



DRAGON GROUP INTERNATIONAL LIMITED

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

Results For The Financial Period Ended 30 June 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 30 June 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					
	Second Quarter Ended			First Half Ended		
	US\$'000		%	US\$'000		%
	30/06/09	30/06/08	Change	30/06/09	30/06/08	Change
Revenue	58,412	78,278	-25%	112,642	154,099	-27%
Cost of sales	(51,798)	(70,882)	-27%	(100,047)	(139,550)	-28%
Gross profit	6,614	7,396	-11%	12,595	14,549	-13%
Other operating income	198	122	62%	314	290	8%
Selling and marketing costs	(2,557)	(3,623)	-29%	(5,526)	(7,598)	-27%
General and administrative costs	(2,839)	(3,060)	-7%	(6,077)	(6,513)	-7%
Foreign currency exchange gain/(loss)	(261)	(86)	203%	(286)	445	-164%
Total operating expenses	(5,657)	(6,769)	-16%	(11,889)	(13,666)	-13%
Finance costs	(728)	(841)	-13%	(1,457)	(1,948)	-25%
Exceptional items	(92)	-	nm	(252)	-	nm
Share of net profit/(loss) of associated companies	(35)	4	-975%	(34)	(20)	70%
Profit/(Loss) before income tax	300	(88)	-441%	(723)	(795)	-9%
Taxation	(458)	(396)	16%	(576)	(618)	-7%
Net loss for the period	(158)	(484)	-67%	(1,299)	(1,413)	-8%
Attributable to:						
Equity holders of the Group	(69)	(476)	-86%	(1,105)	(1,260)	-12%
Minority interest	(89)	(8)	1013%	(194)	(153)	27%
	(158)	(484)	-67%	(1,299)	(1,413)	-8%

nm - Not meaningful



DRAGON GROUP INTERNATIONAL LIMITED

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

- 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

Group						
Second Quarter Ended			First Half Ended			
US\$'000		%	US\$'000		%	
30/06/09	30/06/08	Change	30/06/09	30/06/08	Change	
Interest on borrowing	(501)	(637)	-21%	(1,045)	(1,559)	-33%
Depreciation and amortisation	(721)	(577)	25%	(1,428)	(1,497)	-5%
Provision for doubtful debts	(39)	(57)	-32%	(234)	(115)	103%
Provision for stock obsolescence	(209)	(96)	118%	(546)	(834)	-35%
Exceptional Items:						
Severance Payments	(92)	-	nm	(252)	-	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

Group						
Second Quarter Ended			First Half Ended			
US\$'000		%	US\$'000		%	
30/06/09	30/06/08	Change	30/06/09	30/06/08	Change	
Net loss for the period	(158)	(484)	-67%	(1,299)	(1,413)	-8%
Other comprehensive income:-						
Foreign currency translation	440	(168)	-362%	28	(1,509)	-102%
Total comprehensive income for the period	282	(652)	-143%	(1,271)	(2,922)	-57%
Total comprehensive income attributable to :-						
Members of the Company	371	(644)	-158%	(1,073)	(2,800)	-62%
Minority interests	(89)	(8)	1013%	(198)	(122)	62%
	282	(652)	-143%	(1,271)	(2,922)	-57%

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	
	30/06/09	31/12/08	30/06/09	31/12/08
ASSETS				
Non-current assets				
Intangible assets	7,544	7,731	102	102
Property, plant and equipment	8,126	9,188	3	4
Investment in subsidiary companies	-	-	34,337	34,337
Investment in associated companies	25	110	-	-
Other investments	1,938	1,938	1,894	1,894
Other financial assets	1,694	1,664	1,694	1,664
Amounts due from subsidiary companies	-	-	11,516	11,699
	19,327	20,631	49,546	49,700
Current assets				
Stocks	19,208	23,583	-	-
Prepayments and advances	944	722	44	54
Amounts due from subsidiary companies	-	-	1,813	1,666
Trade debtors	62,283	56,894	127	99
Other debtors	2,285	1,531	182	391
Tax recoverable	29	601	-	233
Fixed deposits	2,800	2,800	-	-
Cash and bank balances	18,898	21,425	197	192
	106,447	107,556	2,363	2,635
TOTAL ASSETS	125,774	128,187	51,909	52,335
EQUITY AND LIABILITIES				
Current liabilities				
Amount due to bankers	33,162	31,372	2,689	3,764
Bill payable to banks	23,953	25,679	-	-
Trade creditors and accruals	32,797	33,325	340	361
Other creditors	3,831	4,279	362	173
Amounts due to holding Company	2,592	1,958	742	544
Amounts due to subsidiary companies	-	-	8,217	6,766
Provision for taxation	766	1,578	68	51
	97,101	98,191	12,418	11,659
NET CURRENT ASSETS/(LIABILITIES)	9,346	9,365	(10,055)	(9,024)
Non-current liabilities				
Deferred taxation	850	851	-	-
Amount due to subsidiary companies	-	-	11,516	11,473
Lease creditors	76	105	-	-
Long-term payables	370	392	-	-
	1,296	1,348	11,516	11,473
TOTAL LIABILITIES	98,397	99,539	23,934	23,132
NET ASSETS	27,377	28,648	27,975	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	(7,070)	(7,102)	-	-
Accumulated losses	(14,442)	(13,337)	(13,869)	(12,641)
	22,472	23,545	27,975	29,203
Minority interest	4,905	5,103	-	-
TOTAL EQUITY	27,377	28,648	27,975	29,203
TOTAL EQUITY AND LIABILITIES	125,774	128,187	51,909	52,335



Results For The Financial Period Ended 30 June 2009
Unaudited Financial Statements And Dividend Announcement

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

Amount repayable in one year or less, or on demand

As at 30/06/2009		As at 31/12/2008	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
-	33,162	-	31,372

Amount repayable after one year

As at 30/06/2009		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 statement of cash flow (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 (used in)/generated from operations

Interest paid

Interest received

Tax paid

Net cash 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

Additional in other investment

Acquisition of additional interest in subsidiary companies

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 generated from/(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 30 June

Group US\$'000	
30/06/09	30/06/08
(723)	(794)
2,402	2,733
1,679	1,939
(2,632)	(1,613)
(953)	326
(1,045)	(1,559)
100	66
(816)	(217)
(2,714)	(1,384)
60	1,280
(426)	(2,700)
20	-
(103)	-
(30)	-
-	(837)
(479)	(2,257)
-	(23)
634	977
(40)	(64)
64	(3,998)
658	(3,108)
(2,535)	(6,749)
24,225	31,333
8	(1,122)
21,698	23,462

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	4,316
Cash and bank balances	18,898	19,146
	21,698	23,462



Results For The Financial Period Ended 30 June 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 30 June 2009

Attributable to members of the company					Minority Interest	Equity Total
Share Capital	Capital Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Equity attributable to owners of parent, Total		
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
41,844	2,140	(7,102)	(13,337)	23,545	5,103	28,648
-	-	32	(1,105)	(1,073)	(198)	(1,271)
41,844	2,140	(7,070)	(14,442)	22,472	4,905	27,377

Group

At 1 January 2008

Total comprehensive income for the period

Dividend paid to minority shareholder of a subsidiary company

Acquisition of additional interest in subsidiary companies

Balance as at 30 June 2008

Attributable to members of the company					Minority Interest	Equity Total
Share Capital	Capital Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Equity attributable to owners of parent, Total		
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
41,844	2,140	(4,517)	(6,527)	32,940	5,766	38,706
-	-	(1,540)	(1,260)	(2,800)	(122)	(2,922)
-	-	-	-	-	(23)	(23)
-	-	-	-	-	(485)	(485)
41,844	2,140	(6,057)	(7,787)	30,140	5,136	35,276



Results For The Financial Period Ended 30 June 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 30 June 2009

Share Capital US\$'000	Accumulated Losses US\$'000	Total US\$'000
41,844	(12,641)	29,203
-	(1,228)	(1,228)
41,844	(13,869)	27,975

Company

At 1 January 2008

Total comprehensive income for the period

Balance as at 30 June 2008

Share Capital US\$'000	Accumulated Losses US\$'000	Total US\$'000
41,844	(9,519)	32,325
-	(1,334)	(1,334)
41,844	(10,853)	30,991

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 30 June 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	
	30/06/09	31/12/08	30/06/09	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".

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

- Elected to present components of profit or loss in the Income Statement and to present components of other comprehensive income 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	
	30/06/09	30/06/08
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	(0.03) cents	(0.21) cents
Weighted average number of shares	224,081,456	224,081,456
b) On a fully diluted basis	(0.03) cents	(0.21) 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	
30/06/09	31/12/08	30/06/09	31/12/08
10.03 cents	10.51 cents	12.48 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 30 June 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	Revenue			
	2Q09	2Q08	1H09	1H08
	US\$'000	US\$'000	US\$'000	US\$'000
Electronics Distribution	57,576	76,942	110,881	151,139
Semiconductor Test & Consumables	836	1,336	1,761	2,960
	58,412	78,278	112,642	154,099

INCOME STATEMENT REVIEW

Revenue

The Group recorded a 7.7% increase in revenue sequentially in 2Q2009, rising from \$54.2 million (1Q2009) to \$58.4 million (2Q2009). However, revenue decreased by 25.4% compared to the same quarter in the last financial year, declining from \$78.3 million (2Q2008) to \$58.4 million (2Q2009).

Both Electronics Distribution and Semiconductor Test & Consumables business recorded weaker performance compared to the same quarter in the last financial year. Revenue from Electronics Distribution business decreased by 25%, declining from \$76.9 million (2Q2008) to \$57.6 million (2Q2009), mainly due to weaker demand and cessation of certain business divisions in 2Q2009.

Revenue contribution from the Semiconductor Test & Consumables business declined from US\$1.3 million (2Q2008) to US\$0.8 million (2Q2009), reflecting the current weak market conditions.

Gross profit

Gross profit margin increased from 9.4% (2Q2008) to 11.3% (2Q2009), mainly due to cessation of the independent trading business which has a lower margin compared to franchise distribution business. Gross profit decreased by 10.6% to US\$6.6 million (2Q2009) from US\$7.4 million (2Q2008) due to lower revenue recorded in 2Q2009

Operating Expenses (Exclude foreign exchange)

Operating expenses decreased by 19.3% to US\$5.4 million (2Q2009) compared to US\$6.7 million (2Q2008) in the same quarter last year. This decrease was mainly due to various cost control measures implemented, streamlining of operations and cessation of certain business divisions.

Financing costs were lower by 13.4%, declining from US\$0.8 million (2Q2008) to US\$0.7 million (2Q2009). This was mainly due to lower utilisation of trade financing facilities arising from lower revenue in 2Q2009.

The Group reported a foreign exchange loss of US\$261,000 in 2Q2009 compared to US\$86,000 in 2Q2008.

Net Loss

The Group recorded a net loss of US\$0.2 million in 2Q2009, an improvement of performance, compared to a loss of US\$1.1 million in 1Q2009 and a loss of US\$0.5 million in 2Q2008.



FINANCIAL POSITION REVIEW

Intangible assets

Intangible assets decreased by US\$0.1 million mainly due to amortisation of customer relationship.

Property, plant and equipment

Property, plant and equipment decreased by US\$1 million mainly due to depreciation charge for the period ended 30 June 2009.

Stocks

Stocks decreased to US\$19.2 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 30 June 2009.

Trade debtors

The debtors increased by US\$5.4 million mainly due a 33% increase in sales for the China's telecommunication infrastructure business in 2Q2009 compared to 4Q2008.

Bills Payable and Amounts due to Bankers

The total amounts due to bankers maintained at US\$57 million.

Trade creditors and accruals

Trade creditors and accruals decreased slightly by US\$0.5 million mainly due to payment to trade creditors during the quarter.

CASH FLOW STATEMENT REVIEW

The Group utilised US\$2.7 million in the operating activities mainly due to funding of working capital. The group received a net loan of US\$64,000 from the financial institutions during the half year period. Cash and cash equivalents amounted to US\$21.7 million compared to US\$23.5 million as at June 2008.

The Group is not exposed to any derivative contracts and not under any due distress from financial institutions and creditors on repayment. The Group expects to service its loans repayment commitments as and when they fall due and 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

Semiconductor Industry Association (SIA) reported an increase in worldwide sales of semiconductors in the second quarter, raising hope for an upturn in the global demand for semiconductors and electronics

In line with SIA's sales report, we're seeing improvement in our business activities and expect the trend to continue into the third quarter. However, the markets in which we operate remained challenging as visibility beyond third quarter is low.

The Group will continue its cost control measures, to rationalize its various core and non-core businesses and divest any non-core businesses where appropriate

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
None

(c) Date Payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared/recommendeded 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 second quarter ended 30 June 2009 to be false or misleading in any material aspect

BY ORDER OF THE BOARD

Dato' Michael Loh
Chairman & CEO
13 August 2009