

## *Challenger Technologies Limited's FY2003 Net Profit Jumps 78% to \$3.2 million*

SINGAPORE, 25 February 2004— 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 a profit after tax ("PAT") of \$3.2 million for the financial year ended 31 December 2003, an increase of 78% compared to FY2002 of \$1.8 million.

	FY2003	FY2002	% Change
Turnover	\$ 67.3 m	\$ 59.1 m	14%
PAT	\$ 3.2 m	\$ 1.8 m	78%
PAT Margin	4.8%	3.0%	1.8%
EPS	2.62 cents	1.51 cents	74%

### Turnover

The Group achieved a turnover \$67.3 million in FY2003, an increase in 14% or \$8.2 million compared to the turnover of \$59.1 million in FY2002. Turnover of the Group of \$34.3 million in 2H FY2003 exceeded the turnover achieved in 1H FY2003 of \$32.9 million.

### IT Products and Services

Turnover of IT Products and Services segment increased by 14% or \$8.2 million from \$58.1 million in FY2002 to \$66.3 million in FY2003. This was mainly due to overall improvement in the economy in 2H FY2003. The Group also opened 4 retail outlets under the name of Matrix IT Gallery, which contributed to the increased business volume. The increase in turnover was also partly due to the purchase of IT products for children who stayed at home during the SARS period as a result of mandatory school closure. In addition, as many people were requested to work from home during that period, the Internet had become a preferred mode of communications.

### Electronic Signage

In contrast to our IT Products and Services segment, our electronic signage business was negatively affected by SARS outbreak, and fewer projects and maintenance contracts were secured in FY2003. However, this was offset by the better performance in 2H FY2003. Overall, turnover recorded under this segment was \$976,000 in FY2003 compared to \$985,000 in FY2002.

### Profit After Tax

The Group recorded a profit after tax of \$3.2 million and \$1.8 million in FY2003 and FY2002, respectively.

The Group registered a higher profit after tax mainly due to the following factors:-

- (1) higher gross profit margin recorded in FY2003 because of higher purchase rebates received from suppliers;
- (2) cost control measures on other operating expenses whereby there was only 10% increased in other operating expenses compared to 14% increased in revenue; and

- (3) other credits of \$85,000 were recorded in FY2003. This was due to higher foreign exchange gain recorded in FY2003. In FY2002, other charges of \$496,000 arose mainly due to loss on disposal of other investment and loss on disposal of plant and equipment, offset by bad debts recovered on trade and other receivables.

#### **FY2004 Outlook**

For the current year, the Group expects its local business to move in tandem with the economic recovery in Singapore. In addition, Matrix will be operating in full year in FY2004 compared to 6 months in FY2003. The Group's future plans were stated in the prospectus as expansion of business operations in Singapore and Malaysia, development of IT services business and expansion of electronic signage business overseas.

Based on the current outlook of the economy in the Infocomm sector in particular, the Directors expect the Group's sales performance for the current financial year to be better than FY2003 and the Group remains profitable in the current financial year.

Commenting on the results, Chief Executive Mr Loo Leong Thye said:

"Our new listing on SGX-Sesdaq on 14 January 2004 has provided the Group with the financial capabilities and status to enhance our business operations in Singapore and the region. Despite the SARS outbreak, war in Iraq and the unfavourable economic conditions in this region and other parts of the world, we have performed well for FY2003 and are pleased with our results."

#### **About Challenger Technologies Limited**

Established in 1984 as a retailer of IT products, Challenger Technologies has grown from one outlet to two superstores and four small format outlets ("Matrix Business Units") in Singapore. Challenger Technologies offers a diverse range of IT products and services, as well as on-site IT solutions and services through our Itechcare subsidiary. In 1994, we also expanded into the electronic signage business, CBD eVision. Today, our Group counts amongst its customers well known corporate clients as well as walk-in customers.

For additional information, visit [www.challengerasia.com](http://www.challengerasia.com).

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