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ARMITAGE TECHNOLOGIES HOLDING LTD:
THE COMPANY SEEMS MORE THAN LIKELY
TO TRY TO RAISE MORE CAPITAL

Armitage Technologies Holding Ltd () (Code: 8213, The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd) is almost sure to tap the market for more money.

Alternatively, it could attempt to Place some New Shares in order to raise some cash.

Without expanding its Capital Base, this company would appear to be doomed to obscurity.

This is **TARGET**'s opinion after scanning the Annual Report of the company for the Financial Year, ended March 31, 2009, and the First Quarterly Report for the 3 months, ended June 30, 2009.

As at the 2009-Year's Balance Sheet Date, the company had cash and bank balances of about $HK3.78 million, which is not unlike the situation that existed as at the 2008-Year's Balance Sheet Date when the company had about $HK2.92 million in cash and bank balances.

Bank overdrafts amounted to about $HK11.82 million, as at March 31, 2009, up about 14 percent, Year-On-Year.

Note 28 to the Accounts shows that the company had banking facilities, amounting to about $HK24.03 million, secured by time deposits of $HK9 million.

If interest rates should rise – which is unlikely in the short term, however – it could start to hurt this company, which is engaged in the creation and sales of computer software.

And there would be no way out without retiring debt, the way that things stand, today.

If push comes to shove, retiring debt to any material degree is highly unlikely due to the nature of the company.

Armitage Technologies Holding Ltd has very little in the way of readily available assets for sale.

Shareholders' Funds have been eroded to about $HK26.08 million, as at the 2009 Balance Sheet Date, a reduction of about 8.52 percent, Year-On-Year.

In the 2009-Year, the Turnover rose about $HK3.70 million, compared with the 2008-Year, to about $HK63.07 million, but staff salaries and benefits, excluding Directors' remuneration, rose to about $HK38.75 million, equivalent to about 61.44 percent of the Turnover (!).

Staff salaries and benefits rose about 10.71 percent, Year-On-Year, while the Turnover rose only about 6.23 percent, Year-On-Year.

With such a heavy cross to bear and with no way to earn a living other than by its present modus operandi, it would appear that there is only a very limited number of options, open to the company:

1. Reduce debt;

2. Reduce the cost of staff salaries and benefits;

3. Find other sources of income for the company; and/or,

4. Raise fresh money from the market.

Option Number One is not **...** **CLICK TO ORDER FULL ARTICLE**