming from physical packaged media. The Group has been carefully calibrating its factory capacity according to demand, and exercising prudent cost management strategies to maintain profitability and generate strong operating cashflows. The Group's Optical Disc Business will continue to operate as its secondary business segment to meet the Group's expansion needs in other areas with its positive cash flows.

RISK FACTORS

Prospective subscribers should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Information Statement before deciding whether to invest in the Warrants, the Shares and/or the New Shares. The Group could be affected by a number of risks that may relate to the industry and countries in which the Group operates as well as those that may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. The risks described below are not intended to be exhaustive.

There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial, which could affect its operations. If any of the following considerations and uncertainties develops into actual events, the business operations, results of operations, financial condition, net sales, revenues, cash flow, profitability, liquidity, capital resources and/or prospects of the Group (collectively, the “Business”) could be materially and adversely affected. In that event, the trading price of the Warrants, the Shares and/or the New Shares could decline, and investors may lose all or part of their investment in the Warrants, the Shares and/or the New Shares.

(I) General Risks Relating to the Group

(a) *The Group may fail to successfully implement its growth and expansion strategies.*

The Group intends to explore and/or pursue various expansion and growth initiatives. Its growth and future success will be dependent on, amongst others, the successful completion of such expansion and growth initiatives proposed to be undertaken by the Group and the sufficiency of demand for its services. There is no assurance that these initiatives undertaken will achieve results that commensurate with the Group’s investment costs or that the Group will be successful in securing new customers. Should the Group fail to implement its expansion plans or there is insufficient demand for its services, the Group’s business, results of operation and financial position will be materially and adversely affected.

(b) *The Group may face uncertainties associated with the expansion of its business.*

The Group intends to explore strategic alliances, acquisitions or investment opportunities (in Singapore and overseas) in businesses that are complementary to its business. Expansion involves numerous risks, including but not limited to the financial costs of setting up overseas operations and working capital requirements. There can be no assurance that the Group’s expanded operations will achieve a sufficient level of revenue which will cover its operational costs and if the Group fails to manage such costs, its profitability and financial position may be adversely affected.

Participation in strategic alliances, acquisitions or investments similarly involves numerous risks, including but not limited to difficulties in assimilation of the management, operations, services, products and personnel and the possible diversion of management attention from other business concerns. The successful implementation of the Group’s growth strategies depends on the Group’s ability to identify suitable partners and the successful integration of their operations with the Group. There can be no assurance that the Group will be able to execute such growth strategies successfully and as such, the performance of any strategic alliances, acquisitions or investments could fall short of expectations.

(c) *The Group is dependent on certain key personnel for its continued success.*

The Group’s success to date is attributable to the contributions and expertise of its Directors, management and key officers who have contributed towards the success of the Group. The Group’s continued success and growth will depend, to a large extent, on its ability to retain the services of its directors, management and key officers. The loss of the services of its Directors, management and key officers without suitable and timely

replacement, or the inability to attract and retain other qualified personnel, would have an adverse effect on the Group's operations and financial performance.

(d) ***The Group faces risks associated with debt financing and may require additional financing in future.***

The Group is subject to the risks associated with debt financing, including the risk that its cash flow will be insufficient to meet required payments of principal and interest under such financing.

The Group may need to obtain additional debt or equity financing to fund its business operations, acquisitions or capital expenditure in the future. Additional debt financing may include conditions that would restrict the Group's freedom to operate its business, such as conditions that:

- (i) limit the Group's ability to pay dividends or require the Group to seek the lenders' consent for payment of dividends;
- (ii) impose restrictions on acquisitions of new businesses;
- (iii) require the Group to set aside a portion of cash flow from business operations towards repayment of the Group's debt, thereby reducing the availability of the Group's cash flow to fund capital expenditure, working capital and other general corporate purposes; and/or
- (iv) limit the Group's flexibility in planning for, or reacting to, changes in the Group's business and industry.

The Group cannot ensure that it will be able to obtain any additional financing on terms that is acceptable to the Group, or at all. Failure to obtain additional financing on favourable terms will result in the Group foregoing expansion opportunities and this could affect the Group's business materially and adversely.

Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the Group's cash flow. An increase in interest rates, especially for a prolonged period, could have a material and adverse effect on the Group's business and financial performance.

(e) ***The Group may be affected by changes to tax laws and tax rates.***

There is no assurance that the taxes which the Group is subject to will remain as forecast and projected. The Group's tax expenses may increase due to reasons including but not limited to the following:

- (i) increase in applicable tax rates;
- (ii) changes to the basis of assessment for the applicable taxes; and
- (iii) changes to the tax legislation.

There can be no assurance that should the taxes increase, such increase will not have a significant impact on the Group's business and financial position.

(f) ***The Group faces foreign exchange risks.***

To the fullest extent possible, the Group matches its sales and purchases in the same foreign currency. To the extent that the Group's sales, purchases and operating costs are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection or payment, as the case may be, the Group

will be exposed to adverse fluctuation of the various currencies and as a result, its earnings may be adversely affected.

The Group may be making investments in assets located in the New Markets, which will be denominated in foreign currencies. The Group's revenue from operating the proposed Worker Accommodation Business, the proposed Student Accommodation Business and the proposed Industrial Property Business will similarly be denominated in the currencies of the New Markets in which they are engaged.

However, the Group maintains its financial statements in Singapore dollars, declares Singapore dollar dividends and the Issuer's share price is in Singapore dollars. A substantial proportion of the Group's expenses and liabilities are also denominated in Singapore dollars. The Group will therefore be exposed to risks associated with exchange rate fluctuations between the Singapore dollar and the currencies of the New Markets in which it engages in the proposed business, as well as between the Singapore dollar and the local currency of the New Markets in which the Group may invest in the future. Should the Singapore dollar appreciate in value against the currencies of the New Markets in which the Group invests, there may be a material adverse effect on the Group's net asset value, results of operations and profitability.

While the Group may enter into hedging transactions to protect itself or its portfolio from, amongst other things, the effects of exchange rate fluctuations between the Singapore dollar and other currencies such as foreign exchange hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements, these hedging activities may not have the desired beneficial impact on the results of operations or financial condition of the Group, and may not completely insulate the Group from the risks associated exchange rates. In addition, hedging activities involve risks and costs, including transaction costs, which may reduce overall returns. The Group will regularly monitor the feasibility of engaging in such hedging transactions taking into account the cost of such transactions.

(g) ***The uncertain global economic outlook may adversely affect the Group's business operations, financial condition, prospects and future plans.***

Since 2008, disruption in global credit markets, coupled with a re-pricing of credit risks, and a slowdown in the global economy have created increasingly difficult conditions in the financial markets. These developments have resulted in historic volatility in equity securities markets, tightening of liquidity in credit markets, widening of credit spread and loss of market confidence. Most recently, these developments have resulted in the failure of a number of financial institutions in the United States and unprecedented actions by governmental authorities and central banks around the world. There is a potential for new laws and regulations regarding lending and funding practices and liquidity stands, and governments and bank regulatory agencies are expected to be aggressive in adopting such new measures in response to concerns and identified trends. It is difficult to predict how long these developments and measures will exist and how the Group's markets and businesses may be affected. These developments may be exacerbated by persistent volatility in the financial sector and the capital markets or concerns about, or a default by, one or more institutions which could lead to significant market wide liquidity problems, losses or defaults by other institutions.

Accordingly, these developments and measures could potentially present risks to the Group for an extended period of time, including a slowdown in securing new customers, increase in interest expenses on the Group's bank borrowings, or reduction of the amount of banking facilities currently available to us, the Group's customers and suppliers, thereby adversely affecting the Group's future financial performance or results of operations.

(h) ***The Group may be adversely affected by changes in the social, economic or political conditions locally and globally.***

The Group's business may be materially and adversely affected by local and global developments in relation to inflation, bank interest rates, government policies and regulations and other conditions which impact on social, economic and political stability. The Group has no control over such conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect the Group's operations.

- (i) ***The Group's business operations may be affected by an outbreak of severe acute respiratory syndrome ("SARS") or an outbreak of any other contagious or virulent disease.***

The outbreak of SARS or other contagious or virulent diseases in Singapore, Malaysia, Australia or other parts of the world will disrupt global and regional businesses. Such an outbreak will have a material adverse effect on the Group's operations, as well as the operations of its customers, such as the shutting down of the accommodation and quarantining residents in the event the residents in the Group's accommodation are infected with SARS or other diseases to prevent the spread of such diseases. In addition, the suspension of operations by the Group's customers may result in cashflow problems for them, potentially leading to a delay or default in payment of rental to the Group. If any of these should arise, the Group's business and results of operations would be adversely affected.

- (j) ***The Group's acquisition or future acquisitions may be subject to risks and may not yield expected returns.***

While the Group believes that reasonable due diligence investigations and feasibility studies have been conducted with respect to its property, there can be no assurance that the Group's property or future acquisitions will not have defects or deficiencies requiring significant capital expenditure, repair or maintenance costs, or payment or other obligations to third parties. Certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

- (k) ***The Group's properties may be affected by contamination and other environmental issues.***

The Group's properties may from time to time be affected by contamination or other environmental effects as a result of accidents or because such contamination or defects may not have been previously identified and/or rectified.

This raises a number of risks including:

- (i) the risk of prosecution by environmental authorities;
- (ii) the requirement for unbudgeted additional expenditure to remedy such issues; and
- (iii) the adverse impact on the financial position of tenants arising from the above, affecting their ability to trade and to meet their tenancy obligations.

- (l) ***Development of properties for the Group will increase the Group's exposure to construction risks.***

Delays in completion of the construction of the Group's properties can arise due to several factors, including adverse weather conditions, shortage of construction materials, equipment and/or labour, accidents and disputes with the Group's contractors. Such delays may result in cost overruns and increased financing costs and accordingly affect the Group's profitability. Further, in a sale situation, any delay in project completion may also expose the Group to claims for liquidated damages from purchasers.

In the event of a shortage of raw materials, labour and/or construction equipment to the Group, the costs of such raw materials, equipment and labour may increase and the Group's costs of development may exceed its initial projections, thereby affecting its profitability or even causing the Group to suffer a loss. If the Group is unable to pass on such cost increases to its customers or find alternative sources of cheaper supplies, the Group's financial performance will be adversely affected.

Furthermore, the Group faces the risk of accidents involving its employees, residents or third parties at its development sites. If accidents occur but are not covered by the Group's insurance policies, or if claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation and its financial performance may be adversely affected.

Such accidents could also have an adverse impact on the Group's operations if the Group is required by regulatory manpower authorities to suspend its operations for a period of time. This may result in fines or delays in project completion and possibly, cost overruns or liquidated damages, which will in turn affect the Group's profitability. Such accidents could damage the Group's reputation and may, as a result, lead to a loss of business.

- (m) ***The Group may suffer material losses in excess of insurance proceeds or the Group may not put in place or maintain adequate insurance in relation to the Group's properties and its potential liabilities to third parties.***

The Group's properties would face the risk of suffering physical damage caused by fire, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Group's properties.

In addition, certain types of risks (such as war risk, terrorist acts and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk (for example war, terrorist acts, outbreak of contagious diseases, contamination or other environmental breaches).

Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property as it may not be able to rent out or sell the affected industrial property. The Group will also be liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur.

- (n) ***The value of the Group's properties might be adversely affected if the Group does not provide adequate management and maintenance.***

Should the Group fail to provide adequate management and maintenance, the value of the Group's properties might be adversely affected and this may result in a loss of tenants, which will adversely affect the Group's financial position, results of operations, cash flows and prospects.

- (o) ***Renovation or redevelopment works or physical damage to the Group's properties may disrupt the operations of the properties and collection of rental income or otherwise have an adverse impact on the financial condition of the Group.***

The properties owned by the Group may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations.

In addition, physical damage to the Group's properties resulting from fire, industrial accidents or other causes may lead to a significant disruption to the business and operation of the Group's properties and, together with the foregoing, may impose unbudgeted costs on the Group and result in an adverse impact on the financial condition and results of operations of the Group, especially if the claims exceeds the insurance coverage.

(II) Risks relating to the Accommodation Business

(a) *The Group faces competition from its competitors and new entrants.*

The Group may face competition and price-cutting pressures from its competitors. Further, such competition may increase due to the entry of new players in the worker accommodation industry, student accommodation industry, or completion of new accommodation developments. If the Group is unable to respond competitively, the occupancy rate at the Group's accommodation could fall and the Group's profitability and financial performance will be adversely affected.

Any failure by the Group to compete effectively with its existing and future competitors and to adapt to changing market conditions and trends and remain competitive will adversely affect the demand for its business, results of operations and financial condition.

(b) *The Group is exposed to increases in property expenses and other operating costs.*

Factors that could increase the Group's property expenses and other operating expenses include:

- (i) increases in property taxes and other statutory charges;
- (ii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (iii) increase in insurance premiums;
- (iv) increase in the rate of inflation;
- (v) increase in labour costs;
- (vi) increase in repair and maintenance costs; and
- (vii) increase in management costs and utility charges.

There can be no assurance that should the property expenses and operating expenses increase, such increase will not have a significant impact on the Group's business and financial position.

(c) *The Group has a limited track record in the New Markets.*

The Group does not have a substantive operating track record in each of the New Markets in respect of the Worker Accommodation Business, the proposed Student Accommodation Business or the Industrial Property Business.

The Group's past operating results are derived from operations which do not relate to its proposed operation in the New Markets (save for Malaysia in respect of the Worker Accommodation Business) and which consequently may not be indicative of the Group's future financial performance.

(d) *The Group will be subject to the laws, regulations and policies of the governments of the New Markets as well as existing social, economic or political conditions in the New Markets and may also be adversely affected by future changes in such laws, regulations, policies and conditions.*

The Group's proposed businesses and operations will be subject to the legal and regulatory framework in the New Markets.

Legal protection and recourse available to the Group in the New Markets may to a certain extent be limited, partly due to the under-developed legal framework in certain of the New Markets with emerging economies, particularly where commercial law is concerned. Laws and regulations governing business entities in the New Markets may be subject to a number of possibly conflicting interpretations, both by business entities and by the courts.

In certain of the New Markets, decided cases do not form part of the legal structure of laws and thus have no binding effect. As such, the administration of the laws and regulations of certain New Markets may be subject to a certain degree of discretion by the authorities. This has resulted in the outcome of dispute resolutions not having the level of consistency, predictability or efficiency as in other countries with more developed legal systems.

(e) ***Losses or liabilities from latent building or equipment defects may adversely affect the Group's business and financial performance.***

Whilst the Group has not experienced any material building or equipment defects (other than that arising from normal wear and tear) since 2008, any design, construction or other latent property or equipment defects in the Group's accommodation assets, should they arise, may require additional capital expenditure, special repair or maintenance costs or the payment of damages or other obligations to third parties.

Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on the Group's earnings and cash flows.

The contractual representations, warranties and indemnities given to the Group by the vendor of the Group's accommodation assets have already lapsed. In addition, statutory representations, warranties and indemnities given to the Group by the vendor of accommodation or statutory or contractual representations, warranties and indemnities given to the Group by any supplier of equipment may not accord satisfactory protection from costs or liabilities arising from such property or equipment defects.

Furthermore, if the Group is unable to repair any latent defects in its accommodation or carry out structural repairs, there may be an impact on its ability to rent out the units at the accommodation, which will have an adverse impact on the Group's business and financial performance.

(f) ***The Group is exposed to the risk of loss from natural disasters and other events outside its control that affect the place where its accommodation are or may be located.***

The Group faces the risk of loss or damage to its accommodation or properties that the Group may own or lease from time to time due to riots, fire, theft and natural disasters including but not limited to earthquakes and floods. The occurrence of any of the aforesaid where the Group's properties or customers are located could interrupt its business. Such events may cause disruptions or cessation in the Group's operations, and thus adversely affect its financial results.

(g) ***The Group may be affected by legal proceedings which may arise from its development of accommodation.***

The Group may be involved in disputes with various parties involved in the development of new accommodation projects or upgrading of its existing accommodation such as contractors, subcontractors, suppliers, construction companies and other parties. Such disputes may lead to legal or arbitration proceedings, and may cause the Group to suffer additional costs and delays. In addition, whilst the Group do not currently have and have not previously had disputes or disagreements with regulatory bodies during the course of its operations, in the event that such disputes or disagreements arise, the Group may be subjected to administrative proceedings and unfavourable decrees that result in financial losses and delays in the construction or completion of the Group's projects or upgrading works.

(III) Risks relating to the Worker Accommodation Business

(a) *The Group's business may be affected by policy changes which reduces the number of foreign workers.*

The worker accommodation industry is dependent on the presence of a certain transient population of foreign workers in Singapore and Malaysia, and is also subject to the policies (including those governing foreign worker levies and the granting of work permits) imposed by the governmental bodies in these countries. Any change in such policies which increases the foreign worker levies payable by companies employing foreign workers in Singapore and Malaysia or which reduces the number of work permits granted to foreign workers could result in a reduction of foreign workers in Singapore and Malaysia. In addition, there could be pressure to reduce the number of foreign workers present in Singapore and Malaysia to minimise any potential problems that may arise with a large foreign worker presence. If such policy changes materialise, these could reduce the population of foreign workers in Singapore and Malaysia leading to a reduced demand for the Group's accommodation.

(b) *The Group is dependent on the industries its customers operate in.*

The Group is dependent on the industries in which its customers operate in. The Group's customers comprise companies that rent its accommodation units to house their foreign workers. As at the Latest Practicable Date, such customers principally comprise companies operating in the marine, engineering, oil and gas, and construction industries in Singapore and Malaysia. As such, the Group will be affected by the cyclical changes of such industries in Singapore and Malaysia. A downturn in these industries in Singapore and Malaysia may result in fewer marine, engineering, oil and gas or construction projects which may lead to a fluctuation of the number of foreign workers brought into Singapore and Malaysia to work on such projects. A downturn may also halt existing projects thereby causing existing foreign workers to be repatriated to their home countries due to a lack of suitable employment for them.

(c) *The Group is subject to policies of foreign governments on the employment of foreigners.*

The Group provides housing for foreign workers employed in Singapore and Malaysia. As such, demand for the Group's services and accommodation will depend on the presence of sufficient numbers of foreign workers. The employers of these foreign workers may have to comply with the rules and conditions imposed by the immigration and other authorities of the different countries from where the foreign workers come from, with regard to the employment of these foreigners to work. Any future changes to the policies of the immigration department of any country that restricts their travel and employment may adversely affect the numbers of foreigners of that nationality who are employed to work. In the event that suitable replacements from other countries cannot be obtained, this may affect the number of foreign workers, and hence the occupancy rate of the Group's accommodation and business operations.

(d) *The Group's business may be affected by changes in regulations relating to the worker accommodation industry.*

The worker accommodation industry in Singapore and Malaysia is subject to various government regulations which regulate general matters such as compulsory land acquisition, urban redevelopment and planning, as well as restrictions on the design, construction and use of properties as worker accommodation in particular. Compliance with such regulations may increase the Group's cost of operations.

Changes in laws and governmental regulations relating to real estate including those governing usage, zoning, taxes and government charges may lead to an increase in the costs of managing the Group's accommodation or unforeseen capital expenditure in order to ensure compliance. The Group's usage of the worker accommodation may also be restricted by legislative actions, such as revisions to the relevant building standards laws, city planning laws, or the enactment of new laws relating to the use and/or redevelopment of properties.

In addition, the government may introduce policies concerning the worker accommodation industry in general or restrictions on areas that can be used for worker accommodation, which could have a material adverse effect on the Group's financial condition and results of operation.

The Group may also require certain additional statutory and regulatory permits, licenses and approvals in order for it to carry on its business.

Furthermore, if the Group is required to apply for fresh approvals and permits for its business, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time frames anticipated by the Group or at all. If the Group fails to obtain the necessary approvals and permits or if there is any delay in obtaining these approvals and permits, this may impede the execution of the Group's business plans, and may materially and adversely affect the Group's business and financial condition.

(e) ***The on-going upgrading works on the worker's accommodation may have an impact on the Group's business operations and financial position.***

The actual cost of the Group's upgrading works in the accommodation may be different from its current estimates. In the event that the actual cost is higher than its current estimated cost, the Group's financial position could be adversely affected. The upgrading works will entail the demolition of a number of the Group's accommodation units and commercial spaces. The temporary loss of income from such affected units during upgrading could have an adverse effect on its business and financial position. In addition, tenancy of some operational accommodation units may also be affected by the construction activities and disruption caused by the upgrading works and this could have an adverse effect on the Group's business and financial position.

(f) ***The Group is exposed to risk of illegal immigrants found at its accommodation.***

The Group's accommodation caters to the housing needs of foreign workers employed in various industries in Singapore and Malaysia, primarily the marine, engineering, oil and gas, and construction industries. The Group is accordingly required to ensure that the foreigners residing in its accommodation are not illegal immigrants. The Group has taken precautionary measures to ensure that the persons residing at its accommodation have the necessary work passes/permits, such as issuing the access passes to workers registered as residents of its accommodation, conducting regular checks on the validity of their work passes/permits.

Although the Group has not previously been found guilty of harbouring illegal immigrants, the Group cannot assure that such measures are foolproof or that no illegal immigrants will be found at its accommodation in the future.

(IV) **Risks relating to the Industrial Property Business**

- (a) ***The Group does not have an existing track record in the Industrial Property Business.***

Aside from Lian Beng-Centurion JV Co in which the Group holds a 45% interest, and which is presently undertaking the development of the industrial property project at Mandai, the Group does not have an operating track record in the industrial property business.

The Group's past operating results are derived from operations which do not relate to the Industrial Property Business and which consequently may not be indicative of the Group's future financial performance.

- (b) ***The Group is dependent on the industries in which its customers for the Industrial Property Business operate in.***

In the event the Group holds the industrial property for investment purposes, there is no assurance that the tenants who decide to base their industrial operations out of the Group's industrial properties will remain as tenants in the medium to long term. Certain potential foreign tenants may from time to time decide to relocate operations closer to their home base or to other countries which have a lower cost of capital and labour. While it is hoped that the Group will be able to retain these tenants, there is no guarantee that the Group will be able to do so in the near-term. Additionally, if the Group's tenants are based in sunset industries, these tenants may cease operations entirely when they are of the view that their operations are no longer economically viable.

- (c) ***The Industrial Property Business will increase the Group's exposure to risks associated with developing such properties for sale, such as the illiquidity of real estate assets, the possibility of disputes and claims from purchasers, saleability of the property, market downturn, etc..***

Real estate assets, such as the industrial properties developed by the Group, are relatively illiquid. The illiquidity of the Group's industrial properties may limit the Group's ability to convert these assets into cash at short notice or may result in a significant reduction in the price that the Group might otherwise seek for such assets in the event it is required to effect an urgent sale. There is no assurance that the Group's financial performance will not be adversely affected if such circumstances were to materialise.

The Group's industrial properties are developed with the principal intention of being rented or sold to players in the industrial sector. Accordingly, the Group is subject to the solvency or creditworthiness of its purchasers. The Group may face delay or even non-payment in its collection of progress payments from the purchasers of its industrial properties. Any significant delay or inability in collecting payment will impact negatively on the Group's financial performance.

In the event that the Group is unable to sell a significant proportion of its industrial properties, the Group's financial results will be materially and adversely affected. Furthermore, the unsold industrial properties that the Group continues to hold for sale post-completion may be relatively illiquid, and such illiquidity may also have a negative effect on the prices of unsold industrial properties in the event the Group is required to sell the unsold properties urgently. In such an event, the Group's cash flow and financial performance will be adversely affected.

As a developer of industrial properties, the Group may also face disputes with, and claims from, purchasers in connection with delays and alleged defective works carried out in the Group's industrial property development projects. The Group may also have disputes with its contractors or suppliers over issues such as the quality of construction works and materials, the standard and skilfulness of their labourers and prices of the construction contracts. In the event such disputes are not resolved amicably, these purchasers, contractors or suppliers may make corresponding claims against the Group. In the event such claims are successfully made against the Group and the Group is required to compensate the claimants, the Group's business reputation and financial performance may be adversely affected.

(V) Risks relating to the Optical Disc Business

(a) *The Group faces substantial competition from its competitors in the optical data storage industries.*

The market the Group operates in is competitive. The Group expects to face intense competition from existing competitors both in the local country in which the Group operates and also from oversea imports. The Group faces competition particularly those from certain Asian countries where they have a lower manufacturing cost base. Competitors also have an unfair cost advantage over the Group in terms of royalties payable to DVD patent holders. Certain DVD patent holders have continually failed to enforce their rights in their collection of royalties.

Growing competition may force the Group to reduce the prices of the Optical Disc Business products, which may reduce the Group's revenues and margins and/or decrease the Group's market share, any of which could have a material adverse effect on the Group's business, financial condition and results of operation.

The Group's ability to retain customers in the optical data storage industries and to attract new customers is important to the ongoing success of the Group. The loss of any of its major customers in these industries or reduced orders from any of them will have an adverse effect on the Group's turnover and profitability.

There is no assurance that the Group will be able to compete successfully in the future. Failure by the Group to remain competitive would adversely affect its turnover and profitability.

(b) *Defending against intellectual property infringement claims could be expensive and disruptive to the Group's business.*

While the Group takes the necessary precautions to verify its customers' copyrights in relation to any CDs or DVDs the Group manufactures for them, the Group cannot be certain that the material they provide do not infringe copyrights or other intellectual property rights held by third parties. In the event that legal proceedings are brought against the Group by such third parties for making copies of movies or television series provided by the Group's customers to the Group, a substantial amount of time and money would have to be expended by the Group to contest such claims regardless of the merit of such claims. Further, successful infringement claims against the Group may result in substantial monetary liability or may materially disrupt the conduct of the Group's business.

(c) *The Group's business is affected by technological changes.*

The Group's Optical Disc Business is operating in an industry with numerous forms of storing and accessing data. The industry is characterised by rapidly changing technology and frequent emergences of new products and faster digital distribution of content. In particular, the Group is vulnerable to the development of the digital distribution of content or mode of data transfer such as transfers, downloads and streaming of content via the internet. To succeed, the Group has to continue to enhance and develop its products and services on a timely basis to satisfy the increasingly sophisticated requirements of its customers. In the event that the Group is unable to keep up with the technological changes, its turnover and profitability will be adversely affected.

(d) ***The Optical Disc Business is vulnerable to fluctuations in the prices of raw material.***

The main raw materials involved in the Optical Disc Business manufacturing operations are plastic resins which are byproducts of the oil refining process. This accounted for approximately 12% of the Group's cost of sales for FY 2012. Thus, fluctuations in the prices of crude oil and hence plastic resins, will have a significant impact on the Group's profit margins and hence its profitability. The Group cannot assure that it will be able to pass on all the cost increases to its customers in order to maintain its profit margin. In the event that the Group is not in a position to pass on fully any significant increase in the prices of its raw materials to its customers, the results of the Group's operations will be adversely affected.

(e) ***The Optical Disc Business is dependent on its manufacturing facilities. The loss of or shutdown of operations at the Group's manufacturing facilities may have a material adverse effect on its business, financial condition and results of operations.***

The Optical Disc Business manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output, raw material shortage or unsuitability, obsolescence, labour disputes, strikes, lock-outs, non-availability of services of the Group's external contractors, the Group's ability to respond and propose to operate on a cost-effective and timely basis, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities, and any other factors which may or may not be within the Group's control. The occurrence of any of these risks could significantly affect its operating results. Although the Group takes precautions to minimise the risk of any significant operational problems at its facilities, its business, financial condition, results of operations and the trading price of its shares may be adversely affected by any disruption of operations at its facilities, including due to any of the factors mentioned above.

(VI) **Risks relating to the Warrants**

(a) ***Warrants may expire worthless.***

The Warrants issued pursuant to the Bonus Issue have an Exercise Period of four (4) years. In the event that the Warrants are not exercised by the end of the Exercise Period, the Warrants will expire worthless.

(b) ***Potential dilution***

In the event that an Entitled Shareholder does not exercise any Warrants taken up under the Bonus Issue while the other Warrants issued are exercised, such Entitled Shareholder's interest in the Company may be diluted or varied.

Subject to the terms and conditions of the Warrants as set out in the Deed Poll, the Company may issue Shares for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit, but the Warrantheolders shall not have any participating rights in such further issues unless otherwise resolved by the Company in a general meeting. Warrantheolders may suffer a dilution of interest as a result depending on the terms and conditions of the Warrants.

(c) ***The listing of Warrants is subject to a sufficient spread of holdings.***

In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants due to an insufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants, holders of Warrants will not be able to trade their Warrants on the Main Board of the SGX-ST.

(d) ***The price of the Warrants (upon listing) and the Shares may be volatile.***

The market price of the Share and the Warrants (upon listing) may be volatile and could be subject to fluctuations in response to the variations in the Company's operating results and other developments. Further, the demand for the Warrants, its price fluctuations as well as trading volume may vary from that of the Shares.

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10. **Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.**

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

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11. **Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the relevant entity have based their profit forecast or profit estimate, as the case may be.**

Not applicable. No profit forecast or profit estimate is disclosed in this Offer Information Statement.

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12. **Where a profit forecast is disclosed, include a statement by an auditor of the relevant entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the relevant entity, and is presented in accordance with the accounting standards adopted by the relevant entity in the preparation of its financial statements.**

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

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13. **Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –**

- (a) **a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the relevant entity after due and careful enquiry and consideration; or**
- (b) **a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph**

11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the relevant entity, provide in addition to the statement referred to in paragraph 12 of this Part –

- (a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or
- (b) a statement by an auditor of the relevant entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

Not applicable. No profit forecast is disclosed in this Offer Information Statement.

Significant Changes / Meaning of “published”

15. Disclose any event that has occurred from the end of –

- (a) the most recent completed financial year for which financial statements have been published; or
- (b) if interim financial statements have been published for any subsequent period, that period,

to the latest practicable date which may have a material effect on the financial position and results of the relevant entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.

16. In this Part, “published” includes publication in a prospectus, in an annual report or on the SGXNET.

Save as disclosed in this Offer Information Statement and in all public announcements made by the Company, the Directors are not aware of any event which has occurred from 1 July 2013 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group as set out in the unaudited financial statements of the Group for the financial period ended 30 June 2013.

PART VI (THE OFFER AND LISTING)

Offer and Listing Details

1. **Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgement of the offer information statement, the method by which the offer price is to be determined must be explained.**

The Warrants to be issued are free. The exercise price of each Warrant is S\$0.50 (subject to any adjustment under certain circumstances as provided for in the Deed Poll).

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2. **If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.**

The Shares are traded on the Main Board of the SGX-ST.

The Warrants are not previously listed on the SGX-ST. The Company had determined the exercise price of the Warrants after having considered that the Exercise Price of S\$0.50 for each New Share represents a premium of approximately 14.94% to the last transacted price of S\$0.435 per share on the Main Board of the SGX-ST on 12 August 2013 (being the market date preceding the date of announcement of the Bonus Issue) and represents a discount of approximately 7.4% to the last transacted price of S\$0.54 per Share on the Main Board of the SGX-ST on the Latest Practicable Date.

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3. **If -**
 - (a) **any of the relevant entity's shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and**
 - (b) **the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived,**

indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.

No Shareholders have any pre-emptive rights. Save for the terms and conditions set out in the Deed Poll and disclosed in this Offer Information Statement, the exercise of Warrants is not restricted.

As there may be prohibitions or restrictions against the issue of Warrants in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Bonus Issue. Please refer to the Section entitled "**Eligibility of Shareholders to Participate in the Bonus Issue**" of this Offer Information Statement for further information.

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4. **If securities of the same class as those securities being offered are listed for quotation on any securities exchange –**
 - (a) **in a case where the first-mentioned securities have been listed for quotation on the**

securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –

- (i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and
 - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or
- (b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –
- (i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and
 - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;
- (c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and
- (d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.
- (a) The Warrants belong to a new class of securities. The New Shares, when issued upon the exercise of the Warrants, are of the same class as the Shares. The highest and lowest market prices and the volume of the Shares traded on the SGX-ST for each of the last twelve (12) calendar months immediately preceding the Latest Practicable Date and on 16 October 2013 being the Latest Practicable Date, are as follows:

<u>Month</u>	----- Price Range-----		Volume of Shares traded ⁽³⁾ (’000)
	High ⁽¹⁾ (S\$)	Low ⁽²⁾ (S\$)	
October 2012	0.19	0.176	1,829
November 2012	0.205	0.162	2,231
December 2012	0.195	0.183	1,173
January 2013	0.265	0.188	38,088
February 2013	0.295	0.25	48,586
March 2013	0.285	0.25	8,569
April 2013	0.28	0.26	6,143
May 2013	0.395	0.26	33,646
June 2013	0.355	0.3	11,721
July 2013	0.495	0.31	57,060
August 2013	0.515	0.435	44,985
September 2013	0.625	0.46	59,003
16 October 2013 (being the Latest Practicable Date)	0.595	0.54	19,159

(Source: Bloomberg L.P.. Bloomberg L.P. has not consented for the purposes of Sections 249 and 277 of the Securities and Futures Act to the inclusion of the information above which is publicly available, and is thereby not liable for such information under Section 253 and 254 of the Securities and Futures Act. The Company has included the above information in its proper form and context and has not verified the accuracy of such information.)

Notes:

- (1) Based on the highest market price for the Shares in a particular month / period.
- (2) Based on the lowest market price for the Shares in a particular month / period.
- (3) Based on the total volume of the Shares traded in a particular month / period.
- (b) Not applicable. The Shares have been listed for quotation on the SGX-ST for more than twelve (12) months immediately preceding the Latest Practicable Date.
- (c) Save for temporary trading halts to cater for the release of announcements by the Company on the website of the SGX-ST at <http://www.sgx.com> in accordance with the requirements of the Listing Manual, there has not been any significant trading suspension of the Shares that has occurred on the SGX-ST during the three (3) years immediately preceding the Latest Practicable Date.
- (d) Not applicable. The Shares were regularly traded on the SGX-ST.

5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide -

- (a) **a statement of the rights, preferences and restrictions attached to the securities being offered; and**
- (b) **an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.**

The Warrants will, upon issue, be a new class of securities. Each Warrant entitles the Warrantholder thereof to subscribe for one (1) New Share at the Exercise Price, subject to the terms and conditions to be set out in the Deed Poll. The New Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date for which falls on or after the date of issue of the New Shares.

The Warrants and the New Shares are proposed to be issued pursuant to the share issue mandate approved by the Shareholders at the Company's annual general meeting held on 26 April 2013.

Plan of Distribution

6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.

The Bonus Issue is to be made by the Company to Entitled Shareholders on the basis of one (1) Warrant for every ten (10) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements, if any, being disregarded.

The Warrants are issued free to Entitled Shareholders and are not offered through any broker or

dealer.

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- 7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.**

The Warrants will be issued free to Entitled Shareholders. There is no underwriter appointed in relation to the Bonus Issue.

PART VII (ADDITIONAL INFORMATION)

Statements by Experts

1. **Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.**

The Independent Auditor's Reports dated 29 March 2012 and 28 March 2013 enclosed in the audited financial statements of Centurion Corporation Limited and its subsidiaries for FY2011 and FY2012 set out in Appendix B and Appendix C, respectively, which are deemed incorporated into this Offer Information Statement by reference, were prepared by the independent auditors for statutory audit purpose of the Company, whose details are as follows:

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424

Partner-in-charge: Yeow Chee Keong (Chartered Accountants Singapore)

For the avoidance of doubt, PricewaterhouseCoopers LLP are not advisers to the Company for or in relation to the Bonus Issue.

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2. **Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert –**

- (a) **state the date on which the statement was made;**
- (b) **state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and**
- (c) **include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.**

None of the Independent Auditor's Reports dated 29 March 2012 and 28 March 2013 enclosed in the audited financial statements of Centurion Corporation Limited and its subsidiaries for FY2011 and FY2012, respectively, which are deemed incorporated into this Offer Information Statement by reference, were prepared by PricewaterhouseCoopers LLP for the purpose of incorporation in this Offer Information Statement.

PricewaterhouseCoopers LLP has given, and has not, before the lodgement of this Offer Information Statement with the Authority, withdrawn their consent to the issue of this Offer Information Statement with the inclusion by reference of the Independent Auditor's Reports dated 29 March 2012 and 28 March 2013 in the form and context in which they are included in this Offer Information statement.

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3. **The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26(2) or (3) applies.**

Not applicable.

Consents from Issue Managers and Underwriters

4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.

Not applicable.

Other Matters

5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly -

- (a) the relevant entity's business operations or financial position or results; or
- (b) investments by holders of securities in the relevant entity.

Save as disclosed in this Offer Information Statement, the Directors are not aware of any other matter not disclosed under any other paragraph of this Offer Information Statement which could materially affect, directly or indirectly:

- (a) the Company's business operations or financial position or results; or
- (b) investments by holders of securities in the Company.

PART VIII: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES

Not applicable.

PART IX: ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES

Not applicable.

PART X: ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

Not applicable.

TERMS AND CONDITIONS OF WARRANTS

The warrants to subscribe for new ordinary shares in the capital of Centurion Corporation Limited (the "**Company**") and such warrants, the "**Warrants**"), are issued subject to the benefit of a deed poll dated 22 October 2013 executed by the Company (the "**Deed Poll**"). The issue of the Warrants was authorised by resolutions of the board of directors of the Company passed on 22 October 2013 and of the shareholders of the Company passed on 26 April 2013. Approval in-principle has been obtained from the SGX-ST (as defined below) for dealing in, the listing of and quotation for the Warrants and the new Shares (as defined below) arising from the exercise of the Warrants **subject to, *inter alia*, a sufficient spread of holdings for the Warrants**. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Deed Poll. Copies of the Deed Poll are available for inspection at the registered office for the time being of the Company and at the specified office of the Warrant Agent (as defined below) referred to in Condition 4(G) and the Warrantholders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Deed Poll.

1. Definitions

For the purposes of these Conditions and subject as otherwise provided herein:

"**Act**" means the Companies Act, Chapter 50 of Singapore, as amended from time to time;

"**Approved Bank**" means any bank or merchant bank in Singapore of international repute and selected by the Directors;

"**Auditors**" means the auditors for the time being of the Company or, if there shall be joint auditors, any one or more of such auditors or, in the event of them being unable or unwilling to carry out any action requested of them pursuant to the provisions of the Deed Poll or the Conditions, such other auditors as may be nominated by the Company;

"**Business Day**" means a day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks in Singapore, the SGX-ST, the Depository and the Warrant Agent are open for business;

"**CPF**" means the Central Provident Fund;

"**CPF Act**" means the Central Provident Fund Act, Chapter 36 of Singapore, as amended from time to time;

"**CPF Approved Bank**" means any bank appointed by the CPF Board to be a bank for the purposes of the CPF Regulations;

"**CPF Board**" means the board of the CPF established pursuant to the CPF Act;

"**CPF Investment Account**" means an account opened by a member of CPF with a CPF Approved Bank from which money can be withdrawn for, *inter alia*, payment of the Exercise Price in connection with the exercise of the Warrants;

"**CPF Regulations**" means the Central Provident Fund (Investment Schemes) Regulations as amended from time to time;

"**Depositor**" and "**Depository**" shall have the respective meanings ascribed to them in Section 130A of the Act;

"Depository Register" means the register maintained by the Depository pursuant to Division 7A of Part IV of the Act in respect of the Warrants registered in the name of the Depository;

"Directors" means the directors for the time being of the Company;

"Exercise Date" means, in relation to the exercise of a Warrant, the Business Day on which the applicable conditions referred to in Condition 4(A) are fulfilled, or (if fulfilled on different days) on which the last of such conditions is fulfilled, provided that if any such day falls during a period when the Register of Members of the Company is closed, then the **"Exercise Date"** shall be earlier of the next Business Day on which the Register of Members of the Company is open and the Expiration Date;

"Exercise Notice" means a notice (for the time being current) for the exercise of the Warrants, copies of which may be obtained from the Warrant Agent;

"Exercise Period" means the period commencing on (and including) the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the fourth (4th) anniversary of the date of issue of the Warrants, but excluding such period(s) during which the Register may be closed pursuant to Condition 4(F) below;

"Exercise Price" means, in respect of each Warrant, S\$0.50, subject to adjustment in accordance with Condition 5 below;

"Expiration Date" means the last date of the Exercise Period;

"Extraordinary Resolution" shall have the meaning set out in paragraph 20 of Schedule 2;

"Global Warrant Certificate" means the global Warrant Certificate in respect of such Warrants held through CDP, in such number as required by CDP, which will be deposited with CDP;

"Market Day" shall have the meaning ascribed to it in the Listing Manual of the SGX-ST;

"Register" means the Register of Warrantholders to be maintained by the Warrant Agent pursuant to Condition 4(F) below;

"Registrar" means B.A.C.S. Private Limited or such other person, firm or company as may be appointed as such from time to time by the Company;

"Securities Account" means a securities account maintained by a Depositor with the Depository but does not include a securities sub-account;

"SGX-ST" means the Singapore Exchange Securities Trading Limited;

"Shares" means ordinary shares in the capital of the Company;

"Special Account" means the account maintained by the Company with a bank in Singapore for the purpose of crediting moneys paid by exercising Warrantholders in satisfaction of the Exercise Price in relation to the Warrants exercised by such exercising Warrantholders;

"S\$" means the lawful currency of Singapore;

"unexercised" means, in relation to the Warrants, all the Warrants which are issued pursuant to Condition 5 for so long as the Warrants shall not have lapsed in accordance with Condition 3 other than (a) those which have been exercised in accordance with their terms, (b) those mutilated or defaced Warrant Certificates in respect of which replacement Warrant Certificates have been duly issued pursuant to Condition 10, and (c) for the purpose of ascertaining the number of Warrants

unexercised at any time (but not for the purpose of ascertaining whether any Warrants are unexercised), those Warrant Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Warrant Certificates have been issued pursuant to Condition 10; Provided that for the purposes of (i) the right to attend and vote at any meeting of Warrantholders and (ii) the determination of how many and which Warrants for the time being remain unexercised for the purposes of Condition 12 and paragraphs 1, 3, 4 and 8 of Schedule 2, those Warrants which have not been exercised but have been lodged for exercise (whether or not the conditions precedent to such exercise have been or will be fulfilled) shall, unless and until withdrawn from lodgement, be deemed not to remain unexercised;

"Warrant Agency Agreement" means the warrant agency agreement dated 22 October 2013 appointing, *inter alia*, the Warrant Agent, as the same may be modified from time to time by the parties thereto, and includes any other agreement (whether made pursuant to the terms of the Warrant Agency Agreement or otherwise) appointing further or other Warrant Agents or amending or modifying the terms of any such appointment;

"Warrant Agent" means B.A.C.S. Private Limited or such other person as may be appointed as such from time to time by the Company pursuant to the Warrant Agency Agreement;

"Warrant Certificates" means the certificates (in registered form) to be issued in respect of the Warrants substantially in the form set out in Schedule 1 to the Deed Poll, as from time to time modified in accordance with the provisions set out herein; and

"Warrantholders" means the registered holders of the Warrants, except that where the registered holder is the Depository, the term **"Warrantholders"** shall, in relation to Warrants registered in the name of the Depository, include, where the context requires, the Depositors whose Securities Account(s) with the Depository are credited with Warrants, Provided that for the purposes of Schedule 2 of the Deed Poll relating to meetings of Warrantholders, such Warrantholders shall mean those Depositors having Warrants credited to their Securities Account(s) as shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of a meeting of Warrantholders supplied by the Depository to the Company. The word **"holder"** or **"holders"** in relation to Warrants shall (where appropriate) be construed accordingly.

2. Form and Title

(A) The Warrants are issued in registered form. Title to the Warrants shall be transferable in accordance with Condition 9. The Warrant Agent shall maintain the Register on behalf of the Company and except as required or provided by law:

- (i) the registered holder of the Warrants (other than the Depository); and
- (ii) (where the registered holder of the Warrants is the Depository) each Depositor for the time being appearing in the Depository Register maintained by the Depository as having Warrants credited to its Securities Account(s),

will be deemed to be and be treated as the absolute owner thereof and as the holder of all the rights and interests in the number of Warrants so entered (whether or not the Company shall be in default in respect of the Warrants or its covenants contained in the Deed Poll and notwithstanding any notice of ownership or writing hereon or notice of any previous loss or theft of the relevant Warrant Certificate or any irregularity or error in the records of the Depository or any express notice to the Company or the Warrant Agent or any other related matters) for the purpose of giving effect to the exercise of the rights constituted by the Warrants and for all other purposes.

(B) The executors or administrators (or trustees) of the estate of a deceased registered Warrantholder (not being one of several joint holders) and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only

person(s) recognised by the Company as having any title to the Warrants registered in the name of the deceased Warrantholder. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and payment of the fees and expenses referred to in Condition 9 be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warrantholder could have made.

- (C) If two or more persons are entered in the Register or the Depository Register (as the case may be) as joint holders of any Warrant, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:
- (i) the Company shall not be bound to register more than three persons as the registered joint holders of any Warrant but this provision shall not apply in the case of executors or administrators (or trustees) of the estate of a deceased Warrantholder;
 - (ii) joint holders of any Warrant whose names are entered in the Register or the Depository Register (as the case may be) shall be treated as one Warrantholder;
 - (iii) the Company shall not be bound to issue more than one Warrant Certificate for a Warrant registered jointly in the names of several persons and delivery of a Warrant Certificate to the joint holder whose name stands first in the Register or the Depository Register (as the case may be) shall be sufficient delivery to all; and
 - (iv) the joint holders of any Warrant whose names are entered in the Register or the Depository Register (as the case may be) shall be, jointly and severally, liable in respect of all payments which ought to be made in respect of such Warrants.

3. Exercise Rights

- (A) Each Warrantholder shall have the right, by way of exercise of each Warrant, at any time during normal business hours on any Business Day during the Exercise Period in the manner set out in Condition 4 and otherwise on the terms of and subject to the Conditions set out below, to subscribe for one (1) Share at the Exercise Price, subject to adjustments in accordance with Condition 5, on the Exercise Date applicable to such Warrant. The Exercise Price shall, on the Exercise Date, be applied towards payment for the Share to be issued on the exercise of the relevant Warrant. Each Warrant shall, following its exercise in accordance with these Conditions, be cancelled by the Company. No payments shall be refunded and no fraction of a Share shall be allotted.
- (B) At the expiry of the Exercise Period, any Warrant which has not been exercised in accordance with Condition 4 will lapse and cease to be valid for any purpose.
- (C) Any Warrant in respect of which the Exercise Notice shall not have been duly completed and delivered in the manner set out below under Condition 4 to the Warrant Agent on or before 5.00 p.m. on the Expiration Date shall become void.

4. Procedure for Exercise of Warrants

- (A) Lodgement Conditions

In order to exercise one or more Warrants, a Warrantholder must fulfill the following conditions:

- (i) lodgement during the normal business hours on any Business Day during the Exercise Period, of the relevant Warrant Certificate registered in the name of the exercising Warrantholder for exercise at the specified office of the Warrant Agent together with the Exercise Notice in respect of the Warrants represented thereby in the form (for the time being current) obtainable from the Warrant Agent and which are in the form or

substantially in the form prescribed by the Deed Poll, duly completed and signed by or on behalf of the exercising Warrantholder and duly stamped in accordance with any law for the time being in force relating to stamp duty, Provided that the Warrant Agent may dispense with the production of the Global Warrant Certificate where such Warrants being exercised are registered in the name of the Depository;

- (ii) the furnishing of such evidence (if any, including evidence of nationality) as the Warrant Agent may require to determine the due execution of the Exercise Notice by or on behalf of the exercising Warrantholder (including every joint Warrantholder, if any) or otherwise to ensure the due exercise of the Warrants and such other evidence as the Company may require to verify due compliance for the purposes of administering and implementing the provisions set out in these Conditions;
- (iii) the payment or satisfaction of the Exercise Price in accordance with the provisions of Condition 4(B) below;
- (iv) the payment of deposit or other fees for the time being chargeable by, and payable to, the Depository (if any) or any stamp, issue, registration or other similar taxes or duties arising on the exercise of the relevant Warrants as the Warrant Agent may require; and
- (v) the payment of the expenses for, and the submission of any necessary documents required in order to effect, the registration of the new Shares in the name of the exercising Warrantholder or the Depository, as the case may be, and the delivery of the certificates for such new Shares and any property or other securities to be delivered upon the exercise of the relevant Warrants to the place specified by the exercising Warrantholder in the Exercise Notice or to the Depository, as the case may be.

Any exercise by a Warrantholder in respect of Warrants registered in the name of the Depository shall be further conditional on:

- (i) the number of Warrants so exercised being available in the "Free Balance" of the Securities Account of the exercising Warrantholder with the Depository and remain so credited until the relevant Exercise Date; and
- (ii) the relevant Exercise Notice specifying that the new Shares arising on exercise of the Warrants are to be credited to the Securities Account of the exercising Warrantholder, or in the case where funds standing to the credit of a CPF Investment Account are to be used for the payment of the Exercise Price, are to be credited to the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice, failing which the Exercise Notice shall be void and all rights of the exercising Warrantholder and of any other person thereunder shall cease.

An Exercise Notice which does not comply with the conditions above shall be void for all purposes. Warrantholders whose Warrants are registered in the name of the Depository irrevocably authorise the Company and the Warrant Agent to obtain from the Depository and to rely upon such information and documents as the Company or the Warrant Agent deems necessary to satisfy itself that all the abovementioned conditions have been fulfilled and such other information as the Company or the Warrant Agent deems necessary to satisfy itself that all the abovementioned conditions have been fulfilled and such other information as the Company or the Warrant Agent may require in accordance with these conditions and the Deed Poll and to take such steps as may be required by the Depository (including steps set out in the Depository's procedures for the exercise of warrants as set out in its website <http://www.cdp.com.sg> or such other website, as amended from time to time) in connection with the operation of the Securities Account of any Warrantholder, Provided that the Company and the Warrant Agent shall not be liable in any way whatsoever for any loss or damage incurred or suffered by any Warrantholder as a result of or in connection with reliance by the Company, the Warrant Agent or any other

persons upon the Depository Register or the records of and information supplied by or statements or certificates of the Depository.

Once all the abovementioned conditions (where applicable) have been fulfilled, the relevant Warrant Certificate(s) (if any), the Exercise Notice and any moneys tendered in or towards payment of the Exercise Price in accordance with Condition 4(B) below may not be withdrawn without the consent in writing of the Company.

(B) Payment of Exercise Price

Payment of the Exercise Price shall be made to Warrant Agent at its specified office:

- (i) by way of a remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore for the credit of the Special Account for the full amount of the Exercise Price payable in respect of the Warrants exercised;
- (ii) subject to the Warrants being listed on the Main Board of the SGX-ST, by debiting the relevant Warrantholder's CPF Investment Account with the CPF Approved Bank as specified in the Exercise Notice, for the credit of the Special Account for the full amount of the Exercise Price payable in respect of the Warrants exercised; or
- (iii) subject to the Warrants being listed on the Main Board of the SGX-ST, partly in the form of remittance in accordance with (i) above and/or partly by debiting such Warrantholder's CPF Investment Account with the CPF Approved Bank in accordance with (ii) above for the credit of the Special Account such that the aggregate amount of such remittance and/or the amount credited to the Special Account by the CPF Approved Bank is equal to the full amount of the Exercise Price payable in respect of the Warrants exercised.

Each such payment shall be made free of any foreign exchange commissions, remittance charges or other deductions and any banker's drafts or cashier's orders shall be endorsed on the reverse side with (i) the number of Warrants exercised, (ii) the name of the exercising Warrantholder and (iii) the certificate numbers of the relevant Warrant Certificates or, if the relevant Warrant Certificates are registered in the name of the Depository, the Securities Account(s) number(s) of the exercising Warrantholder which is to be debited with the Warrants being exercised and in each case compliance must also be made with any exchange control or other statutory requirements for the time being applicable.

If the payment advice fails to comply with the foregoing provisions, the Warrant Agent may, at its absolute discretion and without liability on behalf of itself or the Company, refuse to recognise the relevant payment as relating to the exercise of any particular Warrant, and the exercise of the relevant Warrants may accordingly be delayed or treated as invalid and neither the Warrant Agent nor the Company shall be liable to the Warrantholder in any manner whatsoever. If the relevant payment received by the Warrant Agent in respect of an exercising Warrantholder's purported payment of the Exercise Price relating to all the relevant Warrants lodged with the Warrant Agent is less than the full amount of such Exercise Price, the Warrant Agent shall not treat the relevant payment so received or any part thereof as payment of the Exercise Price or any part thereof or forward the same to the Company and, accordingly, the whole of such relevant payment shall remain in the Special Account (subject to Condition 4(D) below) unless and until a further payment is made in accordance with the requirements set out above in this Condition 4(B) in an amount sufficient to cover the deficiency provided that the Company will not be held responsible for any loss arising from any retention of such payment by the Warrant Agent.

(C) Exercise Date

A Warrant shall (provided the provisions of this Condition 4 have been satisfied) be treated as exercised on the Exercise Date which shall be the Business Day (falling within the Exercise

Period) on which all the conditions for and provisions relating to the exercise of the Warrant have been fulfilled or, if fulfilled on different dates, the last of such dates provided that if any Warrant is exercised on a date when the Register is closed, the Exercise Date shall be the earlier of the next Business Day on which such Register is open and the Expiration Date.

The relevant Warrants and Warrant Certificates shall be cancelled on the Exercise Date except that, in relation to Warrant Certificates in the name of the Depository, such Warrant Certificates shall be cancelled as soon as possible after receipt by the Warrant Agent from the Depository of instructions as to the cancellation of the Warrants and the said Warrant Certificates.

(D) Special Account

Payment of the Exercise Price received by the Warrant Agent for credit to the Special Account will be available for release to the Company on the Business Day after the Exercise Date relating to the relevant Warrants in payment for the Shares to be delivered in consequence of the exercise of such Warrants. The relevant Warrants and Warrants Certificates shall be cancelled on the Exercise Date except that, in relation to Global Warrant Certificate in the name of the Depository shall be deemed to have been reduced for all purposes by the number of Warrants so exercised. The original Global Warrant Certificate shall be cancelled and replaced with a new Global Warrant Certificate representing the Warrants that are held through the Depository which remain unexercised, as soon as possible after receipt by the Warrant Agent from the Depository of the original Global Warrant Certificate, accompanied by instructions from the Depository as to the cancellation of such original Global Warrant Certificate in lieu of the new Global Warrant Certificate.

If such payment is made to the Warrant Agent and such payment is not recognised by the Warrant Agent as relating to the exercise of the relevant Warrants or the relevant payment is less than the full amount of the Exercise Price or the conditions set out in Condition 4(A) above have not then all been fulfilled in relation to the exercise of such Warrants, such payment will remain in the Special Account pending recognition of such payment or full payment or fulfilment of the lodgement conditions set out in Condition 4(A), as the case may be, but on whichever is the earlier of:

- (i) the fourteenth (14) day after receipt of such Exercise Notice by the Warrant Agent; and
- (ii) the Expiration Date,

such payment will (if the Exercise Date in respect of such Warrant(s) has not by then occurred) be returned, without interest, to the person who remitted such payment.

The Warrant Agent will, if it is possible to relate the payment so received to any Warrant Certificates (if applicable), and the Exercise Notice previously lodged with the Warrant Agent, return such Warrant Certificates (if applicable) and the relevant Exercise Notice to the exercising Warrantholder at the risk and expense of such Warrantholder. The Company and the Warrant Agent will be entitled to deduct or otherwise recover from the exercising Warrantholder any applicable handling charges and out-of-pocket expenses of the Warrant Agent. Such payment as referred to aforesaid (together with all documents lodged) will be returned to the Warrantholder or (in the case of Warrants registered in the name of the Depository) to the Depository or to such person as the Depository may direct, by ordinary post and at the risk and expense of such Warrantholder. So long as any particular payment remains credited to the Special Account and the relevant Exercise Date has not occurred, it (but excluding any interest accrued thereon) will continue to belong to the exercising Warrantholder but it may only be withdrawn within the abovementioned fourteen (14) day period with the consent in writing of the Company. The Warrant Agent will be entitled to deduct or otherwise recover from the exercising Warrantholder any applicable handling charges and out-of-pocket expenses.

(E) Allotment of New Shares and Issue of Balancing Warrant Certificates

A Warrantholder exercising Warrants which are registered in the name of the Depository must elect in the Exercise Notice to have the delivery of new Shares arising from the exercise of such Warrants to be effected by crediting such Shares to the Securities Account of such Warrantholder or, as the case may be, the Securities Account of the nominee company of the CPF Approved Bank as specified in the Exercise Notice within five (5) Market Days of the date on which the Warrant Agent confirms with the Depository that the Warrants which have been tendered for exercise are available for exercise in the relevant Securities Account of the exercising Warrantholder and the number of Warrants represented by the Global Warrant Certificate in the name of the Depository shall be deemed to have been reduced for all purposes by the number of Warrants so exercised..

A Warrantholder exercising Warrants which are registered in his own name may elect in the Exercise Notice to either receive physical share certificates in respect of the new Shares arising from the exercise of such Warrants or to have the delivery of such new Shares effected by crediting such new Shares to his Securities Account with the Depository or the Securities Account of the nominee company of the CPF Approved Bank.

The Company shall allot and issue the new Shares arising from the exercise of the relevant Warrants by a Warrantholder and deliver such new Shares in accordance with the instructions of such Warrantholder as set out in the Exercise Notice and:

- (i) where such Warrantholder has elected in the Exercise Notice to receive physical share certificates in respect of the new Shares arising from the exercise of the relevant Warrants, the Company shall despatch, as soon as practicable but in any event not later than five (5) Business Days after the relevant Exercise Date, by ordinary post to the address specified in the Exercise Notice and at the risk of such Warrantholder, the certificates relating to such new Shares registered in the name of such Warrantholder; or
- (ii) where such Warrantholder has elected in the Exercise Notice to have the delivery of new Shares arising from the exercise of the relevant Warrants to be effected by the crediting of the Securities Account of such Warrantholder or the Securities Account of the nominee company of the CPF Approved Bank (as the case may be) as specified in the Exercise Notice, the Company shall as soon as practicable but not later than five (5) Business Days after the relevant Exercise Date despatch the certificates relating to such new Shares in the name of, and to, the Depository for the credit of the Securities Account of such Warrantholder or the Securities Account of the nominee company of the CPF Approved Bank (as the case may be) as specified in the Exercise Notice (in which case, such Warrantholder shall also duly complete and deliver to the Warrant Agent such forms as may be required by the Depository, failing which such exercising Warrantholder shall be deemed to have elected to receive physical share certificates in respect of such new Shares at his address specified in the Register).

Where a Warrantholder exercises part only (and not all) of the subscription rights represented by Warrants which are registered in the name of the Depository, the number of Warrants represented by the Global Warrant Certificate registered in the name of the Depository shall be deemed to have been reduced for all purposes by the number of Warrants so exercised. Where a Warrantholder exercises part only (but not all) of the subscription rights represented by Warrants which are registered in his name, the Company shall despatch a balancing Warrant Certificate in the name of the exercising Warrantholder in respect of any Warrants remaining unexercised by ordinary post to the address specified in the relevant Exercise Notice and at the risk of that Warrantholder at the same time as it delivers in accordance with the relevant Exercise Notice the certificate(s) relating to the new Shares arising upon exercise of such Warrants.

(F) Register of Warrantholders

The Warrant Agent shall maintain a register (the "**Register**") containing particulars of the

Warrantholders (other than Warrantholders who are Depositors) and if the Depository holds any Warrants, the Depository and such other information relating to the Warrants as the Company may require. The Register shall be closed during such periods as the Register of Transfers of the Company may be closed and during such periods as may be required to determine the adjustments to the Exercise Price and/or the number of Warrants under Condition 5 or during such other period as the Company may determine. Not less than fourteen (14) days' notice of each closure of the Register will be given to the Warrantholders in accordance with Condition 13.

Except as required by law or as ordered by a court of competent jurisdiction, the Company and the Warrant Agent shall be entitled to rely on the Register (where the registered holder of a Warrant is a person other than the Depository) or the Depository Register (where the Depository is the registered holder of a Warrant) or any statement or certificate issued by the Depository to the Company or any Warrantholder (as made available to the Company and/or the Warrant Agent) to ascertain the identity of the Warrantholders, the number of Warrants to which any such Warrantholders are entitled, to give effect to the exercise of the subscription rights constituted by the Warrants and for all other purposes in connection with the Warrants (whether or not the Company shall be in default in respect of the Warrants or any of the terms and conditions contained herein or in the Deed Poll and notwithstanding any notice of ownership or writing thereon or notice of any claim on or loss or theft or forgery of any Warrant or Warrant Certificate).

(G) Warrant Agent and Registrar

The name of the initial Warrant Agent and Registrar and its specified office is set out below. The Company reserves the right at any time to vary or terminate the appointment of the Warrant Agent and Registrar and to appoint an additional or another Warrant Agent and/or another Registrar, Provided that it shall at all times maintain a Warrant Agent and a Registrar having a specified office in Singapore so long as the Warrants are outstanding. Notice of any such termination or appointment and of any changes in the specified offices of the Warrant Agent and/or the Registrar shall be given to the Warrantholders in accordance with Condition 13.

Warrant Agent and Registrar:

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

5. Adjustments of Exercise Price and Number of Warrants

(A) The Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted by the Directors in consultation with an Approved Bank and/or the Auditors and certified to be in accordance with Condition 5(B) below by the Auditors. The Exercise Price and/or the number of Warrants held by each Warrantholder shall from time to time be adjusted as provided in these Conditions and the Deed Poll in all or any of the following cases:

- (i) any consolidation, subdivision (including a subdivision by way of a bonus issue by the Company of Shares credited as fully paid without capitalisation of profits or reserves), or conversion of Shares; or
- (ii) an issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and other than an issue of Shares to its members ("**Members**") who had an option to take cash or other dividend in lieu of the relevant Shares); or
- (iii) a Capital Distribution (as defined below) made by the Company to its Members whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is

lost or unrepresented by available assets); or

- (iv) an offer or invitation made by the Company to its Members whereunder they may acquire or subscribe for Shares by way of rights; or
- (v) an issue (otherwise than pursuant to a rights issue available to all Members, requiring an adjustment under Condition 5(A)(iv) above and other than an issue of Shares to Members who had an option to take cash or other dividend in lieu of the relevant Shares) by the Company of Shares, if the Total Effective Consideration (as defined below) for each Share is less than ninety per cent. (90.0%) of the Current Market Price (as defined below) for each Share (calculated as provided below).

(B) Subject to these Conditions and the Deed Poll, the Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two or more of Conditions 5(A)(i) to (v) above or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Approved Bank and/or Auditors shall determine):

(i) Consolidation or Subdivision or Conversion of Shares

If, and whenever, consolidation or subdivision or conversion of the Shares occurs (including a subdivision by way of a bonus issue by the Company of Shares credited as fully paid without capitalisation of profits or reserves), the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{B} \times X$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such consolidation or subdivision or conversion;

B = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion;

W = the existing number of Warrants held; and

X = the existing Exercise Price.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision becomes effective.

(ii) Capitalisation Issues

If and whenever the Company shall make any issue of Shares to its Members credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and other than an issue of Shares to Members who had an option to take cash or other dividend in lieu of the relevant Shares), the Exercise Price and/or the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{A + B} \times X$$

$$\text{Adjusted number of Warrants} = \frac{A + B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Members credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and other than an issue of Shares to Members who had elected to take cash or other dividend in lieu of the relevant Shares);

W = as in W above; and

X = as in X above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the day next following the record date for such issue.

For the purpose of this Condition 5, "**record date**" in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which Members must be registered as such to participate therein.

(iii) Capital Distribution or Rights Issues

If and whenever the Company shall make:

- (a) a Capital Distribution (as defined below) to its Members whether on a reduction of capital or otherwise; or
- (b) any offer or invitation to Members by way of rights whereunder they may acquire or subscribe for Shares ("**Rights Issue**");

then the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{C - D}{C} \times X$$

and, in the case of Condition 5(B)(iii)(b), the number of Warrants held by each Warrantholders shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{C}{(C - D)} \times W$$

where:

C = the Current Market Price on the Market Day immediately preceding the date on which the Capital Distribution or Rights Issue (as the case may be) is publicly announced to the SGX-ST or (failing any such announcement), immediately preceding the date of the Capital Distribution or Rights Issue (as the case may

be);

D = (1) in the case of a transaction falling within Condition 5(B)(iii)(a), the fair market value, as determined by an Approved Bank and/or Auditors, of that portion of the Capital Distribution attributable to one Share; and

(2) in the case of a transaction falling within Condition 5(B)(iii)(b), the value of rights attributable to one (1) Share (as defined below);

X = as in X above; and

W = as in W above.

For the purpose of sub-paragraph (2) of D above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the following formula:

$$\frac{C - E}{F + 1}$$

Where:

C = as in C above;

E = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares under the terms of such offer or invitation; and

F = the number of Share(s) which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) Share.

For the purposes of Conditions 5(A)(iii) and 5(B)(iii), "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under Condition 5(B)(ii) above) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (but excluding any issue of Shares made where the Members had elected to take cash or other dividend in lieu of the relevant Shares). Any distribution out of profits or reserves shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before the date of such distribution and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution.

For the purpose of this Condition 5, the "**Current Market Price**" in relation to each Share for any relevant Market Day shall be the average of the last dealt prices (rounded down to the nearest S\$0.01 per Share) of Shares quoted on the Main Board of the SGX-ST for the five (5) consecutive Market Days (on each of which trading of the Shares on the Main Board of the SGX-ST has been transacted) immediately preceding that Market Day.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such Capital Distribution or such offer or invitation, as the case may be.

(iv) Concurrent Capitalisation Issue and Rights Issue

If and whenever the Company makes any allotment to its Members as provided in Condition 5(B)(ii) above and also makes any offer or invitation to its Members as provided in Condition 5(B)(iii)(b) and the record date for the purpose of the allotment is

also the record date for the purpose of the offer or invitation, the Exercise Price and/or the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{(I \times C) + (J \times E)}{(I + J + B) \times C} \times X$$

$$\text{Adjusted number of Warrants} = \frac{(I + J + B) \times C}{(I \times C) + (J \times E)} \times W$$

where:

B = as in B above;

C = as in C above;

E = as in E above;

I = the aggregate number of issued and fully paid-up Shares on the record date;

J = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

W = as in W above; and

X = as in X above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

For the purpose of this paragraph, "**closing date**" shall mean the date by which acceptance of and payment for the Shares are to be made under the terms of such offer or invitation.

(v) Issues at Discount other than by way of Rights

If and whenever (otherwise than pursuant to a rights issue available to all Members alike and requiring an adjustment under Conditions 5(B)(iii)(b) or 5(B)(iv) above and other than an issue of Shares to Members who had an option to take cash or other dividend in lieu of the relevant Shares) the Company shall issue any Shares and the Total Effective Consideration for each Share (as defined below) is less than ninety per cent. (90.0%) of the Current Market Price for each Share on the SGX-ST on the date on which the issue price of such Shares is determined or, if such price is determined either before the close of business on the SGX-ST for that day or on a day which is not a Market Day, on the immediately preceding Market Day, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{K + L}{K + M} \times X$$

where:

K = the number of Shares in issue at the close of business on the SGX-ST on the day immediately preceding the date on which the relevant adjustment becomes effective;

L = the number of Shares which the Total Effective Consideration (as defined below)

would have purchased at such Current Market Price (exclusive of expenses);

M = the aggregate number of Shares so issued; and

X = as in X above.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such Shares.

For the purposes of Conditions 5(A)(v) and 5(B)(v), the "**Total Effective Consideration**" shall be determined by the Directors with the concurrence of an Approved Bank and/or Auditors and shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "**Total Effective Consideration for each Share**" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

- (C) Notwithstanding any of the provisions contained in Condition 5(A) and (B), no adjustment to the Exercise Price and the number of Warrants will be required in respect of:
- (i) an issue by the Company of Shares to *inter alia*, officers, including directors or employees of the Company or any of its subsidiaries, related corporations and/or associated companies pursuant to any purchase, option or option scheme approved by the Members in any general meeting; or
 - (ii) an issue by the Company of Shares or other securities convertible into or right to acquire or subscribe for Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business; or
 - (iii) any issue by the Company of Shares pursuant to the exercise of any of the Warrants; or
 - (iv) any issue by the Company of securities convertible into Shares or rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights; or
 - (v) subject to Condition 5(J) below, any purchase by the Company of Shares.
- (D) Any adjustment to the Exercise Price will be rounded upwards to the nearest one cent and in no event shall any adjustment involve an increase in the Exercise Price (other than upon the consolidation of Shares). No adjustments to the Exercise Price shall be made unless it has been certified to be in accordance with Condition 5(B) above by the Auditors. No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be adjusted would be less than one cent but any such adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- (E) Any adjustment to the number of Warrants held by each Warrantholder will be rounded downwards to the nearest whole Warrant. No adjustment to the number of Warrants shall be made unless (i) it has been certified to be in accordance with Condition 5(B) above by the Auditors and (ii) on the Market Day immediately before such adjustment, approval in-principle has been granted by the SGX-ST for the listing of and quotation for such additional Shares as may be issued on the exercise of any of such Warrants.
- (F) Notwithstanding the provisions referred to in this Condition 5, in any circumstance where the Directors consider that any adjustments to the Exercise Price and/or the number of Warrants held

by each Warrantholder provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date or that an adjustment to the Exercise Price and/or the number of Warrants held by each Warrantholder should be made notwithstanding that no such adjustment is required under the said provisions, the Company may appoint an Approved Bank and/or the Auditors to consider whether for any reason whatsoever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of this Condition 5 is appropriate or inappropriate, as the case may be, and, if such Approved Bank and/or the Auditors shall consider the adjustment to be inappropriate, the adjustment shall be modified or nullified, or if such Approved bank and/or Auditors shall consider an adjustment to be appropriate, an adjustment shall be made instead of no adjustment in such manner as shall be considered by such Approved Bank and/or Auditors to be in its opinion appropriate. Any adjustment made pursuant to this Condition 5 (unless otherwise provided under the rules of the SGX-ST from time to time) shall be announced as soon as practicable by the Company.

- (G) Whenever there is an adjustment as herein provided, the Company shall give notice to Warrantholders in accordance with Condition 13 below that the Exercise Price and/or the number of Warrants has/have been adjusted and setting forth the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or adjusted number of Warrants and the effective date of such adjustment and shall at all times thereafter so long as any of the Warrants remains exercisable make available for inspection at its registered office a signed copy of the certificate of the Auditors certifying the adjustment to the Exercise Price and/or the number of Warrants and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Exercise Price and/or number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or number of Warrants and the effective date of such adjustment and shall, on request, send a copy thereof to any Warrantholder. Whenever there is an adjustment to the number of Warrants, the Company will, as soon as practicable but not later than five (5) Market Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificates for the additional number of Warrants issued to each Warrantholder, at the risk and expense of that Warrantholder, to his address appearing in the Register or, in respect of Warrants registered in the name of the Depository, to the Depository.
- (H) If the Directors, the Approved Bank and/or the Auditors are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another Approved Bank and/or auditors acting as expert and not as arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.
- (I) If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint an Approved Bank and/or Auditors to consider whether any adjustment is appropriate and if such Approved Bank and/or Auditors and the Directors shall determine that any adjustment is appropriate, the Exercise Price and/or the number of Warrants shall be adjusted accordingly.
- (J) If the Company shall purchase or otherwise acquire Shares issued by it pursuant to the provisions of the Act, the Company shall, if so required by the Warrantholders by way of an Extraordinary Resolution, appoint an Approved Bank to consider whether any adjustment is appropriate and if such Approved Bank shall determine that any adjustment is appropriate, the Exercise Price and/or the number of Warrants held by each Warrantholder shall be adjusted accordingly.
- (K) Any new Warrants which may be issued by the Company under this Condition 5 shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued subject to and with the benefit

of the Deed Poll and on such terms and conditions as the Directors may from time to time think fit including but not limited to the terms and conditions as set out herein for the Warrants.

- (L) In giving any certificate or making any adjustment hereunder, the Approved Bank and/or Auditors shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on all persons having an interest in the Warrants.
- (M) Notwithstanding anything herein contained, any adjustment to the Exercise Price and/or the number of Warrants other than in accordance with the provisions of this Condition 5 shall be subject to the approval of the SGX-ST (if required) and agreed to by the Company, the Approved Bank and/or the Auditors.
- (N) Any adjustments made pursuant to this Condition 5 shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on SGXNET.

6. Status of Allotted Shares

Shares allotted and issued upon the exercise of the Warrants shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments and other distributions the Record Date for which is after the relevant Exercise Date of the Warrants. For the purpose of this Condition 6, "**Record Date**" means, in relation to any dividends, rights, allotments or other distributions, the date at the close of business on which Members must be registered in order to participate in such dividends, rights, allotments or other distributions.

7. Winding-Up of the Company

If a resolution is passed for a members' voluntary winding-up of the Company, then:

- (i) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantheolders, or some person designated by them for such purpose by Extraordinary Resolution, shall be a party and shall have approved or assented to by way of an Extraordinary Resolution, the terms of such scheme of arrangement shall be binding on all the Warrantheolders and all persons having an interest in the Warrants; and
- (ii) if notice is given by the Company to its Members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warrantheolder shall be entitled, no later than two (2) Business Days prior to the proposed general meeting, by irrevocable surrender of his Warrant Certificate(s) to the Company with the Exercise Notice(s) duly completed, together with all relevant payments payable and other items required under Condition 4 above, to elect to be treated as if he had prior to the commencement of such winding-up exercised the Warrants to the extent of the number of Warrants specified in the Exercise Notice and had on such date been the holder of the New Shares. The New Shares will be allotted to such Warrantheolder as soon as possible and in any event no later than the day immediately prior to the date of the proposed general meeting.

The Company shall give notice to the Warrantheolders in accordance with Condition 13 of the passing of any such resolution within seven (7) Business Days after the passing thereof.

Subject to the foregoing, if the Company is wound-up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

8. Further Issues

Subject to these Conditions, the Company shall be at liberty to issue Shares to Members either for cash or as bonus distributions and further subscription rights upon such terms and conditions as the Company sees fit but the Warrantheolders shall not have any participating rights in such issue or participating rights unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire Shares.

9. Transfer of Warrants

- (A) In order to transfer Warrants, the Warrantheolder must fulfil the following conditions:
- (i) lodgement during normal business hours of the relevant Warrant Certificate(s) registered in the name of the Warrantheolder at the specified office of the Warrant Agent together with an instrument of transfer in respect thereof (the "**Transfer Form**"), in the form approved by the Company, duly completed and signed by or on behalf of the Warrantheolder and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty provided that the Company and the Warrant Agent may dispense with requiring the Depository to sign as transferee any Transfer Form for the transfer of Warrants to it;
 - (ii) the furnishing of such evidence (if any) as the Warrant Agent may require to determine the due execution of the Transfer Form by or on behalf of the Warrantheolder;
 - (iii) the payment of the registration fee of S\$2.00 (or such other amount as may be determined by the Directors) for every Warrant Certificate issued together with any stamp duty and good and services tax (if any) specified by the Warrant Agent to the Warrantheolder;
 - (iv) the payment of the expenses of, and the submission of any necessary documents required in order to effect the delivery of the new Warrant Certificate(s) to be issued in the name of the transferee; and
 - (v) the Warrants may only be transferred in lots of 1,000 Warrants or more.
- (B) The Warrantheolder specified in the Register or the Depository Register shall remain the registered holder of the Warrants until the name of the transferee is entered in the Register maintained by the Warrant Agent or the Depository Register, as the case may be.
- (C) If the Transfer Form has not been fully or correctly completed by the transferring Warrantheolder or the full amount of the fees and expenses due to the Warrant Agent have not been paid to the Warrant Agent, the Warrant Agent shall return such Transfer Form to the transferring Warrantheolder accompanied by written notice of the omission(s) and/or error(s) and requesting the transferring Warrantheolder to complete and/or amend the Transfer Form and/or to make the requisite payment.
- (D) If the Transfer Form has been fully and correctly completed the Warrant Agent shall, as agent for and on behalf of the Company:
- (i) register the person's name in the Transfer Form as transferee in the Register as the registered holder of the Warrant in place of the transferring Warrantheolder;
 - (ii) cancel the Warrant Certificate(s) in the name of the transferring Warrantheolder; and
 - (iii) issue new Warrant Certificate(s) in respect of the Warrants in the name of the transferee.
- (E) The executors or administrators (or trustees) of the estate of a deceased registered Warrantheolder (not being one of several joint holders) and, in the case of the death of one or more of several joint

holders, the survivor or survivors of such joint holders shall be the only person(s) recognised by the Company as having any title to the Warrants registered in the name of the deceased Warranthead. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and payment of the fees and expenses referred to in sub-paragraphs 9(A)(iii) and (iv) above be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warranthead could have made.

- (F) Where the Warrants are registered in the name of the Depository and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by the Depository by way of book-entry.
- (G) A transferor or Depositor, as the case may be, shall be deemed to remain a holder of the Warrant until the name of the transferee is entered in the Register by the Warrant Agent or the Depository Register by the Depository, as the case may be.

10. Replacement of Warrant Certificates

Should any Warrant Certificate be lost, stolen, destroyed, mutilated or defaced, it may be replaced at the specified office of the Warrant Agent, upon payment by the claimant of the expenses incurred in connection therewith and the replacement fee of S\$2.00 (or such other sum being the replacement fee for the time being, which replacement fee shall not exceed the maximum sum for the time being prescribed by any applicable law or requirement of the SGX-ST) for every replacement Warrant Certificate issued and on such terms as to evidence and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Warrant Certificate(s) in respect of the Warrants is subsequently exercised, there will be paid to the Company on demand the market value of the Warrants at the time of the replacement thereof) as the Company and/or the Warrant Agent may reasonably require. Mutilated or defaced Warrant Certificates must be surrendered to the Warrant Agent before replacements will be issued. The replacement Warrant Certificate(s) will be issued in the name of the registered holder of the Warrant Certificate(s) being replaced.

11. Warrant Agent not Acting for the Warrantheaders

In acting under the Warrant Agency Agreement, the Warrant Agent is, subject to the terms and conditions therein, acting solely as agent for the Company for certain specified purposes and does not assume any obligation or duty to or any relationship of agency or trust for the Warrantheaders.

12. Meetings of Warrantheaders and Modification

- (A) The Deed Poll contains provisions for convening meetings of the Warrantheaders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Warrants or the Deed Poll. Such a meeting may be convened by the Company or by Warrantheaders holding not less than ten per cent. (10.0%) of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution shall be two (2) or more persons present being Warrantheaders or proxies duly appointed by the Warrantheaders holding or representing over fifty per cent. (50.0%) of the Warrants for the time being unexercised, or at any adjourned meeting two (2) or more persons being or representing Warrantheaders whatever the number of Warrants so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Warrants or of the Deed Poll affecting the rights of the Warrantheaders (including cancelling the subscription rights constituted by the Warrants or changing the Exercise Period), the necessary quorum for passing an Extraordinary Resolution shall be two (2) or more persons present being Warrantheaders or proxies duly appointed by the Warrantheaders holding or representing not less than seventy-five per cent. (75.0%), or at any adjournment of such meeting, over fifty per cent. (50.0%), of the Warrants for the time being remaining unexercised. An Extraordinary Resolution duly passed at

any meeting of Warrantheolders shall be binding on all Warrantheolders, whether or not they are present at the meeting. Warrants which have not been exercised but have been lodged for exercise shall not, unless and until they are withdrawn from lodgement, confer the right to attend or vote at, or join in convening, or be counted in the quorum for any meeting of Warrantheolders.

(B) The Company may, without the consent of the Warrantheolders but in accordance with the terms and conditions of the Deed Poll and subject to the approval of the SGX-ST, effect any modification to the Warrants, the Warrant Agency Agreement or the Deed Poll which, in the opinion of the Company:

- (i) is not materially prejudicial to the interests of the Warrantheolders;
- (ii) is of a formal, technical or minor nature;
- (iii) is to correct a manifest error or to comply with mandatory provisions of Singapore law; or
- (iv) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of new Shares arising from the exercise thereof or meetings of the Warrantheolders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the Main Board of the SGX-ST.

Any such modification shall be binding on the Warrantheolders and shall be notified to them in accordance with Condition 13 as soon as practicable thereafter. Unless made pursuant to sub-paragraphs (i) to (iv) above, any alteration to the terms of the Warrants to the advantage of the Warrantheolders is subject to the approval of the Members and the SGX-ST.

Notwithstanding any other provisions as set out in the Deed Poll, any material alteration to the terms and/or conditions of the Warrants after the issue thereof to the advantage of the Warrantheolders and prejudicial to the shareholders of the Company must be approved by the shareholders in general meeting, except where the alterations are made pursuant to the terms and conditions of the Warrants.

Except where the alterations are made pursuant to these Conditions (including but not limited to alterations made pursuant to and in accordance with Condition 5 above or the foregoing provisions of this Condition 12(B)), the Company shall not:

- (a) extend the Exercise Period;
- (b) issue new warrants to replace the Warrants;
- (c) change the Exercise Price; or
- (d) change the exercise ratio of the Warrants.

13. Notices

(A) All notices to Warrantheolders shall be valid if published in any leading daily English language newspaper for general circulation in Singapore. If at any time publication in such newspaper is not practicable, notices shall be valid if published in such other manner as the Company, with the approval of the Warrant Agent, shall determine. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

- (B) All notices required to be given pursuant to these Conditions shall also be announced by the Company on the internet website of the SGX-ST on the same day as such notice is first published in any leading English language newspaper in circulation in Singapore.

14. Notice of Exercise Price and the Notice of Expiration Date

- (A) The Company shall, not later than one (1) month before the Expiration Date, give notice to the Warrantheolders in accordance with Condition 13, of the Expiration Date.
- (B) Additionally, the Company shall take reasonable steps to notify the Warrantheolders in writing of the above and such notice shall be delivered by post to the addresses of the Warrantheolders as recorded in the Register or in the case of Warrantheolders whose Warrants are registered in the name of the Depository, their addresses as shown in the records of the Depository. Proof of posting or despatch of any notice shall be deemed to be proof of receipt on the next Business Day after posting.

15. Governing Law and Jurisdiction

- (A) The Warrants and the Deed Poll are governed by, and shall be construed in accordance with, the laws of Singapore.
- (B) The courts of Singapore are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Warrants and the Deed Poll and accordingly any legal action or proceedings arising out of or in connection with the Warrants and the Deed Poll (the "**Proceedings**") may be brought in such courts. The Company irrevocably submits to the exclusive jurisdiction of such courts and waives any objections to the Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

Notes:

- (1) The attention of Warrantheolders is drawn to Rule 14 of The Singapore Code on Take-Overs and Mergers and Sections 139 and 140 of the Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time. In particular, a Warrantheolder should note that he may be under an obligation to extend a take-over offer of the Company if:
- (a) he intends to acquire, by the exercise of the Warrants, whether at one time or different times, Shares which (together with Shares owned or acquired by him or persons acting in concert with him) carry thirty per cent. (30.0%) or more of the voting rights of the Company; or
 - (b) he, together with persons acting in concert with him, holds not less than thirty per cent. (30.0%) but not more than fifty per cent. (50.0%) of the voting rights of the Company, and either alone or together with persons acting in concert with him, intends to acquire additional Shares by the exercise of the Warrants or otherwise in any period of six (6) months, increasing such percentage of the voting rights by more than one per cent. (1.0%).
- (2) The attention of Warrantheolders is drawn to Condition 3(B) and 3(C) of the Warrants relating to restrictions on the exercise of the Warrants.
- (3) A Warrantheolder who holds not less than five per cent. (5.0%) of the aggregate of the nominal amount of the issued share capital of the Company (assuming all the Warrants he holds are fully exercised), is under an obligation to notify the Company of his interest in the manner set out in Sections 82, 83 and 84 of the Act, and to notify the SGX-ST of his interest in the manner set out in Section 137 of the Securities and Futures Act, Chapter 289 of Singapore.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF CENTURION CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The information in this Appendix B has been reproduced from the audited financial statements of Centurion Corporation Limited and its subsidiaries for the financial year ended 31 December 2011 and has not been specifically prepared for inclusion in this Offer Information Statement.

CENTURION CORPORATION LIMITED

(Formerly known as “SM Summit Holdings Limited”)

AND ITS SUBSIDIARIES

(Incorporated in Singapore. Registration Number: 198401088W)

FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

CENTURION CORPORATION LIMITED
(Formerly known as “SM Summit Holdings Limited”)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

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CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

For the financial year ended 31 December 2011

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the balance sheet of the Company as at 31 December 2011.

Directors

The directors of the Company in office at the date of this report are as follows:

Wong Kok Hoe	(appointed on 1 August 2011)
Kong Chee Min	
Lee Kerk Chong	
Chandra Mohan s/o Rethnam	
Gn Hiang Meng	
Tony Bin Hee Din	(appointed on 1 August 2011)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	<u>Holdings registered in name of director</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>At 31.12.2011</u>	<u>At 1.1.2011 or date of appointment, if later</u>	<u>At 31.12.2011</u>	<u>At 1.1.2011 or date of appointment, if later</u>
Company				
<u>(No. of ordinary shares)</u>				
Wong Kok Hoe	-	-	-	-
Kong Chee Min	17,187	34,375	-	-
Lee Kerk Chong	10,466,271	20,932,543	18,750,000	37,500,000
Gn Hiang Meng	-	-	225,000	450,000
Tony Bin Hee Din	50,000	100,000	-	-

- (b) The directors' interests in the ordinary shares of the Company as at 21 January 2012 were the same as those as at 31 December 2011.

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

For the financial year ended 31 December 2011

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Gn Hiang Meng (Chairman)
Chandra Mohan s/o Rethnam
Wong Kok Hoe

All members of the Audit Committee were non-executive directors. Except for Mr Wong Kok Hoe, all members were independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2011 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

DIRECTORS' REPORT

For the financial year ended 31 December 2011

Audit committee (continued)

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Wong Kok Hoe
Director

29 March 2012

Kong Chee Min
Director

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2011

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 6 to 83 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Wong Kok Hoe
Director

Kong Chee Min
Director

29 March 2012

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTURION CORPORATION LIMITED
(FORMERLY KNOWN AS "SM SUMMIT HOLDINGS LIMITED")**

Report on the Financial Statements

We have audited the accompanying financial statements of Centurion Corporation Limited (formerly known as "SM Summit Holdings Limited") (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 83, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2011, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 29 March 2012

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Revenue	6	30,044	12,020
Cost of sales	7	(15,381)	(3,224)
Gross profit		14,663	8,796
Other gains – net	6	648	9
Expenses			
- Distribution	7	(1,062)	-
- Administrative	7	(4,431)	(511)
- Finance	8	(847)	(1,177)
- Others	7	(12,967)	-
(Loss)/profit before share of loss of associated companies and joint venture		(3,996)	7,117
Share of loss of associated companies/joint venture	17, 18	(673)	-
(Loss)/profit before income tax		(4,669)	7,117
Income tax expense	10	(1,493)	(1,436)
Net (loss)/profit		(6,162)	5,681
(Loss)/profit attributable to:			
Equity holders of the Company		(6,154)	5,681
Non-controlling interests		(8)	-
		(6,162)	5,681
(Losses)/Earnings per share attributable to equity holders of the Company (basic and diluted)	11	(1.14) cents	1.34 cents

The accompanying notes form an integral part of these financial statements.

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
(Loss)/profit for the year		(6,162)	5,681
Other comprehensive income:			
Financial assets, available-for-sale			
- Fair value losses	29	(34)	-
Currency translation difference arising from consolidation	29	110	-
Other comprehensive income, net of tax		76	-
Total comprehensive income		(6,086)	5,681
Total comprehensive (losses)/income attributable to:			
Equity holders of the Company		(6,078)	5,681
Non-controlling interests		(8)	-
		(6,086)	5,681

The accompanying notes form an integral part of these financial statements.

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

BALANCE SHEETS

As at 31 December 2011

		<u>Group</u>		<u>Company</u>	
	Note	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	38,584	2,903	18,644	7,040
Trade and other receivables	13	18,829	13	13,404	15,684
Inventories	14	2,497	-	-	-
Other current assets	15	1,868	60	778	786
		61,778	2,976	32,826	23,510
Non-current assets					
Trade and other receivables	13	9,550	-	152,620	8,727
Financial assets, available-for-sale	16	4,281	-	4,281	4,488
Investments in associated companies	17	1,364	-	1,298	1,298
Investment in a joint venture	18	4,614	-	-	-
Investments in subsidiaries	19	-	-	11,326	9,384
Investment properties	20	70,190	57,405	-	-
Property, plant and equipment	21	10,681	28	112	109
Intangible assets	22	64	-	-	-
		100,744	57,433	169,637	24,006
Total assets		162,522	60,409	202,463	47,516
LIABILITIES					
Current liabilities					
Trade and other payables	23	18,392	2,310	2,058	1,813
Current income tax liabilities	10	2,652	1,640	375	435
Borrowings	24	3,697	3,467	3	34
		24,741	7,417	2,436	2,282
Non-current liabilities					
Borrowings	24	34,022	30,711	-	9
Other liabilities	26	1,940	17,095	511	1,094
Deferred income tax liabilities	27	807	2	59	28
		36,769	47,808	570	1,131
Total liabilities		61,510	55,225	3,006	3,413
NET ASSETS		101,012	5,184	199,457	44,103
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	28	89,431	1,000	200,742	40,194
Other reserves	29	17,171	-	269	11
(Accumulated losses)/retained profits	30	(5,565)	4,184	(1,554)	3,898
		101,037	5,184	199,457	44,103
Non-controlling interest		(25)	-	-	-
Total equity		101,012	5,184	199,457	44,103

The accompanying notes form an integral part of these financial statements.

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

		Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Note	Share capital \$'000	Other reserves \$'000	Retained profits \$'000	Total \$'000	\$'000	\$'000
2011							
Beginning of financial year		1,000	-	4,184	5,184	-	5,184
Reverse acquisition of Centurion Corporation Group		53,639	-	-	53,639	-	53,639
Issuance of shares to acquire a joint venture	28	14,800	-	-	14,800	-	14,800
Compliance placement of new shares	28	21,000	-	-	21,000	-	21,000
Pre-completion dividends payable to former shareholders of Westlife	31	-	-	(3,595)	(3,595)	-	(3,595)
Share issuance expenses	28	(1,008)	-	-	(1,008)	-	(1,008)
Shareholders' contributions	29(iii)	-	17,095	-	17,095	-	17,095
		89,431	17,095	589	107,115	-	107,115
Acquisition of a subsidiary		-	-	-	-	(17)	(17)
Total comprehensive expense for the year		-	76	(6,154)	(6,078)	(8)	(6,086)
End of financial year		89,431	17,171	(5,565)	101,037	(25)	101,012
2010							
Beginning of financial year		1,000	-	3,403	4,403	-	4,403
Dividend relating to 2010 paid	31	-	-	(4,900)	(4,900)	-	(4,900)
Total comprehensive income for the year		-	-	5,681	5,681	-	5,681
End of financial year		1,000	-	4,184	5,184	-	5,184

The accompanying notes form an integral part of these financial statements.

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2011

	Note	Group 2011 \$'000	2010 \$'000
Cash flows from operating activities			
Net (loss)/profit		(6,162)	5,681
Adjustments for:			
- Tax expense		1,493	1,436
- Depreciation and amortisation		3,034	1,576
- Net loss on disposal of property, plant and equipment		71	-
- Impairment of property, plant and equipment		214	-
- Dividend income		(91)	-
- Interest income		(94)	(4)
- Interest expense		847	1,177
- Share of loss of associated companies and joint venture (net)		673	-
- Impairment of goodwill		12,967	-
- Impairment of financial assets available-for-sale		250	-
- Currency translation differences		4	-
Operating cash flow before working capital changes		13,206	9,866
Changes in working capital			
- Inventories		881	-
- Trade and other receivables		(2,936)	(13)
- Other current assets		(70)	-
- Trade and other payables		1,100	53
Cash generated from operations		12,181	9,906
Income tax paid – net		(1,528)	(1,415)
Net cash provided by operating activities		10,653	8,491
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		434	-
Proceeds from disposal of shares in an associated company		2	-
Purchase of investment property		(9,948)	-
Purchase of property, plant and equipment		(267)	(9)
Loan to a joint venture		(2,158)	-
Dividend received		91	-
Interest received		94	4
Short-term deposits released as security to bank		(13)	-
Net cash received from reverse acquisition	36	16,935	-
Acquisition of interest in a subsidiary, net of cash acquired	19(b)	(2,320)	-
Net cash provided by/(used in) investing activities		2,850	(5)
Cash flows from financing activities			
Proceeds from borrowings		6,723	-
Repayment of borrowings		(3,527)	(3,467)
Interest paid		(847)	(1,177)
Dividends paid to shareholders		(2,500)	(4,900)
Proceeds from issuance of compliance placement shares		21,000	-
Share issue expense		(1,008)	-
Loan from non-controlling interest		622	-
Net cash provided by/(used in) financing activities		20,463	(9,544)
Net increase/(decrease) in cash and cash equivalents held		33,966	(1,058)
Cash and cash equivalents at the beginning of the financial year		2,903	3,961
Effects of exchange rate changes on cash and cash equivalents		37	-
Cash and cash equivalents at the end of the financial year	12	36,906	2,903

The accompanying notes form an integral part of these financial statements.

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

On 1 August 2011, the Company, Centurion Corporation Limited (formerly known as SM Summit Holdings Limited) completed the proposed acquisitions as set out in the Circular to shareholders dated 30 June 2011 following which:

- (a) Centurion Dormitory (Westlite) Pte. Ltd. ("Westlite") has become a wholly owned subsidiary of the Company ("the Westlite Acquisition");

747,738,412 Shares were allotted and issued to Centurion Properties Pte. Ltd. and 101,964,328 Shares were allotted and issued to Mr Teo Peng Kwang respectively by the Company at the issue price of S\$0.10 per Consideration Share in satisfaction of the consideration for the Westlite Acquisition;

The Westlite Shares will be acquired with all rights and benefits accruing thereto. The retained earnings of Westlite from 1 January 2011 up to 1 August 2011 and any distributions or dividends declared and/or paid out of such retained earnings ("pre-completion dividends") shall be for the account of the former shareholders of Westlite subject to the following limit:

- The total amount of pre-completion dividends that the former shareholders of Westlite are entitled to shall not be more than (i) the net profits after tax of Westlite earned from 1 January 2011 to 1 August 2011 or (ii) \$550,000 for each month (or part thereof on a prorated basis) during the period from 1 January 2011 to 1 August 2011, whichever is the lower.
- (b) The Company has acquired 45% of the issued and paid up share capital of Lian Beng-Centurion (Mandai) Pte. Ltd. ("the JVCo Acquisition");
- 100,000,000 Shares were allotted and issued to Centurion Properties Pte. Ltd. by the Company at the issue price of S\$0.10 per Consideration Share in satisfaction of the consideration for the JVCo Acquisition; and
- (c) Concurrently with the Westlite Acquisition, Centurion Properties Pte. Ltd. and Mr Teo Peng Kwang (Westlite Vendors) assigned their existing \$17 million shareholders loan granted to Westlite, to the Company ("the Shareholders' Loan").
- (d) Concurrently with the JVCo Acquisition, Centurion Properties Pte. Ltd. (JVCo vendor) assigned their existing \$9.55 million loan granted to JVCo, to the Company.
-

CENTURION CORPORATION LIMITED
(Formerly known as "SM Summit Holdings Limited")
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2011

1. General information (continued)

On 1 August 2011, the Company transferred its investment in Centurion Dormitory (Westlite) Pte. Ltd. and Lian Beng-Centurion (Mandai) Pte. Ltd. to a 100% newly wholly-owned incorporated company Centurion Dormitories Pte. Ltd. in exchange for loans and via the issuance of shares, amounting to \$121.46 million and \$2 million respectively. Loans are interest free and with no fixed terms of repayment ("the Dormitory reorganisation").

The name of the Company was changed from "SM Summit Holdings Limited" to "Centurion Corporation Limited".

On 12 August 2011, the Company consolidated every two Shares into one Consolidated Share.

On 17 October 2011, the Company completed the proposed compliance placement in compliance with the requirement under Rule 210(1)(a) of the Listing Manual that at least 25% of the issued share capital of the Company must be held by at least 500 Shareholders who are members of the public. 100 million Placement Shares at a Placement Price of S\$0.21 per share have been placed to investors under the Compliance Placement.

The Company is listed in the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 45 Ubi Road 1, Singapore 408696.

The principal activities of the Group upon the completion of the reverse acquisition exercise are as follows:

- owning worker dormitories and provision of dormitory accommodation and services ("Dormitory Business");
- manufacturing and providing services relating to optical storage media ("Optical Disc Business").

2. Accounting for the Westlite Acquisition

At Group Level

The Westlite Acquisition has been accounted for as a reverse acquisition, as the shareholders of Westlite become the majority shareholders in the Group. The legal subsidiary (i.e. Westlite) is therefore considered the acquirer for accounting purposes. Accordingly, the Group's consolidated financial statements for the financial year ended 31 December 2011 have been prepared as a continuation of Westlite's financial statements.

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2. Accounting for the Westlite Acquisition (continued)

Since such consolidated financial statements represent a continuation of the financial statements of the legal subsidiary (i.e. Westlite),

- (a) the assets and liabilities of the legal subsidiary (i.e. Westlite) are recognised and measured at their pre-combination carrying amounts.
- (b) the assets and liabilities of the legal parent (i.e. the Company) are recognised and measured at fair value in accordance with FRS103 “Business Combinations”.
- (c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the legal subsidiary (i.e. Westlite) immediately before the business combination.
- (d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding the issued equity interest of the legal subsidiary (i.e. Westlite) outstanding immediately before the business combination to the cost of reverse acquisition determined based on the share price of the Company at the acquisition date amounting to \$125.76 million. However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the Company, including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (i.e. Westlite) is restated using the exchange ratio established in the acquisition agreement in the comparative period to reflect the Company’s equivalent number of shares.
- (e) the comparative figures presented in these consolidated financial statements are those of the legal subsidiary (i.e. Westlite).
- (f) Earnings per share has been restated and reflects the results of the legal subsidiary (i.e. Westlite) till the date of the acquisition, and the results of the Group from the acquisition date onwards. In addition, the Earnings per share has been retrospectively adjusted to take into account the share consolidation of every two shares in the capital of the Company into one consolidated share.

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the Centurion Corporation Limited Group (the legal parent and its subsidiaries, prior to the reverse acquisition). Therefore, the cost of the reverse acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the Centurion Corporation Limited Group at their fair values as at 1 August 2011. The excess of the cost of the reverse acquisition over the net fair value of those items amounting to \$12.97 million is recognised as goodwill on the consolidated balance sheet (Note 36).

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2. Accounting for the Westlite Acquisition (continued)

The novation of the shareholders' loan is accounted for as a contribution from shareholders in the statement of changes in equity.

Pre-completion dividends payable to the former shareholders of Westlite for the Westlite profits for the period from 1 January 2011 to 31 July 2011 are recognised as a liability.

At Company Level

Reverse acquisition accounting applies only in the consolidated financial statements. Therefore, in the legal parent's (i.e. Centurion Corporation Limited's) separate financial statements, the investment in the legal subsidiary (i.e. Westlite) and the shareholders' loan are accounted for at their cost of \$108 million and \$17 million respectively, based on the fair value of the equity instruments issued by the Company as at the acquisition date.

Subsequently, as a result of the Dormitory reorganisation, the \$108 million investment in Westlite was derecognised in exchange for a loan to Centurion Dormitories Pte. Ltd. and investment in Centurion Dormitories Pte. Ltd. amounting to \$106 million and \$2 million respectively.

3. Accounting for the JVCo Acquisition

The investment and the loan in the JVCo are accounted for at their cost of \$5.25 million and \$9.55 million respectively, based on the fair value of the equity instruments issued by the Company as at the acquisition date (Note 18).

Subsequently, as a result of the Dormitory reorganisation, the investment and the loan in the JVCo was derecognised in exchange for a loan to Centurion Dormitories Pte. Ltd. of the same amount.

4. Significant accounting policies

4.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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4. Significant accounting policies (continued)

4.1 Basis of preparation (continued)

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

Interpretations and amendments to published standards effective in 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application from that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

- Amendments to FRS 24 Related Party Disclosures (effective 1 January 2011)
- Annual improvements 2010 (effective for annual periods beginning on or after 1 January 2011, unless otherwise stated) consisting of minor amendments to the following Standards and Interpretations:
 - FRS 1 *Presentation of Financial Statements*
 - Transition requirements for amendments arising as a result of FRS 27 *Consolidated and Separate Financial Statements* (Effective 1 July 2010)
 - FRS 103 *Business Combinations* (Effective 1 July 2010)
 - FRS 107 *Financial Instruments: Disclosures*

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 years.

The Group did not early adopt the new or amended Standards and Interpretations that are not yet applicable (Note 39).

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4. Significant accounting policies (continued)

4.2 Revenue recognition

Sales comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sales of goods is recognised when a Group entity has delivered the products to the customer and the customers have accepted the products and collectibility of the related receivables is reasonably assured.

(b) Rendering of services

Revenue from rendering of services is recognised when the services are rendered, using the percentage of completion method based on the actual service provided as a proportion of the total services to be performed.

(c) Rental income

Rental income from operating leases (net of any incentive given to the lessees) is recognised on a straight-line basis over the lease term.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Conservancy income

Conservancy income is recognised in accordance with the terms of the relevant agreement unless, having regard to the substance of the agreement, it is more appropriate to recognise revenue based on some other systematic and rational basis.

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4. Significant accounting policies (continued)

4.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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4. Significant accounting policies (continued)

4.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition of business

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph “Intangible assets - Goodwill” for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised in the consolidated income statement as a bargain purchase.

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4. Significant accounting policies (continued)

4.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in the consolidated income statement.

(iv) Reverse acquisition

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

Refer to Note 2 for the impact on the consolidated financial statements.

(b) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

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4. Significant accounting policies (continued)

4.3 Group accounting (continued)

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and joint venture, and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses are recognised in the consolidated income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company and joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated companies or joint ventures.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies and joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

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4. Significant accounting policies (continued)

4.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures are recognised in the consolidated income statement.

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in the consolidated income statement.

4.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recorded at cost. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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4. Significant accounting policies (continued)

4.4 Property, plant and equipment (continued)

(b) Depreciation

Capital work-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Buildings and leasehold land	20 years
Plant, machinery and equipment	3 - 10 years
Renovation, furniture and fittings	4 - 10 years
Motor vehicles	4 - 5 years
Office equipment and computers	3 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repair and maintenance expenses are recognised in the consolidated income statement.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the consolidated income statement within ‘Other (losses)/gains – net’.

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4. Significant accounting policies (continued)

4.5 Investment properties

Investment properties include properties that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less any accumulated depreciation and any impairment losses.

Depreciation of investment properties are provided on a straight-line basis to allocate the gross carrying amount over the estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	over the remaining lease period of 50-99 years
Leasehold building	25 – 50 years

4.6 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries, joint ventures and associated companies at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of the subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

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4. Significant accounting policies (continued)

4.6 Intangible assets (continued)

(b) Development of software

Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchase of materials and services and payroll-related costs of employees directly involved in the project. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

4.7 Borrowing costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest method.

4.8 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, associated companies and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the consolidated income statement.

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4. Significant accounting policies (continued)

4.9 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated companies and joint ventures is tested for impairment as part of the investment, rather than separately, and only when there is an indication that the investments may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units (“CGU”) expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rated on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the consolidated income statement and is not reversed in a subsequent period.

(b) Intangible assets

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

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4. Significant accounting policies (continued)

4.9 Impairment of non-financial assets (continued)

- (b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries, associated companies and joint ventures
(continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the consolidated income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the consolidated income statement.

4.10 Financial assets

- (a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. However, the Group has financial assets only in the categories of loans and receivables and financial assets, available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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4. Significant accounting policies (continued)

4.10 Financial assets (continued)

(a) Classification (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet except for certain non-trade receivable from subsidiaries which have been accounted for in accordance with Note 4.8.

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the consolidated income statement. Any amount in the fair value reserve relating to that asset is transferred to the consolidated income statement.

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4. Significant accounting policies (continued)

4.10 Financial assets (continued)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the consolidated income statement and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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4. Significant accounting policies (continued)

4.10 Financial assets (continued)

(e) *Impairment* (continued)

(i) *Loans and receivables* (continued)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) *Financial assets, available-for-sale*

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised in profit or loss on equity securities are not reversed through the consolidated income statement.

4.11 Financial guarantees

The Group and Company have issued corporate guarantees to banks for borrowings of its subsidiaries, associated companies and joint venture. These guarantees are financial guarantees as they require the Group and Company to reimburse the banks if the subsidiaries, associated companies or joint venture fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees, if material, are initially recognised at their fair values plus transaction costs in the Group's and Company's balance sheets.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries, associated companies and joint venture's borrowings, unless it is probable that the Group and Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Group's and Company's balance sheets.

Intra-group transactions are eliminated on consolidation.

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4. Significant accounting policies (continued)

4.12 Borrowings

Borrowings are presented as current liabilities unless the Group has unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

4.13 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

4.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

4.15 Leases

(a) When the Group is the lessee:

The Group leases motor vehicles and certain property, plant and equipment under finance and operating leases from non-related parties.

(i) Lessee - Finance leases

Leases where the Group assumes substantially the risks and rewards incidental to ownership of the leased assets, are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

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4. Significant accounting policies (continued)

4.15 Leases (continued)

(a) When the Group is the lessee: (continued)

(i) Lessee - Finance leases (continued)

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Profits on sale and leaseback transactions which constitute operating leases are recognised immediately in the consolidated income statement when such sale and leaseback transactions are established at fair value. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be determined and amortised over the period for which the asset is expected to be used.

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4. Significant accounting policies (continued)

4.15 Leases (continued)

(b) When the Group is the lessor:

The Group sublease its leased office premises under operating leases to non-related parties.

Leases of investment properties, including the dormitories where the Group retains substantially all risks and rewards incidental to ownership are classified as operating lease.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

4.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4.17 Income taxes

Current income tax for current and prior periods are recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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4. Significant accounting policies (continued)

4.17 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

4.18 Employee compensation

The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

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4. Significant accounting policies (continued)

4.18 Employee compensation (continued)

(b) Defined benefit plans

The Group also has an unfunded defined benefit plan as part of a subsidiary's national severance, gratuity and corporation benefits plan. An independent actuary's valuation is obtained in determining the defined benefit obligation using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating the terms of the related liability.

(c) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(d) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

4.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

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4. Significant accounting policies (continued)

4.19 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance date are recognised in the consolidated income statement, unless they arise from borrowings in foreign currencies or other currency instruments which are designated and qualifying as net investment hedges, and net investment in foreign operations. These currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the consolidated income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities’ financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the date of the transactions); and
- (iii) All resulting exchange currency translation differences are recognised in the currency translation reserve.

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4. Significant accounting policies (continued)

4.19 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

4.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided by the senior management whose members are responsible for allocating resources and assessing performance of the operating segments.

4.21 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

4.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

4.23 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

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4. Significant accounting policies (continued)

4.24 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

5. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) Investment properties

The Group, in reliance on independent professional valuers, applies estimates, judgements and assumptions in the determination of fair values for investment properties for disclosure purposes (Note 20).

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

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5. Critical accounting estimates, assumptions and judgements (continued)

(b) Impairment of loans and receivables (continued)

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

6. Revenue and other (losses)/gains – net

	2011	Group	2010
	\$'000		\$'000
Sales of goods	16,962		-
Services rendered	95		-
Rental income from investment property	7,687		7,005
Conservancy income from investment property	5,081		4,783
Others	219		232
Total sales	30,044		12,020
Other (losses)/gains - net			
Rental income	460		-
Interest income	94		4
Dividend income	91		-
Currency exchange gain – net	373		-
Government grant – Jobs Credit Scheme	-		5
Net loss on disposal of property, plant and equipment	(71)		-
Impairment of property, plant and equipment (Note 21)	(214)		-
Impairment of financial assets, available-for-sale	(250)		-
Others	165		-
Other gains – net	648		9

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7. Expenses by nature

	2011	Group	2010
	\$'000		\$'000
Purchase of raw materials and consumables	5,851		-
Depreciation of property, plant and equipment (Note 21)	1,479		26
Depreciation of investment properties (Note 20)	1,555		1,549
Management fee	285		360
Property tax	708		650
Employee compensation (Note 9)	5,453		347
Rental on operating leases	1,008		-
Utilities	1,063		142
Repairs and maintenance	704		152
Insurance	159		18
Freight outwards	123		-
Impairment of goodwill (Note 22)	12,967		-
Security and card system expenses	227		166
Others	2,259		325
Total cost of sales, distribution, administrative and other expenses	33,841		3,735

8. Finance expenses

	2011	Group	2010
	\$'000		\$'000
Interest expense:			
- bank borrowings	537		664
- shareholders' loan	298		513
- bank overdrafts	2		-
- finance lease liabilities	10		-
	847		1,177

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9. Employee compensation

	Group	
	2011	2010
	\$'000	\$'000
Wages and salaries	4,705	299
Employer's contribution to defined contribution plans, including Central Provident Fund	549	38
Post-employment benefits (Note 26(b))	31	-
Termination and other benefits	168	10
	5,453	347

10. Income taxes

(a) Income tax expense

	Group	
	2011	2010
	\$'000	\$'000
Tax expense attributable to the results is made up of:		
Current income tax		
- Singapore	1,635	1,447
- Foreign	127	-
	1,762	1,447
Deferred income tax (Note 27)	(121)	-
	1,641	1,447
Overprovision in prior financial years		
- Singapore income tax	(19)	(11)
- Deferred tax (Note 27)	(129)	-
	1,493	1,436

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10. Income taxes (continued)

(a) Income tax expense (continued)

The tax on the Group's (loss)/profit before tax and share of profit of associated companies and joint venture differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2011	2010
	\$'000	\$'000
(Loss)/profit before tax and share of profit of associated companies and joint venture	(3,996)	7,117
Tax calculated at a tax rate of 17% (2010: 17%)	(679)	1,210
Effects of:		
- different tax rates in other countries	182	-
- statutory stepped income exemption	(43)	(26)
- expenses not deductible for tax purposes	1,990	263
- income not subject to tax	(42)	-
- utilisation of previously unrecognised capital allowances	(45)	-
- others	(31)	-
Unrecognised deferred tax assets	309	-
	1,641	1,447

Deferred income tax assets of approximately \$2,552,000 (2010: \$Nil) for the Group have not been recognised for unutilised tax losses and capital allowances of certain subsidiaries as there is no reasonable certainty that future taxable profits will be available for utilisation of these temporary differences. As at 31 December 2011, total balances of unutilised tax losses and capital allowances available for offset against future taxable income are disclosed in Note 27 to the financial statements.

(b) Movements in current tax liabilities/(recoverable) – net

	Group		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	1,640	1,619	435	(500)
On reverse acquisition of subsidiaries (Note 36)	791	-	-	-
Income tax (paid)/refund – net	(1,528)	(1,415)	35	995
Tax expense	1,762	1,447	21	65
Overprovision in prior financial years	(19)	(11)	(116)	(125)
End of financial year	2,646	1,640	375	435

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10. Income taxes (continued)

(b) Movements in current tax liabilities/(recoverable) – net (continued)

The current income tax account comprises the following:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Current income tax recoverable (Included in Other current assets - Note 15)	(6)	-	-	-
Current income tax liabilities	2,652	1,640	375	435
	2,646	1,640	375	435

11. (Losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Due to the reverse acquisition during the financial year, the number of ordinary shares outstanding from the beginning of the year to the reverse acquisition date for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the Company to the owners of Westlite, and the number of ordinary shares outstanding from the reverse acquisition date to the end of the year is the actual number of ordinary shares of the Company outstanding during the financial year.

	2011	2010
Net (loss)/profit attributable to equity holders of the Company (\$'000)	(6,154)	5,681
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	542,022	424,851
Basic and diluted (losses)/earnings per share	(1.14) cents	1.34 cents

The diluted (losses)/earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

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12. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	11,414	2,903	1,076	375
Short-term bank deposits	27,170	-	17,568	6,665
	38,584	2,903	18,644	7,040

As at 31 December 2011, short-term bank deposits at the balance sheet date have an average maturity of 3 months (2010: 3 months) from the end of the financial year with the following weighted average effective interest rates:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	%	%	%	%
Singapore Dollar	0.31	-	0.34	0.43
Hong Kong Dollar	0.20	-	-	-
Australian Dollar	3.96	-	-	4.0

As at 31 December 2011, short-term bank deposits of the Group and Company amounting to \$1,568,000 (2010: \$Nil) and \$1,568,000 (2010: \$1,555,000) respectively, are charged to a bank as security for the issue of a banker's guarantee in connection with a bank loan drawn by an associated company.

For the purposes of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Cash and bank balances (as above)	38,584	2,903
Less: Bank overdrafts (Note 24)	(110)	-
Short-term bank deposits charged as security to bank	(1,568)	-
Cash and cash equivalents per consolidated cash flow statement	36,906	2,903

Significant non-cash transactions

As part of the reverse takeover acquisition set out in Note 36, the shareholders' loan of approximately \$17,095,000 was assigned to the Company and capitalised as capital reserve (Note 29(b)(iii)).

Please refer to Note 36 for the effects of reverse takeover acquisition on the cash flow of the Group.

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13. Trade and other receivables

(a) Current

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade receivables – third parties	13,390	-	139	60
Less: Allowance for impairment	(844)	-	-	-
	<u>12,546</u>	<u>-</u>	<u>139</u>	<u>60</u>
Receivables from subsidiaries				
- trade	-	-	2,564	2,917
- non-trade	-	-	8,051	6,266
Receivables from associated companies/joint venture				
- trade	1	-	-	-
- non-trade	2,326	-	42	181
Loans to subsidiaries	-	-	11,574	13,663
Loans to associated companies	6,270	-	-	-
	<u>8,597</u>	<u>-</u>	<u>22,231</u>	<u>23,027</u>
Less: Allowance for impairment	(2,520)	-	(9,034)	(7,650)
	<u>6,077</u>	<u>-</u>	<u>13,197</u>	<u>15,377</u>
Other receivables	211	13	68	247
Less: Allowance for impairment	(5)	-	-	-
	<u>18,829</u>	<u>13</u>	<u>13,404</u>	<u>15,684</u>

The non-trade receivables from subsidiaries, associated companies and joint venture, and loans to subsidiaries and associated company are unsecured, interest-free and repayable on demand.

(b) Non-current

	Note	<u>Group</u>		<u>Company</u>	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
Loans to subsidiaries		-	-	157,381	13,442
Less: Allowance for impairment		-	-	(4,761)	(4,715)
		<u>-</u>	<u>-</u>	<u>152,620</u>	<u>8,727</u>
Loans to an associated company		432	-	432	447
Less: Allowance for impairment		(432)	-	(432)	(447)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loan to joint venture company	3	9,550	-	-	-
		<u>9,550</u>	<u>-</u>	<u>152,620</u>	<u>8,727</u>

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13. Trade and other receivables (continued)

(b) Non-current (continued)

The loan to a joint venture company is unsecured, and interest-free with no fixed terms of repayment but is not expected to be repaid within the next twelve months.

The loans to subsidiaries are unsecured with no fixed terms of repayment but are not expected to be repaid within the next twelve months. Included in the loans to subsidiaries is an amount of S\$6,594,000 (2010: \$6,550,000) which bears interest at 2% (2010: 2%) per annum.

Included in loan to subsidiaries is an amount of \$134,325,000 (2010: \$12,242,000) which are considered to be part of the Company's net investment in the subsidiaries.

At the balance sheet date, the carrying amounts of the non-current loans approximated their fair value.

14. Inventories

	<u>Group</u>	
	2011 \$'000	2010 \$'000
Finished goods	458	-
Work-in-progress	49	-
Raw materials	2,094	-
Less: Allowance for stock obsolescence	(104)	-
	<u>2,497</u>	<u>-</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$11,892,000 (2010: \$Nil).

15. Other current assets

	<u>Group</u>		<u>Company</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Deposits	1,641	60	752	752
Prepayments	221	-	26	34
Others	6	-	-	-
	<u>1,868</u>	<u>60</u>	<u>778</u>	<u>786</u>

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16. Financial assets, available-for-sale

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	-	-	4,488	4,401
Acquired from reverse acquisition (Note 36)	4,565	-	-	-
Impairment losses	(250)	-	(465)	-
Fair value (losses)/gains transferred to other comprehensive income [Note 29(b)(i)]	(34)	-	258	87
End of financial year	<u>4,281</u>	<u>-</u>	<u>4,281</u>	<u>4,488</u>

Financial assets, available-for-sale are analysed as follows:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Listed equity securities – Singapore	<u>4,281</u>	<u>-</u>	<u>4,281</u>	<u>4,488</u>

The fair value of listed equities are based on quoted market prices at the balance sheet dates.

17. Investments in associated companies

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<i>Equity investment, at cost</i>			3,735	3,735
Less: Accumulated impairment			<u>(2,437)</u>	<u>(2,437)</u>
			<u>1,298</u>	<u>1,298</u>
Beginning of financial year	-	-		
Acquired from reverse acquisition (Note 36)	1,323	-		
Currency translation difference	80	-		
Disposal of associated company	(2)	-		
Share of loss	(37)	-		
End of financial year	<u>1,364</u>	<u>-</u>		

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17. Investments in associated companies (continued)

- (a) The summarised financial information of associated companies, not adjusted for the proportion ownership interest held by the Group, is as follows:

	2011	2010
	\$'000	\$'000
- Assets	15,310	-
- Liabilities	11,405	-
- Revenue	5,166	-
- Net loss	(4,502)	-

- (b) The associated companies of Centurion Corporation Limited are as follows:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of incorporation and business carried on in</u>	<u>Equity holding</u>	
			2011	2010
			%	%
Held directly by the Company				
Sherford (M) Sdn Bhd ⁺	Property investment	Malaysia	25	25
WOW Vision Pte Ltd [^]	Provision of wireless applications and solutions	Singapore	34	34
Held by subsidiaries				
Shanghai Huade Photoelectron Science & Technology Co. Ltd* ⁺⁺	Manufacture and replication of compact discs, data storage products and related components	People's Republic of China	49	49
AVSM Logistics Pte Ltd [^]	Provide warehousing and logistic services	Singapore	40	40
Typhoon Creations Pte Ltd [^]	Marketing services	Singapore	20	40

⁺ Audited by M.S. Wong & Co.

^{*} Audited by Shanghai LSC Certified Public Accountants Co., Ltd.

⁺⁺ Holdings through Advance Technology Investment Limited.

[^] Audited by Messrs James Chan & Partners.

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18. Investment in a joint venture

	Group	
	2011	2010
	\$'000	\$'000
Beginning of financial year	-	-
Acquisition of joint venture (Note 3)	5,250	-
Share of loss	(636)	-
End of financial year	4,614	-

- (a) The Group has a 45% equity interest in Lian Beng-Centurion (Mandai) Pte Ltd. The investment in the joint venture is held by Centurion Dormitories Pte Ltd, a wholly owned subsidiary of the Company. The principal activity of the joint venture is to develop property and operate workers' dormitories subject to all necessary approvals from the relevant authorities. However, the joint venture has not commenced operation as at 31 December 2011.
- (b) The summarised financial information of joint venture, adjusted for the proportion ownership interest by the Group, is as follows:

	2011	2010
	\$'000	\$'000
- Assets	39,726	-
- Liabilities	39,463	-
- Revenue	-	-
- Net loss	(636)	-
Capital commitments in relation to interest in joint venture	81,756	-
Proportionate interest in joint venture's capital commitments	36,790	-

19. Investments in subsidiaries

	Company	
	2011	2010
	\$'000	\$'000
<i>Equity investment, at cost</i>	12,432	10,432
Less: Accumulated impairment	(1,106)	(1,048)
	11,326	9,384

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19. Investments in subsidiaries (continued)

(b) Acquisition of a subsidiary during the financial year ended 31 December 2011

On 21 November 2011, the Group acquired a 54% equity interest in Goodwill Origins Sdn Bhd. Goodwill Origins Sdn Bhd is the beneficial owner of a piece of 99-year leasehold land located at Johor Technology Park, Johor, Malaysia. Construction works to build 5 blocks of workers' dormitory on the Property have commenced. Consequently, Goodwill Origins Sdn Bhd became a subsidiary of the Group.

The acquisition was accounted for as an acquisition of assets. The total consideration was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values are as follows:

	<u>Group</u> <u>\$'000</u>
Identifiable assets and liabilities	
Cash and cash equivalents	62
Investment property	4,392
Other current assets	8
Total assets	<u>4,462</u>
Trade and other payables	1
Borrowings	2,096
Loans from shareholders	2,382
Total liabilities	<u>4,479</u>
Identifiable net liabilities	(17)
Add: Non-controlling interest	17
Consideration paid for 54% equity interest	<u>- *</u>

* Less than \$1,000.

Subsequent to the acquisition, the Group repaid the loan to the previous shareholders.

The effects of the acquisition of subsidiaries on the cash flows of the Group for the financial year ended 31 December 2011 were as follows:

Cash consideration	2,382
Less: Cash and cash equivalents in subsidiaries acquired	<u>(62)</u>
Net cash outflow on acquisition	<u>2,320</u>

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19. Investments in subsidiaries (continued)

(c) The subsidiaries of Centurion Corporation Limited (formerly known as “SM Summit Holdings Limited”) are as follows:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of incorporation and business carried on in</u>	<u>Equity holding</u>	
			<u>2011</u> %	<u>2010</u> %
Centurion Dormitories (Westlite) Pte. Ltd. [#]	Property investments and provision of dormitory accommodation and services	Singapore	100	-
Centurion Dormitories Pte. Ltd. [#]	Investment holding	Singapore	100	-
Summit CD Manufacture Pte Ltd [#]	Manufacture and replication of compact discs, data storage products and related components	Singapore	100	100
Summit Hi-Tech Pte Ltd [#]	Manufacture and replication of digital versatile discs, data storage products and related components	Singapore	100	100
SM Summit Holdings Pte. Ltd. [#] (formerly known as “SM Summit Investment Pte. Ltd.”)	Investment holding	Singapore	100	100
FairVision Pte Ltd ^{#^^}	Media advertising	Singapore	70	70
Purple Vision Pte Ltd ^{#^^} (formerly known as 3ngine Pte. Ltd.)	Media advertising	Singapore	100	100
Summit CD Manufacture (HK) Limited*	Dormant	Hong Kong	100	100
SM Summit Holdings (HK) Limited**	Dormant	Hong Kong	100	100
Advance Technology Investment Limited ^{**^^}	Investment holding	Hong Kong	100	100
Summit Technology Australia Pty Ltd [@]	Manufacture and replication of compact discs and digital versatile discs	Australia	100	100
SM Summit Holdings (Australia) Pty Limited ^{***}	Dormant	Australia	100	100
Summit Printing (Australia) Pty Limited ^{+@}	Printing	Australia	100	100
Wow Vision Australia Pty Ltd ^{+@}	Dormant	Australia	100	100
Gate Cosmos Investments Ltd**	Trading and investment holding	British Virgin Islands	100	100
PT Digital Media Technology~^	Manufacture and replication of compact discs, data storage products and related components	Indonesia	100	100
Centurion Dormitories Sdn Bhd ^{### ^^}	Investment holding	Malaysia	100	-
Goodwill Origins Sdn Bhd ^{### ^^}	Property investments and provision of dormitory accommodation and services	Malaysia	54	-
Summit Technology Japan KK ^{**@@}	Dormant	Japan	-	100

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19. Investments in subsidiaries (continued)

- (c) The subsidiaries of Centurion Corporation Limited (formerly known as "SM Summit Holdings Limited") are as follows: (continued)

#	Audited by PricewaterhouseCoopers LLP, Singapore.
*	Audited by Fung. Yu & Co., Certified Public Accountants (Practising).
@	Audited by PricewaterhouseCoopers, Australia.
~	Audited by Mazars, Indonesia.
**	No statutory audit required in the country of incorporation.
+	Holdings through Summit Technology Australia Pty Ltd.
^	Holdings through Gate Cosmos Investments Ltd and SM Summit Investment Pte. Ltd.
^^	Holdings through SM Summit Holdings Pte. Ltd. (formerly known as "SM Summit Investment Pte. Ltd.").
^^^	Holdings through Centurion Dormitories Pte Ltd
^^^^	Holdings through Centurion Dormitories Sdn. Bhd.
##	Audited by PricewaterhouseCoopers, Malaysia.
@@	Company has been dissolved.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries or associated companies would not compromise the standard and effectiveness of the audit of the Group.

20. Investment properties

	Leasehold <u>land</u> \$'000	Leasehold <u>building</u> \$'000	Investment property under <u>construction</u> \$'000	<u>Total</u> \$'000
<u>Group</u>				
<u>2011</u>				
<i>Cost</i>				
Beginning of financial year	46,466	15,489	97	62,052
Acquisition of a subsidiary	1,013	-	3,379	4,392
Additions	-	-	9,948	9,948
End of financial year	47,479	15,489	13,424	76,392
<i>Accumulated depreciation</i>				
Beginning of financial year	2,788	1,859	-	4,647
Depreciation charge	935	620	-	1,555
End of financial year	3,723	2,479	-	6,202
<i>Net book value</i>	43,756	13,010	13,424	70,190

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20. Investment properties (continued)

	Leasehold land \$'000	Leasehold building \$'000	Investment property under construction	Total \$'000
2010				
<i>Cost</i>				
Beginning of financial year	46,466	15,489	96	62,051
Additions	-	-	1	1
End of financial year	46,466	15,489	97	62,052
<i>Accumulated depreciation</i>				
Beginning of financial year	1,859	1,239	-	3,098
Depreciation	929	620	-	1,549
End of financial year	2,788	1,859	-	4,647
Net book value	43,678	13,630	97	57,405

The investment property of one of the subsidiaries is leased out under operating leases.

The investment property is an aggregate land area of 11,685.30 square metres together with the building erected located at 12, 14, 16, 18, 20, 22, 24, 26, 28 Toh Guan Road East, Singapore 608591.

The investment property is pledged as security for the bank facilities extended to one of the subsidiaries (Note 24(b)).

The net book value of this investment property amounted to approximately \$63,567,000 (2010: \$57,405,000).

The fair value of the investment property is estimated by management to be \$138,000,000 on a redevelopment basis using the Income Capitalisation Method and Discounted Cash Flow (DCF) Analysis. This value is based on a valuation made by external independent professional valuers and assumes additions and alterations to the existing worker dormitory development and the erection of a new 18-storey block at a plot ratio of 3:2. Under these assumptions, the investment property would have an additional 283 units of worker dormitory development and increase in commercial area. The additions, alterations and erection of a new 18-storey block have been approved by the Urban Development Authority under a written permission dated 9 March 2011.

The investment property of another subsidiary is an aggregate land area of 14,314 square metres square feet together with the building under construction located at Plot No. 46 Johor Technology Park in the Mukim of Senai, District of Kulaijaya, Johor, Malaysia.

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20. Investment properties (continued)

The fair value of the investment property under construction is estimated by management to be \$9,221,000 which is the estimated amount for which a property should exchange between a willing buyer and a willing seller in an arm's length transaction. This value is based on a valuation made by external independent professional valuers and assumes that a marketable and registrable title with building category of land use for worker's dormitory use with a 99-year lease and land area of 14,314 square metres is issued and the subject buildings have been constructed or completed in accordance with a certificate of fitness for occupation or certificate of completion and compliance.

The following amounts are recognised in profit and loss:

	2011	2010
	\$'000	\$'000
Rental Income (Note 6)	7,687	7,005
Conservancy income (Note 6)	5,081	4,783
Direct operating expenses arising from:		
- Investment property that generated rental income and conservancy income and conservancy income	(4,464)	(3,730)
- Investment property that do not generate rental income	(18)	-
	8,286	8,058

Properties of the Group

Major properties held for investment

<u>Location</u>	<u>Description</u>	<u>Existing Use</u>	<u>Tenure</u>	<u>Unexpired term of lease</u>
Toh Guan Road, Singapore	8 blocks of workers dormitory and 1 amenity block	Commercial - Dormitory	Leasehold	46
Johor Technology Park, Malaysia	5 blocks of workers dormitory and 1 amenity block	Commercial - Dormitory	Leasehold	99

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21. Property, plant and equipment (continued)

	Plant, machinery and equipment \$'000	Renovation, furniture and fittings \$'000	Motor vehicles \$'000	Office equipment and computers \$'000	Total \$'000
<u>Company</u>					
2011					
<i>Cost</i>					
Beginning of financial year	6	844	730	561	2,141
Additions	-	5	92	4	101
Disposals	-	-	-	(109)	(109)
End of financial year	6	849	822	456	2,133
<i>Accumulated depreciation</i>					
Beginning of financial year	6	835	635	556	2,032
Disposals	-	-	-	(109)	(109)
Depreciation charge	-	4	91	3	98
End of financial year	6	839	726	450	2,021
Net book value					
<i>End of financial year</i>	-	10	96	6	112
2010					
<i>Cost</i>					
Beginning of financial year	6	842	838	686	2,372
Additions	-	2	-	3	5
Disposals	-	-	(108)	(128)	(236)
End of financial year	6	844	730	561	2,141
<i>Accumulated depreciation</i>					
Beginning of financial year	6	830	646	674	2,156
Disposals	-	-	(108)	(123)	(231)
Depreciation charge	-	5	97	5	107
End of financial year	6	835	635	556	2,032
Net book value					
<i>End of financial year</i>	-	9	95	5	109

- (a) At the balance sheet date, the net book value of property, plant and equipment of the Group and the Company under finance lease agreements amounted to \$263,000 (2010: \$261,000) and \$5,900 (2010: \$78,000) [Note 24(c)] respectively.
- (b) Certain property, plant and machinery of the Group are mortgaged to banks for term loans and other credit facilities extended to certain subsidiaries. The net book value of these property, plant and machinery amounted to approximately \$1,393,000 (2010: \$Nil) [Notes 24(c)].
- (c) The leasehold land and buildings of the Group comprise:

<u>Location</u>	<u>Tenure</u>	<u>Use of Property</u>
<i>Indonesia:</i>		
MM2100 Industrial Town Jl. Bali Blok H1-1 Cibitung Bekasi 17520	22 years lease from 30 September 2004, with an option to extend for a further 20 years	Industrial factory building

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22. Intangible assets

	Group	
	2011	2010
	\$'000	\$'000
<i>Goodwill on consolidation</i>		
<i>Cost</i>		
Beginning of financial year	-	-
Acquisition of subsidiary (Note 36)	64	-
Arising from reverse acquisition (Note 36)	12,967	-
End of financial year	13,031	-
<i>Accumulated impairment</i>		
Beginning of financial year	-	-
Impairment charge (Note 7)	12,967	-
End of financial year	12,967	-
<i>Net book value</i>	64	-

Impairments for goodwill

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections in the value-in-use calculations were based on financial budgets approved by management covering a 5-year period. Cash flows beyond the 5-year period were extrapolated using the estimated growth rate below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

2011	Optical segment
Gross margin	25%
Growth rate	1%
Discount rate	12%

Management determined budgeted gross margin based on past performance and its expectations of market developments.

Goodwill arose as a result of the increase in share price of the Company between the date of signing of the Sale and Purchase agreement and the completion date of the Westlite acquisition.

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22. Intangible assets (continued)

Impairments for goodwill (continued)

A determination of the recoverable amount of the Optical segment subsequent to the reverse acquisition revealed a shortfall of \$12,967,000 in future cash flows to support the purchase consideration paid of \$53,639,000. Based on the market conditions of the optical industry, significant pressure is felt on the demand of the product as a result of the expected decline in the optical disc manufacturing industry. Accordingly, an impairment charge of \$12,967,000 (2010: \$Nil) was recorded against goodwill and is included within "other expense" in the consolidated income statement.

23. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade payables - third parties	5,415	202	106	123
Deferred income	595	-	583	583
Deposits received	2,612	2,087	202	134
Payables to associated companies				
- trade	20	-	-	-
Accrued operating expenses	5,410	-	927	861
Other payables	4,340	21	239	112
Payable to subsidiary	-	-	1	-
	18,392	2,310	2,058	1,813

24. Borrowings

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Bank overdrafts [Note (a)]	110	-	-	-
Bank loans [Note (b)]	3,467	3,467	-	-
Finance lease liabilities [Notes (c) and 25]	120	-	3	34
	3,697	3,467	3	34
<i>Non-current</i>				
Bank loans [Note (b)]	33,993	30,711	-	-
Finance lease liabilities [Notes (c) and 25]	29	-	-	9
	34,022	30,711	-	9
Total borrowings	37,719	34,178	3	43

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24. Borrowings (continued)

(a) Bank overdrafts

The bank overdrafts of the Group are supported by a guarantee given by the Company. The weighted average effective interest rate of the bank overdrafts at the balance sheet date is 5.75% per annum.

(b) Bank loans

	Group	
	2011	2010
	\$'000	\$'000
<i>Current</i>		
Term Loan A (secured)	2,667	2,667
Term Loan B (secured)	800	800
	3,467	3,467
<i>Non-Current</i>		
Term Loan A (secured)	27,112	29,778
Term Loan B (secured)	133	933
Term Loan C (secured)	6,748	-
	33,993	30,711
	37,460	34,178

The bank loans are repayable as follows:

	Group	
	2011	2010
	\$'000	\$'000
- not later than one year	3,467	3,467
- between one to five years	12,487	11,600
- after five years	21,506	19,111
	37,460	34,178

All the amounts are at floating interest rates.

Term Loan A is repayable by 179 equal monthly instalments of \$222,222 which commenced on 31 January 2008 and a final instalment of \$222,262. The rates of interest for the Term Loan A ranges between 1.56% and 1.78% (2010: 1.66% and 2.11%) per annum.

Term Loan B is repayable by 59 equal monthly instalments of \$66,666 which commenced on 31 January 2008 and a final instalment of \$66,706. The rate of interest for the Term Loan B ranges between 1.56% and 1.78% (2010: 1.66% and 2.09%) per annum.

Term Loan C is repayable by equal monthly instalments comprising principal and interest calculated based on total loan amount outstanding plus any undisbursed portion over the remaining duration, upon issuance of Temporary Occupation Permit ("TOP") for an investment property. TOP is expected to be obtained in January 2014.

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24. Borrowings (continued)

(b) Bank loans (continued)

The bank agreements for the term loans provide among other matters for the following:

1. a legal mortgage over the one of the subsidiaries’ investment property disclosed in Note 20 and assignment of all rental proceeds and insurances relating to this investment property;
2. corporate guarantee from the Company; and
3. the need to comply with certain financial covenants.

(c) Finance lease liabilities

The finance lease liabilities are secured on certain property, plant and machinery purchased under finance leases of the Group and the Company [Note 21(a)]. The Group’s weighted average effective interest rate of finance lease liabilities at the balance sheet date is 3.65% (2010: Nil%) per annum. The Company’s weighted average effective interest rate of finance lease liabilities at the balance sheet date is 2.88% (2010: 2.88%) per annum.

(d) Interest rate risk

The periods in which the borrowings reprice or mature, whichever is earlier, are as follows:

	<u>Variable rates</u>			<u>Fixed rates</u>			<u>Total</u> \$’000
	<u>Less than</u> <u>6 months</u> \$’000	<u>6 to 12</u> <u>months</u> \$’000	<u>1 to 5</u> <u>years</u> \$’000	<u>Less than</u> <u>6 months</u> \$’000	<u>6 to 12</u> <u>months</u> \$’000	<u>1 to 5</u> <u>years</u> \$’000	
<u>Group</u>							
2011							
Total borrowings	1,843	1,733	33,993	63	63	24	37,719
2010							
Total borrowings	1,734	1,733	30,711	-	-	-	34,178

(e) Carrying amounts and fair values

At the balance sheet date, the carrying amounts of the borrowings approximated their fair values.

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25. Finance lease liabilities

	<u>Group</u>		<u>Company</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Minimum lease payments due:				
- not later than one year	125	-	4	40
- between one and five years	30	-	-	9
	<u>155</u>	<u>-</u>	<u>4</u>	<u>49</u>
Less: Future finance charges	(6)	-	(1)	(6)
Present value of finance lease liabilities	<u>149</u>	<u>-</u>	<u>3</u>	<u>43</u>
The present value of finance lease liabilities may be analysed as follows:				
- not later than one year (Note 24)	120	-	3	34
- between one and five years (Note 24)	29	-	-	9
	<u>149</u>	<u>-</u>	<u>3</u>	<u>43</u>

26. Other liabilities

	<u>Group</u>		<u>Company</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Provision for long service leave [Note (a)]	315	-	-	-
Deferred income arising from sale and leaseback	511	-	511	1,094
Provision for post-employment benefits [Note (b)]	309	-	-	-
Shareholders' loan [Note 29]	-	17,095	-	-
Others	805	-	-	-
	<u>1,940</u>	<u>17,095</u>	<u>511</u>	<u>1,094</u>

- (a) The movement in provision for long service leave during the financial year is as follows:

	<u>Group</u>	
	2011 \$'000	2010 \$'000
Beginning of financial year	-	-
Acquired from reverse acquisition	389	-
Currency translation differences	1	-
Charged/(credited) to the consolidated income statement	(71)	-
Paid during the financial year	(4)	-
End of financial year	<u>315</u>	<u>-</u>

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26. Other liabilities (continued)

- (b) The movement in provision for post-employment benefits which is an unfunded defined post-employment benefit plan during the financial year is as follows:

	2011	Group	2010
	\$'000		\$'000
Beginning of financial year	-		-
Acquired from reverse acquisition	276		
Currency translation differences	1		-
Charged to the consolidated income statement	31		-
Paid during the financial year	1		-
End of financial year	309		-

The amounts recognised in profit or loss are as follows:

	2011	Group	2010
	\$'000		\$'000
Current service cost	17		-
Interest cost	12		-
Gain on actuarial recognition	1		-
Excess benefit paid in period	1		-
	31		-

The principal actuarial assumptions used are as follows:

	2011	Group	2010
	\$'000		\$'000
Retirement age	55 years		-
Future salary increases per annum	8%		-
Discount rate per annum	10.5%		-

- (c) Carrying amounts and fair values

At the balance sheet date, the carrying amounts of the non-current other liabilities approximated their fair values.

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27. Deferred income tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Deferred income tax liabilities:				
- to be settled within one year	107	2	55	26
- to be settled after more than one year	700	-	4	2
	<u>807</u>	<u>2</u>	<u>59</u>	<u>28</u>

Movements in the deferred income tax account is as follows:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	2	2	28	41
Acquired from reverse acquisition (Note 36)	1,055	-	-	-
Tax (credited)/charged to:				
- consolidated income statement [Note 10(a)]	(121)	-	31	(13)
- overprovision in prior financial year	(129)	-	-	-
End of financial year	<u>807</u>	<u>2</u>	<u>59</u>	<u>28</u>

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$9,944,000 (2010: \$Nil) and capital allowances of \$807,000 (2010: \$Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

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27. Deferred income tax liabilities (continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax <u>depreciation</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
2011			
Beginning of financial year	2	-	2
Acquired from reverse acquisition (Note 36)	1,102	107	1,209
Currency translation differences (Credited)/charged to the consolidated income statement	(1)	1	-
	(93)	(10)	(103)
Others	-	(70)	(70)
End of financial year	1,010	28	1,038
2010			
Beginning and end of financial year	2	-	2

Deferred income tax assets

	<u>Provisions</u> \$'000
2011	
Beginning of financial year	-
Acquired from reverse acquisition (Note 36)	154
Currency translation differences	(1)
Charged to the consolidated income statement	18
Others	60
End of financial year	231
2010	
Beginning and end of financial year	-

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27. Deferred income tax liabilities (continued)

Company

Deferred income tax liabilities

	Accelerated tax <u>depreciation</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
2011			
Beginning of financial year	2	26	28
Credited to the consolidated income statement	-	31	31
End of financial year	2	57	59
2010			
Beginning of financial year	4	37	41
Credited to the consolidated income statement	(2)	(11)	(13)
End of financial year	2	26	28

28. Share capital

	←----- Company -----→	
	<u>No. of shares</u>	<u>Amount</u>
	Issued share capital '000	Issued share capital \$'000
2011		
Balance as at 1 January 2011	362,420	40,194
Issuance of new shares pursuant to the reverse takeover acquisition	849,702	125,756
Issuance of new shares pursuant to the acquisition of joint venture, Lian Beng-Centurion (Mandai) Pte. Ltd.	100,000	14,800
Share issuance expenses	-	(1,008)
	1,312,122	179,742
Share consolidation	(656,061)	-
	656,061	179,742
 Issuance of new placement shares	 100,000	 21,000
	756,061	200,742
2010		
Balance as at 1 January and 31 December 2010	362,420	40,194

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

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29. Other reserves

		Group		Company	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
(a)	<u>Composition</u>				
	Fair value reserve	(34)	-	269	11
	Currency translation reserve	110	-	-	-
	Capital reserve	17,095	-	-	-
		<u>17,171</u>	<u>-</u>	<u>269</u>	<u>11</u>
(b)	<u>Movements</u>				
	(i) Fair value reserve				
	Beginning of financial year	-	-	11	(76)
	Fair value (losses)/gains on available-for- sale, financial assets (Note 16)	(34)	-	258	87
	End of financial year	<u>(34)</u>	<u>-</u>	<u>269</u>	<u>11</u>
	(ii) Currency translation reserve				
	Beginning of financial year			-	-
	Net exchange differences on translation of financial statements of foreign subsidiaries and associated companies			110	-
	End of financial year			<u>110</u>	<u>-</u>
	(iii) Capital reserve				
	Beginning of financial year			-	-
	Settlement of loan from Westlite's former shareholder in the consolidated accounts (i.e. Shareholders' contribution) [Note 26]			17,095	-
	End of financial year			<u>17,095</u>	<u>-</u>

The consolidated financial statements of the Group represent the continuation of Westlite accounts, which included a shareholder loan accounted for as “Other liabilities” in Westlite accounts for the year ending 31 December 2010. The novation of the loan from Westlite's former shareholder to Westlite's new shareholder (Centurion Corporation Limited) means that the loan is effectively settled in the consolidated financial statements of the Group, recognised under “Other reserves” of the Group.

Other reserves are non-distributable.

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30. Retained earnings

- (a) Retained profits of the Group are distributable except for retained profits of associated companies amounting to \$322,000 (2010: \$Nil) which are included in the Group's retained profits.
- (b) Movement in retained earnings for the Company is as follows:

	Company	
	2011	2010
	\$'000	\$'000
Beginning of financial year	3,898	5,624
Net profit	(3,640)	86
Dividends paid (Note 31)	(1,812)	(1,812)
End of financial year	(1,554)	3,898

31. Dividends

	Group		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<i>Ordinary dividends paid</i>				
Interim exempt dividend paid of \$4.90 per share	-	4,900	-	-
Final exempt dividend paid in respect of the previous year of 0.5 cent (2010: 0.5 cent per share)	-	-	1,812	1,812
Pre-completion dividends paid/payable to former shareholders of Westlite	3,595	-	-	-
	3,595	4,900	1,812	1,812

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32. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	<u>Group</u>		<u>Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Not later than one year	2,309	-	1,646	1,613
Between one and five years	2,152	-	1,466	3,112
	<u>4,461</u>	<u>-</u>	<u>3,112</u>	<u>4,725</u>

(b) Operating lease income commitments – where the Group is a lessor

Operating lease income commitments are mainly for the investment properties of the Group. The lease rental income terms are negotiated for an average term of 12 months.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	<u>Group</u>	
	2011	2010
	\$'000	\$'000
Not later than one year	10,885	8,502
Between one and five years	997	588
	<u>11,882</u>	<u>9,090</u>

(c) Unsecured corporate guarantees

The Group has provided unsecured corporate guarantees in favour of financial institutions in respect of facilities granted to associated companies and a joint venture amounting to \$50,081,000 (2010: \$Nil). At 31 December 2011, the amount of the guaranteed loans drawn down by associated companies and joint venture amounted to \$26,695,000 (2010: \$Nil).

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32. Commitments (continued)

(c) Unsecured corporate guarantees (continued)

The Company has provided unsecured corporate guarantees in favour of financial institutions in respect of facilities granted to subsidiaries, associated companies and joint venture amounting to \$94,498,000 (2010: \$9,671,000). At 31 December 2011, the amount of the guaranteed loans drawn down by the subsidiaries, associated companies and joint venture amounted to \$64,264,000 (2010: \$2,197,000).

(d) Continuing financial support

The Company has provided an undertaking to provide continuing financial support to certain subsidiaries, to enable the subsidiaries to meet their obligations as and when they fall due. As at 31 December 2011, the net liabilities of these subsidiaries amounted to \$37,060,000 (2010: \$14,992,000).

33. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

Financial risk management is carried out by management in accordance with the policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Currency risk

In 2010, the Group is not exposed to foreign currency risk. In 2011, mainly as a result of the reverse acquisition, the Group operates in Asia with dominant operations in Singapore, Indonesia and Australia. Entities in the Group regularly transact in currencies other than their respective functional currencies (“foreign currencies”).

Currency risk arises within the entities in the Group when transactions are denominated in foreign currencies such as Singapore Dollar (“SGD”), Australian Dollar (“AUD”) and United States Dollar (“USD”). The Group also has a number of investments in foreign subsidiaries, whose net assets are exposed to currency risk. Exposures to foreign currency risks are managed as far as possible by natural hedges and monitoring to ensure the exposure is minimised.

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33. Financial risk management (continued)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

The Group's currency exposure based on the information provided to key management is as follows:

<u>2011</u>	<u>SGD</u> \$'000	<u>USD</u> \$'000	<u>AUD</u> \$'000	<u>Other</u> \$'000	<u>Total</u> \$'000
Financial assets					
Cash and cash equivalents	29,714	1,056	6,482	1,332	38,584
Financial assets, available-for-sale	4,281	-	-	-	4,281
Inter-company balances	170,740	468	2,528	840	174,576
Trade and other receivables	15,377	4,144	6,711	2,147	28,379
Other financial assets	814	468	1	359	1,642
	<u>220,926</u>	<u>6,136</u>	<u>15,722</u>	<u>4,678</u>	<u>247,462</u>
Financial liabilities					
Trade and other payables	5,882	4,394	4,755	5,301	20,332
Inter-company balances	170,740	468	2,528	840	174,576
Borrowings	37,612	-	-	107	37,719
	<u>214,234</u>	<u>4,862</u>	<u>7,283</u>	<u>6,248</u>	<u>232,627</u>
Net financial assets/liabilities	6,692	1,274	8,439	(1,570)	
Less: Net financial assets denominated in the respective entities' functional currencies	(7,834)	-	(6,581)	(1,851)	
Currency risk exposures	(1,142)	1,274	1,858	(3,421)	

For 2010, the group's financial assets and liabilities are denominated in Singapore dollar. The business transactions were primarily denominated in Singapore dollar, and not exposed to significant foreign currency risk.

The Company's currency exposure based on the information provided to key management is as follows:

	<u>2011</u>				<u>2010</u>			
	<u>SGD</u> \$'000	<u>USD</u> \$'000	<u>AUD</u> \$'000	<u>Total</u> \$'000	<u>SGD</u> \$'000	<u>USD</u> \$'000	<u>AUD</u> \$'000	<u>Total</u> \$'000
Financial assets								
Cash and cash equivalents	18,542	3	99	18,644	4,861	5	2,174	7,040
Financial assets available-for-sale	4,281	-	-	4,281	4,488	-	-	4,488
Trade and other receivables	157,825	260	7,939	166,024	15,937	516	7,958	24,411
Other financial assets	-	-	-	-	752	-	-	752
	<u>180,648</u>	<u>263</u>	<u>8,038</u>	<u>188,949</u>	<u>26,038</u>	<u>521</u>	<u>10,132</u>	<u>36,691</u>
Financial liabilities								
Trade and other payables	2,569	-	-	2,569	2,907	-	-	2,907
Borrowings	3	-	-	3	43	-	-	43
	<u>2,572</u>	<u>-</u>	<u>-</u>	<u>2,572</u>	<u>2,950</u>	<u>-</u>	<u>-</u>	<u>2,950</u>
Net financial assets	178,076	263	8,038	186,377	23,088	521	10,132	33,741
Less: Net financial assets denominated in the entity's functional currency	(178,076)	-	-		(23,088)	-	-	
Currency risk exposures	-	263	8,038		-	521	10,132	

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33. Financial risk management (continued)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

If the USD or AUD change against SGD by 5% (2010: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial asset position would be as follows:

	2011 Increase/(Decrease) Profit after tax \$'000	2010 Profit after tax \$'000
<u>Group</u>		
USD against SGD		
- strengthened	64	-
- weakened	(64)	-
AUD against SGD		
- strengthened	93	-
- weakened	(93)	-
<u>Company</u>		
USD against SGD		
- strengthened	13	21
- weakened	(13)	(21)
AUD against SGD		
- strengthened	402	405
- weakened	(402)	(405)

(ii) *Price risk*

The Group is exposed to equity securities price risk arising from the investments held by the Group and classified on the consolidated balance sheet as available-for-sale. These securities are listed in Singapore.

If prices for equity securities listed in Singapore change by 2% with all other variables including tax rate being held constant, the effects on other comprehensive income will be:

	2011 Increase/(Decrease) Other comprehensive income \$'000	2010 Other comprehensive income \$'000
<u>Group</u>		
Listed in Singapore		
- increased by	80	-
- decreased by	(80)	-

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33. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income is substantially independent of changes in market interest rates.

The Company has no significant exposure to cash flow interest rate risks. The Group's exposure to cash flow interest rate risks arise mainly from non-current borrowings.

If the SGD interest rates has increased/decreased by 0.01% (2010: 0.39%) with all other variables including tax rate being held constant, the loss after tax would have been lower/higher by \$4,000 (2010: \$133,000).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limit that are approved by management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level. The Group and Company have no major concentration of credit risk. The Company has no material third party debtors. The top 5 debtors of the Group represented 39% of trade receivables in 2011.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Group		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries', associated companies' and joint venture's loans	26,695	-	64,264	2,197

The Group's major classes of financial assets are bank deposits and trade receivables. The Company's major classes of financial assets are bank deposits and loans to subsidiaries and associates.

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33. Financial risk management (continued)

(b) *Credit risk* (continued)

The Group's credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2011	2010
	\$'000	\$'000
<u>By geographical areas</u>		
Asia	5,004	-
Australia	7,542	-
	12,546	-

Financial assets that are neither past due nor impaired

Bank deposit that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired are as follows:

	Group	
	2011	2010
	\$'000	\$'000
Past due < 3 months	6,121	-
Past due 3 to 6 months	501	-
	6,622	-

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33. Financial risk management (continued)

(b) Credit risk (continued)

Financial assets that are past due and/or impaired (continued)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2011	2010
	\$'000	\$'000
Gross amount	844	-
Less: Allowance for impairment	(844)	-
	-	-
Beginning of financial year	-	-
Acquired from reverse acquisition (Note 36)	1,633	-
Currency translation difference	(67)	-
Allowance made	204	-
Allowance utilised	(926)	-
End of financial year	844	-

The impaired trade receivables arise mainly from sales to customers who have financial difficulties and significant delays in payments.

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than <u>1 year</u> \$'000	Between 1 <u>and 2 years</u> \$'000	Between 2 <u>and 5 years</u> \$'000	Over <u>5 years</u> \$'000
<u>Group</u>				
2011				
Trade and other payables	18,392	381	731	828
Borrowings	4,181	3,260	10,356	23,376
Financial guarantee contracts [Note 32(c)]	26,695	-	-	-
	49,268	3,641	11,087	24,204
2010				
Trade and other payables	2,310	-	-	-
Borrowings	4,009	3,950	9,291	20,248
	6,319	3,950	9,291	20,248

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33. Financial risk management (continued)

(c) *Liquidity risk (continued)*

	Less than <u>1 year</u> \$'000	Between 1 <u>and 2 years</u> \$'000	Between 2 <u>and 5 years</u> \$'000	Over <u>5 years</u> \$'000
<u>Company</u>				
2011				
Trade and other payables	2,058	381	130	-
Borrowings	3	-	-	-
Financial guarantee contracts [Note 32(c)]	64,264	-	-	-
	66,325	381	130	
2010				
Trade and other payables	1,813	381	713	-
Borrowings	40	9	-	-
Financial guarantee contracts [Note 32(c)]	2,197	-	-	-
	4,050	390	713	-

(d) *Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Consistent with others in the industry, management monitors capital based on a gearing ratio.

The gearing ratio is calculated as borrowings divided by total capital. Total capital is calculated as borrowing plus equity.

The gearing ratios are computed as follows:

	Group		Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Borrowings (Note 24)	37,719	34,178	3	43
Total equity	101,012	5,184	199,457	44,103
Total capital	138,731	39,362	199,460	44,146
Gearing ratio	27%	87%	-	-*

* Less than 1%.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2010 and 2011.

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33. Financial risk management (continued)

(e) *Fair value measurements*

	Level 1 \$'000
As at 31 December 2011	
Financial assets, available-for-sale	4,281

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and Company is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximated their carrying amount.

34. Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2011 \$'000	Group 2010 \$'000
Sales to associated companies	5	-
Purchases from associated companies	5	-
Management fees paid to immediate holding corporation	285	360
Purchase of services from immediate holding corporation	26	-

Outstanding balances at 31 December 2011 arising from sales and purchases of goods are set out in Notes 13 and 23, respectively.

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34. Related party transactions (continued)

(b) Key management's personnel compensation

The key management's personnel compensation is as follows:

	Group	
	2011	2010
	\$'000	\$'000
Wages and salaries	1,538	65
Employer's contribution to defined contribution plans, including Central Provident Fund	46	7
	1,584	72

Included in above, total compensation to directors of the Company amounted to \$1,041,000 (2010: \$683,000).

The following information relates to remuneration of directors of the Company during the financial year:

	The Group	
	2011	2010
Number of directors of the Company in remuneration bands:		
Above \$499,999	-	-
\$250,000 to \$499,999	2	-
Below \$250,000	6	1
	8	1

35. Segment information

Management has determined the operating segments based on the reports reviewed by the Senior Management that are used to make strategic decisions. The Senior Management comprises the Group Chief Executive Officer, the Group Chief Financial Officer, and the Chief Executive Officer of each business/geographic segment.

The Management manages and monitors the business in two business segments which is the manufacture and sale of optical discs and related data storage products ("Optical") and provision of dormitory accommodation and services ("Dormitory").

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35. Segment information (continued)

The segment information provided to the Senior Management for the reportable segments for the year ended 31 December 2011 is as follows:

	<u>Optical</u>		<u>Dormitory</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
	Asia	Australia		
Sales:				
Total segment sales	7,996	9,887	12,987	30,870
Inter-segment sales	(826)	-	-	(826)
Sales to external parties	<u>7,170</u>	<u>9,887</u>	<u>12,987</u>	<u>30,044</u>
Segment results	165	1,096	8,483	9,744
Finance expense	(10)	(3)	(834)	(847)
Interest income				94
Dividend income				91
Impairment of goodwill				(12,967)
Cost relating to reverse acquisition				(111)
Share of loss of associated companies/joint venture				<u>(673)</u>
Loss before income tax				(4,669)
Income tax expense				<u>(1,493)</u>
Net loss				<u>(6,162)</u>
Segment assets	24,953	16,418	83,716	125,087
Short-term bank deposits				27,170
Financial assets, available-for-sale				4,281
Tax recoverable				6
Investments in associated companies				1,364
Investment in a joint venture				<u>4,614</u>
Consolidated total assets				<u>162,522</u>
Segment liabilities	7,889	5,003	7,440	20,332
Borrowings				37,719
Current income tax liabilities				2,652
Deferred income tax liabilities				807
Consolidated total liabilities				<u>61,510</u>
Other segment items:				
- Capital expenditure	138	76	14,349	14,563
- Depreciation	794	669	1,571	3,034

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35. Segment information (continued)

The segment information provided to the Senior Management for the reportable segments for the year ended 31 December 2010 is as follows:

	<u>Optical</u> \$'000	<u>Dormitory</u> \$'000	<u>Total</u> \$'000
Sales:			
Total segment sales	-	12,020	12,020
Inter-segment sales	-	-	-
Sales to external parties	-	12,020	12,020
Segment results	-	8,290	8,290
Interest income	-	4	4
Finance expense	-	(1,177)	(1,177)
Profit before income tax			7,117
Income tax expense	-	(1,436)	(1,436)
Net profit			5,681
Segment assets	-	60,409	60,409
Consolidated total assets			60,409
Segment liabilities	-	19,405	19,405
Borrowings	-	-	34,178
Current income tax liabilities	-	-	1,640
Deferred income tax liabilities	-	-	2
Consolidated total liabilities			55,225
Other segment items:			
- Capital expenditure	-	9	9
- Depreciation	-	1,576	1,576

Segment assets consist primarily of property, plant and equipment, investment property, intangible assets, inventories, receivables, other current assets and operating cash, and exclude deferred tax assets, taxes currently recoverable and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and bank borrowings. Capital expenditure comprises additions to property, plant and equipment.

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35. Segment information (continued)

Geographical information

The Group’s two business segments operate in three main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the manufacture and sale of optical discs and provision of dormitory accommodation;
- Australia – the operations in this area are principally the manufacture and sale of optical disc;
- Other countries – the operations include manufacture and sale of optical disc.

	Sales	
	2011 \$'000	2010 \$'000
Singapore	16,751	12,020
Australia	9,887	-
Other countries	3,406	-
	30,044	12,020

	Non-current assets	
	2011 \$'000	2010 \$'000
Singapore	87,829	57,433
Australia	1,852	-
Other countries	11,063	-
	100,744	57,433

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36. Reverse takeover acquisition

	<u>At fair value</u> \$'000
(a) Identifiable assets acquired and liabilities assumed of Centurion Corporation Limited Group:	
Cash and cash equivalents	18,525
Trade and other receivables	13,003
Inventories	3,378
Other current assets	1,784
Investment in associated companies	1,323
Property, plant and equipment	13,238
Financial assets available-for-sale	4,565
Intangible assets	64
Total assets	<u>55,880</u>
Trade and other payables	(10,446)
Current tax liabilities	(791)
Borrowings	(255)
Deferred income tax liabilities	(1,055)
Other payables	(2,661)
	<u>(15,208)</u>
Total identifiable net assets	<u>40,672</u>
	<u>At fair value</u> \$'000
Purchase consideration	
Issuance of shares in the Company	<u>53,639</u>
Goodwill (Note 22)	<u>12,967</u>
Net cash inflow on acquisition for consolidated statement of cash flows	<u>16,935</u>

CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2011

36. Reverse takeover acquisition (continued)

(b) Acquisition related costs

Acquisition-related costs of \$111,000 are included in administrative expenses in the consolidated income statement and operating cash flows in the consolidated statement of cash flows.

(c) Acquired trade and other receivables

The fair value of trade and other receivables is \$13,002,000 and include trade receivables with a fair value of \$8,603,000. The gross contractual amount for trade receivables due is \$8,603,000 of which \$Nil is expected to be uncollectible.

(d) Revenue and profit contribution

The acquired group contribution revenue of \$17,057,000 and net profit of \$1,479,000 to the Group for the period 1 August 2011 to 31 December 2011.

Had the Centurion Corporation Limited Group (the legal parent and its subsidiaries, prior to the reverse acquisition) been consolidated from 1 January 2011, consolidated revenue and consolidated loss after tax for the year ended 31 December 2011 would have been \$50,030,000 and \$8,760,000* respectively.

* Includes acquisition-related cost of \$1,633,000 of which, \$1,522,000 was charged to expenses as at 30 June 2011.

37. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Centurion Properties Pte Ltd, incorporated in Singapore. The ultimate holding corporation is Centurion Global Ltd, incorporated in the British Virgin Islands.

38. Events occurring after balance sheet date

On 10 February 2012, the Group acquired 100% of the equity interest in Alpha Sunshine Sdn Bhd (“Alpha Sunshine”), a company incorporated in Malaysia which operates a newly built and operational dormitory with a capacity of 2,780 beds, for a cash consideration of S\$41 and provide an advance of S\$2,890,000. Details of the assets acquired and liabilities assumed, revenue and profit contribution of Alpha Sunshine and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. Alpha Sunshine will be consolidated with effect from 10 February 2012.

CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2011

38. Events occurring after balance sheet date (continued)

On 23 February 2012, the Group acquired an additional 36% of the equity interest in its existing subsidiary, Goodwill Origins Sdn Bhd (“Goodwill Origins”), for a cash consideration of S\$15. This resulted in the Group owning 90% of the equity interest in Goodwill Origins, up from the original 54% interest. As this is a change in the Group’s ownership interest in Goodwill Origins that does not result in a change in control over the subsidiary, this will be accounted for as a transaction with equity owners of the Group, in the year ending 31 December 2012. The difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

On 29 February 2012, the Group acquired 90% of the equity interest in Dormitory Investments Pte Ltd (“DIPL”), a company incorporated in Singapore which operates a foreign workers’ dormitory with a capacity of 8,600 beds, for a cash consideration of S\$42.75 million. Details of the assets acquired and liabilities assumed, non-controlling interest that will be recognised, revenue and profit contribution of DIPL and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. DIPL will be consolidated with effect from 29 February 2012.

On 2 March 2012, Centurion Dormitories Sdn Bhd (“CDSB”), an indirect subsidiary of the Company, has incorporated a wholly-owned subsidiary in Malaysia, known as Westlite Dormitory Management Sdn. Bhd. (“WDSB”). WDSB is principally engaged in the business of providing services that relates to the operation and management of workers’ dormitories. The incorporation of WDSB is funded by internal resources and is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2012.

CENTURION CORPORATION LIMITED
(Formerly known as “SM Summit Holdings Limited”)
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NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2011

39. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group’s accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted are:

- Amendments to FRS 107 Disclosures - Transfers of Financial Assets
(effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 1 Presentation of Financial Statements
(effective for annual periods beginning on or after 1 July 2011)
- FRS 27 (revised 2011) Separate Financial Statements
(effective for annual periods beginning on or after 1 January 2013)
- FRS 28 (revised 2011) Investments in Associates and Joint Ventures
(effective for annual periods beginning on or after 1 January 2013)
- FRS 110 Consolidated Financial Statements
(effective for annual periods beginning on or after 1 January 2013)
- FRS 111 Joint Arrangements
(effective for annual periods beginning on or after 1 January 2013)
- FRS 112 Disclosures of Interests in Other Entities
(effective for annual periods beginning on or after 1 January 2013)
- FRS 113 Fair Value Measurement
(effective for annual periods beginning on or after 1 January 2013)

The management anticipates that the adoption of the above FRS, INT FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

40. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Centurion Corporation Limited (formerly known as “SM Summit Holdings Limited”) on 29 March 2012.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF CENTURION CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The information in this Appendix C has been reproduced from the audited financial statements of Centurion Corporation Limited and its subsidiaries for the financial year ended 31 December 2012 and has not been specifically prepared for inclusion in this Offer Information Statement.

CENTURION CORPORATION LIMITED AND ITS SUBSIDIARIES

(Incorporated in Singapore. Registration Number: 198401088W)

FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

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**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 December 2012

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2012 and the balance sheet of the Company as at 31 December 2012.

Directors

The directors of the Company in office at the date of this report are as follows:

Wong Kok Hoe
Kong Chee Min
Lee Kerk Chong
Tony Bin Hee Din
Chandra Mohan s/o Rethnam
Gn Hiang Meng

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	<u>Holdings registered in name of director</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>At 31.12.2012</u>	<u>At 1.1.2012 or date of appointment, if later</u>	<u>At 31.12.2012</u>	<u>At 1.1.2012 or date of appointment, if later</u>
Company <u>(No. of ordinary shares)</u>				
Wong Kok Hoe	-	-	-	-
Kong Chee Min	17,187	17,187	-	-
Lee Kerk Chong	10,466,271	10,466,271	19,910,000	18,750,000
Gn Hiang Meng	-	-	225,000	225,000
Tony Bin Hee Din	50,000	50,000	-	-

- (b) The directors' interests in the ordinary shares of the Company as at 21 January 2013 were the same as those as at 31 December 2012.

**CENTURION CORPORATION LIMITED
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DIRECTORS' REPORT

For the financial year ended 31 December 2012

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Gn Hiang Meng (Chairman)
Chandra Mohan s/o Rethnam
Wong Kok Hoe

All members of the Audit Committee were non-executive directors. Except for Mr Wong Kok Hoe, all members were independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2012 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' REPORT

For the financial year ended 31 December 2012

Audit committee (continued)

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Wong Kok Hoe
Director

28 March 2013

Kong Chee Min
Director

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2012

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 6 to 91 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Wong Kok Hoe
Director

Kong Chee Min
Director

28 March 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTURION CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Centurion Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 91, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2012, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore,
28 March 2013

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2012

	Note	2012 \$'000	2011 \$'000
Revenue	4	65,231	30,044
Cost of sales	5	(39,495)	(15,381)
Gross profit		25,736	14,663
Other income	6	1,718	645
Other gains – net	7	520	3
Expenses			
- Distribution	5	(2,013)	(1,062)
- Administrative	5	(11,031)	(4,431)
- Finance	8	(1,980)	(847)
- Others	5	30	(12,967)
Profit/(loss) before share of loss of associated companies and joint venture		12,980	(3,996)
Share of loss of associated companies and joint venture	17,18	(318)	(673)
Profit/(loss) before income tax		12,662	(4,669)
Income tax expense	10	(3,166)	(1,493)
Net profit/(loss)		9,496	(6,162)
Profit/(loss) attributable to:			
Equity holders of the Company		9,141	(6,154)
Non-controlling interests		355	(8)
		9,496	(6,162)
Earnings/(losses) per share attributable to equity holders of the Company (basic and diluted)	11	1.21 cents	(1.14) cents

The accompanying notes form an integral part of these financial statements.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012

	Note	2012 \$'000	2011 \$'000
Net profit/(loss) for the year		9,496	(6,162)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value (losses)/gains	29(b)(i)	(31)	(34)
Currency translation differences arising from consolidation			
- (Losses)/gains	29(b)(ii)	(1,658)	110
Other comprehensive (loss)/income, net of tax		(1,689)	76
Total comprehensive income/(loss)		7,807	(6,086)
Total comprehensive income/(loss) attributable to Equity holders of the Company		7,452	(6,078)
Non-controlling interests		355	(8)
		7,807	(6,086)

The accompanying notes form an integral part of these financial statements.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

BALANCE SHEETS

As at 31 December 2012

	Note	<u>Group</u>		<u>Company</u>	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	41,027	38,584	4,235	18,644
Trade and other receivables	13	14,065	18,829	12,085	13,404
Inventories	14	1,592	2,497	-	-
Other current assets	15	1,854	1,868	24	778
		58,538	61,778	16,344	32,826
Non-current assets					
Trade and other receivables	13	-	9,550	176,353	152,620
Financial assets, available-for-sale	16	4,250	4,281	4,250	4,281
Investments in associated companies	17	1,363	1,364	1,298	1,298
Investment in a joint venture	18	4,255	4,614	-	-
Investments in subsidiaries	19	-	-	9,946	11,326
Investment properties	20	120,534	70,190	-	-
Property, plant and equipment	21	12,983	10,681	116	112
Deferred income tax assets	27	91	-	-	-
Intangible assets	22	21,676	64	-	-
		165,152	100,744	191,963	169,637
Total assets		223,690	162,522	208,307	202,463
LIABILITIES					
Current liabilities					
Trade and other payables	23	26,186	18,392	1,904	2,058
Current income tax liabilities	10	6,253	2,652	294	375
Borrowings	24	12,710	3,697	-	3
		45,149	24,741	2,198	2,436
Non-current liabilities					
Borrowings	24	63,290	34,022	-	-
Other liabilities	26	929	1,940	-	511
Deferred income tax liabilities	27	4,399	807	29	59
		68,618	36,769	29	570
Total liabilities		113,767	61,510	2,227	3,006
NET ASSETS		109,923	101,012	206,080	199,457
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	28	89,431	89,431	200,742	200,742
Other reserves	29	15,482	17,171	238	269
Retained profits/(Accumulated losses)	30	1,308	(5,565)	5,100	(1,554)
		106,221	101,037	206,080	199,457
Non-controlling interests		3,702	(25)	-	-
Total equity		109,923	101,012	206,080	199,457

The accompanying notes form an integral part of these financial statements.

**CENTURION CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2012

	Note	Attributable to equity holders of the Company			Non-controlling interests	Total equity
		Share capital	Other reserves	Retained profits/ (Accumulated losses)		
		\$'000	\$'000	\$'000	\$'000	\$'000
2012						
Beginning of financial year		89,431	17,171	(5,565)	(25)	101,012
Dividends relating to financial year 2012 interim paid	31	-	-	(2,268)	-	(2,268)
Dividends paid to non-controlling interest of a subsidiary		-	-	-	(1,050)	(1,050)
Non-controlling interest's share in a subsidiary		-	-	-	4,397	4,397
		89,431	17,171	(7,833)	3,322	102,091
Adjustment on acquisition of additional shares in a subsidiary from non-controlling interest		-	-	-	25	25
Total comprehensive income for the year		-	(1,689)	9,141	355	7,807
End of financial year		89,431	15,482	1,308	3,702	109,923
2011						
Beginning of financial year		1,000	-	4,184	-	5,184
Reverse acquisition of Centurion Corporation Group		53,639	-	-	-	53,639
Issuance of shares to acquire a joint venture	28	14,800	-	-	-	14,800
Compliance placement of new shares	28	21,000	-	-	-	21,000
Pre-completion dividends payable to former shareholders of Westlite	31	-	-	(3,595)	-	(3,595)
Share issuance expenses		(1,008)	-	-	-	(1,008)
Shareholders' contributions	29(b)(iii)	-	17,095	-	-	17,095
		89,431	17,095	589	-	107,115
Acquisition of a subsidiary		-	-	-	(17)	(17)
Total comprehensive loss for the year		-	76	(6,154)	(8)	(6,086)
End of financial year		89,431	17,171	(5,565)	(25)	101,012

The accompanying notes form an integral part of these financial statements.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2012

	Note	2012 \$'000	Group 2011 \$'000
Cash flows from operating activities			
Net profit/(loss)		9,496	(6,162)
Adjustments for:			
- Tax expense		3,166	1,493
- Depreciation and amortisation		13,170	3,034
- Allowance for impairment of trade and other receivables		299	14
- Net loss on disposal of property, plant and equipment		35	71
- Impairment of property, plant and equipment		-	214
- Interest income		(353)	(94)
- Dividend income		(206)	(91)
- Interest expense		1,980	847
- Share of loss of associated companies and joint venture (net)		318	673
- Negative goodwill written off/Impairment of goodwill		(30)	12,967
- Impairment of financial assets, available-for-sale		-	250
- Currency translation differences		(21)	4
Operating cash flow before working capital changes		27,854	13,220
Changes in working capital			
- Inventories		939	881
- Trade and other receivables		6,628	(2,950)
- Other current assets		296	(70)
- Trade and other payables		(444)	1,100
Cash generated from operations		35,273	12,181
Income tax paid – net		(3,351)	(1,528)
Net cash provided by operating activities		31,922	10,653
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		67	434
Proceeds from disposal of shares in an associated company		-	2
Purchase of investment properties		(17,251)	(9,948)
Purchase of property, plant and equipment		(3,342)	(267)
Acquisition of interest in subsidiaries, net of cash acquired	19(b)	(43,408)	(2,320)
Acquisition of additional interest in a subsidiary		(3,328)	-
Loan repaid from/(disbursed) to joint venture		9,550	(2,158)
Dividend received		206	91
Interest received		353	94
Short-term deposits released/(charged) as security to bank		1,568	(13)
Net cash received from reverse acquisition	36	-	16,935
Restricted short-term bank deposits		(3,744)	-
Short-term bank deposits charged		(820)	-
Net cash (used in)/provided by investing activities		(60,149)	2,850
Cash flows from financing activities			
Proceeds from borrowings		44,389	6,723
Repayment of borrowings		(9,951)	(3,527)
Interest paid		(1,980)	(847)
Dividends paid to shareholders		(2,268)	(2,500)
Dividends paid in relation to pre-completion dividends		(1,095)	-
Dividends paid to non-controlling interest of a subsidiary		(1,050)	-
Proceeds from issuance of compliance placement shares		-	21,000
Share issue expense		-	(1,008)
Loan from non-controlling interest		-	622
Net cash provided by financing activities		28,045	20,463
Net (decrease)/increase in cash and cash equivalents held		(182)	33,966
Cash and cash equivalents at the beginning of the financial year		36,906	2,903
Effects of exchange rate changes on cash and cash equivalents		(264)	37
Cash and cash equivalents at the end of the financial year	12	36,460	36,906

The accompanying notes form an integral part of these financial statements.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

On 1 August 2011, the Company, Centurion Corporation Limited (formerly known as SM Summit Holdings Limited) completed the proposed acquisitions as set out in Note 36.

The Company is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 45 Ubi Road 1, Singapore 408696.

The principal activities of the Company include investment holding and provision of management services. The principal activities of the subsidiaries are as follows:

- owning worker dormitories and provision of dormitory accommodation and services ("Dormitory Business");
- manufacturing and providing services relating to optical storage media ("Optical Disc Business").

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2012

On 1 January 2012, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

**CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2012
(continued)

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 years.

2.2 Revenue recognition

Sales comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods*

Revenue from sales of goods is recognised when a Group entity has delivered the products to the customers and the customers have accepted the products and collectibility of the related receivables is reasonably assured.

(b) *Rendering of services*

Revenue from rendering of services is recognised when the services are rendered.

(c) *Rental income*

Rental income from operating leases (net of any incentive given to the lessees) is recognised on a straight-line basis over the lease term.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(f) Conservancy and service charges from investment properties

Conservancy and service charges from investment properties are recognised in accordance with the terms of the relevant agreement unless, having regard to the substance of the agreement, it is more appropriate to recognise revenue based on some other systematic and rational basis.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition of business

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2.6(a) for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised in the consolidated income statement as a bargain purchase.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals of subsidiaries or businesses*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in the consolidated income statement.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(iv) *Reverse acquisition*

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

Refer to Note 36(ii) for the impact on the consolidated financial statements.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associate and joint venture over the Group's share of the fair value of the identifiable net assets of the associate and joint venture, and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses are recognised in the consolidated income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income directly. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company and joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company or joint venture.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies and joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures are recognised in the consolidated income statement.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in the consolidated income statement.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recorded at cost. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Capital work-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land and building	20 years
Plant, machinery and equipment	3 - 10 years
Renovation, furniture and fittings	4 - 10 years
Motor vehicles	4 - 5 years
Office equipment and computers	3 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repair and maintenance expenses are recognised in the consolidated income statement.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the consolidated income statement within 'Other gains – net'.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.5 Investment properties

Investment properties include properties that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less any accumulated depreciation and any impairment losses.

Depreciation of investment properties are provided on a straight-line basis to allocate the gross carrying amount over the estimated useful lives as follows:

Useful lives

Leasehold land	over the lease period ranging from 50 to 99 years
Buildings	50 years, or lease term if shorter

Depreciation methods and useful lives are reviewed, and adjusted as appropriate at each reporting date.

No depreciation is provided on freehold and 999 year leasehold land included in the investment properties.

2.6 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries, joint ventures and associated companies at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of the subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.6 Intangible assets (continued)

(b) Favourable lease agreement

Favourable lease agreement acquired is initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 62 months, whichever is the shorter of its estimated useful life and period of contractual rights.

2.7 Borrowing costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest method.

2.8 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, associated companies and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the consolidated income statement.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated companies and joint ventures is tested for impairment as part of the investment, rather than separately, and only when there is an indication that the investments may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rated on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the consolidated income statement and is not reversed in a subsequent period.

(b) *Intangible assets*

Property, plant and equipment

Investments in subsidiaries, associated companies and joint ventures

Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

- (b) *Intangible assets (continued)*
Property, plant and equipment
Investments in subsidiaries, associated companies and joint ventures

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the consolidated income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the consolidated income statement.

2.10 Financial assets

- (a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. However, the Group has financial assets only in the categories of loans and receivables and financial assets, available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

- (i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet except for certain non-trade receivable from subsidiaries which have been accounted for in accordance with Note 2.8.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(a) Classification (continued)

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the consolidated income statement. Any amount in the fair value reserve relating to that asset is transferred to the consolidated income statement.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the consolidated income statement and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised in profit or loss on equity securities are not reversed through the consolidated income statement.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.11 Financial guarantees

The Group and Company have issued corporate guarantees to banks for borrowings of its subsidiaries, associated companies and joint venture. These guarantees are financial guarantees as they require the Group and Company to reimburse the banks if the subsidiaries, associated companies or joint venture fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees, if material, are initially recognised at their fair values plus transaction costs in the Group's and Company's balance sheets.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries, associated companies and joint venture's borrowings, unless it is probable that the Group and Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Group's and Company's balance sheets.

Intra-group transactions are eliminated on consolidation.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.15 Leases

(a) When the Group is the lessee:

The Group leases land, motor vehicles and certain property, plant and equipment under finance and operating leases from non-related parties.

(i) Lessee - Finance leases

Leases where the Group assumes substantially the risks and rewards incidental to ownership of the leased assets, are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Profits on sale and leaseback transactions which constitute operating leases are recognised immediately in the consolidated income statement when such sale and leaseback transactions are established at fair value. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be determined and amortised over the period for which the asset is expected to be used.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.15 Leases (continued)

(b) When the Group is the lessor:

The Group sublease its leased office premises under operating leases to non-related parties.

Leases of investment properties, including the dormitories where the Group retains substantially all risks and rewards incidental to ownership are classified as operating lease.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods are recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.17 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Employee compensation

The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.18 Employee compensation (continued)

(b) Defined benefit plans

The Group also has an unfunded defined benefit plan as part of a subsidiary's national severance, gratuity and corporation benefits plan. An independent actuary's valuation is obtained in determining the defined benefit obligation using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating the terms of the related liability.

(c) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(d) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.19 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance date are recognised in the consolidated income statement, unless they arise from borrowings in foreign currencies or other currency instruments which are designated and qualifying as net investment hedges, and net investment in foreign operations. These currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the consolidated income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the date of the transactions); and
- (iii) All resulting exchange currency translation differences are recognised in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

**CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided by the senior management whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.23 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) *Investment properties*

The Group, in reliance on independent professional valuers, applies estimates, judgements and assumptions in the determination of fair values for investment properties for disclosure purposes (Note 20).

**CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

4. Revenue

	Group	
	2012	2011
	\$'000	\$'000
Sales of goods	28,359	16,962
Services rendered	109	95
Rental income from investment properties	25,329	7,687
Conservancy and service charges from investment properties	10,847	5,081
Others	587	219
Total sales	65,231	30,044

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5. Expenses by nature

	Group	
	2012	2011
	\$'000	\$'000
Purchase of raw materials and consumables	8,483	8,348
Changes in inventories	905	(2,497)
Depreciation of property, plant and equipment (Note 21)	3,334	1,479
Depreciation of investment properties (Note 20)	5,720	1,555
Amortisation of intangible asset (Note 22(b))	4,116	-
Allowance for impairment of trade and other receivables	299	14
Management fee	-	285
Property tax	908	708
Employee compensation (Note 9)	11,690	5,453
Rental on operating leases	3,475	1,008
Utilities	4,248	1,063
Repairs and maintenance	1,656	704
Insurance	383	159
Freight outwards	277	123
Impairment of goodwill (Note 22)	-	12,967
Security and card system expenses	443	227
Laundry expense	932	-
Legal and professional fees	1,036	370
Others	4,604	1,875
Total cost of sales, distribution, administrative and other expenses	52,509	33,841

6. Other income

	Group	
	2012	2011
	\$'000	\$'000
Rental income	1,159	460
Interest income	353	94
Dividend income	206	91
	1,718	645

7. Other gains - net

	Group	
	2012	2011
	\$'000	\$'000
Currency exchange (loss)/gain – net	(399)	373
Net loss on disposal of property, plant and equipment	(32)	(71)
Impairment of property, plant and equipment (Note 21)	-	(214)
Impairment of financial assets, available-for-sale	-	(250)
Write-back of provisions no longer required	600	-
Others	351	165
Other gains – net	520	3

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For the financial year ended 31 December 2012

8. Finance expenses

	Group	
	2012	2011
	\$'000	\$'000
Interest expense:		
- bank borrowings and overdrafts	1,731	572
- shareholders' loan	-	298
- finance lease liabilities	13	10
- bank facility fees	428	-
Less: Amount capitalised in investment property	(192)	(33)
Finance expenses recognised in profit or loss	1,980	847

Borrowing costs on general financing were capitalised at a rate of 1.19% (2011: 0.49%).

9. Employee compensation

	Group	
	2012	2011
	\$'000	\$'000
Wages and salaries	10,364	4,705
Employer's contribution to defined contribution plans, including Central Provident Fund	1,222	549
Post-employment benefits (Note 26(b))	104	31
Termination and other benefits	-	168
	11,690	5,453

10. Income taxes

(a) Income tax expense

	Group	
	2012	2011
	\$'000	\$'000
Tax expense attributable to the results is made up of:		
Current income tax		
- Singapore	4,077	1,635
- Foreign	70	127
	4,147	1,762
Deferred income tax (Note 27)	(917)	(121)
	3,230	1,641
(Over)/under provision in prior financial years		
- Singapore income tax	(78)	(19)
- Foreign income tax	14	-
- Deferred tax (Note 27)	-	(129)
	3,166	1,493

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10. Income taxes (continued)

(a) Income tax expense (continued)

The tax on the Group's profit/(loss) before tax and share of loss of associated companies and joint venture differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2012	2011
	\$'000	\$'000
Profit/(loss) before tax from continuing operations	12,662	(4,669)
Share of loss of associated companies and joint venture, net of tax	(318)	(673)
Profit/(loss) before tax and share of loss of associated companies and joint venture	12,980	(3,996)
Tax calculated at a tax rate of 17% (2011: 17%)	2,207	(679)
Effects of:		
- different tax rates in other countries	101	182
- statutory stepped income exemption	(101)	(43)
- expenses not deductible for tax purposes	1,606	1,990
- income not subject to tax	(93)	(42)
- utilisation of previously unrecognised capital allowances	-	(45)
- utilisation of previously unrecognised tax losses	(439)	-
- others	(51)	(31)
- unrecognised deferred tax assets	-	309
	3,230	1,641

Deferred income tax assets of approximately \$1,510,000 (2011: \$2,552,000) for the Group have not been recognised for unutilised tax losses and capital allowances of certain subsidiaries as there is no reasonable certainty that future taxable profits will be available for utilisation of these temporary differences. As at 31 December 2012, total balances of unutilised tax losses and capital allowances available for offset against future taxable income are disclosed in Note 27 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

10. Income taxes (continued)

(b) Movements in current tax liabilities/(recoverable) – net

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	2,646	1,640	375	435
Currency translation difference	(27)	-	-	-
On reverse acquisition of subsidiaries (Note 36)	-	791	-	-
Acquisition of subsidiaries (Note 19)	2,699	-	-	-
Income tax (paid)/refund – net	(3,351)	(1,528)	(39)	35
Tax expense	4,147	1,762	37	21
Overprovision in prior financial years	(64)	(19)	(79)	(116)
End of financial year	6,050	2,646	294	375

The current income tax account comprises the following:

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Current income tax recoverable (Included in Other current assets - Note 15)	(203)	(6)	-	-
Current income tax liabilities	6,253	2,652	294	375
	6,050	2,646	294	375

11. Earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2012	2011
Net profit/(loss) attributable to equity holders of the Company (\$'000)	9,141	(6,154)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	756,061	542,022
Basic and diluted earnings/(losses) per share	1.21 cents	(1.14) cents

The diluted earnings/(losses) per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

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11. Earnings/(losses) per share (continued)

2011

Due to the reverse acquisition during 2011, the number of ordinary shares outstanding from the beginning of the year to the reverse acquisition date for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the Company to the owners of Westlite Dormitory (Toh Guan) Pte. Ltd. (formerly known as Centurion Dormitory (Westlite) Pte. Ltd.) (Note 36(i)), and the number of ordinary shares outstanding from the reverse acquisition date to the end of the year is the actual number of ordinary shares of the Company outstanding during the financial year.

12. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	14,724	11,414	594	1,076
Short-term bank deposits	26,303	27,170	3,641	17,568
	<u>41,027</u>	<u>38,584</u>	<u>4,235</u>	<u>18,644</u>

As at 31 December 2012, short-term bank deposits at the balance sheet date have an average maturity of 3 months (2011: 3 months) from the end of the financial year with the following weighted average effective interest rates:

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	%	%	%	%
Singapore Dollar	0.74	0.31	0.65	0.34
Hong Kong Dollar	-	0.20	-	-
Australian Dollar	<u>2.36</u>	<u>3.96</u>	<u>1.80</u>	<u>-</u>

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<u>Group</u>	
	2012	2011
	\$'000	\$'000
Cash and bank balances (as above)	41,027	38,584
Less: Bank overdrafts (Note 24)	(3)	(110)
Short-term bank deposits charged as security to bank	(820)	(1,568)
Restricted short-term bank deposits	<u>(3,744)</u>	<u>-</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>36,460</u>	<u>36,906</u>

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For the financial year ended 31 December 2012

12. Cash and cash equivalents

2012

As at 31 December 2012, short-term bank deposits of the Group amounting to \$820,000 (2011: nil) were charged as security to a bank as a guarantee in relation to a lease agreement. An amount of \$3,744,300 was deposited in a bank account of a subsidiary which has been set aside to settle certain liabilities as part of the sale and purchase agreement relating to an acquisition of a subsidiary.

2011

As at 31 December 2011, short-term bank deposits of the Group amounting to \$1,568,000 were charged to a bank as security for the issue of a banker's guarantee in connection with a bank loan drawn by an associated company.

13. Trade and other receivables

(a) Current

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade receivables – third parties	11,285	13,390	56	139
Less: Allowance for impairment	(1,040)	(844)	-	-
	10,245	12,546	56	139
Receivables from subsidiaries				
- trade	-	-	2,883	2,564
- non-trade	-	-	6,361	8,051
Receivables from associated companies/joint venture				
- trade	-	1	-	-
- non-trade	162	2,326	53	42
Loans to subsidiaries	-	-	11,578	11,574
Loans to associated companies	6,123	6,270	-	-
	6,285	8,597	20,875	22,231
Less: Allowance for impairment	(2,682)	(2,520)	(8,908)	(9,034)
	3,603	6,077	11,967	13,197
Other receivables	217	211	62	68
Less: Allowance for impairment	-	(5)	-	-
	14,065	18,829	12,085	13,404

The non-trade receivables from subsidiaries, associated companies and joint venture, and loans to subsidiaries and associated companies are unsecured, interest-free and repayable on demand.

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For the financial year ended 31 December 2012

13. Trade and other receivables (continued)

(b) Non-current

	Note	<u>Group</u>		<u>Company</u>	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Loans to subsidiaries		-	-	176,353	157,381
Less: Allowance for impairment		-	-	-	(4,761)
		-	-	176,353	152,620
Loans to an associated company		432	432	432	432
Less: Allowance for impairment		(432)	(432)	(432)	(432)
		-	-	-	-
Loan to joint venture company	36(iii)	-	9,550	-	-
		-	9,550	176,353	152,620

The loans to subsidiaries are unsecured with no fixed terms of repayment but are not expected to be repaid within the next twelve months. Included in the loans to subsidiaries is an amount of \$6,999,000 (2011: \$6,594,000) which bears interest at 2% (2011: 2%) per annum.

Included in the loans to subsidiaries is an amount of \$176,353,000 (2011: \$134,325,000) which are considered to be part of the Company's net investment in the subsidiaries.

At the balance sheet date, the carrying amounts of the non-current loans approximated their fair value.

14. Inventories

	<u>Group</u>	
	2012 \$'000	2011 \$'000
Finished goods	112	458
Work-in-progress	21	49
Raw materials	1,535	2,094
Less: Allowance for stock obsolescence	(76)	(104)
	1,592	2,497

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$9,388,000 (2011: \$5,851,000).

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15. Other current assets

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Deposits	1,333	1,641	2	752
Prepayments	318	221	22	26
Tax recoverable	203	6	-	-
	<u>1,854</u>	<u>1,868</u>	<u>24</u>	<u>778</u>

16. Financial assets, available-for-sale

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	4,281	-	4,281	4,488
Acquired from reverse acquisition (Note 36)	-	4,565	-	-
Impairment losses (Note 7)	-	(250)	-	(465)
Fair value (losses)/gains recognised in other comprehensive income [Note 29(b)(i)]	(31)	(34)	(31)	258
End of financial year	<u>4,250</u>	<u>4,281</u>	<u>4,250</u>	<u>4,281</u>

Financial assets, available-for-sale are analysed as follows:

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Listed equity securities – Singapore	<u>4,250</u>	<u>4,281</u>	<u>4,250</u>	<u>4,281</u>

The fair value of listed equities are based on quoted market prices at the balance sheet date.

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17. Investments in associated companies

	<u>Group</u>		<u>Company</u>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<i>Equity investment, at cost</i>			3,735	3,735
Less: Accumulated impairment			(2,437)	(2,437)
			1,298	1,298
Beginning of financial year	1,364	-		
Acquired from reverse acquisition (Note 36)	-	1,323		
Currency translation difference	(42)	80		
Disposal of associated company	-	(2)		
Share of profit/(loss)	41	(37)		
End of financial year	1,363	1,364		

- (a) The summarised financial information of associated companies, not adjusted for the proportion ownership interest held by the Group, is as follows:

	2012 \$'000	2011 \$'000
- Assets	10,445	15,310
- Liabilities	7,447	11,405
- Revenue	2,606	5,166
- Net loss	(760)	(4,502)

- (b) The associated companies of Centurion Corporation Limited are as follows:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of incorporation and business carried on in</u>	<u>Equity holding</u>	
			2012 %	2011 %
Held directly by the Company				
Sherford (M) Sdn Bhd+	Property investment	Malaysia	25	25
WOW Vision Pte Ltd ^	Provision of wireless applications and solutions	Singapore	34	34
Held by subsidiaries				
Shanghai Huade Photoelectron Science & Technology Co. Ltd* **	Manufacture and replication of compact discs, data storage products and related components	People's Republic of China	49	49
AVSM Logistics Pte Ltd ^	Provide warehousing and logistic services	Singapore	40	40
Typhoon Creations Pte Ltd ^	Marketing services	Singapore	20	20

⁺ Audited by M.S. Wong & Co.

^{*} Audited by Shanghai LSC Certified Public Accountants Co., Ltd.

⁺⁺ Holdings through Advance Technology Investment Limited.

[^] Audited by Messrs James Chan & Partners.

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18. Investment in a joint venture

	Group	
	2012	2011
	\$'000	\$'000
Beginning of financial year	4,614	-
Acquisition of joint venture	-	5,250
Share of loss	(359)	(636)
End of financial year	4,255	4,614

- (a) The Group has a 45% equity interest in Lian Beng-Centurion (Mandai) Pte Ltd. The investment in the joint venture is held by Centurion Dormitories Pte Ltd, a wholly-owned subsidiary of the Company. The principal activity of the joint venture is to develop property and operate workers' dormitories subject to all necessary approvals from the relevant authorities. However, the joint venture dormitory operations has not commenced as at 31 December 2012.
- (b) The summarised financial information of joint venture, adjusted for the proportion ownership interest by the Group, is as follows:

	2012	2011
	\$'000	\$'000
- Assets	50,593	39,726
- Liabilities	50,688	39,463
- Revenue	-	-
- Net loss	(359)	(636)
Capital commitments in relation to interest in joint venture	59,222	81,756
Proportionate interest in joint venture's capital commitments	26,650	36,790

19. Investments in subsidiaries

	Company	
	2012	2011
	\$'000	\$'000
<i>Equity investment, at cost</i>	14,994	12,432
Less: Accumulated impairment	(5,048)	(1,106)
	9,946	11,326

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19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries

2012

(i) Acquisition of Westlite Dormitory (Tebrau) Sdn Bhd (Formerly known as Alpha Sunshine Sdn Bhd)

On 10 February 2012, the Group acquired 100% equity interest in Westlite Dormitory (Tebrau) Sdn Bhd. Westlite Dormitory (Tebrau) Sdn Bhd operates a newly built and operational dormitory with a capacity of 2,600 beds in Tebrau IV located in Johor, Malaysia.

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flow of the Group, at the acquisition date, are as follows:

	<u>Group</u> <u>\$'000</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	16
Investment property	6,555
Property, plant and equipment	409
Trade receivables	17
Other current assets	57
Total assets	<u>7,054</u>
Trade and other payables	(204)
Loan from shareholders	(2,898)
Borrowings	(4,126)
Deferred income tax liabilities	(33)
Total liabilities	<u>(7,261)</u>
Identifiable net liabilities	(207)
Add: Goodwill (Note 22)	<u>207</u>
Consideration paid for 100% equity interest	<u>-</u>

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19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

2012 (continued)

(i) Acquisition of Westlite Dormitory (Tebrau) Sdn Bhd (Formerly known as Alpha Sunshine Sdn Bhd) (continued)

Subsequent to the acquisition, the Group repaid the loan to previous shareholders. The effects on the cash flow of the Group are as follows:

	<u>Group</u> <u>\$'000</u>
Effects on cash flow on the Group	
Cash paid	2,898
Less: Cash and cash equivalents in subsidiary acquired	<u>(16)</u>
Cash outflow on acquisition	<u>2,882</u>

Acquisition-related costs

Acquisition-related costs of \$6,000 are included in "administrative expenses" in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows.

Goodwill

The goodwill of \$207,000 arising from the acquisition is attributable to the growth potential of the investment.

Revenue and profit contribution

The acquired business contributed revenue of \$717,000 and net loss of \$188,000 to the Group from the period from 10 February 2012 to 31 December 2012.

Had Westlite Dormitory (Tebrau) Sdn Bhd been consolidated from 1 January 2012, consolidated revenue and consolidated loss for the year ended 31 December 2012 would have been \$65,258,000 and \$9,487,000 respectively.

(ii) Acquisition of Dormitory Investments Private Limited ("DIPL")

On 29 February 2012, the Group acquired 90% equity interest in Dormitory Investments Private Limited, a company which operates a foreign workers dormitory with a capacity of 8,600 beds in Tuas, Singapore.

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19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

(ii) Acquisition of Dormitory Investments Private Limited ("DIPL") (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date are as follows:

	<u>Group</u> <u>\$'000</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	7,625
Investment property	24,249
Property, plant and equipment	2,148
Trade receivables	2,146
Inventories	34
Other current assets	15
Intangible assets (Note 22(b))	25,521
Total assets	<u>61,738</u>
Trade and other payables	(10,670)
Loans and borrowings	(28)
Current income tax liabilities	(2,699)
Deferred income tax liabilities	(4,371)
Total liabilities	<u>(17,768)</u>
Identifiable net assets	43,970
Less: Non-controlling interest at proportionate share of the identifiable net assets	(4,397)
Add: Goodwill	(30)
Consideration paid for 90% equity interest	<u>39,543</u>
Effect on cash flows of the Group	
Cash paid	39,543
Less: Cash and cash equivalents in subsidiary acquired	(7,625)
Cash outflow on acquisition	<u>31,918</u>

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19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

2012 (continued)

(ii) Acquisition of Dormitory Investments Private Limited ("DIPL") (continued)

Upon the finalisation of the completion accounts of DIPL as at 29 February 2012, it resulted in a downward adjustment to the purchase consideration of \$3,207,000. The amount was subsequently received from the vendor.

	<u>Group</u> <u>\$'000</u>
Cash paid	42,750
Adjustment to purchase consideration	<u>(3,207)</u>
Adjusted purchase consideration	<u>39,543</u>

Acquisition-related costs

Acquisition-related costs of \$276,000 are included in "administrative expenses" in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows.

Non-controlling interests

The Group has chosen to recognise the 10% non-controlling interest at its proportionate share of its identifiable net assets of \$4,397,000.

Revenue and profit contribution

The acquired business contributed revenue of \$21,610,000 and net profit of \$6,970,000 to the Group from the period from 29 February 2012 to 31 December 2012.

Had DIPL been consolidated from 1 January 2012, consolidated revenue and consolidated profit for the year ended 31 December 2012 would have been \$69,079,000 and \$5,667,000 respectively.

(iii) Acquisition of Westlite Dormitory (Cemerlang) Sdn Bhd (Formerly known as Gallery Connection Sdn Bhd)

On 12 April 2012, the Group acquired 100% equity interest in Westlite Dormitory (Cemerlang) Sdn Bhd which is the registered proprietor of a piece of land at Ulu Tiram, Johor Bahru, Malaysia and a dormitory under renovation. It has a capacity of 1,600 beds. Consequently, Westlite Dormitory (Cemerlang) Sdn Bhd became a subsidiary of the Group.

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19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

2012 (continued)

(iii) Acquisition of Westlite Dormitory (Cemerlang) Sdn Bhd (Formerly known as Gallery Connection Sdn Bhd) (continued)

The acquisition was accounted for as an acquisition of assets. The total consideration was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values as follows:

	Group \$'000
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	-
Investment property	1,013
Property, plant and equipment	6
Total assets	<u>1,019</u>
Trade and other payables	(9)
Loan from shareholders	(949)
Total liabilities	<u>(958)</u>
Identifiable net assets	61
Consideration paid for 100% equity interest	<u>61</u>

Subsequent to the acquisition, the Group repaid the loan to the previous shareholders. The effects on the cash flows of the Group were as follows:

	Group \$'000
Effects on cash flows of the Group	
Cash paid	1,010
Less: Cash and cash equivalents in subsidiary acquired	-
Cash outflow on acquisition	<u>1,010</u>

(iv) Acquisition of Westlite Dormitory (Tampoi) Sdn Bhd (Formerly known as Approach Impact Sdn Bhd)

On 30 May 2012, the Group acquired 100% equity interest in Westlite Dormitory (Tampoi) Sdn Bhd, which is the owner of a piece of land at Tampoi, Malaysia. Consequently, Westlite Dormitory (Tampoi) Sdn Bhd became a subsidiary of the Group.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

2012 (continued)

(iv) Acquisition of Westlite Dormitory (Tampoi) Sdn Bhd (Formerly known as Approach Impact Sdn Bhd) (continued)

The acquisition was accounted for as an acquisition of assets. The total consideration was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values as follows:

	<u>Group</u> \$'000
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	16
Investment property	4,863
Total assets	<u>4,879</u>
Trade and other payables	(7)
Loans from shareholders	<u>(4,798)</u>
Total liabilities	<u>(4,805)</u>
Identifiable net assets	74
Consideration paid for 100% equity interest	<u>74</u>

Subsequent to the acquisition, the Group repaid the loan to the previous shareholders. The effects on the cash flows of the Group were as follows:

	<u>Group</u> \$'000
Effects on cash flows of the Group	
Cash paid	4,872
Less: Cash and cash equivalents in subsidiary acquired	<u>(16)</u>
Cash outflow on acquisition	<u>4,856</u>

(v) Acquisition of Westlite Dormitory (Pasir Gudang) Sdn Bhd (Formerly known as Duke Dormitory Management Sdn Bhd)

On 22 October 2012, the Group acquired 100% equity interest in Westlite Dormitory (Pasir Gudang) Sdn Bhd which is the owner of two adjacent plots of land with buildings erected thereon within the residential enclave of Pasir Gudang in Johor Bahru, Malaysia. Consequently, Westlite Dormitory (Pasir Gudang) Sdn Bhd became a subsidiary of the Group.

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19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

2012 (continued)

(v) Acquisition of Westlite Dormitory (Pasir Gudang) Sdn Bhd (Formerly known as Duke Dormitory Management Sdn Bhd) (continued)

The acquisition was accounted for as an acquisition of assets. The total consideration was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values as follows:

	<u>Group</u> <u>\$'000</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1
Other current assets	7
Property, plant and equipment	348
Investment property	978
Total assets	<u>1,334</u>
Trade and other payables	(230)
Loans from shareholders	<u>(1,064)</u>
Total liabilities	<u>(1,294)</u>
Identifiable net assets	40
Consideration paid for 100% equity interest	<u>40</u>

Subsequent to the acquisition, the Group repaid the loan to the previous shareholders. The effects on the cash flows of the Group were as follows:

	<u>Group</u> <u>\$'000</u>
Effects on cash flows of the Group	
Cash paid	1,104
Less: Cash and cash equivalents in subsidiary acquired	<u>(1)</u>
Cash outflow on acquisition	<u>1,103</u>

(vi) Acquisition of Westlite Dormitory (Senai) Sdn Bhd (Formerly known as Brave Privilege Sdn Bhd)

On 11 December 2012, the Group acquired 100% equity interest in Westlite Dormitory (Senai) Sdn Bhd, which is the owner of a piece of land at Senai, Malaysia. Consequently, Westlite Dormitory (Senai) Sdn Bhd became a subsidiary of the Group.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

2012 (continued)

(vi) Acquisition of Westlite Dormitory (Senai) Sdn Bhd (Formerly known as Brave Privilege Sdn. Bhd.) (continued)

The acquisition was accounted for as an acquisition of assets. The total consideration was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values as follows:

	<u>Group</u> \$'000
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	-
Investment property	1,641
Total assets	<u>1,641</u>
Trade and other payables	(2)
Loans from shareholders	(1,639)
Total liabilities	<u>(1,641)</u>
Identifiable net assets	-
Consideration paid for 100% equity interest	<u>-</u>

Subsequent to the acquisition, the Group repaid the loan to the previous shareholders. The effects on the cash flows of the Group were as follows:

	<u>Group</u> \$'000
Effects on cash flows of the Group	
Cash paid	1,639
Less: Cash and cash equivalents in subsidiary acquired	-
Cash outflow on acquisition	<u>1,639</u>

(vii) Acquisition of additional 46% interest in Westlite Dormitory (JB Techpark) Sdn Bhd (Formerly known as Goodwill Origins Sdn Bhd)

During the financial year, the Group acquired the remaining interest in shares of Westlite Dormitory (JB Techpark) Sdn Bhd. Subsequent to the acquisition, Westlite Dormitory (JB Techpark) Sdn Bhd became a wholly-owned subsidiary of the Group. This acquisition is accounted for as a transaction with non-controlling interests and there were no differences between the change in the carrying amount of non-controlling interests and the fair value of consideration paid.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

19. Investments in subsidiaries (continued)

(b) Acquisition of subsidiaries (continued)

2011

Acquisition of Goodwill Origins Sdn Bhd

On 21 November 2011, the Group acquired a 54% equity interest in Goodwill Origins Sdn Bhd. Goodwill Origins Sdn Bhd is the beneficial owner of a piece of 99-year leasehold land located at Johor Technology Park, Johor, Malaysia. Construction works to build 5 blocks of workers' dormitory on the property have commenced. Consequently, Goodwill Origins Sdn Bhd became a subsidiary of the Group.

The acquisition was accounted for as an acquisition of assets. The total consideration was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values are as follows:

	<u>Group</u> <u>\$'000</u>
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	62
Investment property	4,392
Other current assets	8
Total assets	<u>4,462</u>
Trade and other payables	(1)
Borrowings	<u>(2,096)</u>
Total liabilities	<u>(2,097)</u>
Identifiable net assets	2,365
Add: Non-controlling interest	17
Consideration paid for 54% equity interest	<u>2,382</u>

The effects of the acquisition of subsidiaries on the cash flows of the Group for the financial year ended 31 December 2011 were as follows:

Cash consideration	2,382
Less: Cash and cash equivalents in subsidiaries acquired	<u>(62)</u>
Cash outflow on acquisition	<u>2,320</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

19. Investments in subsidiaries (continued)

(c) The subsidiaries of Centurion Corporation Limited are as follows:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of incorporation and business carried on in</u>	<u>Equity holding</u>	
			2012 %	2011 %
Summit CD Manufacture Pte Ltd [#]	Manufacture and replication of compact discs, data storage products and related components	Singapore	100	100
Summit Hi-Tech Pte Ltd [#]	Manufacture and replication of digital versatile discs, data storage products and related components	Singapore	100	100
SM Summit Holdings Pte. Ltd. [#]	Investment holding	Singapore	100	100
Purple Vision Pte Ltd ^{#^^}	Media advertising	Singapore	100	100
Summit CD Manufacture (HK) Limited ^{**}	Dormant	Hong Kong	100	100
SM Summit Holdings (HK) Limited ^{**}	Dormant	Hong Kong	100	100
Advance Technology Investment Limited ^{**^^}	Investment holding	Hong Kong	100	100
Summit Technology Australia Pty Ltd [@]	Manufacture and replication of compact discs and digital versatile discs	Australia	100	100
SM Summit Holdings (Australia) Pty Limited ⁺⁺⁺	Dormant	Australia	100	100
Summit Printing (Australia) Pty Limited ^{+@}	Printing	Australia	100	100
Centurion Accommodation (Australia) Pty Ltd ^{*@} (formerly known as Wow Vision Australia Pty Ltd)	Property investment	Australia	100	100
Gate Cosmos Investments Ltd ^{**}	Trading and investment holding	British Virgin Islands	100	100
PT Digital Media Technology~^	Manufacture and replication of compact discs, data storage products and related components	Indonesia	100	100
Centurion Dormitories Pte. Ltd. [#]	Investment holding	Singapore	100	100
Westlite Dormitory Management Pte. Ltd. ^{^^} (formerly known as FairVision Pte Ltd)	Provision of management services	Singapore	100	100
Westlite Dormitory (Toh Guan) Pte. Ltd. ^{^^^} (formerly known as Centurion Dormitory (Westlite) Pte. Ltd.)	Property investments and provision of dormitory accommodation and services	Singapore	100	100
Dormitory Investments Private Limited ^{^^^}	Investment holding	Singapore	90	-
Westlite Dormitory (Tuas) Pte. Ltd. ^{^^^} (formerly known as 5 Star Dormitory Management Pte. Ltd.)	Property investments and provision of dormitory services	Singapore	90	-
5 Star Supermart Pte. Ltd. ^{^^^}	Dormant	Singapore	90	-

**CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

19. Investments in subsidiaries (continued)

(c) The subsidiaries of Centurion Corporation Limited are as follows: (continued)

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of incorporation and business carried on in</u>	<u>Equity holding</u>	
			<u>2012</u> %	<u>2011</u> %
DI Food Services Pte. Ltd. [#] ^^	Dormant	Singapore	90	-
Centurion Dormitories Sdn Bhd ^{##} ^^	Investment holding	Malaysia	100	100
Westlite Dormitory Management Sdn Bhd ^{##} ^^	Provision of management services	Malaysia	100	-
Westlite Dormitory (JB Techpark) Sdn. Bhd. ^{##} ^^ (formerly known as Goodwill Origins Sdn Bhd)	Property investments and provision of dormitory accommodation and services	Malaysia	100	54
Westlite Dormitory (Tebrau) Sdn. Bhd. ^{##} ^^ (formerly known as Alpha Sunshine Sdn. Bhd.)	Property investments and provision of dormitory accommodation services	Malaysia	100	-
Westlite Dormitory (Cemerlang) Sdn. Bhd. ^{##} ^^ (formerly known as Gallery Connection Sdn. Bhd.)	Property investments and provision of dormitory accommodation services	Malaysia	100	-
Westlite Dormitory (Tampoi) Sdn. Bhd. ^{##} ^^ (formerly known as Approach Impact Sdn. Bhd.)	Property investment	Malaysia	100	-
Westlite Dormitory (Pasir Gudang) Sdn. Bhd. ^{##} ^^ (formerly known as Duke Dormitory Management Sdn. Bhd.)	Property investment	Malaysia	100	-
Westlite Dormitory (Senai) Sdn. Bhd. ^{##} ^^ (formerly known as Brave Privilege Sdn. Bhd.)	Property investment	Malaysia	100	-

Audited by PricewaterhouseCoopers LLP, Singapore.

Audited by PricewaterhouseCoopers, Malaysia.

@ Audited by Crowe Horwath, Australia

~ Audited by Mazars, Indonesia.

** No statutory audit required in the country of incorporation.

+ Holdings through Summit Technology Australia Pty Ltd.

^ Holdings through Gate Cosmos Investments Ltd and SM Summit Holdings Pte. Ltd.

^^ Holdings through SM Summit Holdings Pte. Ltd.

^^^ Holdings through Centurion Dormitories Pte Ltd

^^^^ Holdings through Centurion Dormitories Sdn. Bhd.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries or associated companies would not compromise the standard and effectiveness of the audit of the Group.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

20. Investment properties

	Freehold <u>land</u> \$'000	Leasehold <u>land</u> \$'000	Leasehold <u>building</u> \$'000	Investment property under <u>construction</u> \$'000	<u>Total</u> \$'000
Group					
2012					
<i>Cost</i>					
Beginning of financial year	-	47,479	15,489	13,424	76,392
Acquisition of subsidiaries	6,137	1,375	30,981	806	39,299
Currency translation differences	(125)	(55)	(148)	(163)	(491)
Additions	6,493	3	8,722	2,033	17,251
End of financial year	12,505	48,802	55,044	16,100	132,451
<i>Accumulated depreciation</i>					
Beginning of financial year	-	3,723	2,479	-	6,202
Currency translation differences	-	-	(5)	-	(5)
Depreciation charge	-	978	4,742	-	5,720
End of financial year	-	4,701	7,216	-	11,917
Net book value	12,505	44,101	47,828	16,100	120,534
2011					
<i>Cost</i>					
Beginning of financial year	-	46,466	15,489	97	62,052
Acquisition of a subsidiary	-	1,013	-	3,379	4,392
Additions	-	-	-	9,948	9,948
End of financial year	-	47,479	15,489	13,424	76,392
<i>Accumulated depreciation</i>					
Beginning of financial year	-	2,788	1,859	-	4,647
Depreciation charge	-	935	620	-	1,555
End of financial year	-	3,723	2,479	-	6,202
Net book value	-	43,756	13,010	13,424	70,190

Investment properties comprise dormitories and commercial properties that are leased to external customers under operating leases.

Certain investment properties are pledged as security for the bank facilities extended to subsidiaries (Note 24(b)). The net book value of these investment properties amounted to approximately \$83,006,000 (2011: \$63,567,000).

Market value of the investment properties of the Group as at 31 December 2012 were estimated to be \$211,523,000 (2011: \$155,028,000). The valuation was performed by external independent valuers with professional qualifications and experience, taking into account market prices and rental of comparable properties.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

20. Investment properties (continued)

The following amounts are recognised in profit or loss:

	2012	Group	2011
	\$'000		\$'000
Rental income (Note 4)	25,329		7,687
Conservancy and service charges (Note 4)	10,847		5,081
Direct operating expenses arising from:			
- Investment properties that generated rental income, conservancy and service charges	(18,154)		(4,464)
- Investment property that do not generate rental income	(2)		(18)
	18,020		8,286

Properties of the Group

At the balance sheet date, the details of the Group's investment properties are as follows:

<u>Location</u>	<u>Description</u>	<u>Existing Use</u>	<u>Tenure</u>	<u>Unexpired term of lease</u>
Toh Guan Road, Singapore	8 blocks of workers dormitory and 1 amenity block	Commercial – Dormitory	Leasehold	46 years
Tuas South Ave 9, Singapore	8 blocks of workers dormitory and 1 amenity block	Commercial – Dormitory	Leasehold	4.5 years *
Johor Technology Park, Malaysia	5 blocks of workers dormitory and 1 amenity block	Commercial – Dormitory	Leasehold	97 years
Tebrau, Malaysia	2 blocks of workers dormitory and 1 amenity block	Commercial – Dormitory	Leasehold	48 years
Desa Cemerlang, Malaysia	8 blocks of workers dormitory	Commercial – Dormitory	Freehold	-
Pasir Gudang, Malaysia	2 blocks of workers dormitory	Commercial – Dormitory	Leasehold	73 years
Tampoi, Malaysia	(under development)	Commercial – Dormitory	Freehold	-
Senai, Malaysia	(under development)	Commercial – Dormitory	Freehold	-
Port Hedland, Australia	(under development)	Commercial – Dormitory	Freehold	-

* Includes an extension for 3 years subject to the agreement of new terms and conditions with the landlord.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

21. Property, plant and equipment

	Leasehold land and <u>building</u> \$'000	Plant, machinery and <u>equipment</u> \$'000	Renovation, furniture and <u>fittings</u> \$'000	Motor <u>vehicles</u> \$'000	Office equipment and <u>computers</u> \$'000	Capital work-in- <u>progress</u> \$'000	<u>Total</u> \$'000
Group							
2012							
<i>Cost</i>							
Beginning of financial year	2,560	7,691	1,027	511	264	254	12,307
Acquisition of subsidiaries	-	1,482	1,321	27	81	-	2,911
Currency translation differences	(204)	(260)	(28)	(37)	(7)	(9)	(545)
Additions	28	332	1,110	19	137	1,716	3,342
Disposals	-	(115)	(23)	-	(30)	-	(168)
Transfer from capital work-in-progress	-	1,873	-	-	43	(1,916)	-
End of financial year	2,384	11,003	3,407	520	488	45	17,847
<i>Accumulated depreciation</i>							
Beginning of financial year	46	1,084	132	93	57	-	1,412
Currency translation differences	2	(30)	2	(13)	9	-	(30)
Disposals	-	(53)	(3)	-	-	-	(56)
Depreciation charge	133	2,381	530	156	134	-	3,334
End of financial year	181	3,382	661	236	200	-	4,660
<i>Accumulated impairment</i>							
Beginning of financial year	-	200	-	-	14	-	214
Disposals	-	-	-	-	(10)	-	(10)
End of financial year	-	200	-	-	4	-	204
Net book value							
<i>End of financial year</i>	2,203	7,421	2,746	284	284	45	12,983
2011							
<i>Cost</i>							
Beginning of financial year	-	42	51	-	7	-	100
Acquired from reverse acquisition (Note 36)	2,591	8,644	1,065	515	266	157	13,238
Currency translation differences	(5)	(126)	(14)	(4)	9	2	(138)
Additions	16	113	27	-	12	99	267
Disposals	(41)	(987)	(102)	-	(30)	-	(1,160)
Transfer from capital work-in-progress	(1)	5	-	-	-	(4)	-
End of financial year	2,560	7,691	1,027	511	264	254	12,307
<i>Accumulated depreciation</i>							
Beginning of financial year	-	37	29	-	7	-	73
Currency translation differences	(10)	(110)	(8)	(3)	(9)	-	(140)
Depreciation charge	56	1,157	111	96	59	-	1,479
End of financial year	46	1,084	132	93	57	-	1,412
<i>Accumulated impairment</i>							
Beginning of financial year	-	-	-	-	-	-	-
Impairment for the year	-	200	-	-	14	-	214
End of financial year	-	200	-	-	14	-	214
Net book value							
<i>End of financial year</i>	2,514	6,407	895	418	193	254	10,681

**CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

21. Property, plant and equipment (continued)

<u>Company</u>	<u>Plant, machinery and equipment</u> \$'000	<u>Renovation, furniture and fittings</u> \$'000	<u>Motor vehicles</u> \$'000	<u>Office equipment and computers</u> \$'000	<u>Total</u> \$'000
2012					
<i>Cost</i>					
Beginning of financial year	6	849	822	456	2,133
Additions	-	-	-	37	37
Disposals	-	-	-	(3)	(3)
End of financial year	6	849	822	490	2,167
<i>Accumulated depreciation</i>					
Beginning of financial year	6	839	726	450	2,021
Disposals	-	-	-	(3)	(3)
Depreciation charge	-	3	24	6	33
End of financial year	6	842	750	453	2,051
Net book value					
<i>End of financial year</i>	-	7	72	37	116
2011					
<i>Cost</i>					
Beginning of financial year	6	844	730	561	2,141
Additions	-	5	92	4	101
Disposals	-	-	-	(109)	(109)
End of financial year	6	849	822	456	2,133
<i>Accumulated depreciation</i>					
Beginning of financial year	6	835	635	556	2,032
Disposals	-	-	-	(109)	(109)
Depreciation charge	-	4	91	3	98
End of financial year	6	839	726	450	2,021
Net book value					
<i>End of financial year</i>	-	10	96	6	112

- (a) At the balance sheet date, the net book value of property, plant and equipment of the Group and the Company under finance lease agreements amounted to \$104,000 (2011: \$263,000) and \$nil (2011: \$5,900) [Note 24(c)] respectively.
- (b) Certain property, plant and machinery of the Group are mortgaged to banks for term loans and other credit facilities extended to certain subsidiaries. The net book value of these property, plant and machinery amounted to approximately \$1,179,000 (2011: \$1,393,000) [Notes 24(b)].
- (c) The leasehold land and buildings of the Group comprise:

<u>Location</u>	<u>Tenure</u>	<u>Use of Property</u>
<i>Indonesia:</i>		
MM2100 Industrial Town	22 years lease from 30	Industrial factory building
Jl. Bali Blok H1-1	September 2004, with an	
Cibitung	option to extend for a	
Bekasi 17520	further 20 years	

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22. Intangible assets

	2012	Group	2011
	\$'000		\$'000
<i>Composition:</i>			
Goodwill arising on consolidation [Note (a)]	271		64
Favourable lease agreement	21,405		-
	21,676		64
	2012	Group	2011
	\$'000		\$'000
(a) Goodwill arising on consolidation			
<i>Cost</i>			
Beginning of financial year	13,031		-
Acquisition of subsidiaries	207		64
Arising from reverse acquisition	-		12,967
End of financial year	13,238		13,031
<i>Accumulated impairment</i>			
Beginning of financial year	12,967		-
Impairment charge (Note 5)	-		12,967
End of financial year	12,967		12,967
Net book value	271		64

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to the individual entity and business segment.

A summary of the goodwill allocation and key assumptions are as follows:

2012			
Cash-generating Unit ("CGU")	2012	Growth	Discount
	\$'000	rate	rate
Westlite Dormitory (Tebrau)			
Sdn Bhd	207	4%	11.5%
	207		
2011			
Cash-generating Unit ("CGU")	2011	Growth	Discount
	\$'000	rate	rate
Optical segment	12,967	1%	12%
	12,967		

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

22. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

2012

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections in the value-in-use calculations were based on financial budgets approved by management covering a 10-year period. Cash flows beyond the 5-year period were extrapolated using the estimated growth rate above. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports.

The goodwill arising from the acquisition is attributable to the growth potential of the investment.

2011

Management determined budgeted gross margin based on past performance and its expectations of market developments.

Goodwill arose as a result of the increase in share price of the Company between the date of signing of the Sale and Purchase agreement and the completion date of the Westlite acquisition.

A determination of the recoverable amount of the Optical segment subsequent to the reverse acquisition revealed a shortfall of \$12,967,000 in future cash flows to support the purchase consideration paid of \$53,639,000. Based on the market conditions of the optical disc manufacturing industry, significant pressure is felt on the demand of the product as a result of the expected decline in the optical disc manufacturing industry. Accordingly, an impairment charge of \$12,967,000 was recorded against goodwill and is included within "other expense" in the consolidated income statement.

(b) Favourable lease agreement

	2012	Group	2011
	\$'000		\$'000
<i>Cost</i>			
Beginning of financial year	-		-
Acquisition of a subsidiary [Note 19(b)]	25,521		-
End of financial year	25,521		-
<i>Accumulated amortisation</i>			
Beginning of financial year	-		-
Amortisation charge	4,116		-
End of financial year	4,116		-
Net book value	21,405		-

**CENTURION CORPORATION LIMITED
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23. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade payables to:				
- third parties	4,848	5,415	96	106
- associated companies	15	20	-	-
- subsidiary	-	-	-	1
	4,863	5,435	96	107
Deferred income	511	595	511	583
Deposits received	7,615	2,612	202	202
Accrued operating expenses	6,967	5,410	1,053	927
Other payables	6,230	4,340	42	239
Total trade and other payables	26,186	18,392	1,904	2,058

24. Borrowings

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Bank overdrafts [Note (a)]	3	110	-	-
Bank loans [Note (b)]	12,676	3,467	-	-
Finance lease liabilities [Notes (c) and 25]	31	120	-	3
	12,710	3,697	-	3
<i>Non-current</i>				
Bank loans [Note (b)]	63,283	33,993	-	-
Finance lease liabilities [Notes (c) and 25]	7	29	-	-
	63,290	34,022	-	-
Total borrowings	76,000	37,719	-	3

(a) Bank overdrafts

The bank overdrafts of the Group are supported by a guarantee given by the Company. The weighted average effective interest rate of the bank overdrafts at the balance sheet date is 5.75% per annum.

(b) Bank loans

The bank loans are repayable as follows:

	Group	
	2012	2011
	\$'000	\$'000
- not later than one year	12,676	3,467
- between one to five years	42,930	12,487
- after five years	20,353	21,506
	75,959	37,460

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For the financial year ended 31 December 2012

24. Borrowings (continued)

(b) Bank loans (continued)

All the amounts are at floating interest rates.

Total borrowings include secured liabilities of \$75,997,000 (2011: \$37,609,000) for the Group. These borrowings are secured over shares in a subsidiary, certain investment properties (Note 20), and property, plant and machinery (Note 21(b)).

(c) Finance lease liabilities

The finance lease liabilities are secured on certain property, plant and machinery purchased under finance leases of the Group and the Company [Note 21(a)]. The Group's weighted average effective interest rate of finance lease liabilities at the balance sheet date is 3.69% (2011: 3.65%) per annum. The Company's weighted average effective interest rate of finance lease liabilities at the balance sheet date is nil% (2011: 2.88%) per annum.

(d) Interest rate risk

The periods in which the borrowings reprice or mature, whichever is earlier, are as follows:

	Variable rates			Fixed rates			Total \$'000
	Less than 6 months \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Less than 6 months \$'000	6 to 12 months \$'000	1 to 5 years \$'000	
Group							
2012							
Total borrowings	5,626	7,053	63,283	26	5	7	76,000
2011							
Total borrowings	1,843	1,733	33,993	63	63	24	37,719

(e) Carrying amounts and fair values

At the balance sheet date, the carrying amounts of the borrowings approximated their fair values.

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25. Finance lease liabilities

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments due:				
- not later than one year	34	125	-	4
- between one and five years	8	30	-	-
	42	155	-	4
Less: Future finance charges	(4)	(6)	-	(1)
Present value of finance lease liabilities	38	149	-	3
The present value of finance lease liabilities may be analysed as follows:				
- not later than one year (Note 24)	31	120	-	3
- between one and five years (Note 24)	7	29	-	-
Total	38	149	-	3

26. Other liabilities

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Provision for long service leave [Note (a)]	310	315	-	-
Deferred income arising from sale and leaseback	-	511	-	511
Provision for post-employment benefits [Note (b)]	365	309	-	-
Others	254	805	-	-
	929	1,940	-	511

- (a) The movement in provision for long service leave during the financial year is as follows:

	Group	
	2012	2011
	\$'000	\$'000
Beginning of financial year	315	-
Acquired from reverse acquisition	-	389
Currency translation differences	(11)	1
Charged/(credited) to the consolidated income statement	10	(71)
Paid during the financial year	(4)	(4)
End of financial year	310	315

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For the financial year ended 31 December 2012

26. Other liabilities (continued)

- (b) The movement in provision for post-employment benefits which is an unfunded defined post-employment benefit plan during the financial year is as follows:

	2012	Group	2011
	\$'000		\$'000
Beginning of financial year	309		-
Acquired from reverse acquisition	-		276
Currency translation differences	(39)		1
Charged to the consolidated income statement	104		31
Paid during the financial year	(9)		1
End of financial year	365		309

The amounts recognised in profit or loss are as follows:

	2012	Group	2011
	\$'000		\$'000
Current service cost	54		17
Interest cost	32		12
Gain on actuarial recognition	7		1
Immediate recognition of Past-Service-Vested benefits	11		-
Excess benefit paid in period	-		1
	104		31

The principal actuarial assumptions used are as follows:

	2012	Group	2011
Retirement age	55 years		55 years
Future salary increases per annum	8%		8%
Discount rate per annum	6.4%		10.5%

- (c) Carrying amounts and fair values

At the balance sheet date, the carrying amounts of the non-current other liabilities approximated their fair values.

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27. Deferred income tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Deferred income tax liabilities:				
- to be settled within one year	288	107	16	55
- to be settled after more than one year	4,111	700	13	4
	4,399	807	29	59
Deferred income tax asset:				
- to be settled after more than one year	(91)	-	-	-
	4,308	807	29	59

Movements in the deferred income tax account is as follows:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	807	2	59	28
Acquired from reverse acquisition (Note 36)	-	1,055	-	-
Currency translation	14	-	-	-
Acquisition of subsidiaries	4,404	-	-	-
Tax (credited)/charged to:				
- consolidated income statement [Note 10(a)]	(917)	(121)	(30)	31
- overprovision in prior financial year	-	(129)	-	-
End of financial year	4,308	807	29	59

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$6,728,000 (2011: \$8,361,000) and capital allowances of \$198,000 (2011: \$807,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

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For the financial year ended 31 December 2012

27. Deferred income tax liabilities (continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation \$'000	Amortisation of intangible asset \$'000	Others \$'000	Total \$'000
2012				
Beginning of financial year	1,010	-	28	1,038
Acquisition of subsidiaries	-	4,404	-	4,404
Currency translation differences (Credited)/charged to the consolidated income statement	(5)	-	(1)	(6)
	(79)	(700)	(109)	(888)
End of financial year	926	3,704	(82)	4,548
2011				
Beginning of financial year	2	-	-	2
Acquired from reverse acquisition (Note 36)	1,102	-	107	1,209
Currency translation differences (Credited)/charged to the consolidated income statement	(1)	-	1	-
	(93)	-	(10)	(103)
Others	-	-	(70)	(70)
End of financial year	1,010	-	28	1,038

Deferred income tax assets

	Provisions \$'000
2012	
Beginning of financial year	231
Currency translation differences	(20)
Charged to the consolidated income statement	29
End of financial year	240
2011	
Beginning of financial year	-
Acquired from reverse acquisition (Note 36)	154
Currency translation differences	(1)
Charged to the consolidated income statement	18
Others	60
End of financial year	231

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For the financial year ended 31 December 2012

27. Deferred income tax liabilities (continued)

Company

Deferred income tax liabilities

	Accelerated tax <u>depreciation</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
2012			
Beginning of financial year	2	57	59
Credited to the income statement	5	(35)	(30)
End of financial year	7	22	29
2011			
Beginning of financial year	2	26	28
Credited to the income statement	-	31	31
End of financial year	2	57	59

28. Share capital

	←----- Company -----→	
	<u>No. of shares</u>	<u>Amount</u>
	Issued	Issued
	share capital	share capital
	'000	\$'000
2012		
Balance as at 1 January 2012 and 31 December 2012	756,061	200,742
2011		
Balance as at 1 January 2011	362,420	40,194
Issuance of new shares pursuant to the reverse takeover acquisition	849,702	125,756
Issuance of new shares pursuant to the acquisition of joint venture, Lian Beng-Centurion (Mandai) Pte. Ltd.	100,000	14,800
Share issuance expenses	-	(1,008)
	1,312,122	179,742
Share consolidation	(656,061)	-
	656,061	179,742
Issuance of new placement shares	100,000	21,000
	756,061	200,742

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

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29. Other reserves

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
(a) <u>Composition</u>				
Fair value reserve	(65)	(34)	238	269
Currency translation reserve	(1,548)	110	-	-
Capital reserve	17,095	17,095	-	-
	15,482	17,171	238	269
(b) <u>Movements</u>				
(i) Fair value reserve				
Beginning of financial year	(34)	-	269	11
Fair value (losses)/gains on financial assets, available-for- sale (Note 16)	(31)	(34)	(31)	258
End of financial year	(65)	(34)	238	269
(ii) Currency translation reserve				
Beginning of financial year			110	-
Net exchange differences on translation of financial statements of foreign subsidiaries and associated companies			(1,658)	110
End of financial year			(1,548)	110
(iii) Capital reserve				
Beginning of financial year			17,095	-
Settlement of loan from Westlite's former shareholder in the consolidated accounts (i.e. Shareholders' contribution)			-	17,095
End of financial year			17,095	17,095

2011

The consolidated financial statements of the Group represent the continuation of Westlite Dormitory (Toh Guan) Pte. Ltd. ("Westlite") accounts, which included a shareholder loan accounted for as "Other liabilities" in Westlite accounts for the year ended 31 December 2010. The novation of the loan from Westlite's former shareholder to Westlite's new shareholder (Centurion Corporation Limited) means that the loan is effectively settled in the consolidated financial statements of the Group, recognised under "Other reserves" of the Group.

Other reserves are non-distributable.

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For the financial year ended 31 December 2012

30. Retained profits / (Accumulated losses)

- (a) Retained profits of the Group are distributable except for accumulated retained profits of associated companies amounting to \$362,000 (2011: \$322,000) which are included in the Group's retained profits.
- (b) Movement in retained profits for the Company is as follows:

	Company	
	2012	2011
	\$'000	\$'000
Beginning of financial year	(1,554)	3,898
Net profit/(loss)	8,922	(3,640)
Dividends paid (Note 31)	(2,268)	(1,812)
End of financial year	5,100	(1,554)

31. Dividends

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<i>Ordinary dividends paid</i>				
Interim exempt dividend paid of 0.3 cent per share	2,268	-	2,268	-
Final exempt dividend paid in respect of the previous year of nil cent (2011: 0.5 cent per share)	-	-	-	1,812
Pre-completion dividends paid/payable to former shareholders of Westlite	-	3,595	-	-
	2,268	3,595	2,268	1,812

At the Annual General Meeting on 26 April 2013, a final dividend of 0.4 cent per share amounting to a total of \$3,024,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2013.

**CENTURION CORPORATION LIMITED
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For the financial year ended 31 December 2012

32. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investment in a joint venture (Note 18), are as follows:

	Group	
	2012	2011
	\$'000	\$'000
Investment properties	30,713	36,064

(b) Operating lease commitments - where the Group is a lessee

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Not later than one year	3,011	2,309	1,466	1,646
Between one and five years	447	2,152	-	1,466
	3,458	4,461	1,466	3,112

(c) Operating lease income commitments – where the Group is a lessor

Operating lease income commitments are mainly for the investment properties of the Group. The lease rental income terms are negotiated for an average term of 12 months.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Not later than one year	26,288	10,885	780	1,605
Between one and five years	1,481	997	-	780
	27,769	11,882	780	2,385

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32. Commitments (continued)

(d) Unsecured corporate guarantees

The Group has provided unsecured corporate guarantees in favour of financial institutions in respect of facilities granted to associated companies and a joint venture amounting to \$58,499,000 (2011: \$50,081,000). At 31 December 2012, the amount of the guaranteed loans drawn down by associated companies and joint venture amounted to \$42,549,000 (2011: \$26,695,000).

The Company has provided unsecured corporate guarantees in favour of financial institutions in respect of facilities granted to subsidiaries, associated companies and joint venture amounting to \$123,008,000 (2011: \$94,498,000). At 31 December 2012, the amount of the guaranteed loans drawn down by the subsidiaries, associated companies and joint venture amounted to \$118,508,000 (2011: \$64,264,000).

(e) Continuing financial support

The Company has provided an undertaking to provide continuing financial support to certain subsidiaries, to enable the subsidiaries to meet their obligations as and when they fall due. As at 31 December 2012, the net liabilities of these subsidiaries amounted to \$31,999,000 (2011: \$37,060,000).

33. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

Financial risk management is carried out by management in accordance with the policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia, Indonesia and Australia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

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For the financial year ended 31 December 2012

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Currency risk arises within the entities in the Group when transactions are denominated in foreign currencies such as Singapore Dollar ("SGD"), Malaysian Ringgit ("MYR"), Australian Dollar ("AUD") and United States Dollar ("USD"). The Group also has a number of investments in foreign subsidiaries, whose net assets are exposed to currency risk. Exposures to foreign currency risks are managed as far as possible by natural hedges and monitoring to ensure the exposure is minimised.

The Group's currency exposure based on the information provided to key management is as follows:

<u>2012</u>	<u>SGD</u> \$'000	<u>USD</u> \$'000	<u>MYR</u> \$'000	<u>AUD</u> \$'000	<u>Other</u> \$'000	<u>Total</u> \$'000
Financial assets						
Cash and cash equivalents	32,789	350	1,594	6,190	104	41,027
Financial assets, available-for-sale	4,250	-	-	-	-	4,250
Inter-company balances	35,421	440	-	5,663	1	41,525
Trade and other receivables	3,553	2,440	386	6,480	1,206	14,065
Other financial assets	313	440	263	-	317	1,333
	<u>76,326</u>	<u>3,670</u>	<u>2,243</u>	<u>18,333</u>	<u>1,628</u>	<u>102,200</u>
Financial liabilities						
Trade and other payables	14,274	3,782	3,601	4,182	1,276	27,115
Inter-company balances	35,421	440	-	5,663	1	41,525
Borrowings	66,461	-	9,524	-	15	76,000
	<u>116,156</u>	<u>4,222</u>	<u>13,125</u>	<u>9,845</u>	<u>1,292</u>	<u>144,640</u>
Net financial assets/liabilities	(39,830)	(552)	(10,882)	8,488	336	
Less: Net financial assets denominated in the respective entities' functional currencies	38,556	-	10,882	(6,353)	(304)	
Currency risk exposures	(1,274)	(552)	-	2,135	32	
<u>2011</u>	<u>SGD</u> \$'000	<u>USD</u> \$'000	<u>AUD</u> \$'000	<u>Other</u> \$'000	<u>Total</u> \$'000	
Financial assets						
Cash and cash equivalents	29,714	1,056	6,482	1,332	38,584	
Financial assets, available-for-sale	4,281	-	-	-	4,281	
Inter-company balances	170,740	468	2,528	840	174,576	
Trade and other receivables	15,377	4,144	6,711	2,147	28,379	
Other financial assets	814	468	1	359	1,642	
	<u>220,926</u>	<u>6,136</u>	<u>15,722</u>	<u>4,678</u>	<u>247,462</u>	
Financial liabilities						
Trade and other payables	5,882	4,394	4,755	5,301	20,332	
Inter-company balances	170,740	468	2,528	840	174,576	
Borrowings	37,612	-	-	107	37,719	
	<u>214,234</u>	<u>4,862</u>	<u>7,283</u>	<u>6,248</u>	<u>232,627</u>	
Net financial assets/liabilities	6,692	1,274	8,439	(1,570)		
Less: Net financial assets denominated in the respective entities' functional currencies	(7,834)	-	(6,581)	(1,851)		
Currency risk exposures	(1,142)	1,274	1,858	(3,421)		

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33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	USD \$'000	2012 AUD \$'000	Others \$'000	Total \$'000	SGD \$'000	2011 USD \$'000	AUD \$'000	Total \$'000
Financial assets									
Cash and cash equivalents	4,012	13	210	-	4,235	18,542	3	99	18,644
Financial assets available-for-sale	4,250	-	-	-	4,250	4,281	-	-	4,281
Trade and other receivables	180,048	245	8,145	-	188,438	157,825	260	7,939	166,024
Other financial assets	2	-	-	-	2	-	-	-	-
	188,312	258	8,355	-	196,925	180,648	263	8,038	188,949
Financial liabilities									
Trade and other payables	(1,898)	-	-	(6)	(1,904)	2,569	-	-	2,569
Borrowings	-	-	-	-	-	3	-	-	3
	(1,898)	-	-	(6)	(1,904)	2,572	-	-	2,572
Net financial assets	186,414	258	8,355	(6)		178,076	263	8,038	
Less: Net financial assets denominated in the entity's functional currency	(186,414)	-	-	-		(178,076)	-	-	
Currency risk exposures	-	258	8,355	(6)		-	263	8,038	

If the USD, MYR, and AUD change against SGD by 4% (2011: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset position would be as follows:

	2012 Increase/(Decrease) Profit after tax \$'000	2011 Profit after tax \$'000
Group		
USD against SGD		
- strengthened	(22)	64
- weakened	22	(64)
MYR against SGD		
- strengthened	-	-
- weakened	-	-
AUD against SGD		
- strengthened	85	93
- weakened	(85)	(93)

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33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	2012 <u>Increase/(Decrease)</u> Profit after tax \$'000	2011 <u>Increase/(Decrease)</u> Profit after tax \$'000
<u>Company</u>		
USD against SGD		
- strengthened	10	13
- weakened	(10)	(13)
AUD against SGD		
- strengthened	334	402
- weakened	(334)	(402)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group and classified on the consolidated balance sheet as available-for-sale. These securities are listed in Singapore.

If prices for equity securities listed in Singapore change by 1% (2011: 2%) with all other variables including tax rate being held constant, the effects on other comprehensive income will be:

	2012 <u>Increase/(Decrease)</u> Other comprehensive income \$'000	2011 <u>Increase/(Decrease)</u> Other comprehensive income \$'000
<u>Group</u>		
Listed in Singapore		
- increased by	40	80
- decreased by	(40)	(80)

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33. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income is substantially independent of changes in market interest rates.

The Company has no significant exposure to cash flow interest rate risks. The Group's exposure to cash flow interest rate risks arise mainly from non-current borrowings.

If the SGD interest rates has increased/decreased by 0.13% (2011: 0.01%) with all other variables including tax rate being held constant, the loss after tax would have been lower/higher by \$86,000 (2011: \$4,000).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limit that are approved by management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level. The Group and Company have no major concentration of credit risk. The Company has no material third party debtors. The top five (2011: five) debtors of the Group represented 40% (2011: 39%) of trade receivables in 2012.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries', associated companies' and joint venture's loans	42,549	26,695	118,508	64,264

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33. Financial risk management (continued)

(b) Credit risk (continued)

The Group's major classes of financial assets are bank deposits and trade receivables. The Company's major classes of financial assets are bank deposits and loans to subsidiaries and associates.

The Group's credit risk for trade receivables based on the information provided to key management is as follows:

	2012	Group	2011
	\$'000		\$'000
<u>By geographical areas</u>			
Asia	4,755		5,004
Australia	5,490		7,542
	10,245		12,546

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired are as follows:

	2012	Group	2011
	\$'000		\$'000
Past due < 3 months	2,543		6,121
Past due 3 to 6 months	801		501
	3,344		6,622

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33. Financial risk management (continued)

(b) Credit risk (continued)

Financial assets that are past due and/or impaired (continued)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2012	Group	2011
	\$'000		\$'000
Gross amount	1,040		844
Less: Allowance for impairment	(1,040)		(844)
	-		-
Beginning of financial year	844		-
Acquired from reverse acquisition (Note 36)	-		1,633
Currency translation difference	(31)		(67)
Allowance made	147		14
Allowance utilised	(62)		(736)
Acquisition of subsidiaries	142		-
End of financial year	1,040		844

The impaired trade receivables arise mainly from sales to customers who have financial difficulties and significant delays in payments.

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than <u>1 year</u> \$'000	Between 1 <u>and 2 years</u> \$'000	Between 2 <u>and 5 years</u> \$'000	Over <u>5 years</u> \$'000
Group				
2012				
Trade and other payables	26,186	-	-	929
Borrowings	14,100	14,956	29,193	22,621
Financial guarantee contracts [Note 32(d)]	42,549	-	-	-
	82,835	14,956	29,193	23,550
2011				
Trade and other payables	18,392	381	731	828
Borrowings	4,181	3,260	10,356	23,376
Financial guarantee contracts [Note 32(d)]	26,695	-	-	-
	49,268	3,641	11,087	24,204

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

33. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than <u>1 year</u> \$'000	Between 1 <u>and 2 years</u> \$'000	Between 2 <u>and 5 years</u> \$'000	Over <u>5 years</u> \$'000
<u>Company</u>				
2012				
Trade and other payables	1,904	-	-	-
Financial guarantee contracts [Note 32(d)]	118,508	-	-	-
	120,412	-	-	-
2011				
Trade and other payables	2,058	381	130	-
Borrowings	3	-	-	-
Financial guarantee contracts [Note 32(d)]	64,264	-	-	-
	66,325	381	130	-

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Consistent with others in the industry, management monitors capital based on a gearing ratio.

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

The gearing ratios are computed as follows:

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Borrowings (Note 24)	76,000	37,719	-	3
Total net assets	109,923	101,012	206,080	199,457
Total capital	185,923	138,731	206,080	199,460
Gearing ratio	41%	27%	-	-
Gearing ratio (adjusted)*	27%	17%	-	-

* The gearing ratio (adjusted) is computed as total borrowings divided by total adjusted capital. Total adjusted capital is calculated as total borrowings plus adjusted net asset value. The adjusted net asset value is the aggregate of net assets of the Group as at 31 December 2012 and the difference arising from the market value and the carrying value of the investment properties as at 31 December 2012 (Note 20). The market value is based on valuation made by external independent professional valuers. The difference between the market value and the carrying value of the investment properties as at 31 December 2012 is not recorded in the financial statements but is used only for the computation of the gearing ratio (adjusted).

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

33. Financial risk management (continued)

(d) *Capital risk (continued)*

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2012.

(e) *Fair value measurements*

	Level 1 \$'000
As at 31 December 2012	
Financial assets, available-for-sale	4,250
As at 31 December 2011	
Financial assets, available-for-sale	4,281

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and Company is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximated their carrying amount.

34. Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2012 \$'000	Group 2011 \$'000
Sales to associated companies	5	5
Purchases from associated companies	3	5
Management fees paid to immediate holding corporation	-	285
Purchase of services from immediate holding corporation	-	26

Outstanding balances at 31 December 2012 arising from sales and purchases of goods are set out in Notes 13 and 23, respectively.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

34. Related party transactions (continued)

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	2012	<u>Group</u>	2011
	\$'000		\$'000
Wages and salaries	1,720		1,538
Employer's contribution to defined contribution plans, including Central Provident Fund	72		46
	1,792		1,584

Included in above, total compensation to directors of the Company amounted to \$1,092,000 (2011: \$1,041,000).

The following information relates to remuneration of directors of the Company during the financial year:

	2012	<u>Group</u>	2011
Number of directors of the Company in remuneration bands:			
Above \$499,999	-		-
\$250,000 to \$499,999	2		2
Below \$250,000	4		6
	6		8

35. Segment information

Management has determined the operating segments based on the reports reviewed by the Senior Management that are used to make strategic decisions. The Senior Management comprises the Group Chief Executive Officer, the Group Chief Financial Officer, and the Chief Executive Officer of each business/geographic segment.

The Management manages and monitors the business in two business segments which is the manufacture and sale of optical discs and related data storage products ("Optical") and provision of dormitory accommodation and services ("Dormitory").

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

35. Segment information (continued)

The segment information provided to the Senior Management for the reportable segments for the year ended 31 December 2012 is as follows:

	\$'000	<u>Optical</u> \$'000	<u>Dormitory</u> \$'000	<u>Total</u> \$'000
	Asia	Australia		
Sales:				
Total segment sales	14,074	15,167	37,383	66,624
Inter-segment sales	(1,391)	-	(2)	(1,393)
Sales to external parties	<u>12,683</u>	<u>15,167</u>	<u>37,381</u>	<u>65,231</u>
Segment results	(224)	1,051	13,574	14,401
Finance expense	(17)	(5)	(1,958)	(1,980)
Interest income				353
Dividend income				206
Share of loss of associated companies/joint venture				(318)
Profit before income tax				<u>12,662</u>
Income tax expense				<u>(3,166)</u>
Net profit				<u>9,496</u>
Segment assets	18,838	11,935	156,452	187,225
Short-term bank deposits				26,303
Financial assets, available-for-sale				4,250
Tax recoverable				203
Deferred income tax assets				91
Investments in associated companies				1,363
Investment in a joint venture				4,255
Consolidated total assets				<u>223,690</u>
Segment liabilities	5,908	3,957	17,250	27,115
Borrowings	22	-	75,978	76,000
Current income tax liabilities				6,253
Deferred income tax liabilities				4,399
Consolidated total liabilities				<u>113,767</u>
Other segment items:				
- Capital expenditure	1,521	371	18,701	20,593
- Depreciation	1,667	950	6,437	9,054
- Amortisation	-	-	4,116	4,116

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

35. Segment information (continued)

The segment information provided to the Senior Management for the reportable segments for the year ended 31 December 2011 is as follows:

	\$'000 Asia	<u>Optical</u> \$'000 Australia	<u>Dormitory</u> \$'000	<u>Total</u> \$'000
Sales:				
Total segment sales	7,996	9,887	12,987	30,870
Inter-segment sales	(826)	-	-	(826)
Sales to external parties	<u>7,170</u>	<u>9,887</u>	<u>12,987</u>	<u>30,044</u>
Segment results	165	1,096	8,483	9,744
Finance expense	(10)	(3)	(834)	(847)
Interest income				94
Dividend income				91
Impairment of goodwill				(12,967)
Cost relating to reverse acquisition				(111)
Share of loss of associated companies/joint venture				<u>(673)</u>
Loss before income tax				(4,669)
Income tax expense				<u>(1,493)</u>
Net loss				<u>(6,162)</u>
Segment assets	24,953	16,418	83,716	125,087
Short-term bank deposits				27,170
Financial assets, available-for-sale				4,281
Tax recoverable				6
Investments in associated companies				1,364
Investment in a joint venture				<u>4,614</u>
Consolidated total assets				<u>162,522</u>
Segment liabilities	7,889	5,003	7,440	20,332
Borrowings				37,719
Current income tax liabilities				2,652
Deferred income tax liabilities				807
Consolidated total liabilities				<u>61,510</u>
Other segment items:				
- Capital expenditure	138	76	14,349	14,563
- Depreciation	794	669	1,571	3,034

Segment assets consist primarily of property, plant and equipment, investment property, intangible assets, inventories, receivables, other current assets and operating cash, and exclude deferred tax assets, taxes currently recoverable and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and bank borrowings. Capital expenditure comprises additions to property, plant and equipment and investment properties.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

35. Segment information (continued)

Geographical information

The Group's two business segments operate in three main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the manufacture and sale of optical discs and provision of dormitory accommodation;
- Australia – the operations in this area are principally the manufacture and sale of optical disc;
- Malaysia – the operations in this area are principally the provision of dormitory accommodation;
- Other countries – the operations include manufacture and sale of optical disc.

	<u>Sales</u>	
	2012	2011
	\$'000	\$'000
Singapore	43,503	16,751
Australia	15,167	9,887
Malaysia	1,501	-
Other countries	5,060	3,406
	65,231	30,044

	<u>Non-current assets</u>	
	2012	2011
	\$'000	\$'000
Singapore	124,973	87,829
Australia	7,966	1,852
Malaysia	27,290	-
Other countries	4,923	11,063
	165,152	100,744

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. Reverse takeover acquisition

- (i) On 1 August 2011, the Company, Centurion Corporation Limited (formerly known as SM Summit Holdings Limited) completed the proposed acquisitions as set out in the Circular to shareholders dated 30 June 2011 following which:

- (a) Westlite Dormitory (Toh Guan) Pte. Ltd., formerly known as Centurion Dormitory (Westlite) Pte. Ltd. ("Westlite") has become a wholly owned subsidiary of the Company ("the Westlite Acquisition");

747,738,412 Shares were allotted and issued to Centurion Properties Pte. Ltd. and 101,964,328 Shares were allotted and issued to Mr Teo Peng Kwang respectively by the Company at the issue price of S\$0.10 per Consideration Share in satisfaction of the consideration for the Westlite Acquisition;

The Westlite Shares will be acquired with all rights and benefits accruing thereto. The retained earnings of Westlite from 1 January 2011 up to 1 August 2011 and any distributions or dividends declared and/or paid out of such retained earnings ("pre-completion dividends") shall be for the account of the former shareholders of Westlite subject to the followings limit:

- The total amount of pre-completion dividends that the former shareholders of Westlite are entitled to shall not be more than (i) the net profits after tax of Westlite earned from 1 January 2011 to 1 August 2011 or (ii) \$550,000 for each month (or part thereof on a prorate basis) during the period from 1 January 2011 to 1 August 2011, whichever is the lower.
- (b) The Company has acquired 45% of the issued and paid up share capital of Lian Beng-Centurion (Mandai) Pte. Ltd. ("the JVCo Acquisition");
- 100,000,000 Shares were allotted and issued to Centurion Properties Pte. Ltd. by the Company at the issue price of S\$0.10 per Consideration Share in satisfaction of the consideration for the JVCo Acquisition; and
- (c) Concurrently with the Westlite Acquisition, Centurion Properties Pte. Ltd. and Mr Teo Peng Kwang (Westlite Vendor) assigned their existing \$17 million shareholders loan granted to Westlite, to the Company ("the Shareholders' Loan").
- (d) Concurrently with the JVCo Acquisition, Centurion Properties Pte. Ltd. (JVCo vendor) assigned their existing \$9.55 million loan granted to JVCo, to the Company.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. Reverse takeover acquisition (continued)

(i) (continued)

On 1 August 2011, the Company transferred its investment in Westlite and Lian Beng-Centurion (Mandai) Pte. Ltd. to a 100% newly wholly-owned incorporated company Centurion Dormitories Pte. Ltd. in exchange for loans and via the issuance of shares, amounting to \$121.46 million and \$2 million respectively. Loans are interest free and with no fixed terms of repayment ("the Dormitory reorganisation").

The name of the Company was changed from "SM Summit Holdings Limited" to "Centurion Corporation Limited".

On 12 August 2011, the Company consolidated every two Shares into one Consolidated Share.

On 17 October 2011, the Company completed the proposed compliance placement in compliance with the requirement under Rule 210(1)(a) of the Listing Manual that at least 25% of the issued share capital of the Company must be held by at least 500 Shareholders who are members of the public. 100 million Placement Shares at a Placement Price of S\$0.21 per share have been placed to investors under the Compliance Placement.

(ii) Accounting for the Westlite Acquisition

At Group Level

The Westlite Acquisition has been accounted for as a reverse acquisition, as the shareholders of Westlite become the majority shareholders in the Group. The legal subsidiary (i.e. Westlite) is therefore considered the acquirer for accounting purposes. Accordingly, the Group's consolidated financial statements for the financial year ended 31 December 2011 have been prepared as a continuation of Westlite's financial statements.

Since such consolidated financial statements represent a continuation of the financial statements of the legal subsidiary (i.e. Westlite),

- (a) the assets and liabilities of the legal subsidiary (i.e. Westlite) are recognised and measured at their pre-combination carrying amounts.
- (b) the assets and liabilities of the legal parent (i.e. the Company) are recognised and measured at fair value in accordance with FRS103 "Business Combinations".

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. Reverse takeover acquisition (continued)

(ii) Accounting for the Westlite Acquisition (continued)

- (c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the legal subsidiary (i.e. Westlite) immediately before the business combination.
- (d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding the issued equity interest of the legal subsidiary (i.e. Westlite) outstanding immediately before the business combination to the cost of reverse acquisition determined based on the share price of the Company at the acquisition date amounting to \$125.76 million. However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the Company, including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of the legal subsidiary (i.e. Westlite) is restated using the exchange ratio established in the acquisition agreement in the comparative period to reflect the Company's equivalent number of shares.
- (e) Earnings per share has been restated and reflects the results of the legal subsidiary (i.e. Westlite) till the date of the acquisition, and the results of the Group from the acquisition date onwards. In addition, the earnings per share has been retrospectively adjusted to take into account the share consolidation of every two shares in the capital of the Company into one consolidated share.

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the Centurion Corporation Limited Group (the legal parent and its subsidiaries, prior to the reverse acquisition). Therefore, the cost of the reverse acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the Centurion Corporation Limited Group at their fair values as at 1 August 2011. The excess of the cost of the reverse acquisition over the net fair value of those items amounting to \$12.97 million is recognised as goodwill on the consolidated balance sheet (Note 22).

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. Reverse takeover acquisition (continued)

(ii) Accounting for the Westlite Acquisition (continued)

The novation of the shareholders' loan is accounted for as a contribution from shareholders in the statement of changes in equity.

Pre-completion dividends payable to the former shareholders of Westlite for the Westlite profits for the period from 1 January 2011 to 31 July 2011 are recognised as a liability.

At Company Level

Reverse acquisition accounting applies only in the consolidated financial statements. Therefore, in the legal parent's (i.e. Centurion Corporation Limited's) separate financial statements, the investment in the legal subsidiary (i.e. Westlite) and the shareholders' loan are accounted for at their cost of \$108 million and \$17 million respectively, based on the fair value of the equity instruments issued by the Company as at the acquisition date.

Subsequently, as a result of the Dormitory reorganisation, the \$108 million investment in Westlite was derecognised in exchange for a loan to Centurion Dormitories Pte. Ltd and investment in Centurion Dormitories Pte. Ltd amounting to \$106 million and \$2 million respectively.

(iii) Accounting for the JVCo Acquisition

The investment and the loan in the JVCo are accounted for at their cost of \$5.25 million and \$9.55 million respectively, based on the fair value of the equity instruments issued by the Company as at the acquisition date (Note 18).

Subsequently, as a result of the Dormitory reorganisation, the investment and the loan in the JVCo was derecognised in exchange for a loan to Centurion Dormitories Pte. Ltd. of the same amount.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. Reverse takeover acquisition (continued)

- (iv) Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at acquisition date are as follows:

	<u>At fair value</u> \$'000
(a) Identifiable assets acquired and liabilities assumed of Centurion Corporation Limited Group:	
Cash and cash equivalents	18,525
Trade and other receivables	13,003
Inventories	3,378
Other current assets	1,784
Investment in associated companies	1,323
Property, plant and equipment	13,238
Financial assets, available-for-sale	4,565
Intangible assets	64
Total assets	<u>55,880</u>
Trade and other payables	(10,446)
Current tax liabilities	(791)
Borrowings	(255)
Deferred income tax liabilities	(1,055)
Other payables	(2,661)
	<u>(15,208)</u>
Total identifiable net assets	<u>40,672</u>
	<u>At fair value</u> \$'000
Purchase consideration	
Issuance of shares in the Company	<u>53,639</u>
Goodwill (Note 22)	<u>12,967</u>
Net cash inflow on acquisition for consolidated statement of cash flows	<u>16,935</u>

(b) Acquisition-related costs

Acquisition-related costs of \$111,000 are included in administrative expenses in the consolidated income statement and operating cash flows in the consolidated statement of cash flows.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. Reverse takeover acquisition (continued)

(iv) (continued)

(c) Acquired trade and other receivables

The fair value of trade and other receivables is \$13,002,000 and include trade receivables with a fair value of \$8,603,000. The gross contractual amount for trade receivables due is \$8,603,000 of which \$Nil is expected to be uncollectible.

(d) Revenue and profit contribution

The acquired group contribution revenue of \$17,057,000 and net profit of \$1,479,000 to the Group for the period 1 August 2011 to 31 December 2011.

Had the Centurion Corporation Limited Group (the legal parent and its subsidiaries, prior to the reverse acquisition) been consolidated from 1 January 2011, consolidated revenue and consolidated loss after tax for the year ended 31 December 2011 would have been \$50,030,000 and \$8,760,000* respectively.

* Includes acquisition-related cost of \$1,633,000 of which, \$1,522,000 was charged to expenses as at 30 June 2011.

37. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Centurion Properties Pte Ltd, incorporated in Singapore. The ultimate holding corporation is Centurion Global Ltd, incorporated in the British Virgin Islands.

38. Events occurring after balance sheet date

On 24 January 2013, the Group acquired the remaining 10% equity interest in its existing subsidiary, Dormitory Investment Private Limited ("DIPL"), for a cash consideration of S\$4,825,000. As this is a change in the Group's ownership interest in DIPL that does not result in a change in control over the subsidiary, this will be accounted for as a transaction with equity owners of the Group, in the year ending 31 December 2013. The difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

**CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

38. Events occurring after balance sheet date (continued)

On 8 March 2013, the Group acquired 100% equity interest in Twice Moderate Sdn Bhd ("Twice Moderate") for a cash consideration of S\$60,124 and to provide an advance sum of S\$2,137,692. Twice Moderate is a company incorporated in Malaysia, which is the registered owner of a plot of land, for the development of a workers' dormitory with an approximate capacity of 6,000 beds. Details of the assets acquired and liabilities assumed, revenue and profit contribution of Twice Moderate, and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. Twice Moderate will be consolidated with effect from 8 March 2013.

On 8 March 2013, the Group acquired 100% equity interest in Skyhutch Intelligent Sdn Bhd ("Skyhutch") for a cash consideration of S\$4 and to provide an advance sum of S\$1,482,007. Skyhutch is a company incorporated in Malaysia, which is the registered owner of two plots of land, together with two dormitory blocks erected thereon, undergoing refurbishments and when completed, will have an approximate capacity of 1,000 beds. Details of the assets acquired and liabilities assumed, revenue and profit contribution of Skyhutch, and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. Skyhutch will be consolidated with effect from 8 March 2013.

On 11 March 2013, Centurion Dormitories Sdn Bhd ("CDSB"), an indirect subsidiary of the Company, has incorporated a wholly-owned subsidiary in Malaysia, known as WLC Management Services Sdn Bhd ("WLCSB"). WLCSB is principally engaged in the business of providing services that relates to the operation and management of workers' dormitories. The incorporation of WLCSB is funded by internal resources and is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2013.

**CENTURION CORPORATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

39. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2013 or later periods and which the Group has not early adopted:

- FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group has yet to assess the full impact of FRS 110 and intends to apply the standard from 1 January 2014.

- FRS 111 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)

FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

The Group has yet to assess the full impact of FRS 111 and intends to adopt the standard from 1 January 2014.

- FRS 112 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group has yet to assess the full impact of FRS 112 and intends to adopt the standard from 1 January 2014.

- FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

FRS 113 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Group has yet to assess the full impact of FRS 113 and intends to adopt the standard from 1 January 2013.

**CENTURION CORPORATION LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2012

40. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Centurion Corporation Limited on 28 March 2013.

APPENDIX D

UNAUDITED FINANCIAL INFORMATION OF CENTURION CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 JUNE 2013

The information in this Appendix D has been reproduced from the announcement on 13 August 2013 of the unaudited financial information of Centurion Corporation Limited and its subsidiaries for the half-year ended 30 June 2013 and has not been specifically prepared for inclusion in this Offer Information Statement.

2013 Second Quarter and Half-Year Financial Statement Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

Financial statements on consolidated results for the Second Quarter and Half-Year ended 30 June 2013

These figures have not been audited.

1(a)(i) Income statement

	Group Second Quarter ended 30 June			Group Half Year ended 30 June		
	2013 \$ '000	2012 \$ '000 (Restated)	Change %	2013 \$ '000	2012 \$ '000 (Restated)	Change %
Revenue	15,984	17,030	(6)	31,983	30,005	7
Cost of sales	(8,242)	(9,304)	(11)	(16,217)	(16,208)	0
Gross profit	7,742	7,726	0	15,766	13,797	14
Other gains (net) - miscellaneous	296	1,023	(71)	884	1,331	(34)
Expenses						
- Distribution	(485)	(467)	4	(974)	(1,064)	(8)
- Administrative	(2,529)	(2,652)	(5)	(5,271)	(5,124)	3
- Finance	(430)	(428)	0	(888)	(1,116)	(20)
Share of gain / (loss) of associated companies and joint venture (net)	543	(144)	N/M	483	(279)	N/M
Profit before other losses and fair value gains	5,137	5,058	2	10,000	7,545	33
Other losses	(3,929)	-	N/M	(3,929)	-	N/M
Fair value gain on group's investment properties	36,427	-	N/M	36,427	-	N/M
Fair value gain on joint venture's investment properties	19,457	-	N/M	19,457	-	N/M
Profit before income tax	57,092	5,058	1,029	61,955	7,545	721
Income tax expense	(1,093)	(858)	27	(2,131)	(1,336)	60
Net profit	55,999	4,200	1,233	59,824	6,209	864
<u>Attributable to:</u>						
Equity holders of the Company	55,999	4,000	1,300	59,824	5,903	913
Non-Controlling Interest	-	200	(100)	-	306	(100)
	55,999	4,200	1,233	59,824	6,209	864

Note

The Q2 FY 2012 results previously announced was based on provisional purchase price allocation ("PPA") to assess the fair values of the net identifiable assets at Westlite Dormitory Investments Pte Ltd. Subsequently, when the PPA was finalised and disclosed in FY 2012 audited financial statements, the amortisation charge of \$1.24m was reclassified from administrative to cost of sales expense. Therefore, the Q2 FY2012 and Half-year FY 2012 results was restated to reflect the change.

With effect from this quarter, the Group changed its accounting policy for investment properties from cost to fair value model. The change was applied retrospectively and accordingly, the comparative financial statements were restated. The effects of the change on the Group's financial statements are set out in paragraph 5.

1(a)(ii) Statement of Comprehensive Income

	<u>Second Quarter ended 30 June</u>			<u>Half Year ended 30 June</u>		
	2013 \$ '000	2012 \$ '000 (Restated)	Change %	2013 \$ '000	2012 \$ '000 (Restated)	Change %
Net profit for the period	55,999	4,200	1,233	59,824	6,209	864
Currency translation differences	(1,582)	(488)	224	(1,230)	(997)	23
Financial assets, available-for-sale - Fair value loss	(61)	(58)	5	(99)	(84)	18
	(1,643)	(546)	201	(1,329)	(1,081)	23
Total comprehensive income for the period	54,356	3,654	1,388	58,495	5,128	1,041
Attributable to:						
Equity holders of the Company	54,356	3,454	1,474	58,495	4,822	1,113
Non-Controlling Interest	-	200	N/M	-	306	N/M
	54,356	3,654	1,388	58,495	5,128	1,041

1(a)(iii) Notes to Income Statement

	<u>Second Quarter ended 30 June</u>			<u>Half Year ended 30 June</u>		
	2013 \$ '000	2012 \$ '000 (Restated)	Change %	2013 \$ '000	2012 \$ '000 (Restated)	Change %
After (charging) / crediting:						
Interest expense	(430)	(428)	0	(888)	(1,116)	(20)
Depreciation and amortisation	(2,060)	(2,072)	(1)	(4,169)	(3,250)	28
Allowance for doubtful debts (net)	(111)	(131)	(15)	(132)	(130)	2
Currency exchange loss (net)	(308)	(30)	927	(240)	(159)	51
Net gain on sale of property, plant & equipment	1	2	(50)	7	2	N/M
Goodwill written off	(64)	-	N/M	(64)	-	N/M
Impairment of property, plant and equipment	(3,865)	-	N/M	(3,865)	-	N/M

The miscellaneous gains (net) comprise the following:

	<u>Second Quarter ended 30 June</u>			<u>Half Year ended 30 June</u>		
	2013 \$ '000	2012 \$ '000	Change %	2013 \$ '000	2012 \$ '000	Change %
Other rental income	335	291	15	667	575	16
Interest income	102	106	(4)	204	207	(1)
Dividend income	53	53	-	111	105	6
Currency exchange loss (net)	(308)	(30)	927	(240)	(159)	51
Others	114	603	(81)	142	603	(76)
Other miscellaneous gains - net	296	1,023	(71)	884	1,331	(34)

N/M : Not meaningful

ACQUISITION OF SKYHUTCH INTELLIGENT SDN BHD

On 8 March 2013, the Group acquired 100% equity interest in Skyhutch Intelligent Sdn Bhd which is the owner of 2 plots of land, together with 2 dormitory blocks erected thereon, undergoing refurbishment at Pasir Gudang, Malaysia. Consequently, Skyhutch Intelligent Sdn Bhd became a subsidiary of the Group.

The acquisition was accounted for as an acquisition of assets. The total consideration was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values as follows :

	\$ '000
Cash & cash equivalents	-
Investment property	1,480
Total assets	<u>1,480</u>
Accruals & other payables	-
Loan from shareholders	(1,480)
Total liabilities	<u>(1,480)</u>
Identifiable net assets	-
Consideration paid for 100% equity interest	<u>-</u> *

Subsequent to the acquisition, the Group repaid the loan to the previous shareholders. The effects of the acquisition of subsidiaries on the cash flows of the Group were as follows :

	\$ '000
Cash paid	1,480
Less: cash and cash equivalents in subsidiary acquired	-
Cash outflow on acquisition	<u>1,480</u>

* Less than \$1,000

ACQUISITION OF TWICE MODERATE SDN BHD

On 8 March 2013, the Group acquired 100% equity interest in Twice Moderate Sdn Bhd which is the owner of a piece of land at Senai, Malaysia. Consequently, Twice Moderate Sdn Bhd became a subsidiary of the Group.

The acquisition was accounted for as an acquisition of assets. The total consideration was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values as follows :

	\$ '000
Cash & cash equivalents	-
Investment Property	2,199
Total assets	<u>2,199</u>
Trade & other payables	(2)
Loan from shareholders	(2,137)
Total liabilities	<u>(2,139)</u>
Identifiable net assets	60
Consideration paid for 100% equity interest	<u>60</u>

Subsequent to the acquisition, the Group repaid the loan to the previous shareholders. The effects of the acquisition of subsidiaries on the cash flows of the Group were as follows :

	\$ '000
Cash paid	2,197
Less: cash and cash equivalents in subsidiary acquired	-
Cash outflow on acquisition	<u>2,197</u>

* Less than \$1,000

1(b)(i) Balance Sheet

	Group			Company	
	30 June 13	31 Dec 12	1 Jan 12	30 June 13	31 Dec 12
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
		(Restated)	(Restated)		
Current assets					
Cash and cash equivalents	36,285	41,027	38,584	2,099	4,235
Trade and other receivables	13,294	14,065	18,829	11,005	12,085
Inventories	1,405	1,592	2,497	-	-
Other current assets	2,026	1,854	1,868	126	24
	53,010	58,538	61,778	13,230	16,344
Non-current assets					
Trade and other receivables	-	-	9,550	174,548	176,353
Financial assets, available-for-sale	4,151	4,250	4,281	4,151	4,250
Investments in associated companies	1,386	1,363	1,364	1,298	1,298
Investments in joint venture	35,357	15,438	18,232	-	-
Investments in subsidiaries	-	-	-	9,945	9,946
Investment properties	258,667	211,523	151,545	-	-
Property, plant & equipment	7,612	12,983	10,681	105	116
Deferred income tax assets	104	91	-	12	-
Intangible assets	19,142	21,676	64	-	-
	326,419	267,324	195,717	190,059	191,963
Total assets	379,429	325,862	257,495	203,289	208,307
Current liabilities					
Trade and other payables	(25,331)	(26,186)	(18,392)	(1,308)	(1,904)
Current income tax liabilities	(6,936)	(6,253)	(2,652)	(305)	(294)
Borrowings	(13,023)	(12,710)	(3,697)	-	-
	(45,290)	(45,149)	(24,741)	(1,613)	(2,198)
Non-current liabilities					
Borrowings	(66,467)	(63,290)	(34,022)	-	-
Other payables	(931)	(929)	(1,940)	-	-
Deferred income tax liabilities	(3,611)	(4,366)	(807)	-	(29)
	(71,009)	(68,585)	(36,769)	-	(29)
Total liabilities	(116,299)	(113,734)	(61,510)	(1,613)	(2,227)
Net assets	263,130	212,128	195,985	201,676	206,080
Equity					
Share capital	89,431	89,431	89,431	200,742	200,742
Other reserves	14,160	15,489	17,171	139	238
Retained profits	159,539	103,082	89,408	795	5,100
	263,130	208,002	196,010	201,676	206,080
Non-controlling Interest	-	4,126	(25)	-	-
Total equity	263,130	212,128	195,985	201,676	206,080
Total borrowings	79,490	76,000			
Gearing ratio*	23%	26%			

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

Arising from the change in accounting policy for investment properties, the Group has presented the balance sheet as at 1 Jan 2012, in compliance with the Singapore Financial Reporting Standards.

1(b)(ii) Group's borrowings and debt securities

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

	As at 30 June 13 \$'000	As at 31 Dec 12 \$'000
Secured	13,017	12,707
Unsecured	6	3
Sub-Total	13,023	12,710

(b) Amount repayable after one year

	As at 30 June 13 \$'000	As at 31 Dec 12 \$'000
Secured	66,467	63,290
Unsecured	-	-
Sub-Total	66,467	63,290
Total Debt	79,490	76,000

(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**

	<u>Second Quarter</u> <u>ended 30 June</u>		<u>Half Year</u> <u>ended 30 June</u>	
	2013 \$ '000	2012 \$ '000 (Restated)	2013 \$ '000	2012 \$ '000 (Restated)
Cash flows from operating activities				
Net profit	55,999	4,200	59,824	6,209
Adjustment for:				
Tax expense	1,093	858	2,131	1,336
Depreciation and amortisation	2,060	2,072	4,169	3,250
Allowance for impairment of trade and other receivables	111	131	132	130
Net gain from sale of property, plant and equipment	(1)	(2)	(7)	(2)
Impairment of property, plant and equipment	3,865	-	3,865	-
Interest income	(102)	(106)	(204)	(207)
Dividend income	(53)	(53)	(111)	(105)
Interest expense	430	428	888	1,116
Share of loss of associated companies and joint venture (net)	(543)	144	(483)	279
Goodwill written off	64	-	64	-
Fair value gain on investment properties	(36,427)	-	(36,427)	-
Fair value gain on joint venture's investment properties	(19,457)	-	(19,457)	-
Currency translation differences	762	(43)	569	(322)
Operating cash flow before working capital changes	7,801	7,629	14,953	11,684
Changes in operating assets and liabilities,				
Inventories	150	291	187	525
Trade and other receivables	(1,010)	1,710	640	4,040
Other current assets	(28)	121	(351)	(221)
Trade and other payables	(226)	(1,605)	(2,905)	(533)
Cash generated from operations	6,687	8,146	12,524	15,495
Income tax paid - net	(1,883)	(1,072)	(1,840)	(1,255)
Net cash provided by operating activities	4,804	7,074	10,684	14,240
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	52	57	58	57
Additions of investment property	(4,388)	(2,361)	(7,596)	(4,520)
Purchase of property, plant and equipment	(347)	(2,476)	(484)	(2,532)
Acquisition of interest in subsidiaries, net of cash acquired	-	(6,107)	(3,677)	(47,814)
Acquisition of additional interest in a subsidiary	-	(854)	(2,375)	(3,328)
Interest received	102	106	204	207
Dividend received	53	53	111	105
Short term deposits (charged) / released as security from bank	-	1,568	-	1,568
Net cash used in investing activities	(4,528)	(10,014)	(13,759)	(56,257)
Cash flows from financing activities				
Proceeds from borrowings	1,870	5,542	8,989	39,742
Repayment of borrowings	(3,523)	(2,956)	(6,083)	(4,503)
Interest paid	(430)	(428)	(888)	(1,116)
Dividends paid to shareholders	(3,024)	(2,268)	(3,024)	(2,268)
Dividends paid in relation to pre-completion dividends	-	-	-	(1,095)
Net cash used in financing activities	(5,107)	(110)	(1,006)	30,760
Net (decrease) / increase in cash and cash equivalents held	(4,831)	(3,050)	(4,081)	(11,257)
Cash and cash equivalents at beginning of the period	37,329	28,560	36,468	36,906
Effects of exchange rate changes on cash and cash equivalents	(775)	(13)	(664)	(152)
Cash and cash equivalents at end of the period	31,723	25,497	31,723	25,497
* The consolidated cash and cash equivalents comprise the following:				
Cash and bank balances	36,285	25,497	36,285	25,497
Bank overdraft	(6)	-	(6)	-
Short-term bank deposits charged as security to bank	(812)	-	(812)	-
Restricted short-term bank deposits	(3,744)	-	(3,744)	-
	31,723	25,497	31,723	25,497

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

As at 30 June 2013 vs 30 June 2012

	← Attributable to equity holders of the Company →					
GROUP	Share	Other	Retained	Total	Non-Controlling	Total
2013	Capital	Reserves	Profits	Equity	Interest	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2013 as previously reported	89,431	15,482	1,308	106,221	3,702	109,923
Effect of the change in accounting policy	-	7	101,774	101,781	424	102,205
As restated 1 Jan 2013	89,431	15,489	103,082	208,002	4,126	212,128
Dividends relating to FY2012 paid	-	-	(3,024)	(3,024)	-	(3,024)
Adjustment on acquisition of additional shares in a subsidiary from non-controlling interest	-	-	(343)	(343)	(4,126)	(4,469)
Total comprehensive income / (expense) for the period	-	(1,329)	59,824	58,495	-	58,495
Balance as at 30 Jun 2013	89,431	14,160	159,539	263,130	-	263,130

GROUP	Share	Other	Retained	Total	Non-Controlling	Total
2012	Capital	Reserves	Profits	Equity	Interest	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2012 as previously reported	89,431	17,171	(5,565)	101,037	(25)	101,012
Effect of the change in accounting policy	-	-	94,973	94,973	-	94,973
As restated 1 Jan 2012	89,431	17,171	89,408	196,010	(25)	195,985
Dividends relating to interim paid	-	-	(2,268)	(2,268)	-	(2,268)
Non-controlling interest's share in a subsidiary	-	-	-	-	4,405	4,405
Adjustment on acquisition of additional shares in a subsidiary from non-controlling interest	-	-	-	-	25	25
Total comprehensive income / (expense) for the period	-	(1,081)	5,903	4,822	306	5,128
Balance as at 30 June 2012	89,431	16,090	93,043	198,564	4,711	203,275

COMPANY	Share	Other	Retained	Total
2013	Capital	Reserves	Profits	Equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2013	200,742	238	5,100	206,080
Dividends relating to FY2012 paid	-	-	(3,024)	(3,024)
Total comprehensive (expense) / income for the period	-	(99)	(1,281)	(1,380)
Balance as at 30 Jun 2013	200,742	139	795	201,676

COMPANY	Share	Other	Retained	Total
2012	Capital	Reserves	Profits / Accumulated losses	Equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2012	200,742	269	(1,554)	199,457
Dividends relating to interim paid	-	-	(2,268)	(2,268)
Total comprehensive (expense) / income for the period	-	(84)	3,829	3,745
Balance as at 30 June 2012	200,742	185	7	200,934

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.

There were no changes in the Company's issued share capital.

The Company does not have any outstanding convertibles and treasury shares as at 30 June 2013 and 30 June 2012.

The Company is proposing to undertake a renounceable non-underwritten bonus issue (the "Bonus Issue") of up to 75,606,084 free detachable warrants (the "Warrants"), on the basis of 1 Warrants for every 10 existing ordinary shares in the capital of the Company held by the entitled shareholders as at a books closure date to be determined by the Directors (the "Books Closure Date"), fractional entitlements, if any, to be disregarded. Each Warrant shall carry the right to subscribe for 1 new Share (the "New Share") at an exercise price of S\$0.50.

The Bonus Issue and issue of the New Shares are proposed to be made pursuant to the share issue mandate approved by shareholders of the Company (the "Shareholders") at the Company's annual general meeting held on 26 April 2013. Accordingly, the Company will not be seeking specific approval from Shareholders for the Bonus Issue. Please refer to the announcement made by the Company on the Bonus Issue for further details.

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.

	<u>30 June 13</u>	<u>31 Dec 12</u>
Total number of issued shares excluding treasury shares	756,060,841	756,060,841

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, and the change in accounting policy for investment properties.

The adoption of the new/revised FRS and INT FRS has not resulted in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

The financial effects of the change in the accounting policy for investment properties are summarised in note 5 below.

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.

Accounting for Investment Properties

With effect from this quarter, the Group changed its accounting policy with respect to the subsequent measurement of investment properties from cost to fair value model, with the changes in fair values recognized in the statement of comprehensive income. This change aligns the Group's accounting policy with industry practice and provides more relevant financial information to the users of the financial statement.

The change in accounting policy was applied retrospectively and accordingly, the comparative financial statements were restated. The effects of the change on the Group's financial statements are as follows:

Balance Sheet

	At 30 June 2013 \$ '000	At 31 December 2012 \$ '000	At 1 January 2012 \$ '000
	Increase / (Decrease)	Increase / (Decrease)	Increase / (Decrease)
Investment properties	39,704	9,634	81,355
Investment in a joint venture (Note 1)	19,554	(2,435)	13,618
Deferred income tax liabilities	-	(33)	-
Retained profits	59,258	6,801	94,973
Other reserves	-	7	-
Non-controlling interest	-	424	-

Note 1: Mandai dormitory is valued on 30 June 2013 based on project completed basis whereas it was valued on 31 Dec 2012 as development site for workers' dormitory by an independent valuer.

Income Statement

With the change in accounting policy for investment properties, no depreciation was charged for the current quarter and the depreciation previously charged in 1st quarter FY2013 was reversed against the opening retained earnings as at 1 April 2013. Should there be no change in accounting policy, the depreciation on investment properties amount to \$1.64 million for Q2 FY2013 and \$3.28 million for 1H FY2013 (Q2 FY2012 : \$1.58 million ; 1H FY2012 : \$2.36 million). The fair value gain on investment properties of \$ 36.4 million recognized in the current quarter comprises the change in fair value since the end of the last financial year. The change in accounting policy has the effect of increasing the basic EPS by 7.61 cents for Q2 FY2013 and 7.83 cents for 1H FY2013 (Q2 FY2012 : 0.19 cent ; 1H FY2012 : 0.29 cent)

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.

		Group			
		Second Quarter ended 30 June		First Half ended 30 June	
		2013 #	2012 (Restated)	2013 #	2012 (Restated)
(a)	Based on weighted average number of ordinary shares on issue	7.41 cent	0.53 cent	7.91 cent	0.78 cent
(b)	On a fully diluted basis	7.41 cent	0.53 cent	7.91 cent	0.78 cent

Note:

The earnings per share is calculated based on weighted average number of ordinary shares in issue of 756,060,841 (2012 : 756,060,841) ordinary shares.

Included the effects of the fair value gain on Group's investment properties of S\$ 36.4 million and joint venture's investment properties of \$ 19.5 million

**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.**

	Group		Company	
	30 June 13	31 Dec 12 (Restated)	30 June 13	31 Dec 12
Net asset value per ordinary share	34.8 cents	27.51 cents	26.67 cents	27.26 cents

Note

The Group and Company net asset per ordinary share is calculated based on existing issued share capital of 756,060,841 (2012: 756,060,841) 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.

Second quarter review - Q2 FY2013 vs Q2 FY2012

In Q2 FY2013, the Group recorded revenues of \$16 million, a reduction of \$1 million or 6% from Q2 FY2012. The Group's workers accommodation business had registered a quarter on quarter growth of 9% or \$1 million in sales revenue which has been offset by a reduction in sales in the optical business, of about \$2 million in Q2 FY2013.

The Group's workers accommodation business has continued to register growth and benefitted from the increase in market rental rates in Singapore, while keeping its occupancy rates of close to 100% in Singapore. The gradual increase in occupancy rates in its Malaysia accommodation portfolio and the new Malaysian dormitories that commenced operations towards the end of last year, have further contributed to the increase in the quarter's sales turnover. The average occupancy rate for the Group's Malaysia workers accommodation has increased to about 60% in Q2 FY2013.

The Group's optical disc business on the other hand suffered a significant 30% reduction in sales turnover due to the continued deterioration in consumer demand for content packaged in physical optical disc media.

Despite a reduction in the Group's overall revenue, the Group's gross profit margin improved from 45% to 48%. The Group's workers accommodation business has a higher gross profit margin of 59% as compared to a gross profit margin of 22% from the optical disc business.

Miscellaneous gains fell by \$0.7 million due to a non-recurring write back of a provision for certain contractual obligations in Q2 FY2012 and an increase in foreign exchange loss of \$0.3 million primarily due to the weaker Australian dollar.

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 the reduction in expected future cash flow generated from the use of such assets. This impairment charge was included as other losses in Q2 FY2013.

The Group changed its accounting policy for its investment properties from a cost to a fair value model with effect from the current quarter Q2 FY2013. An independent valuation was obtained for all the investment properties held as at 30 June 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 comprise the change in fair value since the end of the last financial year.

Share of the results of associates and jointly controlled entities turned from a loss to a profit of \$0.5 million when its Mandai worker's dormitory commenced operations in April 2013. As a result of pre-marketing efforts, the occupancy rate of the Mandai dormitory reached 90% within the first 3 months of operations.

Accordingly, the Group achieved a net profit of S\$56 million for Q2 2013. Excluding the fair value gain and one-off impairment charge, the net profit for Q2 2013 was \$4 million, of which the workers accommodation business accounted for \$4.6 million, a 16% gain compared to Q2 2012, while the optical disc business incurred a loss of \$0.6 million compared to a profit of \$0.2 million in Q2 FY2012.

Half year 2013 review – 1H FY2013 vs 1H FY2012

Revenue registered an increase from \$30 million in 1H FY2012 to \$32 million in 1H FY2013. The Group's worker's accommodation business achieved 40% growth or a \$6.5 million increase in revenue compared to the corresponding period last year due to the continued expansion of the Group's workers accommodation assets and the growth in rental rates in Singapore. The Group's optical disc business however registered a decrease of \$4.5 million or a 32% decline as demand for the Group's physical optical disc media from its customers continued to weaken. Accordingly, the Group's overall net revenue registered an increase of only \$2 million or 7% from 1HY FY2012.

Gross profit for 1H FY2013 improved \$2 million or 14% as compared to 1H FY2012 as a result of the higher revenue contribution from the workers accommodation business.

Miscellaneous gains fell by \$0.4 million mainly due to a one-off write back of a provision for certain contractual obligations in 1H FY2012.

Other losses of \$3.9 million relate to the one-off impairment charge on its optical disc plant and equipment.

The fair value gain on investment properties of \$36.4 million and fair value gain on joint venture's investment property of \$19.5 million which were recognized in the current quarter Q2 FY2013 comprise the change in fair value since the end of the last financial year.

Share of the results of associates and jointly controlled entities turned from a \$0.3 million loss to a \$0.5 million profit due to the commencement of its Mandai workers dormitory operations in April 2013.

Overall, the Group posted a net profit of \$60 million for 1H FY2013. 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 FY2013 was \$7.9 million which is an improvement of 27% or \$1.7 million compared to 1H FY2012. The Group's workers accommodation accounted for \$ 8.7 million in net profit while its optical disc business incurred a loss of \$0.8 million in 1H FY2013. Despite the loss in the optical disc business, it contributed about \$0.1 million towards the Group's operating cash flow in 1H FY2013.

Review of Group balance sheet

The \$5 million fall in cash and cash equivalents was mainly due to dividend payments and funding requirements for the acquisition of dormitory assets in Malaysia. For detailed cash flow information, please refer to Review of Cash Flow Statement.

Investment properties are stated at valuation as determined by independent professional valuers. The increase of \$47.1 million from 31 December 2012 was due mainly to a fair value gain of \$36.4 million recognized for investment properties. The capital expenditure incurred for the construction of Malaysian dormitories and the upgrading works of Toh Guan dormitory in Singapore contributed a further \$10.7 million to the increase in the value of investment properties.

The increase of \$20 million in investment in joint venture was due to the fair value gain in joint venture investment property and share of gain of the joint venture.

The decrease in property, plant and equipment arose mainly from the impairment of the plant and equipment of the optical disc business segment and the depreciation charge during the period.

Intangible assets decreased by \$2.5 million mainly due to the amortization of favorable lease which arose from the acquisition of the Tuas dormitory.

Borrowings increased \$3.5 million largely due to bank loans obtained to finance the Group's dormitory acquisitions in 1H FY2013. Our Gearing ratio stood at a comfortable 23%.

Review of Company Balance Sheet

Trade and other receivables (current and non-current) at the company level fell \$2.9 million due to the settlement of intercompany balances.

Cash and cash equivalents fell \$2.1 million due to dividends paid during the period.

Review of Cash Flow Statement

The Group generated positive net cash of \$7.8 million from its operating cash before working capital changes in Q2 FY2013. This is an improvement of \$0.2 million compared to Q2 FY2012.

Net cash used in investing activities of \$4.5 million in Q2 FY2013 was mainly attributable to the further development of dormitory projects in Malaysia and Toh Guan.

Net cash used in financing activities was mainly due to the repayment of current borrowings and dividend payments to shareholders for dividends declared in FY 2012.

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

Not applicable

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

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

The Group's joint venture workers accommodation at Mandai, which commenced operations in April 2013 with 4,750 beds, has already achieved 100% occupancy in Q3 FY2013. Mandai's bed capacity is expected to increase to 6,290 beds when the second phase of its development is completed in Q4 FY2013. With the current strong demand, the extra bed capacity of 1,540 beds is expected to be sold fairly quickly.

The development of factory units in Mandai is currently on track. The profits on the sale of the factory units, in which the Group has a 45% share, shall be recognised when it receives its temporary occupancy permit which is expected to be in Q4 FY2013.

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 FY2013. The Group's property in Senai, Johor which is currently undergoing construction and its property in Pasir Gudang, which is currently undergoing refurbishment are expected to add in aggregate 4,000 beds to the Group's capacity upon completion in Q3 FY2013.

There has been no significant progress with regards to the rezoning of the Group's plot of land at Port Hedland. The local planning authorities at Port Hedland have reiterated their support for the project and have presented their arguments in response to the objection raised by the Australian Environment Protection Authority regarding the rezoning amendment scheme. We understand that the issue regarding the rezoning amendment scheme in Port Hedland is now in the hands of the Minister of Planning, Western Australia. The Group will provide updates on significant developments that may arise.

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

Optical Disc Business

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. Due to the unfavorable outlook, as a matter of prudence, the Group has made a one off impairment charge of \$3.9 million on the plant and equipment in the second quarter, leaving a balance of about \$2 million in plant and equipment on the Group's balance sheet. 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 cash flows to meet the Group's expansion needs.

11 Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on ?

None

However, the Company is proposing a bonus issue of up to 75,606,084 free detachable warrants (the "Warrants"), on the basis of 1 Warrants for every 10 existing ordinary shares in the capital of the Company held by entitled shareholders.

Please refer to para 1(d)(ii) in this announcement for details.

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

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

None

(c) **Date Payable**

Not applicable

(d) **Books Closure Date**

Not applicable

12 **If no dividend has been declared / recommended, a statement to that effect.**

Not applicable

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 second 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 second 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 second 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 second quarter announcement.

19 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 half ended 30 June 2013 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

Lee Kerk Chong
Executive Director

BY ORDER OF THE BOARD
Kong Chee Min
Chief Executive Officer and Director
13 August 2013

This Offer Information Statement is dated 23 October 2013

The Directors of the Company collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where any information has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources or, as the case may be, accurately reflected or reproduced in this Offer Information Statement.

For and on behalf of **CENTURION CORPORATION LIMITED**

Wong Kok Hoe

Kong Chee Min

Lee Kerk Chong

Tony Bin Hee Din

Gn Hiang Meng

Chandra Mohan s/o Rethnam