ARMARDA GROUP LIMITED

First Quarter Financial Statement And Dividend Announcement

Financial statements on combined results of the Group for the first quarter of Financial Year 2009 (FY2009) ended 31 March 2009. 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 FIRST QUARTER ENDED 31 MARCH 2009
(Expressed in Hong Kong thousand dollars)

	1st Quarter FY2009	1st Quarter FY2008
Revenue	9,114	19,716
Other income	288	465
Staff costs	(5,110)	(5,266)
Depreciation	(922)	(932)
Amortisation of intangible asset	(1,022)	-
Cost of goods sold	(2,574)	(6,173)
Other expenses	(3,592)	(4,463)
Finance costs	(13)	(10)
Share of profit of associates	488	273
(Loss) / profit before taxation	(3,343)	3,610
Income tax expense	-	(185)
(Loss) / profit for the quarter	**(3,343)**	**3,425**
Attributable to:		
Equity shareholders of the Company	(3,343)	2,575
Minority interest	-	850
(Loss) / profit for the quarter	**(3,343)**	**3,425**

1(a)(ii) An 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 FIRST QUARTER ENDED 31 MARCH 2009
(Expressed in Hong Kong thousand dollars)

	1st Quarter FY2009	1st Quarter FY2008
(Loss) / profit for the quarter	**(3,343)**	**3,425**
Other comprehensive income		
Exchange differences on translating foreign operations	-	-
Cash flow hedges	-	-
Share of cash flow hedges of associate	-	-
Total comprehensive (loss) / income for the quarter	**(3,343)**	**3,425**
Total comprehensive (loss) / income attributable to:		
Equity shareholders of the Company	(3,343)	2,575
Minority interest	-	850
	(3,343)	**3,425**

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

ARMARDA GROUP LIMITED
BALANCE SHEET
AS AT 31 MARCH 2009
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	As at 31.03.09	As at 31.12.08	As at 31.03.09	As at 31.12.08
Non-current assets				
Investment in subsidiaries	-	-	51,220	51,220
Interest in an associate	24,622	24,134	-	-
Intangible assets	123,427	97,782	-	-
Property, plant and equipment	9,108	9,562	-	-
Amounts due from subsidiaries	-	-	149,061	147,474
Other assets	900	900	-	-
Prepayments	1,304	1,304	-	-
	159,361	133,682	200,281	198,694
Current assets				
Trade and other receivables	101,665	120,345	209	218
Cash and cash equivalents	40,978	65,943	4	4
	142,643	186,288	213	222
Current liabilities				
Obligations under finance lease	34	45	-	-
Other payables and accruals	26,666	35,395	832	1,063
Taxation payable	286	411	-	-
	26,986	35,851	832	1,063
Net current assets/(liabilities)	115,657	150,437	(619)	(841)
Non-current liabilities				
Obligations under finance lease	-	-	-	-
Deferred tax liabilities	2,345	2,345	-	-
	2,345	2,345	-	-
Net assets	**272,673**	**281,774**	**199,662**	**197,853**
Total equity				
Share capital	77,636	77,636	77,636	77,636
Reserves	195,037	195,860	122,026	120,217
Total equity attributable to equity shareholders of the Company	272,673	273,496	199,662	197,853
Minority interest	0	8,278	-	-
	272,673	**281,774**	**199,662**	**197,853**

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

Amount repayable in one year or less, or on demand

As at 31/03/2009 In HK$'000		As at 31/12/2008 In HK$'000	
Secured	Unsecured	Secured	Unsecured
34	0	45	0

Amount repayable after one year

As at 31/03/2009 In HK$'000		As at 31/12/2008 In HK$'000	
Secured	Unsecured	Secured	Unsecured
0	0	0	0

Details of any collateral

The above hire purchase loans were secured by the Group's motor vehicles

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 CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2009
(Expressed in Hong Kong thousand dollars)

	1st Quarter FY2009	1st Quarter FY2008
Cash flows from operating activities		
(Loss) / profit before taxation	(3,343)	3,610
Adjustment for :		
Interest income	(288)	(465)
Share of profits of an associate	(488)	(273)
Finance costs	13	10
Depreciation	922	932
Amortisation of intangible asset	1,022	-
Equity settled share-based payment	2,520	2,520
	358	6,334
(Increase) / decrease in trade and other receivables	4,360	(989)
(Decrease) in other payables and accruals	(3,929)	(3,278)
	789	2,067
Interest received	288	465
Interest paid	(13)	(10)
Income taxes paid	(125)	(138)
Net cash generated from operating activities	**939**	**2,384**
Cash flows from investing activities		
Addition of property, plant and equipment	(468)	(748)
Payment for the acquisition of an associate	-	(3,933)
Payment for the acquisition of a subsidiary	(25,425)	(33,000)
Cash acquired from a subsidiary	-	1,327
Net cash (used in) investing activities	**(25,893)**	**(36,354)**
Cash flows from financing activities		
Repayment of finance lease obligations	(11)	(21)
Net cash (used in) financing activities	**(11)**	**(21)**
Net (decrease) in cash and cash equivalents	**(24,965)**	**(33,991)**
Cash and cash equivalents at beginning of first quarter	65,943	145,063
Cash and cash equivalents at end of first quarter	**40,978**	**111,072**
An analysis of cash and cash equivalents as follows :		
Cash at bank and in hand	**40,978**	**111,072**

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	Minority Interest	Retained Profits	Total Equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2007	**77,636**	**110,582**	**15,004**	**1,580**	**5,812**	**0**	**0**	**50,495**	**261,109**
Equity settled share-based payment	0	0	0	2,520	0	0	0	0	2,520
Share of capital in subsidiary	0	0	0	0	0	0	2	0	2
Net profit for the quarter from 1.1.2008 to 31.3.2008	0	0	0	0	0	0	850	2,575	3,425
At 31 March 2008	**77,636**	**110,582**	**15,004**	**4,100**	**5,812**	**0**	**852**	**53,070**	**267,056**
Revaluation surplus on acquisition of a subsidiary	0	0	0	0	0	98	0	0	98
Equity settled share-based payment	0	0	0	5,600	0			0	5,600
Appropriation to reserve	0	0	0	0	51			(51)	0
Exchange difference on translation of financial statements of foreign entities	0	0	10,062	0	0			0	10,062
Contribution from minority interests	0	0	0	0	0	0	8,173	0	8,173
Dividend to minority interests							(4,270)		(4,270)
Net profit / (loss) for 9 months from 1.4.2008 to 31.12.2008	0	0	0	0	0		3,523	(8,468)	(4,945)
At 31 December 2008	**77,636**	**110,582**	**25,066**	**9,700**	**5,863**	**98**	**8,278**	**44,551**	**281,774**
Equity settled share-based payment	0	0	0	2,520	0	0	0	0	2,520
Net (loss) for the quarter from 1.1.2009 to 31.3.2009	0	0	0	0	0	0	0	(3,343)	(3,343)
Elimination of minority interests	0	0	0	0	0	0	(8,278)	0	(8,278)
At 31 March 2009	**77,636**	**110,582**	**25,066**	**12,220**	**5,863**	**98**	**0**	**41,208**	**272,673**

The Company	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Employee share-based Capital Reserve	PRC Statutory Reserve			Retained Profits (Accum. Losses)	Total Equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000			HK$'000	HK$'000
At 31 December 2007	**77,636**	**110,582**	**0**	**1,580**	**0**			**2,595**	**192,393**
Equity settled share-based payment	0	0	0	2,520	0			0	2,520
Net profit for the quarter from 1.1.2008 to 31.3.2008	0	0	0	0	0			28	28
At 31 March 2008	**77,636**	**110,582**	**0**	**4,100**	**0**			**2,623**	**194,941**
Equity settled share-based payment	0	0	0	5,600	0			0	5,600
Net (loss) for 9 months from 1.4.2008 to 31.12.2008	0	0	0	0	0			(2,688)	(2,688)
At 31 December 2008	**77,636**	**110,582**	**0**	**9,700**	**0**			**(65)**	**197,853**
Equity settled share-based payment	0	0	0	2,520	0			0	2,520
Net (loss) for the quarter from 1.1.2009 to 31.3.2009	0	0	0	0	0			(711)	(711)
At 31 March 2009	**77,636**	**110,582**	**0**	**12,220**	**0**			**(776)**	**199,662**

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.

Not applicable

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 March 2009 was 388,182,140 (31 December 2008 : 388,182,140).

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's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including an 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 December 2008.

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

The Group adopted the new/revised IFRS and Interpretations of IFRS that are effective for financial year beginning on or after 1 January 2009. The adoption of the relevant IFRS and Interpretations of IFRS did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements for the quarter ended 31 March 2009.

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 first quarter after deducting any provision for preference dividends:		
	1st Quarter FY 2009	**1st Quarter FY 2008**
Based on weighted average number of Ordinary shares in issue (Please see note below)	**(0.86) HK cents**	**0.66 HK cents**
On a fully diluted basis (Please see note below)	**Not applicable**	**Not applicable**

Note 6a : Basic earnings per share

The calculation of basic (loss) / earnings per share is based on the Group's loss attributable to ordinary shareholders of HK$3,343,000 (FY2008 : profit of HK$2,575,000) and the weighted average number of ordinary shares of 388,182,140 (FY2008 : 388,182,140) in issue during the year.

Note 6b : Diluted earnings per share

There were no dilutive potential ordinary shares during the year and therefore diluted earnings per share are not presented.

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 31.3.2009	At 31.12.2008
Net asset value of the Company per ordinary share based on existing issue share capital	**HK$ 0.51 per share**	**HK$ 0.51 per share**
Net asset value of the Group per ordinary share based on existing issue share capital	**HK$ 0.70 per share**	**HK$ 0.73 per share**

The calculation of net asset value per share of the Company at 31 March 2009 was based on the Company's net asset value of HK$199,662,000 (31 December 2008 of HK$197,853,000) and 388,182,140 ordinary shares in issue at 31 March 2009 (388,182,140 ordinary shares in issue at 31 December 2008).

The calculation of net asset value per share of the Group at 31 March 2009 was based on the Group's net asset value of HK$272,673,000 (31 December 2008 of HK$281,774,000) and 388,182,140 ordinary shares in issue at 31 March 2009 (388,182,140 ordinary shares in issue at 31 December 2008).

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

<u>Revenue</u>

The Group's revenue generated in the first quarter of FY2009 decreased by approximately HK$10.6 million to approximately HK$9.1 million from approximately HK$19.7 million in the first quarter of FY2008. The decrease was the result of the financial turmoil which slowed down the IT spending of most of the PRC banks and financial institutions including, but not limited to, signicant decrease in the procurement of software products and IT equipment.

The following is a breakdown of the total IT revenue generated in the first quarter of FY2009:

	1st Quarter FY2009 HK$'000	1st Quarter FY2008 HK$'000
Revenue from provision of IT services	5,493	11,870
Revenue from trading of IT equipment	3,621	7,846
	9,114	**19,716**

Cost of goods sold

Cost of goods sold decreased by approximately HK$3.6 million from approximately HK$6.2 million in the first quarter of FY2008 to approximately HK$2.6 million in the first quarter of FY2009 due to the corresponding decrease in the trading of IT equipment as disclosed above.

Other income

This comprised mainly the deposit interest income earned to the amount of approximately HK$0.3 million in the first quarter of FY2009 as compared to approximately HK$0.5 million earned in the first quarter of FY2008. The decrease of approximately HK$0.2 million was due to the decrease in the average bank deposit interest rate in the first quarter of FY2009 as well as the decrease in the amount of fixed deposits placed in banks in the first quarter of FY2009 as compared to the first quarter of FY2008.

Operating expenses

The Group's total operating expenses (including staff costs, depreciation, amortisation and other expenses but excluding cost of goods sold) for the first quarter of FY2009 and the first quarter of FY2008 remained stable at approximately HK$10.7 million respectively.

Staff costs dropped slightly by approximately HK$0.2 million to approximately HK$5.1 million in the first quarter of FY2009 from approximately HK$5.3 million in the first quarter of FY2008.

On 12 April 2004, the Group established a share option scheme (the "Share Option Scheme') that entitles key management personnel and senior employees to purchase shares in the Company. As at 2 November 2007, 29 eligible participants accepted the offer of a total number of 25,000,000 options granted by the Company. Pursuant to the rules of the Share Option Scheme, options will lapse when the grantee ceases to be an employee of the Group for reasons other than death, redundancy, ill-health or retirement.

The fair value of services received in return for share options granted is based on the fair value of share options granted measured using a binomial model by professional valuer. The fair value of options at grant date has been computed as approximately S$0.0988 per share option while the share price and option exercise price at grant date are S$0.210 and S$0.213 respectively.

The number of share options is as follows :

	FY2009 No. of options	FY2008 No. of options
Outstanding at 1 January	23,700,000	25,000,000
Granted during the first quarter	-	-
Lapsed during the first quarter	-	-
Exercised during the first quarter	-	-
Outstanding at 31 March	**23,700,000**	**25,000,000**
Granted during the remaining quarters		-
Lapsed during the remaining quarters		(1,300,000)
Exercised during the remaining quarters		-
Outstanding at 31 December	**-**	**23,700,000**

Accordingly, the staff cost arising from this grant of share option in the first quarter of FY2009 was approximately HK$2.5 million (the first quarter of FY2008 was approximately HK$2.5 million).

Depreciation charges remained stable at approximately HK$0.9 million in the first quarter of FY2009 as compared to approximately HK$0.9 million in the first quarter of FY2008 as the Group did not make any material purchases, nor disposals, of property, plant and equipment in FY2008.

Amortisation of intangible asset, representing the customer relationship resulting from business combination, for the first quarter of FY2009 amounted to approximately HK$1.0 million (the first quarter of FY2008 : nil).

The recoverable amount of customer relationship is estimated based on its value-in-use, assuming customer retention rate of 80% using a discount rate of 15%, with assumption that there will be stable income from the existing customers until 2018. The recoverable amount is estimated to be higher than the carrying amount, and no impairment is required. The valuation exercise for the 80% shareholding interests of BTL acquired by the Group has been completed. However, valuation exercise for the remaining 20% shareholding interests of BTL acquired by the Group on 8 January 2009 is still under processing and, upon finalisation of the valuation, a reasonable amount of additional amortisation may be provided from next quarter onwards.

Goodwill generated as a result of business combination. Management considers no impairment necessary as BTL is profit making for the years post acquisition and the recoverable amount based on the estimated future cash flows discounted to their present value using a pre-tax discount rate of 15% is higher than the carrying amount, and therefore no impairment is required.

Other expenses decreased by approximately HK$0.9 million to approximately HK$3.6 million in the first quarter of FY2009 from approximately HK$4.5 million in the first quarter of FY2008. The decrease was mainly attributed by (i) a decrease in consultancy and subcontracting fees of approximately HK$1.2 million as a result of a decrease in IT services rendered to the Group’s customers; and (ii) an increase in promotion, marketing, business travelling, and professional expenses incurred of approximately HK$0.3 million arising from an increase in business activities including, but not limited to, the development of new business ventures primarily with potential PRC strategic partners.

Net loss after taxation

The Group's net loss after taxation attributable to shareholders of the Group in the first quarter of FY2009 of approximately HK$3.3 million was mainly attributable by (i) the decrease in total IT revenue of approximately HK$10.6 million; (ii) the amortisation costs of intangible assets of approximately HK$1.0 million; and (iii) the absorption of the cost of equity settled share-based payment of approximately HK$2.5 million.

Income tax

The Group's profits derived in Hong Kong are subject to Hong Kong profits tax at 16.5% (FY2008: 17.5%). No provision for Hong Kong profits tax was made, as there was no assessable profits for Hong Kong profits tax for the first quarter of FY2009.

As a foreign invested enterprise with paid-up capital of over US$5 million and engaged 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 ("Armarda Zhuhai") was fully exempted from PRC income tax for the first two profitable years in FY2004 and FY2005 and was entitled to 50% exemption from the applicable standard income tax rate for the further three years in FY2006, FY2007 and FY2008 if its production-oriented revenue exceeds 50% of its total revenue in each year (the "50% Criteria"). As Armarda Zhuhai did not meet the 50% Criteria in FY2008, Armarda Zhuhai was subject to PRC income tax at 20% for FY2009.

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. Since Armarda Zhuhai is registered in the Zhuhai Special Economic Zone, from 1 January 2008, the income tax rate is expected to gradually increase from 18% to the stadard rate of 25% over a five-year transition period.

Pursuant to the new tax law passed on 16 March 2007, a 10% withholding tax will be levied on dividends declared to foreign investors from the 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 entity and the jurisdiction of the foreign investors. Since Armarda Zhuhai is wholly owned by Armarda Technology (Hong Kong) Limited, a Hong Kong registered company, the applicable withholding tax rate wil be 5%. On 22 February 2008, Caishui (2008) No.1 was promulgated by the tax authorities to specify that dividends from the retained earnings as at 31 December 2007 are exempted from the withholding tax. No provision for PRC profits tax was made, as there was no assessable profits for PRC profits tax for the first quarter of FY2009.

No Singapore income tax was payable in respect of the Group's operations in Singapore, as such operations sustained losses for income tax purposes in the first quarter of FY2009.

Interest in an associate

As at 31 March 2009 this comprised of investments of the Group in 45% shareholding interests in Fesco E-HR Service (Beijing) Co., Ltd. as follows :

The Group has entered into a joint venture agreement with the Fesco Group to subscribe for 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 FY2008. As at 31 March 2009, Fesco E-HR remains as an associate of the Group.

The 45% share of profit from Fesco E-HR in FY2008 which amounted to approximately HK$0.5 million represented the Group' total share for the net profit after tax of this associate for the first quarter of FY2009 (approximately HK$0.3 million for the first quarter of FY2008) has been equity accounted for in the Group's first quarter ended 31 March 2009.

Property, plant and equipment

The total net book value of the Group's property, plant and equipment of approximately HK$9.1 million as at 31 March 2009 mainly comprised of leasehold properties of approximately HK$7.0 million, leasehold improvements of approximately HK$0.1 million, furniture, fixtures, computer and other equipment of approximately HK$1.7 million, and motor vehicles of approximately HK$0.3 million.

As at 31 March 2009, the net book value of a motor vehicle held under a finance lease amounted to approximately HK$0.1 million. All other property, plant and equipment of the Group were free from pledge.

Intangible assets

The increase of approximately HK$25.6 million of the intangible assets as at 31 March 2009 is due to the acquisition of the additional 20% interest in BTL in the first quarter of FY2009

The intangible assets of approximately HK$123.4 million arise from the acquisition of BTL.

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 Group has completed the acquisition of 250 shares from Mr. Lee Man Lung, Vincent (the "Vendor"), representing 25% of the total issued capital of Brilliant Time Limited (BTL) on 18 June 2006. BTL was considered an associate of the Group and the share of its profit after tax has been equity accounted for since 18 June 2006.

Subsequently on 21 November 2007, one of our subsidiaries, Armarda Holdings Limited, entered into a sale 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 has become an 80% owned subsidiary of the Group and full consolidation of BTL's financial statements into the Group's financial statements commenced from the first quarter of FY2008. 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 sale and purchase agreement with the Vendor, to acquire from the Vendor an additional 20% equity interests in BTL for a net consideration of HK$27.2 million. The transaction was completed on 8 January 2009 and BTL became an 100% owned subsidiary of the Group and 100% full consolidation of BTL's financial statements into the Group's financial statements commenced from the first quarter of FY2009.

Other assets

Other assets as at 31 March 2009 amounted to approximately HK$0.9 million (31 December 2008 of approxiamtely HK$0.9 million) comprised the costs of transferable life membership of golf club.

Trade and other receivables

The following is a breakdown of the total trade and other receivables of the Group as at 31 March 2009:

	31.03.09 HK$'000	31.12.08 HK$'000
Trade receivables	43,559	46,765
Refundable deposit	-	14,320
Goodwill deposit	22,678	22,678
Other prepayments and receivables	35,428	36,582
	101,665	**120,345**

Trade receivables

The Group's trade receivables decreased by approximately HK$3.2 million to approximately HK$43.6 million as at 31 March 2009 from approximately HK$46.8 million as at 31 December 2008, mainly attributed by the decrease in IT revenue generated and collection of debts in the first quarter of FY2009. Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables balance. All the trade and other receivables are expected to be recovered.

Refundable deposit

Acquisition of 20% equity interest in Brilliant Time Limited ("BTL")

On 23 December 2008, one of the subsidiaries of the Company, Armarda Holdings Limited, entered into a sale and purchase agreement (the "Agreement") with Mr. Lee Man Lung, Vincent (the "Vendor"), to acquire from the Vendor additional 20% equity interests in BTL for a consideration of HK$27.2 million ("Proposed Acquisition"). Prior to the proposed acquisition, the Group held 80% equity interests in BTL through Armarda Holdings Limited and BTL will become wholly owned subsidiary upon the completion of the transaction. BTL is principally engaged in the business of providing information technology system integration services to the banking and telecommunication industries in the PRC.

Pursuant to the Agreement, a refundable deposit of HK$14.32 million which the Group already paid to the Vendor as at 31 December 2008 will constitute part of the consideration. The remaining consideration of HK$12.88 million will be satisfied as follows:

- HK$11.0 million is payable in cash within 5 business days of the Completion Date or within 15 business days after signing of the Agreement, whichever is the earlier; and

- The balance of HK$1.88 million to be held by the Group in escrow pending fulfilment of the profit guarantee provided by the Vendor in respect of BTL for the year ending 31 December 2008.

The transaction was subsequently completed on 8 January 2009 and this refundable deposit has been utilised as part of the acquisition proceeds as stated above. Accordingly, BTL became a wholly owned subsidiary of the Group and have satisfied the profit guarantee requirements.

Goodwill deposit

Intent for possible equity interest in China Vision Intelligent Card Reader Co., Ltd. ("CVIC")

One of the subsidiaries of the Company, Armarda Technology (Zhuhai) Limited ("**ATZH**"), had as a demonstration of goodwill on 28 November 2008, entered into a non-binding conditional letter of intent ("**Letter**"), to further its preliminary discussions and review on the possible acquisition of an interest of 25% to 30% equity interest in CVIC for a possible consideration of approximately RMB37.5 million to approximately RMB45.0 million. CVIC, a PRC company is involved in the business of providing card readers and solutions for the PRC Government and its products have been used for applications involving, *inter alia*, security passes and identification cards and passports (biometric).

As a demonstration of goodwill and ability, and as a pre-condition for the release of relevant information for review and negotiations for the terms (if any) for a subsequent transaction, the Group had subsequently made, pursuant to the Letter, a refundable goodwill deposit of approximately HK$22.7 million (equivalent of RMB20.0 million). The deposit is refundable at the Group's sole discretion.

Subject to the outcome of the Group's review and due diligence as well as satisfactory terms and conditions and the Directors' approval, a conditional sales and purchase agreement will be executed. The Letter is subject, *inter alia*, to:

a. satisfactory completion of a preliminary round of review, and due diligence, of CVIC and its business; and

b. satisfactory completion and agreement of all parties with respect to the terms and conditions for any subsequent transaction.

The sale and purchase agreement, if any, in the event that is executed will be subject, *inter alia* to the completion of legal and financial due diligence, the approval of shareholders of the Company and/or the Singapore Exchange Securities Trading Limited (the "**Exchange**") as well as the approvals of the relevant governmental authority (where applicable). As at the date of this result announcement, the Group is in negotiating with the vendor on the terms & conditions of the intended acquisition and an appropriate announcement to update shareholders will be made in due course on the outcome of such negotiations.

Other prepayments and receivables

The following is a breakdown of other prepayments and receivables of the Group as at 31 March 2009:

	31.03.09 HK$'000	**31.12.08 HK$'000**
Working capital advance to Xintian eAccess Group	7,635	7,109
Short term project advances	17,009	17,009
Other receivables	12,088	13,768
	36,732	**37,886**

Subscription of 46% equity interest in Xintian eAccess Limited and its subsidiary (“Xintian eAccess Group”)

On 16 January 2009, one of the subsidiaries of the Company, Armarda eAccess Technology Limited (“Armarda eAccess”) had, together with Breakout Visions Inc. and the founder of Xintian eAccess Limited, Qian Kang (collectively the “**Subscribers**”), entered into a conditional subscription agreement (“**Subscription Agreement**”), to subscribe (“**Proposed Subscription**”) for such number of new ordinary shares in the capital of Xintian eAccess Limited (“**Xintian eAccess**”) and its wholly owned subsidiary called Yi Wei Advertising Company Limited (**“YWACL**”) (Collectively known as “**Xintian eAccess Group**”). Xintian eAccess is a HK$1.00 company incorporated in British Virgin Islands and is in the media industry

The subscription amount payable by Armarda eAccess is approximately HK$4.6 million in cash which will result in Armarda eAccess having an interest of approximately 46% in the enlarged capital of Xintian eAccess following the completion of the Proposed Subscription. Other than the subscription of new shares from all the parties for Xintian eAccess, the parties other than Armada are expected to contribute to the venture, in terms of securing of projects and also contribute to the venture in view of their technical skills.

In addition, Armarda eAccess has committed to extend a working capital loan to Xintian eAccess up to a limit of HK$10 million, for the working capital requirements of the Xintian eAccess Group. As at 31 March 2009, Armarda eAccess has advanced approximately HK$7.6 million to the Xintian eAccess Group. The advance would be repaid to Armarda eAccess once the subscription funds from the Subscribers is fully received by Xintian eAccess.

There is no net asset value, net tangible asset value and profit attributable to the assets of Xintian eAccess being acquired pursuant to the subscription by Armarda eAccess as it has minimal paid-in capital and was previously dormant.

As at the date of this announcement, the Proposed Subscription has not been completed. Further announcements will be made when the subscription of the new ordinary shares of Xintian eAccess is effected.

Cash and cash equivalents

The following is a breakdown of cash and cash equivalents of the Group as at 31 March 2009:

	31.3.2009 **HK$'000**	**31.12.2008** **HK$'000**
Deposits with banks	28,275	35,151
Cash at banks and in hand	12,703	30,792
Total cash and cash equivalents	**40,978**	**65,943**

Cash and cash equivalents decreased by approximately HK$24.9 million from approximately HK$65.9 million as at 31 December 2008 to approximately HK$41.0 million as at 31 March 2009. The decrease was mainly attributed to cash of approximately HK$25.9 million being utilised for investing activities.

Other payables and accruals

The following is a breakdown of the total other payables and accruals of the Group as at 31 March 2009:

	31.03.2009 HK$'000	31.12.2008 HK$'000
Accrued subcontracting charges	5,798	7,864
Acquisition proceeds payable	17,000	21,800
Other deposits and accruals	3,868	5,731
	26,666	**35,395**

Accrued subcontracting charges represents outstanding support charges due to independent subcontractors for services rendered to the Group's customers in the PRC. It decreased by approximately HK$2.1 million from approximately HK$7.9 million as at 31 December 2008 to approximately HK$5.8 million as at 31 March 2009 mainly as a result of the decrease in accrued subcontracting charges incurred in the first quarter of FY2009 brought by the corresponding decrease in IT service revenue.

The acquisition proceeds payable represents the balance of the third tranche payment of HK$17,000,000 in relation to the acquisition of 55% equity shares of BTL from Mr. Vincent Lee pursuant to the Sales & Purchase Agreement approved by shareholders in the General Meeting held and effected on 19 January, 2008.

Other deposits and accruals decreased by approximately HK$1.8 million to approximately HK$3.9 million as at 31 March 2009 from approximately HK$5.7 million as at 31 December 2008.

Reserves

The following is a breakdown of the Reserves of the Group as at 31 March 2009:

	31.3.2009 HK$'000	31.12.2008 HK$'000
Share premium	**110,582**	**110,582**
Foreign exchange translation reserve	**25,066**	**25,066**
PRC statutory reserve	**5,863**	**5,863**
Revaluation reserve	**98**	**98**
Employee share-based capital reserve	**12,220**	**9,700**
Retained profits	**41,208**	**44,551**
	195,037	**195,860**

- 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.

- Employee 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.

Minority Interest

Minority interest became a nil balance as at 31 March 2009 (31 December 2008: approximately HK$8.3 million) was the result of the acquisition of the remaining 20% interest of Brilliant Time Limited ("BTL") on 8 January 2009 whereby BTL became a wholly owned subsidiary of the Group, and accordingly all minority interest in BTL ceased to exist as at 31 March 2009.

Cashflows

The Group generated approximately HK$0.9 million from its operating activities in the first quarter of FY2009, as compared to an inflow generated of approximately HK$2.4 million in the first quarter of FY2008.

The Group used approximately HK$25.9 million for its investing activities in the first quarter of FY2009. Approximately HK$25.4 million was used to finance the acquisitions of the 80% interests in BTL completed on 19 January 2008 and the remaining 20% interests in BTL completed on 8 January 2009, and approximately HK$0.5 million was used to finance the purchase of additional property, plant and equipment.

The Group used HK$11,000 to repay its finance lease obligations in the first quarter of FY2009.

Overall, the Group used approximately HK$25.0 million in the first quarter of FY2009 as compared to approximately HK$34.0 million being used in the first quarter of FY2008.

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 global financial turmoil had shown its continuous impact to the PRC IT industry and the overall market condition remained difficult since the last reporting period. The Group expects that such trend will continue for the upcoming periods and we will strive to maintain the Group's business momentum by continuing focusing on the 2nd tier and 3rd tier PRC banks in the Oracle Financials and core banking consulting areas as well as to look for new business opportunities with growth potentials for the next reporting period.

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 (FY2008 : 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 the first quarter ended 31 March 2009

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

13. 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

14. 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

15. A breakdown of sales

Not applicable

16. 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 (FY2008 : Nil)

(b) Preference

Nil (FY2008 : Nil)

(c) Total

Nil (FY2008 : Nil)

17. Negative assurance on interim financial statements

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 results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

13 MAY 2009

*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*

The contact person for the Sponsor is Ms Foo Quee Yin
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