



DRAGON GROUP INTERNATIONAL LIMITED

Company Regn. No. 199306761C
(Incorporated in the Republic of Singapore)

Results For The Financial Period Ended 31 March 2009
Unaudited Financial Statements And Dividend Announcement

The Directors are pleased to make the following announcement of the unaudited results for the financial year ended 31 March 2009.

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

	Group		
	First Quarter Ended		
	US\$'000		%
	31/03/09	31/03/08	Change
Revenue	54,230	75,821	-28%
Cost of sales	(48,249)	(68,668)	-30%
Gross profit	5,981	7,153	-16%
Other operating income	116	168	-31%
Selling and marketing costs	(2,969)	(3,975)	-25%
General and administrative costs	(3,232)	(3,408)	-5%
Development costs	(6)	(45)	-87%
Foreign currency exchange gain/(loss)	(25)	531	-105%
Total operating expenses	(6,232)	(6,897)	-10%
Finance costs	(729)	(1,107)	-34%
Exceptional items	(160)	-	nm
Share of net profit/(loss) of associated companies	1	(24)	-104%
Loss before income tax	(1,023)	(707)	45%
Taxation	(118)	(222)	-47%
Net loss for the period	(1,141)	(929)	23%
Attributable to:			
Equity holders of the Group	(1,036)	(784)	32%
Minority interest	(105)	(145)	-28%
	(1,141)	(929)	23%

nm - Not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Notes to Income Statement

Interest on borrowing
Depreciation and amortisation

Provision for doubtful debts
Provision for stock obsolescence

Exceptional Items:

Severance Payments

Group		
First Quarter Ended		
US\$'000		%
31/03/09	31/03/08	Change
(544)	(922)	-41%
(707)	(920)	-23%
(195)	(58)	236%
(337)	(738)	-54%
(160)	-	nm

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

Net loss for the period

Other comprehensive income:-

Foreign currency translation

Total comprehensive income for the period

Total comprehensive income attributable to :-

Members of the Company

Minority interests

Group		
First Quarter Ended		
US\$'000		%
31/03/09	31/03/08	Change
(1,141)	(929)	23%
(412)	(1,341)	-69%
(1,553)	(2,270)	-32%
(1,448)	(2,125)	-32%
(105)	(145)	-28%
(1,553)	(2,270)	-32%

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.

	Group		Company	
	US\$'000		US\$'000	
	31/03/09	31/12/08	31/03/09	31/12/08
ASSETS				
Non-current assets				
Intangible assets	7,694	7,731	102	102
Property, plant and equipment	8,603	9,188	4	4
Investment in subsidiary companies	-	-	34,337	34,337
Investment in associated companies	59	110	-	-
Other investments	1,938	1,938	1,894	1,894
Other financial assets	1,664	1,664	1,664	1,664
Amounts due from subsidiary companies	-	-	11,481	11,699
	19,958	20,631	49,482	49,700
Current assets				
Stocks	18,696	23,583	-	-
Prepayments and advances	682	722	56	54
Amounts due from subsidiary companies	-	-	1,437	1,666
Trade debtors	56,395	56,894	108	99
Other debtors	1,692	1,531	182	391
Tax recoverable	92	601	-	233
Fixed deposits	2,800	2,800	-	-
Cash and bank balances	18,832	21,425	327	192
	99,189	107,556	2,110	2,635
TOTAL ASSETS	119,147	128,187	51,592	52,335
EQUITY AND LIABILITIES				
Current liabilities				
Amount due to bankers	26,317	31,372	3,226	3,764
Bill payable to banks	24,526	25,679	-	-
Trade creditors and accruals	34,098	33,325	335	361
Other creditors	3,878	4,279	312	173
Amounts due to holding Company	1,463	1,958	605	544
Amounts due to subsidiary companies	-	-	7,242	6,766
Provision for taxation	459	1,578	80	51
	90,741	98,191	11,800	11,659
NET CURRENT ASSETS/(LIABILITIES)	8,448	9,365	(9,690)	(9,024)
Non-current liabilities				
Deferred taxation	847	851	-	-
Amount due to subsidiary companies	-	-	11,481	11,473
Lease creditors	79	105	-	-
Long-term payables	385	392	-	-
	1,311	1,348	11,481	11,473
TOTAL LIABILITIES	92,052	99,539	23,281	23,132
NET ASSETS	27,095	28,648	28,311	29,203
Equity attributable to equity holders of the Company				
Share capital	41,844	41,844	41,844	41,844
Capital reserve	2,140	2,140	-	-
Foreign currency translation reserve	(7,467)	(7,102)	-	-
Accumulated losses	(14,373)	(13,337)	(13,533)	(12,641)
	22,144	23,545	28,311	29,203
Minority interest	4,951	5,103	-	-
TOTAL EQUITY	27,095	28,648	28,311	29,203
TOTAL EQUITY AND LIABILITIES	119,147	128,187	51,592	52,335



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

Amount repayable in one year or less, or on demand

As at 31/03/2009		As at 31/12/2008	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	26,317	-	31,372

Amount repayable after one year

As at 31/03/2009		As at 31/12/2008	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	-	-	-

Details of any collateral

Not applicable

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Cashflow from operating activities

Operating loss before taxation

Adjustment for:-

Non cash items

Operating cash flow before reinvestment in working capital

Movement in working capital

Cash generated from/ (used in) operations

Interest paid

Interest received

Tax paid

Net cash generated from/ (used in) operating activities

Cashflow from investing activities

Proceeds on disposal of property, plant and equipment

Purchase of property, plant and equipment

Proceeds from sale of associate

Project development expenditure

Net cash used in investing activities

Cashflow from financing activities

Dividend paid to minority shareholder of a subsidiary company

Change in amount due from holding company

Repayment to lease creditors

Change in amounts due to bankers

Net cash used in financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents at beginning of year

Effect of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at 31 March

Group	
US\$'000	
31/03/09	31/03/08
(1,023)	(707)
1,291	1,756
268	1,049
4,141	(2,493)
4,409	(1,444)
(544)	(922)
10	32
(727)	1
3,148	(2,333)
24	10
(216)	(1,653)
19	-
(99)	-
(272)	(1,643)
-	(23)
(495)	858
(34)	(38)
(5,055)	(2,789)
(5,584)	(1,992)
(2,708)	(5,968)
24,225	31,333
115	(1,049)
21,632	24,316

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts with banks and short term deposits. Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet

Fixed deposits	2,800	4,327
Cash and bank balances	18,832	19,989
	21,632	24,316



Results For The Financial Period Ended 31 March 2009
Unaudited Financial Statements And Dividend Announcement

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

Group

At 1 January 2009

Total comprehensive income for the period

Balance as at 31 March 2009

Attributable to members of the company						
Share Capital US\$'000	Capital Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Losses US\$'000	Equity attributable to owners of parent, Total US\$'000	Minority Interest US\$'000	Equity Total US\$'000
41,844	2,140	(7,102)	(13,337)	23,545	5,103	28,648
-	-	(365)	(1,036)	(1,401)	(152)	(1,553)
41,844	2,140	(7,467)	(14,373)	22,144	4,951	27,095

Group

At 1 January 2008

Total comprehensive income for the period

Balance as at 31 March 2008

Attributable to members of the company						
Share Capital US\$'000	Capital Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Losses US\$'000	Equity attributable to owners of parent, Total US\$'000	Minority Interest US\$'000	Equity Total US\$'000
41,844	2,140	(4,518)	(6,526)	32,940	5,766	38,706
-	-	(1,310)	(784)	(2,094)	(176)	(2,270)
41,844	2,140	(5,828)	(7,310)	30,846	5,590	36,436



Results For The Financial Period Ended 31 March 2009
 Unaudited Financial Statements And Dividend Announcement

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 - Cont'd

Company

At 1 January 2009

Total comprehensive income for the period

Balance as at 31 March 2009

Share Capital US\$'000	Accumulated Losses US\$'000	Total US\$'000
41,844	(12,641)	29,203
-	(892)	(892)
41,844	(13,533)	28,311

Company

At 1 January 2008

Total comprehensive income for the period

Balance as at 31 March 2008

Share Capital US\$'000	Accumulated Losses US\$'000	Total US\$'000
41,844	(9,519)	32,325
-	(629)	(629)
41,844	(10,148)	31,696

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year.

During the financial period, there was no change in the Company's share capital.

Under the Dragon Executives' Share Option Scheme (the "ESOS"), there are no unissued ordinary shares as at 31 March 2009. (31 December 2008: nil unissued ordinary shares).

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 end of the immediate preceding year.

	Group		Company	
	31/03/09	31/12/08	31/03/09	31/12/08
Total number of issued shares	224,081,456	224,081,456	224,081,456	224,081,456
Less: Treasury shares	-	-	-	-
Total number of issued shares excluding treasury shares	224,081,456	224,081,456	224,081,456	224,081,456

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

These figures have not been audited nor reviewed by the auditors.

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

Not applicable.

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

On 1 January 2009, the Group adopted the revised FRS 1 Presentation of Financial Statements, which is effective for annual periods beginning on or after 1 January 2009. Based on the requirements of the revised standard, the Group:

- Separated the presentation of owner and non-owner changes in equity. The Statements of Changes in Equity include only details of transactions with owners, with all non-owner changes in equity presented as a single line as "Total comprehensive income for the year"
- Elected to present income and expenses of profit or loss in the Income Statement and to present income and expenses recognised directly in equity in a separate Statement of Comprehensive Income

As this is a change of presentation of financial statements, it does not have any impact on the results and financial position of the Group and Company.

The same accounting policies and methods of computation are followed in the financial statements as compared with the most recent audited annual financial statements

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

See paragraph 4 above.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group	
	31/03/09	31/03/08
Earnings per ordinary share for the year based on net profit attributable to shareholders after deducting any provision for preference dividends:-		
a) Based on weighted average number of ordinary shares in issue	(0.46) cents	(0.35) cents
Weighted average number of shares	224,081,456	224,081,456
b) On a fully diluted basis	(0.46) cents	(0.35) cents
Adjusted weighted average number of shares	224,081,456	224,081,456

7. Net assets value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on ; and (b) immediately preceding financial year.

Net assets value per ordinary share based on issued share capital as at the end of the period reported on

Group		Company	
31/03/09	31/12/08	31/03/09	31/12/08
9.88 cents	10.51 cents	12.63 cents	13.03 cents

Net assets value for the Group and the Company per ordinary share was calculated based on 224,081,456 ordinary shares as at 31 March 2009 and 31 December 2008

8. A review of the performance of the group, to extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Business Segment

Electronics Distribution
Semiconductor Test & Consumables

Revenue	
1Q2009	1Q2008
US\$'000	US\$'000
53,305	74,197
925	1,624
54,230	75,821

8. Cont'd

Revenue

Group revenue declined from US\$75.8 million (1Q2008) to US\$54.2 million (1Q2009), a decrease of 28%. Both Electronics Distribution and Semiconductor Test & Consumables business reported lower revenue in 1Q2009.

Revenue from the Electronics Distribution business declined from US\$74.2 million (1Q2008) to US\$53.3 million (1Q2009), mainly due to the prevailing weak demand in the global semiconductor and electronics industries and the cessation of the independent trading business in January 2009. However, the higher revenue generated by the telecommunication infrastructure business arising from the stronger customer demands cushioned the weaker performance of the Electronics Distribution business. This stronger demand was due to the implementation of 3G network in China.

Revenue contribution from the Semiconductor Test & Consumables business declined from US\$1.6 million (1Q2008) to US\$0.9 million (1Q2009), reflecting the current weak market conditions.

Gross profit

Gross profit margin increased from 9.4% (1Q2008) to 11% (1Q2009), mainly due to the cessation of the independent trading business which has a lower margin compared to the component distribution business. Gross profit dipped by 14.4% to US\$5.9 million (1Q2009) from US\$7.1 million (1Q2008) due to the lower revenue reported in 1Q2009.

Operating Expenses (exclude foreign currency exchange)

Operating expenses decreased by 16.4% to US\$6.2 million (1Q2009) compared to US\$7.4 million (1Q2008) in the same quarter last year. This decrease was mainly due to the various cost reduction exercises carried out by the Group, including streamlining of operations, cessation of non-core business and consolidation of certain business operations.

Financing costs were lower by 34.1%, declining from US\$1.1 million (1Q2008) to US\$0.7 million (1Q2009). This was mainly due to lower utilisation of trade financing facilities arising from lower revenue in 1Q2009.

The Group reported a foreign exchange gain of US\$500,000 in 1Q2008 compared to a loss of US\$25,000 in 1Q2009.

Net Loss

The Group recorded a net loss of US\$1.1 million in 1Q2009 compared to a net loss of US\$0.9 million in 1Q2008.

BALANCE SHEET REVIEW

Property, plant and equipment

Property, plant and equipment decreased by US\$0.6 million mainly due to depreciation charge for the period ended 31 March 2009.

Stocks

Stocks decreased to US\$18.7 million from US\$23.6 million as at 31 December 2008. This decrease was due to lower purchases and better inventory management for the period ended 31 March 2009.

Trade debtors

Compared to 31 December 2008, trade debtors decreased by US\$0.5 million due to lower revenue in 1Q2009.

Bills Payable and Amounts due to Bankers

The total amounts due to bankers decreased from US\$57 million to US\$50.8 million mainly due to repayments of bank borrowings during the period.

Trade creditors and accruals

The creditors increased to US\$34.1 million from US\$33.3 million as at 31 December 2008. The increased was mainly due to additional purchases for the telecommunication infrastructure business.

8. Cont'd

CASH FLOW STATEMENT REVIEW

The Group generated a net positive cash of US\$3.1 million from the operating activities during the three-month period mainly due to better working capital management. The group repaid a total of US\$5 million to financial institutions during the period. Cash and cash equivalents amounted to US\$21.6 million compared to US\$24.3 million as at March 2008.

The Group is not exposed to any derivations contracts and not under any due distress from financial institutions and creditors on repayment. The Group continue to manage its cashflows and has deferred any non-critical capital expenditure. The Group expects to service its loan repayment commitments as and when they fall due and believes that it has sufficient funds to support its operations.

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

The actual results were in line with the prospect statement stated in the previous announcement.

10. **A commentary at the date of the announcement of the significant trends and 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 month**

The deepening recession in the global economy has impacted the demand for electronics and semiconductors globally.

In the near term, we will continue to focus our efforts in growing the telecommunication infrastructure business in China. In addition, we expect that the market demand for electronics and semiconductors may stabilise in the next few quarters.

The markets in which we operate will continue to be mired with challenges. However, the group will continue to streamline its various operations and to consolidate certain business divisions to achieve better efficiency. In view of the uncertainties, we will continue to monitor our business closely.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date Payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared/recommended for the current quarter in review

13. Segmental 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 to quarterly announcement.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segment

Please refer to note 8.

15. A breakdown of sales

Not applicable to quarterly announcement.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable to quarterly announcement.

17. Director's Confirmation

We, Michael Loh Soon Gnee and Alex Onn Sin Ching, being two directors of Dragon Group International Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for third quarter ended 31 March 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dato' Michael Loh
Chairman & CEO
14th May 2009