

# **CHALLENGER TECHNOLOGIES LIMITED**

**ANNUAL GENERAL MEETING  
FY 2005**

**18 APRIL, 2006**

# SCOPE OF PRESENTATION

- ❖ **Challenger Group of Companies**
  - ❖ **Group Financial Results**
  - ❖ **Rationalisation of business / Going Forward ...**
  - ❖ **Questions & Answers**

# CHALLENGER GROUP OF COMPANIES

**CHALLENGER TECHNOLOGIES LIMITED**  
**SINGAPORE**

**MATRIX INTEGRATION PTE. LTD.**  
**SINGAPORE**  
(100%)

**ITEHCARE (S) PTE. LTD.**  
**SINGAPORE**  
(100%)

**CBD eVISION PTE. LTD.**  
**SINGAPORE**  
(100%)

**CHALLENGER INFORTECH  
(BEIJING) CO. LTD.**  
**PEOPLE'S REPUBLIC OF CHINA**  
(40%)

**CHALLENGER TECHNOLOGIES  
(M) SDN. BHD.**  
**MALAYSIA**  
(96%)

**NCL SOLUTIONS SDN. BHD.**  
**MALAYSIA**  
(25%)

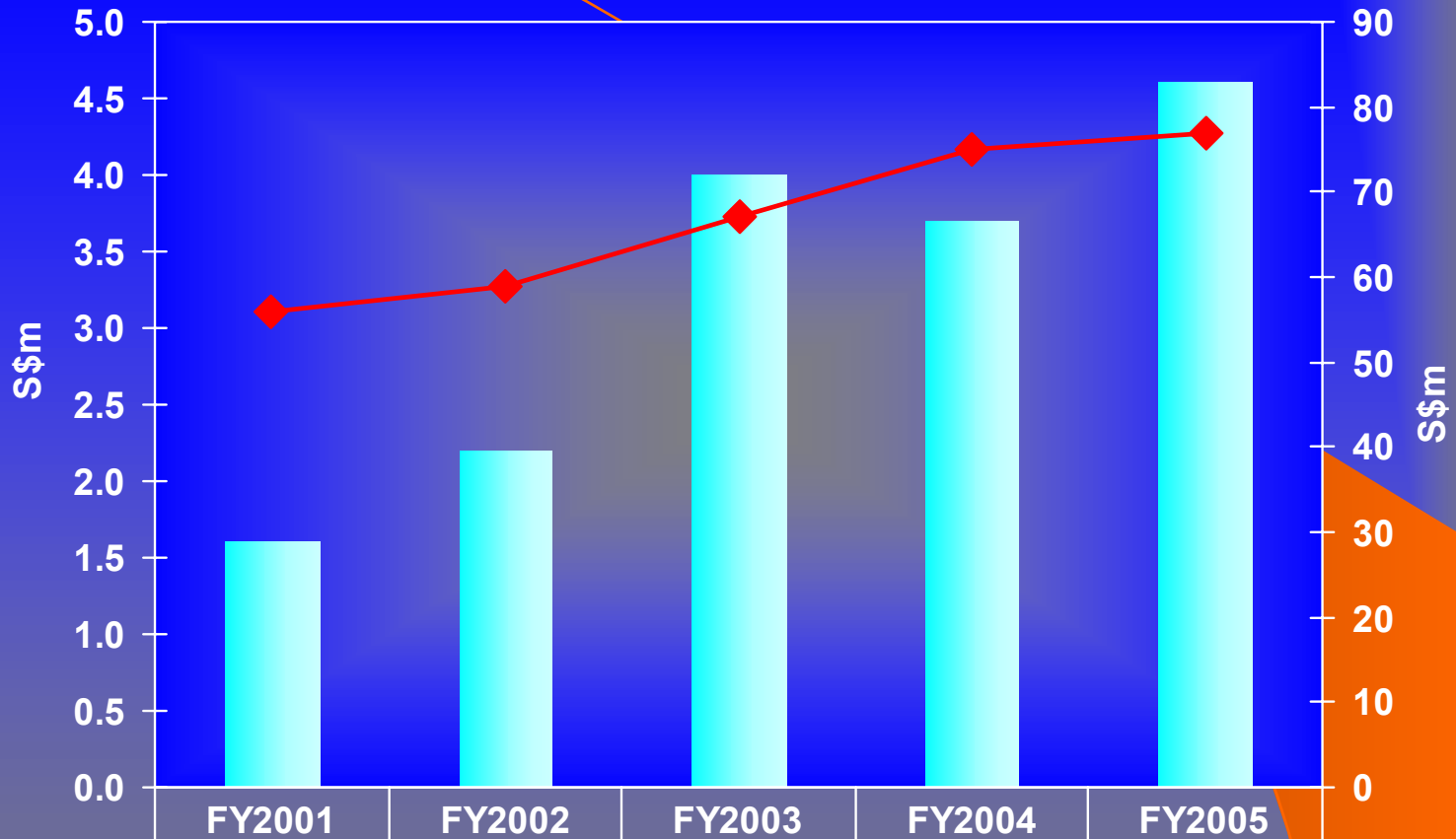
**CBD eVISION (M) SDN. BHD.**  
**MALAYSIA**  
(60%)



# Group Profit & Loss Account

for the financial year ended 31 December 2005 vs 2004

	Group		
	31.12.05	31.12.04	Change
	\$'000	\$'000	%
Revenue	77,497	75,478	3
Financial Income	427	411	4
Financial Expense	(275)	(62)	3
Changes in inventories	742	(421)	n.m
Cost of goods purchased	(62,687)	(60,326)	4
Other consumables used	(277)	(229)	21
Other operating expenses (excl. Goodwill)	(10,736)	(10,752)	-
Profit from operations	4,691	4,099	14
Goodwill on consolidation written off	(6)	(388)	(98)
	4,685	3,711	26
Share of (loss) / profit of associates	(53)	4	n.m
Profit before income tax	4,632	3,715	25



# Group Revenue & Group Profit Before Tax



 Gp Profit Before Tax	FY2001	FY2002	FY2003	FY2004	FY2005
	1.6	2.2	4.0	3.7	4.6
 Gp Revenue	56	59	67	75	77

# CORE BUSINESS – IT PRODUCTS & SERVICES



 Total Revenue	58	66	71	76
 Segment Profit	2.3	3.8	4.2	5.0

# Group Balance Sheet

as at 31 December 2005

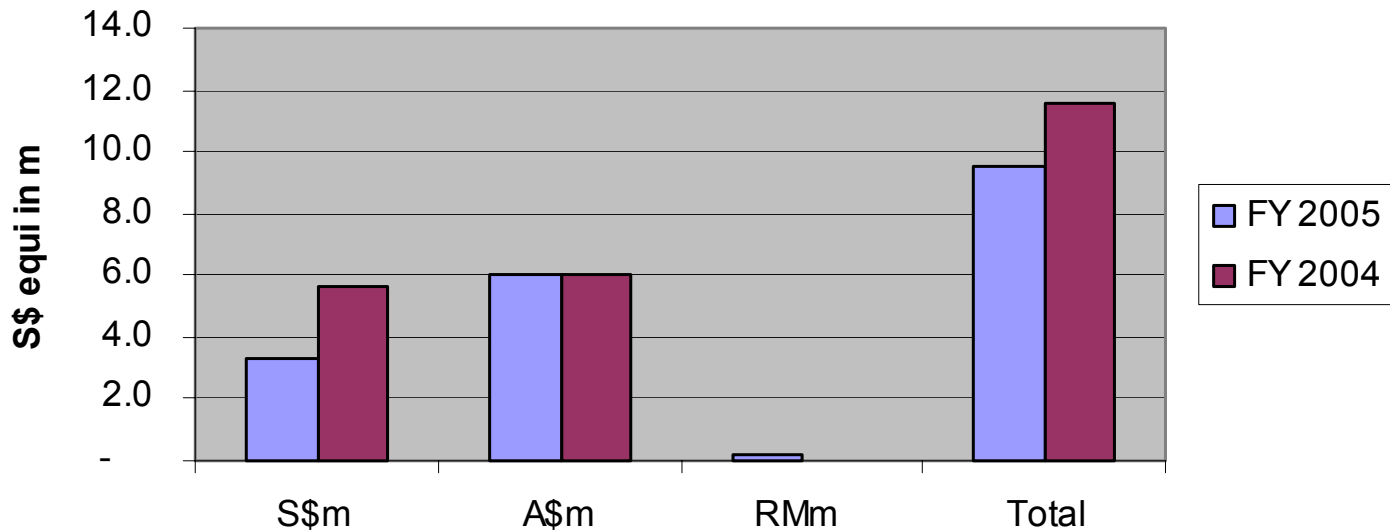
	Group	
	31.12.05	31.12.04
	\$'000	\$'000
<b>Current Assets</b>	<b>19,461</b>	<b>21,159</b>
<b>Non Current Assets</b>	<b>1,097</b>	<b>1,543</b>
<b>Total Assets</b>	<b>20,558</b>	<b>22,702</b>
<b>Current Liabilities</b>	<b>6,934</b>	<b>7,875</b>
<b>Non-Current Liabilities</b>	<b>162</b>	<b>219</b>
<b>Total Liabilities</b>	<b>7,096</b>	<b>8,094</b>
<b>Total Net Assets</b>	<b>13,462</b>	<b>14,608</b>
<b>NTA per share (cents)</b>	<b>8.76</b>	<b>9.48</b>
<b>Gross Dividend Paid for the Year (cents per ordinary share)</b>	<b>2.80</b>	<b>3.70</b>

# Cash Position

FY2005 vs FY2004

	Total	Fixed Deposit			Cash	
	S\$m	S\$m	A\$m (SGD Equi)	RMm (SGD Equi)	Total FD S\$m	S\$m
As at 31.12.2005	10.7	3.3	6.0	0.2	9.5	1.2
As at 31.12.2004	12.7	5.6	6.0	-	11.6	1.1
Increase / (Decrease)	(2.0)	(2.3)	-	0.2	(2.1)	0.1

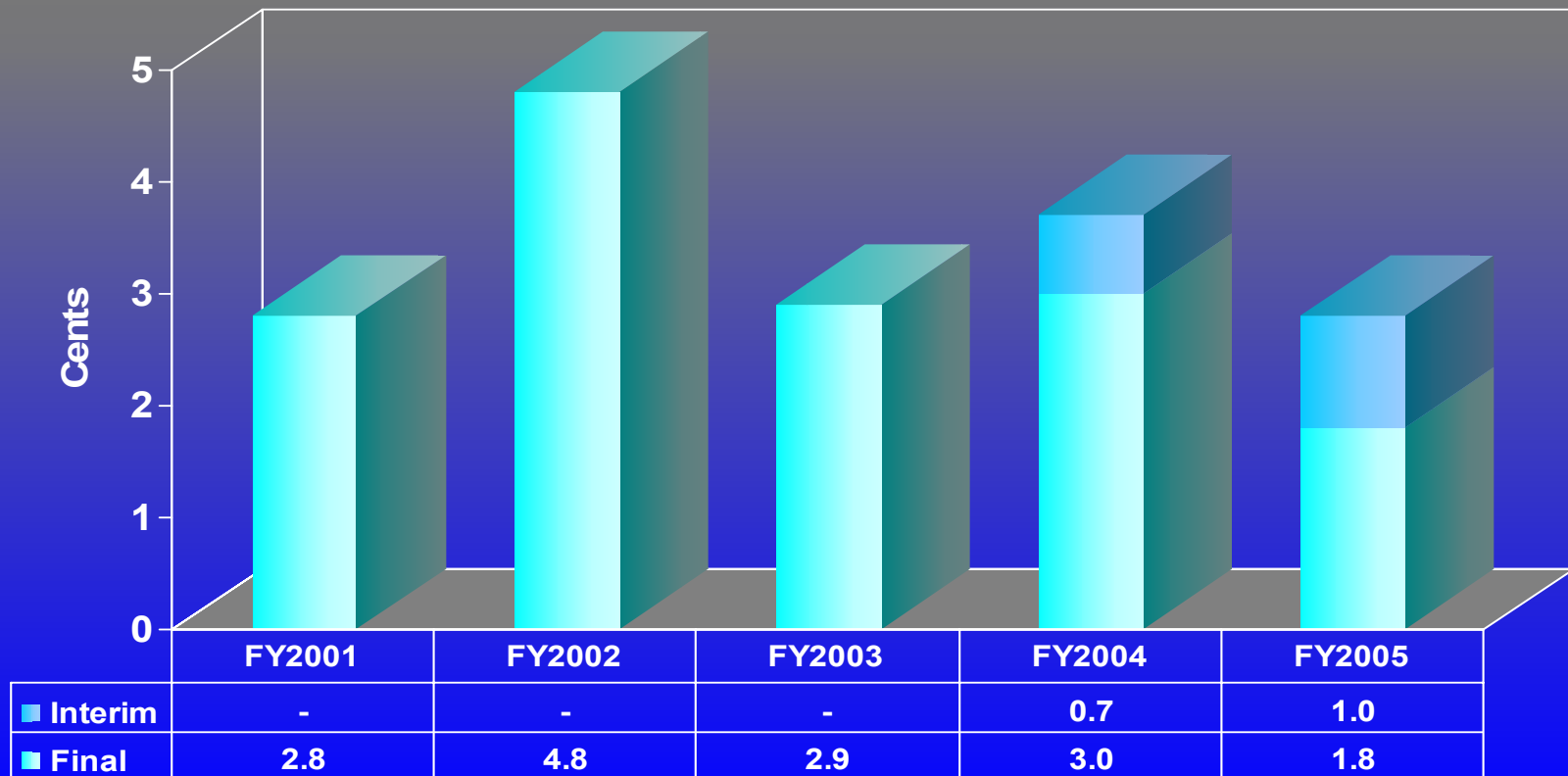
FY2005 vs FY2004 Fixed Deposits



# Key Financial Ratios

	FY2005	FY2004	FY2003	FY2002	FY2001
Net Profit Margin (%)	5%	4%	5%	3%	2%
Inventory Turnover (days)	38	36	40	37	39
Trade Receivable Turnover (days)	8	10	10	14	10
Return on Equity (%)	28%	19%	52%	40%	13%
Quick Ratio (times)	1.87	1.93	0.87	0.79	1.51
Current Ratio (times)	2.81	2.69	1.73	1.45	2.20

# Dividend Payout

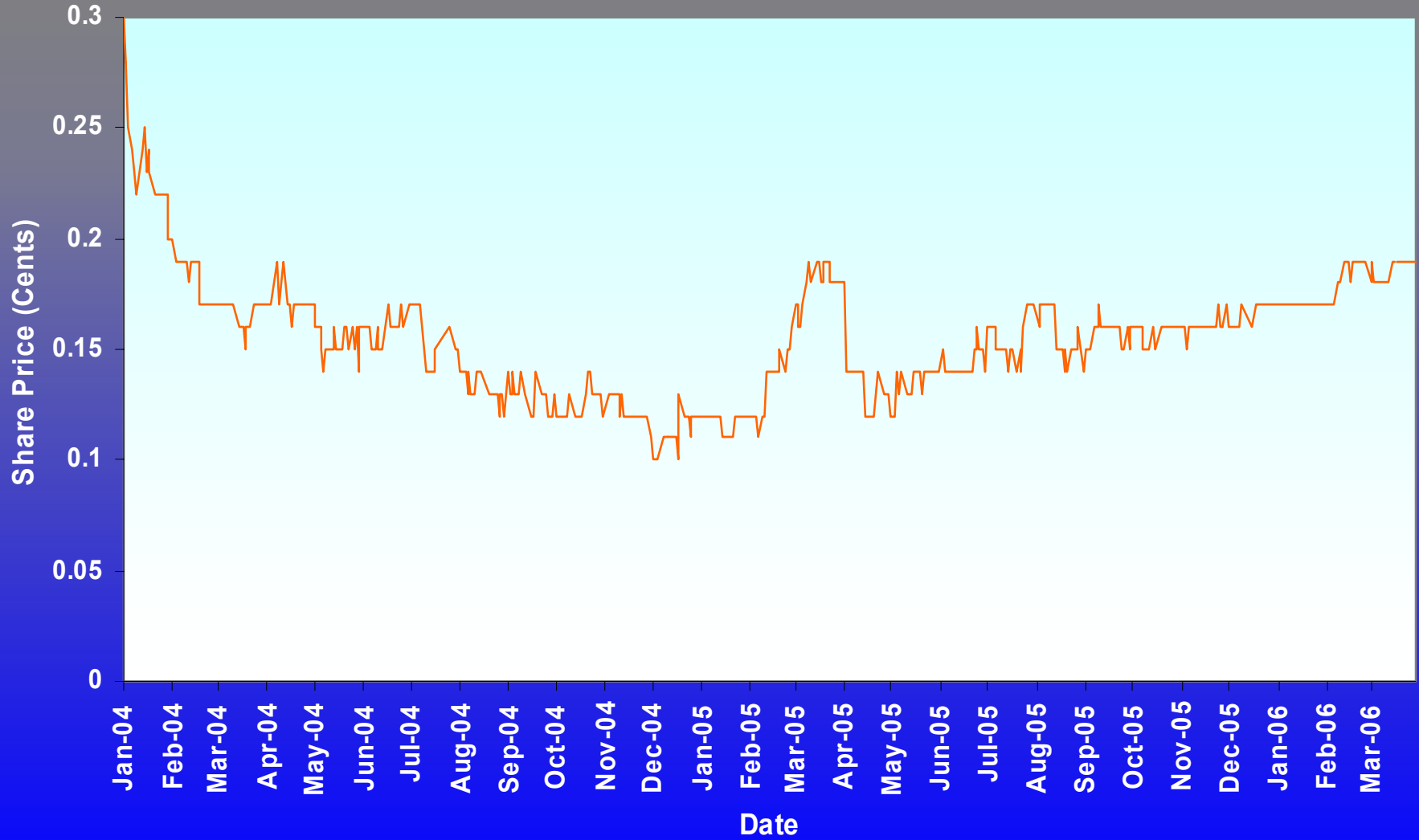


❖ A gross interim dividend of 1.00 cent was paid for FY2005. In addition to the above, Directors recommended final tax dividend of 1.00 cents and tax-exempt dividend of 0.80 cents in FY2005. With the above, we would have utilised all our S44 tax credit by FY2005.

❖ FY2004 dividend payment (net of tax) of \$4.5m is 162% of FY2004 PAT

❖ FY2005 dividend payment/proposed (net of tax) of \$3.7m is 99% of FY2005 PAT

# Share Price



# Rationalisation of business

- ✦ **OA Supplies**

- **Disposed in April 2005**

- ✦ **CBD Thailand**

- **Disposed in December 2005**

- ✦ **Write-off carrying value of associates**

- **NCL Solutions (Malaysia) and Challenger Infotech (Beijing)**



*Going Forward . . . .*

# IT Products & Services

## \*Challenger Technologies Limited (Singapore)

- Continue to focus on IT Products & Services business in Singapore
- Internet auction
- More retail outlets in Singapore
- Phase-by-phase renovation at flagship Funan DigitaLife Mall outlet to be completed by June 2006

## \*Matrix (Singapore)

- Small formal outlets continue to perform well and remain profitable

# IT Products & Services

## \* Itechcare (Singapore)

- Ceased being a Master Franchisee wef 28<sup>th</sup> February 2006, become dormant thereafter

## \* Challenger (Malaysia)

- Focus on being a management services company

## \* Challenger Infortech (Beijing)

- Developing of anti-virus software for mobile phone

# Electronic Signage

## \* CBD eVision (Singapore)

- Electronic signage in Singapore will continue to grow due to IR and government initiative to light up building downtown and along the shore of Singapore

## \* CBD eVision (Malaysia)

- Focus on Malaysia market

# What's in Store ...

Location	Area	Op Date	Remarks
DBS Tampines Centre	(12,000)	Oct 2006	Redevelopment
Funan Digitalife Mall, Level 3	474	Apr 2006	Confirmed
Eastpoint Mall	3,576	May 2006	Confirmed
Sim Lim Square	893	Jun 2006	Confirmed
United Square	3,049	Oct 2006	Confirmed
<b>Net</b>	<b>(4,008)</b>		

➤ We are in the process of sourcing for other locations with total area of approximately 7000 – 8000 sq ft for expansion

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Thank You