

ARMARDA GROUP LIMITED

Third Quarter Financial Statement And Dividend Announcement

Financial statements on combined results of the Group for the three months (“3M 31 December 2012”) and nine months ended 31 December 2012 (“9M 31 December 2012”). These figures have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

ARMARDA GROUP LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2012
(Expressed in Hong Kong thousand dollars)

	Three Months Ended			Nine Months Ended		
	31.12.2012	31.12.2011	Change %	31.12.2012	31.12.2011	Change %
Revenue	2,358	17,963	-87%	10,405	30,723	-66%
Other income	202	181	12%	614	544	13%
Staff costs	(1,953)	(1,960)	0%	(5,863)	(6,278)	-7%
Depreciation	(138)	(188)	-27%	(412)	(563)	-27%
Amortisation of intangible assets	(186)	(186)	0%	(558)	(4,079)	-86%
Impairment of other investment	-	(5,000)	N/A	-	(5,000)	N/A
Cost of goods sold	(1,691)	(2,921)	-42%	(7,908)	(11,017)	-28%
Subcontracting fees	(174)	(13,200)	-99%	(548)	(16,371)	-97%
Other expenses	(6,458)	(14,814)	-56%	(25,348)	(27,476)	-8%
Finance costs	(218)	(10)	2080%	(585)	(28)	1989%
Share of profit / (loss) of associate	86	1,087	-92%	654	812	-19%
Loss before taxation	(8,172)	(19,048)	-57%	(29,549)	(38,733)	-24%
Income tax credit / (expense)	(8)	10	N/A	(24)	29	N/A
Loss for the period	(8,180)	(19,038)	-57%	(29,573)	(38,704)	-24%
Attributable to:						
Equity shareholders of the Company	(8,180)	(19,038)	-57%	(29,573)	(38,264)	-23%
Non-controlling interest	-	-	N/A	-	(440)	N/A
Loss for the period	(8,180)	(19,038)	-57%	(29,573)	(38,704)	-24%

N/A : Not applicable

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

ARMARDA GROUP LIMITED
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2012
(Expressed in Hong Kong thousand dollars)

	Three Months Ended			Nine Months Ended		
	31.12.2012	31.12.2011	Change %	31.12.2012	31.12.2011	Change %
Loss for the period	(8,180)	(19,038)	-57%	(29,573)	(38,704)	-24%
Other comprehensive income						
Exchange differences on translating foreign operations	-	650	N/A	664	1,913	-65%
Share of cash flow hedges of associate	-	-	N/A	-	-	N/A
Total comprehensive loss for the period	(8,180)	(18,388)	-56%	(28,909)	(36,791)	-21%
Total comprehensive loss attributable to						
Equity shareholders of the Company	(8,180)	(18,388)	-56%	(28,909)	(36,351)	-20%
Non-controlling interest	-	-	N/A	-	(440)	N/A
Total comprehensive loss for the period	(8,180)	(18,388)	-56%	(28,909)	(36,791)	-21%

N/A : Not applicable

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

ARMARDA GROUP LIMITED					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2012					
(Expressed in Hong Kong thousand dollars)					
	The Group		The Company		
	As at	As at	As at	As at	
	31.12.2012	31.3.2012	31.12.2012	31.3.2012	
Non-current assets					
Interest in an associate - CSMCG	155,849	-	155,849	-	
Interest in an associate - eFesco	28,552	27,496	-	-	
Property, plant and equipment	3,838	4,250	-	-	
Investment properties	5,844	5,765	-	-	
Intangible assets	3,720	4,278	-	-	
Amounts due from subsidiaries	-	-	35,926	60,486	
Other investments	2,837	2,837	-	-	
Other assets	986	973	-	-	
	201,626	45,599	191,775	60,486	
Current assets					
Trade and other receivables	31,642	66,820	158	211	
Cash and cash equivalents	5,088	13,089	4	4	
	36,730	79,909	162	215	
Current liabilities					
Obligations under finance lease	283	436	-	-	
Short term loan	9,095	5,519	-	-	
Trade and other payables, and accruals	15,820	17,401	7,629	3,008	
Taxation payable	469	469	-	-	
	25,667	23,825	7,629	3,008	
Net current assets / (liabilities)	11,063	56,084	(7,467)	(2,793)	
Non-current liabilities					
Obligations under finance lease	-	-	-	-	
Deferred tax liabilities	1,291	1,291	-	-	
	1,291	1,291	-	-	
Net assets	211,398	100,392	184,308	57,693	
Total equity					
Share capital	113,016	56,432	113,016	56,432	
Reserves	98,382	43,960	71,292	1,261	
Total equity attributable to equity shareholders of the Company	211,398	100,392	184,308	57,693	
Non-controlling interest	-	-	-	-	
	211,398	100,392	184,308	57,693	

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

Amount repayable in one year or less, or on demand

	As at 31.12.2012 In HK\$'000		As at 31.3.2012 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Hire Purchase	283	-	436	-
Bank Loans	5,595	-	5,519	-
Short Term Advance	-	3,500	-	-

Amount repayable after one year

	As at 31.12.2012 In HK\$'000		As at 31.3.2012 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Hire Purchase	-	-	-	-
Bank Loans	-	-	-	-
Short Term Advance	-	-	-	-

Details of any collateral

The bank loans are secured by the Group's leasehold property in PRC.

The hire purchase loans are secured by the Group's motor vehicles.

The short term advance is provided by an unrelated third parties without any collateral.

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

ARMARDA GROUP LIMITED					
CONSOLIDATED STATEMENT OF CASH FLOWS					
FOR THE PERIOD ENDED 31 DECEMBER 2012					
(Expressed in Hong Kong thousand dollars)					
	Three Months Ended		Nine Months Ended		
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	
Cash flows from operating activities					
Loss before taxation	(8,172)	(19,048)	(29,549)	(38,733)	
Adjustment for :					
Interest income	(3)	(2)	(11)	(8)	
Share of profit of an associate	(86)	(1,087)	(654)	(812)	
Increase in AFS investment	-	(179)	-	(358)	
Finance costs	218	10	585	28	
Depreciation	138	188	412	563	
Amortisation of intangible assets	186	186	558	4,079	
Impairment of other investment	-	5,000	-	5,000	
Share based payment expenses	-	7,841	-	7,841	
Foreign exchange (gain) / loss	-	551	664	1,521	
	(7,719)	(6,540)	(27,995)	(20,879)	
Decrease / (increase) in trade and other receivables	7,804	5,873	2,528	23,217	
Increase / (decrease) in other payables and accruals	(1,331)	62	3,418	2,205	
	(1,246)	(605)	(22,049)	4,543	
Interest received	3	2	11	8	
Interest paid	(218)	(10)	(585)	(28)	
Income taxes paid	8	-	8	-	
Net cash (used in) / generated from operating activities	(1,453)	(613)	(22,615)	4,523	
Cash flows from investing activities					
Acquisition of non-controlling interest for 25% China RFID	-	-	-	(17,500)	
Settlement of loan notes for 45% CSMCG	(2,723)	-	(14,573)	-	
Net cash used in investing activities	(2,723)	-	(14,573)	(17,500)	
Cash flows from financing activities					
Repayment of finance lease obligations	(51)	(51)	(153)	(153)	
Short term loan	3,500	-	3,500	-	
Net proceeds from issue of new shares, net of issue costs	-	-	25,497	-	
Net cash generated from / (used in) financing activities	3,449	(51)	28,844	(153)	
Net increase / (decrease) in cash and cash equivalents	(727)	(664)	(8,344)	(13,130)	
Cash and cash equivalents at beginning of the period	5,736	9,248	13,089	21,624	
Effect of exchange rate fluctuations on cash and cash equivalent	79	91	343	181	
Cash and cash equivalents at end of the period	5,088	8,675	5,088	8,675	
An analysis of cash and cash equivalents as follows :					
Cash at bank and in hand	5,088	8,675	5,088	8,675	

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

The Group	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share-Based Capital Reserve	PRC Statutory Reserve	Re-Valuation Reserve	Other Reserves	Contributed Surplus	Non-Controlling Interest	Retained Earnings /	Total Equity
										(Accum. Losses)	
										HK\$'000	
At 1 April 2012	56,432	159,991	31,806	20,174	5,863	1,561	(49,466)	43,348	-	(169,317)	100,392
Issuance of 96,000,000 new ordinary shares	4,800	13,658	-	-	-	-	-	-	-	-	18,458
Share issuance expenses	-	(1,724)	-	-	-	-	-	-	-	-	(1,724)
Net loss for the quarter from 1.4.2012 to 30.6.2012	-	-	-	-	-	-	-	-	-	(10,546)	(10,546)
At 30 June 2012	61,232	171,925	31,806	20,174	5,863	1,561	(49,466)	43,348	-	(179,863)	106,580
Exchange difference on translation of financial statements of foreign entities	-	-	664	-	-	-	-	-	-	-	664
Issuance of 70,000,000 new ordinary shares	3,500	10,063	-	-	-	-	-	-	-	-	13,563
Share issuance expenses UOB fee shares for placement	-	(1,118)	-	-	-	-	-	-	-	-	(1,118)
Issuance of 35,000,000 fee shares to ACA	1,750	6,091	-	(7,841)	-	-	-	-	-	-	-
Net loss for the quarter from 1.7.2012 to 30.9.2012	-	-	-	-	-	-	-	-	-	(10,847)	(10,847)
At 30 September 2012	66,482	186,961	32,470	12,333	5,863	1,561	(49,466)	43,348	-	(190,710)	108,842
Issuance of 10,683,000 UOB fee shares	534	(534)	-	-	-	-	-	-	-	-	-
Share issue expense balance	-	(113)	-	-	-	-	-	-	-	-	(113)
Issuance of 920M consideration shares	46,000	64,849	-	-	-	-	-	-	-	-	110,849
Net loss for the quarter from 1.10.2012 to 31.12.2012	-	-	-	-	-	-	-	-	-	(8,180)	(8,180)
At 31 December 2012	113,016	251,163	32,470	12,333	5,863	1,561	(49,466)	43,348	-	(198,890)	211,398
The Group											
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share-Based Capital Reserve	PRC Statutory Reserve	Re-Valuation Reserve	Other Reserves	Contributed Surplus	Non-Controlling Interest	Retained Earnings /	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Accum. Losses)	HK\$'000
At 1 April 2011	53,932	149,064	28,148	12,544	5,863	98	(19,027)	43,348	933	(127,078)	147,825
Exchange difference on translation of financial statements of foreign entities	-	-	688	-	-	-	-	-	-	-	688
Issuance of 50,000,000 new ordinary shares for RFID 25% interest acquired	2,500	10,933	-	-	-	-	(30,440)	-	(493)	-	(17,500)
Net loss for the quarter from 1.4.2011 to 30.6.2011	-	-	-	-	-	-	-	-	(440)	(8,218)	(8,658)
At 30 June 2011	56,432	159,997	28,836	12,544	5,863	98	(49,467)	43,348	-	(135,296)	122,355
Exchange difference on translation of financial statements of foreign entities	-	-	575	-	-	-	-	-	-	-	575
Net loss for the quarter from 1.7.2011 to 30.9.2011	-	-	-	-	-	-	-	-	-	(11,008)	(11,008)
At 30 September 2011	56,432	159,997	29,411	12,544	5,863	98	(49,467)	43,348	-	(146,304)	111,922
Exchange difference on translation of financial statements of foreign entities	-	-	650	-	-	-	-	-	-	-	650
Reserve for shares to be issued of 35,000,000 professional fees shares	-	-	-	7,841	-	-	-	-	-	-	7,841
Net loss for the quarter from 1.10.2011 to 31.12.2011	-	-	-	-	-	-	-	-	-	(19,038)	(19,038)
At 31 December 2011	56,432	159,997	30,061	20,385	5,863	98	(49,467)	43,348	-	(165,342)	101,375

<i>The Company</i>	Share Capital	Share Premium	Foreign	Share-	PRC	Re-	Other Reserves	Contributed Surplus	Retained Earnings / (Accum. Losses)	Total Equity	
			Exchange	Based	Statutory	Valuation					
			Translation Reserve	Capital Reserve	Reserve	Reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2012	56,432	159,991	-	20,174	-	-	-	43,348	-	(222,252)	57,693
Issuance of 96,000,000 new ordinary shares	4,800	13,658	-	-	-	-	-	-	-	-	18,458
Share issuance expenses	-	(1,724)	-	-	-	-	-	-	-	-	(1,724)
Net loss for the quarter from 1.4.2012 to 30.6.2012	-	-	-	-	-	-	-	-	-	(4,095)	(4,095)
At 30 June 2012	61,232	171,925	-	20,174	-	-	-	43,348	-	(226,347)	70,332
Issuance of 70,000,000 new ordinary shares	3,500	10,063	-	-	-	-	-	-	-	-	13,563
Share issuance expenses UOB fee shares for placement	-	(1,118)	-	-	-	-	-	-	-	-	(1,118)
Issuance of 35,000,000 fee shares to ACA	1,750	6,091	-	(7,841)	-	-	-	-	-	-	-
Net loss for the quarter from 1.4.2012 to 30.6.2012	-	-	-	-	-	-	-	-	-	(4,181)	(4,181)
At 30 September 2012	66,482	186,961	-	12,333	-	-	-	43,348	-	(230,528)	78,596
Issuance of 10,683,000 UOB fee shares	534	(534)	-	-	-	-	-	-	-	-	-
Share issue expense balance	-	(113)	-	-	-	-	-	-	-	-	(113)
Issuance of 920M consideration shares	46,000	64,849	-	-	-	-	-	-	-	-	110,849
Net loss for the quarter from 1.10.2012 to 31.12.2012	-	-	-	-	-	-	-	-	-	(5,024)	(5,024)
At 31 December 2012	113,016	251,163	-	12,333	-	-	-	43,348	-	(235,552)	184,308
<i>The Company</i>											
	Share Capital	Share Premium	Foreign	Share-	PRC	Re-	Other Reserves	Contributed Surplus	Retained Earnings / (Accum. Losses)	Total Equity	
			Exchange	Based	Statutory	Valuation					
			Translation Reserve	Capital Reserve	Reserve	Reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2011	53,932	149,064	-	12,544	-	-	-	43,348	-	(111,653)	147,235
Issuance of 50,000,000 new shares for RFID 25% interest	2,500	10,933	-	-	-	-	-	-	-	-	13,433
Net loss for the quarter from 1.4.2011 to 30.6.2011	-	-	-	-	-	-	-	-	-	(38,540)	(38,540)
At 30 June 2011	56,432	159,997	-	12,544	-	-	-	43,348	-	(150,193)	122,128
Net loss for the quarter from 1.7.2011 to 30.9.2011	-	-	-	-	-	-	-	-	-	(10,846)	(10,846)
At 30 September 2011	56,432	159,997	-	12,544	-	-	-	43,348	-	(161,039)	111,282
Net loss for the quarter from 1.10.2011 to 31.12.2011	-	-	-	-	-	-	-	-	-	(10,332)	(10,332)
At 31 December 2011	56,432	159,997	-	12,544	-	-	-	43,348	-	(171,371)	100,950

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or 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 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.

The Company entered into a sales and purchase agreement on 28 March 2011 to acquire 45% equity interest in China Satellite Mobile Communications Group Limited (the "45% CSMCG Acquisition"), the purchase consideration in combination of loan notes of HK\$45 million and 920,000,000 fully paid-up ordinary shares of HK\$0.05 each (the "Consideration Shares") in the capital of the Company representing HK\$409.5 million at an issue price of S\$0.075 (equivalent to HK\$0.445). The Consideration Shares have been allotted on 28 November 2012, details of which can be referred under the section Interest in an Associate – CSMCG.

In relation to the 45% CSMCG Acquisition, the Company issued 35,000,000 fully paid-up ordinary shares ("First Tranche Professional Fee Shares") on 17 July 2012 as in kind payment of professional fees in relation to the Proposed Acquisition. The SGX-ST had on 24 May 2012 issued a notice for the listing and quotation of the First Tranche Professional Fee Shares and such shares had been listed and quoted on Catalist on 18 July 2012.

The Company has on 28 April 2012 entered into a placement agreement with seven independent investors for the issuance of 166,000,000 new ordinary shares ("Placement Shares") of HK\$0.05 each in the capital at an issue price of S\$0.031 (equivalent of approximately HK\$0.19375) for a total gross proceeds of S\$5,146,000 (equivalent of approximately HK\$32,162,500) (the "Proposed Placement"). The SGX-ST had on 24 May 2012 issued a notice for the listing and quotation of 166,000,000 Placement Shares, 96,000,000 and 70,000,000 new ordinary shares have been allotted on 21 June 2012 and 28 August 2012 respectively. The Company is obliged to settle the in-kind payment of placement fees in respect of the provision of services rendered by UOB Kay Hian Private Limited ("UOBKH"). It was mutually agreed by both the Company and UOBKH that the outstanding fees due to UOBKH of S\$178,412.47 to be settled via the issuance of 10,683,000 new shares at an issue price of S\$0.0167 for each new share, subsequently, the new shares have been allotted on 1 October 2012.

The Company has on 21 January 2013 entered into a placement agreement with UOB Kay Hian Private Limited (the "Placement Agent") and a subscription agreement with four independent investors for the issuance of 147,400,000 and 116,100,000 new ordinary shares ("2013 Jan Placement Shares") respectively of HK\$0.05 each in the capital at an issue price of S\$0.0216 (equivalent of approximately HK\$0.13679) (the "2013 Jan Proposed Placement"). The SGX-ST had on 28 January 2013 issued a notice for the listing and quotation of 263,500,000 placement shares, and such shares have been allotted on 31 January 2013 subsequently.

There is no outstanding convertibles for the shares to be issued on conversion as at 31 December 2012 (31 March 2012 : 23,300,000). The Company has established an employee share option scheme on 12 April 2004. The scheme became operative upon the Company granting options to subscribe for 25,000,000 ordinary shares of the Company on 2 November 2007. All outstanding options are expired on 2 November 2012.

1(d)(iii) To show the 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.

The total number of issued shares excluding treasury shares as at 31 December 2012 was 2,260,323,474 (31 March 2012 : 1,128,640,474).

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.

For financial period ended 31 December 2012, the Company does not have any sales, transfers, disposals, cancellation, and/or use of treasury shares.

There are no treasury shares as at 31 December 2012.

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's 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**

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2012.

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**

There are various new/revised IAS, IFRS and Interpretations of IFRS that are effective for financial year beginning on or after 1 April 2013, which the Group has not yet adopted in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group. There is no planning for the Group to adopt early these new standards and the extent of the impact has not been determined.

6. **(Loss) / 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**

The Group

(Loss) / earnings per ordinary share for the year after deducting any provision for preference dividends:				
	3 Months Ended 31.12.2012	3 Months Ended 31.9.2011	9 Months Ended 31.12.2012	9 Months Ended 31.12.2011
Based on weighted average number of Ordinary shares in Issue (Please see note below)	(0.49) HK cents	(1.69) HK cents	(2.16) HK cents	(3.44) HK cents
On a fully diluted basis (Please See note below)	(0.42) HK cents	(1.69) HK cents	(1.81) HK cents	(3.44) HK cents

Note 6a : Basic (loss) / earnings per share

The calculation of basic loss per share is based on the Group's loss attributable to ordinary shareholders of approximately HK\$8,180,000 and approximately HK\$29,573,000 for the 3M 31 December 2012 and 9M 31 December 2012 respectively (three months and nine months ended 31 December 2011 : loss of approximately HK\$19,038,000 and approximately HK\$38,264,000 respectively) and the weighted average number of ordinary shares of 1,680,323,000 and 1,367,138,000 for the three months and nine months ended 31 December 2012 respectively (three months and nine months ended 31 December 2011 : 1,128,640,000 and 1,113,731,000 respectively) in issue during the period.

Note 6b : Diluted (loss) / earnings per share

The outstanding 23,300,000 share options of the Company which will have dilutive potential was lapsed as at 2 November 2012. The placement shares of 263,500,000 which are allotted on 31 January 2013 has dilutive effect for both the 3M and 9M 31 December 2012. The calculation of diluted loss per share is based on the Group's loss attributable to ordinary shareholders of HK\$8,180,000 and HK\$29,573,000 for the 3M 31 December 2012 and 9M 31 December 2012 respectively and the weighted average number of ordinary shares of 1,943,823,000 and 1,630,638,000 for the 3M 31 December 2012 and 9M 31 December 2012 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	At 31.12.2012	At 31.3.2012
Net asset value of the Company per ordinary share based on existing issue share capital	HK\$ 0.082 per share	HK\$ 0.051 per share
Net asset value of the Group per ordinary share based on existing issue share capital	HK\$ 0.094 per share	HK\$ 0.089 per share

The calculation of net asset value per share of the Company as at 31 December 2012 is based on the Company's net asset value of HK\$184,308,000 (31 March 2012 : HK\$57,693,000) and 2,260,323,474 ordinary shares in issue as at 31 December 2012 (1,128,640,474 ordinary shares in issue as at 31 March 2012).

The calculation of net asset value per share of the Group as at 31 December 2012 is based on the Group's net asset value of HK\$211,398,000 (31 March 2012 : HK\$100,392,000) and 2,260,323,474 ordinary shares in issue as at 31 December 2012 (1,128,640,474 ordinary shares in issue as at 31 March 2012).

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

An announcement was released on 28 December 2011 in respect of the change of financial year end date for prior year from 31 December 2011 to 31 March 2012. The figures presented in this announcement covered the third quarter of FY2013 ended 31 December 2012 (hereinafter referred as "3M 31 December 2012") and the first nine months of FY2013 ended 31 December 2012 (hereinafter referred as "9M 31 December 2012"), while the comparative figures for prior financial year represented the fourth quarter of the same period ended 31 December 2011 (hereinafter referred as "3M 31 December 2011") and the nine months ended 31 December 2011 (hereinafter referred as "9M 31 December 2011").

Revenue

The Group's revenue decreased by approximately HK\$15.6 million to approximately HK\$2.4 million in the 3M 31 December 2012 from approximately HK\$18.0 million in the 3M 31 December 2011, and decreased by approximately HK\$20.3 million to approximately HK\$10.4 million in the 9M 31 December 2012 from approximately HK\$30.7 million in the 9M 31 December 2011. The decrease in revenue was mainly caused by lower demand from provision of IT services as well as IT equipment for the period.

The following is a breakdown of the Group's revenue generated in the 3M/9M 31 December 2012 and the 3M/9M 31 December 2011 respectively :

	Three Months Ended		Nine Months Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from provision of IT services	348	14,355	1,112	17,583
Revenue from trading of IT equipment	2,010	3,608	9,293	13,140
	2,358	17,963	10,405	30,723

Cost of goods sold

Cost of goods sold decreased by approximately HK\$1.2 million from approximately HK\$2.9 million in the 3M 31 December 2011 to approximately HK\$1.7 million in the 3M 31 December 2012, and decreased by approximately HK\$3.1 million to approximately HK\$7.9 million in the 9M 31 December 2012 from approximately HK\$11.0 million in the 9M 31 December 2011. It was primarily due to lower revenue from trading of IT equipment for the period.

Subcontracting fees

Subcontracting fees declined by approximately HK\$13.0 million from approximately HK\$13.2 million in the 3M 31 December 2011 to approximately HK\$0.2 million in the 3M 31 December 2012, and decreased by approximately HK\$15.8 million to approximately HK\$0.5 million in the 9M 31 December 2012 from approximately HK\$16.4 million in the 9M 31 December 2011 which is mainly caused by the lower revenue and activities from provision of IT services for the period.

Other income

Other income in the 3M 31 December 2012 consists mainly of (i) the Group's authorisation to use a software system and capital advance to Shanghai Yi Wei Advertising Company Limited in return share of revenue of approximately HK\$137 thousand, (ii) rental income of approximately HK\$62 thousand generated from the lease of PRC property which has been classified as an investment property, and (iii) interest income of approximately HK\$3 thousand which is the interest income earned from cash and cash equivalents for the period.

The other income reported in the 3M 31 December 2011 consists of the Group's authorisation to use a software system and capital advance to Shanghai Yi Wei Advertising Company Limited in return share of revenue of approximately HK\$179 thousand as well as interest income of approximately HK\$2 thousand which is the interest income earned from cash and cash equivalents for the period.

Operating expenses

The Group's total operating expenses (including staff costs, depreciation and other expenses but excluding cost of goods sold, subcontracting fees and amortisation) decreased by approximately HK\$8.4 million from approximately HK\$17.0 million in the 3M 31 December 2011 to approximately HK\$8.5 million in the 3M 31 December 2012. For the nine months ended, it decreased by approximately HK\$2.7 million from approximately HK\$34.3 million in the 9M 31 December 2011 to HK\$31.6 million in the 9M 31 December 2012.

The staff cost remains closely the same of approximately HK\$2.0 million during both period in the 3M 31 December 2012 and 3M 31 December 2011, and decreased by approximately HK\$0.4 million from approximately HK\$6.3 million in the 9M 31 December 2011 to approximately HK\$5.9 million in the 9M 31 December 2012.

Depreciation charges decreased by approximately HK\$50 thousand from approximately HK\$188 thousand in the 3M 31 December 2011 to approximately HK\$138 thousand in the 3M 30 September 2012 which is primarily caused by the reclassification of leasehold property in PRC to investment property. Investment property has been stated at fair value model, thus no depreciation charge is recorded for the period.

Amortisation of intangible assets in relation to customer relationship (which represents the value of the customer base for BTL) of approximately HK\$0.19 million was provided in both the 3M 31 December 2012 and the 3M 31 December 2011 resulting from business combination.

For the nine months ended, amortisation of intangible assets in relation to customer relationship of approximately HK\$0.56 million was provided in both the 9M 31 December 2012 and 9M 31 December 2011. Amortisation of intangible assets in relation to exclusive distributorship rights of approximately HK\$3.5 million was provided in the 9M 31 December 2011, whereas there was no such amortisation expense provided in the 9M 31 December 2012 as the assets had been fully amortised during the 3M 30 September 2011.

Other expenses decreased by approximately HK\$8.4 million to approximately HK\$6.5 million in the 3M 31 December 2012 from approximately HK\$14.8 million in the 3M 31 December 2011 due to the decrease in promotion and marketing expenses and legal and professional fees. For the nine months ended, it decreased by approximately HK\$2.1 million to approximately HK\$25.3 million in the 9M 31 December 2012 from approximately HK\$27.5 million in the 9M 31 December 2011.

Finance costs increased by approximately HK\$208 thousand to approximately HK\$218 thousand in the 3M 31 December 2012 from approximately HK\$10 thousand in the 3M 31 December 2011 which is the interest expense derived from a short term bank loan from PRC of approximately HK\$5.6 million, whereas there was no such bank loan during the 3M 31 December 2011. For the nine months ended, it increased by approximately HK\$557 thousand to approximately HK\$585 thousand in the 9M 31 December 2012 from approximately HK\$28 thousand in the 9M 31 December 2011.

Net loss after taxation

The Group's net loss after taxation attributable to shareholders of the Group in the 3M 31 December 2012 is approximately HK\$8.2 million or a decrease of approximately HK\$10.9 million as compared to the 3M 31 December 2011. The loss was mainly attributable by the decrease in revenue of approximately HK\$15.6 million. This was partially offset by (i) the decrease in impairment of other investment of approximately HK\$5.0 million, (ii) the decrease in other expenses of approximately HK\$8.3 million, (iii) decrease in subcontracting fees of approximately HK\$13.0 million, and (iv) decrease in cost of goods sold of approximately HK\$1.2 million.

The Group's net loss after taxation attributable to shareholders of the Group in the 9M 31 December 2012 is approximately HK\$29.6 million. The loss was mainly attributable by the decrease in revenue of approximately HK\$20.3 million. This was partially offset by (i) the decrease in amortisation costs of intangible assets and impairment of other investment of approximately HK\$8.5 million, (ii) the decrease in other expenses of approximately HK\$2.1 million, (iii) the decrease in staff costs of approximately HK\$0.4 million, (iv) the decrease in subcontracting fees of approximately HK\$15.8 million, and (v) the decrease in cost of goods sold of approximately HK\$3.1 million.

Income tax

The Company was incorporated under the laws of Bermuda and has received an undertaking from the Ministry of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act, 1996, which exempts the Company and its shareholders, other than shareholders ordinarily residing in Bermuda, from any Bermuda taxes computed on profit, income or any capital asset gain or appreciation, or any tax in the nature of estate duty or inheritance tax, until the year of 2016.

The Group's profits derived from Hong Kong are subject to Hong Kong profits tax at 16.5% (FY2012: 16.5%). No provision for Hong Kong profits tax was made, as there was no assessable profit derived in Hong Kong for the three months ended 3M 31 December 2012.

As a foreign invested enterprise with a paid-up capital of over US\$5 million and engaging in the provision of high technology business services in the Zhuhai Special Economic Zone, the Group's operating subsidiary in the PRC, Armarda Technology (Zhuhai) Limited ("ATZH") was fully exempted from PRC income tax for the first two profitable years in FY2004 and FY2005 and it would be entitled to 50% exemption from the applicable standard income tax rate for the another three years in

FY2006, FY2007 and FY2008 provided that its production-oriented revenue exceeded 50% of its total revenue in each year (the "50% Criteria").

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the new Corporate Income Tax Law of the People's Republic of China ("new tax law") which has taken effect on 1 January 2008. Pursuant to the notice on the Implementation Rules of the Grandfather Relief under the new tax law, Guofa (2007) No. 39, issued on 26 December 2007 by the State Council, the income tax rate applicable to the subsidiary of the Company in the PRC which had enjoyed preferential tax rates before 1 January 2008 will be gradually increased from the ex-preferential income tax rates to 25% over a five-year transition period commencing from 1 January 2008. The applicable income tax rate is 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012, respectively. ATZH was subject to PRC income tax at 25%, 24% and 22% for 2012, 2011 and 2010 respectively.

Pursuant to the new tax law passed on 16 March 2007, a 10% withholding tax is levied on dividends declared to foreign investors from a PRC entity effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investors. Since ATZH is wholly owned by Armarda Technology (Hong Kong) Limited, a Hong Kong registered company, the applicable withholding tax rate is 5%. On 22 February 2008, Caishui (2008) No.1 was promulgated by the tax authorities specifying that dividends from the retained earnings as at 31 December 2007 are exempted from the withholding tax. ATZH has been recording accumulated losses for the financial year ended 31 December 2008 onwards and there are no deferred withholding tax as at 31 December 2012.

No Singapore income tax was payable in respect of the Group's operations in Singapore, as such operations sustained losses for tax purposes in 2012, 2011 and 2010.

Subsidiaries incorporated under the laws of BVI are exempted from income tax.

The Group reported an income tax expenses of approximately HK\$8 thousand and HK\$24 thousand in the 3M 31 December 2012 and 9M 31 December 2012 respectively, whereas an income tax credit of approximately HK\$10 thousand and HK\$29 thousand was reported in the 3M 31 December 2011 and 9M December 2011 respectively which was caused by the adjustment on tax effect of non-deductible expenses.

Interest in an associate – Fesco E-HR

The Group entered into a joint venture agreement with the Fesco Group to subscribe 90% of the newly issued share capital to the amount of RMB20 million of Fesco E-HR Service (Beijing) Co., Ltd. (Fesco E-HR) at a total capital contribution amount of RMB18 million with effect from 1 April 2007. The post share-increase shareholding of the Group in Fesco E-HR is 45%. The whole capital contribution to Fesco E-HR was completed in 2008. As at -31December 2012, Fesco E-HR remains as an associate of the Group.

The 45% share of profit from Fesco E-HR amounting to approximately HK\$86 thousand and HK\$654 thousand in the 3M 31 December 2012 and 9M 31 December 2012 respectively, share of profit of approximately HK\$1.1 million and HK\$0.8 million in the 3M 31 December 2011 and 9M 31 December 2011 respectively, which represents the Group's total share of the net profit after tax of this associate. The share of profits is mainly caused by more revenue being generated during the corresponding period.

Interest in an associate – CSMCG

The Company entered into a sale and purchase agreement on 28 March 2011 to acquire 45% equity interest ("Acquisition") in China Satellite Mobile Communications Group Limited ("CSMCG") at a purchase consideration, determined on a willing-buyer, willing-seller basis, comprising of the following:

- a) loan notes of HK\$45 million ("Loan Notes"); and

- b) 920,000,000 fully paid-up ordinary shares at the prevailing market price (“Consideration Shares”).

The Acquisition was approved by shareholders in a general meeting held on 21 December 2011. Accordingly, the aggregate purchase consideration is estimated to be approximately HK\$454.5 million, representing Loan Notes of HK\$45 million and HK\$409.5 million at an issue price of S\$0.075 (equivalent to HK\$0.445).

It was originally a condition of the Whitewash Resolution that the issue and allotment of the Consideration Shares be completed within three months upon the approval of the Whitewash Resolution, which is 21 March 2012. Due to a delay in the fulfillment of all the interim milestone events, the Company has on 24 August 2012 obtained the approval of the Securities Industry Council for an extension of the issue of the Consideration Shares, subject to approval from the majority of Independent Shareholders present and voting in the general meeting on a poll for the extension of time for the issue and allotment of the consideration shares pursuant to the terms of the whitewash resolution. Subsequently, the shareholders’ meeting has been conducted on 16 November 2012 and the consideration shares have been allotted on 28 November 2012.

- a) Loan Notes of HK\$45 million

On 23 July 2012, the Company issued the Loan Notes to the vendors, which was due and payable as the execution and delivery of the required interim milestone events have been fulfilled. Subsequently, the Company and the vendors agreed mutually that the Loan Notes are to be repaid in two different currencies in the following manner:

- (i) Contra arrangement of HK\$30,427,500 (equivalent to RMB25 million) whereby the vendors agree to take over receivables due and payable to the Group of the said value, in relation to advances made by the Group to its long term business partners who are not related to the vendors, and
- (ii) Cash settlement on the remaining HK\$14,572,500 to be settled in cash (HKD currency).

As at 31 December 2012, HK\$45 million loan notes have been fully disbursed through the aforesaid contra arrangement as well as cash settlement in HKD.

- b) Consideration Shares

Subsequently, the shareholders approved the allotment of Consideration Shares during the shareholders’ meeting held on 16 November 2012 and the Consideration Shares were allotted on 28 November 2012 at the prevailing market price of S\$0.019 (equivalent to HK\$0.120), amounting to approximately HK\$110.8 million.

As the 55% call option (which is the right residing with the Company) is contingent upon the completion of certain target milestone events, the Company has no intention to exercise this 55% call option at this juncture. Accordingly, the Board of Directors has assessed that the Company has significant influence over CMSCG upon the issuance of the Consideration Shares on 28 November 2012. The Board of Directors has concluded to account for the investment in CMSCG amounting to approximately HK\$155.8 million (comprising Loan Notes of HK\$45 million and Consideration Shares of HK\$110.8 million based on market price) as an associate using the equity method. As CMSCG does not have any significant business activities from 28 November 2012 to 31 December 2012, there is no share of profit or loss in 3M 31 December 2012.

The accounting treatment and financial impact presented in relation to the Acquisition is unaudited and subject to changes as a result of review by the Company’s auditors during the forthcoming statutory audit for the year ended 31 March 2013.

Exchange differences on translating foreign operations

The Group reported no exchange gain or loss is recorded on translating of foreign operations for the 3M 31 December 2012 as the RMB against HK\$ remains no change between the two quarters, whereas an exchange gain is reported of approximately HK\$0.65 million for the 3M December 2011

which is resulting from the appreciation of RMB against HK\$ during the translation of PRC operations which is denominated in RMB. The Group reported an exchange gain of approximately HK\$0.66 million and approximately HK\$1.9 million in the 9M 31 December 2012 and 9M 31 December 2011 respectively which is resulting from the appreciation of RMB against HK\$.

Property, plant and equipment

The total net book value of the Group's property, plant and equipment of approximately HK\$3.8 million as at 31 December 2012 is mainly comprised of leasehold properties of approximately HK\$3.0 million, furniture, fixtures, computer and other equipment of approximately HK\$0.4 million, and motor vehicles of approximately HK\$0.4 million. The net book value is decreased by HK\$0.4 million from approximately HK\$4.3 million as at 31 March 2012 to approximately HK\$3.8 million as at 31 December 2012, which is the depreciation charge provided for the period.

Investment property

Investment property is arisen from the change of usage from self occupied leasehold property to leased property for the purpose of generation of rental income. The fair values remain closely of approximately HK\$5.8 million as at 31 December 2012 and 31 March 2012.

Intangible assets

	31.12.2012 HK\$'000	31.3.2012 HK\$'000
Intangible assets - customer relationship	3,720	4,278
	<u>3,720</u>	<u>4,278</u>

Intangible assets – customer relationship and goodwill

The intangible assets of approximately HK\$3.7 million as at 31 December 2012 (as at 31 March 2012 : HK\$4.3 million) is arisen from the acquisition of Brilliant Time Limited ("BTL"). The difference in the carrying amount is the amortisation expenses of approximately HK\$0.19 million provided in each of the quarter of 3M 31 December 2012, 3M 30 September 2012 and 3M 30 June 2012 respectively.

Pursuant to an announcement made on 6 February 2006 and a subsequent shareholders' resolution passed on the 22 April 2006 at the Company's annual general meeting held in Singapore, the Company had completed the acquisition of 250 shares from Mr. Lee Man Lung, Vincent (the "Vendor"), representing 25% of the total issued capital of BTL on 18 June 2006. BTL was considered an associate of the Group and the share of its profit after tax had been equity accounted for since 18 June 2006.

Subsequently on 21 November 2007, one of our subsidiaries, Armarda Holdings Limited, entered into a sales and purchase agreement with the Vendor, to acquire from the Vendor an additional 55% equity interests in BTL for a net consideration of HK\$72.9 million ("Proposed Acquisition").

The above transaction was subsequently approved by the shareholders of the Company in a special general meeting held on 19 January 2008 in Singapore. Upon completion of the transaction, BTL had become an 80% owned subsidiary of the Group and full consolidation of BTL's financial statements into the Group's financial statements was commenced from the first quarter of 2008. Accordingly, with effect from 19 January 2008, BTL no longer exists as an associate of the Group.

Subsequently on 23 December 2008, one of our subsidiaries, Armarda Holdings Limited, entered into a sales and purchase agreement with the Vendor, to acquire from the Vendor the remaining 20% equity interests in BTL for a net consideration of HK\$27.2 million. The transaction was completed on 8 January 2009 and BTL had become an 100% owned subsidiary of the Group. Since the Group early adopted IFRS3 Business Combinations (2008) and IAS27 Consolidated and Separate Financial Statements (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 January 2009, acquisitions of non-controlling interests (20% of BTL) was accounted for as transactions with equity holders and therefore no goodwill nor intangible assets

was recognised. The carrying amount of BTL's net assets in the consolidated financial statements on the date of acquisition was approximately HK\$40.9 million. The Group recognised a decrease in non-controlling interest of approximately HK\$8.2 million and the excess of the consideration over the carrying amount of the interest in the net assets acquired was recognised directly in equity as other reserves of approximately HK\$19.0 million in FY2009. Considering the slow down of IT spending in PRC market, the management conducted an impairment review in FY2009 by comparing the recoverable amount and the carrying amount, as a result, HK\$9.0 million impairment loss was provided in 2009.

Due to the continuous decline of the sales and loss of some major customers which will affect BTL's revenue, contract award and profit margin, the management seeking advice from professional parties and reassessed its revenue, operating cash flow forecast and customer retention rate under a prudent approach, with an after-tax discount rate of 18.34%, resulting in an impairment where the amounts which exceeds will be reflected as a loss from impairment. As such, an impairment of goodwill and customer relationship of approximately HK\$52.0 million and approximately HK\$25.1 million respectively were provided in FY2010.

Other investments

Carrying amount of approximately HK\$5.1 million as at 31 December 2009 represents the Group's authorisation to use a software system for 5 years, which is the estimated useful life of the system and the working capital advancement made to a third party, amounting to approximately HK\$2.6 million and approximately HK\$2.5 million is classified as non-interest bearing available-for-sale financial assets under IAS32 Financial Instruments : Presentation and IAS39 Financial Instruments : Recognition and Measurement in return, a 25% share of the advertising revenue net with business tax from the YWACL (details of which can be referred under other receivables) for a period from 1 April 2010 to 31 March 2015. During the year of 2010, the share of revenue amounting to approximately HK\$0.5 million which was credited in other investment based on its value in use under amortised cost method of IAS32 Financial Instruments.

A carrying amount of other investment was reported of approximately HK\$5.7 million as at 30 September 2010 was reinstated to the amount reported as at 31 December 2009 of approximately HK\$5.1 million due to the reversal of the overaccrued expenses for the software system.

During the year of 2010, approximately HK\$7.7 million was reclassified from other receivables to other investment as capital advance and in return the share of advertising revenue increase from 25% to 28% for a period of 15 years commencing 1 January 2011. An exchange gain was reported of approximately HK\$0.1 million which was caused by the appreciation of RMB from the share of advertising revenue denominated in RMB. An interest income amounting to approximately HK\$0.5 million was recognised using effective interest method by applying an interest rate of 10.6% as other income.

Notwithstanding that a 28% revenue will be shared commencing from 1 January 2011 for 15 years, taking into account the recoverability of the investment, the management conduct a reassessment exercise in respect of its revenue forecast and cash flow under a prudent approach, with a pre-tax discount rate of 16%, resulting in an impairment amounting to approximately HK\$6.1 million where the amounts which exceeds will be reflected as a loss from impairment.

Subsequently, the management considered the growth of business is not foreseeable in the near future and reassessed the present value of future cashflow forecast with a pre-tax discount rate of 16% which result in the recoverable amount below the carrying amount. An impairment on other investment was reported of approximately HK\$4.1 million during the year of FY2012, thus reducing the carrying amount of the available-for-sale financial assets to approximately HK\$2.8 million for the year ended 31 March 2012.

During the 3M 31 December 2012, considering the business environment as well as the latest cashflow forecast, the management decided the carrying amount remains closely the same of approximately HK\$2.8 million.

Other assets

Other assets remain closely the same of approximately HK\$1.0 million as at 31 December 2012 and 31 March 2012, representing the costs of transferable life membership of a golf club.

Trade and other receivables

The following is a breakdown of the total trade and other receivables of the Group as at 31 December 2012 and 31 March 2012 :

	31.12.2012 HK\$'000	31.3.2012 HK\$'000
Trade receivables	9,113	8,052
Other prepayments and receivables	<u>22,529</u>	<u>58,768</u>
	<u>31,642</u>	<u>66,820</u>

Trade receivables

The Group's trade receivables increased by approximately HK\$1.0 million to approximately HK\$9.1 million as at 31 December 2012 from approximately HK\$8.1 million as at 31 March 2012. Despite the decline in revenue, the increase in trade receivable is due to new sales generated during 3M 31 December 2012 that has yet to be collected.

Based on historical default rates, the management believes that no impairment allowance is necessary in respect of trade receivables. All the trade and other receivables are expected to be recovered.

Other prepayments and receivables

The following is a breakdown of other prepayments and receivables of the Group as at 31 December 2012 and 31 March 2012 :

	31.12.2012 HK\$'000	31.3.2012 HK\$'000
Short term project advance	10,925	57,375
Prepayment of software	9,125	-
Other deposits and receivables	<u>2,479</u>	<u>1,393</u>
	<u>22,529</u>	<u>58,768</u>

Short term project advance

Short term project advance decreased by approximately HK\$46.5 million from approximately HK\$57.4 million as at 31 March 2012 to approximately HK\$11.0 million as at 31 December 2012. The decrease is caused by (1) approximately HK\$16.0 million is the collection of short term project advances to business partners in order to assist them in awarding new projects in the PRC, from which the Group will be able to generate revenue in the area of IT support services as well as surveillance related projects for equipment supply in the PRC; and (2) the vendors in connection with the 45% CSMCG Acquisition agree to take up the collection of approximately HK\$30.5 million receivables due and payable to the Group in relation to the advances made by the Group to its long term business partners. The outstanding balance of approximately HK\$10.9 million represents the unpaid balance as at 31 December 2012. Taking into account the credibility and financial standing of these business partners, the management believes that no impairment allowance is necessary.

Prepayment of software

Prepayment of software of approximately HK\$9.1 million was recognised as at 31 December 2012 which is the prepayment of an application software for satellite project use.

Other deposits and receivables

Other deposits and receivables increased by approximately HK\$1.1 million from approximately HK\$1.4 million as at 31 March 2012 to approximately HK\$2.5 million as at 31 December 2012 which is the deposit of the equipment for the revenue of sale of equipment to be generated.

Cash and cash equivalents

The following is a breakdown of cash and cash equivalents of the Group as at 31 December 2012 and 31 March 2012 :

	31.12.2012 HK\$'000	31.3.2012 HK\$'000
Cash at banks and in hand	5,088	13,089
Total cash and cash equivalents	5,088	13,089

Please refer to page 20 on "Cashflows" on the decrease in cash and cash equivalents.

Other payables and accruals

The following is a breakdown of the total other payables and accruals of the Group as at 31 December 2012 and 31 March 2012:

	31.12.2012 HK\$'000	31.3.2012 HK\$'000
Accrued subcontracting charges	1,789	3,189
Placement deposit of 166M shares	-	4,800
Other deposits and accruals	14,031	9,412
	15,820	17,401

Accrued subcontracting charges represent outstanding support charges due to independent subcontractors for services rendered to the Group's customers in the PRC. It decreased by approximately HK\$1.4 million from approximately HK\$3.2 million as at 31 March 2012 to approximately HK\$1.8 million as at 31 December 2012 which is primarily due to the reduction in corresponding revenue from provision of IT services.

The Company had on 28 April 2012 entered into a placement agreement with seven independent investors for the issuance of 166,000,000 new ordinary shares of HK\$0.05 each in the capital at an issue price of S\$0.031 (equivalent of approximately HK\$0.19375) for a total gross proceeds of S\$5,146,000 (equivalent of approximately HK\$32,162,500). As at 31 March 2012, HK\$4.8 million placement deposit has been received, but none of the placement shares is allotted. Subsequently, 96,000,000 and 70,000,000 shares have been allotted during the 3M 30 June 2012 and 3M 30 September 2012 respectively.

The other deposits and accruals represent other outstanding operating expenses payable. It increased by approximately HK\$4.6 million from approximately HK\$9.4 million as at 31 March 2012 to approximately HK\$14.0 million as at 31 December 2012 which is primarily due to other operating expenses incurred have yet been settled.

Short term loan from bank

The Group reported a short term loan from bank of approximately HK\$5.6 million as at 31 December 2012 and 31 March 2012 (equivalent to RMB4.5 million) which is a secured credit facility from a PRC bank by pledging its leasehold property in PRC as collateral for the purpose of working capital generation.

Short term advance from unrelated third parties

The Group reported a short term advance from unrelated third parties of approximately HK\$3.5 million as at 31 December 2012 which is a short term advance without any collateral for the purpose of temporary working capital generation.

Obligations under finance lease

The Group has obligations under a finance lease that are repayable within one year of approximately HK\$0.28 million and approximately HK\$0.44 million as at 31 December 2012 and 31 March 2012 respectively and no outstanding balance is repayable after 1 year but within 5 years.

Deferred tax liabilities

Deferred tax liabilities remain closely the same of approximately HK\$1.3 million as at 31 December 2012 and 31 March 2012. Deferred tax is derived from the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts reported for taxation purposes.

Reserves

The following is a breakdown of the Reserves of the Group as at 31 December 2012 and 31 March 2012 :

	31.12.2012 HK\$'000	31.3.2012 HK\$'000
Share premium	251,163	159,991
Foreign exchange translation reserve	32,470	31,806
PRC statutory reserve	5,863	5,863
Revaluation reserve	1,561	1,561
Share-based capital reserve	12,333	20,174
Other reserves	(49,466)	(49,466)
Contributed surplus	43,348	43,348
Accumulated loss	(198,890)	(169,317)
	<u>98,382</u>	<u>43,960</u>

- In accordance with the relevant PRC laws applicable to enterprises with foreign investment, Armarda Zhuhai is required to transfer at least 10% of its annual net profit determined under PRC accounting regulations to the PRC statutory reserve. This reserve can be used to convert into paid-in capital and offset to reduce prior years' losses, if any.
- The foreign exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operation of the Company.
- Revaluation reserve relates to the revaluation to fair value of identifiable assets and liabilities acquired.
- Share-based capital reserve relates to the fair value of the share options scheme granted to the directors and employees of the Group as at the grant date, which is charged to income statement according to the vesting period. It is reduced by approximately HK\$7.8 million representing the allotment of 35,000,000 First Tranche Professional Fee Shares.
- Contributed surplus relates to the capital reorganisation exercise for the reduction of the par value from HK\$0.20 each to HK\$0.05 each. After the capital reduction taking effect on 30 April 2010, the credit amount of HK\$84,696,071 was credited to the contributed surplus account of the Company, of which HK\$41,348,347 was utilised to set off the accumulated losses of the Company in its entirety.

- The other reserves deficit of approximately HK\$19.0 million arise from the acquisition of non-controlling interest of BTL in 2009. The Group has recognised any premiums or discounts on purchase of equity instruments from non-controlling interest subsequent to the obtaining of control. The other reserves deficit of approximately HK\$30.4 million arise from the acquisition of non-controlling interest of China RFID Ltd during the second quarter of FY2012 which is the premium or discounts on purchase of non-controlling interest against the fair value of the consideration.

Cashflows

The Group used approximately HK\$1.5 million and used approximately HK\$0.6 million from its operating activities in the 3M 31 December 2012 and 3M 31 December 2011 respectively. This is primarily due to cash used in operating activities before changes in working capital of approximately HK\$7.7 million and the decrease in other payables and accruals of approximately HK\$1.3 million, which has been partially offsetted by the decrease in trade and other receivables of approximately HK\$7.8 million in the 3M 31 December 2012.

The Group used approximately HK\$2.7 million in the settlement of loan notes in relation to the 45% CSMCG Acquisition in its investing activities in the 3M 31 December 2012, whereas, there is no cash being used in its investing activities in the 3M 31 December 2011.

The Group used approximately HK\$0.05 million in its financing activities for both the 3M 31 December 2012 and 3M 31 December 2011 which are the repayment of finance lease obligation, and generated approximately HK\$3.5 million from a short term advance by unrelated third parties in the 3M 31 December 2012.

As a whole, the Group used approximately HK\$0.7 million and approximately HK\$0.6 million in the 3M 31 December 2012 and 3M 31 December 2011 respectively. The cash and cash equivalents as at 31 December 2012 is approximately HK\$5.1 million.

The Group used approximately HK\$22.6 million and generated approximately HK\$4.5 million from its operating activities in the 9M 31 December 2012 and 9M 31 December 2011 respectively. This is primarily due to cash used in operating activities before changes in working capital of approximately HK\$28.0 million, which was offset by (i) the decrease in other payables and accruals of approximately HK\$3.4 million, and (ii) the increase in trade and other receivables of approximately HK\$2.5 million in the 9M 31 December 2012.

The Group used approximately HK\$14.6 million in the settlement of loan notes in relation to the 45% CSMCG Acquisition in its investing activities in the 9M 31 December 2012 and used approximately HK\$17.5 million for the 25% equity interest acquired in China RFID Ltd in the 9M 31 December 2011.

The Group used approximately HK\$0.1 million in its financing activities for both the 9M 31 December 2012 and 9M 31 December 2011 which are the repayment of finance lease obligation, and generated approximately HK\$25.5 million and HK\$3.5 million from issuance of 166,000,000 new ordinary shares to seven independent investors and from a short term advance by unrelated third parties respectively in the 9M 31 December 2012.

As a whole, the Group used approximately HK\$8.4 million and approximately HK\$13.1 million in the 9M 31 December 2012 and 9M 31 December 2011 respectively.

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

Not applicable.

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

The overall market condition of the PRC IT industry where the Group operates in has remained difficult, with intense competition from the continuous entrance of both local and international market players and the continuous decrease in IT related spending by existing clients. The management of the Company expects that the market conditions will not improve in the near future and hence the decline of the financial performance of this segment of the business will continue.

11. Dividend

If a decision regarding dividend has been made :-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

None.

(b)(i) and (b)(ii) Amount of dividend per share of the current reporting financial period and of the previous corresponding period.

Nil (FY2012 : nil).

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend is declared/recommended in 9M 31 December 2012.

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.

No IPT general mandate has been obtained by the Group from the shareholders. There was no interested person transaction for the period under review.

14. If any person is 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(10).

There is no person occupying managerial positions in the Company or its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable

- 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable

- 17. A breakdown of sales**

Not applicable

- 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

(a) Ordinary

Nil (FY2012 : Nil)

(b) Preference

Nil (FY2012 : Nil)

(c) Total

Nil (FY2012 : Nil)

- 19. Negative assurance on interim financial statements pursuant to Rule 705(5)**

We, Joseph Chou Tao-Hsiung and Terence Luk Chung Po, being directors of the Company do hereby confirm on behalf of the Board of Directors that to the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the interim financial statements for 9 months ended 31 December 2012 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chou Tao Hsiung, Joseph
Non-executive Chairman

Luk Chung Po, Terence
Deputy Chairman, Chief Executive Officer

BY ORDER OF THE BOARD

Luk Chung Po, Terence
Executive Director

14 FEBRUARY 2013

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Mr Liao H.K.
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