



CHALLENGER TECHNOLOGIES LIMITED

Incorporated in the Republic of Singapore on 14 January 1984
Registration No. 198400182K

NEWS RELEASE - FOR IMMEDIATE RELEASE
Results for first half ended 30 June 2015 ("1H2015")

2Q2015 net profit jumps 21% on back of 3% increase in revenue

	1H2015	1H2014	Change	2Q2015	2Q2014	Change
	S\$'M	S\$'M		S\$'M	S\$'M	
Revenue	168.5	168.0	-%	84.7	82.6	3%
Profit before tax	9.0	7.8	15%	4.4	3.6	22%
Profit after tax	7.2	6.3	14%	3.5	2.9	21%
Earnings per share	2.06 cents	1.80 cents	14%	0.99 cents	0.84 cents	18%
Dividend per share	1.1 cents	1.1 Cents	-	--	--	--
	As at 30/06/15	As at 31/12/14	Change			
NAV/share	19.98 cents	19.21 cents	4%			

Highlights:

- Net profit higher compared to 2Q2014 as a result of closure of loss-making retail operations in Malaysia in the first half of FY2014
- Interim dividend of 1.1 cents to be paid for 1H2015

Singapore, 12 August 2015 – SGX Mainboard-listed Challenger Technologies Limited ("Challenger" or the "Group"), the largest IT products and services provider in Singapore, has announced its results for the half year and second quarter ended 30 June 2015 today.

Revenue in 2Q2015 increased by about 3% to \$84.7M compared with \$82.6M in 2Q2014, buoyed mainly by an increase in tradeshow activities as well as full-year operations for retail stores opened since 2H2014. These were partially offset by loss of revenue that resulted from the cessation of Malaysia retail operations in 1H2014.

Net profit for 2Q2015 jumped about 21% to \$3.5M from \$2.9M in 2Q2014. This was boosted by reduced rental and operating expenses that resulted from the cessation of Malaysia retail operations in 1H2014.

To date in Singapore, the Group has 45 stores comprising one flagship Challenger megastore, 22 Challenger superstores and 22 small format stores. Conveniently located island-wide, Challenger will continue to grow its retail footprint at suitable locations where available in order to serve its customers within close proximity. In 2H2015, three new stores are scheduled to be opened. Stores that are not performing up to expectations will be downsized or closed when their current leases expire.

Chief Executive Mr Loo Leong Thye said, “Although we have improved our net profit due mainly to the closure of our operations in Malaysia last year, the IT retail business in Singapore continues to be challenging due to weak consumer spending power. We also face higher operational costs and difficulty in hiring more staff to serve our customers to an expected level of satisfaction.”

In order to mitigate higher operational costs, the Group has since FY2012 developed, deployed and continued to enhance its proprietary IT software tailored specifically for its retail operations. Various aspects of its business operations are now managed via this software, including marketing and promotion as well as merchandising functions. The nimbleness and flexibility of this software has strengthened the Group’s market leader position and set it apart from industry players. The Group plans to set aside \$1.5M over the next three years to hire staff and procure equipment to further enhance this aspect.

Mr Loo noted, “We know that it is important to investing in software to increase our productivity from our current pool of employees, and will spend a significant sum over the next few years to beef up our IT software development team.”

About Challenger Technologies Limited

Incorporated in 1984, listed on the SGX in January 2004, Challenger Technologies Limited operates a chain of IT retail stores known as Challenger, lifestyle retail concepts such as audio specialty store Musica in Singapore. With an extensive network of strategically-located retail stores, Challenger has over half a million ValueClub members. Challenger also owns end-to-end integrated marketing solutions provider, inCall System Pte Ltd and LED signage and services provider, CBD eVision Pte Ltd.

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