

Edgar Filing: Eight Dragons Co. - Form 10-Q

Eight Dragons Co.  
Form 10-Q  
July 31, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 10-Q

-----  
(Mark one)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2008

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-28453  
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Eight Dragons Company  
(formerly Ameri-First Financial Group, Inc.)  
(Exact name of small business issuer as specified in its charter)

Nevada  
(State of incorporation)

75-2610236  
(IRS Employer ID Number)

211 West Wall, Midland, Texas 79071  
(Address of principal executive offices)

(432) 682-1761  
(Issuer's telephone number)  
-----

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): YES  NO

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: July 28, 2008: 362,200

Transitional Small Business Disclosure Format (check one): YES  NO

EIGHT DRAGONS COMPANY

Form 10-Q for the Quarter ended June 30, 2008

Table of Contents

Page  
-----

## Edgar Filing: Eight Dragons Co. - Form 10-Q

### PART I - FINANCIAL INFORMATION

|  |   |
|--|---|
| Item 1 Financial Statements                                      | 3 |
| Item 2 Management's Discussion and Analysis or Plan of Operation | 7 |
| Item 4 Controls and Procedures                                   | 9 |

### PART II - OTHER INFORMATION

|  |    |
|--|----|
| Item 1 Legal Proceedings   | 10 |
| Item 2 Recent Sales of Unregistered Securities and Use of Proceeds | 10 |
| Item 3 Defaults Upon Senior Securities                             | 10 |
| Item 4 Submission of Matters to a Vote of Security Holders         | 10 |
| Item 5 Other Information   | 10 |
| Item 6 Exhibits  | 10 |

|            |    |
|------------|----|
| SIGNATURES | 10 |
|------------|----|

2

### PART I

#### ITEM 1 - FINANCIAL STATEMENTS

#### EIGHT DRAGONS COMPANY BALANCE SHEETS

|                                       | June 30,<br>2008     | Decem<br>2 |
|---------------------------------------|----------------------|------------|
|                                       | -----<br>(unaudited) | -----      |
| ASSETS                                |                      |            |
| CURRENT ASSETS                        |                      |            |
| Cash                                  | \$ 1,335             | \$         |
| TOTAL CURRENT ASSETS                  | -----<br>1,335       | -----      |
| TOTAL ASSETS                          | \$ 1,335             | \$         |
|                                       | =====                | -----      |
| LIABILITIES AND SHAREHOLDERS' DEFICIT |                      |            |
| LIABILITIES                           |                      |            |
| CURRENT LIABILITIES                   |                      |            |
| Accrued interest payable              | \$ 97,138            | \$         |
| Note payable to shareholder           | 740,000              |            |
| Shareholder advances                  | 76,000               |            |
| TOTAL CURRENT LIABILITIES             | -----<br>913,138     | -----      |

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|   |              |       |
|---|--------------|-------|
| TOTAL LIABILITIES                           | 913,138      | ----- |
| SHAREHOLDERS' DEFICIT                       |              |       |
| Common stock - \$0.0001 par value           |              |       |
| 100,000,000 shares authorized               |              |       |
| 362,200 shares issued and outstanding       | 36           |       |
| Additional paid-in capital                  | 31,690,302   | 31,   |
| Accumulated deficit                         | (32,602,141) | (32,  |
|   | -----        | ----- |
| TOTAL SHAREHOLDERS' DEFICIT                 | (911,803)    | (     |
|   | -----        | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | \$ 1,335     | \$    |
|   | =====        | ===== |

The accompanying notes are an integral part of these financial statements.

3

EIGHT DRAGONS COMPANY  
STATEMENTS OF OPERATIONS  
THREE AND SIX MONTHS ENDED JUNE 30, 2008 AND JUNE 30, 2007  
(Unaudited)

|   | Three months<br>ended<br>June 30,<br>2008 | Three months<br>ended<br>June 30,<br>2007 | Six months<br>ended<br>June 30,<br>2008 | Si    |
|---|---|---|---|-------|
|   | -----                                     | -----                                     | -----                                   | ----- |
| REVENUE   | \$ --                                     | \$ --                                     | \$ --                                   | \$    |
|   | -----                                     | -----                                     | -----                                   | ----- |
| EXPENSES  |   |   |   |       |
| General and administrative expenses   | 530                                       | 1,802                                     | 1,229                                   |       |
| Professional Fees   | 2,003                                     | 9,830                                     | 9,566                                   |       |
|   | -----                                     | -----                                     | -----                                   | ----- |
| TOTAL EXPENSES  | 2,533                                     | 11,632                                    | (10,795)                                |       |
| LOSS FROM OPERATIONS  | (2,533)                                   | (11,632)                                  | (10,795)                                |       |
|   | -----                                     | -----                                     | -----                                   | ----- |
| Other Income (Expenses)   |   |   |   |       |
| Interest Income   | 5   | 70  | 9                                       |       |
| Interest Expense  | (19,450)                                  | (19,422)                                  | (38,872)                                |       |
|   | -----                                     | -----                                     | -----                                   | ----- |
| Total Other Expense   | (19,445)                                  | (19,352)                                  | (38,863)                                |       |
|   | -----                                     | -----                                     | -----                                   | ----- |
| NET LOSS  | \$ (21,978)                               | \$ (30,984)                               | \$ (49,658)                             | \$    |
|   | =====                                     | =====                                     | =====                                   | ===== |
| Earnings per share of common stock<br>outstanding computed on net loss -<br>basic and fully diluted | \$ (.06)                                  | \$ (.09)                                  | \$ (.14)                                | \$    |
|   | =====                                     | =====                                     | =====                                   | ===== |
| Weighted-average number of shares   |   |   |   |       |

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|                                       |         |         |         |
|---------------------------------------|---------|---------|---------|
| outstanding - basic and fully diluted | 362,200 | 362,200 | 362,200 |
|                                       | =====   | =====   | =====   |

The accompanying notes are an integral part of these financial statements.

4

EIGHT DRAGONS COMPANY  
 STATEMENTS OF CASH FLOWS  
 SIX MONTHS ENDED JUNE 30, 2008 AND 2007  
 (Unaudited)

|  | 2008        | 2007        |
|--|-------------|-------------|
|  | -----       | -----       |
| CASH FLOWS FROM OPERATING ACTIVITIES                                       |             |             |
| Net loss for the period  | \$ (49,658) | \$ (70,682) |
| Adjustments to reconcile net loss to net cash used in operating activities |             |             |
| Depreciation and amortization  |             |             |
| Increase in stockholder note   | --          | --          |
| Increase in accounts payable - trade                                       |             |             |
| Increase in accrued interest payable                                       | 38,872      | 38,409      |
|  | -----       | -----       |
| NET CASH USED IN OPERATING ACTIVITIES                                      | (10,786)    | (32,273)    |
|  | -----       | -----       |
| CASH FLOWS FROM INVESTING ACTIVITIES                                       | --          | --          |
|  | -----       | -----       |
| CASH FLOWS FROM FINANCING ACTIVITIES                                       |             |             |
| Proceeds from shareholder loan   | 11,000      | 15,000      |
| Proceeds from Private Placement  | --          | 12,000      |
|  | -----       | -----       |
| NET CASH FLOWS FROM FINANCING ACTIVITIES                                   | 11,000      | 27,000      |
|  | -----       | -----       |
| INCREASE (DECREASE) IN CASH  | 214         | (5,273)     |
| Cash at beginning of period  | 1,121       | 20,806      |
|  | -----       | -----       |
| CASH AT END OF PERIOD  | \$ 1,335    | \$ 15,533   |
|  | =====       | =====       |
| SUPPLEMENTAL DISCLOSURE OF INTEREST AND INCOME TAXES PAID                  |             |             |
| Interest paid  | \$ --       | \$ --       |
|  | =====       | =====       |
| Income taxes   | \$ --       | \$ --       |
|  | =====       | =====       |
| Non-Cash   |             |             |
| Issuance of stock to settle debt   | \$ --       | \$ 232,806  |

The accompanying notes are an integral part of these financial statements.

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5

## EIGHT DRAGONS COMPANY NOTES TO FINANCIAL STATEMENTS June 30, 2008

### NOTE 1 - BASIS OF PRESENTATION

The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has a year-end of December 31.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

During interim periods, the Company follows the accounting policies set forth in its annual audited financial statements filed with the U. S. Securities and Exchange Commission on its Annual Report on Form 10-KSB for the year ended December 31, 2007. The information presented within these interim financial statements may not include all disclosures required by generally accepted accounting principles and the users of financial information provided for interim periods should refer to the annual financial information and footnotes when reviewing the interim financial results presented herein.

In the opinion of management, the accompanying interim financial statements, prepared in accordance with the U. S. Securities and Exchange Commission's instructions for Form 10-Q, are unaudited and contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations and cash flows of the Company for the respective interim periods presented. The current period results of operations are not necessarily indicative of results which ultimately will be reported for the full fiscal year ending December 31, 2008.

6

### PART I - ITEM 2

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

##### (1) CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this quarterly filing, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and

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other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this Form 10-Q and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

### (2) RESULTS OF OPERATIONS

The Company had no revenue for either of the six months periods ended June 30, 2008 and 2007, respectively.

General and administrative expenses for the six months periods ended June 30, 2008 and 2007 were nominal. Earnings per share for the respective six months periods ended June 30, 2008 and 2007 was (\$.14) and (\$.20) based on the weighted-average shares issued and outstanding at the end of each respective period. The Company does not expect to generate any meaningful revenue or incur operating expenses for purposes other than fulfilling the obligations of a reporting company under the Securities Exchange Act of 1934.

At June 30, 2008 and 2007, respectively, the Company had negative working capital of approximately \$911,803 and \$808,889 respectively.

It is the belief of management and significant stockholders that they will provide sufficient working capital necessary to support and preserve the integrity of the corporate entity will be present. However, there is no legal obligation for either management or significant stockholders to provide additional future funding. Should this pledge fail to provide financing, the Company has not identified any alternative sources. Consequently, there is substantial doubt about the Company's ability to continue as a going concern.

7

The Company's need for working capital may change dramatically as a result of any business acquisition or combination transaction. There can be no assurance that the Company will identify any such business, product, technology or company suitable for acquisition in the future. Further, there can be no assurance that the Company would be successful in consummating any acquisition on favorable terms or that it will be able to profitably manage the business, product, technology or company it acquires.

### PLAN OF BUSINESS

#### GENERAL

The Company intends to locate and combine with an existing, privately-held

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company which is profitable or, in management's view, has growth potential, irrespective of the industry in which it is engaged. However, the Company does not intend to combine with a private company which may be deemed to be an investment company subject to the Investment Company Act of 1940. A combination may be structured as a merger, consolidation, exchange of the Company's common stock for stock or assets or any other form which will result in the combined enterprise's becoming a publicly-held corporation.

Pending negotiation and consummation of a combination, the Company anticipates that it will have, aside from carrying on its search for a combination partner, no business activities, and, thus, will have no source of revenue. Should the Company incur any significant liabilities prior to a combination with a private company, it may not be able to satisfy such liabilities as are incurred.

If the Company's management pursues one or more combination opportunities beyond the preliminary negotiations stage and those negotiations are subsequently terminated, it is foreseeable that such efforts will exhaust the Company's ability to continue to seek such combination opportunities before any successful combination can be consummated. In that event, the Company's common stock will become worthless and holders of the Company's common stock will receive a nominal distribution, if any, upon the Company's liquidation and dissolution.

### COMBINATION SUITABILITY STANDARDS

In its pursuit for a combination partner, the Company's management intends to consider only combination candidates which are profitable or, in management's view, have growth potential. The Company's management does not intend to pursue any combination proposal beyond the preliminary negotiation stage with any combination candidate which does not furnish the Company with audited financial statements for at least its most recent fiscal year and unaudited financial statements for interim periods subsequent to the date of such audited financial statements, or is in a position to provide such financial statements in a timely manner. The Company will, if necessary funds are available, engage attorneys and/or accountants in its efforts to investigate a combination candidate and to consummate a business combination. The Company may require payment of fees by such combination candidate to fund the investigation of such candidate. In the event such a combination candidate is engaged in a high technology business, the Company may also obtain reports from independent organizations of recognized standing covering the technology being developed and/or used by the candidate. The Company's limited financial resources may make the acquisition of such reports difficult or even impossible to obtain and, thus, there can be no assurance that the Company will have sufficient funds to obtain such reports when considering combination proposals or candidates. To the extent the Company is unable to obtain the advice or reports from experts, the risks of any combined enterprise's being unsuccessful will be enhanced. Furthermore, to the knowledge of the Company's officers and directors, neither the candidate nor any of its directors, executive officers, principal shareholders or general partners:

8

- (1) will not have been convicted of securities fraud, mail fraud, tax fraud, embezzlement, bribery, or a similar criminal offense involving misappropriation or theft of funds, or be the subject of a pending investigation or indictment involving any of those offenses;
- (2) will not have been subject to a temporary or permanent injunction or restraining order arising from unlawful transactions in securities, whether as issuer, underwriter, broker, dealer, or investment advisor, may be the subject of any pending investigation or a defendant in a pending lawsuit arising from or based upon allegations of unlawful transactions in securities; or

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- (3) will not have been a defendant in a civil action which resulted in a final judgments against it or him awarding damages or rescission based upon unlawful practices or sales of securities.

The Company's officers and directors will make these determinations by asking pertinent questions of the management of prospective combination candidates. Such persons will also ask pertinent questions of others who may be involved in the combination proceedings. However, the officers and directors of the Company will not generally take other steps to verify independently information obtained in this manner which is favorable. Unless something comes to their attention which puts them on notice of a possible disqualification which is being concealed from them, such persons will rely on information received from the management of the prospective combination candidate and from others who may be involved in the combination proceedings.

### LIQUIDITY AND CAPITAL RESOURCES

It is the belief of management and significant stockholders that they will provide sufficient working capital necessary to support and preserve the integrity of the corporate entity will be present. However, there is no legal obligation for either management or significant stockholders to provide additional future funding. Should this pledge fail to provide financing, the Company has not identified any alternative sources. Consequently, there is substantial doubt about the Company's ability to continue as a going concern.

The Company has no current plans, proposals, arrangements or understandings with respect to the sale or issuance of additional securities prior to the location of a merger or acquisition candidate. Accordingly, there can be no assurance that sufficient funds will be available to the Company to allow it to cover the expenses related to such activities. The Company does not currently contemplate making a Regulation S offering.

Regardless of whether the Company's cash assets prove to be inadequate to meet the Company's operational needs, the Company might seek to compensate providers of services by issuances of stock in lieu of cash.

### ITEM 4 - CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Exchange Act, within the 90 days prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's President, Chief Executive and Chief Financial Officer. Based upon that evaluation, the Company's President, Chief Executive and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

9

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive and Chief Financial Officer as appropriate, to allow timely decisions



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regarding required disclosure.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None

ITEM 2 - RECENT SALES OF UNREGISTERED SECURITIES AND USE OF PROCEEDS

None

ITEM 3 - DEFAULTS ON SENIOR SECURITIES

None

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company has held no regularly scheduled, called or special meetings of shareholders during the reporting period.

ITEM 5 - OTHER INFORMATION

None

ITEM 6 - EXHIBITS

- 31.1 Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002
- 31.2 Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002
- 32.1 Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002
- 32.2 Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EIGHT DRAGONS COMPANY

Dated: July 28, 2008  
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/s/ Glenn A Little  
-----

Glenn A Little  
President,  
Chief Executive Officer,  
and Director

Dated: July 28, 2008  
-----

/s/ Glenn A. Little  
-----

Glenn A. Little  
Secretary, Treasurer and  
Director and  
Chief Financial Officer