



Challenger Technologies Limited's 1H06 Net Profit Jumps 14.5% to \$2.2 million

SINGAPORE, 8 August 2006- SGX-Sesdaq listed Challenger Technologies Limited, a Singapore-incorporated company involved in the principal businesses of IT products and services and electronic signage services, today reported higher revenue and net profit for the half year ended 30 June 2006.

Revenue increased by \$4.7 million or 13% from \$37.3 million to \$42.0 million. Revenue for IT products and services business segment increased by 12.7% to \$41.2 M. Of this increase, about \$1.0 M came from our three new outlets in the first half of 2006 and administrative fees received from our new and renewal members. The rest resulted from higher retail revenue from our existing retail outlets.

Its net profit after tax also increased by \$0.3 million or 14.5% to \$2.2 million, compared to \$1.9 million for the previous corresponding period.

The increase in net profit has been mainly due to improved contributions of about \$1.5 million from stronger retail sales. This has been offset by:

- a. Gain on disposal of a subsidiary of about \$0.5 million in the first half of 2005;
- b. Exchange loss of about \$0.3 million;
- c. Inventory write-off of about \$0.1 million for its electronic signage business;
- d. Increased staff costs and depreciation of about \$0.1 million; and
- e. Higher income tax provision of about \$0.2 million.

An interim tax-exempt-one tier dividend of 1.0 cent per ordinary share was declared for the period ended 30 June 2006. This will be payable to shareholders on 12 September 2006.

Expansion plans are underway for the IT products and services business segment. Leases have been secured for 4 more superstores, which are scheduled to begin operations as follows: VivoCity in October 2006; IMM Building in November 2006; United Square in January 2007 and White Sands approximately in March 2007.

The securing of the above leases is in line with the Company's plan to focus on their retail operations by expanding to suitable locations in Singapore.

About Challenger Technologies Limited

Established in 1984 as a retailer of IT products, Challenger Technologies has one flagship mega store, two superstores and four small format outlets (under Matrix Integration Pte Ltd) in Singapore. Challenger Technologies offers a diverse range of IT products and services. Today, our Group counts amongst its customers, well known corporate clients as well as walk-in customers. Members can also log onto eAuction.sg to bid on the latest, brand-new IT products at half price. In 1994, we also expanded into the electronic signage business, CBD eVision.