Dragon Holdings AG

Consolidated Financial statements for the period ended 31st December 2011

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Consolidated Statement of Comprehensive Income for the period ended 31st December 2011

	Note	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Revenues			
Sales of goods	4.1	29,379,414	1,322,611
Sales of services	4.2	3,061,990	-
Other revenues	4.3	7,095,203	-
Total revenues		39,536,607	1,322,611
Net share of profit and loss of associates	4.4	1,155,240	128,301
Other operating income		4,188	101,354
Total income		40,696,035	1,552,266
Costs and expenses			
Cost of goods sold	4.5	(29,104,277)	(1,311,104)
Cost of services sold	4.6	(946,824)	-
Other operating expenses	4.7	(2,768,992)	(110,119)
Financial expenses (net of financial income)	4.8	(5,834)	-
Total costs and expenses		(32,825,927)	(1,421,221)
Earnings before tax		**7,870,108**	**131,045**
Income tax expense	4.9	(6,192)	(17)
Net profit for the year		**7,863,916**	**131,028**
Attributable to:			
Owners of the parent company		4,267,239	135,942
Non-controlling interest		3,596,677	(4,914)
Profit for the year		**7,863,916**	**131,028**

Dragon Holdings AG

Consolidated Statement of Comprehensive Income for the period ended 31st December 2011

	Note	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Profit for the year		**7,863,916**	**131,028**
Other comprehensive expenses for the year		(45,698)	-
Total comprehensive profit for the year		7,818,218	131,028
Attributable to:			
Owners of the company		4,212,993	135,942
Non-controlling interest		3,605,225	(4,914)
		7,818,218	**131,028**

The accompanying notes form an integral part of the financial statements.

Dragon Holdings AG
Statement of Financial Position as at 31st December 2011

ASSETS	Note	31/12/2011 EURO	31/12/2010 EURO
NON-CURRENT ASSETS			
Tangible fixed assets	5.1	683,054	9,363
Financial assets	5.2		
Investment in associates		935,040	13,080,399
Other equity investments		1,700,000	1,000,000
		2,635,040	14,080,399
Intangible assets	5.3		
Algorithms		2,452,610	2,734,497
Software		473	-
Goodwill		343,909	345,694
		2,796,992	3,080,191
Total non-current assets		**6,115,086**	**17,169,953**
CURENT ASSETS			
Inventory	5.4	271,683	84,705
Trade receivables	5.5	44,832	256,506
Receivables due from related parties	5.6	1,227,721	2,476,381
Receivables due from associates		-	-
Other receivables and assets	5.7	20,231,673	29,844
Tax receivables		8,151	3,156
Margin accounts at brokers	5.8	1,323,389	2,798,642
Cash & bank balances		601,729	843,789
Total current assets		**23,709,178**	**6,493,023**
TOTAL ASSETS		**29,824,264**	**23,662,976**

Dragon Holdings AG
Statement of Financial Position as at 31st December 2011

EQUITY AND LIABILITIES	Note	31/12/2011 EURO	31/12/2010 EURO
EQUITY			
Subscribed capital	5.9	9,083,888	785,000
Retained earnings		128,493	-
Profit for the period		4,267,239	135,942
Cumulated translation adjustment		(45,698)	-
Shareholder's Equity		**13,433,922**	**920,942**
Non-controlling interest		5,654,860	1,898,421
Total equity		**19,088,782**	**2,819,363**
CURRENT LIABILITIES			
Trade liabilities		1,189,341	2,377,100
Liabilities due to associates		-	961,900
Liabilities due to related parties	5.10	6,372,943	14,021,826
Other liabilities	5.11	3,096,272	3,462.176
Accruals		65,959	13,000
Tax liabilities	4.9	10,956	6,995
Bank overdrafts		10	616
Total current liabilities		**10,735,482**	**20,843,613**
TOTAL EQUITY AND LIABILITIES		**29,824,264**	**23,662,976**

The accompanying notes form an integral part of the financial statements.

Dragon Holdings AG
Statement of Changes in Equity for the period ended 31st December 2011

	Attributable to equity holders of the Company					
	Share capital EURO	Retained earnings EURO	Currency adjustment EURO	Total EURO	Non-controlling interest EURO	Total EURO
Balance at 28/08/2010	12,500	-	-	12,500	-	12,500
Issue of shares	772,500	-	-	772,500	-	772,500
Acquisition of subsidiaries	-	-	-	-	1,903,336	1,903,336
Net profit (loss) for the year	-	135,942	-	135,942	(4,914)	131,028
Balance at 31/12/2010	**785,000**	**135,942**	**-**	**920,942**	**1,898,422**	**2,819,364**
Issue of shares	8,298,888	-	-	8,298,888	429,294	8,728,182
Change in shareholding (transfer of retained earnings)	-	(7,499)	-	(7,499)	(69,837)	(77,268))
Change in scope of consolidation	-	-	-	-	(199,696)	(199,696)
Net profit for the year	-	4,267,239	-	4,267,239	3,596,677	7,863,916
Foreign currency translation	-	-	(45,698)	(45,698)	-	(45,698)
Balance at 31/12/2011	**9,083,888**	**4,395,732**	**(45,698)**	**13,433,923**	**5,654,860**	**19,088,782**

The accompanying notes form an integral part of the financial statements.

Dragon Holdings AG
Statement of Cash Flows for the period ended 31st December 2011

	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
1. Cash Flow from Operating Activities		
Profit before tax	7,870,108	131,045
Depreciation and amortization	187,136	202
Deferred tax (income) / expense	-	-
Other non-cash income / expense	-	(230,313)
Changes in working capital		
Decrease/ (Increase) in receivables and other assets	2,819,976	255,249
Increase/ (Decrease) in current liabilities	(2,264,839)	88,269
Decrease in receivables and other assets	-	-
Increase/(Decrease) other non-current liabilities	-	-
Net gain on disposal of non-current assets	(8,193,931)	-
Tax Paid	(6,192)	(17)
Net Cash Flow from Operating Activities	**412,258**	**244,436**
2. Cash Flow from Investing Activities		
Payments to acquire intangible assets	(587)	-
Payments to acquire tangible fixed assets	(208,900)	-
Payments to acquire non-current financial instruments	(1,514,998)	(525,000)
Payments to acquire investments in associates	(15,026,390)	-
Proceeds from the disposal of shares in associates	364,442	-
Proceeds from the disposal of other equity instruments	330,000	-
Net increase/net decrease in current financial instruments with an original term greater than three months	(100,000)	-
Payments to acquire subsidiaries, net of cash acquired	-	(1,785)
Cash Flow from Investing Activities	**(16,156,433)**	**(526,785)**
3. Cash Flow from Financing Activities		
Proceeds from issuing of shares	8,298,888	772,500
Net cash received from non-controlling interests	429,294	196,000
Repayment of long-term financing	-	-
Proceeds from long-term financing	-	-
Repayment of short-term financing	-	-
Proceeds from short-term financing	5,297,500	-
Finance lease payments	-	-
Dividends paid	-	-
Cash Flow from Financing Activities	**14,025,682**	**968,500**

Dragon Holdings AG
Statement of Cash Flows for the period ended 31st December 2011

	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Cash and Cash Equivalents		
Net change in cash and cash equivalents	(1,718,492)	686,151
Changes in cash due to change in group structure	1,785	2.943,164
Effect of exchange rate differences	-	0
Cash and cash equivalents at beginning of period	3,641,815	12,500
Cash and cash equivalents at end of period	**1,925,108**	**3,641,815**
Composition of cash funds		
Cash	601,729	843,789
Trading Securities	1,323,389	2,798,642
Short-term borrowings from banks	(10)	(616)
	1,925,108	**3,641,815**

The accompanying notes form an integral part of the financial statements.

Dragon Holdings AG
Notes to the Financial Statements 2011

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements:-

1. Corporate Information

The parent company was incorporated in Munich, Germany, at 28th August 2010.

The business combinations that built the Group took place between mid of December and end of December 2010. Therefore the comparative prior year figures in the consolidated income statement comprised a period from 28th August until 31st December 2010.

The consolidated financial statements of Dragon Holdings AG are expressed in EURO.

The financial statements of Dragon Holdings AG for the period ended 31st December 2011 were authorised for issue in accordance with a resolution of the directors on 27th April 2012.

The registered office of Dragon Holdings AG is located at Promenadeplatz 10, 80333 Munich, Germany.

Since 3rd February 2011 its shares are publicly traded on the Frankfurt stock exchange (open market), Germany.

Dragon Holdings AG operates and invests into BotTrading Technology. The Company, through its subsidiaries, handles various business activities related to BotTrading Technology used to execute buy and sell trade operations automatically on worldwide futures exchanges, without human intervention.

The group develops fully automated trading algorithms and trading platforms and promotes advanced trading technology on BotTrading.

The company also acquires or sets up Joint Ventures connected with promoting BotTrading.

2. Significant Accounting Policies

2.1 Basis of accounting and preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. The consolidated financial statements are presented in Euro.

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

New accounting standards and interpretations

Standards issued but not yet effective are listed below and have therefore not yet been applied by the Group:

- Amendment to IFRS 7 "Financial instruments: disclosures" regarding transfers of financial assets and offsetting of financial assets and financial liabilities;
- Amendments to IAS 1 "Presentation of Financial Statements" regarding Presentation of Items of other comprehensive income;
- Amendments to IAS 12 "Income taxes" regarding deferred tax on investment property;
- IAS 19 Employee benefits (revised 2011);
- Amendment to IAS 27 "Separate financial statements";
- Amendments to IAS 32 "Financial instruments: presentation" regarding offsetting of financial assets and financial liabilities;
- Amendments to IFRS 1 "First time adoption of International Financial Reporting Standards" regarding serve hyperinflation and removal of fixed dates for first time adopters;
- IFRS 9 "Financial instruments";
- IFRS 10 "Consolidated financial statements";
- IFRS 12 "Disclosures of interest in other entities";
- IFRS 13 "Fair value measurement";
- IFRIC 20 "Stripping cost in the production phase of a surface mine".

The following standards and interpretations became effective for annual periods on or after 1st July 2010 and 1st January 2011 respectively.

- Amendments to IAS 24 Related Party Disclosures;
- Amendments to IAS 32 Financial Instruments: Presentation –Classification of Rights Issues;
- IFRS 9 Financial Instruments: Classification and Measurement;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

The Group adopted these new standards and interpretations to the extend they were applicable to the Group's consolidated financial statements. The adoption did not result in material impacts on the Group's consolidated financial statements.

The IASB issued improvements to IFRSs, with eleven amendments to six standards (IAS 1, IAS 27, IAS 34, IFRS 1, IFRS 3, IFRS 7) and one interpretation (IFRIC 13). These amendments had no material impact on the Group's financial statements.

2.2 Scope of consolidation and consolidation principles

The consolidated financial statements include the financial statements of the parent company and subsidiaries made up to the end of the financial period.

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. Initial consolidation of subsidiaries in the course of a business combination uses the purchase method. The acquired identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. Any excess of cost over the acquirer's interest in the net fair value of the subsidiary's net identifiable assets is recognised as goodwill. Goodwill is measured in subsequent periods at cost less accumulated impairment losses. Goodwill resulting from consolidation is tested annually for impairment and, if required, a write-down is applied. All impairment losses are recognized immediately through the income statement. Impairment reversals are not applied. If acquisition costs are lower than the values of the identifiable assets, liabilities, and contingent liabilities acquired, the difference (negative goodwill) is booked to income immediately.

Subsidiaries are de-consolidated from the date on which control ceases. Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the non-controlling's share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition.

An increase or decrease in the parent company's ownership that does not result in a loss of control is accounted for as an equity transaction according to IAS 27.

Group-internal balances, income, expenses, and unrealized gains and losses arising from group-internal transactions are fully eliminated.

As at 31st December 2011, Dragon Holdings AG holds directly and indirectly equity interests in four subsidiaries and two associates. Reference is made to '3. Scope of Consolidation' and '2.9. Investments in Associates'.

2.3 Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Life of Algorithms

Algorithms are a set of mathematical instructions based on established economic principles and logic used for decision making in financial instrument trading. The Group is of the opinion that the algorithms can be used over a long period of time as they are based on common logic. The Group determined the lives of its algorithms with 20 years.

At each balance sheet date the company will undertake an analysis on the algorithms regarding their performance. Based on this analysis the management decides whether a write off is required. If algorithms are no longer used, the remaining carrying amount is de-recognized through profit and loss.

(ii) Assessing the necessity and measurement of an impairment of goodwill

The impairment test for goodwill is conducted annually on the basis of business plans. These plans contain projections of the future financial performance. If their actual results fail to meet these expectations, corresponding adjustments may be necessary. As of 31st December 2011 no valuation allowances on goodwill were required.

2.4 Functional currency and foreign currency translation

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company (the “functional currency”).

Transactions in foreign currencies are measured in the functional currencies of the group companies and are recorded at exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognised in the profit and loss account.

The net assets, financial position, results of operations and cash flows of the foreign subsidiaries are converted into EURO that is the Group’s presentation currency, as follows: income and expenses are converted using the year-average rate. The resultant conversion differences are reported as a separate component of equity. The currency difference resulting from the translation of equity is also reported as a separate component of equity.

The exchange rates of the currencies most important to the Dragon Holdings Group changed as follows:

	Spot rate @ 31/12/11	Spot rate @ 31/12/10
US-Dollar (USD)	1,294	1,325
Singapore Dollar (SGD)	1,682	1,710
	Average rate 2011	Average rate 2010
US-Dollar (USD)	1,295	1,325
Singapore Dollar (SGD)	1,694	1,682

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognized.

<u>Sales of Goods:</u>
Revenue is recognized when the significant risk and rewards of ownership of the goods have transferred to the buyer.

<u>Sales of Services</u> (revenues like brokerage / commissions / technology outsourcing):
Income of service agreements like brokerage and commissions are realized at the time when the services are rendered.

<u>Sales of forex & commodities futures contracts</u>:
Income from forex and commodities futures contracts is net of the sales and purchase of the futures contracts as the Group does not take delivery of contracts. The Group’s policy is to close all open positions at the end of the business day.

<u>Monthly subscription fees</u>:
The Group engages in the renting of its algorithms to traders on a monthly subscription basis. Subscriptions are recognized on an earned basis when all of the following conditions are satisfied:

(i) The amount of fees can be reliably measured;
(ii) It is probable that the economic benefits associated with the transaction will flow to the company; and
(iii) The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Other income like brokerage / commissions:
Income of service agreements like brokerage and commissions are realized at the time when the services are rendered.

Interest Income:
Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2.6 Tax

Actual tax reimbursement claims and tax liabilities for both the current and earlier periods are measured using the amounts expected to be received from the tax authority, or paid to the tax authority. The calculation is based on tax rates and tax law applicable or published as of the balance sheet date.

Deferred tax assets and liabilities are computed using the balance sheet approach in accordance with IAS 12. The deferred tax calculation is based on temporary differences between the carrying amounts in the tax accounts and the carrying amounts in the IFRS financial statements that lead to a future tax liability or benefit when assets are used or sold or liabilities are settled. The carry forwards of unused tax losses are also included in the computation of deferred tax assets.

The deferred tax assets and liabilities are measured using the tax rates that are currently expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date.

While deferred tax liabilities are fully provided for, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets are offset against deferred tax liabilities if the tax creditors (tax authorities) are identical and offsetting is possible.

Deferred taxes are shown as non-current in accordance with IAS 1.

The applicable income tax rates on the assessable profits in the jurisdictions the group undertakes businesses are as follows:

Germany:	33.0 %
Hong Kong:	16.5 %
Singapore:	10.0 % - 17.0 %
Malaysia:	10.0 % - 25.0 %

2.7 Intangible assets and goodwill

Intangible assets acquired are shown at the cost of acquisition, taking into account ancillary costs and cost reductions, and amortised on a straight-line basis over their useful economic lives.

Development costs are capitalised, provided that they satisfy the recognition criteria set out in IAS 38. These development costs include direct labour costs, costs of purchased services and workspace costs, including proportionate overheads that can be directly attributed to the preparation of the respective development project. Development costs that do not meet the requirements for capitalisation in accordance with IAS 38 are recognised in the income statement. Capitalized development costs are amortized on a straight line basis over their useful economic lives.

Research costs are always recognised as expense in the period in which they are incurred. If development costs and research costs cannot be separated, the expenditures are recognised as expenses in the period in which they are incurred.

Goodwill is regarded to have an indefinite useful life and is tested annually for impairment in accordance with IAS 36. An impairment test is also carried out if there are signs that a valuation adjustment is required. For this purpose, goodwill must be allocated to cash-generating units. The impairment is calculated using the recoverable amount of the cash generating unit to which the goodwill was allocated. An impairment loss is reported if the cash generating unit's recoverable amount is less than its carrying amount.

The Group determined the lives of its acquired and self-developed algorithms with 20 years.

2.8 Tangible fixed assets

Property, plant & equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and costs of bringing the asset to working condition for its intended use. Expenditure for addition, improvements and renewals are capitalized and expenditure for maintenance and repairs are charged to the profit and loss.

Depreciation is calculated on the straight-line method so as to write off the cost of the asset over their estimated useful lives. The estimated useful lives for this purpose are:

Leasehold Improvement	term of lease period
Furniture and Fixture	5 years
Vehicles	6 years
Computer Equipment	3 years

2.9 Impairment of assets

At each balance sheet date, the Group assesses whether there are indications that non-financial assets may be impaired. In instance of such indications, or where an asset requires an annual impairment test, the Group estimates the relevant asset's recoverable amount. The recoverable amount of assets is the higher of either the fair value of an asset or a cash generating unit less costs to sell, or value in use. The recoverable amount must be determined for each individual asset. If the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is impaired, and written down to its recoverable amount.

Value in use is equivalent to the net present value of the future cash flows expected to be derived from an asset or cash-generating-unit. An appropriate valuation model is used to determine fair value less costs to sell or value in use. This is based on valuation multiples, as well as the stock market price of listed subsidiaries' shares, or other indicators of fair value that might be available. If no such information is available, a discounted cash flow model is applied.

With the exception of goodwill, assets are reviewed on each balance sheet date to assess whether there are indications that the reasons for a previously reported impairment do no longer exist, or have diminished. If such indications exist, the Group estimates the recoverable amount of either the asset or the cash generating unit. A previously reported impairment loss is reversed only if a change has occurred to the assumptions used for determining the recoverable amount since the last impairment loss was reported. The reversal is limited to the extent that the carrying amount of asset may exceed neither its recoverable amount nor the carrying amount that would have resulted after the deduction of scheduled depreciation if no impairment loss had been reported for the asset in previous years.

An impairment loss applied to goodwill may not be reversed in subsequent reporting periods.

2.10 Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding of between and including 20% and 50% of the voting rights.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recording investments in associated companies initially at cost, and recognizing the Group’s share of its associated companies’ post-acquisition results and changes in the associate’s other comprehensive income against the carrying amount of the investments. Distributions received from the associate reduce the carrying amount of the investment. When the Group’s share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognizes further losses, unless it has incurred obligations or made payments on behalf of the associated company.

2.11 Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost method. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for obsolete, damaged, slow moving and defective stocks.

2.12 Financial assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, can be divided into the following categories according to IAS 39: financial assets at “fair value through profit or loss”, “held-to-maturity investments”, ”loans and receivables” and “available-for-sale financial assets”. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit and loss is not revocable.

All financial assets are generally recognized at the trade date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value, plus directly attributable transaction costs except for financial assets ‘at fair value through profit or loss’.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the company establishes its fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing or valuation models.

As at 31st December 2011, the Group’s financial assets include cash and short-term deposits, trade and other receivables which are classified as ‘loans and receivables’ as well as equity instruments held for trading classified as ‘fair value through profit or loss’. For more information we refer to note 9.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Any change in their value is recognized in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortized cost would have been had any impairment loss not been recognized at the date the impairment is reversed. Any reversal is recognized in the income statement.

Receivables are provided against when there is objective evidence that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows.

(ii) Financial assets available-for-sale

Available-for-sale financial assets are subsequently measured at fair value as long as the fair value can be measured reliably. Unrealized gains or losses are recognized as other comprehensive income in a separate reserve in equity without impacting the profit or loss until the investment is derecognized. At the time of de-recognition the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the separate equity reserve.

If the fair value of the financial assets can not be measured reliably, the asset is carried at amortized cost. The Group carries an unquoted investment in its balance sheet which is measured at amortized cost since the fair value can not be reliably measured.

(iii) De-recognition of financial assets

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.13 Margin accounts at brokers

The Group holds cash at margin accounts at brokers for the purpose of trading of derivatives. The trading securities are classified and accounted for loans and receivables under IFRS 39.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short term deposits falling due in less than three months, but excluding deposits pledged as security. Cash and cash equivalents are classified and accounted for 'loans and receivables' under IFRS 39.

2.15 Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimates of the expenditure required to settle the obligation at the balance sheet date, and discounted to the present value where the effect is material.

2.16 Financial liabilities

Financial liabilities include trade payables, other amounts payable and interest-bearing loans. Financial liabilities are recognized on the balance sheet when, and only when, the company becomes a party to the contractual provision of the financial instrument. Financial liabilities are initially recognized at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.
Gains and losses are recognized in the income and expenditure statement when the liabilities are de-recognized as well as through the amortization process.
The liabilities are de-recognized when the obligation under the liability is settled or cancelled or expired.

2.17 Employee benefits

(i) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes and defined contribution plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

2.18 Leases

Leases are classified as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Leased assets and the associated liabilities are recognised at the lower of fair value and the present value of the minimum lease payments if the criteria for classification as a finance lease are met. The leased asset is depreciated or amortised using the straight-line method over its useful life. In subsequent periods, the liability is measured using the effective interest method.

Expenses incurred in connection with operating leases are recognised as an expense on a straight-line basis of the lease term.

3. Scope of consolidation

As at 31st December 2011 Dragon Holdings AG holds directly and indirectly equity interests in the following companies:

	Domicile	Date of acquisition / de-consolidation	Equity interest as at 31st Dec. 2011 direct (indirect)
			%
<u>Subsidiaries</u>:			
Right Deal Ltd.	Hong Kong	15th Dec. 2010	100.0
Tradeology Ltd.	Singapore	30th Dec. 2010	56.0
Vito Trading Ltd.	British Virgin Islands	30th Dec. 2010	(77,1)
Dragon (Malaysia) Ltd.	Malaysia	21st Dec. 2011	100
<u>De-consolidated subsidiaries:</u>			
AlgoSys Germany AG,	Germany	31st Mar. 2011	31,3
Capital Win Ltd.	Seychelles	30th Sept. 2011	-

The subsidiaries were fully included in the consolidated financial statements as at date of acquisition.

With effect from 21st December 2011 Dragon Holdings acquired 100% of the shares in Dragon (Malaysia) Ltd. for a consideration of EURO 49,763. This company has not started its business yet.

Dragon Holdings reduced its shareholding in AlgoSys Germany AG from 51.0 % to 31.3 %. Consequently the investment in AlgoSys Germany AG is carried at the balance sheet as investment in associates. The investment in Capital Win Ltd. was sold completely and therefore de-consolidated.

4. Notes to the Statement of Comprehensive Income

4.1 Sales of goods

	Period from 01/01/2011 to 31/12/2011 EURO	**Period from 28/08/2010 to 31/12/2010 EURO**
Computer hardware sales	29,379,414	1,322,611

4.2 Sale of services

	Period from 01/01/2011 to 31/12/2011 EURO	**Period from 28/08/2010 to 31/12/2010 EURO**
Technology Fee	1,550,101	-
Total Trading Outsourcing Fee	1,511,889	-
	3,061,990	-

The company receives a Technology Fee against each Lot traded on a client's account, such fee being in return for the use of its software and base platform to trade on the futures markets.

The company receives a Total Technology Outsourcing (TTO) Fee from each client account, such fee being based on a fixed percentage of the profit made through the use of the company's algorithms to trade on the futures markets.

4.3 Other revenues

	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Gains from disposal of subsidiaries	164,056	-
Gains from disposal of shares in associates	8,087,946	-
Loss from disposal of subsidiaries	(1,156,799)	-
	7,095,203	-

4.4 Net share in profit or loss of associates

	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Share in profits of associates	1,161,493	128,301
Share in losses of associates	(6,253)	-
	1,155,240	128,301

4.5 Cost of goods sold

	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Computer hardware purchases	29,104,277	1,311,104

4.6 Cost of services sold

	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Commissions paid to distributors and other related costs	946,824	-

The cost of services sold includes payments made to distributor’s and channel partners on account of commissions paid.

4.7 Other operating expenses

	Period from 01/01/2011 to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Personnel Costs	473,326	6,057
Rental	60,233	-
Depreciation	187,136	-
Bank Charges	6,635	-
Commissions	711,822	-
Accounting and bookkeeping and other service fees	31,637	18,350
Legal & professional fees	167,647	-
Entertainment	72,361	-
Impairment on quoted shares	637,500	-
Traveling & transport	152,660	20,090
Vehicles	20,134	4,913
Utilities	27,634	-
Insurance	23,888	-
Telephone Internet	32,217	-
Repair & Maintenance	17,041	-
Office expenses	9,705	-
Other operating expenses	137,414	35,220
	2,768,992	**110,119**

4.8 Financial expense (net of income)

	Period from 01/01/2011to 31/12/2011 EURO	Period from 28/08/2010 to 31/12/2010 EURO
Financial expenses		
Interest expenses	45,928	-
Translation losses	133,448	-
Less financial income		
Profit from trading	(159,574)	-
Interest income	(903)	-
Translation gains	(13,065)	-
	5,834	-

4.9 Taxation

(a) Tax expense	Period from 01/01/2011 to 31/12/2011	Period from 28/08/2010 to 31/12/2010
	EURO	EURO
Current tax expense	6,192	(17)

(b) Movement in provision for taxation	31/12/2011	31/12/2010
	EURO	EURO
Balance at beginning of the period	6,995	-
Payment	(6,995)	-
Addition	10,959	-
Balance acquired in business combination	-	6,995
Balance at end of the period	10,959	6,995

c) Reconciliation between the expected and the reported tax expense	EURO
Income before tax	7,870,108
Expected tax expense	2,408,148
Income not taxable	(2,453,629)
Expenses not deductible	37,308
Utilized tax loss carried forward	18,647
Other	4,282
	6,192

The Group cumulated tax loss carried forward of € 400 K for which no deferred tax assets were recognized.

5. Notes to the Statement of Financial Position

5.1 Tangible fixed assets

	31/12/2011 EURO	31/12/2010 EURO
Leasehold improvement	254	2,964
Furniture & fixtures	2,967	3,469
Vehicles	675,232	
Computer equipment	4,601	2,930
	683,054	9,363

Development of tangible fixed assets

	Leasehold improvements EURO	Furniture& Fixtures EURO	Vehicles EURO	Computer equipment EURO	Total EURO
Cost					
At 1 January	3,020	3,539	0	2,986	9,545
Additions	-	113	725,861	2,505	728,479
Disposals	-	-	(1,728)	-	(1,728)
At 31 December	3,020	3,652	724,133	5,491	736,296
Accumulated deprecation					
At 1 January	-	-	-	-	-
Additions	2,790	660	50,629	891	54,970
Disposals	-	-	(1,728)	-	(1,728)
At 31 December	2,790	660	48,901	891	53,242
Net book value 31 December	229	2,992	675,231	4,601	683,054

5.2 Financial Assets

(i) Investment in associates

2011	Percentage of equity held 2011 %	Cost of Investment 2011 EURO
AlgoSys Germany AG	31,3	187,600
Premierr Trading AG	25,9	748,600

In 2011 the Group reduced its shareholding in AlgoSys Germany AGfrom51% to 31,3 % which resulted in the de-consolidation of this company.

2010	Percentage of equity held 2011 %	Cost of Investment 2011 EURO
AlgoSys Ltd., Seychelles	13,3	12,952,098

In 2011 The Group sold its shares in AlgoSys Ltd. after increasing this investment to 44,7 %. In prior year AlgoSys Ltd. was regarded as an associated company in accordance with IAS 28 despite the fact that the shareholding was less than 20%. Since Dragon Holdings had significant influence on the financial and operating policy decisions due to the representation on the board of directors of the investee. Until disposal of AlgoSys Ltd. Seychelles, the Group recognised a profit of € 1,284,701. The disposal of this investment resulted into a loss of € 1,156,799.

(ii) Other equity instruments

	31/12/2011 EURO	31/12/2010 EURO
Held for trading investment carried at fair value	1,700,000	-
Available for sale investments carried at cost	-	1,000,000
	1,700,000	1,000,000

Development for the carrying amount:

	31/12/2011 EURO	31/12/2010 EURO
Quoted equity shares, at cost	2,337,500	-
Change in fair value	637,500	-
Carrying amount 31st December	1,700,000	-

The held for trading investments offers the company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

5.3 Intangible assets

	31/12/2011 EURO	31/12/2010 EURO
Algorithms	2,453,083	2,734,497
Software	473	-
Goodwill	343,909	345,694
	2,796,992	3,080,191

The reduction of the goodwill resulted from the de-consolidation of AlgoSys Germany AG in 2011.

Development of intangible assets:

	Algorithms EURO	Acquired Software EURO	Total EURO
Cost			
At 1st January	2,734,497	-	2,734,497
Additions	-	587	587
Disposals	-	-	-
Exchange rate differences	(149,837)	-	(149,837)
At 31st December	2,584,660	587	2,585,247
Accumulated deprecation			
At 1st January	-	-	-
Additions	132,050	114	132,164
Disposals	-	-	-
At 31st December	132,050	114	132,164
Net book value 31st December	2,452,610	473	2,453,083

5.4 Inventories

	31/12/2012 EURO	31/12/2010 EURO
Trading stock	271,683	84,705

5.5 Trade receivables

	31/12/2011 EURO	31/12/2010 EURO
Trade receivables	44,832	256,506

The aging of trade receivables was as follows:

Days	1-30 EURO	31-60 EURO	61-90 EURO	> 90 EURO	Total EURO
31/12/2010	146,657	27,575	53,445	28,829	256,506

Days	1-30 EURO	31-60 EURO	61-90 EURO	> 90 EURO	Total EURO
31/12/2011	32.337	3.570	5.355	3.570	44.832

All of the trade receivables are not impaired and expected to be recovered within one year.

5.6 Receivables due from related parties

	31/12/2011	31/12/2010
	EURO	EURO
	1,227,721	2,476,381

The aging of receivables due from related parties was as follows:

Days	1-30	31-60	61-90	> 90	Total
	EURO	EURO	EURO	EURO	EURO
31/12/2010	2,309,499	-	-	166,882	2,476,381

Days	1-30	31-60	61-90	> 90	Total
	EURO	EURO	EURO	EURO	EURO
31/12/2011	-	-	82,334	1,145,387	1,227,721

No bad debt allowance was required.

For more details refer to note ‘8 Related Parties’.

5.7 Other receivables and assets

	31/12/2011	31/12/2010
	EURO	EURO
Deposits	11,856	8,035
Receivables due to disposal of shares in associates	18,699,647	-
Prepayments	227,905	-
Other assets	1,090,955	21,809
	20,231,674	29,844

Days	**1-30**	**31-60**	**61-90**	**> 90**	**Total**
	EURO	**EURO**	**EURO**	**EURO**	**EURO**
31/12/2011	774,659	4,703	150,186	19,302,126	20,231,674

No bad debt allowance was required.

5.8 Margin accounts at brokers

	31/12/2011 EURO	31/12/2010 EURO
Margin accounts at brokers	1,323,389	2,798,642

Due to their nature the margin accounts at brokers are included to the Group's liquidity funds.

5.9 Share capital

Development of Share Capital:

	31/12/2011 EURO	31/12/2010 EURO
Share capital at beginning of the year / incorporation	785,000	12,500
Capital increases	8,298,888	772,500
Share capital as at 31st December	9,083,888	785,000

The company has 9,083,888 ordinary shares valued at EURO 9,083,888. Each ordinary share carries equal voting rights with no rights to fixed payments, no par value and share of the profits.

5.10 Amount due to related parties

	31/12/2011 EURO	31/12/2010 EURO
Liabilities in connection with acquisition of equity instruments and other financing	6,372,943	14,021,826

For more details refer to note '8. Related Parties'.

5.11 Other liabilities & accruals

	31/12/2011 EURO	31/12/2010 EURO
Other liabilities	3,096,272	3,462,176
Accruals	65,959	13,000
	3,162,231	3,475,176

6. Notes to the consolidated cash flow statement

The cash flow statement shows the sources and use of cash flows in the period ended 31st December 2011. In accordance with IAS 7 'Cash Flow Statement', a distinction is drawn between cash flows from operating activities and those from investing and financing activities. The cash and cash equivalents contained in the cash flow statement comprise all liquid funds shown in the balance sheet, like cash in hand, checks and bank balances if they are available within three months from the time of deposit. The cash flows from investing and financing activities are determined in relation to payments, and the cash flow from operating activities is derived indirectly, based on the net income for the year. As part of this indirect process of establishing cash flows, the changes taken into account in balance sheet items in connection with current operations are adjusted to eliminate effects resulting from investing and financing activities as well as changes to the scope of consolidation. The changes in the balance sheet items concerned cannot therefore be matched against the corresponding figures contained in the published consolidated balance sheet.

Cash flows from the net financial result (net interest income and result from equity investments) are allocated to operating activities.

Cash flow from financing activities

Dragon Holdings AG had conducted capital increases in 2011 so that the Group received cash payments of EURO 8,298,888 until 31st December 2011.

The minority shareholders in Tradeology Ltd., Singapore, paid EURO 429,294 in course of a capital increase in Tradeology Ltd.

Composition of cash and cash equivalents

	Period from 01/01/2011 to 31/12/2011 EURO
Cash	601,729
Trading Securities	1,323,289
Short-term borrowings from banks	(10)
	1,925,108

7. Other disclosures

7.1 Executive board

The members of Dragon Holdings AG's executive board are:

- Mr. Michael John Hughes, Singapore
- Mr. Pily Wong, Phnom Penh, Cambodia

The members of the executive board receive no compensation.

7.2 Supervisory board

The members of the supervisory board are

- Mr. Paul Kuoch, Secretary of State, Phnom Penh
- Mr. Niraj Goel, Businessman, Singapore,
- Mr. Mark De Rooij, Businessman, Netherlands

The members of the supervisory board receive no compensation.

8. Related party transactions

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, the entity in governing and financial and operating policies, or that has an interest in the entity that give it significant influence over the entity in financial and operating decisions or that has joint control over the entity.

It also includes members of the key management personnel or close members of the family or any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly and indirectly any such individual. This includes parent, subsidiaries, fellow subsidiaries, associates, joint ventures, if any.

The ultimate parent of the Group is Dragon Holdings AG, Munich, Germany. The Group companies are disclosed in note '3. Scope of Consolidation'.

The following tables provide the amounts of transactions that have been entered into with related parties in the period ended 31st December 2011:

	Amount €	Outstanding receivables €	Outstanding liability €
Transactions with Shareholder			
Settlement of liabilities resulting from prior year transactions (transfer of equity instruments)	(884,345)	-	-
Financing	(6,106,723)	-	5,222,378
Other	887	3,668	2,382
	(6,990,181)	3,668	5,260,260
Transactions with associates			
Financing	98,183	-	98,183
Transactions with key management personnel			
Settlement of liabilities resulting from prior year transactions (transfer of equity instruments)	(801,457)	-	-
Short time financing	(298,705)	298,705	-
	(1,100,162)	298,705	-
Transactions with other related parties			
Acquisition of equity instruments	(1,050,000)	-	1,050,000
Disposal of equity instruments	256,046	256,046	-
Other financing	80,333	80,333	-
	(713,621)	336,379	1,050,000
Change in scope of consolidation	-	588,969	-
	(8,705,781)	**1,227,721**	**6,372,943**

9. Financial instruments

The following table shows the carrying amounts of all financial instruments reported in the consolidated financial statements.

	31/12/2011 EURO	31/12/2010 EURO
Financial Assets		
Loans and receivables		
Trade Receivables	44,832	256,506
Receivables due from related parties	1,227,721	2,476,381
Other receivables and assets	20,231,674	29,844
Trading accounts	1,323,289	2,798,642
Cash and cash equivalents	601,729	843,789
	23,429,245	6,405,162
Financial assets available for sale		
Investment in associates	935,040	13,080,399
Investments in unquoted shares	-	1,000,000
	935,040	14,080,399
Financial assets held for trading		
Investments in quoted shares	1,700,000	-
	26,064,285	20,485,561

Financial Liabilities	31/12/2011 EURO	31/12/2010 EURO
Financial liabilities at amortized cost		
Trade liabilities	1,189,341	2,377,100
Liabilities to associates	-	961,900
Liabilities due to related parties	6372,943	14,021,826
thereof interest bearing loans	6,045,318	-
Other financial liabilities	3,162,231	3,475,176
Bank overdraft	10	616
	10,724,515	20,838,618

The fair values of the financial assets equal their carrying amounts in the consolidated balance sheet. The carrying amounts of all financial assets are regarded to be fully recoverable.

The liabilities to related parties result to their majority from interest bearing short term loans. The fair values of the financial liabilities equal substantially their carrying amounts in the balance sheet due to their short term character so that the time value is not material. The loans are payable on a three month notice.

The other Group's financial liabilities have no fixed maturity and are due upon demand.

10. Other financial obligations

Besides liabilities, accruals, there are other financial obligations, consisting of rental and lease contracts for office, and other equipment.

	Maturity up to 1 year	Maturity up to 1-5 years	Maturity over 5 years	Total
	EURO	EURO	EURO	EURO
Rental and lease obligations	99.388	244.762	180.480	524.630

Order commitments for the supply of goods lay within usual business bounds.

11. Financial risk management objective and policies

The Group's overall risk management policy seeks to minimize potential adverse effects on the financial performance of the Group. The Group however does not have any written risk management policies and guidelines. The directors of the reporting units monitor the following risks and believe that the financial risks associated with financial instruments are not material.

The main risks for the Group arising from financial instruments comprise interest-rate-related cash flow risks, and liquidity, currency, and credit risks. The company's management takes decisions on strategies and processes to manage individual types of risk, which are presented below.

Foreign exchange risks

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's companies incurs foreign currency risk on sales, purchases, borrowings and cash holdings that are denominated in foreign currencies. The currencies giving rise to the risk are primarily the EURO and US-Dollar. As a result, the Group is basically exposed to movements in foreign currency exchange rates. The Group does not use any financial derivatives for trading or hedging purposes.

Interest-rate risks

The Group's exposures to market risk for changes in interest rate relates and is limited to the Group's short term debt obligations. The Group does not use derivative financial instruments to hedge its exposure to interest rate fluctuation.

Since the group has no long term interest bearing financial liabilities, the Group is not exposed to risks resulting from fluctuation in interest rates.

Liquidity risks

The Company and the Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The directors of the reporting units manage the liquidity through internally generated cash flows and minimize liquidity risk by keeping committed credit lines available.

Credit risk

The Credit risk is the risk that a business partner will not meets its obligation under a financial instrument or costumer contract, leading to a financial loss. The Group is exposed to credit risk from its operation activities (primarily for trade receivables). The customer credit risk is managed by each subsidiary. The requirement of impairment is analyzed at each reporting date.

The maximum exposure to credit risk at the balance sheet date is the carrying amount is financial assets.

Price risks

The Company's overall risk management policy seeks to minimize potential adverse effects on the financial performance of the Company. However it does not have any written risk management policies and guidelines. The directors monitor the risk management of the Company and believe that the financial risks associated with financial instruments are not material.

Capital management

The primary objective of the Group's capital management system is to ensure the Group maintains a high credit rating and a good equity ratio in order to support its business operations, and to maximize shareholder value.

The Group manages and adjusts its capital structure while taking into account changes in the economic environment. The Group can adjust its dividend payments to shareholders or issue new shares in order to maintain or adjust its capital structure. Capital increases were performed in 2011. We refer to the notes under E 5.9. The equity ratio of the Group was 64,0 % (in prior year: 11,9 %).

Munich, April 27, 2012

Michael John Hughes
Executive Director

Pily Wong
Executive Director

Audit opinion

To Dragon Holdings AG

I have audited the consolidated financial statements prepared by Dragon Holdings AG, Munich, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements for the fiscal year from 01. January to 31 December 2011. The preparation of the consolidated financial statements in accordance with the International Financial Accounting Standards (IFRS) is the responsibility of the Company's management. My responsibility is to express an opinion on the consolidated financial statements based on my audit.

I conducted my audit of the consolidated financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that I plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the International Financial Reporting Standards are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. I believe that my audit provides a reasonable basis for my opinion.

My audit has not led to any reservations.

In my opinion, based on the findings of my audit, the consolidated financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the International Financial Reporting Standards.

Munich, 27 April 2012

Bernd Winkler
Wirtschaftsprüfer
(Certified Public Auditor)