

Financial Statements and Related Announcement::Third Quarter 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 DGI's 3rd quarter 2014 results announcement attached hereto.

Additional Details

For Financial Period Ended	30/09/2014
Attachments	DGI Announcement 3Q2014.pdf Total size =185K

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The Directors make the following announcement of the unaudited results for the financial period ended 30 September 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		
	Third Quarter Ended			Nine Months Ended		
	US\$'000		%	US\$'000		%
	30/09/14	30/09/13	Change	30/09/14	30/09/13	Change
Continuing operations						
Revenue	292	281	4%	1,345	641	110%
Cost of sales	(180)	(167)	8%	(906)	(442)	105%
Gross profit	112	114	-2%	439	199	121%
Other operating income	37	20	85%	96	52	85%
Selling and marketing costs	(5)	(5)	0%	(17)	(18)	-6%
General and administrative costs	(916)	(873)	5%	(2,367)	(2,640)	-10%
Foreign currency exchange gain/(loss)	39	35	11%	(83)	(3)	nm
Total operating expenses	(882)	(843)	5%	(2,467)	(2,661)	-7%
Operating loss	(733)	(709)	3%	(1,932)	(2,410)	-20%
Finance costs	(4)	(3)	33%	(9)	(6)	50%
Exceptional items gain/(loss)	315	-	nm	315	(5,535)	nm
Loss before taxation from continuing operations	(422)	(712)	-41%	(1,626)	(7,951)	-80%
Taxation	-	(1)	-100%	(2)	(1)	100%
Loss after taxation from continuing operations	(422)	(713)	-41%	(1,628)	(7,952)	-80%
Discontinued Operations						
Loss after taxation from discontinued operations	-	-	nm	-	(485)	-100%
Loss after taxation	(422)	(713)	-41%	(1,628)	(8,437)	-81%
Attributable to:						
<u>Equity holders of the Company</u>						
Loss after taxation from continuing operations	(419)	(663)	-37%	(1,553)	(7,792)	-80%
Loss after taxation from discontinued operations	-	-	nm	-	(532)	-100%
	(419)	(663)	-37%	(1,553)	(8,324)	-81%
<u>Non-controlling interests</u>						
Loss after taxation from continuing operations	(3)	(50)	-94%	(75)	(160)	-53%
Profit after taxation from discontinued operations	-	-	nm	-	47	-100%
	(3)	(50)	-94%	(75)	(113)	-34%
Loss after taxation	(422)	(713)	-41%	(1,628)	(8,437)	-81%

*The comparative figures for the financial period ended 30 September 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 September are as follows:

	Third Quarter Ended			Nine Months Ended		
	US\$'000		%	US\$'000		%
	30/09/14	30/09/13	Change	30/09/14	30/09/13	Change
Revenue	-	-	nm	-	73,431	-100%
Cost of sales	-	-	nm	-	(67,843)	-100%
Gross profit	-	-	nm	-	5,588	-100%
Other income	-	-	nm	-	82	-100%
Selling and marketing costs	-	-	nm	-	(3,328)	-100%
General and administrative costs	-	-	nm	-	(1,963)	-100%
Foreign currency exchange loss	-	-	nm	-	(128)	-100%
Total operating expenses	-	-	nm	-	(5,419)	-100%
Finance costs	-	-	nm	-	(623)	-100%
Loss before taxation	-	-	nm	-	(372)	-100%
Taxation	-	-	nm	-	(113)	-100%
Loss after taxation	-	-	nm	-	(485)	-100%



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	
	30/09/14	31/12/13	30/09/14	31/12/13
ASSETS				
Non-current assets				
Intangible assets	123	156	68	99
Property, plant and equipment	7,566	7,682	18	18
Investments in subsidiary companies	-	-	711	711
Available-for-sale financial assets	358	87	342	70
Amounts due from subsidiary companies	-	-	5,504	5,504
Other debtors	-	1,842	-	1,842
	8,047	9,767	6,643	8,244
Current assets				
Stocks	389	395	-	-
Prepayments	128	19	72	17
Amount due from holding company	970	927	970	925
Amounts due from subsidiary companies	-	-	3,377	2,543
Trade debtors	250	100	-	-
Other debtors	2,860	2,176	1,876	1,874
Cash and bank balances	14,844	16,209	14,342	15,483
	19,441	19,826	20,637	20,842
TOTAL ASSETS	27,488	29,593	27,280	29,086
EQUITY AND LIABILITIES				
Current liabilities				
Trade creditors and accruals	589	539	355	316
Other creditors	445	452	148	202
Amount due to holding company	3	406	3	406
Amounts due to subsidiary companies	-	-	2,488	2,356
Provision for taxation	19	27	19	27
	1,056	1,424	3,013	3,307
NET CURRENT ASSETS	18,385	18,402	17,624	17,535
TOTAL LIABILITIES	1,056	1,424	3,013	3,307
NET ASSETS	26,432	28,169	24,267	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	(10)	34	(10)	34
Foreign currency translation reserve	894	888	-	-
Accumulated losses	(38,303)	(36,750)	(33,898)	(32,430)
	23,299	24,890	24,267	25,779
Non-controlling interests	3,133	3,279	-	-
TOTAL EQUITY	26,432	28,169	24,267	25,779
TOTAL EQUITY AND LIABILITIES	27,488	29,593	27,280	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 30/09/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 30/09/2014		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 Sep 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	
30/09/14	30/09/13
Cashflow from operating activities	
Operating loss before taxation from continuing operations	(1,626)
Operating loss before taxation from discontinued operations	-
Adjustment for:-	
Non cash items	(231)
Operating cash flow before reinvestment in working capital	(1,857)
Movement in working capital	(1,303)
Cash (used in)/generated from operations	(3,160)
Interest paid	-
Interest received	68
Tax paid	(10)
Net cash (used in)/generated from operating activities	(3,102)
Cashflow from investing activities	
Purchase of property, plant and equipment	(105)
Purchase of intangible asset	-
Cash proceeds from disposal of subsidiary	1,842
Cash balances belonging to Disposal Group	-
Project development expenditure	-
Net cash generated from/(used in) investing activities	1,737
Cashflow from financing activities	
Change in amount due to holding company	-
Change in amounts due to bankers belonging to Disposal Group	-
Loan to holding company	-
Net cash generated from financing activities	2,626
Net decrease in cash and cash equivalents	(1,365)
Cash and cash equivalents at beginning of year	16,209
Effect of exchange rate changes on cash and cash equivalents	-
Cash and cash equivalents at 30 Sep	14,844
	17,209



Results For The Financial Year Ended 30 September 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.

	Attributable to equity holders of the company							Non-controlling Interests US\$'000	Equity Total US\$'000	
	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
Group										
At 1 January 2014	58,175	2,525	18	34	888	(36,750)	-	24,890	3,279	28,169
Loss for the period	-	-	-	-	-	(1,553)	-	(1,553)	(75)	(1,628)
<u>Other comprehensive income</u>										
Gain /(loss) on foreign currency translation	-	-	-	-	6	-	-	6	(71)	(65)
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(44)	-	-	-	(44)	-	(44)
Other comprehensive income for the period, net of tax	-	-	-	(44)	6	-	-	(38)	(71)	(109)
Total comprehensive income for the period	-	-	-	(44)	6	(1,553)	-	(1,591)	(146)	(1,737)
At 30 September 2014	58,175	2,525	18	(10)	894	(38,303)	-	23,299	3,133	26,432



Results For The Financial Year Ended 30 September 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

	Attributable to equity holders of the company							Equity attributable to owners of parent, Total US\$'000	Non-controlling Interests US\$'000	Equity Total US\$'000
	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			
Group										
At 1 January 2013	54,928	2,525	18	-	838	(27,433)	(6,503)	24,373	3,918	28,291
Loss for the period	-	-	-	-	-	(8,324)	-	(8,324)	(113)	(8,437)
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	-	-	49	-	-	49	57	106
Net gain on fair value changes of available-for-sale financial assets	-	-	-	29	-	-	-	29	-	29
Other comprehensive income for the period, net of tax	-	-	-	29	49	-	-	78	57	135
Total comprehensive income for the period	-	-	-	29	49	(8,324)	-	(8,246)	(56)	(8,302)
<u>Changes in ownership interests in subsidiaries</u>										
Disposal of subsidiary	-	-	-	-	-	-	6,503	6,503	(555)	5,948
Total Others	-	-	-	-	-	-	6,503	6,503	(555)	5,948
<u>Contributions by and distributions to equity holders</u>										
Issuance of Placement Shares	3,239	-	-	-	-	-	-	3,239	-	3,239
Total contributions by and distributions to equity holders	3,239	-	-	-	-	-	-	3,239	-	3,239
At 30 September 2013	58,167	2,525	18	29	887	(35,757)	-	25,869	3,307	29,176



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 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 September 2014

Share Capital US\$'000	Revaluation Reserve US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
58,175	34	(32,430)	25,779
-	-	(1,468)	(1,468)
-	(44)	-	(44)
-	(44)	-	(44)
-	(44)	(1,468)	(1,512)
58,175	(10)	(33,898)	24,267

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 September 2013

Share Capital US\$'000	Revaluation Reserve US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
54,928	-	(32,407)	22,521
-	-	1,164	1,164
-	29	-	29
-	29	-	29
-	29	1,164	1,193
3,239	-	-	3,239
3,239	-	-	3,239
58,167	29	(31,243)	26,953

- 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	
	30/09/14	31/12/13	30/09/14	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 September 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	
	30/09/14	30/09/13	30/09/14	30/09/13	30/09/14	30/09/13
	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	(0.49) cents	(2.66) cents	(0.49) cents	(2.49) cents	Not applicable	(0.17) cents
Weighted average number of shares *	320,166,733	312,629,256	320,166,733	312,629,256	Not applicable	312,629,256
b) On a fully diluted basis	(0.49) cents	(2.66) cents	(0.49) cents	(2.49) cents	Not applicable	(0.17) cents
Adjusted weighted average number of shares *	320,166,733	312,629,256	320,166,733	312,629,256	Not applicable	312,629,256

* 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	
30/09/14	31/12/13	30/09/14	31/12/13
US\$	US\$	US\$	US\$
7.28 cents	7.77 cents	7.58 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 September 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 revenue and gross profit for 3Q2014 was comparable to 3Q2013.

Operating expenses increased 5% in 3Q2014 compared with last year, mainly due to increase in professional fees.

DISCONTINUED OPERATIONS

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

FINANCIAL POSITION STATEMENT REVIEW

Assets

Decrease in intangible assets is due to impairment of club membership.

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

Increase in available-for-sale financial assets was mainly due to the acquisition of quoted equity shares in the capital of Axesstel, Inc. which was received as consideration for the disposal of the Group's shares in Flexcomm Limited.

Other debtors (non-current) balance in 31 December 2013 represents a 10% of the proceeds from the disposal of the discontinued operations to be collected after 12 months from the balance sheet date. Another 10% of the proceeds which is expected to be received within 12 months from balance sheet date is reflected in other debtors (current). During the quarter, the Group received the first 10% portion of the proceeds. The balance which was previously in other debtors (non-current) has been reclassified to current assets as it is now due within 12 months.

Trade debtors increased due to higher sales attained for 3Q2014 compared to 4Q2013.

Included in the receivables was an amount of \$1.8 million for the portion of the proceeds from the disposal of the discontinued operations to be collected within 12 months from the balance sheet date. Other debtors also comprises receivables from external parties which increased by \$0.7 million in this year.

Liabilities

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

Equity

As at 30 September 2014, the Group has US\$18.4 million net current assets and US\$26.4 million equity.

CASH FLOW STATEMENT REVIEW

The Group used US\$3.1 million for its operation and US\$0.1 million to purchase property, plant and equipment.

The Group received a proceed of \$1.8 million, which was a portion of the remaining proceeds to be collected from the sale of discontinued operations which took place in May 2013.

Cash and cash equivalents decreased US\$1.4 million from US\$16.2 million as at 31 December 2013 to US\$14.8 million as at 30 September 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	209	-

No IPT mandate has been obtained by the Group.

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



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14. **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.

15. **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.

16. **A breakdown of sales.**

Please refer to note 15.

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

Not applicable.

18. **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.

19. **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 ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dato' Michael Loh
Chairman & CEO
13 November 2014