

ARMARDA GROUP LIMITED

Fourth Quarter Financial Statement And Dividend Announcement

Financial statements on combined results of the Group for the fourth quarter and twelve months period ended 31 December 2011 (“12M2011”). 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 FOURTH QUARTER ENDED 31 DECEMBER 2011
(Expressed in Hong Kong thousand dollars)

	Three Months Ended			Twelve Months Ended		
	31.12.2011	31.12.2010	Change %	31.12.2011	31.12.2010	Change %
Revenue	17,963	6,037	198%	37,136	20,491	81%
Other income	181	496	-64%	723	502	44%
Staff costs	(1,960)	(342)	473%	(8,722)	(7,636)	14%
Depreciation	(188)	1,072	-118%	(743)	(731)	2%
Amortisation of intangible assets	(186)	(1,463)	-87%	(6,377)	(10,864)	-41%
Impairment of goodwill	-	(4,369)	N/A	-	(52,036)	N/A
Impairment of intangible assets	-	3,573	N/A	-	(25,064)	N/A
Impairment of other investment	(5,000)	(6,065)	-18%	(5,000)	(6,065)	-18%
Cost of goods sold	(2,921)	(2,120)	38%	(14,843)	(9,759)	52%
Other expenses	(28,014)	(4,973)	463%	(48,473)	(17,907)	171%
Finance costs	(10)	(139)	-93%	(33)	(320)	-90%
Share of profit / (loss) of associate	1,087	871	25%	150	80	88%
Loss before taxation	(19,048)	(7,422)	157%	(46,182)	(109,309)	-58%
Income tax (expense) / credit	10	(1,029)	-101%	64	(1,029)	-106%
Loss for the period	(19,038)	(8,451)	125%	(46,118)	(110,338)	-58%
Attributable to:						
Equity shareholders of the Company	(19,038)	(6,339)	200%	(45,203)	(108,226)	-58%
Non-controlling interest	-	(2,112)	N/A	(915)	(2,112)	-57%
Loss for the period	(19,038)	(8,451)	125%	(46,118)	(110,338)	-58%

NA : 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 FOURTH QUARTER ENDED 31 DECEMBER 2011
(Expressed in Hong Kong thousand dollars)

	Three Months Ended			Twelve Months Ended		
	31.12.2011	31.12.2010	Change %	31.12.2011	31.12.2010	Change %
Loss for the period	(19,038)	(8,451)	125%	(46,118)	(110,338)	-58%
Other comprehensive income						
Exchange differences on translating foreign operations	650	640	2%	2,078	640	225%
Cash flow hedges	-	-	N/A	-	-	N/A
Share of cash flow hedges of associate	-	-	N/A	-	-	N/A
Total comprehensive loss for the period	(18,388)	(7,811)	135%	(44,040)	(109,698)	-60%
Total comprehensive loss attributable to						
Equity shareholders of the Company	(18,388)	(7,811)	135%	(43,125)	(107,586)	-60%
Non-controlling interest	-	-	N/A	(915)	(2,112)	-57%
Total comprehensive loss for the period	(18,388)	(7,811)	135%	(44,040)	(109,698)	-60%

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 2011
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	As at 31.12.2011	As at 31.12.2010	As at 31.12.2011	As at 31.12.2010
Non-current assets		.		
Investment in subsidiaries	-	-	-	-
Interest in an associate	25,403	25,253	-	-
Property, plant and equipment	7,055	7,798	-	-
Intangible assets	4,464	10,841	-	-
Amounts due from subsidiaries	-	-	106,488	131,142
Other investments	2,964	6,754	-	-
Other assets	933	933	-	-
	<u>40,819</u>	<u>51,579</u>	<u>106,488</u>	<u>131,142</u>
Current assets				
Trade and other receivables	68,599	82,826	98	133
Cash and cash equivalents	8,675	12,676	4	4
	<u>77,274</u>	<u>95,502</u>	<u>102</u>	<u>137</u>
Current liabilities				
Obligations under finance lease	203	203	-	-
Other payables and accruals	12,766	11,019	5,640	836
Taxation payable	481	449	-	-
	<u>13,450</u>	<u>11,671</u>	<u>5,640</u>	<u>836</u>
Net current assets / (liabilities)	<u>63,824</u>	<u>83,831</u>	<u>(5,538)</u>	<u>(699)</u>
Non-current liabilities				
Obligations under finance lease	283	487	-	-
Deferred tax liabilities	2,983	3,072	-	-
	<u>3,266</u>	<u>3,559</u>	<u>-</u>	<u>-</u>
Net assets	<u>101,377</u>	<u>131,851</u>	<u>100,950</u>	<u>130,443</u>
Total equity				
Share capital	56,432	48,232	56,432	48,232
Reserves	44,945	82,211	44,518	82,211
Total equity attributable to equity shareholders of the Company	101,377	130,443	100,950	130,443
Non-controlling interest	-	1,408	-	-
	<u>101,377</u>	<u>131,851</u>	<u>100,950</u>	<u>130,443</u>

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

Amount repayable in one year or less, or on demand

	As at 31.12.2011 In HK\$'000		As at 31.12.2010 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Hire Purchase	203	-	203	-

Amount repayable after one year

	As at 31.12.2011 In HK\$'000		As at 31.12.2010 In HK\$'000	
	Secured	Unsecured	Secured	Unsecured
Hire Purchase	283	-	487	-

Details of any collateral

The hire purchase loans are 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 STATEMENT OF CASH FLOWS				
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011				
(Expressed in Hong Kong thousand dollars)				
	Three Months Ended		Twelve Months Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Cash flows from operating activities				
Loss before taxation	(19,048)	(7,422)	(46,182)	(109,309)
Adjustment for :				
Interest income	(2)	(2)	(8)	(8)
Share of (profit) / loss of an associate	(1,087)	(871)	(150)	(80)
Loss on disposal of property, plant and equipment	-	21	-	80
Increase in AFS investment	(179)	-	(358)	-
Finance costs	10	140	33	320
Depreciation	188	(1,073)	743	731
Amortisation of intangible assets	186	1,462	6,377	10,864
Impairment of intangible assets	-	796	-	77,100
Impairment of other investment	5,000	6,065	5,000	6,065
Professional fees shares to be issued	7,843	-	7,843	-
Foreign exchange (gain) / loss	549	1,685	1,068	1,686
	(6,540)	801	(25,634)	(12,551)
(Increase) / decrease in trade and other receivables	5,873	(6,796)	14,227	(12,842)
Increase / (decrease) in other payables and accruals	62	3,206	1,732	(15,008)
	(605)	(2,789)	(9,675)	(40,401)
Interest received	2	2	8	8
Interest paid	(10)	(140)	(33)	(320)
Income taxes paid	-	399	-	-
Net cash generated from / (used in) operating activities	(613)	(2,528)	(9,700)	(40,713)
Cash flows from investing activities				
Addition of property, plant and equipment	-	(87)	-	(139)
Acquisition of non-controlling interest	-	-	(17,500)	-
Proceeds received from issue of new shares	-	(40,000)	-	-
Payment of share issue expenses	-	1,200	-	-
Acquisition of other investments	-	625	-	-
Proceeds from disposal of property, plant and equipment	-	81	-	81
Net cash generated from / (used in) investing activities	-	(38,181)	(17,500)	(58)
Cash flows from financing activities				
Repayment of finance lease obligations	(51)	(40)	(204)	(157)
Withdrawn of secured credit facility	-	(5,682)	-	-
Issue of shares, net of issue costs	-	38,877	23,222	38,877
Net cash generated from / (used in) financing activities	(51)	33,155	23,018	38,720
Net increase / (decrease) in cash and cash equivalents	(664)	(7,554)	(4,182)	(2,051)
Cash and cash equivalents at beginning of the period	9,248	20,494	12,676	14,258
Effect of exchange rate fluctuations on cash held	91	(264)	181	469
Cash and cash equivalents at end of the period	8,675	12,676	8,675	12,676
An analysis of cash and cash equivalents as follows :				
Cash at bank and in hand	8,675	12,676	8,675	12,676

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	Reserve for Shares to be Issued	Other Reserves	Contributed Surplus	Non-Controlling Interest	Retained Earnings / (Accum. Losses)	Total Equity										
													HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
													HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	48,232	131,542	27,983	12,544	5,863	98	-	(19,027)	43,348	1,408	(120,140)	131,851										
Exchange difference on translation of financial statements of foreign entities	-	-	165	-	-	-	-	-	-	-	-	165										
Issuance of 114,000,000 new ordinary shares	5,700	18,836	-	-	-	-	-	-	-	-	-	24,536										
Expenses of new shares issue	-	(1,314)	-	-	-	-	-	-	-	-	-	(1,314)										
Net loss for the quarter from 1.1.2011 to 31.3.2011	-	-	-	-	-	-	-	-	-	(475)	(6,938)	(7,413)										
At 31 March 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	-	-	-	-	-	-	7,843	-	-	-	-	7,843										
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	12,544	5,863	98	7,843	(49,467)	43,348	-	(165,342)	101,377										
The Group																						
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share-Based Capital Reserve	PRC Statutory Reserve	Re-Valuation Reserve	Reserve for Shares to be Issued	Other Reserves	Contributed Surplus	Non-Controlling Interest	Retained Earnings / (Accum. Losses)	Total Equity										
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000										
At 1 January 2010	102,261	108,612	24,980	12,544	5,863	98	14,720	(19,027)	-	3,520	(53,262)	200,309										
Issuance of 53,333,334 new ordinary shares	10,667	4,053	-	-	-	-	(14,720)	-	-	-	-	-										
Net loss for the quarter from 1.1.2010 to 31.3.2010	-	-	-	-	-	-	-	-	-	-	(7,635)	(7,635)										
At 31 March 2010	112,928	112,665	24,980	12,544	5,863	98	-	(19,027)	-	3,520	(60,897)	192,674										
Capital reorganisation, reduction of PAR from HK\$0.2 to HK\$0.05 each	(84,696)	-	-	-	-	-	-	-	43,348	-	41,348	-										
Net loss for the quarter from 1.4.2010 to 30.6.2010	-	-	-	-	-	-	-	-	-	-	(33,131)	(33,131)										
At 30 June 2010	28,232	112,665	24,980	12,544	5,863	98	-	(19,027)	43,348	3,520	(52,680)	159,543										
Issuance of 400,000,000 new ordinary shares	20,000	20,000	-	-	-	-	-	-	-	-	-	40,000										
Expenses of new shares issue	-	(1,200)	-	-	-	-	-	-	-	-	-	(1,200)										
Exchange difference on translation of financial statements of foreign entities	-	-	640	-	-	-	-	-	-	-	-	640										
Net loss for the quarter from 1.7.2010 to 30.9.2010	-	-	-	-	-	-	-	-	-	-	(61,120)	(61,120)										
At 30 September 2010	48,232	131,465	25,620	12,544	5,863	98	-	(19,027)	43,348	3,520	(113,800)	137,863										
Adjustment of new shares issue exp	-	77	-	-	-	-	-	-	-	-	-	77										
Exchange difference on translation of financial statements of foreign entities	-	-	2,363	-	-	-	-	-	-	-	-	2,363										
Net loss for the quarter from 1.7.2010 to 30.9.2010	-	-	-	-	-	-	-	-	-	(2,112)	(6,340)	(8,452)										
At 31 December 2010	48,232	131,542	27,983	12,544	5,863	98	-	(19,027)	43,348	1,408	(120,140)	131,851										

<i>The Company</i>	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share-Based Capital Reserve	PRC Statutory Reserve	Re-Valuation Reserve	Reserve for Shares to be Issued	Other Reserves	Contributed Surplus	Retained Earnings / (Accum. Losses)	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	48,232	131,542	-	12,544	-	-	-	-	43,348	(105,223)	130,443
Issuance of 114,000,000 new ordinary shares	5,700	18,836	-	-	-	-	-	-	-	-	24,536
Expenses of new shares issue	-	(1,314)	-	-	-	-	-	-	-	-	(1,314)
Net loss for the quarter from 1.1.2011 to 31.3.2011	-	-	-	-	-	-	-	-	-	(6,430)	(6,430)
At 31 March 2011	53,932	149,064	-	12,544	-	-	-	-	43,348	(111,653)	147,235
Issuance of 50,000,000 new ordinary shares for RFID 25% interest acquired	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
<i>The Company</i>											
	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share-Based Capital Reserve	PRC Statutory Reserve	Re-Valuation Reserve	Reserve for Shares to be Issued	Other Reserves	Contributed Surplus	Retained Earnings / (Accum. Losses)	Total Equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010	102,261	108,612	-	12,544	-	-	14,720	-	-	(41,348)	196,789
Issuance of 53,333,334 new ordinary shares	10,667	4,053	-	-	-	-	(14,720)	-	-	-	-
Net loss for the quarter from 1.1.2010 to 31.3.2010	-	-	-	-	-	-	-	-	-	(4,419)	(4,419)
At 31 March 2010	112,928	112,665	-	12,544	-	-	-	-	-	(45,767)	192,370
Capital reorganisation, reduction of PAR from HK\$0.2 to HK\$0.05 each	(84,696)	-	-	-	-	-	-	-	43,348	41,348	-
Net loss for the quarter from 1.4.2010 to 30.6.2010	-	-	-	-	-	-	-	-	-	(33,283)	(33,283)
At 30 June 2010	28,232	112,665	-	12,544	-	-	-	-	43,348	(37,702)	159,087
Issuance of 400,000,000 new ordinary shares	20,000	20,000	-	-	-	-	-	-	-	-	40,000
Expenses of new shares issue	-	(1,200)	-	-	-	-	-	-	-	-	(1,200)
Net loss for the quarter from 1.7.2010 to 30.9.2010	-	-	-	-	-	-	-	-	-	(61,304)	(61,304)
At 30 September 2010	48,232	131,465	-	12,544	-	-	-	-	43,348	(99,006)	136,583
Adjustment of new shares issue exp	-	77	-	-	-	-	-	-	-	-	77
Net loss for the quarter from 1.10.2010 to 31.12.2010	-	-	-	-	-	-	-	-	-	(6,217)	(6,217)
At 31 December 2010	48,232	131,542	-	12,544	-	-	-	-	43,348	(105,223)	130,443

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's wholly owned subsidiary Armarda Holdings Ltd entered into a sales and purchase agreement on 13 December 2010 to acquire 25% equity interest in China RFID Ltd with total consideration amounting to HK\$25 million, in combination of cash consideration of HK\$17.5 million and HK\$7.5 million fully paid-up ordinary shares of HK\$0.05 each in the capital of the Company, representing 50,000,000 shares at HK\$0.15 each. The consideration shares had been issued and allotted on 22 June 2011 and quoted on SGX on 23 June 2011. The value of the issuance of the consideration shares were recorded in the financial statements in the second quarter of 12M2011 of approximately HK\$13.4 million which was the fair value on the date of the agreement.

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 "Proposed Acquisition") with total consideration amounting to HK\$454.5 million, in combination of loan notes of HK\$45 million and HK\$409.5 million fully paid-up ordinary shares of HK\$0.05 each in the capital of the Company, representing 920,000,000 shares at HK\$0.445 each. The proposed acquisition was approved by shareholders in a general meeting which was held on 21 December 2011. In addition, the Company shall issue 35,000,000 fully paid-up ordinary shares ("Professional Fee Shares") as in kind payment of professional fees in relation to the Proposed Acquisition. As at the date of this result announcement, none of the consideration shares nor Professional Fee Shares was issued.

The total number of shares that may be issued on conversion of all the outstanding convertibles as at 31 December 2011 was 23,300,000 (31 December 2010 : 23,300,000) which was resulted from a share option scheme established on 12 April 2004. A total number of 25,000,000 share options were granted by the Company. There was no conversion of the shares or lapse of the options during the fourth quarter of 12M2011.

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 2011 was 1,128,640,474 (31 December 2010 : 964,640,474).

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 2011, 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 2011.

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)

Save for the figures of the twelve months ended 31 December 2010 presented in this result announcement which were audited, the rest of the figures in respect of three months ended 31 December in both 12M2010 and 12M2011 and twelve months period ended 31 December 2011 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 2010.

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 January 2011, 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, except for IFRS9 Financial Instruments, which becomes mandatory for the Groups in preparing its financial statement for the year commencing 1 January 2013, which may cause the change in the classification and measurement of financial assets. 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 31.12.2011	3 Months Ended 31.12.2010	12 Months Ended 31.12.2011	12 Months Ended 31.12.2010
Based on weighted average number of Ordinary shares in Issue (Please see note below)	(1.69) HK cents	(0.66) HK cents	(4.12) HK cents	(16.07) HK cents
On a fully diluted basis (Please See note below)	Not applicable	Not applicable	Not applicable	Not applicable

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 HK\$19,038,000 and HK\$45,203,000 for the three months and twelve months ended 31 December 2011 respectively (2010 : loss of HK\$6,339,000 for the three months and HK\$108,226,000 for the twelve months ended 31 December) and the weighted average number of ordinary shares of 1,128,640,000 and 1,096,958,000 for the three months and twelve months ended 31 December 2011 respectively (2010 : 964,640,000 for the 3 months ended and 673,499,000 for the 12 months ended 31 December) in issue during the year.

Note 6b : Diluted earnings per share

There are outstanding 23,300,000 share options of the Company which will have dilutive potential. Considering the existing share price is far below the exercise price which has anti-dilutive effect, therefore, diluted earnings per share is 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 31.12.2011	At 31.12.2010
Net asset value of the Company per ordinary share based on existing issue share capital	HK\$ 0.089 per share	HK\$ 0.135 per share
Net asset value of the Group per ordinary share based on existing issue share capital	HK\$ 0.090 per share	HK\$ 0.137 per share

The calculation of net asset value per share of the Company as at 31 December 2011 is based on the Company's net asset value of HK\$100,950,000 (31 December 2010 : HK\$130,443,000) and 1,128,640,474 ordinary shares in issue as at 31 December 2011 (964,640,474 ordinary shares in issue as at 31 December 2010).

The calculation of net asset value per share of the Group as at 31 December 2011 is based on the Group's net asset value of HK\$101,377,000 (31 December 2010 : HK\$131,851,000) and 1,128,640,474 ordinary shares in issue as at 31 December 2011 (964,640,474 ordinary shares in issue as at 31 December 2010).

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

The Company announced on 28 December 2011 for the change of financial year end date from 31 December 2011 to 31 March 2012. Those figures for the fourth quarter of 12M2010 are calculated by applying the nine months unaudited figures subtracting from the audited figures of 12M2010, which will result in audit adjustment and reclassification for the entire year of 12M2010 being applied to fourth quarter's figures.

Revenue

The Group's revenue generated in the fourth quarter of 12M2011 increased by approximately HK\$11.9 million to approximately HK\$18.0 million from approximately HK\$6.0 million in the fourth quarter of 12M2010, and increased by approximately HK\$16.6 million to approximately HK\$37.1 million in 12M2011 from approximately HK\$20.5 million in 12M2010. The increase of revenue from provision of IT services was mainly contributed by more services rendered in relation to IT consultancy.

The following is a breakdown of the total IT revenue generated for the three months ended and the twelve months ended 31 December 2011 and 31 December 2010 respectively :

	Three Months Ended		Twelve Months Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from provision of IT services	14,355	3,713	19,446	9,401
Revenue from trading of IT equipment	3,608	2,324	17,690	11,090
	17,963	6,037	37,136	20,491

Cost of goods sold

Cost of goods sold increased by approximately HK\$0.8 million from approximately HK\$2.1 million in the fourth quarter of 12M2010 to approximately HK\$2.9 million in the fourth quarter of 12M2011, and increased by approximately HK\$5.1 million from approximately HK\$9.8 million in the twelve months of 12M2010 to approximately HK\$14.8 million in the twelve months of 12M2011. It was primarily due to the increase in the sales of corresponding IT equipment.

Other income

This represents the Group's authorisation to use a software system and capital advance to Shanghai Yi Wei Advertising Company Limited in return an interest income of approximately HK\$0.18 million and approximately HK\$0.72 million in the fourth quarter and twelve months of 12M2011 respectively using effective interest method by applying an interest rate of 10.6% commencing in the beginning of 12M2010. The other income of approximately HK\$2 thousand and approximately HK\$7 thousand in three months ended and the twelve months ended 31 December 2011 respectively is the deposit interest income earned.

Operating expenses

The Group's total operating expenses (including staff costs, depreciation and other expenses but excluding cost of goods sold and amortisation / impairment of intangible assets) increased by approximately HK\$25.9 million to approximately HK\$30.2 million in the fourth quarter of 12M2011 from approximately HK\$4.2 million in the fourth quarter of 12M2010. For the twelve months ended, it increased by approximately HK\$31.7 million from approximately HK\$26.3 million in 12M2010 to approximately HK\$57.9 million in 12M2011.

The staff cost increased by approximately HK\$1.6 million to approximately HK\$2.0 million in the fourth quarter of 12M2011 from approximately HK\$0.3 million in the fourth quarter of 12M2010, which was mainly caused by audit adjustment of reversal of the over-accrued expenses. It increased by HK\$1.1 million to approximately HK\$8.7 million in 12M2011 from approximately HK\$7.6 million in 12M2010, which was mainly caused by increase in head count.

Depreciation charges which is a credit balance in expenses of approximately HK\$1.1 million in the fourth quarter of 12M2010 represents an adjustment of over provision of the expenses during the first nine months of 12M2010. Depreciation charges remain unchanged for the twelve months ended of both 2010 and 2011 of approximately HK\$0.7 million. The Group did not make any material purchases, nor disposals, of property, plant and equipment in 12M2011.

Amortisation of intangible assets amounting to approximately HK\$0.2 million in the fourth quarter of 12M2011 was the amortisation expenses provided for customer relationship, whereas approximately HK\$6.4 million in 12M2011 comprises of customer relationship and lease agreement of approximately HK\$0.7 million and HK\$5.6 million respectively.

Amortisation of intangible assets in relation to customer relationship of approximately HK\$0.7 million and HK\$2.4 million were provided in 12M2011 and 12M2010 respectively resulting from business combination. The reduction in amortisation expenses is derived from the reduction of carrying amount of customer relationship which was result in an impairment review during 12M2010.

Amortisation of intangible assets in relation to lease agreement of approximately HK\$8.4 million and HK\$5.6 million were provided in 12M2010 and 12M2011 respectively. The intangible asset was fully amortised during the third quarter of 12M2011 which cause the reduction of amortisation expense.

An impairment of goodwill, customer relationship and other investment of approximately HK\$52.0 million, approximately HK\$25.1 million and approximately HK\$6.1 million respectively were provided in 12M2010. An impairment of other investment of approximately HK\$5.0 million was provided in the fourth quarter of 12M2011. Notwithstanding the 28% share of revenue being established, 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.

Other expenses increased by approximately HK\$23.0 million to approximately HK\$28.0 million in the fourth quarter of 12M2011 from approximately HK\$5.0 million in the fourth quarter of 12M2010, and increased by approximately HK\$30.6 million to approximately HK\$48.5 million in the twelve months of 12M2011 from approximately HK\$17.9 million in the twelve months of 12M2010, which were mainly constituted by the increase in the sub-contracting charges which was caused by the increase in revenue from provision of IT services, increase in legal and professional fees and business travelling expenses resulting from the Group's ongoing projects, which include the Professional Fee Shares to be issued. The fair value of shares and corresponding expenses to be accrued may subject to other professional's further judgment.

	Three Months Ended		Twelve Months Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Consultancy and subcontracting fees	13,310	1,695	18,195	5,620
Promotion and marketing expenses	990	610	3,402	2,210
Travelling expenses	1,504	703	4,610	2,763
Legal and professional fees	10,800	785	17,472	2,760
Others	1,410	1,180	4,794	4,554
	28,014	4,973	48,473	17,907

Net loss after taxation

The Group's net loss after taxation attributable to shareholders of the Group in the fourth quarter of 12M2011 is of approximately HK\$19.0 million. Despite the increase in revenue of approximately HK\$11.9 million, the loss was mainly attributable by (i) the increase in other expenses of approximately HK\$23.0 million, (ii) increase in cost of goods sold of approximately HK\$0.8 million, (iii) increase in staff costs of approximately HK\$1.6 million, and (iv) increase in depreciation expenses of approximately HK\$1.3 million. This was partially offset by (i) the decrease in amortisation costs of intangible assets of approximately HK\$1.3 million as well as absence of impairment of goodwill and lower impairment of other investment.

The Group's net loss after taxation attributable to shareholders of the Group in 12M2011 is approximately HK\$46.1 million. Despite the increase in revenue of approximately HK\$16.6 million, the loss was mainly attributable by (i) the increase in other expenses of approximately HK\$30.6 million, (ii) the increase in cost of goods sold of approximately HK\$5.1 million, and (iii) the increase in staff cost and lower impairment of other investment. This was partially offset by (i) the decrease in amortisation costs of intangible assets of approximately HK\$4.5 million, and (ii) no impairment of goodwill nor intangible assets and lower impairment of other investment during the period.

There is no net loss after taxation attributable to non-controlling interest in the fourth quarter of 12M2011 as China RFID became the Group's wholly owned subsidiary during the second quarter of 12M2011, whereas the twelve months of 12M2011 of approximately HK\$0.9 million was the 25% share of loss of China RFID during the year.

Income tax

The Company was incorporated under the laws of Bermuda and 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% (FY2010: 16.5%). No provision for Hong Kong profits tax is made, as there is no assessable profits for Hong Kong profits tax for the year of 2011.

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. The 50% exemption of Armarda Zhuhai is grandfathered under the new tax law.

Armarda Zhuhai was subject to PRC income tax at 24% and 22% for FY2011 and FY2010 respectively.

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 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 Armarda Zhuhai 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. There is no deferred withholding tax is recognised in both FY2011 and FY2010.

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

The Group reported an income tax credit of approximately HK\$64 thousand in 12M2011, whereas a income tax expenses was reported of approximately HK\$1.0 million in 12M2010. This is primarily due to the adjustment on tax effect of non-deductible expenses.

Interest in an associate

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 31 December 2011, Fesco E-HR remains as an associate of the Group.

The 45% share of profit from Fesco E-HR amounting to approximately HK\$1.1 million and approximately HK\$150 thousand in the fourth quarter and twelve months of 12M2011 respectively, which represents the Group's total share of the net profit after tax of this associate. A share of profit of approximately HK\$0.9 million and approximately HK\$80 thousand in the fourth quarter and twelve months of 12M2010 respectively.

Exchange differences on translating foreign operations

The Group reported an exchange gain on translating foreign operations during the fourth quarter of 12M2011 of approximately HK\$0.65 million which is derived from the appreciation of RMB against HK\$ during the translation of operations in PRC which is denominated in RMB.

Property, plant and equipment

The total net book value of the Group's property, plant and equipment of approximately HK\$7.1 million as at 31 December 2011 is mainly comprised of leasehold properties of approximately HK\$6.3 million, furniture, fixtures, computer and other equipment of approximately HK\$0.3 million, and motor vehicles of approximately HK\$0.5 million.

Intangible assets

	31.12.2011 HK\$'000	31.12.2010 HK\$'000
Intangible assets - customer relationship	4,464	5,208
Intangible assets - lease agreement	-	5,633
	<u>4,464</u>	<u>10,841</u>

Intangible assets – customer relationship and goodwill

The intangible assets of approximately HK\$4.5 million as at 31 December 2011 (as at 31 December 2010 : HK\$5.2 million) is arisen from the acquisition of Brilliant Time Limited ("BTL"). The difference in the carrying amount is the amortisation expenses provided in 12M2011. The amortisation expenses of approximately HK\$0.2 million was provided in each quarter of 12M2011 (approximately HK\$1 million in each quarter of 12M2010).

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 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 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 12M2010.

Intangible assets – lease agreement

The intangible assets of lease agreement from the acquisition of China RFID Ltd become nil balance as at 30 September 2011 which represents such intangible asset was fully amortised for a 2-year period during the third quarter of 12M2011 (as at 31 December 2010 : HK\$5.6 million).

Armarda Holdings Ltd (being a wholly owned subsidiary of the Company) entered into a sales and purchase agreement with 3 individual vendors to acquire 75% equity interest in China RFID Ltd ("CRL") on 22 December 2009 for an aggregate consideration which comprises cash of HK\$59 million and the issuance of 53,333,334 fully paid-up ordinary shares of the Company. In accordance with the relevant accounting principles, a fair value of approximately HK\$73.7 million for the 75% equity interest in CRL (based on the prices for the ordinary shares of the Company as at the date of acquisition of S\$0.05 each) the Company's interest in CRL will be recorded with 100% equity interest of CRL or approximately HK\$98.3 million being recorded as an intangible assets of lease agreement with 25% of the interest in CRL being recorded as under non-controlling interest.

As part of its deliberations for the acquisition, the management had assessed the acquisition and determined the values for the lease agreement on the basis of a 10-year cash flow forecast at a discount rate of approximately 23.6% at the date of acquisition. Although the management is confident, barring unforeseen circumstances, that the 2-year agreement that the ultimate customer (through a series of exclusive distributorship agreements signed by various companies) has with the Public Security Bureau will be renewed to a longer period upon expiry of the initial two years, the Company, for reason of uncertainties in renewal, except for the 2-year commencing from September 2009 notwithstanding the fact that China Vision has the first right to renew the contract with Public Security Bureau after the 2-year period, subject to terms and conditions.

The management has reassessed the lease agreement for a 2-year period due to the reason of uncertainties in renewal of the contract that the ultimate customer has with the Public Security Bureau, an impairment loss of approximately HK\$81.4 million was provided in 2009. As such, the gross amount of the lease agreement of approximately HK\$16.9 million was amortised over the 2-year period commencing September 2009 and the Group recognised an amortisation expenses of approximately HK\$2.1 million in each of first and second quarter of 12M2011, and approximately HK\$1.4 million in the third quarter of 12M2011 (Approximately HK\$2.1 million in each of quarter of 12M2010).

Subsequently, a sales and purchase agreement was entered on 13 December 2010 for the remaining balance of 25% equity interest acquired which was approved by shareholders in a general meeting, total consideration amounting to HK\$25 million, in combination of cash consideration of HK\$17.5 million and HK\$7.5 million fully paid-up ordinary shares of HK\$0.05 each in the capital of the Company, representing 50,000,000 shares at HK\$0.15 each. The consideration shares had been allotted on 22 June 2011 and quoted on SGX on 23 June 2011. The fair value of the 25% of China RFID on acquisition date was approximately HK\$30.9 million. Under certain accounting standard's requirement, acquisition of non-controlling interests are accounted for as transactions with equity holders, as a result, no goodwill nor intangible assets was recognised and no additional amortisation of intangible assets nor impairment is necessary under the circumstances. Approximately HK\$30.4 million was debited under other reserves during the second quarter of 12M2011.

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 of other investment was reported of approximately HK\$5 million in the fourth quarter of 12M2011, the carrying amount of the available-for-sale financial assets amounting to approximately HK\$3.0 million and approximately HK\$6.8 million as at 31 December 2011 and 31 December 2010 respectively.

Other assets

Other assets remain closely the same of approximately HK\$0.9 million as at 31 December 2011 and 31 December 2010, which is comprised of 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 December 2011 and 31 December 2010 :

	31.12.2011 HK\$'000	31.12.2010 HK\$'000
Trade receivables	11,251	14,848
Goodwill deposit	-	23,505
Refundable acquisition deposit	-	12,500
Other prepayments and receivables	57,348	31,973
	<u>68,599</u>	<u>82,826</u>

Trade receivables

The Group's trade receivables decreased by approximately HK\$3.6 million to approximately HK\$11.3 million as at 31 December 2011 from approximately HK\$14.8 million as at 31 December 2010, mainly attributed by the collection of debts in 12M2011. Based on historical default rates, the management believes that no impairment allowance is necessary in respect of trade receivables balance. All the trade and other receivables are expected to be recovered.

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 around 25% to 30% equity interest in CVIC.

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, ATZH had subsequently made, pursuant to the Letter, a refundable goodwill deposit of approximately HK\$23.5 million (equivalent of RMB20.0 million) as at 31 December 2010. The deposit is refundable at the management's sole discretion.

Considering the change of the shareholding and issued capital structure of the target company CVIC, which may require further investment in CVIC in order to prevent from a dilution of interest, ATZH has entered into an agreement with the potential vendor on 18 January 2011, for the termination of the proposed acquisition. The goodwill deposit has been refunded to ATZH's bank account before the quarter ended 31 March 2011 and no outstanding balance as at 31 December 2011.

Other prepayments and receivables

The following is a breakdown of other prepayments and receivables of the Group as at 31 December 2011 and 31 December 2010 :

	31.12.2011 HK\$'000	31.12.2010 HK\$'000
Working capital advance to Xintian eAccess Group	3,701	3,701
Other receivables	53,647	28,272
	<u>57,348</u>	<u>31,973</u>

Subscription of 46% equity interest in Xintian eAccess Limited and its subsidiary ("Xintian eAccess Group") and short term advances

On 16 January 2009, one of the subsidiaries of the Group, Armarda eAccess Technology Limited ("Armarda eAccess"), Breakout Visions Inc. and Qian Kang, the founder of Xintian eAccess Limited (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, 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 engaging 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. Apart from the subscription of new shares from all the parties for Xintian eAccess, the parties other than Armarda 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.

At the end of 2010, the Group cannot reach an agreement with the Subscribers for the formation of the new venture as well as the contribution arrangement. On 12 December 2010, The Group's wholly owned subsidiaries Armarda Technology (Zhuhai) Ltd and Armarda Technology (Hong Kong) Ltd entered into an agreement with YWACL for the working capital advance amounting to approximately HK\$7.7 million that was made on or before 12 December 2010, in return a 28% share of the revenue of YWACL for a period from 1 January 2011 to 31 December 2025.

The balance of working capital advance remains unchanged as at 31 December 2011 while compare to 31 December 2010 amounting to approximately HK\$3.7 million, represents the equipment sold to YWACL in 12M2009. Please refer to the section "Other Investment" on Page 16 of this announcement for subsequent treatment of the reclassification. The management reassessed the recoverability of the said working capital advance and expected no impairment allowance is necessary, and agreed no more advance will be granted.

Other receivables

Other receivables increased by approximately HK\$25.4 million from approximately HK\$28.3 million as at 31 December 2010 to approximately HK\$53.6 million as at 31 December 2011, which is mainly due to 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. For comparison purpose, other receivables amounting to approximately HK\$64.8 million, approximately HK\$62.5 million and approximately HK\$59.4 million as at 31 March 2011, 30 June 2011 and 30 September 2011 respectively.

Cash and cash equivalents

The following is a breakdown of cash and cash equivalents of the Group as at 31 December 2011 and 31 December 2010 :

	31.12.2011 HK\$'000	31.12.2010 HK\$'000
Cash at banks and in hand	8,675	12,676
Total cash and cash equivalents	<u>8,675</u>	<u>12,676</u>

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 2011 and 31 December 2010:

	31.12.2011 HK\$'000	31.12.2010 HK\$'000
Accrued subcontracting charges	4,386	4,603
Other deposits and accruals	8,380	6,416
	<u>12,766</u>	<u>11,019</u>

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\$0.2 million from approximately HK\$4.6 million as at 31 December 2010 to approximately HK\$4.4 million as at 31 December 2011. The other deposits and accruals represent other outstanding operating expenses which increased by approximately HK\$2.0 million from HK\$6.4 million as at 31 December 2010 to approximately HK\$8.4 million as at 31 December 2011.

Obligations under finance lease

As at 31 December 2011, the Group has obligations under a finance lease that are repayable within one year of approximately HK\$0.20 million (31 December 2010 of approximately HK\$0.20 million) and repayable after 1 year but within 5 years of approximately HK\$0.28 million (31 December 2010 of approximately HK\$0.49 million).

Deferred tax liabilities

Deferred tax liabilities decreased by approximately HK\$0.1 million from approximately HK\$3.1 million as at 31 December 2010 to approximately HK\$3.0 million as at 31 December 2011. 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 2011 and 31 December 2010 :

	31.12.2011 HK\$'000	31.12.2010 HK\$'000
Share premium	159,997	131,542
Foreign exchange translation reserve	30,061	27,983
PRC statutory reserve	5,863	5,863
Revaluation reserve	98	98
Employee share-based capital reserve	12,544	12,544
Reserve for shares to be issued	7,843	-
Other reserves	(49,467)	(19,027)
Contributed surplus	43,348	43,348
Accumulated loss	(165,342)	(120,140)
	<u>44,945</u>	<u>82,211</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.
- 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.
- Reserve for shares to be issued relates to the Professional Fee Shares in relation to the Proposed Acquisition. The Professional Fee Shares have not been issued as at the date of this announcement.
- 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 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 increase in other reserves of approximately HK\$30.4 million arise from the acquisition of non-controlling interest of China RFID Ltd during the second quarter of 12M2011 which is the premium or discounts on purchase of non-controlling interest against the fair value of the consideration.

Non-controlling interest

Non-controlling interest of China RFID Ltd of approximately HK\$1.4 million represents the 25% minority interest as at 31 December 2010. The Company's wholly owned subsidiary Armarda Holdings Ltd entered into a sales and purchase agreement on 22 December 2009 to acquire 75% equity interest in China RFID Ltd. The opening balance of the non-controlling interest on the date of acquisition was approximately HK\$24.6. Subsequently, the remaining balance of 25% equity interest was acquired on 13 December 2010 with shareholder's approval in a general meeting and the whole transaction completed on 22 June 2011 with allotment of 50,000,000 consideration shares on the same date. No non-controlling interest was reported as at 31 December 2011 as China RFID Ltd became the wholly owned subsidiary of the Group during the second quarter of 12M2011.

Cashflows

The Group used approximately HK\$0.6 million and approximately HK\$2.5 million in its operating activities in the fourth quarter of 12M2011 and 12M2010 respectively. This is primarily due to cash used in operating activities before changes in working capital of approximately HK\$6.5 million, which has been offsetted by the decrease in trade and other receivables of approximately HK\$5.9 million in the fourth quarter of 12M2011, and the increase in other payables and accruals of approximately HK\$62 thousand. The Group used approximately HK\$9.7 million and approximately HK\$40.7 million in its operating activities for 12M2011 and 12M2010 respectively. This is primary due to cash used in operating activities before changes in working capital of approximately HK\$25.6 million, which has been offsetted by the decrease in trade and other receivables of approximately HK\$14.2 million in 12M2011, and the increase in other payables and accruals of approximately HK\$1.7 million.

There is no investing activity in the fourth quarter of 12M2011, whereas the Group reclassified the receipt of net proceeds of approximately HK\$38.8 million from investing activities to financing activities during the fourth quarter of 12M2010. The Group used approximately HK\$17.5 million in its financing activities in 12M2011 for the settlement of of the cash consideration of the 25% equity interest acquired in China RFID Ltd.

The Group used approximately HK\$0.05 million and approximately HK\$0.04 million in its financing activities in the fourth quarter of 12M2011 and 12M2010 respectively which are the repayment of finance lease obligation. Approximately HK\$38.9 million in its financing activities in the fourth quarter of 12M2010 which are the reclassification and adjustment of receipt of net proceeds of new shares. The Group generated approximately HK\$23.0 million and approximately HK\$38.7 million in its financing activities in 12M2011 and 12M2010 respectively which were contributed by the issuance of placement shares to independent investors during the period.

As a whole, the Group used approximately HK\$0.7 million and approximately HK\$4.2 million in the three months and twelve months ended 31 December 2011 respectively, whereas the Group used approximately HK\$7.6 million and approximately HK\$2.1 million in the three months and twelve months ended 31 December 2010 respectively. The cash and cash equivalents as at 31 December 2011 is approximately HK\$8.7 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

Since the last reporting period, the overall market condition of the PRC IT industry where Armarda operates has remained highly competitive and difficult. The management expects that such situation will not be improved in the near future and hence the decline of the financial performance of this business will continue. The management will put more focus on developing other new business including, but not limited to, the Thuraya mobile satellite communication services initiative in the PRC and in such respect the management will actively work on the completion of the acquisition of the 45% equity interest in the China Satellite Mobile Communications Group as being approved by shareholders in the SGM held on 21 December 2011. We will also continue to explore new promising business opportunities.

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 (FY2010 : 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 fourth quarter ended 31 December 2011.

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 (FY2010 : Nil)

(b) Preference

Nil (FY2010 : Nil)

(c) Total

Nil (FY2010 : 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 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 2012

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.
Telephone number: 6221 0271*