

Challenger Technologies Limited



**FULL YEAR FINANCIAL STATEMENT
AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016**

Co Reg No: 198400182 K

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

- 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
	31.12.2016 \$'000	31.12.2015 \$'000	%	31.12.2016 \$'000	31.12.2015 \$'000	%
Revenue	83,413	95,588	(13)	339,441	352,245	(4)
Other Items of Income						
Interest Income	101	78	29	505	372	36
Other Gains [note (A)]	365	306	19	1,168	1,303	(10)
Other Items of Expense						
Changes in Inventories of Finished Goods	(1,232)	(1,783)	(31)	(449)	3,259	(114)
Purchase of Goods and Consumables	(64,193)	(71,394)	(10)	(268,359)	(282,133)	(5)
Other Consumables Used	(210)	(64)	228	(724)	(530)	37
Depreciation Expense	(979)	(1,078)	(9)	(4,256)	(4,274)	(0)
Employee Benefits Expense	(6,291)	(5,845)	8	(25,212)	(23,127)	9
Other Expenses [Note (B)]	(5,823)	(6,964)	(16)	(24,355)	(25,280)	(4)
Other Losses [Note (A)]	(1,448)	(68)	2,029	(2,843)	(100)	2,743
Profit Before Tax from Continuing Operations	<u>3,703</u>	<u>8,776</u>	(58)	<u>14,916</u>	<u>21,735</u>	(31)
Income Tax Expense	(646)	(1,277)	(49)	(2,786)	(3,449)	(19)
Profit from Continuing Operations, Net of Tax	<u>3,057</u>	<u>7,499</u>	(59)	<u>12,130</u>	<u>18,286</u>	(34)
Other Comprehensive Income / (Loss):						
Items that May Be Reclassified Subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations,						
Net of tax	28	(164)	(117)	(47)	(375)	(87)
Gain on Available-for-sale Financial Assets, Reclassified from Equity to Profit or Loss as a Reclassification Adjustment	-	-	N.M.	37	-	N.M.
Available-for-sale Financial Assets, Net of tax	12	(118)	(110)	12	(118)	(110)
Other Comprehensive Income / (Loss) for the Period, Net of Tax	<u>40</u>	<u>(282)</u>	(114)	<u>2</u>	<u>(493)</u>	(100)
Total Comprehensive Income	<u>3,097</u>	<u>7,217</u>	(57)	<u>12,132</u>	<u>17,793</u>	(32)
Profit Attributable to Owners of the Parent, Net of Tax	3,017	7,648	(61)	12,285	18,248	(33)
Profit Attributable to Non-Controlling Interests, Net of Tax	40	(149)	(127)	(155)	38	(508)
	<u>3,057</u>	<u>7,499</u>	(59)	<u>12,130</u>	<u>18,286</u>	(34)
Total Comprehensive Income Attributable to Owners of the Parent	3,057	7,366	(58)	12,287	17,755	(31)
Total Comprehensive Income Attributable to Non-Controlling Interests	40	(149)	(127)	(155)	38	(508)
Total Comprehensive Income	<u>3,097</u>	<u>7,217</u>	(57)	<u>12,132</u>	<u>17,793</u>	(32)
Note:						
Profit before income tax is arrived after charging/ (crediting) the followings:						
Note (A) - Other (Losses) / Gains						
Foreign exchange adjustment gains	70	146	(52)	65	447	(85)
Sundry income	295	153	93	1,103	849	30
Losses on disposal of plant and equipment	(81)	-	N.M.	(300)	(32)	838
Losses on disposal of available-for-sale financial assets	-	-	N.M.	(12)	-	N.M.
Provision for impairment on other financial assets	(1,139)	-	N.M.	(2,303)	-	N.M.
Inventories written off	(175)	(68)	157	(175)	(68)	157
Allowance / Reversal for inventories	(53)	7	(857)	(53)	7	(857)
	<u>(1,083)</u>	<u>238</u>	(555)	<u>(1,675)</u>	<u>1,203</u>	(239)
Presented in profit or loss as:						
Other Gains	365	306	19	1,168	1,303	(10)
Other Losses	(1,448)	(68)	2,029	(2,843)	(100)	2,743
	<u>(1,083)</u>	<u>238</u>	(555)	<u>(1,675)</u>	<u>1,203</u>	(239)
Note (B) - Other Expenses						
Rental expenses	(3,751)	(4,311)	(13)	(15,723)	(16,928)	(7)
Other operating expenses	(1,086)	(1,552)	(30)	(4,650)	(4,432)	5
Selling and distribution costs	(986)	(1,101)	(10)	(3,982)	(3,920)	2
	<u>(5,823)</u>	<u>(6,964)</u>	(16)	<u>(24,355)</u>	<u>(25,280)</u>	(4)

N.M. = not meaningful

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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	
	31.12.2016 \$'000	31.12.2015 \$'000	31.12.2016 \$'000	31.12.2015 \$'000
ASSETS				
Non-Current Assets				
Investment in Associate	-	-	-	-
Investments in Subsidiaries	-	-	8,072	5,153
Other Financial Assets	6,134	8,749	5,825	6,288
Property, Plant and Equipment	10,547	12,834	10,382	12,482
Total Non-Current Assets	16,681	21,583	24,279	23,923
Current Assets				
Cash and Cash Equivalents	52,273	41,653	41,950	33,430
Trade and Other Receivables	5,772	5,780	6,602	6,555
Other Assets	5,019	4,961	4,860	4,799
Inventories	37,160	37,662	36,837	37,597
Total Current Assets	100,224	90,056	90,249	82,381
Total Assets	116,905	111,639	114,528	106,304
EQUITY AND LIABILITIES				
Equity attributable to Owners of the Parent				
Share Capital	18,775	18,775	18,775	18,775
Retained Earnings	60,567	57,430	63,876	58,028
Other Reserves	(242)	(244)	(71)	(120)
Equity, Attributable to Owners of the Parent	79,100	75,961	82,580	76,683
Non-Controlling Interests	408	704	-	-
Total Equity	79,508	76,665	82,580	76,683
Non-Current Liabilities				
Deferred Tax Liabilities	22	22	-	-
Provisions	1,736	1,892	1,736	1,892
Other Liabilities, Non-Current	2,684	2,805	1,000	992
Total Non-Current Liabilities	4,442	4,719	2,736	2,884
Current Liabilities				
Trade and Other Payables	22,221	18,344	20,380	16,968
Income Tax Payable	3,510	3,395	3,153	3,022
Other Liabilities, Current	7,224	8,516	5,679	6,747
Total Current Liabilities	32,955	30,255	29,212	26,737
Total Liabilities	37,397	34,974	31,948	29,621
Total Equity and Liabilities	116,905	111,639	114,528	106,304

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 2016

- 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	
	31.12.2016 \$'000	31.12.2015 \$'000	31.12.2016 \$'000	31.12.2015 \$'000
Cash Flows From Operating Activities				
Profit Before Tax	3,703	8,776	14,916	21,735
Adjustments for:				
Depreciation of Property, Plant and Equipment	979	1,078	4,256	4,274
Losses on Disposal of Plant and Equipment	81	-	300	32
Allowance for Impairment on Available-for-Sale Financial Assets	1,139	-	2,303	-
Losses on Disposal of Available-for-Sale Financial Assets	-	-	12	-
Interest Income	(101)	(78)	(505)	(372)
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	28	(164)	(47)	(375)
Operating Cash Flows Before Working Capital Changes	5,829	9,612	21,235	25,294
Trade and Other Receivables	983	872	8	(76)
Other Assets	259	314	(58)	50
Inventories	1,285	1,780	502	(3,182)
Trade and Other Payables	4,793	(4,005)	3,876	(11,470)
Other Liabilities	15	(2,339)	(1,413)	(2,171)
Net Cash Flows From Operations	13,164	6,234	24,150	8,445
Income Taxes Refund / (Paid)	330	(421)	(2,671)	(3,429)
Net Cash Flows From Operating Activities	13,494	5,813	21,479	5,016
Cash Flows From Investing Activities				
Interest Received	101	78	505	372
Increase in Available-for-Sale Financial Assets	-	(2,461)	(152)	(5,216)
Proceeds from Disposal of Plant and Equipment	11	-	11	-
Proceeds from Disposal of Available-for-Sale Financial Assets	-	-	501	-
Purchase of Plant and Equipment	(447)	(617)	(2,416)	(3,124)
Net Cash Flows Used in Investing Activities	(335)	(3,000)	(1,551)	(7,968)
Cash Flows From Financing Activities				
Dividends Paid to Equity Owners	-	-	(9,148)	(8,112)
Dividends Paid to Non-Controlling Interests	-	-	(300)	(300)
Investment in a subsidiary by non-controlling interests	-	396	160	396
Repayment of Finance Lease	(18)	-	(20)	-
Net Cash Flows (Used) in / From Financing Activities	(18)	396	(9,308)	(8,016)
Net Increase / (Decrease) in Cash and Cash Equivalents	13,141	3,209	10,620	(10,968)
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	39,132	38,444	41,653	52,621
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance	<u>52,273</u>	<u>41,653</u>	<u>52,273</u>	<u>41,653</u>

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016	76,665	75,961	18,775	57,430	(244)	704
Movements in Equity:						
Total Comprehensive Income for the Period	9,034	9,230	-	9,268	(38)	(196)
Dividends paid	(9,448)	(9,148)	-	(9,148)	-	(300)
Issue of Share Capital to Non-controlling Interests	160	-	-	-	-	160
Closing Balance at 30 September 2016	76,411	76,043	18,775	57,550	(282)	368
Total Comprehensive Income for the Period	3,097	3,057	-	3,017	40	40
Closing Balance at 31 December 2016	79,508	79,100	18,775	60,567	(242)	408
Previous Period:						
Opening Balance at 1 January 2015	66,888	66,318	18,775	47,294	249	570
Movements in Equity:						
Total Comprehensive Income for the Period	10,577	10,389	-	10,600	(211)	188
Dividends paid	(8,412)	(8,112)	-	(8,112)	-	(300)
Closing Balance at 30 September 2015	69,053	68,595	18,775	49,782	38	458
Total Comprehensive Income for the Period	7,217	7,366	-	7,648	(282)	(149)
Issue of Share Capital to Non-controlling Interests	395	-	-	-	-	395
Closing Balance at 31 December 2015	76,665	75,961	18,775	57,430	(244)	704
Company						
Current Period:						
Opening Balance at 1 January 2016	76,683	76,683	18,775	58,028	(120)	-
Movements in Equity:						
Total Comprehensive Income for the Period	10,034	10,034	-	9,997	37	-
Dividends paid	(9,148)	(9,148)	-	(9,148)	-	-
Closing Balance at 30 September 2016	77,569	77,569	18,775	58,877	(83)	-
Total Comprehensive Income for the Period	5,011	5,011	-	4,999	12	-
Closing Balance at 31 December 2016	82,580	82,580	18,775	63,876	(71)	-
Previous Period:						
Opening Balance at 1 January 2015	67,206	67,206	18,775	48,433	(2)	-
Movements in Equity:						
Total Comprehensive Income for the Period	12,520	12,520	-	12,520	-	-
Disposal of an interest in a subsidiary without a change in control (Note A)	182	182	-	182	-	-
Dividends paid	(8,112)	(8,112)	-	(8,112)	-	-
Closing Balance at 30 September 2015	71,796	71,796	18,775	53,023	(2)	-
Total Comprehensive Income for the Period	4,887	4,887	-	5,005	(118)	-
Closing Balance at 31 December 2015	76,683	76,683	18,775	58,028	(120)	-

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

There were no changes in the share capital of the Company in the fourth quarter of 2016. As at 31 December 2016, the Company's issued and paid up capital comprises 345,207,961 (31 December 2015: 345,207,961) ordinary shares and \$18,775,054 (31 December 2015: \$18,775,054) respectively.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2016 and 31 December 2015.

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.

	31.12.2016	31.12.2015
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.

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 2015, except for the adoption of the new and revised Financial Reporting Standards, including its consequential amendment and interpretations ("FRS") which became effective for financial years beginning on or after 1 January 2016, if any.

The adoption of the new and revised FRS does not have any material impact to the financial statements for the Group and Company for the period ended 31 December 2016.

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

- 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

Not applicable.

- 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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	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	0.87	2.22	3.56	5.29
- on a fully diluted basis	0.87	2.22	3.56	5.29

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	cents	cents	cents	cents
Net asset value per share based on existing issued share capital as at the end of the respective period	22.91	22.00	23.92	22.21

The net asset value per ordinary share of the Group and the Company as at 31 December 2016 is computed based on the total number of issued shares of 345,207,961.

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

- 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 2016 ("FY2016"), the Group's revenue of \$339.4 M was 3.6% lower than \$352.2 M achieved for the full year ended 31 December 2015. This was mainly due to lower contribution from IT products and services business segment, which decreased 3.8% or \$13.2 M to \$333.3 M in FY2016. This has been due to softer revenue from retail operations and was partially offset by contribution from online sales marketplace, corporate sales and tradeshow.

For the three months ended 31 December 2016 ("4Q2016"), the Group achieved revenue of \$83.4 M, a decrease of 12.8% or \$12.2 M compared to the revenue of \$95.6 M for the three months ended 31 December 2015 ("4Q2015"). The decrease in revenue was mainly due to lower contribution from our IT products and services business segment by \$12.3 M.

Revenue from the IT products and services business segment declined by 13.1% to \$81.8 M in 4Q2016, from \$94.1 M in 4Q2015 mainly attributable to weaker performance from retail operations, partially offset by revenue contribution from online marketplace and stronger corporate sales.

Revenue from the electronic signage services business segment remained stable at \$0.1 M in 4Q2016 compared to 4Q2015.

Revenue from the telephonic call centre and data management services improved by 15.4% or \$0.2 M to \$1.5 M in 4Q2016 compared to 4Q2015 primarily driven by increased projects on event management in 4Q2016.

Profit after taxation ("PAT")

For FY2016, net profit decreased by about \$6.2 M or 34% to \$12.1 M mainly due to the impairment loss provision of \$2.3 M for investment in a last mile delivery company, lower gross profit and higher operating expenses, which were offset by lower rental expenses. Without the impairment loss provision, PAT for FY2016 would only decrease by 21% instead of 34%.

In 4Q2016, the Group registered a lower PAT of \$3.1 M as compared to \$7.5 M in 4Q2015.

The decrease in PAT of \$4.4 M was mainly due to the following:

- a) provision for impairment of \$1.1 M on investment in a last mile delivery company;
- b) decrease in overall gross profit of about \$4.6 M due to weaker retail sales;

The above items have been offset by:

- c) lower operating expenses of \$0.6 M;
- d) lower income tax provision of \$0.6 M; and
- e) higher other income of \$0.1 M.

From time to time, management will look into possibilities of investing in companies that will be complementary and support the growth of our omnichannel business. Such investments may lead to impairment loss which affects the short term results but will be beneficial to the Group in the long run. Total impairment provision for the Group's investment was \$2.3 M for FY2016. We do not foresee the need for any further material provision for the Group's current portfolio of investments.

Working capital, assets and liabilities

For the fourth quarter and full year ended 31 December 2016, the Group has cash of approximately \$52.3 M.

The Group recorded an operating cash inflow of about \$13.5 M in 4Q2016. This has resulted mainly from the following:

- a) operating profit derived for 4Q2016 of \$5.8 M;
- b) decrease of trade, other receivables and other assets of \$1.3 M;
- c) decrease in inventory of \$1.3 M;
- d) increase of trade, other payables and accrued liabilities of \$4.8 M; and
- e) income tax refund of \$0.3 M.

The net cash outflow for investing activities was mainly due to acquisitions of equipment and renovations of \$0.4 M, partially offset by interests received from fixed deposits and bonds of \$0.1 M. Hence, cash and cash equivalents increased by about \$13.1 M for the period ended 31 December 2016.

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

The Group expects the operating environment in the retail industry continue to remain challenging in the current uncertain economic conditions. With this, we will continue to adopt a prudent approach towards our retail operations in Singapore by rationalising under-performing retail stores. At the same time, the Group will focus on driving greater e-commerce productivity from our Hachi.tech online platform to mitigate the downside impact coming from the weak retail operations.

Currently, the Group has a total retail network of 43 stores, spread across Singapore. The upcoming new flagship store at the basement level of Bugis Junction is set to open by the second quarter of 2017.

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 31.12.2016.

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

Dividend type: Cash

Dividend amount per share (in cents): 1.60

Tax rate: Tax-exempt one-tier

Interim dividend for the half year ended 30.06.2016 paid on 22.08.2016 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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

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

Dividend type: Cash

Dividend amount per share (in cents): 1.55

Tax rate: Tax-exempt one-tier

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

16 May 2017.

(d) Books Closure Date

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 5 May 2017 for the purpose of determining members' entitlements to the tax-exempt one-tier final dividend of 1.6 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 4 May 2017 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 4 May 2017 will be entitled to such dividend.

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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 2016

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
CONTINUING OPERATIONS 2016					
<u>Revenue by Segment</u>					
Total revenue by segment	333,426	1,197	5,088	-	339,711
Inter-segment sales and services	(83)	-	(187)	-	(270)
Total revenue	333,343	1,197	4,901	-	339,441
Recurring EBITDA					
Interest income	17,751	208	708	-	18,667
Depreciation	505	-	-	-	505
Profit before tax from continuing operations	(4,126)	(9)	(121)	-	(4,256)
Income tax expense	14,130	199	587	-	14,916
Profit from continuing operations					12,130
<u>ASSETS</u>					
Total assets for reportable segments	88,678	802	5,704	-	95,184
Unallocated:					
Cash and cash equivalent				15,587	15,587
Other financial assets				6,134	6,134
Total Group Assets					116,905
<u>LIABILITIES</u>					
Total liabilities for reportable segments	29,366	184	4,315	-	33,865
Unallocated:					
Deferred and current tax liabilities				3,532	3,532
Total Group Liabilities					37,397
<u>OTHER MATERIAL ITEMS</u>					
Expenditures for non-current assets	2,383	8	45	-	2,436

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

Group
Financial Year Ended 31 December 2015

	IT products and services \$'000	Electronic signage \$'000	Telephonic Call Centre and Data Management Services \$'000	Unallocated \$'000	Total \$'000
CONTINUING OPERATIONS 2015					
Revenue by Segment					
Total revenue by segment	346,712	443	5,376	-	352,531
Inter-segment sales and services	(142)	(24)	(120)	-	(286)
Total revenue	346,570	419	5,256	-	352,245
Recurring EBITDA					
Recurring EBITDA	25,060	(258)	835	-	25,637
Interest income	362	-	10	-	372
Depreciation	(4,171)	(8)	(95)	-	(4,274)
Profit before tax from continuing operations	21,251	(266)	750	-	21,735
Income tax expense					(3,449)
Profit from continuing operations					18,286
ASSETS					
Total assets for reportable segments	84,330	747	6,243	-	91,320
Unallocated:					
Cash and cash equivalent				11,570	11,570
Other financial assets				8,749	8,749
Total Group Assets					111,639
LIABILITIES					
Total liabilities for reportable segments	26,576	360	4,621	-	31,557
Unallocated:					
Deferred and current tax liabilities				3,417	3,417
Total Group Liabilities					34,974
OTHER MATERIAL ITEMS					
Expenditures for non-current assets	2,986	-	138	-	3,124

Segment Revenue and Results for Geographical Segment

Group
Financial Year Ended 31 December 2016

	Revenue		Non-current Assets	
	31.12.2016 \$'000	31.12.2015 \$'000	31.12.2016 \$'000	31.12.2015 \$'000
Singapore	339,441	352,245	16,621	21,487
China	-	-	60	96
	339,441	352,245	16,681	21,583

CHALLENGER TECHNOLOGIES LIMITED

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

	FY2016 \$'000	FY2015 \$'000	Increase / (Decrease) %
(a) Sales reported for the first half year	181,630	168,464	8%
(b) Operating profit after taxation before non-controlling interests reported for first half year	7,320	7,248	1%
(c) Sales reported second half year	157,811	183,781	-14%
(d) Operating profit after taxation before non-controlling interests reported for second half year	4,810	11,038	-56%

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	9,320	9,148
Preference	0	0
Total	9,320	9,148

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(1) 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	49	Brother of Mr Ng Leong Hai, Substantial Shareholder of the Company	General Manager - Operations since 1 February 2015. He is responsible for the retail operations of the Company.	N.A.
Ms Loo Pei Fen	35	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 2017