ARMARDA GROUP LIMITED

Third Quarter Financial Statement And Dividend Announcement

Financial statements on combined results of the Group for the three months ("3M 31 December 2013") and nine months ended 31 December 2013 ("9M 31 December 2013"). These figures have not been audited.

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

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

ARMARDA GROUP LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2013
(Expressed in Hong Kong thousand dollars)

	Three Months Ended			Nine Months Ended		
	31.12.2013	31.12.2012	Change %	31.12.2013	31.12.2012	Change %
Revenue	3,766	2,358	60%	16,637	10,405	60%
Other income	3	202	-99%	16	614	-97%
Staff costs	(2,864)	(1,953)	47%	(7,097)	(5,863)	21%
Depreciation	(202)	(138)	46%	(470)	(412)	14%
Amortisation of intangible assets	(186)	(186)	0%	(558)	(558)	0%
Cost of goods sold	(2,943)	(1,691)	74%	(14,154)	(7,908)	79%
Subcontracting fees	(154)	(174)	-11%	(476)	(548)	-13%
Other expenses	(8,246)	(6,458)	28%	(22,134)	(25,348)	-13%
Finance costs	(52)	(218)	-76%	(105)	(585)	-82%
Share of (loss) / profit of associate	(2,468)	86	N/A	(5,935)	654	N/A
Loss before taxation	(13,346)	(8,172)	63%	(34,276)	(29,549)	16%
Income tax expense	(5)	(8)	-38%	(18)	(24)	-25%
Loss for the period	**(13,351)**	**(8,180)**	63%	**(34,294)**	**(29,573)**	16%
Attributable to:						
Equity shareholders of the Company	(13,351)	(8,180)	63%	(34,294)	(29,573)	16%
Loss for the period	**(13,351)**	**(8,180)**	63%	**(34,294)**	**(29,573)**	16%

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

ARMARDA GROUP LIMITED
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2013
(Expressed in Hong Kong thousand dollars)

	Three Months Ended			Nine Months Ended		
	31.12.2013	31.12.2012	Change %	31.12.2013	31.12.2012	Change %
Loss for the period	**(13,351)**	**(8,180)**	63%	**(34,294)**	**(29,573)**	16%
Other comprehensive income						
Exchange differences on translating foreign operations	-	-	N/A	**-**	664	-100%
Total comprehensive loss for the period	**(13,351)**	**(8,180)**	63%	**(34,294)**	**(28,909)**	19%
Total comprehensive loss attributable to						
Equity shareholders of the Company	(13,351)	(8,180)	63%	(34,294)	(28,909)	19%
Total comprehensive loss for the period	**(13,351)**	**(8,180)**	63%	**(34,294)**	**(28,909)**	19%

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 2013
(Expressed in Hong Kong thousand dollars)

	The Group		The Company	
	As at 31.12.2013	As at 31.3.2013	As at 31.12.2013	As at 31.3.2013
Non-current assets				
Interest in an associate - CSMCG	162,068	156,112	156,834	156,834
Interest in an associate - Fesco E-HR	30,345	29,636	-	-
Subsidiaries	-	-	-	-
Property, plant and equipment	1,224	575	-	-
Intangible assets	2,976	3,534	-	-
Due from subsidiaries (non-trade)	-	-	183,164	92,732
Other assets	23,763	17,513	-	-
	220,376	207,370	339,998	249,566
Current assets				
Trade and other receivables	64,714	17,588	220	198
Cash and cash equivalents	12,280	30,008	4	4
Due from associate	3,040	1,704	-	-
	80,034	49,300	224	202
Non-current assets held for sale	-	8,474	-	-
Total assets	300,410	265,144	340,222	249,768
Current liabilities				
Obligations under finance lease	179	251	-	-
Trade and other payables	5,910	27,329	4,071	8,054
Due to a subsidiary (non-trade)	-	-	47,950	30,441
Income tax payable	2,988	2,843	-	-
	9,077	30,423	52,021	38,495
Non-current liabilities				
Deferred tax liabilities	2,037	2,037	-	-
Total liabilities	11,114	32,460	52,021	38,495
Net Assets	**289,296**	**232,684**	**288,201**	**211,273**
Equity				
Capital and reserves attributable to equity holders of the Company				
Share capital	162,626	126,191	162,626	126,191
Reserves	126,670	106,493	125,575	85,082
Total Equity	**289,296**	**232,684**	**288,201**	**211,273**

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

Amount repayable in one year or less, or on demand

	As at 31.12.2013 In HK$‘000		As at 31.3.2013 In HK$‘000	
	Secured	Unsecured	Secured	Unsecured
Hire Purchase	179	-	251	-

Amount repayable after one year

	As at 31.12.2013 In HK$‘000		As at 31.3.2013 In HK$‘000	
	Secured	Unsecured	Secured	Unsecured
Hire Purchase	-	-	-	-

Details of any collateral

The hire purchase loan is 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 PERIOD ENDED 31 DECEMBER 2013
(Expressed in Hong Kong thousand dollars)

	Three Months Ended		Nine Months Ended	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
Cash flows from operating activities				
Loss before taxation	(13,346)	(8,172)	(34,276)	(29,549)
Adjustment for :				
Interest income / (expense)	(3)	(3)	(16)	(11)
Share of loss / (profit) of associates	2,468	(86)	5,935	(654)
Finance costs	52	218	105	585
Depreciation of property, plant and equipment	202	138	470	412
Amortisation of intangible assets	186	186	558	558
Share-based payment expenses	475	-	475	-
Foreign exchange (gain) / loss	-	-	-	664
Operating loss before working capital changes	(9,966)	(7,719)	(26,749)	(27,995)
(Increase) / decrease in trade and other receivables	1,295	7,804	(2,925)	2,528
(Decrease) / increase in other payables and accruals	(301)	(1,323)	(13,059)	3,426
Decrease in amount due from an associate	570	-	(1,336)	-
Cash used in operations	(8,402)	(1,238)	(44,069)	(22,041)
Interest income received	3	3	16	11
Interest paid	(52)	(218)	(105)	(585)
Net cash used in operating activities	(8,451)	(1,453)	(44,158)	(22,615)
Cash flows from investing activities				
Purchase of property, plant and equipment	-	-	(1,188)	-
Proceeds from disposal of property, plant and equipment	-	-	69	-
Capital injection in an associate	-	-	(12,600)	-
Deposit for a potential PRC project	-	-	(44,100)	-
Prepayment for software development fee / call centre	(4,360)	-	(6,250)	
Settlement of loan notes for 45% CSMCG	-	(2,723)	-	(14,573)
Net cash used in investing activities	(4,360)	(2,723)	(64,069)	(14,573)
Cash flows from financing activities				
Repayment of finance lease obligations	(24)	(51)	(72)	(153)
Short term loan	-	3,500	-	3,500
Net proceeds from issuance of new shares, net of issue costs	-	-	90,432	25,497
Net cash generated from / (used in) financing activities	(24)	3,449	90,360	28,844
Net decrease in cash and cash equivalents	**(12,835)**	**(727)**	**(17,867)**	**(8,344)**
Cash and cash equivalents at beginning of the period	25,085	5,736	30,008	13,089
Effect of exchange rate fluctuations in cash and cash equivalent	30	79	139	343
Cash and cash equivalents at end of the period	**12,280**	**5,088**	**12,280**	**5,088**
An analysis of cash and cash equivalents as follows :				
Cash at bank and in hand	**12,280**	**5,088**	**12,280**	**5,088**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share-Based Capital Reserve	PRC Statutory Reserve	Re-Valuation Reserve	Other Deficit	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
At 1 April 2013	**126,191**	**271,548**	**31,975**	**-**	**5,863**	**1,561**	**(49,466)**	**43,348**		**(198,336)**	**232,684**
Issuance of 715,700,000 new ordinary shares for placement	35,785	61,748	-	-	-	-	-	-	-	-	97,533
Share issue expense	-	(7,101)	-	-	-	-	-	-	-	-	(7,101)
Net loss for the period from 1.4.2013 to 30.6.2013	-	-	-	-	-	-	-	-	-	(11,008)	(11,008)
At 30 June 2013	**161,976**	**326,195**	**31,975**	**-**	**5,863**	**1,561**	**(49,466)**	**43,348**	**-**	**(209,344)**	**312,108**
Issuance of 13,000,000 prof fees shares	650	1,122	-	-	-	-	-	-	-	-	1,772
Share issue expense	-	(1,772)	-	-	-	-	-	-	-	-	(1,772)
Net loss for the period from 1.7.2013 to 30.9.2013	-	-	-	-	-	-	-	-	-	(9,935)	(9,935)
At 30 September 2013	**162,626**	**325,544**	**31,975**	**-**	**5,863**	**1,561**	**(49,466)**	**43,348**	**-**	**(219,279)**	**302,172**
Provision of equity settled share-based payment for 150M performance shares	-	-	-	475	-	-	-	-	-	-	475
Net loss for the period from 1.10.2013 to 31.12.2013	-	-	-	-	-	-	-	-	-	(13,351)	(13,351)
At 31 December 2013	**162,626**	**325,544**	**31,975**	**475**	**5,863**	**1,561**	**(49,466)**	**43,348**	**-**	**(232,630)**	**289,296**

The Group	Share Capital	Share Premium	Foreign Exchange Translation Reserve	Share-Based Capital Reserve	PRC Statutory Reserve	Re-Valuation Reserve	Other Deficit	Contributed Surplus	Non-Controlling Interest	Accum. Losses	Total Equity
At 1 April 2012	**56,432**	**159,991**	**31,806**	**20,174**	**5,863**	**1,561**	**(49,466)**	**43,348**	**-**	**(169,317)**	**100,392**
Issuance of 96,000,000 new ordinary shares	4,800	13,658	-	-	-	-	-	-	-	-	18,458
Share issuance expenses	-	(1,724)	-	-	-	-	-	-	-	-	(1,724)
Net loss for the period from 1.4.2012 to 30.6.2012	-	-	-	-	-	-	-	-	-	(10,546)	(10,546)
At 30 June 2012	**61,232**	**171,925**	**31,806**	**20,174**	**5,863**	**1,561**	**(49,466)**	**43,348**	**-**	**(179,863)**	**106,580**
Exchange difference on translation of financial statements of foreign entities	-	-	664	-	-	-	-	-	-	-	664
Issuance of 70,000,000 new ordinary shares	3,500	10,063	-	-	-	-	-	-	-	-	13,563
Share issuance expenses UOB fee shares for placement	-	(1,118)	-	-	-	-	-	-	-	-	(1,118)
Issuance of 35,000,000 fee shares to ACA	1,750	6,091	-	(7,841)	-	-	-	-	-	-	-
Net loss for the quarter from 1.7.2012 to 30.9.2012	-	-	-	-	-	-	-	-	-	(10,847)	(10,847)
At 30 September 2012	**66,482**	**186,961**	**32,470**	**12,333**	**5,863**	**1,561**	**(49,466)**	**43,348**	**-**	**(190,710)**	**108,842**
Issuance of 10,683,000 UOB fee shares	534	(534)	-	-	-	-	-	-	-	-	-
Share issue expense balance	-	(113)	-	-	-	-	-	-	-	-	(113)
Issuance of 920M consideration shares	46,000	64,849	-	-	-	-	-	-	-	-	110,849
Net loss for the quarter from 1.10.2012 to 31.12.2012	-	-	-	-	-	-	-	-	-	(8,180)	(8,180)
At 31 December 2012	**113,016**	**251,163**	**32,470**	**12,333**	**5,863**	**1,561**	**(49,466)**	**43,348**	**-**	**(198,890)**	**211,398**

The Company	Share Capital	Share Premium	Share-Based Capital Reserve	Contributed Surplus	Retained Earnings / (Accum. Losses)	Total Equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	**126,191**	**271,548**	**-**	**43,348**	**(229,814)**	**211,273**
Issuance of 715,700,000 new ordinary shares for placement	35,785	61,748	-	-	-	97,533
Share issuance expenses	-	(7,101)	-	-	-	(7,101)
Net loss for the period from 1.4.2013 to 30.6.2013	-	-	-	-	(5,503)	(5,503)
At 30 June 2013	**161,976**	**326,195**	**-**	**43,348**	**(235,317)**	**296,202**
Issuance of 13,000,000 prof fees shares	650	1,122	-	-	-	1,772
Share issue expense	-	(1,772)	-	-	-	(1,772)
Net loss for the period from 1.7.2013 to 30.9.2013	-	-	-	-	(4,120)	(4,120)
At 30 September 2013	**162,626**	**325,544**	**-**	**43,348**	**(239,437)**	**292,081**
Provision of equity settled share-based payment for 150M performance shares	-	-	475	-	-	475
Net loss for the period from 1.10.2013 to 31.12.2013	-	-	-	-	(4,355)	(4,355)
At 31 December 2013	**162,626**	**325,544**	**475**	**43,348**	**(243,792)**	**288,201**

The Company	Share Capital	Share Premium	Share-Based Capital Reserve	Contributed Surplus	Retained Earnings / (Accum. Losses)	Total Equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2012	**56,432**	**159,991**	**20,174**	**43,348**	**(222,252)**	**57,693**
Issuance of 96,000,000 new ordinary shares	4,800	13,658	-	-	-	18,458
Share issuance expenses	-	(1,724)	-	-	-	(1,724)
Net loss for the period from 1.4.2012 to 30.6.2012	-	-	-	-	(4,095)	(4,095)
At 30 June 2012	**61,232**	**171,925**	**20,174**	**43,348**	**(226,347)**	**70,332**
Issuance of 70,000,000 new ordinary shares	3,500	10,063	-	-	-	13,563
Share issuance expenses UOB fee shares for placement	-	(1,118)	-	-	-	(1,118)
Issuance of 35,000,000 prof fee shares to ACA	1,750	6,091	(7,841)	-	-	-
Net loss for the quarter from 1.4.2012 to 30.6.2012	-	-	-	-	(4,181)	(4,181)
At 30 September 2012	**66,482**	**186,961**	**12,333**	**43,348**	**(230,528)**	**78,596**
Issuance of 10,683,000 UOB fee shares	534	(534)	-	-	-	-
Share issue expense balance	-	(113)	-	-	-	(113)
Issuance of 920M consideration shares	46,000	64,849	-	-	-	110,849
Net loss for the quarter from 1.10.2012 to 31.12.2012	-	-	-	-	(5,024)	(5,024)
At 31 December 2012	**113,016**	**251,163**	**12,333**	**43,348**	**(235,552)**	**184,308**

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 has on 30 April 2013 entered into a placement agreement with UOBKH (the "Placement Agent") and a subscription agreement with nine independent investors for the issuance of 410,000,000 and 305,700,000 new ordinary shares respectively of HK$0.05 each in the capital at an issue price of S$0.0217 (equivalent of approximately HK$0.136276). The SGX-ST had on 6 May 2013 issued a notice for the listing and quotation of 715,700,000 placement shares, and such shares have been alloted on 13 May 2013.

In connection with the professional work and services rendered by Asian Corporate Advisors Pte Ltd ("ACA") for placement and subscription of up to an aggregate of 715,700,000 new ordinary shares, the company issued 13,000,000 professional fee shares to ACA on 23 July 2013.

There is no outstanding convertibles for the shares to be issued on conversion as at 31 December 2013 (31 March 2013 : Nil). The Company has established an employee share option scheme on 12 April 2004. The scheme became operative upon the Company granting options to subscribe for 25,000,000 ordinary shares of the Company on 2 November 2007. All outstanding options are expired on 2 November 2012. The Company proposed to terminate the scheme and obtained the approval from shareholders in a special general meeting ("SGM") which was conducted on 26 June 2013.

During the SGM, the Company obtained the approval of introducing the performance share plan (the "PSP") for the directors/employees of the Company and its subsidiaries (collectively the "grantees"). On 24 December 2013, the SGX-ST issued a notice for the listing and quotation of up to 487,878,521 PSP Shares. On 27 December 2013, conditional share awards have been granted to the grantees in aggregate of 150,000,000 PSP shares. The PSP shares shall be released to the grantees upon the performance target or conditions being fulfilled with approval of Remuneration Committee and Board of Directors until the vesting period ended 31 March 2014. As at the date of this result announcement, no PSP share has been alloted.

The Company has on 8 January 2014 entered into a placement agreement with seven independent investors for the issuance of 577,000,000 new ordinary shares ("Placement Shares") of HK$0.05 each in the capital at an issue price of S$0.01145 (equivalent of approximately HK$0.07) (the "2014 Jan Proposed Placement"). The SGX-ST had on 15 January 2014 issued a notice for the listing and quotation of 577,000,000 placement shares, and such shares have been alloted on 27 January 2014.

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 2013 was 3,252,523,474 (31 March 2013 : 2,523,823,474).

As at the date of this announcement, the total number of issued shares excluding treasury shares is 3,829,523,474.

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 2013, 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 2013.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by the Group's auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the prior period ended 31 March 2013. The adoption of the new and revised International Financial Reporting Standards (IFRS) and Interpretations of IFRS (INT IFRS) that are mandatory for financial year beginning on or after 1 April 2013 has no significant impact on the Group.

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. Loss 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 per ordinary share for the year after deducting any provision for preference dividends:				
	3 Months Ended 31.12.2013	**3 Months Ended 31.12.2012**	**9 Months Ended 31.12.2013**	**9 Months Ended 31.12.2012**
Based on weighted average number of Ordinary shares in Issue (Please see note below)	**(0.41) HK cents**	**(0.49) HK cents**	**(1.08) HK cents**	**(2.16) HK cents**
On a fully diluted basis (Please see note below)	**(0.41) HK cents**	**(0.42) HK cents**	**(1.08) HK cents**	**(1.81) HK cents**

Note 6a : Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to ordinary shareholders of approximately HK$13,351,000 and HK$34,294,000 for the 3M and 9M 31 December 2013 respectively (3M and 9M 31 December 2012 : loss of approximately HK$8,180,000 and HK$29,573,000 respectively) and the weighted average number of ordinary shares of 3,252,523,000 and 3,168,801,000 for the 3M and 9M 31 December 2013 (3M and 9M 31 December 2012 : 1,680,323,000 and 1,367,138,000 respectively) in issue during the period.

Note 6b : Diluted loss per share

For 3M and 9M 31 December 2013, there is no dilutive potential ordinary share during the period as the condition has yet been met for the conditional share awards of 150,000,000 PSP shares, thus, on a fully diluted basis, it is the same as basic loss per share.

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

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

	At 31.12.2013	At 31.3.2013
Net asset value of the Company per ordinary share based on existing issue share capital	**HK$0.089 per share**	**HK$ 0.084 per share**
Net asset value of the Group per ordinary share based on existing issue share capital	**HK$0.089 per share**	**HK$ 0.092 per share**

The calculation of net asset value per share of the Company as at 31 December 2013 is based on the Company's net asset value of HK$288,201,000 (31 March 2013 : HK$211,273,000) and 3,252,523,474 ordinary shares in issue as at 31 December 2013 (2,523,823,474 ordinary shares in issue as at 31 March 2013).

The calculation of net asset value per share of the Group as at 31 December 2013 is based on the Group's net asset value of HK$289,296,000 (31 March 2013 : HK$232,684,000) and 3,252,523,474 ordinary shares in issue as at 31 December 2013 (2,523,823,474 ordinary shares in issue as at 31 March 2013).

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

Revenue

The Group's revenue generated in the 3M 31 December 2013 increased by approximately HK$1.4 million to approximately HK$3.8 million from approximately HK$2.4 million in the 3M 31December 2012, and increased by approximately HK$6.2 million to approximately HK$16.6 million in the 9M 31 December 2013 from approximately HK$10.4 million in the 9M 31 December 2012. The increase in revenue was mainly caused by the sales of RFID chips and Satellite phones during the 9M 31 December 2013, while the revenue contribution from provision of IT services and trading of IT equipment declined during 9M 31 December 2013.

The following is a breakdown of the Group's revenue generated for the 3M/9M 31 December 2013 and the 3M/9M 31 December 2012 respectively :

	Three Months Ended		Nine Months Ended	
	31.12.2013 HK$'000	31.12.2012 HK$'000	31.12.2013 HK$'000	31.12.2012 HK$'000
Revenue from provision of IT services	320	348	963	1,112
Revenue from trading of IT equipment	2,806	2,010	7,328	9,293
Revenue from trading of RFID chips	640	-	3,721	-
Revenue from trading of Satellite phones	-	-	4,625	-
	3,766	**2,358**	**16,637**	**10,405**

Cost of goods sold

Cost of goods sold increased by approximately HK$1.3 million from approximately HK$1.7 million in the 31 December 2012 to approximately HK$2.9 million in the 3M 31 December 2013, and increased by approximately HK$6.2 million from approximately HK$7.9 million in the 9M 31 December 2012 to approximately HK$14.2 million in the 9M 31 December 2013. It was primarily due to the increase in the sales of corresponding IT equipment for the 3M 31 December 2013 and corresponding revenue arised from trading of RFID chips and Satellite phones for the 9M 31 December 2013.

Subcontracting fees

Subcontracting fees decreased by approximately HK$20 thousand from approximately HK$174 thousand in the 3M 31 December 2012 to approximately HK$154 thousand in the 3M 31 December 2013, and decreased by approximately HK$72 thousand to approximately HK$476 thousand in the 9M 31 December 2013 from approximately HK$548 thousand in the 9M 31 December 2012 which is mainly caused by the decrease in the corresponding provision of IT services.

Other income

Other income in the 3M 31 December 2013 and 9M 31 December 2013 represents an interest income of approximately HK$3 thousand and approximately HK$16 thousand which is earned from cash and cash equivalents for the period.

Other income in the 3M 31 December 2012 and 9M 31 December 2012 consists mainly of (i) the Group's authorisation to use a software system and capital advance to Shanghai Yi Wei Advertising Company Limited in return share of revenue of approximately HK$137 thousand in the 3M 31 December 2012 and approximately HK$411 thousand in the 31 9M December 2012 (during the financial year ended 31 March 2013, the management has decided not to extend further capital injection or advances to Shanghai Yi Wei Advertising Company Limited and the investment was fully impaired), (ii) rental income of approximately HK$62 thousand in the 3M 31 December 2012 and approximately HK$186 thousand in the 9M 31 December 2012 generated from the lease of PRC property which has been classified as an investment property, and (iii) interest income of approximately HK$3 thousand in the 3M 31 December 2012 and approximately HK$17 thousand in the 9M 31 December 2012 which is the interest income earned from cash and cash equivalents for the period.

Operating expenses

The Group's total operating expenses (including staff costs, share-based payment expenses, depreciation and other expenses but excluding cost of goods sold, subcontracting fees, amortisation and impairment) increased by approximately HK$2.8 million from approximately HK$8.5 million in the 3M 31 December 2012 to approximately HK$11.3 million in the 3M 31 December 2013. For the nine months ended, it decreased by approximately HK$1.9 million from approximately HK$31.6 million in the 9M 31 December 2012 to approximately HK$29.7 million in the 9M 31 December 2013.

The staff cost increased by approximately HK$0.9 million to approximately HK$2.9 million in the 3M 31 December 2013 from approximately HK$2.0 million in the 3M 31 December 2012. For the nine months ended, the staff cost increased by approximately HK$1.2 million from approximately HK$5.9 million in the 9M 31 December 2012 to approximately HK$7.1 million in the 9M 31 December 2013.

The increase in staff cost of approximately HK$475 thousand in 3M 31 December 2013 representing share-based payment expenses of the PSP costs and the remaining increase of approximately HK$436 thousand was due to increase in headcount. On 27 December 2013, the Company granted conditional award of 150,000,000 PSP shares to the grantees with certain conditions attached throughout the vesting period ended 31 March 2014. The fair value of share-based payment has been measured on grant date, where its expenses for the 3M 31 December 2013 are allocated on a straight line method basis over the vesting period with a corresponding increase in share-based payment reserve.

Depreciation charges increased by approximately HK$64 thousand from approximately HK$138 thousand in the 3M 31 December 2012 to approximately HK$202 thousand in the 3M 31 December 2013, which is mainly caused by depreciation charged on the motor vehicle purchased. For the nine months ended, depreciation charged increased by approximately 58 thousand from approximately HK$412 thousand in the 9M 31 December 2012 to approximately HK$470 thousand in the 9M 31 December 2013.

Amortisation of intangible assets in relation to customer relationship of approximately HK$0.19 million/HK$0.56 million was provided in the 3M/9M 31 December 2013 and the 3M/9M 31 December 2012 resulting from business combination.

Other expenses increased by approximately HK$1.8 million to approximately HK$8.2 million in the 3M 31 December 2013 from approximately HK$6.5 million in the 3M 31 December 2012 which is mainly caused by the increase in marketing expenses, and legal and professional fees.

For the nine months ended, it decreased by approximately HK$3.2 million to approximately HK$22.1 million in the 9M 31 December 2013 from approximately HK$25.3 million in the 9M 31 December 2012 which is mainly caused by the decrease in legal and professional expenses.

Finance costs decreased by approximately HK$166 thousand to approximately HK$52 thousand in the 3M 31 December 2013 from approximately HK$218 thousand in the 3M 31 December 2012 which represents the interest expenses derived from a short term bank loan from PRC. For the nine months ended, it decreased by approximately HK$480 thousand to approximately HK$105 thousand in the 9M 31 December 2013 from approximately HK$585 thousand in the 9M 31 December 2012. The decline in finance cost for 3M/9M ending 31 December 2013 was due to no short term bank loan during the period.

Share of loss of associates of approximately HK$2.5 million representing the share of profit of associate Fesco E-HR of approximately HK$0.1 million and the share of loss of associate CSMCG of approximately HK$2.5 million for the period of 3M 31 December 2013. For the nine months ended, share of loss of associates of approximately HK$5.9 million representing the share of profit of associate Fesco E-HR of approximately HK$0.7 million and the share of loss of associate CSMCG of approximately HK$6.6 million. Please refer details per below section of interest in an associate.

Net loss after taxation

The Group's net loss after taxation attributable to shareholders of the Group in the 3M 31 December 2013 is approximately HK$13.3 million or an increase of approximately HK$5.2 million as compared to the 3M 31 December 2012. The loss was mainly attributable by (i) the increase in staff costs of approximately HK$0.9 million, (ii) the increase in costs of goods sold of approximately HK$1.3 million, (iii) the increase in other expenses of approximately HK$1.8 million, and (iv) the share of loss of associates of HK$2.5 million. This was partially offset by (i) the increase in revenue of approximately HK$1.4 million, (ii) the decrease in finance costs of approximately HK$166 thousand, (iii) the decrease in subcontracting fees of approximately HK$20 thousand.

The Group's net loss after taxation attributable to shareholders of the Group in the 9M 31 December 2013 is approximately HK$34.3 million or an increase of approximately HK$4.7 million as compared to the 9M 31 December 2012. The loss was mainly attributable by (i) lower revenue from provision of IT services and trading of IT equipment which is consistent with the results warning as announced on 17 January 2014, (ii) the share of loss of associate, CSMCG, of approximately HK$6.6 million, (iii) the increase in cost of goods sold of approximately HK$6.3 million, (iv) the increase in staff costs of approximately HK$1.2 million (including expenses relating to the share-based payment expenses of approximately HK$475 thousand). This was partially offset by (i) revenue contribution from trading of RFID chips and trading of satellite phones of approximately HK$3.7 million and HK$4.6 million respectively, (ii) the decrease in other expenses of approximately HK$3.2 million, (iii) the increase in the share of profits of eFesco of approximately HK$55 thousand, (iv) the decrease in finance expense of approximately HK$480 thousand, and (v) the decrease in subcontracting fees of approximately HK$72 thousand.

Income tax

The Company was incorporated under the laws of Bermuda and has received an undertaking from the Ministry of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax

Protection Act, 1996, which exempts the Company and its shareholders, other than shareholders ordinarily residing in Bermuda, from any Bermuda taxes computed on profit, income or any capital asset gain or appreciation, or any tax in the nature of estate duty or inheritance tax, until the year of 2016.

The Group's profits derived from Hong Kong are subject to Hong Kong profits tax at 16.5% (FY2013: 16.5%). No provision for Hong Kong profits tax was made, as there was no assessable profit derived in Hong Kong for the 9M 31 December 2013.

As a foreign invested enterprise with a paid-up capital of over US$5 million and engaging in the provision of high technology business services in the Zhuhai Special Economic Zone, the Group's operating subsidiary in the PRC, Armarda Technology (Zhuhai) Limited ("ATZH") was fully exempted from PRC income tax for the first two profitable years in FY2004 and FY2005 and it would be entitled to 50% exemption from the applicable standard income tax rate for the another three years in FY2006, FY2007 and FY2008 provided that its production-oriented revenue exceeded 50% of its total revenue in each year (the "50% Criteria").

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the new Corporate Income Tax Law of the People's Republic of China ("new tax law") which has taken effect on 1 January 2008. Pursuant to the notice on the Implementation Rules of the Grandfather Relief under the new tax law, Guofa (2007) No. 39, issued on 26 December 2007 by the State Council, the income tax rate applicable to the subsidiary of the Company in the PRC which had enjoyed preferential tax rates before 1 January 2008 will be gradually increased from the ex-preferential income tax rates to 25% over a five-year transition period commencing from 1 January 2008. The applicable income tax rate is 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012, respectively. ATZH was subject to PRC income tax at 25% for both 3M 31 December 2013 and 2012 respectively.

Pursuant to the new tax law passed on 16 March 2007, a 10% withholding tax is levied on dividends declared to foreign investors from a PRC entity effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investors. Since ATZH is wholly owned by Armarda Technology (Hong Kong) Limited, a Hong Kong registered company, the applicable withholding tax rate is 5%. On 22 February 2008, Caishui (2008) No.1 was promulgated by the tax authorities specifying that dividends from the retained earnings as at 31 December 2007 are exempted from the withholding tax. ATZH has been recording accumulated losses for the financial year ended 31 December 2008 onwards and there are no deferred withholding tax as at 31 December 2013.

No Singapore income tax was payable in respect of the Group's operations in Singapore, as such operations sustained losses for tax purposes in 2013 and 2012.

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

The Group reported an income tax expenses of approximately HK$5 thousand and approximately HK$18 thousand in the 3M 31 December 2013 and 9M 31 December 2013 respectively, whereas an income tax expenses of approximately HK$8 thousand and approximately HK$24 thousand was reported in the 3M 31 December 2012 and 9M 31 December 2012 which was caused by the adjustment on tax effect of non-deductible expenses.

Interest in an associate – Fesco E-HR

The Group entered into a joint venture agreement with the Fesco Group to subscribe 90% of the newly issued share capital to the amount of RMB20 million of Fesco E-HR Service (Beijing) Co., Ltd. (Fesco E-HR) at a total capital contribution amount of RMB18 million with effect from 1 April 2007, and the whole contribution process was completed in 2008.

The 45% share of profit from Fesco E-HR amounting to approximately HK$75 thousand and HK$709 thousand in the 3M 31 December 2013 and 9M 31 December 2013 respectively. The share of profit of approximately HK$86 thousand and HK$654 thousand was reported in the 3M 31 December 2012 and 9M 31 December 2012, which represents the Group's share of the net profit after tax of this associate.

Interest in an associate – CSMCG

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

a) loan notes of HK$45 million ("Loan Notes"); and
b) 920,000,000 fully paid-up ordinary shares at the prevailing market price ("Consideration Shares").

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

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

a) Loan Notes of HK$45 million

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

(i) Contra arrangement of HK$30,427,500 (equivalent to RMB25 million) whereby the vendors agree to take over receivables due and payable to the Group of the said value, in relation to advances made by the Group to its long term business partners who are not related to the vendors, and

(ii) Cash settlement on the remaining HK$14,572,500 to be settled in cash (HKD currency).

As at 31 March 2013, HK$45 million loan notes have been fully disbursed through the aforesaid contra arrangement as well as cash settlement in HKD.

b) Consideration Shares

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

Accordingly, the Board of Directors has assessed that the Company has significant influence over CMSCG upon the issuance of the Consideration Shares on 28 November 2012. The Board of Directors has concluded to account for the investment in CMSCG amounting to approximately HK$155.8 million (comprising Loan Notes of HK$45 million and Consideration Shares of HK$110.8 million based on market price) as an associate using the equity method.

The share of loss of this associate is amounting to approximately HK$2.5 million and approximately HK$6.6 million in 3M 31 December 2013 and 9M 31 December 2013 respectively. CSMCG, which commenced its operation in April 2013, recorded a loss after tax of approximately HK$14.6 million in 9M 31 December 2013 due to, *inter alia*, marketing and operating expenses, and expenses in connection with prepayment for air-time.

The Company had on 29 October 2013 entered into a deed of capital contribution with 11 shareholders of CSMCG for the injection of working capital into CMSCG, a wholly-owned subsidiary of CSMCG, in light of increase in business activities and the required procurement for a successful rollout and development of the Thuraya “1349” MSS services in the PRC. The Company contributed capital in cash amounting to HK$12.6 million in CMSCG according to its 45% equity interest in CSMCG and it was regarded as investment cost in 3M 31 December 2013.

The interest in the associate reported as at 31 December 2013 amounting to approximately HK$162.1 million is calculated on the basis of audited number as at 31 March 2013 amounting to approximately HK$156.1 million with share of loss in 9M 31 December 2013 amounting to approximately HK$6.6 million and subsequently by adding capital contribution in cash amounting to HK$12.6 million in CMSCG.

Property, plant and equipment

The total net book value of the Group’s property, plant and equipment of approximately HK$1.2 million as at 31 December 2013 is mainly comprised of furniture, fixtures, computer and other equipment of approximately HK$0.2 million, and motor vehicles of approximately HK$1.0 million. The net book value increased by HK$649 thousand from approximately HK$575 thousand as at 31 March 2013 to approximately HK$1.2 million as at 31 December 2013, representing the purchase of motor vehicle and offset by depreciation expense provided since last quarter.

Intangible assets

	31.12.2013 HK$'000	31.3.2013 HK$'000
Intangible assets - customer relationship	2,976	3,534

The intangible assets of approximately HK$3.0 million as at 31 December 2013 (as at 31 March 2013 : HK$3.5 million) is arisen from the acquisition of Brilliant Time Limited (“BTL”). The difference in the carrying amount is the amortisation expenses provided in each of the 3M 30 June 2013, 3M 30 September 2013 and 3M 31 December 2013 of approximately HK$0.19 million.

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.

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, acquistions of non-controlling interests (20% of BTL) was accounted for as transactions with equity holders and therefore no goodwill nor intangible assets was recognised. The carrying amount of BTL’s net assets in the consolidated financial statements on the date of acquisition was approximately HK$40.9 million. The Group recognised a decrease in non-controlling interest of approximately HK$8.2 million and the excess of the consideration over the carrying amount of the interest in the net assets acquired was recognised directly in equity as other reserves of approximately HK$19.0 million in FY2009. Considering the slow down of IT spending in PRC market, the management conducted an impairment review in FY2009 by comparing the recoverable amount and the carrying amount, as a result, HK$9.0 million impairment loss was provided in 2009.

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

Other assets

The following is a breakdown of the other assets of the Group as at 31 December 2013 and 31 March 2013 :

	31.12.2013 HK$'000	31.3.2013 HK$'000
Golf club membership	983	983
Deposit for acquisition of equipment	11,000	8,565
Prepayment for software development	11,780	7,965
	23,763	**17,513**

Other assets – golf club membership remains closely the same of approximately HK$1 million as at 31 December 2013 and 31 March 2013 respectively, representing the costs of transferable life membership of a golf club.

Other assets – deposit for acquisition of equipment, which is the equipment to be procured for the establishment of a customer service calling support centre in the PRC to provide services to third parties amounting to approximately HK$11.0 million and approximately HK$8.6 million as at 31 December 2013 and 31 March 2013 respectively. The increase in deposit for acquisition of equipment was due to modification of system requirement during 9M 31 December 2013.

Other assets – prepayment for software development, which is the software for the development of a prepaid card top-up and client account management system amounting to approximately HK$11.8 million and approximately HK$8.0 million as at 31 December 2013 and 31 March 2013 respectively. The increase in deposit for prepayment for software development was due to additional prepayment made for the purpose of software development during 9M 31 December 2013.

Trade and other receivables

The following is a breakdown of the total trade and other receivables of the Group as at 31 December 2013 and 31 March 2013 :

	31.12.2013 HK$'000	31.3.2013 HK$'000
Trade receivables	13,128	7,199
Other receivables, deposits and prepayments	51,586	10,389
	64,714	**17,588**

Trade receivables

The Group's trade receivables increased by approximately HK$5.9 million to approximately HK$13.1 million as at 31 December 2013 from approximately HK$7.2 million as at 31 March 2013. The balance as at 31 December 2013 is mainly due to the sales generated in 3M 31 December 2013 has yet to be settled, which are current and the amount is within the credit period.

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

Other receivables, deposits and prepayments

The following is a breakdown of other prepayments and receivables of the Group as at 31 December 2013 and 31 March 2013 :

	31.12.2013 HK$'000	31.3.2013 HK$'000
Deposit for PRC project	44,100	-
Prepayment of purchase of RFID chips	6,160	9,500
Other deposits and receivables	1,326	889
	51,586	**10,389**

Deposit for PRC project

A refundable deposit was made amounting to approximately HK$44.1 million for a potential PRC telecommunication project as at 31 December 2013. There has been no change to the refundable deposit amount since the previous quarter ended 30 September 2013. The entire amount (excluding out-of-pocket expenses) will be refunded to the Company in the event that the project is not successful and upon request from the Company. As at the date of this announcement, there is no certainty that the Company will enter into a definitive agreement for the said PRC project and it will be subject to, *inter alia,* approval from shareholders and the Singapore Exchange Securities Trading Limited (where applicable).

Prepayment of purchase of RFID chips

Further to the announcement dated 5 December 2011, China RFID Limited ("**CRL**"), a wholly owned subsidiary of the Company, had entered into an exclusive distributor agreement ("**Exclusive Distributor's Agreement**") with Smart Asia Technology Limited ("**SMART**") on 18 January 2013 to renew the orginal distributorship of RFID chips business which was expired on 8 September 2012 and whereby, *inter alia,* it was agreed that CRL shall have the exclusive right to distribute NXP RFID Chips on the terms and subject to conditions set out in the Exclusive Distributor's Agreement. On the same date, CRL also entered into an exclusive supply agreement ("**Exclusive Supply Agreement**") with China Vision Intelligent Card Reader Co., Ltd. ("**China Vision**") to renew the exclusive supply agreement with China Vision which was expired on 8 September 2012 and whereby, *inter alia,* it was agreed that CRL shall supply NXP RFID Chips to China Vision on the terms and subject to the conditions set out in the Exclusive Supply Agreement. The entering into the Exclusive Distributor's Agreement and the Exclusive Supply Agreement are in the Group's normal course of business.

Pursuant to the Distributor's Agreement above, CRL has made a deposit of HK$2 million for the initial order of RFID chips which was recognised as cost of goods sold during 3M 30 June 2013. In addition, pursuant to the Distributor's Agreement, CRL has made a prepayment of HK$7.5 million, which is the refundable deposit for future orders from SMART and sufficient for the procurement at the best possible price per unit from SMART.

CRL will be able to utilise the refundable deposit for any future order within the duration of Exclusive Distributor's Agreement without making further payment. Such arrangement allows CRL to enjoy a better discount in procuring the RFID chips. If at the expiry of the term of the agreement, such refundable deposit is not used for orders places, SMART is committed to refund the available balance to CRL. During 3M 31 December 2013 and 9M 31 December 2013, approximately HK$0.5 million and approximately HK$1.3 million have been utilised respectively for RFID chips purchase. The prepayment reduced to approximately HK$6.2 million as at 31 December 2013.

Other deposits and receivables

Other deposits and receivables increased by approximately HK$0.4 million from approximately HK$0.9 million as at 31 March 2013 to approximately HK$1.3 million as at 31 December 2013, mainly representing the deposit for the office utilities and office rental in both Hong Kong and PRC.

Due from associate

Pursuant to an agreement between the Company and CSMCG dated 1 December 2012, CSMCG has appointed the Company as a procurement agent for inter-alia the purchase of the satellite phones, airtime, and other professional service which is deemed necessary and appropriate. As at 31 December 2013, the amount due from CSMCG in relation to the procurement of satellite phones, airtime and arrangement of marketing activities amounted to approximately HK$3 million, which is increased by approximately HK$1.3 million from approximately HK$1.7 million as at 31 March 2013. It is trade in nature and does not constitute an IPT pursuant to Chapter 9 of the Catalist Rules.

Cash and cash equivalents

The following is a breakdown of cash and cash equivalents of the Group as at 31 December 2013 and 31 March 2013 :

	31.12.2013 HK$'000	31.3.2013 HK$'000
Cash at banks and in hand	12,280	30,008
Total cash and cash equivalents	**12,280**	**30,008**

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

Trade and other payables

The following is a breakdown of the trade and other payables of the Group as at 31 December 2013 and 31 March 2013:

	31.12.2013 HK$'000	31.3.2013 HK$'000
Trade payables	1,408	2,392
Deposit for the disposal of leasehold property in PRC	-	9,864
Other deposits and accruals	4,085	14,374
Due to directors (non-trade)	417	699
	5,910	**27,329**

Trade payables represent mainly the outstanding support charges due to independent subcontractors for services rendered to the Group’s customers in the PRC. It decreased by approximately HK$1.0 million from approximately HK$2.4 million as at 31 March 2013 to approximately HK$1.4 million as at 31 December 2013 which is primarily due to the reduction in corresponding revenue from provision of IT services.

The wholly owned subsidiary Armarda Technology (Zhuhai) Limited has entered into sales and purchase agreements with two parties for the sale of the leasehold properties in PRC which have been originally classified under investment property and property, plant and equipment and now reclassified to non-current assets held for sale. The transfer of legal titles of the Floor 18 and Floor 19 are completed on 3 April 2013 and 8 May 2013 respectively.

The other deposits and accruals represent other outstanding operating expenses payable. It decreased by approximately HK$10.3 million from approximately HK$14.4 million as at 31 March 2013 to approximately HK$4.1 million as at 31 December 2013 which represents the settlement of the accrued expenses in 9M 31 December 2013.

The amounts due to directors of approximately HK$0.4 million represents the directors’ fees and reimbursement of travelling and entertainment expenses payable to the directors as at 31 December 2013.

Obligations under finance lease

The Group has obligations under a finance lease that are repayable within one year of approximately HK$0.18 million and approximately HK$0.25 million as at 31 December 2013 and 31 March 2013 respectively and no outstanding balance is repayable after 1 year but within 5 years.

Deferred tax liabilities

Deferred tax liabilities amounting to approximately HK$2.0 million as at 31 December 2013 and 31 March 2013, 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. No deferred tax is calculated in view of no significant unprovided deferred tax assets and liabilities as at 31 December 2013.

Reserves

The following is a breakdown of the Reserves of the Group as at 31 December 2013 and 31 March 2013 :

	31.12.2013 HK$'000	31.3.2013 HK$'000
Share premium	325,544	271,548
Foreign exchange translation reserve	31,975	31,975
PRC statutory reserve	5,863	5,863
Revaluation reserve	1,561	1,561
Other deficit	(49,466)	(49,466)
Contributed surplus	43,348	43,348
Share-based payment reserve	475	-
Accumulated loss	(232,630)	(198,336)
	126,670	106,493

- 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 gain on property, plant and equipment upon tranfer as investment property at fair value.

- The other deficit of approximately HK$49.5 million arise from the acquisition of non-controlling interest of CRL completed on 22 June 2011 (HK$19.5 million) and BTL completed on 8 January 2009 (HK$30.4 million). The Group has recognised any premiums or discounts on purchase of equity instruments from non-controlling interest subsequent to the obtaining control.

- 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.

- Share-based payment reserve represented the fair value of the conditional performance shares award granted to the grantees as at the grant date. The reserve will be reduced by the physical issuance of the performance shares if the performance targets have been fulifilled or satisfied after the vesting period.

Cashflows

The Group used approximately HK$8.5 million and approximately HK$1.5 million in its operating activities for the 3M 31 December 2013 and 3M 31 December 2012 respectively. This is mainly due to cash used in operating activities before changes in working capital of approximately HK$9.97 million, the decrease in amount due from associate of approximately HK$0.6 million, the decrease in trade and other receivables of approximately HK$1.3 million, and the decrease in other payables and accruals of approximately HK$0.3 million for the 3M 31 December 2013.

The Group used approximately HK$4.4 million and approximately HK$2.7 million in its investing activities for the 3M 31 December 2013 and 3M 31 December 2012. This is primarily due to prepayment of software development fee of approximately HK$2 million and deposit paid for acquistion of equipment for the customer service calling support centre of approximately HK$2.4 million during 3M 31 December 2013.

The Group used approximately HK$24 thousand for the repayment of finance lease obligation and generated net cash outflow and inflow from financing activities of approximately HK$24 thousand and HK$3.45 million for the 3M 31 December 2013 and 3M 31 December 2012 respectively.

As a whole, the Group used approximately HK$12.8 million and approximately HK$0.73 million in the 3M 31 December 2013 and 3M 31 December 2012 respectively. The cash and cash equivalents as at 31 December 2013 is approximately HK$12.3 million.

The Group used approximately HK$44.2 million and approximately HK$22.6 million from its operating activities in the 9M 31 December 2013 and 9M 31 December 2012 respectively. This is primarily due to cash used in operating activities before changes in working capital of approximately HK$26.8 million, the decrease in other payables and accruals of approximately HK$13 million, the increase in trade and other receivables of approximately HK$2.9 million and the increase in amount due from an associate of approximately HK$1.3 million in the 9M 31 December 2013.

The Group used approximately HK$64.1 million and approximately HK$14.6 million in its investing activities for the 9M 31 December 2013 and 9M 31 December 2012. This is primarily due to a refundable deposit of approximately HK$44.1 million was made for a potential PRC project, purchased of a motor vehicle of approximately HK$1.2 million, capital contribution deposit of HK$12.6 million was made in an associate, prepayment of software development fee of approximately HK$3.8 million, deposit paid for acquisition of equipment for the customer service calling support centre of approximately HK$2.4 million and sales proceeds received from disposal of property, plant and equipment of HK$69 thousand during 9M 31 December 2013.

The Group generated approximately HK$90.4 million and approximately HK$28.8 million in its financing activities for both the 9M 31 December 2013 and 9M 31 December 2012 respectively which are mainly being the net proceeds from issuance of new ordinary shares.

As a whole, the Group used approximately HK$17.9 million and approximately HK$8.3 million in the 9M 31 December 2013 and 9M 31 December 2012 respectively.

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

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The overall market condition of the PRC IT industry where the Group operates in has remained difficult, with intense competition from the continuous entrance of both local and international market players and the continuous decrease in IT related spending by existing clients. The management of the Company expects that such market condition will not improve in the near future. On the other hand, the management of the Company will continue to explore and develop other new business initiatives, including but not limited to, the Thuraya mobile satellite communication services in the PRC, in the upcoming reporting periods.

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 (FY2013 : 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 interim dividend is declared/recommended in the financial period 9 months ended 31 December 2013.

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.

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

14. 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

15. 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

16. A breakdown of sales

Not applicable

17. 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 (FY2013 : Nil)

(b) Preference
Nil (FY2013 : Nil)

(c) Total
Nil (FY2013 : Nil)

18. 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

19. Use of proceeds

Use of proceeds for the remaining balance of S$3.7 million from the placement of 715.7 million shares has been announced via SGXNET on 17 January 2014.

BY ORDER OF THE BOARD

Luk Chung Po, Terence
Executive Director

30 January 2014

*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 Liau H.K.
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