

Challenger Technologies Limited



**FULL YEAR FINANCIAL STATEMENT
AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018**

Co Reg No: 198400182 K

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

- 1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income

	Group					
	3 months ended		Change	12 months ended		Change
	31.12.2018	31.12.2017 (Restated*)	%	31.12.2018	31.12.2017 (Restated*)	%
	\$'000	\$'000		\$'000	\$'000	
Revenue	83,859	88,953	(6)	320,168	321,851	(1)
Other Items of Income						
Interest Income	225	95	137	802	517	55
Other Gains [note (A)]	540	532	2	474	576	(18)
Other Items of Expense						
Changes in Inventories of Finished Goods	1,185	(1,971)	N.M.	4,431	(3,738)	N.M.
Purchase of Goods and Consumables	(65,604)	(67,578)	(3)	(253,128)	(248,547)	2
Other Consumables Used	(25)	(95)	(74)	(159)	(576)	(72)
Depreciation Expense	(624)	(836)	(25)	(2,768)	(3,430)	(19)
Employee Benefits Expense	(6,466)	(6,741)	(4)	(23,430)	(24,706)	(5)
Other Expenses [Note (B)]	(5,677)	(5,540)	2	(21,913)	(22,562)	(3)
Other Losses [Note (A)]	(297)	(343)	(13)	(320)	(568)	(44)
Profit Before Tax from Continuing Operations	7,116	6,476	10	24,157	18,817	28
Income Tax Expense	(1,299)	(572)	127	(4,555)	(2,720)	67
Profit from Continuing Operations, Net of Tax	5,817	5,904	(1)	19,602	16,097	22
Other Comprehensive Income / (Loss):						
Items that May Be Reclassified Subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations,						
Net of tax	(5)	-	N.M.	(16)	(21)	(24)
Reclassification adjustments for losses included in Profit or Loss	-	-	N.M.	(8)	80	N.M.
Fair value changes on debt assets instruments at FVTOCI, net of tax	(34)	(19)	79	(34)	47	N.M.
Other Comprehensive Income / (Loss) for the Period, Net of Tax	(39)	(19)	105	(58)	106	N.M.
Total Comprehensive Income	5,778	5,885	(2)	19,544	16,203	21
Profit Attributable to Owners of the Parent, Net of Tax	5,733	5,849	(2)	19,454	15,986	22
Profit Attributable to Non-Controlling Interests, Net of Tax	84	55	53	148	111	33
	5,817	5,904	(1)	19,602	16,097	22
Total Comprehensive Income Attributable to Owners of the Parent	5,694	5,830	(2)	19,396	16,092	21
Total Comprehensive Income Attributable to Non-Controlling Interests	84	55	53	148	111	33
Total Comprehensive Income	5,778	5,885	(2)	19,544	16,203	21
Note:						
Profit before income tax is arrived after charging/ (crediting) the followings:						
Note (A) - Other (Losses) / Gains						
Foreign exchange adjustment gains	29	15	93	27	27	-
Sundry income	10	173	(94)	399	549	(27)
Losses on disposal of plant and equipment	-	-	N.M.	-	(85)	N.M.
Losses on disposal of available-for-sale financial assets	-	-	N.M.	(1)	(124)	(99)
Provision for bad debts - trade	-	(20)	N.M.	(7)	(20)	(65)
Inventories written off	(297)	(323)	(8)	(312)	(323)	(3)
Allowance / Reversal for inventories	501	344	46	48	(16)	N.M.
	243	189	29	154	8	1,825
Presented in profit or loss as:						
Other Gains	540	532	2	474	576	(18)
Other Losses	(297)	(343)	(13)	(320)	(568)	(44)
	243	189	29	154	8	1,825
Note (B) - Other Expenses						
Rental expenses	(3,751)	(3,625)	3	(14,767)	(14,606)	1
Other operating expenses	(1,027)	(1,044)	(2)	(3,951)	(4,488)	(12)
Selling and distribution costs	(899)	(871)	3	(3,195)	(3,468)	(8)
	(5,677)	(5,540)	2	(21,913)	(22,562)	(3)

N.M. = not meaningful

* The FY2017 and 4Q2017 comparative figures have been restated from what was previously announced in the previous announcement, to take into account (i) the retrospective adjustments arising from the adoption of SFRS(I) 15 – Revenue From Contracts With Customers ("SFRS(I) 15").

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statement of Financial Position

	Group		Company	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-Current Assets				
Investment in Associate	-	-	-	-
Investments in Subsidiaries	-	-	6,031	5,524
Other Financial Assets	6,606	3,886	6,296	3,577
Property, Plant and Equipment	7,572	9,375	7,389	9,173
Total Non-Current Assets	14,178	13,261	19,716	18,274
Current Assets				
Cash and Cash Equivalents	63,240	63,232	55,610	52,985
Trade and Other Receivables	10,138	8,232	8,247	8,324
Other Assets	5,460	5,148	5,322	5,053
Inventories	37,939	33,407	37,785	33,259
Total Current Assets	116,777	110,019	106,964	99,621
Total Assets	130,955	123,280	126,680	117,895
EQUITY AND LIABILITIES				
Equity attributable to Owners of the Parent				
Share Capital	18,775	18,775	18,775	18,775
Retained Earnings	73,415	65,354	73,227	65,166
Other Reserves	(194)	(136)	14	56
Equity, Attributable to Owners of the Parent	91,996	83,993	92,016	83,997
Non-Controlling Interests	337	339	-	-
Total Equity	92,333	84,332	92,016	83,997
Non-Current Liabilities				
Deferred Tax Liabilities	17	22	-	-
Other Liabilities, Non-Current	2,759	3,834	1,368	2,146
Total Non-Current Liabilities	2,776	3,856	1,368	2,146
Current Liabilities				
Trade and Other Payables	21,569	22,272	20,456	20,497
Provisions	1,955	1,886	1,955	1,886
Income Tax Payable	4,587	3,141	4,251	2,728
Other Liabilities, Current	7,735	7,793	6,634	6,641
Total Current Liabilities	35,846	35,092	33,296	31,752
Total Liabilities	38,622	38,948	34,664	33,898
Total Equity and Liabilities	130,955	123,280	126,680	117,895

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Nil.

Amount repayable after one year

Nil.

Details of any collateral

Nil.

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

- 1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Cash Flow Statement

	3 months ended		12 months ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
Cash Flows From Operating Activities				
Profit Before Tax	7,116	6,476	24,157	18,817
Adjustments for:				
Depreciation of Property, Plant and Equipment	624	836	2,768	3,430
Losses on Disposal of Plant and Equipment	-	-	-	85
Losses on Disposal of Available-for-Sale Financial Assets	-	-	1	124
Interest Income	(225)	(95)	(802)	(517)
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	(5)	-	(16)	(21)
Operating Cash Flows Before Working Capital Changes	7,510	7,217	26,108	21,918
Trade and Other Receivables	(585)	(3,928)	(1,906)	(3,180)
Other Assets	171	754	(312)	591
Inventories	(1,739)	1,626	(4,532)	3,753
Trade and Other Payables	(3,000)	8,186	(703)	(66)
Other Liabilities	(45)	235	(1,133)	(159)
Net Cash Flows From Operations	2,312	14,090	17,522	22,857
Income Taxes Paid	(423)	(69)	(3,114)	(3,089)
Net Cash Flows From Operating Activities	1,889	14,021	14,408	19,768
Cash Flows From Investing Activities				
Interest Received	225	95	802	517
Increase in Available-for-Sale Financial Assets	(250)	-	(3,013)	-
Proceeds from Disposal of Available-for-Sale Financial Assets	-	-	250	2,250
Purchase of Plant and Equipment	(494)	(250)	(896)	(2,075)
Net Cash Flows (Used) in / From Investing Activities	(519)	(155)	(2,857)	692
Cash Flows From Financing Activities				
Dividends Paid to Equity Owners	-	-	(11,393)	(9,321)
Dividends Paid to Non-Controlling Interests	-	-	(150)	(180)
Net Cash Flows Used in Financing Activities	-	-	(11,543)	(9,501)
Net Increase in Cash and Cash Equivalents	1,370	13,866	8	10,959
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	61,870	49,366	63,232	52,273
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance	63,240	63,232	63,240	63,232

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity

	Attributable to Equity Holder of the Company					
	Total Equity \$'000	Attributable to Parent sub-total \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserve \$'000	Non-controlling Interests \$'000
Group						
Current Period:						
Opening Balance at 1 January 2018	86,442	86,103	18,775	67,464	(136)	339
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2017	(2,110)	(2,110)	-	(2,110)	-	-
Balance at 1 January 2018, as restated	84,332	83,993	18,775	65,354	(136)	339
Movements in Equity:						
Total Comprehensive Income for the Period	13,774	13,710	-	13,721	(11)	64
Dividends paid	(11,543)	(11,393)	-	(11,393)	-	(150)
Reclassification adjustment on sale of available-for-sale investment from reserves	(8)	(8)	-	-	(8)	-
Closing Balance at 30 September 2018	86,555	86,302	18,775	67,682	(155)	253
Total Comprehensive Income for the Period	5,778	5,694	-	5,733	(39)	84
Closing Balance at 31 December 2018	92,333	91,996	18,775	73,415	(194)	337
Previous Period:						
Opening Balance at 1 January 2017	79,508	79,100	18,775	60,567	(242)	408
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2016	(1,878)	(1,878)	-	(1,878)	-	-
Balance at 1 January 2017, as restated	77,630	77,222	18,775	58,689	(242)	408
Movements in Equity:						
Total Comprehensive Income for the Period	10,463	10,407	-	10,362	45	56
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 30 September 2017	(225)	(225)	-	(225)	-	-
Dividends paid	(9,501)	(9,321)	-	(9,321)	-	(180)
Reclassification adjustment on sale of available-for-sale investment from reserves	80	80	-	-	80	-
Closing Balance at 30 September 2017, as restated	78,447	78,163	18,775	59,505	(117)	284
Total Comprehensive Income for the Period	5,892	5,837	-	5,856	(19)	55
Impact of adoption of SFRS(I) 15 on previously reported results for the quarter ended 31 December 2017	(7)	(7)	-	(7)	-	-
Closing Balance at 31 December 2017, as restated	84,332	83,993	18,775	65,354	(136)	339

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

1(d)(i) Statements of Changes in Equity (Continued)

	Attributable to Equity Holder of the Company					
	Total Equity \$'000	Attributable to Parent sub-total \$'000	Share Capital \$'000	Retained Earnings \$'000	Other Reserve \$'000	Non-controlling Interests \$'000
Company						
Current Period:						
Opening Balance at 1 January 2018	86,107	86,107	18,775	67,276	56	-
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2017	(2,110)	(2,110)	-	(2,110)	-	-
Balance at 1 January 2018, as restated	83,997	83,997	18,775	65,166	56	-
Movements in Equity:						
Total Comprehensive Income for the Period	13,526	13,526	-	13,526	-	-
Dividends paid	(11,393)	(11,393)	-	(11,393)	-	-
Reclassification adjustment on sale of available-for-sale investment from reserves	(8)	(8)	-	-	(8)	-
Closing Balance at 30 September 2018	86,122	86,122	18,775	67,299	48	-
Total Comprehensive Income for the Period	5,894	5,894	-	5,928	(34)	-
Closing Balance at 31 December 2018	92,016	92,016	18,775	73,227	14	-
Previous Period:						
Opening Balance at 1 January 2017	82,580	82,580	18,775	63,876	(71)	-
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 31 December 2016	(1,878)	(1,878)	-	(1,878)	-	-
Balance at 1 January 2017, as restated	80,702	80,702	18,775	61,998	(71)	-
Movements in Equity:						
Total Comprehensive Income for the Period	9,639	9,639	-	9,522	117	-
Impact of adoption of SFRS(I) 15 on previously reported results for the period ended 30 September 2017	(225)	(225)	-	(225)	-	-
Dividends paid	(9,321)	(9,321)	-	(9,321)	-	-
Reclassification adjustment on sale of available -for-sale investment from reserves	29	29	-	-	29	-
Closing Balance at 30 September 2017, as restated	80,824	80,824	18,775	61,974	75	-
Total Comprehensive Income for the Period	3,180	3,180	-	3,199	(19)	-
Impact of adoption of SFRS(I) 15 on previously reported results for the quarter ended 31 December 2017	(7)	(7)	-	(7)	-	-
Closing Balance at 31 December 2017, as restated	83,997	83,997	18,775	65,166	56	-

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the share capital of the Company in the fourth quarter of 2018. As at 31 December 2018, the Company's issued and paid up capital comprises 345,207,961 (31 December 2017: 345,207,961) ordinary shares and \$18,775,054 (31 December 2017: \$18,775,054) respectively.

There were no outstanding convertibles issued or treasury shares held by the Company or subsidiary as at 31 December 2018 and 31 December 2017.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31.12.2018	31.12.2017
Total number of issued shares (excluding treasury shares)	345,207,961	345,207,961

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by the Group auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with those described in the Audited Financial Statements for the year ended 31 December 2017, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International), ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") which become effective from annual periods beginning on or after 1 January 2018.

The application of the new and revised standards and interpretations has no material effect on the financial statements, except for the adoption of SFRS(I) 15 - Revenue from Contracts with Customers.

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

FY2017 and 4Q 2017 comparative figures have been restated from what was previously announced in FY2017 and 4Q 2017 announcement, to take into account (i) the retrospective adjustments arising from the adoption of SFRS(I) 15 – Revenue From Contracts With Customers (“SFRS(I) 15”).

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	3 months ended		12 months ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	cents	cents	cents	cents
<u>Group</u>				
Earnings per share based on consolidated profit after taxation and non-controlling interests				
- on weighted average number of shares	1.66	1.69	5.64	4.63
- on a fully diluted basis	1.66	1.69	5.64	4.63

Earnings per ordinary share is computed based on the weighted average number of 345,207,961 issued shares.

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	cents	cents	cents	cents
Net asset value per share based on existing issued share capital as at the end of the respective period	26.65	24.33	26.66	24.33

The net asset value per ordinary share of the Group and the Company as at 31 December 2018 and 31 December 2017 is computed based on the total number of issued shares of 345,207,961.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Revenue

For the full year ended 31 December 2018 ("FY2018"), the Group's revenue of \$320.2 M was 0.5% lower than \$321.9 M achieved for the full year ended 31 December 2017. This was mainly due to lower contribution from IT products and services business segment, which slightly decreased by 0.4% or \$1.4 M to \$313.6 M in FY2018. This has been due to lower contribution from retail sales, partially offset by revenue growth from corporate and tradeshow sales.

For the three months ended 31 December 2018 ("4Q2018"), the Group achieved revenue of \$83.9 M, a decrease of 5.7% or \$5.1 M compared to the revenue of \$89.0 M for the three months ended 31 December 2017 ("4Q2017"). Lower revenue was primarily due to lower contribution from IT products and services which decreased by 6.6% to \$81.5 M in 4Q2018, from \$87.3 M in 4Q2017. This was mainly due to lower revenue contribution from tradeshow sales and retail operations. These were partially offset by stronger revenue growth in corporate sales.

Revenue from the electronic signage services business segment increased to \$0.5 M in 4Q2018 compared to \$0.2 M in 4Q2017, primarily driven by completion of a project in 4Q2018.

Revenue from the telephonic call centre and data management services improved by 26.7% or \$0.4 M to \$1.9 M in 4Q2018 compared to 4Q2017 as more marketing projects were secured in 4Q2018 compared to the corresponding period last year.

Profit after taxation ("PAT")

For FY2018, net profit increased by about \$3.5 M or 22% to \$19.6 M mainly driven by improved gross profit and lower operating expenses.

In 4Q2018, the Group registered a slightly lower PAT of \$5.8 M as compared to \$5.9 M in 4Q2017.

The decrease in PAT of \$0.1 M was mainly due to the following:

- a) increase in overall gross profit by about \$0.1 M;
- b) increase in interest income from SGD fixed deposits by \$0.1 M;
- c) decrease employee benefits expenses by \$0.3 M;
- d) decrease in depreciation expenses by \$0.2 M; and
- e) decrease in operating expenses by \$0.1 M.

The above items have been offset by:

- f) increase in rental expenses by \$0.2 M; and
- g) increase in income tax provision by \$0.7 M.

Working capital, assets and liabilities

For the fourth quarter and full year ended 31 December 2018, the Group has cash of approximately \$63.2 M.

The Group recorded an operating cash inflow of about \$1.9 M in 4Q2018. This has resulted mainly from the following:

- a) operating profit derived for 4Q2018 of \$7.5 M;
- b) increase of trade, other receivables and other assets of \$0.4 M;
- c) increase in inventory of \$1.7 M;
- d) decrease of trade, other payables and accrued liabilities of \$3.0 M; and
- e) income tax paid of \$0.4 M.

The net cash outflow for investing activities was mainly due to acquisitions of equipment and renovations of \$0.5 M and increased bond investment of \$0.3 M, partially offset by interests received from fixed deposits and bonds of \$0.2 M. Hence, cash and cash equivalents increased by about \$1.4 M for the period ended 31 December 2018.

Other than the above, no significant difference was noted for other working capital, assets and liabilities.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No specific forecast was previously provided.

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

a. IT products and services

In view of the macroeconomic uncertainty posed by trade war and the impending Brexit settlement, the Group continues to remain cautious about the outlook of the overall retail business environment in the local market, which is expected to stay soft in 2019. As such, we will continue to execute the ongoing cost management measures across the Group and maintain our competitive advantages in a challenging operating environment.

As of today, the Group has a total retail network of 39 stores in Singapore.

b. Electronic signage services

We will continue to explore opportunities to work with strategic partners to continue to grow our business in architectural and commercial lighting projects.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Proposed final dividend to be paid for the year ended 31.12.2018.

Name of Dividend: Final exempt (one-tier) dividend

Dividend type: Cash

Dividend amount per share (in cents): 2.00

Tax rate: Tax-exempt one-tier

Interim dividend for the half year ended 30.06.2018 paid on 24.08.2018 as noted below.

Name of Dividend: Interim exempt (one-tier) dividend

Dividend type: Cash

Dividend amount per share (in cents): 1.10

Tax rate: Tax-exempt one-tier

(c) Date Payable

3 June 2019.

(d) Books Closure Date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 17 May 2019 for the purpose of determining members' entitlements to the tax-exempt one-tier final dividend of 2.0 cents. Duly completed registerable transfers in respect of the shares in the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, by the close of business at 5.00 pm on 16 May 2019 will be registered to determine the members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 pm on 16 May 2019 will be entitled to such dividend.

CHALLENGER TECHNOLOGIES LIMITED

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12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no IPT mandate obtained.

14 Additional Information for Full Year Announcement

Segment Revenue and Results for Business Segment

Group

Financial Year Ended 31 December 2018

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
CONTINUING OPERATIONS 2018					
<u>Revenue by Segment</u>					
Total revenue by segment	313,626	995	5,898	-	320,519
Inter-segment sales and services	(77)	(4)	(270)	-	(351)
Total revenue	313,549	991	5,628	-	320,168
Recurring EBITDA	25,439	73	611	-	26,123
Interest income	780	-	22	-	802
Depreciation	(2,636)	(6)	(126)	-	(2,768)
Profit before tax from continuing operations	23,583	67	507	-	24,157
Income tax expense					(4,555)
Profit from continuing operations					19,602
<u>ASSETS</u>					
Total assets for reportable segments	70,972	1,287	2,533	-	74,792
Unallocated:					
Cash and cash equivalent				49,557	49,557
Other financial assets				6,606	6,606
Total Group Assets					130,955
<u>LIABILITIES</u>					
Total liabilities for reportable segments	30,410	202	3,406	-	34,018
Unallocated:					
Deferred and current tax liabilities				4,604	4,604
Total Group Liabilities					38,622
<u>OTHER MATERIAL ITEMS</u>					
Expenditures for non-current assets	844	-	127	-	971

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

14 Additional Information for Full Year Announcement (cont'd)

Segment Revenue and Results for Business Segment (cont'd)

Group
Financial Year Ended 31 December 2017

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
CONTINUING OPERATIONS 2017					
Revenue by Segment (Restated)					
Total revenue by segment	314,963	2,412	4,839	-	322,214
Inter-segment sales and services	(42)	-	(321)	-	(363)
Total revenue	314,921	2,412	4,518	-	321,851

Recurring EBITDA	20,973	457	532	-	21,962
Interest income	491	-	26	-	517
Depreciation	(3,353)	(9)	(68)	-	(3,430)
Profit before tax from continuing operations	18,111	448	490	-	19,049
Income tax expense					(2,720)
Profit from continuing operations					16,329

ASSETS

Total assets for reportable segments	83,428	1,310	3,324	-	88,062
Unallocated:					
Cash and cash equivalent				31,332	31,332
Other financial assets				3,886	3,886
Total Group Assets					123,280

LIABILITIES

Total liabilities for reportable segments	29,302	250	4,123	-	33,675
Unallocated:					
Deferred and current tax liabilities				3,163	3,163
Total Group Liabilities					36,838

OTHER MATERIAL ITEMS

Expenditures for non-current assets	2,159	2	182	-	2,343
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Segment Revenue and Results for Geographical Segment

Group
Financial Year Ended 31 December 2018

	Revenue		Non-current Assets	
	31.12.2018 \$'000	31.12.2017 (Restated) \$'000	31.12.2018 \$'000	31.12.2017 (Restated) \$'000
Singapore	320,168	321,851	7,562	9,342
China	-	-	10	32
	320,168	321,851	7,572	9,374

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

As disclosed in paragraph 8 above.

16 A Breakdown of Sales

	FY2018 \$'000	FY2017 (Restated) \$'000	Increase / (Decrease) %
(a) Sales reported for the first half year	153,839	155,092	-1%
(b) Operating profit after taxation before non-controlling interests reported for first half year	9,269	7,083	31%
(c) Sales reported second half year	166,329	166,759	0%
(d) Operating profit after taxation before non-controlling interests reported for second half year	10,333	9,014	15%

17 A breakdown of the Total Annual Dividend for Latest Full Year and its Previous Full Year

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	10,701	11,392
Preference	0	0
Total	10,701	11,392

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Mr Ng Kian Teck	51	Brother of Mr Ng Leong Hai, Substantial Shareholder of the Company	Senior Director – Special Projects since 1 July 2017. He is responsible for improving and increasing the efficiency and productivity of all functions across the Group.	N.A.
Ms Loo Pei Fen	37	Daughter of Mr Loo Leong Thye (Chief Executive Officer and Substantial Shareholder of the Company) and Mdm Ong Sock Hwee (Substantial Shareholder of the Company)	Chief Marketing Officer since 1 June 2015. She is responsible for group marketing, loyalty programme, online activities and public relations.	N.A.

19 Confirmation By the Company Pursuant to Rule 720(1) of the SGX Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

LOO LEONG THYE
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
DATE: 15 February 2019