



**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 2014 ("1H2014")

**In Challenging Operating Climate, Challenger Revenue and Net Profit Results Buoyed by Private Label Valore's Growth**

	1H2014	1H2013	Change	2Q2014	2Q2013	Change
	S\$'M	S\$'M		S\$'M	S\$'M	
<b>Revenue</b>	168.0	192.9	-13%	82.6	92.2	-10%
<b>Profit before tax</b>	7.8	10.4	-25%	3.6	4.9	-27%
<b>Profit after tax</b>	6.3	8.7	-28%	2.9	4.0	-28%
<b>Earnings per share</b>	1.80 cents	2.47 cents	-27%	0.84 cents	1.15 cents	-27%
<b>Dividend per share</b>	1.1 cents	1.1 Cents	-	--	--	--
	<b>As at 30/06/14</b>	<b>As at 31/12/13</b>	<b>Change</b>			
<b>NAV/share</b>	17.78 cents	17.42 cents	+2%			

**Highlights:**

- Gross profit margins higher compared to 1H2013 as a result of private label Valore products
- Interim dividend remained at 1.1 cents for 1H2014 compared to 1H2013.

**Singapore, 7 August 2014** – SGX Mainboard-listed Challenger Technologies Limited ("Challenger" or the "Group"), the largest IT products and services provider in Singapore, today announced its results for the half year and second quarter ended 30 June 2014.

In Singapore, the retail business for 1H2014 and 2Q2014 grew by 3% and 2% respectively. This was largely contributed by the revenue generated from full operations of stores, which opened during the second half of last year. On the growth trend, Group gross profit margin climbed 3% to 20.9% in 1H2014, compared with 1H2013; it also increased 1.8% to 20.7% in 2Q2014, compared with 2Q2013. This was buoyed significantly by the healthy sales of accessories from its private label Valore.

Chief Executive Mr Loo Leong Thye said, "Building our private label Valore in the past year has enabled us to reach a wider customer base, growing our revenue and profit at a time when the retail environment is challenged with high expenses."

This comes at a time of thinner margins from name-brand IT products, as well as rising depreciation charges, rentals and staff costs. Higher Group gross profit was able to partially offset some of these higher operating expenses, resulting in net profit dropping 28% to \$6.3 million for 1H2014.

Weaker corporate sales business in Singapore, coupled with the closure of retail operations in Malaysia, also resulted in a drop in group revenue. Group revenue achieved for both 1H2014 and 2Q2014 dropped 13% to \$168.0 million and 10% to \$82.6 million respectively.

To date in Singapore, the Group has a total retail network of 44 stores. This comprises one flagship Challenger megastore, 21 Challenger superstores, 13 Challenger mini stores, seven Valore concept stores and two Musica concept stores.

Mr Loo said, "IT lifestyle retail business in Singapore remains our strength as well as our main focus. We have ceased all retail operations in Malaysia as of today and we do not expect to incur further significant expenses after this."

With rising staff costs and rentals continuing to form a challenging operating environment, Mr Loo said, "Stores within our retail network will have to work harder. We will continuously monitor stores that are not performing up to our expectations by sizing down or closing stores."

**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, and IT accessories private label Valore 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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