

**ARMARDA GROUP LIMITED****First Quarter Financial Statement And Dividend Announcement**

Financial statements on combined results of the Group for the first quarter of FY2006 ended 31 March 2006. 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) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

**ARMARDA GROUP LIMITED  
GROUP INCOME STATEMENT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2006  
(Expressed in Hong Kong thousand dollars)**

	First Qtr. FY2006	First Qtr. FY2005
<b>Operating revenue</b>		
Revenue from provision of services	9,125	11,627
One-time recognition of negative goodwill	0	0
Other income	308	213
	<u>9,433</u>	<u>11,840</u>
<b>Less : operating expenses</b>		
Staff costs	(4,345)	(5,293)
Depreciation	(922)	(837)
Other operating expenses	(2,976)	(3,622)
	<u>1,190</u>	<u>2,088</u>
<b>Profit from operations</b>	1,190	2,088
Finance costs	(9)	(8)
	<u>1,181</u>	<u>2,080</u>
<b>Profit from ordinary activities before taxation</b>	1,181	2,080
Taxation	(89)	0
	<u>1,092</u>	<u>2,080</u>
<b>Profit after taxation for the quarter</b>	<u>1,092</u>	<u>2,080</u>

**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 2006**  
**(Expressed in Hong Kong thousand dollars)**

	The Group		The Company	
	As at 31.03.06	As at 31.12.05	As at 31.03.06	As at 31.12.05
<b>Non-current assets</b>				
Investment in subsidiary	0	0	45,446	45,446
Property, plant and equipment	17,856	18,410	0	0
Amount due from a subsidiary	0	0	60,158	59,925
Other assets	763	763	0	0
Deferred tax assets	66	66		
	<u>18,685</u>	<u>19,239</u>	<u>105,604</u>	<u>105,371</u>
<b>Current assets</b>				
Trade and other receivables	55,783	56,867	260	123
Cash and cash equivalents	80,465	80,270	0	0
	<u>136,248</u>	<u>137,137</u>	<u>260</u>	<u>123</u>
<b>Current liabilities</b>				
Secured bank loan	(58)	(58)	0	0
Trade and other payables	(5,082)	(7,669)	(841)	(778)
Obligations under finance lease	(75)	(79)	0	0
Taxation payable	(89)	0	0	0
	<u>(5,304)</u>	<u>(7,806)</u>	<u>(841)</u>	<u>(778)</u>
<b>Net current assets</b>	<u>130,944</u>	<u>129,331</u>	<u>(581)</u>	<u>(655)</u>
<b>Non-current liability</b>				
Secured bank loan	(74)	(87)	0	0
Obligations under finance lease	(196)	(216)	0	0
Deferred tax liabilities	(1,943)	(1,943)	0	0
	<u>(2,213)</u>	<u>(2,246)</u>	<u>0</u>	<u>0</u>
<b>Net assets</b>	<u>147,416</u>	<u>146,324</u>	<u>105,023</u>	<u>104,716</u>

Representing:

**Capital and reserves**

Share capital	57,446	57,446	57,446	57,446
Reserves	88,878	88,878	47,270	47,270
Net profit for the quarter	1,092	0	307	0
	<u>147,416</u>	<u>146,324</u>	<u>105,023</u>	<u>104,716</u>

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

**Amount repayable in one year or less, or on demand**

<u>As at 31 March 2006</u>		<u>As at 31 December 2005</u>	
In HK\$'000		In HK\$'000	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
HK\$ 133	HK\$ 0	HK\$ 137	HK\$ 0

**Amount repayable after one year**

<u>As at 31 March 2006</u>		<u>As at 31 December 2005</u>	
In HK\$'000		In HK\$'000	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
HK\$ 270	HK\$ 0	HK\$ 303	HK\$ 0

**Details of any collateral**

The above bank and 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**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2006**  
(Expressed in Hong Kong thousand dollars)

	<b>First Qtr. FY2006</b>	<b>First Qtr. FY2005</b>
<b>Operating activities</b>		
Profit from ordinary activities before taxation	1,181	2,080
Adjustment for:		
Interest expenses	9	8
Interest income	(308)	(213)
Depreciation	922	837
Taxation	(89)	0
Decrease/(Increase) in trade and other receivables	1,084	(2,927)
(Decrease) in trade and other payables	(2,587)	(2,298)
Increase in taxation payable	89	287
	301	(2,226)
Cash generated from operations	301	(2,226)
Interest received	308	213
Interest paid	(9)	(8)
	600	(2,021)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>600</b>	<b>(2,021)</b>
<b>Investing activities</b>		
Addition of property, plant and equipment	(368)	(755)
	(368)	(755)
<b>Net cash (outflow) from Investing activities</b>	<b>(368)</b>	<b>(755)</b>
<b>Financing activities</b>		
(Decrease) in secured bank loans	(13)	(12)
(Decrease) in obligations under finance lease	(24)	(18)
	(37)	(30)
<b>Net cash (outflow) from financing activities</b>	<b>(37)</b>	<b>(30)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>195</b>	<b>(2,806)</b>
<b>Cash and cash equivalents at beginning of the quarter</b>	<b>80,270</b>	<b>72,956</b>
	80,465	70,150
<b>Cash and cash equivalents at end of this quarter</b>	<b>80,465</b>	<b>70,150</b>
An analysis of cash and cash equivalents in as follows:		
<b>Cash at bank and in hand</b>	<b>80,465</b>	<b>70,150</b>

- 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

<i>The Group</i>	Share Capital	Share Premium	Exchange Reserves	Negative Goodwill	PRC Stat. Reserves	Retained Profits	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 December 2004</b>	<b>57,446</b>	<b>48,018</b>	<b>314</b>	<b>0</b>	<b>2,678</b>	<b>14,069</b>	<b>122,525</b>
Adjustment in respect of derecognition of negative goodwill	0	0	0	0	0	11,343	11,343
Net profit for the quarter from 1.1.2005 to 31.3.2005	0	0	0	0	0	2,080	2,080
<b>At 31 March 2005</b>	<b>57,446</b>	<b>48,018</b>	<b>314</b>	<b>0</b>	<b>2,678</b>	<b>27,492</b>	<b>135,948</b>
Net profit for nine months from 1.4.2005 to 31.12.2005	0	0	0	0	0	8,787	8,787
Appropriation to reserve	0	0	0	0	2,709	(2,709)	0
Exchange difference on translation of financial statements of foreign entities	0	0	1,589	0	0	0	1,589
<b>At 31 December 2005</b>	<b>57,446</b>	<b>48,018</b>	<b>1,903</b>	<b>0</b>	<b>5,387</b>	<b>33,570</b>	<b>146,324</b>
Net profit for the quarter from 1.1.2006 to 31.3.2006	0	0	0	0	0	1,092	1,092
<b>At 31 March 2006</b>	<b>57,446</b>	<b>48,018</b>	<b>1,903</b>	<b>0</b>	<b>5,387</b>	<b>34,662</b>	<b>147,416</b>

<i>The Company</i>	Share Capital	Share Premium	Exchange Reserves	Negative Goodwill	PRC Stat. Reserves	(Accum. Losses)	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>At 31 December 2005</i>	57,446	48,018	0	0	0	(751)	104,713
Net profit for the quarter from 1.1.2005 to 31.3.2005	0	0	0	0	0	0	0
<i>At 31 March 2005</i>	57,446	48,018	0	0	0	(751)	104,713
Net profit for nine months from 1.4.2005 to 31.12.2005	0	0	0	0	0	3	3
<i>At 31 December 2005</i>	57,446	48,018	0	0	0	(748)	104,716
Net profit for the quarter from 1.1.2006 to 31.3.2006	0	0	0	0	0	307	307
<i>At 31 March 2006</i>	57,446	48,018	0	0	0	(441)	105,023

- 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

Referring to a separate SGXNet announcement made by the Company on 18 April 2006, the Company has completed a placement of 57,200,000 new ordinary shares of HK\$0.20 each in the capital of the Company to four independent placees on 18 April 2006. The new shares has been approved for listing and trading by SGX on 19 April 2006.

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)

These figures have not been audited nor reviewed.

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

Not applicable.

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

The Group 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 2005.

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

Not applicable.

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

Earnings per ordinary share for the first quarter after deducting any provision for preference dividends:		
	<b>FY 2006</b>	<b>FY 2005</b>
Based on weighted average number of ordinary shares in issue (Please see note Below)	<b>0.38 HK cents</b>	<b>0.72 HK cents</b>
On a fully diluted basis (Please see note Below)	<b>Not Applicable</b>	<b>Not Applicable</b>

**Note 6a : Basic earnings per share**

The calculation of earnings per share is based on the Group's profit attributable to shareholders of HK\$1,092,000 (FY2005 of HK\$2,080,000) and the weighted average of 287,232,140 (FY2005 of 287,232,140) ordinary shares in issue during the quarter.

**Note 6b : Diluted earnings per share**

There were no dilutive potential ordinary shares during the period 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 period reported on and (b) immediately preceding financial year**

	At 31.3.2006	At 31.12.2005
Net asset value for the Company per ordinary Share based on existing issue share capital	<b>HK\$ 0.37 per share</b>	<b>HK\$0.36 per share</b>
Net asset value for the Group per ordinary Share based on existing issue share capital	<b>HK\$ 0.51 per share</b>	<b>HK\$0.51 per share</b>

The calculation of net asset value per share of the Company at 31 March 2006 is based on the Company's net asset value of HK\$105,023,000 (31 December 2005 of HK\$104,716,000) and 287,232,140 ordinary shares in issue at 31 March 2006 (287,232,140 shares in issue at 31 December 2005).

The calculation of net asset value per share of the Group at 31 March 2006 is based on the Group's net asset value of HK\$147,416,000 (31 December 2005 of HK\$146,324,000) and 287,232,140 ordinary shares in issue at 31 March 2006 (287,232,140 shares in issue at 31 December 2005).

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**

#### **Sales Turnover**

The Group's revenue generated from provision of services amounted to HK\$9.1 million for the first quarter of FY2006 which showed a decrease of HK\$2.5 million compared to HK\$11.6 million recorded in the first quarter of FY2005, this decrease was the result of slow down in the service revenue generated from the tier 1 bank account following completion of the first phase project with these banks. In terms of geographical segmentation, a predominant 100% of our total service revenue was derived from the PRC and we do not expect any significant change in this geographical mix in the Group's major source of revenue.

#### **Net Profit After Taxation**

The Group's operating net profit after taxation amounted to approximately HK\$1.1 million for the first quarter of FY2006, compared to HK\$2.1 million for the same first quarter of FY2005. This was principally the result of a decrease in service revenue generated of approximately HK\$2.5 million and a decrease in the total operating expenses of approximately HK\$1.5 million.



The Group's staff costs reduced by approximately HK\$1.0 million to HK\$4.3 million for the first quarter of FY2006 from HK\$5.3 million for the first quarter of FY2005 which was the result of the organisational restructuring exercise taken place in mid FY2005.

The Group's other operating expenses reduced by approximately HK\$0.6 million to HK\$3.0 million for the first quarter of FY2006 from HK\$3.6 million for the first quarter of FY2005 which was also the result of the organisational restructuring exercise taken place in mid FY2005.

#### **Property, Plant and Equipment**

The total net book value of HK\$17.9 million standing at 31 March 2006 mainly comprised of leasehold properties (HK\$7.2 million), leasehold improvements (HK\$1.2 million), computer application systems (HK\$7.1 million), furniture and equipment (HK\$1.6 million), and motor vehicles (HK\$0.8 million).

#### **Trade and Other Receivables**

The Group's trade and other receivables at 31 March 2006 decreased by HK\$1.1 million to HK\$55.8 million from HK\$56.9 million at 31 December 2005 which was mainly attributable to the decrease in trade receivables.

#### **Trade and Other Payables**

The Group's trade and other payables decreased from HK\$7.7 million at 31 December 2005 to HK\$5.1 million at 31 March 2006 as a significant amount of legal and professional fees accrued at 31 December 2005 were settled in the first quarter this year.

#### **Share Capital and Reserves**

The increase of HK\$1.1 million in the Group's share capital and reserves in the first quarter of FY2006 solely represented the net operating profit after tax generated in this quarter.

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 first quarter of FY2006 sees continuous transformation of the PRC banking industry and at the same time the emergence of more market players in the IT service industry in the PRC banking and finance sectors, which creates more intense competition and profit margin pressure in the marketplace. The group foresee that the market situation will remain competitive for the rest of FY2006.

11. **Dividend**

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend is declared/recommendeded for this period.

**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**

Not applicable.

**BY ORDER OF THE BOARD**

**11 MAY 2006**