

Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results

Issuer & Securities

Issuer/ Manager	DRAGON GROUP INTL LIMITED
Securities	DRAGON GROUP INTL LIMITED - SG2C50963991 - MT1
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
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Submitted By (Co./ Ind. Name)	Dato' Michael Loh Soon Gnee
Designation	Executive Chairman & CEO
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached announcement.

Additional Details

For Financial Period Ended	30/06/2014
Attachments	DGI Announcement 1H2014 Board.pdf Total size =193K

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The Directors make the following announcement of the unaudited results for the financial period ended 30 June 2014.

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

	Group			Group		
	Second Quarter Ended			First Half Ended		
	US\$'000		%	US\$'000		%
	30/06/14	30/06/13	Change	30/06/14	30/06/13	Change
Continuing operations						
Revenue	485	195	149%	1,053	360	193%
Cost of sales	(377)	(148)	155%	(726)	(275)	164%
Gross profit	108	47	130%	327	85	nm
Other operating income	27	13	108%	59	32	84%
Selling and marketing costs	(6)	(7)	-14%	(12)	(13)	-8%
General and administrative costs	(763)	(1,061)	-28%	(1,451)	(1,767)	-18%
Foreign currency exchange loss	(26)	(55)	-53%	(122)	(38)	nm
Total operating expenses	(795)	(1,123)	-29%	(1,585)	(1,818)	-13%
Operating loss	(660)	(1,063)	-38%	(1,199)	(1,701)	-30%
Finance costs	(2)	-	nm	(5)	(3)	67%
Exceptional items	-	(5,523)	-100%	-	(5,535)	-100%
Loss before taxation from continuing operations	(662)	(6,586)	-90%	(1,204)	(7,239)	-83%
Taxation	-	-	nm	(2)	-	nm
Loss after taxation from continuing operations	(662)	(6,586)	-90%	(1,206)	(7,239)	-83%
Discontinued Operations						
Loss after taxation from discontinued operations	-	(249)	-100%	-	(485)	-100%
Loss after taxation	(662)	(6,835)	-90%	(1,206)	(7,724)	-84%
Attributable to:						
<u>Equity holders of the Company</u>						
Loss after taxation from continuing operations	(630)	(6,539)	-90%	(1,134)	(7,129)	-84%
Loss after taxation from discontinued operations	-	(252)	-100%	-	(532)	-100%
	(630)	(6,791)	-91%	(1,134)	(7,661)	-85%
<u>Non-controlling interests</u>						
Loss after taxation from continuing operations	(32)	(47)	-32%	(72)	(110)	-35%
Profit after taxation from discontinued operations	-	3	-100%	-	47	-100%
	(32)	(44)	-27%	(72)	(63)	14%
Loss after taxation	(662)	(6,835)	-90%	(1,206)	(7,724)	-84%

*The comparative figures for the financial period ended 30 Jun 2013 relating to the Disposal Group (as defined herein) have been presented as discontinued operations (See paragraph 8).

nm - Not meaningful



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

The results for discontinued operations for the periods ended 30 June are as follows:

	Second Quarter Ended			First Half Ended		
	US\$'000		%	US\$'000		%
	30/06/14	30/06/13	Change	30/06/14	30/06/13	Change
Revenue	-	19,358	nm	-	73,431	nm
Cost of sales	-	(17,985)	nm	-	(67,843)	nm
Gross profit	-	1,373	nm	-	5,588	nm
Other income	-	13	nm	-	82	nm
Selling and marketing costs	-	(748)	nm	-	(3,328)	nm
General and administrative costs	-	(608)	nm	-	(1,963)	nm
Foreign currency exchange loss	-	(36)	nm	-	(128)	nm
Total operating expenses	-	(1,392)	nm	-	(5,419)	nm
Finance costs	-	(231)	nm	-	(623)	nm
Loss before taxation	-	(237)	nm	-	(372)	nm
Taxation	-	(12)	nm	-	(113)	nm
Loss after taxation	-	(249)	nm	-	(485)	nm



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 period.

Notes to Income Statement

Continuing Operations

Depreciation and amortisation (40) (44) -9%
Write-back of/ (Provision for) stock obsolescence - 7 -100%

Discontinued Operations

Interest on borrowing - (290) -100%
Depreciation and amortisation - (61) -100%
Provision for doubtful debts - (360) -100%
Write-back of stock obsolescence - 284 -100%

Group			Group		
Second Quarter Ended			First Half Ended		
US\$'000		%	US\$'000		%
30/06/14	30/06/13	Change	30/06/14	30/06/13	Change
(40)	(44)	-9%	(80)	(89)	-10%
-	7	-100%	(1)	5	-120%
-	(290)	-100%	-	(400)	-100%
-	(61)	-100%	-	(82)	-100%
-	(360)	-100%	-	(375)	-100%
-	284	-100%	-	271	-100%

nm - Not meaningful

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 period.

Net loss for the period

Other comprehensive income:-

Foreign currency translation (loss)/gain (3) 91 nm
Net (loss)/gain on fair value changes of available-for-sale financial assets (1) 5 nm

Total comprehensive income for the period

Total comprehensive income attributable to :-

Equity holders of the Company (631) (6,724) -91%

Non-controlling interests (35) (15) 133%

Equity holders of the Company

Total comprehensive income from continuing operations, net of tax (631) (6,472) -90%

Total comprehensive income from discontinued operations, net of tax - (252) -100%

Group			Group		
Second Quarter Ended			First Half Ended		
US\$'000		%	US\$'000		%
30/06/14	30/06/13	Change	30/06/14	30/06/13	Change
(662)	(6,835)	-90%	(1,206)	(7,724)	-84%
(3)	91	nm	(106)	87	nm
(1)	5	nm	(7)	28	nm
(666)	(6,739)	-90%	(1,319)	(7,609)	-83%
(631)	(6,724)	-91%	(1,168)	(7,586)	-85%
(35)	(15)	133%	(151)	(23)	nm
(666)	(6,739)	-90%	(1,319)	(7,609)	-83%
(631)	(6,472)	-90%	(1,168)	(7,054)	-83%
-	(252)	-100%	-	(532)	-100%
(631)	(6,724)	-91%	(1,168)	(7,586)	-85%

nm - Not meaningful



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 period.

	Group		Company	
	US\$'000		US\$'000	
	30/06/14	31/12/13	30/06/14	31/12/13
ASSETS				
Non-current assets				
Intangible assets	155	156	99	99
Property, plant and equipment	7,488	7,682	20	18
Investments in subsidiary companies	-	-	711	711
Available-for-sale financial assets	80	87	64	70
Amounts due from subsidiary companies	-	-	5,504	5,504
Other debtors	1,842	1,842	1,842	1,842
	9,565	9,767	8,240	8,244
Current assets				
Stocks	382	395	-	-
Prepayments	71	19	71	17
Amount due from holding company	958	927	958	925
Amounts due from subsidiary companies	-	-	3,102	2,543
Trade debtors	535	100	-	-
Other debtors	2,671	2,176	1,874	1,874
Cash and bank balances	13,730	16,209	13,238	15,483
	18,347	19,826	19,243	20,842
TOTAL ASSETS	27,912	29,593	27,483	29,086
EQUITY AND LIABILITIES				
Current liabilities				
Trade creditors and accruals	690	539	258	316
Other creditors	333	452	88	202
Amount due to holding company	17	406	17	406
Amounts due to subsidiary companies	-	-	2,441	2,356
Provision for taxation	22	27	22	27
	1,062	1,424	2,826	3,307
NET CURRENT ASSETS	17,285	18,402	16,417	17,535
TOTAL LIABILITIES	1,062	1,424	2,826	3,307
NET ASSETS	26,850	28,169	24,657	25,779
Equity attributable to equity holders of the Company				
Share capital	58,175	58,175	58,175	58,175
Capital reserve	2,525	2,525	-	-
Other reserve	18	18	-	-
Revaluation reserve	27	34	27	34
Foreign currency translation reserve	861	888	-	-
Accumulated losses	(37,884)	(36,750)	(33,545)	(32,430)
	23,722	24,890	24,657	25,779
Non-controlling interests	3,128	3,279	-	-
TOTAL EQUITY	26,850	28,169	24,657	25,779
TOTAL EQUITY AND LIABILITIES	27,912	29,593	27,483	29,086



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

Amount repayable in one year or less, or on demand

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

The Group had no borrowings and debt securities as at 30 Jun 2014.

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 period.

Group	
US\$'000	
30/06/14	30/06/13
Cashflow from operating activities	
Operating loss before taxation from continuing operations	(1,204) (7,239)
Operating loss before taxation from discontinued operations	- (372)
Adjustment for:-	
Non cash items	32 6,084
Operating cash flow before reinvestment in working capital	(1,172) (1,527)
Movement in working capital	(1,272) 7,438
Cash (used in)/generated from operations	(2,444) 5,911
Interest paid	- (400)
Interest received	47 34
Tax paid	(7) (54)
Net cash (used in)/generated from operating activities	(2,404) 5,491
Cashflow from investing activities	
Purchase of property, plant and equipment	(75) (464)
Purchase of intangible asset	- (34)
Cash proceeds from disposal of subsidiary	- 14,735
Cash balances belonging to Disposal Group	- (26,307)
Project development expenditure	- (3)
Net cash used in investing activities	(75) (12,073)
Cashflow from financing activities	
Change in amount due to holding company	- 76
Change in amounts due to bankers belonging to Disposal Group	- 3,356
Loan to holding company	- (900)
Net cash generated from financing activities	- 2,532
Net decrease in cash and cash equivalents	(2,479) (4,050)
Cash and cash equivalents at beginning of year	16,209 22,707
Effect of exchange rate changes on cash and cash equivalents	- -
Cash and cash equivalents at 30 June	13,730 18,657
Cash and bank balances	13,730 18,657
Less: Restricted cash	- -
	13,730 18,657



Results For The Financial Period Ended 30 June 2014
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 period.

Group

At 1 January 2014

Loss for the period

Other comprehensive income

Foreign currency translation

Net loss on fair value changes of available-for-sale financial assets

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

At 30 June 2014

Attributable to equity holders of the company									
Share Capital US\$'000	Capital Reserve US\$'000	Other Reserve US\$'000	Revaluation Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Losses US\$'000	Reserve of disposal group classified as held for sale US\$'000	Equity attributable to owners of parent, Total US\$'000	Non-controlling Interests US\$'000	Equity Total US\$'000
58,175	2,525	18	34	888	(36,750)	-	24,890	3,279	28,169
-	-	-	-	-	(1,134)	-	(1,134)	(72)	(1,206)
-	-	-	-	(27)	-	-	(27)	(79)	(106)
-	-	-	(7)	-	-	-	(7)	-	(7)
-	-	-	(7)	(27)	-	-	(34)	(79)	(113)
-	-	-	(7)	(27)	(1,134)	-	(1,168)	(151)	(1,319)
58,175	2,525	18	27	861	(37,884)	-	23,722	3,128	26,850



Results For The Financial Period Ended 30 June 2014
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 period - Cont'd

Group

At 1 January 2013

Loss for the period

Other comprehensive income

Foreign currency translation

Net gain on fair value changes of available-
for-sale financial assets

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

Changes in ownership interests in subsidiaries

Disposal of subsidiary

Total Others

Contributions by and distributions to equity holders

Issuance of Placement Shares

Total contributions by and distributions to equity holders

At 30 June 2013

Attributable to equity holders of the company									
Share Capital US\$'000	Capital Reserve US\$'000	Other Reserve US\$'000	Revaluation Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Losses US\$'000	Reserve of disposal group classified as held for sale US\$'000	Equity attributable to owners of parent, Total US\$'000	Non-controlling Interests US\$'000	Equity Total US\$'000
54,928	2,525	18	-	838	(27,433)	(6,503)	24,373	3,918	28,291
-	-	-	-	-	(7,661)	-	(7,661)	(63)	(7,724)
-	-	-	-	47	-	-	47	40	87
-	-	-	28	-	-	-	28	-	28
-	-	-	28	47	-	-	75	40	115
-	-	-	28	47	(7,661)	-	(7,586)	(23)	(7,609)
-	-	-	-	-	-	6,503	6,503	(555)	5,948
-	-	-	-	-	-	6,503	6,503	(555)	5,948
3,239	-	-	-	-	-	-	3,239	-	3,239
3,239	-	-	-	-	-	-	3,239	-	3,239
58,167	2,525	18	28	885	(35,094)	-	26,529	3,340	29,869



Results For The Financial Period Ended 30 June 2014
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 period - Cont'd

Company

At 1 January 2014

Loss for the period

Other comprehensive income

Net gain on fair value changes of available-for-sale financial assets

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

At 30 June 2014

Share Capital US\$'000	Revaluation Reserve US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
58,175	34	(32,430)	25,779
-	-	(1,116)	(1,116)
-	(7)	-	(7)
-	(7)	-	(7)
-	(7)	(1,116)	(1,123)
58,175	27	(33,546)	24,656

Company

At 1 January 2013

Profit for the period

Other comprehensive income

Net loss on fair value changes of available-for-sale financial assets

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

Contributions by and distributions to equity holders

Issuance of Placement Shares

Total contributions by and distributions to equity holders

At 30 June 2013

Share Capital US\$'000	Revaluation Reserve US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
54,928	-	(32,407)	22,521
-	-	1,770	1,770
-	28	-	28
-	28	-	28
-	28	1,770	1,798
3,239	-	-	3,239
3,239	-	-	3,239
58,167	28	(30,637)	27,558



- 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 period.

No ordinary shares were issued during the period.

- 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 immediate preceding period.

	Group		Company	
	30/06/14	31/12/13	30/06/14	31/12/13
Total number of issued shares	320,166,733	320,166,733	320,166,733	320,166,733
Less: Treasury shares	-	-	-	-
Total number of issued shares excluding treasury shares	320,166,733	320,166,733	320,166,733	320,166,733

- 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 auditing standard or practice (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 a 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.

Other than the adoption of the amended Financial Reporting Standards (FRS) that are effective from the current financial year reported on, the accounting policies and methods of computation applied by the Group in the financial statements for the financial period ended 30 June 2014, are consistent with those of the audited financial statements for the financial year ended 31 December 2013.

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.

The adoption of the amended FRS is assessed to have no material impact to the financial position or financial performance of the Group.

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

	Group		Continuing Operations		Discontinued Operations	
	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	30/06/13
	US\$	US\$	US\$	US\$	US\$	US\$
Loss per ordinary share for the period based on net loss attributable to shareholders after deducting any provision for preference dividends:-						
a) Based on weighted average number of ordinary shares in issue	(0.35) cents	(2.48) cents	(0.35) cents	(2.31) cents	Not applicable	(0.17) cents
Weighted average number of shares *	320,166,733	308,831,065	320,166,733	308,831,065	Not applicable	308,831,065
b) On a fully diluted basis	(0.35) cents	(2.48) cents	(0.35) cents	(2.31) cents	Not applicable	(0.17) cents
Adjusted weighted average number of shares *	320,166,733	308,831,065	320,166,733	308,831,065	Not applicable	308,831,065

* Weighted average number of shares is inclusive of the 40,000,000 placement shares that had been allotted and issued to the places on 20 February 2013.

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 financial period reported on; and
(b) immediately preceding financial period.

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

Group		Company	
30/06/14	31/12/13	30/06/14	31/12/13
US\$	US\$	US\$	US\$
7.41 cents	7.77 cents	7.70 cents	8.05 cents

Net assets value for the Group and the Company per ordinary share was calculated based on 320,166,733 ordinary shares as at 30 June 2014 and 31 December 2013.



8. A review of the performance of the group, to the 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.

INCOME STATEMENT REVIEW

CONTINUING OPERATIONS

The increase in revenue and gross profit for 1H 2014 was mainly due to increase in demand from customers.

Operating expenses decreased 29% compared with last year, mainly due to reduction in payroll and staff related costs.

DISCONTINUED OPERATIONS

The disposal of discontinued operations was completed on 3 May 2013.

FINANCIAL POSITION STATEMENT REVIEW

Assets

Increase in property, plant and equipment was offset by the depreciation during the period.

Trade debtors increased due to higher sales attained for 2Q2014 compared to 4Q2013.

Other debtors comprises receivables from external parties which increased by \$0.5 million in this year.

Liabilities

Trade creditors and accruals increases were in line with the higher sales this year.

Equity

As at 30 June 2014, the Group has US\$17.3 million net current assets and US\$26.9 million equity.

CASH FLOW STATEMENT REVIEW

The Group used US\$2.4 million for its operation and US\$0.1 million to purchase property, plant and equipment.

Cash and cash equivalents decreased US\$2.5 million from US\$16.2 million as at 31 December 2013 to US\$13.7 million as at 30 June 2014.



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 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 months.

The Group continues to search for investment opportunities in the region that will support its future growth. It will keep its shareholders informed of its progress.

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.

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.

Name of Interested Person	Aggregate value of interested person transactions entered into during the financial year under review (excluding transactions below S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a))	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (1)(a) (excluding transactions below S\$100,000)
	US\$'000	US\$'000
ASTI Holdings Limited	139	-

The interested person transaction above relates to management fee charged by the holding company.



14. Use of proceeds arising from share placement

The Company completed the share placement exercise on 20 February 2013 and raised S\$4,000,000. As at 30 June 2014, the cash proceeds of S\$4,000,000 had been fully utilised for general working capital.

15. 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.

16. 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.

17. A breakdown of sales.

Please refer to note 16.

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

Not applicable.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable.

20. Negative Confirmation by the Board pursuant to Rule 705(5)

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 the first half year ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dato' Michael Loh
Chairman & CEO
14 August 2014