

## ARMARDA GROUP LIMITED

### Third Quarter Financial Statement And Dividend Announcement

Financial statements on combined results of the Group for the third quarter of FY2007 ended 30 September 2007. 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 THIRD QUARTER ENDED 30 SEPTEMBER 2007**  
(Expressed in Hong Kong thousand dollars)

	Third Qtr. FY2007	Third Qtr. FY2006
Revenue from provision of services	8,287	8,167
Other income	395	318
Staff costs	(2,665)	(4,223)
Depreciation	(957)	(859)
Other operating expenses	(3,827)	(2,975)
Finance costs	(11)	(11)
Share of profits of associates (after tax)	1,539	1,142
<b>Profit before taxation</b>	<b>2,761</b>	<b>1,559</b>
Income tax	(122)	(42)
<b>Profit after taxation for the third quarter</b>	<b>2,639</b>	<b>1,517</b>

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 30 SEPTEMBER 2007**  
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	As at 30.09.07	As at 31.12.06	As at 30.09.07	As at 31.12.06
<b>Non-current assets</b>				
Investment in subsidiaries	0	0	45,446	45,446
Interest in associates	44,674	20,956	0	0
Property, plant and equipment	14,372	15,209	0	0
Amount due from a subsidiary	0	0	144,671	74,554
Other assets	709	790	0	0
	<u>59,755</u>	<u>36,955</u>	<u>190,117</u>	<u>120,000</u>
<b>Current assets</b>				
Trade and other receivables	41,632	56,193	0	109
Cash and cash equivalents	158,475	89,505	4	4
	<u>200,107</u>	<u>145,698</u>	<u>4</u>	<u>113</u>
<b>Current liabilities</b>				
Trade and other payables	(4,983)	(9,242)	0	(828)
Payables on interest in associates	(4,278)	0	0	0
Obligations under finance lease	(83)	(83)	0	0
Taxation payable	(1,111)	(930)	0	0
	<u>(10,455)</u>	<u>(10,255)</u>	<u>0</u>	<u>(828)</u>
<b>Net current assets / (liabilities)</b>	<u>189,652</u>	<u>135,443</u>	<u>4</u>	<u>(715)</u>
<b>Non-current liability</b>				
Obligations under finance lease	(70)	(133)	0	0
Deferred tax liabilities	(2,288)	(2,288)	0	0
	<u>(2,358)</u>	<u>(2,421)</u>	<u>0</u>	<u>0</u>
<b>Net assets</b>	<u><u>247,049</u></u>	<u><u>169,977</u></u>	<u><u>190,121</u></u>	<u><u>119,285</u></u>

Representing:

**Capital and reserves**

Share capital	77,636	68,886	77,636	68,886
Reserves	162,305	101,091	111,613	50,399
Net profit for the first half year	4,469	-	587	-
Net profit for the third quarter	2,639	-	285	-
	<u>247,049</u>	<u>169,977</u>	<u>190,121</u>	<u>119,285</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 30 September 2007</u>		<u>As at 31 December 2006</u>	
In HK\$'000		In HK\$'000	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
HK\$ 83	HK\$ 0	HK\$ 83	HK\$ 0

**Amount repayable after one year**

<u>As at 30 September 2007</u>		<u>As at 31 December 2006</u>	
In HK\$'000		In HK\$'000	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
HK\$ 70	HK\$ 0	HK\$ 133	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 THIRD QUARTER ENDED 30 SEPTEMBER 2007**  
(Expressed in Hong Kong thousand dollars)

	Third Qtr. FY2007	Third Qtr. FY2006
<b>Operating activities</b>		
Profit before taxation	2,761	1,559
Adjustment for:		
Interest income	(395)	(318)
Share of profits of associates	(1,539)	(1,142)
Depreciation	957	859
Finance costs	11	11
<b>Operating profit before changes in working capital</b>	<u>1,795</u>	<u>969</u>
Decrease/(increase) in trade and other receivables	(751)	1,900
(Decrease) in trade and other payables	(986)	(2,372)
Increase in taxation payable	0	13
<b>Cash generated from operations</b>	<u>58</u>	<u>510</u>
Interest received	395	318
Interest paid	(11)	(11)
<b>Net cash inflow from operating activities</b>	<u><b>442</b></u>	<u><b>817</b></u>
<b>Investing activities</b>		
Addition of property, plant and equipment	(275)	(412)
Capital injection into associates	(7,500)	0
<b>Net cash (outflow) from Investing activities</b>	<u><b>(7,775)</b></u>	<u><b>(412)</b></u>
<b>Financing activities</b>		
(Decrease) in secured bank loans	0	(14)
(Decrease) in obligations under finance lease	(21)	(19)
Allotment of shares	72,030	0
Shares allotment expenses	(2,066)	0
<b>Net cash inflow (outflow) from financing activities</b>	<u><b>69,943</b></u>	<u><b>(33)</b></u>
<b>Net increase in cash and cash equivalents</b>	<b>62,610</b>	<b>372</b>
<b>Cash and cash equivalents at beginning of the quarter</b>	<b>95,865</b>	<b>92,083</b>
<b>Cash and cash equivalents at end of this quarter</b>	<u><b>158,475</b></u>	<u><b>92,455</b></u>
An analysis of cash and cash equivalents in as follows:		
<b>Cash at bank and in hand</b>	<u><b>158,475</b></u>	<u><b>92,455</b></u>

**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	PRC Stat. Reserves	Retained Profits	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 December 2005</b>	<b>57,446</b>	<b>48,018</b>	<b>1,903</b>	<b>5,387</b>	<b>33,570</b>	<b>146,324</b>
Net profit for six months from 1.1.2006 to 30.6.2006	0	0	0	0	2,212	<b>2,212</b>
Net profit for 3 <sup>rd</sup> quarter from 1.7.2006 to 30.9.2006	0	0	0	0	1,517	<b>1,517</b>
Issue of 57,200,000 new ordinary shares	11,440	2,288	0	0	0	<b>13,728</b>
New shares issue expenses	0	(806)	0	0	0	<b>(806)</b>
<b>At 30 September 2006</b>	<b>68,886</b>	<b>49,500</b>	<b>1,903</b>	<b>5,387</b>	<b>37,299</b>	<b>162,975</b>
Net profit for three months from 1.10.2006 to 31.12.2006	0	0	0	0	3,358	<b>3,358</b>
Appropriation to reserve	0	0	0	275	(275)	<b>0</b>
Exchange difference on translation of financial statements of foreign entities	0	0	3,644	0	0	<b>3,644</b>
<b>At 31 December 2006</b>	<b>68,886</b>	<b>49,500</b>	<b>5,547</b>	<b>5,662</b>	<b>40,382</b>	<b>169,977</b>
Net profit for six months from 1.1.2007 to 30.6.2007	0	0	0	0	4,469	<b>4,469</b>
Net profit for 3 <sup>rd</sup> quarter from 1.7.2007 to 30.9.2007	0	0	0	0	2,639	<b>2,639</b>
Appropriation to reserve	0	0	0	180	(180)	<b>0</b>
Issue of 43,750,000 new ordinary shares	8,750	63,280	0	0	0	<b>72,030</b>
New shares issue expenses	0	(2,066)	0	0	0	<b>(2,066)</b>
<b>At 30 September 2007</b>	<b>77,636</b>	<b>110,714</b>	<b>5,547</b>	<b>5,842</b>	<b>47,310</b>	<b>247,049</b>

<i>The Company</i>	Share Capital	Share Premium	Exchange Reserves	PRC Stat. Reserves	Retained Profits (Losses)	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 December 2005</b>	<b>57,446</b>	<b>48,018</b>	<b>0</b>	<b>0</b>	<b>(748)</b>	<b>104,716</b>
Net profit for six months from 1.1.2006 to 30.6.2006	0	0	0	0	410	<b>410</b>
Net profit for 3 <sup>rd</sup> quarter from 1.7.2006 to 30.9.2006					137	<b>137</b>
Issue of 57,200,000 new ordinary shares	11,440	2,288	0	0	0	<b>13,728</b>
New shares issue expenses	0	(806)	0	0	0	<b>(806)</b>
<b>At 30 September 2006</b>	<b>68,886</b>	<b>49,500</b>	<b>0</b>	<b>0</b>	<b>(201)</b>	<b>118,185</b>
Net profit for three months from 1.10.2006 to 31.12.2006	0	0	0	0	1,100	<b>1,100</b>
<b>At 31 December 2006</b>	<b>68,886</b>	<b>49,500</b>	<b>0</b>	<b>0</b>	<b>899</b>	<b>119,285</b>
Net profit for six months from 1.1.2007 to 30.6.2007	0	0	0	0	587	<b>587</b>
Net profit for 3 <sup>rd</sup> quarter from 1.7.2007 to 30.9.2007	0	0	0	0	285	<b>285</b>
Issue of 43,750,000 new ordinary shares	8,750	63,280	0	0	0	72,030
New shares issue expenses	0	(2,066)	0	0	0	(2,066)
<b>At 30 September 2007</b>	<b>77,636</b>	<b>110,714</b>	<b>0</b>	<b>0</b>	<b>1,771</b>	<b>190,121</b>

**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**

Pursuant to a separate SGXNet announcement made on 10 July 2007, the Company has completed a placement of 43,750,000 new ordinary shares of HK\$0.20 each in the capital of the Company to Firich Enterprises Co., Ltd. on 10 July 2007. The new shares has been approved for listing and trading by SGX on 18 July 2007. the Company has raised a net proceeds of HK\$69,964,132 from this placement shares issue.

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 2006.

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 third quarter after deducting any provision for preference dividends:		
	<b>FY 2007</b>	<b>FY 2006</b>
Based on weighted average number of ordinary shares in issue (Please see note Below)	<b>0.69 HK cents</b>	<b>0.45 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\$2,639,000 (FY2006 of HK\$1,517,000) and the weighted average of

383,902,249 (FY2006 of 337,308,330) 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**

	<b>At 30.09.2007</b>	<b>At 31.12.2006</b>
Net asset value for the Company per ordinary Share based on existing issue share capital	<b>HK\$ 0.49 per share</b>	<b>HK\$0.35 per share</b>
Net asset value for the Group per ordinary Share based on existing issue share capital	<b>HK\$ 0.64 per share</b>	<b>HK\$0.49 per share</b>

The calculation of net asset value per share of the Company at 30 September 2007 is based on the Company's net asset value of HK\$190,121,000 (31 December 2006 of HK\$119,285,000) and 388,182,140 ordinary shares in issue at 30 September 2007 (344,432,140 shares in issue at 31 December 2006).

The calculation of net asset value per share of the Group at 30 September 2007 is based on the Group's net asset value of HK\$247,049,000 (31 December 2006 of HK\$169,977,000) and 388,182,140 ordinary shares in issue at 30 September 2007 (344,432,140 shares in issue at 31 December 2006).

**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 approximately HK\$8.3 million for the third quarter of FY2007 which showed an increase of approximately HK\$0.1 million compared to approximately HK\$8.2 million recorded in the third quarter of FY2006. In terms of geographical segmentation, all of our 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 in the last quarter of FY2007.



### **Other income**

This comprised exclusively the interest income earned on fixed deposits placed with banks. The increase of approximately HK\$0.08 million in the third quarter of FY2007 compared to the third quarter of FY2006 was due to the increase in the amount of our fixed deposit as a result of the receipt of approximately HK\$70 million net proceeds from the Firich placement in mid July in the third quarter of FY2007.

### **Staff costs and other operating expenses**

In the FY2006 audited financial statements of the Group ended 31 December 2006, certain remuneration payments made to senior consultants originally recorded as staff costs in the first three quarters of FY2006 have been reclassified as other operating expenses because they were assigned to work on specific projects and hence all such related costs have been reclassified as direct project costs which were included under the other operating expenses category. For comparison purposes, the realigned costs for the third quarter of FY2006 and FY2007 are shown as follows (in HK\$'000) :

	Q3 FY2007 Per Audit Classification	Q3 FY2006 Historically Reported	Q3 FY2006 Per Audit Classification
Staff costs	2,665	4,223	2,872
Other operating expenses	3,827	2,975	4,326
	<hr/>	<hr/>	<hr/>
Total	6,492	7,198	7,198
	=====	=====	=====

### **Net profit after taxation**

The Group's operating net profit after taxation amounted to approximately HK\$2.6 million for the third quarter of FY2007, an increase of approximately HK\$1.1 million when compared to approximately HK\$1.5 million for the third quarter of FY2006. This was the result of the following :

- (i) an increase in service revenue generated of approximately HK\$0.1 million which came along with a decrease in total operating expenses of approximately HK\$0.6 million; and
- (ii) an increase in the share of profits from two associates (Brilliant Time Limited and Fesco) to the total amount of approximately HK\$0.4 million.

### **Interest in associates**

The Group's share for the net profits after tax of the two associates (Brilliant Time Limited and Fesco) from 1 July 2007 to 30 September 2007 which amounted to HK\$1,539,000 (FY2006: HK\$1,142,000 only Brilliant Time Limited) has been equity accounted for in the Group's third quarter result ended 30 September 2007.

The interest in two associates to the total amount of HK\$44,674,000 stated as at 30 September 2007 (FY2006: HK\$21,779,000 only Brilliant Time Limited) represented

the Group's share of the two associate's net identifiable assets of HK\$23,411,000 and goodwill on acquisition of HK\$21,263,000 (FY2006: HK\$18,581,000 only Brilliant Time Limited).

#### **Property, plant and equipment**

The total net book value of approximately HK\$14.4 million standing at 30 September 2007 mainly comprised of leasehold properties (HK\$6.3 million), leasehold improvements (HK\$1.2 million), computer application systems (HK\$5.3 million), furniture and equipment (HK\$1.1 million), and motor vehicles (HK\$0.5 million).

#### **Other assets**

Other assets amounted to approximately HK\$0.7 million (approximately HK\$0.8 million at 31 December 2006) comprised the costs of transferable life membership of golf club.

#### **Trade and other receivables**

Details of the Group's trade and other receivables as at 30 September 2007 and 30 June 2007 respectively are as follows (in HK\$'000) :

	As at 30 September 2007	As at 30 June 2007
Trade receivables	32,075	31,958
Accrued services revenue	6,790	6,806
Other prepayments and receivables	2,767	2,117
	<hr/>	<hr/>
	41, 632	40,881
	=====	=====

Both the Group's trade receivables and accrued services revenue as at 30 September 2007 remained almost the same as at 30 June 2007.

All of the trade receivables and accrued services revenue standing at 30 September 2007 are expected to be recovered within one year and the Group so far has not encountered any collection problem with our customers.

#### **Trade and other payables**

The Group's trade and other payables decreased by approximately HK\$1.0 million from approximately HK\$6.0 million at 30 June 2007 to approximately HK\$5.0 million at 30 September 2007 as a result of settlement of certain accrued professional expenses.

### **Payables on interest in associates**

Following the receipt of the PRC business license on 2 April 2007 by Fesco which was considered as the legal effective date of the Group's investment in the subscription of 45% of Fesco, this payable amount represented the amount to be paid by the Group as Phase 3 committed investment, inclusive of accrued professional expenses thereon, in accordance with the subscription agreement. All such sum shall be payable on or before 28 February 2008.

### **Share capital and reserves**

As explained under section 1(d)(ii) of this announcement above, the placement of 43,750,000 new ordinary shares on 10 July 2007 has resulted in an increase of HK\$8.75 million in the Group's share capital and an increase of HK\$61.2 million in the Group's reserves in terms of share premium (net of HK\$2.1 million placement expenses). The remaining increase of HK\$2.6 million in the Group's share capital and reserves solely represented the net operating profit after tax generated in the third quarter of FY2007.

### **Amount Due From A Subsidiary (Company Level)**

The increase in amount due from a subsidiary (Armarda Hong Kong) in the books of the Company (Armarda Group Limited) of approximately HK\$70.0 million is solely attributed to the collection by the subsidiary of the Company's placement issue net proceeds to the amount of approximately HK\$70.0 million.

**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 condition in the PRC IT consulting market remains to be highly competitive since the last result announcement due to the entrance and establishment of more international IT consulting firms in the PRC. However, our Group has been able to continue our success in the last quarter by securing our core customer accounts and implementing a number of Oracle Financial orders.

**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.

- 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.

**14 November 2007**

By Order of the Board

Terence Luk