

ARMARDA GROUP LIMITED
(Incorporated in Bermuda on 13 August 2003)
(Registration No.: 34050)

AUDITORS' EMPHASIS OF MATTER ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 AND UPDATES

Updates on emphasis of matter

Pursuant to Rule 704(4) of the Listing Manual: Section B Rules of Catalist announcement dated 29 March 2011, the Board of Directors ("**Directors**") of Armarda Group Limited (the "**Company**") further wishes to announce that the Company's independent auditor ("**Independent Auditor**"), KPMG, has issued their report ("**Independent Auditor's Report**") on the financial statements for the Company and its subsidiaries for the financial year ended ("**FY**") 31 December 2010, highlighting *inter alia*: an emphasis that without qualifying its opinion, the Independent Auditor draws attention to note 2(b) to the financial statements, which identifies material uncertainties related to the future profitability of the Group's major businesses.

In particular, note 2(b) to the financial statements indicates that the financial performance of the two subsidiaries of the Group, namely Brilliant Time Limited ("**BTL**") and China RFID Limited ("**China RFID**") were low, and the trading of radio frequency identification chips ("**RFID business**") did not generate any income up to 31 December 2010 resulting in significant impairment losses being recognised against goodwill and other acquired intangibles. In addition, the note states that profitability and the estimates of future cash flows generated from such new businesses in the foreseeable future are inherently uncertain.

Barring unforeseen circumstances and to the best knowledge of the Directors based on information that could reasonably be expected to be available that:

- (i) BTL will likely continue to be a profit making subsidiary generating positive cashflows for the Group;
- (ii) China RFID Limited (following the commencement of orders for NXP RFID Chips from PRC customers in January 2011 following unexpected delays in testing and acceptance arising from modifications of technical requirements), is expected to begin generating revenue, profit as well as positive cashflows for the Group on an ongoing basis from FY2011 onwards; and
- (iii) The exclusive distributorship agreement will be renewed on similar terms and conditions in view of the current working relationship with the parties, the fact that the Group has the first or early mover advantage in the PRC for NXP chips through its exclusive arrangements for the RFID Chips and the acceptance of NXP chips for the e-passport projects which requires compliance to various requirements (including customised requirements) for quality and security

the Directors are of the opinion that based on estimates and indications of demand as well as estimates for expenses and margins and existing contractual arrangements and business terms for the Group's businesses, it is appropriate to prepare the financial statements of the Group for FY2010 on a going concern basis.

Barring unforeseen circumstances and based on the above foregoing and including but not limited to, subject to economic conditions and sentiments (general as well as specific to the Company and its subsidiaries' operations and industries in which they operate in including

margins and known as well as anticipated demands), information available to them, the Directors are of the opinion after taking into account its existing financial resources, existing contractual arrangements and its renewal on comparable terms and future plans, that the Company can continue as a going concern.

By Order of the Board of
Armarda Group Limited

Luk Chung Po, Terence
Executive Director

30 March 2011

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 SGX-ST. The 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 SGX-ST and the SGX-ST 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.

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