

THE LEXICON GROUP LIMITED

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Full Year Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

		Group S\$'000		%
	Note	31/03/2010	31/03/2009	Increase/ (Decrease)
Revenue				
Advertisement		3,474	4,218	(17.6)
Circulation		1,552	1,174	32.2
Exhibition and events		103	144	(28.5)
Food and beverage		128	-	100.0
		<u>5,257</u>	<u>5,536</u>	(5.0)
Other income	(i)	9,648	5,608	72.0
Direct costs:				
- Publications		(2,584)	(2,604)	(0.8)
- Exhibition and events		(78)	(27)	188.9
- Food & beverage		(200)	-	100.0
Personnel expenses		(3,161)	(3,665)	(13.8)
Amortisation, depreciation & impairment		(178)	(1,049)	(83.0)
Operating lease expenses		(581)	(409)	42.1
Loss in financial assets at fair value through profit or loss		-	(4,233)	(100.0)
Finance expenses		(11)	(89)	(87.6)
Other operating expenses		(2,474)	(2,788)	(11.3)
Total expenses		<u>(9,267)</u>	<u>(14,864)</u>	(37.7)
Share of profits of associated company		-	326	(100.0)
Profit/(Loss) before taxation		5,638	(3,394)	NM
Income tax expense		-	354	(100.0)
Total profit/(loss) after taxation		<u>5,638</u>	<u>(3,040)</u>	NM

		<u>Group</u>		
		S\$'000		%
	Note	31/03/2010	31/03/2009	Increase/ (Decrease)
Statement of comprehensive income for 12 months ended 31 March				
Profit/(Loss) attributable to Shareholders		5,614	(3,067)	NM
Other comprehensive income				
- Exchange difference on translating foreign operation		156	(190)	NM
Total Comprehensive income for the year		<u>5,770</u>	<u>(3,257)</u>	NM
Profit/(loss) attributable to:				
- Shareholders of the company		5,614	(3,067)	NM
- Minority interests		24	27	(11.1)

NM – Not meaningful

Notes to income statements:

(i) Included in other income are:

Gain on disposal of associated company		831	1,720	(51.7)
Gain on disposal of Delta Digital Limited		280	-	100.0
Borrowings no longer repayable	(a)	757	-	100.0
Allowance for impairment of investment in Sandz written back		7,125	1,500	375.0
Allowance for impairment of loan to Sandz written back		500	2,000	(75.0)
Gain on disposal of financial assets through profit or loss		-	168	(100.0)
Others		155	220	(29.5)
		<u>9,648</u>	<u>5,608</u>	72.0

- (a) This relates to the convertible loan with YA Global Investments, LP (“YA Global”) for which the amounts disputed has been written off as both the Company and YA Global have reached an agreement on the outstanding amount due.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/03/2010 \$'000	31/03/2009 \$'000	31/03/2010 \$'000	31/03/2009 \$'000
Current assets				
Cash and bank balances	2,339	1,367	931	943
Financial assets at fair value through profit or loss	43	43	43	43
Trade and other receivables	2,077	3,249	619	1,526
Due from subsidiaries (non-trade)	-	-	-	5,144
Due from joint-venture company	174	-	295	-
Work-in-progress	171	227	-	-
Other current assets	358	521	196	429
	<u>5,162</u>	<u>5,407</u>	<u>2,084</u>	<u>8,085</u>
Non-current assets				
Financial assets, available for sales	853	853	853	853
Investment in joint venture company	-	-	1,500	-
Property, plant and equipment	536	219	20	96
Intangible assets	750	-	-	-
	<u>2,139</u>	<u>1,072</u>	<u>2,373</u>	<u>949</u>
TOTAL ASSETS	<u>7,301</u>	<u>6,479</u>	<u>4,457</u>	<u>9,034</u>
Current liabilities				
Trade and other payables	2,800	3,535	786	1,608
Due to subsidiaries (trade)	-	-	442	327
Due to subsidiaries (non-trade)	-	-	1,926	2,027
Borrowings, current portion	813	1,569	813	1,569
Convertible loans	150	350	150	350
Financial lease liabilities	17	103	-	82
	<u>3,780</u>	<u>5,557</u>	<u>4,117</u>	<u>5,963</u>
Non-current liabilities				
Financial lease liabilities	3	19	-	-
TOTAL LIABILITIES	<u>3,783</u>	<u>5,576</u>	<u>4,117</u>	<u>5,963</u>
NET ASSETS	<u>3,518</u>	<u>903</u>	<u>340</u>	<u>3,071</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	109,761	112,628	109,761	112,628
Accumulated losses	(109,586)	(115,200)	(109,421)	(109,557)
Currency translation reserve	2,547	2,703	-	-
	<u>2,722</u>	<u>131</u>	<u>340</u>	<u>3,071</u>
Minority interests	796	772	-	-
TOTAL EQUITY	<u>3,518</u>	<u>903</u>	<u>340</u>	<u>3,071</u>

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

Amount repayable in one year or less, or on demand

As at 31/03/2010		As at 31/03/2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	980	-	2,022

Amount repayable after one year

As at 31/03/2010		As at 31/03/2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	3	-	19

Details of any collateral

N/A.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	For the 12 months ended	
	31/03/2010 \$'000	31/03/2009 \$'000
Cash flows from operating activities		
Total profit/ (loss)	5,638	(3,040)
Adjustments for:		
Income tax expense	-	(354)
Issue of performance shares	58	18
Share of profits of associated company	-	(326)
Amortisation, depreciation and impairment	174	1,049
Gain on disposal of subsidiaries	(280)	-
Gain on disposal of associated company	(831)	(1,720)
Loss/(gain) on disposal of financial assets at fair value through profit or loss	1	(168)
Loss on financial assets at fair value through profit or loss	-	4,233
Allowance for impairment of investment in Sandz written back	(7,125)	(1,500)
Allowance for impairment of loan to Sandz written back	(500)	(2,000)
Property, plant and equipment written off	4	1
Borrowings no longer repayable	(757)	-
Interest income	(20)	(30)
Interest expense	11	89
Operating cashflow before working capital changes	(3,627)	(3,748)
Work-in-progress	56	79
Trade and other receivables	1,661	(980)
Trade and other payables	(735)	(389)
Cash used in operations	(2,645)	(5,038)
Interest received	20	30
Income taxes recovered	-	215
Net cash used in operating activities	(2,625)	(4,793)
Cash flows from investing activities:		
Proceeds from repayment of investment in Sandz	-	1,500
Proceeds from repayment of working capital loan to Sandz	-	2,000
Proceeds from disposal of subsidiaries, net of cash disposed	280	-
Proceeds from disposal of associates	831	3,281
Proceeds from sale of financial assets	-	730
Purchase of property, plant and equipment	(495)	(59)
Investment in joint-venture company	(750)	-
Net cash (used in)/provided by investing activities	(134)	7,452
Cash flows from financing activities		
Proceeds from issue of unsecured convertible notes	4,000	500
Repayment of hire purchase/ finance lease liabilities	(102)	(74)
Repayment of bank term loans	-	(1,781)
Interest paid	(11)	(89)
Net cash from provided by/(used in) financing activities	3,887	(1,444)
Net increase in cash and cash equivalents	1,128	1,215
Cash and cash equivalents at beginning of the financial year	1,367	(41)
Effects of currency translation on cash and cash equivalents	(156)	193
Cash and cash equivalents at end of the financial year	2,339	1,367

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Attributable to equity holders of the Company

	Share Capital S\$'000	Currency translation reserve	Accumulated Losses S\$'000	Total	Minority Interests S\$'000	Total S\$'000
The Group						
<u>2010</u>						
Beginning of financial year	112,628	2,703	(115,200)	131	772	903
Issuance of shares	4,258	-	-	4,258	-	4,258
Shares cancellation	(7,125)	-	-	(7,125)	-	(7,125)
Total comprehensive income for the year	-	(156)	5,614	5,485	24	5,482
End of financial year	109,761	2,547	(109,586)	2,749	796	3,518
<u>2009</u>						
Beginning of financial year	112,410	2,513	(112,133)	2,790	745	3,535
Issuance of shares	200	-	-	200	-	200
Transfer from treasury shares	18	-	-	18	-	18
Total comprehensive income for the year	-	190	(3,067)	(2,877)	27	(2,850)
End of financial year	112,628	2,703	(115,200)	131	772	903
The Company						
<u>2010</u>						
Beginning of financial year	112,628	-	(109,557)	3,071	-	3,071
Issuance of shares	4,258	-	-	4,258	-	4,258
Shares cancellation	(7,125)	-	-	(7,125)	-	(7,125)
Total comprehensive income for the year	-	-	136	136	-	136
End of financial year	109,761	-	(109,421)	340	-	340
<u>2009</u>						
Beginning of financial year	112,410	-	(91,934)	20,476	-	20,476
Issuance of shares	200	-	-	200	-	200
Transfer from treasury shares	18	-	-	18	-	18
Total comprehensive income for the year	-	-	(17,623)	(17,623)	-	(17,623)
End of financial year	112,628	-	(109,557)	3,071	-	3,071

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 the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	31/03/2010	31/03/2009
Number of shares		
At beginning of the year	722,159,551	699,037,329
Issue of shares arising from conversion of convertible notes	290,159,762	22,222,222
Transfer from treasury shares	765,000	900,000
Issue of shares pursuant to Performance Shares Plan	2,835,000	-
Shares cancellation	(75,000,000)	-
At end of the year	<u>940,919,313</u>	<u>722,159,551</u>
Treasury shares		
At the end of the year	<u>-</u>	<u>765,000</u>

	31/03/2010	31/03/2009
Outstanding convertibles		
Outstanding warrants convertible into ordinary shares	293,734,396	293,734,396
Outstanding convertible notes	(a) 11,111,111	22,875,816

(a) Computed based on 90% of the average closing price from 22 to 26 Mar 2010 of S\$0.0135 and from 18 to 24 March 2009 of S\$0.153 respectively.

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 immediately preceding year.

Refer to 1(d)(ii) above.

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.

	31/03/2010	31/03/2008
Treasury shares		
At beginning of the year	765,000	1,665,000
Issued as performance shares	(765,000)	(900,000)
At end of the year	<u>-</u>	<u>765,000</u>

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures are unaudited and are not reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computations in the financial statements for the current financial year compared with those for the audited financial statements as at 31 March 2009.

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.

In the current year, the Group has adopted the new/revised Financial Reporting Standards ("FRS") and interpretations of FRS ("INT FRS") that are effective for annual period beginning on or after 1 January 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

FRS 1 (revised)	Presenation of Financial Statements
FRS 108	Operating Segments

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

Continuing operations	31/03/2010	31/03/2009
Earnings per share (EPS) based on Group's profit after taxation and MI		
- on weighted average number of shares	0.60 cents	(0.40) cents
- on a fully diluted basis	0.60 cents	(0.40) cents

7. Net asset 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 year.**

	Group		Company	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Net asset value based on existing issued share capital as at the respective period	0.29 cents	0.02 cents	0.04 cents	0.43 cents

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.**

General Overview

During the financial year, the Company entered into a joint-venture agreement with Tom N Toms Limited ("TNTK") and KTNT Holdings Limited ("KTNT") to incorporate Tom N Toms International Pte Ltd for the purpose of undertaking the business of retailing coffee, coffee related accessories and paraphernalia, and the operation of coffeeshouses and cafes under the Tom N Toms brand (the "Tom N Toms Franchise") and the marketing and sales of the Tom N Toms Franchise within 23 countries in Europe and South-East Asia.

Revenue

Revenue for the 12 months ended 31 March 2010 decreased by 5.0% to \$5.26 million from \$5.54 million as in the preceding year. The drop in revenue was the result of decline in advertising revenue, in part due to the cessation of publications. This was offset partly by increase in circulation sales.

Profit attributable to shareholders

Profit attributable to shareholders for the period under review was \$5.61 million as compared to a loss of \$3.07 million in the preceding year. The improvement in results was due to the following:

- A gain on the disposal of Shareinvestor.com Holdings Pte Ltd ("SIH"). SIH was disposed by the Group in the financial year ended 31 March 2009. The gain is related to the second tranche of consideration received from SPH Interactive Pte Ltd.
- A gain on the disposal of Delta Digital Limited ("DDG"). DDG was divested by the Company during the financial year.
- Write-back of convertible loan no longer repayable to YA Global.
- An allowance for impairment of other receivables amounting to S\$0.5 million written back in relation to the monies received from Sandz Solutions (Singapore) Pte Ltd ("Sandz").
- An allowance for impairment of the investment in Sandz written back in relation to the cancellation of 75 million ordinary shares that was issued to the Sandz vendors.
- An allowance for impairment of financial assets, available-for-sale amounting to \$0.91 million in the prior corresponding year.
- The drop in personnel expenses is mainly due to the cessation of publications in the prior corresponding year.
- An allowance for impairment of marketable securities amounting to \$4.23 million in the prior corresponding year.

Balance sheet

During the period, the Group's Net Asset Value increased to \$2.72 million from \$0.13 million as at the beginning of the year.

The decrease in trade and other receivables is due mainly to the monies received from Sandz and Zenna amounting to S\$0.9 million.

The decrease in trade and other creditors is due mainly to repayment to creditors.

The decrease in borrowings is due to a write-back in the amounts owing to YA Global that was repaid in the form of CEC Unet Plc shares which was previously disputed by YA Global but both the Company and YA Global has since reached an agreement.

Cash-flow

Cash and cash equivalents as at end of year was \$2.3 million as compared to \$1.37 million at the beginning of the year. The increase in cash and cash equivalents is mainly due to the proceeds from the disposal of SIH and DDG and also the funds raised from the issuance of convertible notes.

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.

Publishing Division

- Our publishing operation in Malaysia remains profitable during the year but our operation in Singapore continues to suffer losses because of continuing weakness in the advertising market and rising cost.
- Situation is being monitored closely, and further actions will be taken to improve performance of the publishing operations as a whole. Such actions may include suspending the publications of titles, which have no long-term prospects.

Food & Beverage (F&B) Division

- Because of the challenges faced by our Publishing business, the Group has been looking to diversify its business to drive the Group's growth going forward.
- After months of negotiations and market studies, a deal to spearhead the Group's diversification into the F&B business was struck in November 2009 with Tom N Toms Korea (TNTK) to form a 50-50 joint venture, Toms N Toms International Pte Ltd ("TNTI").
- TNTK owns one of the leading premium coffee retailing chains in Korea with close to 200 outlets in S. Korea, and with outlets in Shanghai, Thailand and Australia.
- The role of TNTI is to develop market and sell the Tom N Toms franchise in 23 countries in Europe and South East Asia.
- 2 Tom N Toms outlets were opened in late December 2009. The outlet located at Icon Village is owned by TNTK and the other outlet located at Far East Plaza is owned by the Group.
- 2 more outlets are scheduled to be opened by TNTI in 2010, one at Vivocity in June and the other in Marina Bay Sands (exact date has yet to be confirmed).
- Additionally, TNTI has entered into a franchising arrangement with an independent franchisee to open at least 3 outlets over the next 3 years. The first such outlet, located at Ngee Ann Polytechnic will be opened in June this year.
- TNTI targets to have up to 10 Tom N Toms outlets in Singapore by the financial year ending 31 March 2011. The biggest challenge in any market is in securing suitable locations.
- In Malaysia and Poland, discussions are in progress with potential partners to open at least 10 outlets in each of these 2 countries over the next 2 to 3 years.
- Additionally, TNTI is exploring other markets like Russia, Indonesia, Vietnam and the UK in the current year.
- Apart from Tom N Toms, the Group will be launching its owned home-grown F&B brand called MOB in Singapore with the opening of its first outlet in Vivocity in June 2010.
- MOB, which stands for Most Original Burgers offers an unique eating experience. It offers a wide range of fusion gourmet burgers served in trios to satisfy the diverse needs of burger lovers of all ages, especially the young and upwardly mobile. Our long-term goal is to develop MOB include a global franchise.
- MOB restaurant chain and Tom N Toms premium coffee chain are in many ways complementary as they have much in common and share several key resources.

Long-term Outlook

- Our F&B business is poised for further expansion in the current year, and will be our main growth driver going forward.
- The development of our F&B business is expected to be a long and challenging process. However, we are cautiously optimistic about its long-term future outlook not only in Singapore but across the globe, particularly in the emerging markets where we hold the Tom N Toms franchise.

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 recommended.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented 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.**

By business segments

	Publishing, exhibition & events S\$'000	Food and beverage S\$'000	HQ costs & Investments S\$'000	Total S\$'000
<u>For year ended 31 March 2009</u>				
Revenue	5,129	128	-	5,257
Segment result	(1,017)	(476)	(2,506)	(3,999)
Other income				9,648
Finance expenses				(11)
Total Profit				5,638
Other segment information				
Capital expenditure – property, plant and equipment	22	450	20	492
Depreciation	47	31	96	174
Segment assets	2,246	2,127	2,928	7,301
Consolidated total assets				7,301
Segment liabilities	(1,616)	(386)	(1,781)	(3,783)
Consolidated liabilities				(3,783)

	Publishing, exhibition & events S\$'000	HQ costs & Investments S\$'000	Total S\$'000
<u>For year ended 31 March 2009</u>			
Revenue	5,536	-	5,536
Segment result	(1,029)	(8,210)	(9,239)
Other income			5,608
Share of profits of associated company		326	326
Finance expenses			(89)
Taxation			354
Total Loss			(3,040)
Other segment information			
Capital expenditure – property, plant and equipment	59	-	59
Depreciation	43	98	141
Segment assets	2,453	4,026	6,479
Consolidated total assets			6,479
Segment liabilities	(1,916)	(3,660)	(5,576)
Consolidated liabilities			(5,576)

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to section 8 above.

15. A breakdown of sales

	31 Mar 2010	31 Mar 2009	% Increase/ (Decrease)
(a) Revenue reported for first half year	2,395	2,942	(18.6%)
(b) Operating profit/ (loss) after tax before deducting minority interests reported for first half year	333	(2,790)	NM
(c) Revenue reported for second half year	2,862	2,594	10.3%
(d) Operating loss after tax before deducting minority interests reported for second half year	5,305	(250)	NM

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

Not applicable

BY ORDER OF THE BOARD

**Ricky Ang Gee Hing
Executive Vice-Chairman and Managing Director
Singapore, 27 May 2010**