

## THE LEXICON GROUP LIMITED

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### Half-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.

	Note	Group S\$'000		% Increase/ (Decrease)
		30/09/2010	30/09/2009	
<b>Revenue</b>				
Publishing		2,190	2,306	(5.0)
Exhibition and events		259	89	191.0
Food and beverage		532	-	100.0
<b>Other income</b>	(i)	247	2,335	(89.4)
<b>Direct costs:</b>				
- Publications		(1,134)	(1,209)	(6.2)
- Exhibition and events		(165)	(47)	251.1
- Food and beverage		(577)	-	100.0
Employee compensation		(1,674)	(1,538)	8.8
Amortisation, depreciation and impairment		(169)	(69)	144.9
Operating lease expenses		(261)	(303)	(13.9)
Other operating expenses, net	(ii)	(890)	(1,225)	(27.3)
Total expenses		(4,870)	(4,391)	10.9
Finance costs		(1)	(6)	(83.3)
<b>(Loss)/ profit before income tax</b>		<b>(1,643)</b>	<b>333</b>	NM
Income tax expense		-	-	
<b>Net (loss)/ profit</b>		<b>(1,643)</b>	<b>333</b>	NM

Note	Group		% Increase/ (Decrease)
	S\$'000		
	30/09/2010	30/09/2009	
<b>Statement of comprehensive income for 6 months period ended 30 September</b>			
	(1,656)	321	NM
Other comprehensive income			
- Currency translation difference arising from consolidation	20	16	25.0
Total Comprehensive income for the period	<u>(1,636)</u>	<u>337</u>	NM
<b>(Loss)/ profit attributable to:</b>			
- Equity holders of the company	<b>(1,656)</b>	<b>321</b>	NM
- Non-controlling interests	<u>13</u>	<u>12</u>	8.3

**Notes to income statements:**

	Group		% Increase/ Decrease
	S\$'000		
	30/09/2010	30/09/2009	
<b>(i) Other income:</b>			
Gain on disposal of Shareinvestor.com Holdings Pte Ltd	-	820	(100.0)
Gain on disposal of Delta Digital Limited	-	209	(100.0)
Allowance for impairment of other receivables written back	-	500	(100.0)
Borrowings no longer repayable	-	757	(100.0)
Gain on disposal of marketable securities	120	-	100.0
Others	<u>127</u>	<u>49</u>	159.2
	<u>247</u>	<u>2,335</u>	
<b>(ii) Included in other operating expenses are:</b>			
Fees relating to issuance of convertible notes and equity line	-	120	(100.0)
Provision relating to former employees disputes in Malaysia	211	-	100.0

NM - Not meaningful

**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	
	30/09/2010 S\$'000	31/03/2010 S\$'000	30/09/2010 S\$'000	31/03/2010 S\$'000
<b>Current assets</b>				
Cash and cash equivalents	1,305	2,339	556	931
Financial assets at fair value through profit or loss	-	43	-	43
Trade and other receivables	1,554	2,103	17	619
Due from joint venture company (non-trade)	140	148	-	295
Due from subsidiaries (non-trade)	-	-	1,162	-
Inventories	184	204	-	-
Other current assets	328	325	220	196
	<u>3,511</u>	<u>5,162</u>	<u>1,955</u>	<u>2,084</u>
<b>Non-current assets</b>				
Financial assets, available for sale	943	853	853	853
Investment in joint venture company	-	-	1,500	1,500
Property, plant and equipment	930	536	17	20
Intangible assets	750	750	-	-
	<u>2,623</u>	<u>2,139</u>	<u>2,370</u>	<u>2,373</u>
<b>TOTAL ASSETS</b>	<b><u>6,134</u></b>	<b><u>7,301</u></b>	<b><u>4,325</u></b>	<b><u>4,457</u></b>
<b>Current liabilities</b>				
Trade and other payables	3,149	2,800	690	786
Due to subsidiaries (trade)	-	-	557	442
Due to subsidiaries (non-trade)	-	-	2,239	1,926
Due to joint venture company (non-trade)	266	-	107	-
Borrowings, current portion	813	813	813	813
Convertible notes	-	150	-	150
Finance lease liabilities, current portion	10	17	-	-
	<u>4,238</u>	<u>3,780</u>	<u>4,406</u>	<u>4,117</u>
<b>Non-current liabilities</b>				
Finance lease liabilities (non-current portion)	-	3	-	-
<b>TOTAL LIABILITIES</b>	<b><u>4,238</u></b>	<b><u>3,783</u></b>	<b><u>4,406</u></b>	<b><u>4,117</u></b>
<b>NET ASSETS/ (LIABILITIES)</b>	<b><u>1,896</u></b>	<b><u>3,518</u></b>	<b><u>(81)</u></b>	<b><u>340</u></b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	109,762	109,761	109,762	109,761
Accumulated losses	(111,242)	(109,586)	(109,843)	(109,421)
Currency translation reserve	2,567	2,547	-	-
	<u>1,087</u>	<u>2,722</u>	<u>(81)</u>	<u>340</u>
Non-controlling interests	809	796	-	-
<b>TOTAL EQUITY</b>	<b><u>1,896</u></b>	<b><u>3,518</u></b>	<b><u>(81)</u></b>	<b><u>340</u></b>

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

**Amount repayable in one year or less, or on demand**

As at 30/09/2010		As at 31/03/2010	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	823	-	980

**Amount repayable after one year**

As at 30/09/2010		As at 31/03/2010	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	3

**Details of any collateral**

Not applicable.

**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 6 months ended	
	30/09/2010	30/09/2009
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Net (loss)/ profit	(1,643)	333
Adjustments for:		
Issue of employees' performance shares	-	58
Amortisation, depreciation and impairment	169	69
Allowance for impairment of other receivables written back	-	(500)
Borrowings no longer repayable	-	(757)
Gain on disposal of Shareinvestor.com Holdings Pte Ltd	-	(820)
Gain on disposal of Delta Digital Limited	-	(209)
Gain on financial assets at fair value through profit or loss	(120)	-
Property, plant and equipment written off	-	4
Interest income	-	(20)
Interest expense	1	6
	<b>(1,593)</b>	<b>(1,836)</b>
Changes in working capital, net of effects from disposal of subsidiaries		
Trade and other receivables	554	1,377
Inventories	20	19
Trade and other payables	615	(1,371)
<b>Cash used in operations</b>	<b>(404)</b>	<b>(1,811)</b>
Interest income	-	20
Interest paid	(1)	(6)
<b>Net cash used in operating activities</b>	<b>(405)</b>	<b>(1,797)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(563)	(22)
Purchase of financial assets, held-to-maturity	(90)	-
Proceeds from sale of Shareinvestor.com Holdings Pte Ltd	-	820
Proceeds from sale of Delta Digital Limited	-	209
Proceeds from sale of marketable securities	163	-
<b>Net cash (used in)/ generated from investing activities</b>	<b>(490)</b>	<b>1,007</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of unsecured convertible notes	-	4,000
Proceeds from issue of warrants	1	-
Repayment of lease obligations	(10)	(52)
Repayment of convertible notes	(150)	-
Placement of short-term bank deposits pledged to banks	(208)	-
<b>Net cash (used in)/ generated from financing activities</b>	<b>(367)</b>	<b>3,948</b>
Net (decrease)/ increase in cash and cash equivalents	(1,262)	3,158
Cash and cash equivalents at beginning of the financial period	2,314	1,367
Effects of currency translation on cash and cash equivalents	20	20
<b>Cash and cash equivalents at end of the financial period</b>	<b>1,072</b>	<b>4,545</b>
<b>Cash and cash equivalents comprise</b>		
Cash and bank balances	1,305	4,545
Less: Short-term bank deposits pledged to banks	(233)	-
	<b>1,072</b>	<b>4,545</b>

**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	Treasury Shares S\$'000	Currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non- Controlling Interests S\$'000	Total S\$'000
<b>The Group</b>							
<u>For the 6 months period ended</u>							
<u>30/09/2010</u>							
Balance at 01/04/2010	109,761	-	2,547	(109,586)	2,722	796	3,518
Issuance of shares	1	-	-	-	1	-	1
Total comprehensive income for the period	-	-	20	(1,656)	(1,636)	13	(1,623)
<b>Balance at 30/9/2010</b>	<b>109,762</b>	<b>-</b>	<b>2,567</b>	<b>(111,242)</b>	<b>1,087</b>	<b>809</b>	<b>1,896</b>
<u>For the 6 months period ended</u>							
<u>30/09/2009</u>							
Balance at 01/04/2009	112,679	(51)	2,703	(115,200)	131	772	903
Issuance of shares	4,243	-	-	-	4,243	-	4,243
Treasury shares re-issued as employees' performance shares	(36)	51	-	-	15	-	15
Total comprehensive income for the period	-	-	16	321	337	12	349
<b>Balance at 30/9/2009</b>	<b>116,886</b>	<b>-</b>	<b>2,719</b>	<b>(114,879)</b>	<b>4,726</b>	<b>784</b>	<b>5,510</b>
<b>The Company</b>							
<u>For the 6 months period ended</u>							
<u>30/09/2010</u>							
Balance at 01/04/2010	109,761	-	-	(109,421)	340	-	340
Issue of shares	1	-	-	-	1	-	1
Total comprehensive income for the period	-	-	-	(422)	(422)	-	(422)
<b>Balance at 30/09/2010</b>	<b>109,762</b>	<b>-</b>	<b>-</b>	<b>(109,843)</b>	<b>(81)</b>	<b>-</b>	<b>(81)</b>
<u>For the 6 months period ended</u>							
<u>30/09/2009</u>							
Balance at 01/04/2009	112,679	(51)	-	(109,557)	3,071	-	3,071
Issuance of shares	4,243	-	-	-	4,243	-	4,243
Treasury shares re-issued as employees' performance shares	(36)	51	-	-	15	-	15
Total comprehensive income for the period	-	-	-	967	967	-	967
<b>Balance at 30/09/2009</b>	<b>116,886</b>	<b>-</b>	<b>-</b>	<b>(108,590)</b>	<b>8,296</b>	<b>-</b>	<b>8,296</b>

**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.**

	<b>30/09/2010</b>	<b>30/09/2009</b>
<b>Number of shares</b>		
At beginning of the period	940,919,313	722,159,551
Issue of shares arising from conversion of warrants	14,000	-
Issue of shares arising from conversion of convertible notes	-	290,159,762
Transfer from treasury shares	-	765,000
Issue of shares pursuant to Performance Shares Plan	-	2,835,000
At end of the period	<u>940,933,313</u>	<u>1,015,919,313</u>
<b>Treasury shares</b>		
At the end of the period	<u>-</u>	<u>-</u>

	<b>30/09/2010</b>	<b>30/09/2009</b>
<b>Outstanding convertibles</b>		
Outstanding warrants convertible into ordinary shares	-	293,734,396
Outstanding convertible notes (a)	-	9,259,259

(a) Computed based on 90% of the average closing price from 2 to 8 September 2009 of S\$0.0162.

**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 treasure shares as at the end of the current financial period reported on.**

	<b>30/09/2010</b>	<b>30/09/2009</b>
<b>Treasury shares</b>		
At beginning of the period	-	765,000
Issued as performance shares	-	(765,000)
At end of the financial period	<u>-</u>	<u>-</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 computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 March 2010.

**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 financial period, the Group adopted the new/ revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010. 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 27 (Revised) Consolidated and Separate Financial Statements;
- FRS 103 (Revised) Business Combinations

The adoption of the above FRS did not result in any material change to the Group's accounting policies nor have any significant impact on the financial statements.

**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.**

	<b>30/09/2010</b>	<b>30/09/2009</b>
(Loss)/ earnings per share based on Group's loss after taxation		
- on weighted average number of shares	(0.18) cents	0.04 cents
- on a fully diluted basis	(0.18) cents	0.04 cents

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-  
(a) current financial period reported on; and  
(b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2010</b>	<b>31/03/2010</b>	<b>30/09/2010</b>	<b>31/03/2010</b>
Net asset value based on existing issued share capital as at the respective period	0.12 cents	0.29 cents	(0.01) cents	0.04 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

- (a) Publishing

For the 6 months ended 30 September 2010, the Group ceased publication of *Smart Investor*. The Group will monitor underperforming publications and continue to rationalize the publishing operations.

- (b) Food and beverage

During the period under review, the Area Master Franchise Agreement ("AMFA") with Tom N Toms Limited and KTNT Holdings Limited was terminated. The Group has since launched our own F&B brands *Romulus* and *Most Original Burgers* ("MOB").

*Romulus* is a cafe or a haven for people seeking a comfortable setting to enjoy a light meal or to simply catch up with an old friend – The Café where it all comes together. The Group secured franchisees for multiple outlets in both Singapore and Malaysia. Under the agreement, the Group will earn licensing fees and royalties. The franchisees have since opened one outlet in Singapore and Malaysia respectively and new outlets are expected to be opened in Singapore and Malaysia at the second half of the year.

The Group has launched and opened its first MOB restaurant, at Vivocity on May 2010. MOB is a fast-casual restaurant that offers all-day dining.

#### Revenue

Revenue for the 6 months ended 30 September 2010 increased by 24.2% to S\$2.98 million from S\$2.40 million in the prior year period mainly due to contributions from our food and beverage division and also events held during the 6-month period.

#### Loss attributable to shareholders

Loss attributable to shareholders for the period under review was S\$1.6 million as compared to the profit of S\$0.3 million for the prior year period ended 30 September 2009. The loss during the period was due to the following:

- o Provision for an amount of S\$0.21 million arising from labour disputes with former employees in one of our Malaysian subsidiaries. These employees terminated their services with the subsidiary during the period from 1999 to 2001. The subsidiary is appealing the amounts that were awarded by the Industrial Court; and
- o Start-up losses from our F&B business and costs incurred by the Company.

In comparison, the following amounts were recorded in the prior corresponding period:

- o A gain on the disposal of Shareinvestor.com Holdings Pte Ltd amounting to S\$0.82 million.
- o A gain on the disposal of Delta Digital Limited ("DDG") amounting to S\$0.21 million. DDG was disposed by the Company in FY 2010.
- o An amount of S\$0.76 million written back pursuant to the convertible loan no longer repayable to YA Global.
- o 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.

## Balance sheet

During the period, the Group's Net Asset Value decreased to S\$1.9 million from S\$3.5 million in the beginning of the year.

The decrease in trade and other receivables is due mainly to the monies received from Zenna Overseas Limited amounting to S\$0.6 million.

The increase in trade and other creditors is due mainly to the accrual of expenses relating to former employees of one of our Malaysian subsidiary.

The decrease in borrowings is due to the repayment of convertible notes amounting to S\$0.15 million.

During the period, the Group's working capital was negative S\$0.7 million. However, the Company has completed a subscription agreement for 100 million ordinary shares with 50 million free unlisted warrants in October 2010. The subscription of 100 million shares raised about S\$1.2 million for the Group.

## Cash-flow

Cash and cash equivalents as at end of period was S\$1.3 million as compared to S\$2.3 million at the beginning of the period.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

N/A.

**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.**

We will continue to rationalize our publishing operations and seek opportunities to expand our F&B operations. Concurrently, we will seek to diversify our revenue base into other businesses in order to accelerate the development and expansion of the Group with the view to provide the Group with a stable foundation going forward.

**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/recommendeded, a statement to that effect**

No dividend has been declared or recommended during and for the six months ended 30 September 2010.

**13. Negative assurance**

We, Ricky Ang Gee Hing and Tan Choon Wee, being two directors of The Lexicon Group Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the six months ended 30 September 2010 to be false or misleading.

For and on behalf of the Board

(signed)  
Ricky Ang Gee Hing  
Executive Vice-Chairman  
and Managing Director

(signed)  
Tan Choon Wee  
Executive Director

**BY ORDER OF THE BOARD**

**Ricky Ang Gee Hing  
Executive Vice-Chairman and MD  
12 November 2010**