



Crowe Horwath First Trust LLP
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARMARDA GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Armarda Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 10 to 76, which comprise the consolidated balance sheet and the balance sheet of the Company as at 31 March 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ARMARDA GROUP LIMITED (Continued)**

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2013, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Emphasis of matter

We draw attention to Note 2 to the financial statements, which states that the Group registered a net loss of \$41,352,000 (2012: \$50,303,000) and negative operating cash flows of \$15,583,000 (2012: \$23,283,000) for the financial year ended 31 March 2013.

During the financial year, the Group scaled down its core business and started its business restructuring exercise to invest in other businesses including, *interalia*, a mobile satellite communication business in China via the completion of its acquisition of 45% equity interest in China Satellite Mobile Communications Group Limited and its subsidiaries (collectively "China Satellite Group"). China Satellite Group commenced operations in April 2013 and recorded post-acquisition losses for the financial period from 28 November 2012 to 31 March 2013.

The ability of the Group to achieve profitability and generate positive operating cash flows in the foreseeable future is largely dependent on the ability of China Satellite Group in achieving profitable operating results.

Our opinion is not qualified in respect of this matter.

Crowe Horwath First Trust LLP
Public Accountants and
Certified Public Accountants

21 June 2013

ARMARDA GROUP LIMITED
(Incorporated in Bermuda)
AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

(Amounts in Hong Kong dollar unless otherwise stated)

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Armarda Group Limited (the "Company") is a limited liability company domiciled and incorporated in Bermuda and is listed on the Catalist Market of the Singapore Exchange Securities Trading Limited. The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are shown in Note 7 to the financial statements.

The financial statements for the year ended 31 March 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 21 June 2013.

2. BASIS OF PREPARATION

We draw attention to Note 2 to the financial statements, which states that the Group registered a net loss of \$41,352,000 (2012: \$50,303,000) and negative operating cash flows of \$15,583,000 (2012: \$23,283,000) for the financial year ended 31 March 2013.

During the financial year, the Group scaled down its core business and started its business restructuring exercise to invest in other businesses including, *inter alia*, a mobile satellite communication business in China via the completion of its acquisition of 45% equity interest in China Satellite Mobile Communications Group Limited and its subsidiaries (collectively "China Satellite Group"). China Satellite Group commenced operations in April 2013 and recorded post-acquisition losses for the financial period from 28 November 2012 to 31 March 2013.

The ability of the Group to achieve profitability and generate positive operating cash flows in the foreseeable future is largely dependent on the ability of China Satellite Group in achieving profitable operating results.

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the International Financial Reporting Standards ("IFRS"). The financial statements are presented in Hong Kong dollar ("\$") and all values are rounded to the nearest thousand (\$'000) as indicated.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in Note 3.