The Lexicon Group Limited

Annual Report 2007

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07 Francis Xavier, Independent Director
08 Yang Guowei, Independent Director

NOMINATING COMMITTEE

Tjio Kay Loen, Chairman
Jeffrey Tan Boon Khiong, Member
Kevin Low Ka Choon, Member

REMUNERATION COMMITTEE

Tjio Kay Loen, Chairman
Jeffrey Tan Boon Khiong, Member
Francis Xavier, Member

AUDIT COMMITTEE

Jeffrey Tan Boon Khiong, Chairman
Francis Xavier, Member
Tjio Kay Loen, Member

COMPANY SECRETARY

Tan Min-Li

REGISTERED OFFICE

36 Carpenter Street
Singapore 059915
Tel: (65) 6323 8383
Fax: (65) 6323 8282

Company Registration No. 199407135Z

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
8 Cross Street #11-00
PWC Building
Singapore 048424

AUDITORS

Nexia Tan & Sitoh
5 Shenton Way #23-03
UIC Building
Singapore 068808
Partner-in-charge: Henry SK Tan
(Appointment on 27 April 2007)

SOLICITORS

Colin Ng & Partners
36 Carpenter Street
Singapore 059915

PRINCIPAL BANKERS

DBS Bank Limited
Malayan Banking Berhad
United Overseas Bank Limited

BOARD OF DIRECTORS

LOW SONG TAKE, HONORARY CHAIRMAN

Mr Low was one of the original founders and investors of then Panpac Media Group Ltd, and has guided the Company as Director and Non-Executive Chairman. He is also Executive Chairman of International Press Softcom Ltd (IPS), a company he co-founded in the late 1960's. Mr Low has been in the printing industry for more than 40 years.

RICKY ANG – EXECUTIVE VICE-CHAIRMAN & MANAGING DIRECTOR

Mr Ricky Ang is the Executive Vice-Chairman and Managing Director of the Company. Prior to founding the Company, Mr.Ang was CEO of HB Media Holdings, a media company he helped established in early 1993. Before that, he was Senior Vice President at Times Publishing Limited, where he was head of its printing division and was instrumental in expanding its printing business worldwide, with manufacturing facilities in Malaysia, Hong Kong, and the United Kingdom and sales offices in New York, San Francisco, London and Sydney. A graduate of London's College of Printing, Mr.Ang has been in the printing and publishing industry for more than three decades, and was for several years Chairman of the TDB-sponsored, Printing and Publishing Advisory Council.

TAN CHOON WEE – EXECUTIVE DIRECTOR

Mr. Tan was formally a Director in Advance Capital Partners Private Limited, a financial advisory company. Prior to that, he was Head of Sales and Dealing at RHB Securities Sdn Bhd, Malaysia. Mr Tan has held several management positions in Banking and Stockbroking firms since 1991.

KEVIN LOW – NON-EXECUTIVE DIRECTOR

Mr Low is the eldest son of Mr Low Song Take. He is the Managing Director of International Press Softcom Ltd (IPS). A Bachelor of Law (Hons) graduate from the National University of Singapore, Mr Low practiced as a lawyer at a leading law firm in Singapore prior to joining the media industry in 1995.

BOARD OF DIRECTORS

JEFFREY TAN – INDEPENDENT DIRECTOR

Mr Jeffrey Tan has more than 30 years experience in printing & publishing, and was with SNP Corporation Ltd (formerly known as Singapore National Printers) for 25 years, eventually holding the position of President of the SNP group of companies. He turned the company around in 1982 when he was appointed the General Manager of then Singapore National Printers Pte Ltd. SNP became the first company to be listed on the Sesdaq. He holds a Bachelor's degree in Accountancy from the University of Singapore and attended the Harvard Business School in 1996. Over the years, Mr Tan has served on various public committees. He was the Chairman for the Trade & Development Board's Printing and Publishing Advisory Committee for two years, Chairman of the ASEAN Printing Club and President of the Masters Printers Association. At present, he is the Advisor to the Chairman of Markono Print Media and concurrently Managing Director for Sales & Marketing of Journals.

TJIO KAY LOEN – INDEPENDENT DIRECTOR

Mr Tjio reads Mathematics at the University of Singapore. He had spent more than 20 years with major international and local banks, including Bank of America and OCBC Bank, before joining a major vegetable oil and oleochemical company in Malaysia in the late 1980s.

FRANCIS XAVIER – INDEPENDENT DIRECTOR

Mr Xavier is partner of Rajah & Tann since November 1998 and heads the Commercial Litigation Practice Group since December 1998. Mr Xavier is a member of the Executive Committee of Rajah & Tann since January 1997. Mr Xavier is also the Council Representative of the Professional Indemnity Committee since 2006 and a member of the Disciplinary Committee of the Law Society since 2005. Mr Xavier graduated from National University of Singapore with a Second Upper Class Honours Degree and was admitted as an advocate and solicitor of the Supreme Court of Singapore in May 1989 and solicitor of the Supreme Court of England and Wales in September 2001.

CHAIRMAN'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 March 2007 ("FY2007"), The Lexicon Group embarked on important initiatives that would drive our revenue and earnings prospects forward in the coming years. Firstly, we initiated a strategic rationalisation programme to refocus our businesses in the regional multi-media space. This led to the divestment of our loss making operations in Greater China and the diversification of our revenue and earnings streams to include new media platforms such as mobile and digital media. Secondly, we made certain strategic acquisitions to improve our cash position. Through these initiatives, we emerge leaner, fitter and better positioned to drive our growth, improve our financial performance and return to profitability in the coming year. In the following report, I am pleased to share with you the Company's latest performance and recent strategic acquisitions in FY2008 that will fuel our growth in the years ahead.

Divestment of Greater China operations

As part of the strategic rationalisation programme, we divested all our loss-making investments in Greater China.

In December 2006, we entered into a shares Sale and Purchase agreement to divest 100% of our interests in Caijing Advertising Development Corporation Limited and its subsidiaries and Optima Media International Limited and its subsidiaries to Sun Media Investment Holdings Limited ("SMIH") and Sun 3C Media Plc for an aggregate consideration of US$10.76 million.

In addition, we entered into a separate agreement with SMIH to divest our entire stake in Wide Angle Press Limited for the entire issued share capital in Lifestyle Magazines Publishing Pte Ltd, a magazine publisher in Singapore.

Further in March 2007, we entered into a shares Sale and Purchase agreement with Nextmart Inc ("Nextmart", formerly known as Sun New Media Inc) to divest our Greater China holding company, The Observer Star Global Publishing Holdings Limited, for a nominal consideration. Nextmart will issue 6.9 million shares to the Group pursuant to an agreement dated 21 November 2005 entered into between the Company and Nextmart.

The Greater China operations have been loss making and was a strain on the financial resources of the Group. These transactions have since been completed.

In line with the divestments, China-based directors, Dr Bruno Wu, Ms Yang Lan and Mr You Susheng, stepped down from the Company's Board in December 2006. SMIH also divested its stake in the Company in December 2006 while Nextmart divested its stake in March 2007. With the divestments by both SMIH and Nextmart, SMIH has ceased to be a shareholder in the Company.

Acquisition of Shareinvestor.com Holdings Pte Ltd ("SIH.com")

In March 2007, the Company acquired the 25% stake in SIH.com that it previously sold to Asia Network Technologies Limited in December 2004. The acquisition will strengthen our financial position.

Strong Cash Position

During the financial year, the Group converted some of our investments in Nextmart to cash to fund the expansion of our core businesses. Our strong cash position is evident in our cash and marketable securities of $28.5 million as at March 31, 2007.

Growing Asian Footprints through Acquisitions

The Company acquired Delta Digital Limited ("DDG") in June 2007 for US$4.5 million and will inject US$1 million into DDG for working capital purposes. DDG has entered into commercial arrangements with Beijing Shi Tong Tian Xia Information Technology Co., Ltd ("STTX"). Under the agreement, the vendors of DDG have provided an EBITDA guarantee on STTX of at least US$1.5 million each year for two years from the completion date.

The Lexicon Group will benefit strongly from this acquisition as STTX has established partnerships with Xinhua News Agency ("Xinhua"), China.com.cn and Beijing Youth Daily to provide "push" News services in China. Currently STTX is the only service provider appointed by Xinhua and China.com.cn to aggregate and provide news content via "push" news methodology to mobile phone users. As a recognised partner of China Mobile, STTX is allowed to nationwide mobile news services in China. Apart from China, STTX is seeking to partner Xinhua to provide similar services in key South East Asian markets.

The Company also entered into a conditional agreement to acquire Sandz Solutions (Singapore) Pte Ltd ("Sandz") for an aggregate consideration of S$36 million. Under the terms of the agreement, the vendors of Sandz will provide a profit guarantee of S$4 million for each of the financial years in FY2008 and FY2009. Sandz is a pan-Asian regional enterprise business solutions provider offering the industry's most advanced products and providing professional services in Information Technology.

Sandz has alliances with leading IT companies such as EMC, IBM, SGI, HP, Oracle, Quantum, Hyperion, Autodesk and Network Appliances. It specialises in enterprise IT solutions which include enterprise storage, high-performance computing, digital media & visualization and business performance management.

The acquisitions of DDG and Sandz are earnings accretive and in line with our overall strategy to diversify our revenue and earnings stream to include new media platforms and extend our geographical reach. The Group will have a substantial pan-Asia presence in Singapore, Malaysia, Indonesia, Philippines and China. Both the acquisitions will provide the Group with an aggregate guaranteed Profit After Tax in excess of $6 million on an annualised basis for each of the financial years FY2008 and FY2009. This will improve our profitability in the years ahead and drive our future growth.

Appreciation

I would like to thank my Board members for their invaluable contributions. Credit must also go to Dr Bruno Wu, Ms Yang Lan and Mr You Su Sheng for their contributions during their tenure as Directors of the Company. Certainly, the execution of our strategic plans would not have been possible without the commitment of our management and staff. Thus, I would like to honour the contributions of all our employees. To our business partners, customers and suppliers, I would like to record our appreciation for your strong support.

Finally, I would like to thank all our shareholders for your confidence in the Company. We look towards your continuing support to help us attain our vision to be a leading regional multi-media group.

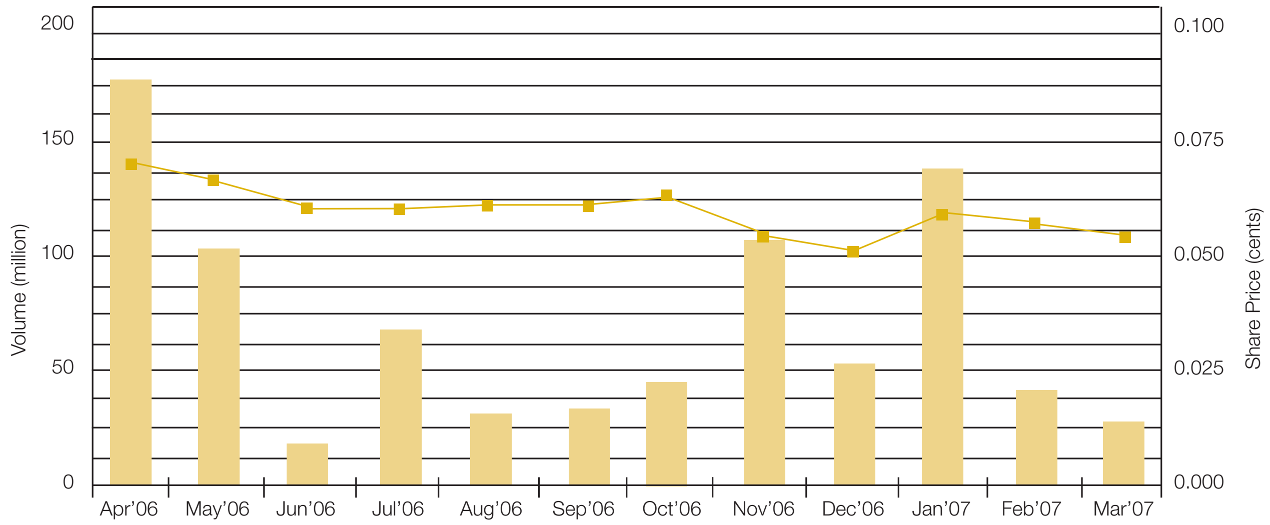
Ricky Ang
Vice-Chairman & Managing Director
11 July 2007

FINANCIAL HIGHLIGHTS

Year	Revenue* S$'000	Profit/(Loss) attributable to shareholders S$'000	Earnings/(Loss) Per Share Cents
FY 1997	8,897	327	NA#
FY 1998	20,641	2,703	3.26
FY 1999	14,636	(2,844)	(2.06)
FY 2000	14,513	(11,610)	(6.18)
FY 2001	16,917	(27,653)	(13.81)
FY 2001**	10,402	210	0.10
FY 2002	14,698	(4,382)	(1.66)
FY 2003@	21,390	(5,380)	(1.32)
FY 2004	106,898^^	72,191	15.82
FY 2006^	49,160^^	(30,431)	(4.06)
FY 2007	9,026^^	(102,244)	(10.53)

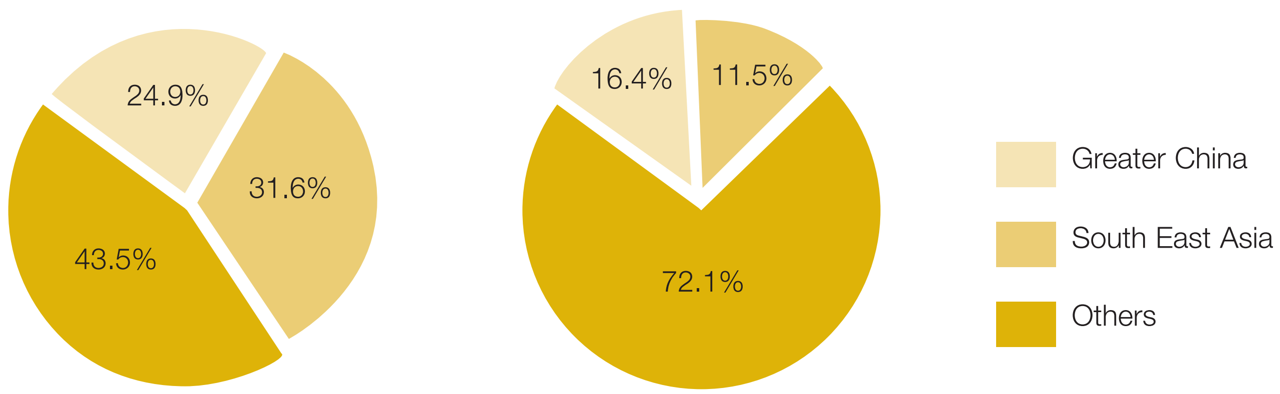
\# Converted to public listed company on 8 July 1998
* Including other income
** Results are for a 9-month period
Company changed its year end to 31 December with effect 31 December 2001
@ Restated
^ Results are for a 15-month period
Company changed its year end to 31 March with effect 31 March 2006
^^ Revenue excludes discontinued operations

Share Price & Total Monthly Volume



Segmental Performance

Revenue** by Geographical Region



2007
S$11.8 million

2006
S$61.0 million

Revenue** by Business Division

	March 2007# S$ million	March 2006*# S$ million
Publishing & Events Management	3.6	4.7
HQ & Investments	5.5	44.4
Discontinued Operations	2.8	11.8

Operating Loss by Business Division

	March 2007# S$ million	March 2006*# S$ million
Publishing & Events Management	(0.4)	(1.6)
HQ & Investments	(85.3)	(20.2)
Discontinued Operations	(16.5)	(8.9)

* Results are for a 15-month period
** Including other income
\# Refer to Note 26

Staff Strength

	01 Apr 2006	31 Mar 2007
HQ	9	9
Publishing & Events Management	215	58
Greater China	167	16
Singapore and Malaysia	48	42
Technology	4	3
DIS	4	3
Total	228	70

MANAGEMENT TEAM

Mr Cyril Pereira, Consultant & Chairman, Publishing Committee, is the current chairman of the Society of Publishers in Asia, a 23-year industry organization. Mr Pereira left the Hong kong based South China Morning Post (SCMP) in April 2001, as Director, Newspaper Operations, after a 15-year career. Mr Pereira runs his own media consultancy practice based in Hong Kong.

Ms Swee Mei Lan, Personal Assistant to MD and Chief HR Officer has been with the Group since 1998, and is responsible for overseeing the Group's HR and administration matters. She has been in the magazine publishing industry for the last 18 years.

Ms Ng Hwee Ling is the Chief Financial Officer of the company. Ms Ng is responsible for overseeing the Group's financial and management accounting, and payroll matters. Prior to joining the Group, she was an Auditor with an international public accounting firm. Ms Ng is a Certified Public Accountant and holds a Bachelor of Accountancy degree (Hons) from the Nanyang Technological University.

Mr Mohd Azhar Khalid is the President, Singapore Publishing. Concurrently, he is also the Publisher/Managing Editor of Smart Investor Pte Ltd, a subsidiary of the Group. Prior to joining in April 2005, Mr Azhar was a Financial Correspondent with The Straits Times, a position he held since 2000. He was previously a licensed Fund Manager in an asset management firm based in Kuala Lumpur, and had been the General Manager of a savings and loan co-operative society in Singapore. He holds a Masters degree in Accounting from the University of Queensland, Australia, and a Master of Social Sciences (Economics) from the National University of Singapore. Upon graduation, Mr Azhar worked as a Senior Equities Research Executive at a local financial information company.

Ms Chong Chye Wan is the President, Malaysia Publishing in charge of the day-to-day management of the Group's operations in Malaysia. Ms Chong started her career as an Auditor with an international public accounting firm based in Kuala Lumpur and moved on to join several Malaysian public listed companies in their finance departments. She is a Certified Public Accountant and holds a Bachelor of Accounting degree (Hons) from the University of Malaya.

Ms Lynnette Lim is the President, International Publishing. She is in charge of the launching of several titles in key cities in China. WINE & DINE magazine was launched in Shanghai in 2005. REAL TIME annual was launched in 2006, and CALIBRE HAUTE HORLOGERIE magazine will be launched in 2007. Ms Lim is in charge of the day-to-day management of the Group's publishing operations in Shanghai and Beijing. She holds a Bachelor of Commerce (Marketing) degree from the Curtin University of Technology, Western Australia. Upon graduation in 1998, Ms Lim started her career in publishing, and joined the Group as the Marketing and Sales Manager of SMART INVESTOR magazine.

Ms Norlindah Sumaidi is the Vice President, Sales & Marketing. Ms Norlindah is responsible for overseeing the Group's print media sales and marketing efforts. She has over 10 years working experience in the advertising and media industry.

Mr Koh Yap Sing is the Operations Director of the Mobile Division and is responsible for the overall operation of the division. He has extensive experience in the technology-oriented industries. Mr Koh graduated from the Nanyang Technological University, Singapore with a Bachelor of Engineering degree.

CORPORATE GOVERNANCE

The Board of Directors ("the Board") of The Lexicon Group Limited (formerly known as "Sun Business Network Ltd.") recognises the significance of sound corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting. It is committed to maintaining a high standard of corporate governance within the Group based on which its operations, businesses and strategies are directed and controlled.

The main corporate governance practices adopted by the Company and the Group are outlined below.

Board Matters

(1) Board's Conduct of its Affairs

The Board holds meetings on a regular basis throughout the year to review and approve the Group's major strategic plans as well as major investments, disposals and funding matters. The Board is also responsible for the overall corporate governance of the Group. Ad-hoc meetings are also held when the need arises. Attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings are as follows:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Low Song Take	5	4	–	–	–	–	1	1
Bruno Zheng Wu [1]	5	1	–	–	–	–	–	–
Ricky Ang Gee Hing	5	5	–	–	1	1	–	–
Kevin Low Ka Choon	5	3	2	1	–	–	–	–
Yang Lan [1]	5	–	–	–	–	–	–	–
Jeffrey Tan Boon Khiong	5	4	2	2	1	1	1	1
Richard Tan Tew Han [2]	5	3	2	2	1	1	1	1
Vincent Cyril Demitrius Pereira [3]	5	2	–	–	–	–	–	–
You Susheng [1]	5	–	–	–	–	–	–	–
Yang Guowei	5	–	–	–	–	–	–	–
Tan Choon Wee [4]	5	1	–	–	–	–	–	–
Tjio Kay Loen [5]	5	–	–	–	–	–	–	–
Francis Xavier [6]	5	–	–	–	–	–	–	–

Notes:
[1] Dr Bruno Zheng Wu, Ms Yang Lan and Mr You Susheng all resigned on 4 December 2006.
[2] Mr Richard Tan Tew Han resigned on 24 November 2006.
[3] Mr Vincent Cyril Demitrius Pereira resigned on 16 March 2007.
[4] Mr Tan Choon Wee was appointed as a Non-Executive Director on 5 December 2006 and as an Executive Director on 2 July 2007.
[5] Mr Tjio Kay Loen was appointed as an Independent Director on 18 January 2007.
[6] Mr Francis Xavier was appointed as an Independent Director on 2 July 2007.

All the Directors are updated regularly on changes in company policies, Board processes, corporate governance and best practices.

(2) Board Composition and Balance

The Board comprises two Executive directors, two Non-Executive directors and four Independent directors. Key information regarding the directors can be found under the "Corporate Information" section of this annual report. The Nominating Committee reviews the independence of each director annually.

The Nominating Committee is of the view that the current Board, with more than half of its composition made up of Independent Directors and Non-Executive Directors, exhibits a level of independence that sufficiently enables the Board to exercise objective judgment on corporate affairs independently from the management. The Nominating Committee is also of the view that no individual or small groups of individuals dominate the Board's decision-making processes.

The Board is of the view that the size of the current board, comprising eight directors is appropriate, with reference to the scope and extent of the Group's operations. The Board also considers that its composition of Independent Directors and Non-Executive Directors provide an effective Board with a mix of knowledge, business contacts and successful business and commercial experience. This balance is important in ensuring that the strategies proposed by the executive management are fully discussed and examined, taking into account the long term interests of the Group.

(3) Role of Chairman and Managing Director

The positions of Chairman and Managing Director are kept separate to ensure an appropriate balance of power and authority.

The Managing Director, Mr Ricky Ang Gee Hing, who is also the Executive Vice-Chairman of the Company, has full executive responsibilities over business directions and operational decisions of the Group. The Audit Committee reviews all major decisions made by the Managing Director. The Nominating Committee periodically reviews his performance and his appointment to the Board and the Remuneration Committee periodically reviews his remuneration package.

CORPORATE GOVERNANCE

Mr Low Song Take, who is the Honorary Chairman of the Company, is primarily responsible for the effective working of the Board. He ensures (with the help of the Company Secretary) that board meetings are held when necessary. The agenda of board meetings is set by the Managing Director and approved by the Chairman. The Chairman and the Managing Director reviews most Board papers before they are presented to the Board and ensures that the Board members are provided with complete, adequate and timely information.

(4) Board Membership
We believe that Board renewal must be an on-going process, to ensure good corporate governance and to maintain relevance to the business as well as changing needs of the Company. Our Articles of Association require one-third of our Directors (excluding the Managing Director) to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM") such that no director stays in office for more than three years without being re-elected by shareholders.

The Nominating Committee comprises Messrs Tjio Kay Loen (an Independent Director), Jeffrey Tan Boon Khiong (an Independent director) and Kevin Low Ka Choon (a Non-Executive Director). Mr Tjio Kay Loen, an Independent Director, is the Chairman of the Nominating Committee. The Nominating Committee is responsible for (i) re-nomination of the Directors having regard to the Directors' contribution and performance, (ii) determining annually whether or not a Director is independent and (iii) deciding on whether or not a Director is able to and has been adequately carrying out his duties as a director.

(5) Board Performance
The Nominating Committee uses its best efforts to ensure that directors appointed to the Board possess the relevant background, experience and knowledge and that each director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Directors, collectively and individually, undertake a formal review of the Board's performance collectively and individually on an annual basis. The Nominating Committee also reviews the Board's performance informally with inputs from the other Board members and the Managing Director.

(6) Access to Information
In order to ensure that the Board is able to fulfill its responsibilities, management is required to provide adequate and timely information to the Board on Board affairs and issues that require the Board's decision as well as ongoing reports relating to operational and financial performance of the Company and the Group. Whenever appropriate, senior managers who can provide additional insight in the matters to be discussed are invited to attend during the Board meeting. Generally, the company secretary attends board meetings.

The Board has separate and independent access to the senior management and the Company Secretary at all times. Where necessary, the Company will, upon the request of directors (whether as a group or individually), provide them with independent professional advice, at the Company's expense, to enable them to discharge their duties.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company, Board of Directors, Board committees and the executive committee.

Remuneration Matters

(7) Procedures for Developing Remuneration Policies
(8) Level and Mix of Remuneration
(9) Disclosure on Remuneration
The function of the Remuneration Committee is to review the remuneration of the executive Directors of the Company and to provide a greater degree of objectivity and transparency in the setting of remuneration.

The Remuneration Committee comprises Messrs Tjio Kay Loen (an Independent Director), Jeffrey Tan Boon Khiong (an Independent Director), and Francis Xavier (an Independent Director). Mr Tjio Kay Loen, an Independent Director, is Chairman of the Remuneration Committee.

The Remuneration Committee reviews and recommends to the Board, in consultation with management, a framework for all aspects of remuneration. The Remuneration Committee also determines the specific remuneration packages and terms of employment for each of the executive Directors of the Company including those employees related to the executive Directors and controlling shareholders of the Company as well as the senior executives. The recommendations of the Remuneration Committee should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the Remuneration Committee.

The Remuneration Committee has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the Remuneration Committee takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual directors. No Director will be involved in deciding his own remuneration.

The Executive Directors have entered into a service agreement with the Company. The service agreement covers the terms of employment, specifically salary and other benefits. The remuneration of Non-Executive Directors should be determined by his contribution to the Company, taking into account factors such as effort and time spent as well as his responsibilities on the Board. The Board will recommend the remuneration of the Non-Executive Directors for approval at the AGM.

Directors' Remuneration

Our Executive Director's remuneration consists of salary, allowances and bonuses. Directors' fees for independent Directors and Non-Executive Directors are subject to approval of shareholders at the AGM.

The band of remuneration of each individual Director for the financial year under review are as follows:-

Name	Director's Fees (S$)	Exceeding S$500,000	S$250,000 to $500,000	Up to S$250,000
Low Song Take	16,000			✓
Bruno Zheng Wu [1]	–			✓
Ricky Ang Gee Hing	17,000		✓	
Kevin Low Ka Choon	15,000			✓
Yang Lan [1]	–			✓
Jeffrey Tan Boon Khiong	29,000			✓
Richard Tan Tew Han [2]	19,000			✓
Vincent Cyril Demitrius Pereira [3]	14,700			✓
You Susheng [1]	–			✓
Yang Guowei	–			✓
Tan Choon Wee [4]	5,000			✓
Tjio Kay Loen [5]	3,750			✓
Francis Xavier [6]	–			

Notes:
[1] Dr Bruno Zheng Wu, Ms Yang Lan and Mr You Susheng all resigned on 4 December 2006.
[2] Mr Richard Tan Tew Han resigned as an Independent Director on 24 November 2006.
[3] Mr Vincent Cyril Demitrius Pereira resigned on 16 March 2007.
[4] Mr Tan Choon Wee was appointed as a Non-Executive Director on 5 December 2006 and as an Executive Director on 2 July 2007.
[5] Mr Tjio Kay Loen was appointed as an Independent Director on 18 January 2007.
[6] Mr Francis Xavier was appointed as an Independent Director on 2 July 2007.

The level and mix of the annual remuneration of Executive Directors are set out below:

Name	Salaries %	Bonuses %	CPF %	Allowances & Others %
Bruno Zheng Wu [1]	–	–	–	–
Ricky Ang Gee Hing	77.78	6.48	0.81	14.95
Tan Choon Wee [2]	–	–	–	–

Notes:
[1] Dr Bruno Zheng Wu resigned on 4 December 2006.
[2] Mr Tan Choon Wee was appointed as a Non-Executive Director on 5 December 2006 and as an Executive Director on 2 July 2007.

Remuneration of Key Employees

Details of remuneration paid to the top five executives, in terms of remuneration (who are not Directors of the Company) for the financial year are set out below. For competitive reasons, the Company is only disclosing the band of remuneration of each executive for the financial period under review: -

Name	Exceeding S$500,000	S$250,000 to S$500,000	Up to S$250,000
Agatha Koh Brazil			✓
Mohd Azhar Khalid			✓
Steven Lee Yen San			✓
Swee Mei Lan			✓
Teoh Lo Hai			✓

Ms Alison Ang, Business Development Manager is the daughter of Mr Ricky Ang. Except as disclosed, there are no employees in the Group who are immediate family members of any Director or controlling shareholder of the Company.

Accountability and Audit

(10) Accountability

The Board continues to be accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

(11) Audit Committee

The Audit Committee is made up of three Independent Directors and who possess appropriate accounting experience and/or related financial management expertise. Mr Jeffery Tan Boon Khiong an Independent Director, chairs the Audit Committee. The other members of the Audit Committee are Mr Tjio Kay Loen, an Independent Director and Mr Francis Xavier, an Independent Director.

CORPORATE GOVERNANCE

The Audit Committee holds periodic meetings and primarily carries out the following functions together with the executive Directors and external auditors:-

a) Reviews the audit plans set forth by the external auditors, evaluates the report issued by the external auditors from their examination of the Company's internal and accounting controls system;
b) Reviews the operating results of the Group and Company, accounting policies and assistance given by the management to external auditors;
c) Reviews the financial statements of the Group and Company before submission to the Board;
d) Reviews all interested persons' transactions; and
e) Nominates the external auditors for reappointment.

The Audit Committee has full access to and full co-operation of the management. The Audit Committee also has the power to conduct or authorize investigations into any matters within its terms of reference. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has reviewed the external auditors' non-audit services to satisfy itself that the nature and extent of such services has not prejudiced the independence and objectivity of the external auditors.

The Audit Committee recognizes the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration.

(12) Internal Controls
The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. During the year, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the internal control system put in place by the management and is satisfied that there are adequate internal controls in the Company. The Directors regularly review the effectiveness of all internal controls, including operational controls.

(13) Internal Audits
The Chief Financial Officer heads the Internal Audit ("IA") team. She oversees and carries out the functions of internal audits, including the running of a robust and timely process of identifying and evaluating business risks, controls over cash flows and preparing timely reports and communications to the various committees, such as audit matters to the Audit Committee and administrative and operational matters to the Board.

As part of the procedures to ensure adequacy of the internal audit function, the Audit Committee reviews the IA's activities and processes on a half yearly basis.

Communication with Shareholders

(14) Communication with Shareholders
(15) Greater Shareholder Participation
We believe in regular and timely communication with shareholders as part of our organisation's development to build systems and procedures that will enable us to operate globally.

In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act (Cap 50, Singapore), the Board's policy is that all shareholders should be equally and timely informed of all major developments that will or expect to impact the Company or the Group.

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is circulated to all shareholders of the Company, together with explanatory notes or a circular on items of special business (if necessary), at least 14 working days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees.

Interested Person Transactions (IPT)

The Company has established a procedure for recording and reporting interested person transactions. Details of significant interested person transactions for the financial ended 31 March 2007 are set out below:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S$100,000)
Bruno Zheng Wu Yang Lan Nextmart Inc (formerly known as Sun New Media Inc) Sun 3C Media PLc	$16.6 million (1)	NA
Bruno Zheng Wu Yang Lan Sun Media Investment Holdings Limited	S$NA (2)	NA

(1) The transaction relates to the sale of 100 shares in Caijing Times Advertising Development Corporation Ltd and 1 share in Optima Media International Ltd. Shareholders' approval for the transaction was obtained at an extraordinary general meeting held on 27 April 2007.
(2) The transaction relates to the sale of 9,184 shares in Wide Angle Press Limited in exchange for 2,152,000 shares in Lifestyle Magazines Publishing Pte Ltd. Shareholders' approval for the transactions was obtained at an extraordinary general meeting held on 27 April 2007.

Material Contracts

Save as disclosed in the interested person transactions section, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Directors or controlling shareholders, which are either subsisting at the end of the financial year, or if not than subsisting, entered into since the end of the previous financial year.

The Material Contracts entered into by the Company during the financial year in review are as follows:

1. On 8 May 2006, the Company announced that it has acquired (the "Acquisition") 2,350 ordinary shares constituting 2.35% of the issued and paid-up share capital of Asia Media Pte. Ltd. from Mr Tan Kian Jin and Mr Kwek Thiam Chong for a total cash consideration of S$2,350.00. Pursuant to the Acquisition, the Company holds 76.45% of the issued and paid-up share capital of Asia Media Pte. Ltd.

2. On 15 May 2006, the Company entered into a Placement Agreement (the "Placement agreement") with UOB Kay Hian Private Limited ("UOBKH") and a Subscription Agreement (the "Subscription Agreement") with International Press Holdings Pte Ltd ("IPH"). Under the terms of the Placement Agreement, UOBKH will procure purchasers on a best endeavour basis, for an aggregate of up to 30 million existing ordinary shares at S$0.07 each in the capital of the Company owned by IPH. Pursuant to the terms of the Subscription Agreement, the Company will allot and issue 30 million new ordinary shares to IPH.

3. On 4 July 2006, the Company announced that its 20.5% associate, Asia Network Technologies Limited had through its subsidiary, Asia Multimedia Technologies Limited successfully completed the sale of the rights of use of the fibre optic network on perpetuity to Sun TV Shop Limited. The Group will receive 49,068,758 Sun 3C Media Plc ("S3C", formerly known as Sun TV Shop Plc) which is listed on London's Alternative Investment Market on 7 July 2006. The Company also entered into a sale and purchase agreement with Alqueria Industrial Limited on 4 July 2006 for the sale of 3,000,000 S3C shares at 20p each which lapsed on 15 March 2007 as certain conditions precedent were not met.

4. On 1 December 2006, the Company and its wholly owned subsidiary, The Observer Star Global Publishing Holdings Limited ("OSGPH") entered into a sale and purchase agreement with Sun Media Investment Holdings Limited ("SMIH") to divest 9,184 shares in Wide Angle Press Limited ("WAP") held by OSGPH to SMIH in exchange for 2,152,000 shares representing the entire paid up and issued capital of Lifestyle Magazines Publishing Pte Ltd.

   In addition, the Company and OSGPH entered into a sale and purchase agreement "CJO Divestment Agreement") with SMIH and S3C for the divestment of the Group's 100 shares in Caijing Times Advertising Development Corporation Ltd ("Caijing") and 1 share in Optima Media International Ltd ("Optima") for an aggregate consideration of 1.6 million Nextmart shares and 22 million S3C shares. Under the terms of the CJO Divestment Agreement, the Company and OSGPH undertakes to assume the net trade and other payables, net of trade and other receivables outstanding as at 31 October 2006 in the books of Caijing, Optima and their subsidiaries amounting to US$0.23 million (about S$0.36 million). Consequently, the consideration paid by S3C will be reduced by 600,000 S3C shares accordingly.

5. On 11 December 2006, the Company announced that its wholly owned subsidiary, G-Mobile Pte Ltd ("G-Mobile") entered into a Heads of Agreement with the vendor of Maestro Mind International ("MMI") to purchase the entire interests in MMI and with a vendor of PT Monstermob Indonesia ("PTMI") for a grant of an option to purchase 5% interests of PTMI respectively for a consideration of US$6.2 million.

   On 4 January 2007, G-Mobile entered into a revised Heads of Agreement with Mr Steven Christian ("Seller 1") and Eka Wiharto ("Seller 2"). Under the revised Heads of Agreement, G-Mobile will acquire 84.2% of the issued capital of MMI for a purchase consideration of US$4.96 million. Seller 1 will grant to G-Mobile a call option to buy from Seller 1, and G-Mobile will grant to Seller 1 a put option to sell to G-Mobile, Seller 1's remaining 15.8% interest in the issued share capital of MMI at a price equivalent to 4 times the net profit after tax of PTMI (as reflected in PTMI's latest financial audited report at the time of exercise of the option). Seller 2 will grant to G-Mobile a call option to buy from G-Mobile, and G-Mobile shall grant to Seller 2 a put option to sell G-Mobile, a "20 years freely assignable call option" at 4 times the NPAT of PTMI (as reflected in PTMI's latest financial audited report at the time of exercise of the option). The "20 years freely assignable call option" is a call option granted to G-Mobile to purchase Seller 2's 5% interest in the issued capital of PTMI for a consideration of US$1.

   On 16 February 2007, G-Mobile and the Sellers entered into a Sales and Purchase Agreement which was mutually terminated with effect from 8 May 2007.

6. The Company entered into a Series A Convertible Loan Agreement with Cornell Capital Partners Offshore, LP ("Cornell") on 16 February 2007 (the "Cornell CLA").

   Pursuant to the Cornell CLA, Cornell will on request of the Company, provide the Company with a convertible loan facility of up to US$3 million (about S$4.6 million) in two tranches of US$1.5 million each (the "Convertible Loan"). The said convertible loan facility is repayable in cash or by way of Sun New Media Inc ("SNMD") shares held by the Group. Under the Agreement, the Company may only deliver a convertible loan notice for Tranche 2 on or after the first funding of US$1.5 million and when the Company has repaid all amounts outstanding with respect to Tranche 1. The Company will pay a 4% commission to Cornell for both Tranches. The Company has the sole discretion to request for Tranche 2 subject to the Company having paid all amounts outstanding with respect to a convertible loan under Tranche 1.

   On 16 February 2007, the Company entered into a conditional subscription agreement with Value Capital Asset Management Limited ("Value Capital") pursuant to which the Company agreed to issue and Value Capital agreed to subscribe, notes of up to S$20,000,000 in principal amount of unsecured S$ notes due 2010 at an issue price of 100% of the principal amount of such notes. The notes are convertible into new Shares in the capital of the Company.

7. On 29 March 2007, the Company announced that it has entered into a conditional Sale and Purchase Agreement with Nasdaq OTC-BB listed Nextmart, to divest its stake of 100 shares in OSGPH to Nextmart. The consideration has been agreed by the parties to be at a nominal consideration of US$1 on an arm's length basis. Under the terms of the agreement, Nextmart will issue to the Company and/or its nominee 6.9 million new shares in its issued and paid-up capital relating to the Guaranteed Profit pursuant to the sale and purchase agreement dated 21 November 2005 between Nextmart and the Company. Thereafter the Company and SMIH will enter into a pooling agreement for the 6.9 million Nextmart shares for a period of 18 months from the Completion Date or up till 30 June 2008, whichever is earlier.

8. On 29 March 2007, the Company announced that it has entered into a conditional Sale and Purchase Agreement with Nasdaq OTC-BB listed Sun New Media Inc ("SNMD"), to divest its stake of 100 shares in The Observer Star Global Publishing Holdings Limited ("OSGPH") to SNMD. The Consideration for the Proposed Divestment has been agreed by the parties to be at a nominal consideration of US$1 on an arm's length basis. Under the terms of the agreement, SNMD will issue to the Company and/or its nominee 6.9 million new shares in its issued and paid-up capital relating to the Guaranteed Profit pursuant to the sale and purchase agreement dated 21 November 2005 between SNMD and SBN. Thereafter the Company and Sun Media Investment Holdings Limited ("SMIH") will enter into a pooling agreement for the 6.9 million SNMD shares for a period of 18 months from the Completion Date or up till 30 June 2008, whichever is earlier.

9. On 23 May 2007, the Company entered into a conditional sale and purchase agreement to acquire 100% of the issued and paid-up capital in Delta Digital Limited for a consideration of US$4.5 million to be satisfied in cash and shares in the Company. Under the terms of the agreement, the Vendors will provide a US$1.5 million EBITDA guarantee for Beijing Shi Tong Tian Xia Information Technology Co., Ltd ("STTS"). The Group will also provide a loan of up to US$1 million to STTX.

10. On 30 May 2007, the Company entered into a conditional sale and purchase agreement to acquire 100% of the issued and paid-up capital of Sandz Solutions (Singapore) Pte Ltd ("Sandz") for an aggregate consideration of S$36 million. The Company has also provided a S$2.5 million working capital loan to Sandz.

Dealings in Securities

The Company has adopted the SGX-ST Best Practices Guide applicable in relation to dealings in the Company's securities by its officers. The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks or one month before the announcement of the Company's financial statements for one month before half year or financial year, as the case may be, and ending on the date of the announcements of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

Best Practices Guide

The Company has complied materially with the Best Practices Guide issued by SGX-ST.

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of The Lexicon Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2007 and the balance sheet of the Company as at 31 March 2007.

Directors

The directors of the Company in office at the date of this report are as follows:

Low Song Take	
Ricky Ang Gee Hing	
Kevin Low Ka Choon	
Jeffrey Tan Boon Khiong	
Tan Choon Wee	(appointed on 5 December 2006)
Tjio Kay Loen	(appointed on 18 January 2007)
Francis Xavier	(appointed on 2 July 2007)
Yang Guowei	(appointed on 1 September 2006)

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Except as disclosed in the directors' report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The interests of the directors who held office at the end of the financial year in the share capital or debentures of the Company or related corporations, according to the register kept by the Company for the purposes of section 164 of the Singapore Companies Act (Chapter 50), were as follows:

	Shares registered in name of director or nominee			Shareholdings in which a director is deemed to have an interest		
The Company	**At 1 April 2006**	**At 31 March 2007**	**At 21 April 2007**	**At 1 April 2006**	**At 31 March 2007**	**At 21 April 2007**
Ordinary shares						
Low Song Take	6,117,647	6,117,647	6,117,647	76,962,588	76,962,588	76,962,588
Ricky Ang Gee Hing	10,513,235	10,513,235	10,513,235	28,197,294	28,197,294	28,197,294
Kevin Low Ka Choon	2,600,000	2,600,000	2,600,000	76,962,588	76,962,588	76,962,588
Tan Choon Wee	–	28,667,000	28,667,000	–	–	–

Except as disclosed above, no other director had an interest in any shares or debentures of the Company or related corporations either at the beginning of the financial year, or date of appointment, if later, or the end of the financial year and on 21 April 2007.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial period, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

The Lexicon Group Share Option Scheme (the "Scheme", formerly referred to as Sun Business Network Share Option Scheme) is administered by a committee comprising all the members of the Board of directors at the date of this Report.

As at 31 March 2007, the number of unissued options granted under the Scheme is as follows:

Date of Grant	Options granted as at 1.4.2006	No. of options exercised	No. of options lapsed	No. of options outstanding as at 31.03.2007	Exercise price per share	Expiry date
10.08.2001	350,000	–	350,000	–	$0.180	09.08.2006
12.07.2002	431,000	–	263,000	168,000	$0.120	11.07.2007
	781,000	–	613,000	168,000		

No options were granted to directors and controlling shareholders or to associates of controlling shareholders of the Company.

Share options (cont'd)

The name of the employees who received 5% or more of total options available under the Scheme were as follows:

	Number of shares under option			
	Granted during the financial year	**Aggregate options granted since commencement of Scheme**	**Aggregate options lapsed since commencement of Scheme**	**Total options not exercised**
Ng Hwee Ling	–	104,000	44,000	60,000
Swee Mei Lan	–	102,000	64,000	38,000
Yew May Geok	–	50,000	20,000	30,000
Total	–	256,000	128,000	128,000

The options under the Scheme do not entitle the holder to participate in any share issue of any other corporation by virtue of the option.

Except as disclosed above, during the financial year, there were:
- no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries;
- no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries; and
- no unissued shares of the Company or its subsidiaries under option.

Convertible notes

a) During the previous financial period, the Company entered into an Equity Line of Credit Agreement dated 2 June 2005 (the "Agreement") with Cornell Capital Partners Offshore LP ("Cornell"), whereby Cornell agreed to subscribe for new ordinary shares of up to S$10,000,000 in the capital of the Company. Cornell will pay such Advance to the Company (less applicable fees and commission) and the Company will pursuant to the terms of the Agreement issue and allot ordinary shares ("Advance Shares") to Cornell.

The exercise price for those Advance Shares will be the lowest daily volume weighted average price of the ordinary shares during the relevant pricing period which is the five market days after the Advance. The Company will not issue shares to Cornell at a price that is less than 93% of the volume weighted average price of the ordinary shares for the market day immediately preceding the date of the relevant Advance.

During the financial year, Cornell subscribed for new ordinary shares of 26,574,560 shares (2006: 54,131,358) for an aggregate amount of $1,700,000 (2006: $3,800,000). The proceeds were used to finance the operations of the Company and the Group. The amount of unutilised credit as at 31 March 2007 is $4,500,000 (2006: $6,200,000).

b) During the financial year, the Company entered into a subscription agreement with Value Capital Asset Management Limited ("VCAM") whereby the Company agreed to issue up to $20,000,000 3% unsecured convertible notes (the "Notes") comprising four equal tranches of a principal amount of $5,000,000 each to VCAM. The Notes will be issued at 100% of its principal amount and mature on 21 June 2010. The Company did not issue any convertible notes to VCAM during the financial year. The Notes were approved by the shareholders at an extraordinary general meeting of the Company held on 19 June 2007.

Properties held by the Group

The Group has the following property:

Description / Address	Tenure of properties	Cost $'000
Warehouse (Unit Q, 5th Floor, Houston Industrial Building Tsuen Wan Town Lot No. 93 N.T. Hong Kong)	33 years lease from 1990	77

The above property is classified under disposal group assets classified as held for sale and has been disposed subsequent to the financial year end.

DIRECTORS' REPORT

Audit committee

The Audit Committee ("AC") comprises Independent Directors, Jeffrey Tan Boon Khiong (Chairman), Tjio Kay Loen, and Francis Xavier.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

The Audit Committee has recommended to the Board of Directors that the auditors, Nexia Tan & Sitoh, be nominated for re-appointment as auditors of the Company at the forthcoming Annual General Meeting of the Company.

Auditors

Nexia Tan & Sitoh have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

Ricky Ang Gee Hing Director	Tan Choon Wee Director

Singapore
11 July 2007

STATEMENT BY DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet of the Company as set out on pages 22 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and of the results, changes in equity and cash flows of the Group for the financial year ended 31 March 2007, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The directors wish to highlight to the shareholders the independent auditor's report set out on pages 20 to 21, in particular, the auditors' opinion set out on page 21, which all shareholders should read for due consideration.

On behalf of the Board of Directors

Ricky Ang Gee Hing
Director

Tan Choon Wee
Director

Singapore
11 July 2007

AUDITORS' REPORT

To the Members of The Lexicon Group Limited (formerly known as Sun Business Network Ltd.)

We have audited the accompanying financial statements of The Lexicon Group Limited (formerly known as Sun Business Network Ltd.) ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 March 2007, which comprise the consolidated balance sheet as at 31 March 2007, and the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, the balance sheet of the Company, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements
The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraphs, we conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

Preceding Auditor's Opinion for FP 2006
The financial statements for the financial period ended 31 March 2006 ("FP2006") were audited by another firm of Certified Public Accountants (the "Preceding Auditors"), whose report dated 11 July 2006 contained a disclaimer of opinion, the details of which are described in the paragraphs below.

The Preceding Auditors were unable to express an opinion on the consolidated financial statements of the Group and of the Company for FP2006 due to the following:

(a) the auditors of The Observer Star Global Publishing Holdings Limited and its subsidiaries (the "OSGPH Group") were unable to determine whether the intangible assets (advertising rights) amounting to approximately $10.6 million as at 31 March 2006 were fairly stated due to the lack of sufficient appropriate evidence to substantiate such an amount. Consequently, the Preceding Auditors were unable to determine whether the intangible assets (advertising rights) that have been included in the consolidated financial statements were over or under stated;

(b) the Group had made an allowance for impairment loss of approximately $61.1 million for the prior financial period against the carrying amount of the associates. The Preceding Auditors were unable to determine whether the impairment charge of approximately $61.1 million for FP2006 was fairly stated as the FY2004 Auditors were unable to determine the appropriateness of the opening balance of the carrying amount of associates amounting to approximately $89.9 million as at 31 December 2004 or 1 January 2005;

(c) in the previous financial period, the Group had fully disposed of its entire equity interest in Auston International Group Ltd. and its subsidiaries (the "AIGL Group"). The unaudited results of the AIGL Group from 1 January 2005 till the date of its effective disposal have been included in the consolidated financial statements of the Group for FP2006. As at the date of the report for FP2006, the Commercial Affairs Department ("CAD") investigation on these matters in relation to the AIGL Group had yet to be completed. The outcome of the investigation might uncover other information, which might require additional adjustments and/or disclosures to be made to the current and/or corresponding periods' financial statements. Therefore, the Preceding Auditors were unable to satisfy themselves as to the appropriateness of the financial results of the AIGL Group and of the resulting gain arising from the disposal that had been included in the consolidated financial statements of the Group.

(d) In view of the matters noted by the FY2004 Auditors, the Preceding Auditors for FP2006 were unable to determine the effects of adjustments and/or the extent of disclosure, if any, that were required to be made to the opening balances that were brought forward into the prior period's financial statements, as well as to the corresponding period's figures.

AUDITORS' REPORT

Effect of Preceding Auditor's Opinion
We discuss below the extent of the matters that gave rise to the disclaimer of opinion in respect of FP2006 financial statements that remained unresolved, insofar as they impact on both corresponding as well as current years' figures provided in the current financial statements:

(a) the Company had announced that a valuation of the advertising rights amounting to $10.6 million for the OSGPH Group had been undertaken and valued at $11.83 million. As at 31 March 2007, these advertising rights have been fully impaired due to the disposal of the OSGPH group after the financial year end. As the Preceding Auditors were unable to determine the appropriateness of the opening balance of the carrying amount of $10.6 million, we are also unable to determine whether the impairment charge of approximately $9.1million for the current financial year was fairly stated;

(b) the Company had announced that the intangible assets of Asia Network Technologies Limited and its subsidiaries (the "ANTL Group") had been disposed. ANTL has also been disposed during the financial year and is no longer an associated company. The purchase consideration received is in the form of marketable securities amounting to $28.7 million, recorded as Financial Assets at Fair Value through Profit or Loss. An impairment charge for these securities amounting to $8.8 million was made in the current financial year with the carrying amount of Financial Assets at Fair Value through Profit or Loss for these securities amounting to $19.9 million; and

(c) as at 31 March 2006, the AIGL Group is no longer part of the Group. The directors have also represented that no further liability to the Group arose from the CAD's investigations.

Discontinued Operations
We discuss the matters which affect our current financial year in relation to the discontinued operations of the OSGPH Group. We were unable to obtain relevant information in determining the opening retained earnings of the OSGPH Group. As such, we are unable to determine the appropriateness of the opening retained earnings of the OSGPH Group of $11.9 million and whether the net loss from discontinued operations amounting to $16.5 million for the current financial year is fairly stated. We are also unable to carry out reasonable alternative procedures to obtain sufficient audit evidence to substantiate the carrying values of the OSGPH Group's assets and liabilities recorded as disposal group assets classified as held for sale amounting to $1.5 million, and liabilities directly associated with disposal group classified as held for sale amounting to $3.6 million, and its resulting cash flows. More details are disclosed in Note 12.

In view of the matters detailed in the preceding paragraphs, we are unable to determine the effects of adjustments and/or the extent of disclosures, if any, that are required to be made to the opening balances that were brought forward into the current year's financial statements, as well as to the corresponding period's figures.

Opinion
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves on the true and fair view of the matters mentioned in the preceding paragraphs,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and the results, changes in equity and cash flows of the Group for the financial year then ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Nexia Tan & Sitoh
Certified Public Accountants

Singapore
11 July 2007

FINANCIALS

Balance Sheets
As At 31 March 2007
(Amounts in thousands of Singapore dollars)

	Note	Group 31 March 2007 $'000	Group 31 March 2006 $'000	Company 31 March 2007 $'000	Company 31 March 2006 $'000
Equity attributable to the shareholders of the Company					
Share capital	3	92,071	88,336	92,071	88,336
(Accumulated losses)/ revenue reserves		(69,460)	32,784	(52,080)	(48,833)
Translation reserves		2,488	1,539	–	–
		25,099	122,659	39,991	39,503
Minority interests		778	884	–	–
TOTAL EQUITY		25,877	123,543	39,991	39,503
Property, plant and equipment	4	134	1,320	30	55
Intangible assets	5	856	11,423	–	–
Goodwill	6	102	4,456	–	–
Subsidiaries	7	–	–	24,321	27,106
Associates	8	998	28,715	998	8,000
Current assets					
Work-in-progress, at cost	9	127	146	–	–
Trade and other receivables	10	5,050	16,588	21,494	17,163
Financial assets at fair value through profit or loss	11	24,277	78,230	–	–
Cash and cash equivalents	23	5,093	1,028	2,527	155
		34,547	95,992	24,021	17,318
Disposal group assets classified as held for sale	12	1,584	–	–	–
		36,131	95,992	24,021	17,318
TOTAL ASSETS		38,221	141,906	49,370	52,479

The accompanying notes are an integral part of the financial statements

Balance Sheets
As At 31 March 2007
(Amounts in thousands of Singapore dollars)

	Note	Group 31 March 2007 $'000	Group 31 March 2006 $'000	Company 31 March 2007 $'000	Company 31 March 2006 $'000
Current liabilities					
Trade and other payables	13	3,466	15,062	4,429	10,183
Borrowings	14	4,862	2,636	4,532	2,198
Provision for taxation		–	67	–	–
		8,328	17,765	8,961	12,381
Liabilities directly associated with disposal group classified as held for sale	12	3,586	–	–	–
		11,914	17,765	8,961	12,381
Non-current liabilities					
Borrowings	14	168	–	156	–
Deferred taxation	21	262	598	262	595
TOTAL LIABILITIES		12,344	18,363	9,379	12,976
NET ASSETS		25,877	123,543	39,991	39,503

The accompanying notes are an integral part of the financial statements

FINANCIALS

Consolidated Statement of Profit and Loss
for the financial year ended 31 March 2007
(Amounts in thousands of Singapore dollars)

	Note	1 April 2006 to 31 March 2007 $'000	1 January 2005 to 31 March 2006 $'000
Continuing operations:			
Revenue	15	3,445	4,481
Other income	16	5,581	44,679
Direct costs:			
– Publications		(1,715)	(2,438)
– Exhibition and events		(20)	(60)
Amortisation & depreciation		(70)	(116)
Operating lease expenses		(178)	(309)
Loss in financial assets at fair value through profit or loss		(67,083)	–
Other operating expenses, net	17	(23,069)	(65,034)
Personnel expenses	18	(2,606)	(3,011)
Loss from operations		(85,715)	(21,808)
Share of loss of associates		–	(17)
Finance expenses	19	(123)	(185)
Loss before taxation	20	(85,838)	(22,010)
Taxation	21	(8)	47
Net loss from continuing operations		(85,846)	(21,963)
Discontinued operations:			
Net loss from discontinued operations	12	(16,504)	(7,664)
Total loss after taxation		(102,350)	(29,627)
Loss attributable to:			
– Shareholders of the company		(102,244)	(30,431)
– Minority interests		(106)	804
		(102,350)	(29,627)
Loss per share (cents)	22		
Loss from continuing operations attributable to the equity holders of the Company			
Basic		(8.83)	(3.05)
Diluted		(8.83)	(3.05)
Loss from discontinued operations attributable to the equity holders of the Company			
Basic		(1.70)	(1.01)
Diluted		(1.70)	(1.01)

The accompanying notes are an integral part of the financial statements

Consolidated Statement of Changes in Equity
for the financial year ended 31 March 2007
(Amounts in thousands of Singapore dollars)

	Attributable to equity holders of the Company					Minority Interests	Total Equity
The Group	**Share capital $'000**	**Share premium $'000**	**Translation reserve $'000**	**Revenue reserve $'000**	**Total $'000**	**$'000**	**$'000**
Balance at 1.1.2005 as previously reported	31,903	16,723	1,637	63,215	113,478	367	113,845
Effect of adoption of FRS 39	–	–	–	2,685	2,685	–	2,685
Balance at 1.1.2005 as restated	31,903	16,723	1,637	65,900	116,163	367	116,530
Disposal of financial assets at fair value through profit or loss	–	–	–	(2,685)	(2,685)	–	(2,685)
Issuance of shares	14,984	25,215	–	–	40,199	–	40,199
Expenses on issue of new shares	–	(489)	–	–	(489)	–	(489)
(Loss)/ Profit for the financial period	–	–	–	(30,431)	(30,431)	804	(29,627)
Acquisition of subsidiaries	–	–	–	–	–	(293)	(293)
Currency translation differences	–	–	(98)	–	(98)	6	(92)
Transfer of share premium reserve to share capital account	41,449	(41,449)	–	–	–	–	–
Balance at 31.3.2006	88,336	–	1,539	32,784	122,659	884	123,543
Balance at 1.4.2006	88,336	–	1,539	32,784	122,659	884	123,543
Issuance of shares	3,800	–	–	–	3,800	–	3,800
Expenses on issue of new shares	(65)	–	–	–	(65)	–	(65)
Loss for the financial year	–	–	–	(102,244)	(102,244)	(106)	(102,350)
Currency translation differences	–	–	949	–	949	–	949
Balance at 31.3.2007	92,071	–	2,488	(69,460)	25,099	778	25,877

The accompanying notes are an integral part of the financial statements

FINANCIALS

Consolidated Statement of Cash Flows
for the financial year ended 31 March 2007
(Amounts in thousands of Singapore dollars)

	Note	Group 1 April 2006 to 31 March 2007 $'000	 1 January 2005 to 31 March 2006 $'000
Cash flows from operating activities			
Loss before taxation and minority interests			
Continuing operations		(85,838)	(22,010)
Discontinued operations		(16,497)	(7,664)
		(102,335)	(29,674)
Adjustments for:			
Share of loss/ (profit) of associates		–	17
Depreciation of property, plant and equipment		358	989
Loss/ (gain) on disposal of property, plant and equipment		1	(7)
Gain on disposal of subsidiaries		–	(1,304)
Gain on disposal of properties		–	(127)
Loss/ (gain) on disposal of financial assets at fair value through profit or loss		13,043	(2,707)
Loss on financial assets at fair value through profit or loss		67,083	–
Sale of contents right and licensing fees		(5,130)	(41,308)
Amortisation of intangible assets		510	710
Property, plant and equipment written off		129	233
Allowance for impairment of other receivables		2,950	–
Allowance for impairment of intangible assets		9,069	659
Allowance for impairment of associates		–	61,127
Allowance for impairment of goodwill		4,354	1,911
Interest expense		123	195
Operating cashflow before working capital changes		(9,845)	(9,286)
Work-in-progress		18	1
Trade and other receivables		12,095	(4,952)
Trade and other payables		(5,628)	(707)
Cash used in operations		(3,360)	(14,944)
Interest paid		(123)	(195)
Income taxes paid		(348)	(183)
Net cash used in operating activities		(3,831)	(15,322)

The accompanying notes are an integral part of the financial statements

Consolidated Statement of Cash Flows (cont'd)

	Note	Group 1 April 2006 to 31 March 2007 $'000	 1 January 2005 to 31 March 2006 $'000
Cash flows from investing activities			
Proceeds from disposal of subsidiaries, net of cash disposed (Note A)		–	2,907
Proceeds from sale of financial assets		3,318	–
Proceeds from sale of property, plant and equipment		2	32
Purchase of financial assets at fair value through profit or loss		(99)	–
Purchase of property, plant and equipment		(68)	(758)
Increase in investment in subsidiaries (Note B)		–	(770)
Capitalisation of intangible assets		–	(1)
Net cash from/ (used in) investing activities		3,153	1,410
Cash flows from financing activities			
Proceeds from issue of new shares		3,800	7,200
Proceeds from issue of unsecured convertible notes		–	3,000
Proceeds from loan		2,268	–
Proceeds/ (repayment) of hire purchase/ finance lease liabilities		259	(44)
(Repayment)/ proceeds from bank term loans		(5)	4
Proceeds from loan from related party		–	1,013
Payment of expenses on issuance of new shares		(65)	(489)
Net cash from financing activities		6,257	10,684
Net effect of exchange rate changes in consolidating subsidiaries		(1,127)	(434)
Net increase/ (decrease) in cash and cash equivalents		4,452	(3,662)
Cash and cash equivalents at beginning of the financial year/ period		29	3,691
Cash and cash equivalents at end of the financial year/ period	23	4,481	29

The accompanying notes are an integral part of the financial statements

Consolidated Statement of Cash Flows (cont'd)

Note A
The aggregate effect of disposal of subsidiaries in previous financial period on the cash flows of the Group were as follows:

Identifiable assets and liabilities	**Carrying amounts $'000**
Property, plant and equipment	538
Trade and other receivables	997
Cash and bank balances	137
Trade and other payables	(3,459)
Borrowings	(211)
Fair value of net tangible assets	(1,998)
Goodwill	4,000
Intangible assets	67
Gain on disposal of subsidiaries	1,304
Total sales proceeds	3,373
Less: Sales proceeds satisfied via deferred cash settlement	(540)
Cash flow arising from disposal of subsidiaries during the period	2,833
Cash and bank balances disposed of	74
Net cash flow arising from disposal of subsidiaries in previous financial period	2,907

During the previous financial period, the Group disposed of Auston International Group Ltd, which comprises the Group's education segment. For details of the discontinued operations, refer to Note 12.

Note B
In the previous financial period, a subsidiary acquired an additional 30% of the issued share capital of The Observer Star Publishing Global Limited and The Observer Star (PRC) Limited, for a purchase consideration of approximately $642,000 and $121,000 respectively.

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements
for the financial year ended 31 March 2007
(Amounts in thousands of Singapore dollars, unless otherwise stated)

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is a public limited company, domiciled and incorporated in Singapore. The address of the Company's registered office is 50 Raffles Place, #29-00, Singapore Land Tower, Singapore 048623. On 11 June 2007, the Company changed its registered office to 36 Carpenter Street, Singapore 059915. The address of its principal place of business is at 371 Beach Road, #03-18 Keypoint, Singapore 199597.

The Company is listed on the Singapore Exchange.

The principal activities of the Company are the provision of management services and in the business of making investments. The principal activities of its subsidiaries are shown in Note 7.

On 19 June 2007, the Company changed its name from Sun Business Network Ltd. to The Lexicon Group Limited. The financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2007 were authorised for issue by the Board of Directors on 11 July 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance as required by the Singapore Companies Act. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars and all values are rounded to the nearest thousand ($'000) unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after 1 January 2006. The adoption of these new / revised FRS and INT FRS has no material effect on the financial statements, except as disclosed in the notes to the financial statements.

The new/revised FRS which are relevant to its operations are as follows:

FRS 19 (Amendment)	-	Employee Benefits
FRS 21 (Amendment)	-	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	-	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	-	Financial Guarantee Contracts
INT FRS 104	-	Determining whether an Arrangement contains a Lease

<u>Amendments to FRS39</u> <u>Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts</u>

The Amendments to FRS 39, which took effect from financial years beginning on or after 1 January 2006, require the Company to measure the financial guarantees given to banks for bank borrowings of its subsidiary companies at fair value upon inception of the guarantees. These guarantees are subsequently measured at the higher of their initial fair values less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. Previously, these financial guarantees were accounted for as contingent liabilities whereby a loss was recognised only if it was probable that it would be incurred.

The adoption of the Amendments to FRS 39 is assessed to have no material financial impact on the results and the revenue reserves of the Company for the financial year ended 31 March 2007. This change has no impact to the Group's financial statements.

At the date of authorisation of these financial statements, the following new FRS and INT FRS were issued as of balance sheet date but are not yet effective.

The Group and the Company have not applied the following FRS and INT FRS that have been issued but are not yet effective.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of preparation (cont'd)

FRS 1	-	Amendment to FRS 1 (revised), Presentation of Financial Statements, effective for financial year beginning 1 January 2007
FRS 40	-	Investment Property, effective for financial year beginning 1 January 2007
FRS 107	-	Financial Instruments: Disclosures, effective for financial year beginning 1 January 2007
INT FRS 107	-	Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies, effective for financial year beginning 1 March 2006
INT FRS 108	-	Scope of FRS 102, Share-based Payment, effective for financial year beginning 1 May 2006
INT FRS 109	-	Reassessment of Embedded Derivatives, effective for financial year beginning 1 June 2006
INT FRS 110	-	Interim Financial Reporting and Impairment, effective for financial year beginning 1 November 2006

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 107 and Amendment to FRS 1 as indicated below.

FRS 107 Financial Instruments: Disclosures and Amendments and FRS 1 (revised) – Presentation of Financial Statements (Capital Disclosures)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The Amendment to FRS 1 (revised) requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the Amendments to FRS 1 (revised) from financial period beginning 1 April 2007.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of accounting 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 financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity, are disclosed in the notes to the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed during the year are consolidated for the periods from or to the effective date of acquisition or disposal. All intercompany balances, transactions and unrealised profit or loss on intercompany transactions are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Minority interest is 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 minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses is fully recovered by the equity holders of the Company.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in the statement of profit and loss. On disposal of investments in subsidiaries and associates, the differences between net disposal proceeds and the carrying amount of the investments is taken to the statement of profit and loss.

Subsidiaries

A subsidiary is a company, in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries (cont'd)

The acquisition of subsidiary is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 "Business Combinations" are recognised at their fair values at acquisition date.

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recognised immediately in the consolidated statement of profit and loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss is recognised for goodwill and is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Associates

An associate is a company, not being a subsidiary, in which the Group has an interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit and loss.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method of accounting. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, plant and equipment and depreciation (cont'd)

Property, plant and equipment are depreciated using the straight-line method to write-off the cost of the property, plant and equipment over their estimated useful lives. The estimated useful lives have been taken as follows:

	Useful lives (Years)
Motor vehicles	5
Furniture and fittings	5 to 20
Office equipment	5 to 10
Computers	3
Renovation	5 to 10
Warehouse and leasehold properties	over the remaining lease period

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. An assessment of the carrying value of property, plant and equipment is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of profit and loss.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or infinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with infinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an infinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Magazines mastheads are deemed as intangible assets with infinite lives and are capitalised at cost and less accumulated impairment losses. The intangible assets are reviewed annually by the directors and provision is made for impairment in value. No amortisation is charged in the current year financial statements.

Advertising rights arising from business combination is capitalised and amortised on a straight-line basis over its 20-year useful life. During the year, amortisation expense amounted to $510,000 (2006: $703,000). In addition, the Group recognised provision for impairment losses on advertising rights amounting to approximately $9,069,000 (2006: $Nil).

Impairment of tangible and intangible assets, excluding goodwill

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

For the purpose of impairment testing, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit (CGU) to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of tangible and intangible assets, excluding goodwill (cont'd)

An impairment loss is recognised only if the carrying amount of an asset (or CGU) exceeds its recoverable amount, in which case the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is charged to the statement of profit and loss in the period in which it arises, unless the relevant asset (or CGU) is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the statement of profit and loss in the period in which it arises, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Work-in-progress

Work-in-progress relates to costs incurred in the production of magazines and periodicals which have not been issued and exhibitions that have not been launched as at the end of the financial year.

Investments in financial assets

- **Classification**

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Financial assets designated as at fair value through profit or loss at inception are those that are managed, and their performance are evaluated on a fair value basis in accordance with a documented Group's investment strategy.

(ii) 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 Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the balance sheet.

- **Initial measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

- **Subsequent measurement**

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in financial assets (cont'd)

- **Subsequent measurement (cont'd)**

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the statement of profit and loss in the period in which they arise.

- **Recognition and derecognition**

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Trade and other receivables

Trade and other receivables (including amounts due from subsidiaries and associates) are classified and accounted for as loans and receivables under FRS 39 and are recognised and carried at fair value and subsequently measured at amortised cost using the effective interest rate method less impairment losses on any uncollectible amounts.

Impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Specific allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalent comprises cash on hand and in banks, excluding cash deposits pledged for period of more than three months. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired.

Trade and other payables

Trade and other payables (including amounts due to subsidiaries, loan from a subsidiary and a related party), are initially recognised at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred and subsequently accounted for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation.

Revenue recognition

Revenue from the circulation of magazines and periodicals is recognised upon delivery of goods and acceptance by customers. Subscription income is amortised over the period of the subscription.

Revenue from advertisements is recognised based on the date of publication.

Revenue from events management and conventions organisation is recognised when the exhibition event has occurred, at which time the direct costs associated with the organisation of the event are matched with the respective revenue.

Education revenue consists of course fee, upfront licence fee and recurring affiliate/franchise fee. Course fee income and recurring affiliate/franchise fee is recognised over the period of the course.

Revenue from upfront licence fee from affiliation/franchising agreements is generally recognised from the date of acceptance and fulfillment of obligations under the affiliation/franchising agreements.

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

Employees' benefits

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

• **Singapore**

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension scheme.

• **Subsidiaries operating in other countries**

As required by law, the subsidiaries make contributions to the state pension scheme under a defined contribution pension scheme.

Obligations for contributions to defined contribution retirement plans are recognised as compensation expense in the same period as the employment that gives rise to the contribution in the consolidated statement of profit and loss as and when they are incurred.

(ii) Employee leave entitlement

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

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. No compensation costs or obligation is recognized upon granting or the exercise of the options as the options are granted before 22 November 2002 in accordance with the transitional provisions of FRS 102, Share-based payment. Details of the Scheme are disclosed in the Directors Report. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

(i) Finance leases

Finance leases, which effectively transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at amounts equal at the inception of the lease to the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability. Finance charges are charged directly to the statement of profit and loss so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Research and development costs

Research and development expenses incurred on individual projects are expensed to the statement of profit and loss as incurred unless the project's future recoverability can be foreseen with reasonable assurance.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised in the income statement. Subsequent increases in fair value less costs to sell up (not exceeding the accumulated impairment loss that has been previously recognised) are recognised in the statement of profit and loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Results and cash flows attributable to a discontinued operation (including comparative figures) are presented or disclosed separately from the continuing operations.

Segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Foreign currency transactions and balances

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the statement of profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the statement of profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

• **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 March 2007 was $102,000 (2006: $4.5 million) after an impairment loss of $4.4 million was recognised during the current financial year. Details of the impairment loss are provided in Note 6 to the financial statements.

• **Taxation**

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the group-wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The carrying amount of the Group's provision for taxation was approximately $Nil (2006: $67,000) as at 31 March 2007.

• **Impairment of financial assets**

Impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. Where the actual results differ from the amounts that were initially assessed, such differences will result in a material adjustment to the carrying amounts within the next financial year.

(ii) Critical judgments in applying the entity's accounting policies

• **Determining finite and infinite useful lives of intangibles**

Intangibles, such as advertising rights and development costs, are amortised on a straight-line basis over the useful lives expected to be recovered from related future revenues. Management exercises judgment in estimating the useful lives of these intangibles. Changes in the expected level of usage and technological developments could impact the economic useful lives of these intangibles, therefore future amortisation charges could be revised.

Magazine mastheads are assessed to have indefinite useful lives and reviewed for impairment annually. The assessment requires an estimation of the value in use, which requires the Group to make an estimate of the expected future cash flows and discounted to calculate the present value of those cash flows.

The carrying amounts of these intangibles of the Group are $856,000 (2006: $11.4 million) as at 31 March 2007.

3. SHARE CAPITAL

	Company	
	31 March 2007 $'000	31 March 2006 $'000
Issued and fully paid		
At beginning of year/ period		
937,738,288 (2006: 638,051,376) ordinary shares	88,336	31,903
Issued during the year/ period		
56,574,560 (2006: 299,686,912) ordinary shares	3,735	14,984
	92,071	46,887
Add: Transfer of share premium reserve to share capital account	–	41,449
At end of year/ period		
994,312,848 (2006: 937,738,288) ordinary shares	92,071	88,336

During the financial year, the Company issued 56,574,560 ordinary shares as follows:

(a) 26,574,560 ordinary shares ranging from $0.0593 to $0.075 pursuant to the Equity Line of Credit Agreement with Cornell Capital Partners Offshore, LP[1]; and

(b) 30,000,000 ordinary shares at $0.07 pursuant to a subscription agreement with UOB Kay Hian Private Limited and International Press Holdings Pte Ltd.

[1] During the previous financial period, the Company entered into an Equity Line of Credit Agreement dated 2 June 2005 (the "Agreement") with Cornell Capital Partners Offshore LP ("Cornell"), whereby Cornell agreed to subscribe for new ordinary shares of up to S$10,000,000 in the capital of the Company. Cornell will pay such Advance to the Company (less applicable fees and commission) and the Company will pursuant to the terms of the Agreement issue and allot ordinary shares ("Advance Shares") to Cornell.

The exercise price for those Advance Shares will be the lowest daily volume weighted average price of the ordinary shares during the relevant pricing period which is the five market days after the Advance. The Company will not issue shares to Cornell at a price that is less than 93% of the volume weighted average price of the ordinary shares for the market day immediately preceding the date of the relevant Advance.

During the financial year, Cornell subscribed for new ordinary shares of 26,574,560 shares (2006: 54,131,358) for an aggregate amount of $1,700,000 (2006: $3,800,000). The proceeds were used to finance the operations of the Company and the Group. The amount of unutilised credit as at 31 March 2007 is $4,500,000 (2006: $6,200,000).

During the financial year, the Company entered into a subscription agreement with Value Capital Asset Management Limited ("VCAM") whereby the Company agreed to issue up to $20,000,000 3% unsecured convertible notes (the "Notes") comprising four equal tranches of a principal amount of $5,000,000 each to VCAM. The Notes will be issued at 100% of its principal amount and mature on 21 June 2010. The Company did not issue any convertible notes to VCAM during the financial year. The Notes were approved by the shareholders at an extraordinary general meeting of the Company held on 19 June 2007.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The new issued shares rank pari passu in all respects with the previously issued shares.

Since the inception of The Lexicon Group Share Option Scheme (previously referred to as Sun Business Network Share Option Scheme), no ordinary shares were issued by virtue of the exercise of options granted to directors and eligible executives.

No compensation costs or obligation is recognised upon granting or the exercise of the options as the options are granted before 22 November 2002 in accordance with the transitional provision of FRS 102, Share-based Payment.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Motor Vehicles $'000	Furniture and fittings $'000	Office Equipment $'000	Computers $'000	Renovation $'000	Warehouse and leasehold properties $'000	Total $'000
Cost							
As at 1.1.2005	231	1,284	1,079	2,975	1,666	2,448	9,683
Additions	104	2	278	53	278	43	758
Disposals	(96)	(24)	(50)	(360)	(333)	(2,460)	(3,323)
Disposal of subsidiaries	–	(536)	(190)	(577)	(342)	–	(1,645)
Currency realignment	4	5	8	14	13	46	90
As at 31.3.2006	243	731	1,125	2,105	1,282	77	5,563
As at 1.4.2006	243	731	1,125	2,105	1,282	77	5,563
Additions	–	2	51	15	–	–	68
Disposals	–	–	–	(9)	(6)	–	(15)
Written-off	(70)	(424)	(366)	(1,441)	(606)	–	(2,907)
Reclassified to disposal group assets classified as held for sale	(142)	(237)	(578)	–	(529)	(70)	(1,556)
Currency realignment	(11)	(22)	(26)	(17)	(30)	(7)	(113)
As at 31.3.2007	20	50	206	653	111	–	1,040
Accumulated depreciation							
As at 1.1.2005	103	813	671	2,409	942	30	4,968
Charge for the period	34	109	261	247	318	20	989
Disposals	(71)	(16)	(33)	(290)	(194)	(17)	(621)
Disposal of subsidiaries	–	(256)	(142)	(431)	(279)	–	(1,108)
Currency realignment	2	3	2	6	2	–	15
As at 31.3.2006	68	653	759	1,941	789	33	4,243
As at 1.4.2006	68	653	759	1,941	789	33	4,243
Charge for the year	27	18	144	47	120	2	358
Disposals	–	–	–	(6)	(6)	–	(12)
Written-off	(32)	(419)	(356)	(1,370)	(601)	–	(2,778)
Reclassified to disposal group assets classified as held for sale	(41)	(190)	(361)	–	(233)	(32)	(857)
Currency realignment	(2)	(17)	(16)	(9)	(1)	(3)	(48)
As at 31.3.2007	20	45	170	603	68	–	906
Net book value							
As at 1.1.2005	128	471	408	566	724	2,418	4,715
As at 31.3.2006	175	78	366	164	493	44	1,320
As at 1.4.2006	175	78	366	164	493	44	1,320
As at 31.3.2007	–	5	36	50	43	–	134

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in the property, plant and equipment of the Group are assets acquired under hire purchase arrangements with a net book value of $29,000 (2006: $Nil).

Company	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Renovation $'000	Total $'000
Cost					
As at 1.1.2005	415	347	1,257	598	2,617
Additions	–	–	8	35	43
As at 31.3.2006	415	347	1,265	633	2,660
As at 1.4.2006	415	347	1,265	633	2,660
Additions	–	–	8	–	8
Written-off	(415)	(347)	(1,258)	(575)	(2,595)
As at 31.3.2007	–	–	15	58	73
Accumulated depreciation					
As at 1.1.2005	414	334	1,256	545	2,549
Charge for the period	1	13	2	40	56
As at 31.3.2006	415	347	1,258	585	2,605
As at 1.4.2006	415	347	1,258	585	2,605
Charge for the year	–	–	5	28	33
Written-off	(415)	(347)	(1,258)	(575)	(2,595)
As at 31.3.2007	–	–	5	38	43
Net book value					
As at 1.1.2005	1	13	1	53	68
As at 31.3.2006	–	–	7	48	55
As at 1.4.2006	–	–	7	48	55
As at 31.3.2007	–	–	10	20	30

5. INTANGIBLE ASSETS

Group	Magazines mastheads $'000	Course development costs $'000	Advertising rights $'000	Total $'000
Cost				
As at 1.1.2005	3,524	88	11,059	14,671
Additions	–	1	–	1
Disposal of subsidiaries	–	(89)	–	(89)
Currency realignment	–	–	211	211
As at 31.3.2006	3,524	–	11,270	14,794
As at 1.4.2006	3,524	–	11,270	14,794
Reclassified to disposal group assets classified as held for sale	–	–	(10,217)	(10,217)
Currency realignment	–	–	(1,053)	(1,053)
As at 31.3.2007	3,524	–	–	3,524
Accumulated amortisation and impairment				
As at 1.1.2005	2,013	15	–	2,028
Amortisation for the year	–	7	703	710
Impairment loss	659	–	–	659
Disposal of subsidiaries	–	(22)	–	(22)
Currency realignment	(4)	–	–	(4)
As at 31.3.2006	2,668	–	703	3,371
As at 1.4.2006	2,668	–	703	3,371
Amortisation for the year	–	–	510	510
Impairment loss	–	–	9,069	9,069
Reclassified to disposal group assets classified as held for sale	–	–	(10,217)	(10,217)
Currency realignment	–	–	(65)	(65)
As at 31.3.2007	2,668	–	–	2,668
Net book value				
As at 1.1.2005	1,511	73	11,059	12,643
As at 31.3.2006	856	–	10,567	11,423
As at 1.4.2006	856	–	10,567	11,423
As at 31.3.2007	856	–	–	856

The exclusive advertising publishing rights, owned by a subsidiary, was acquired through business combination with China Business Post for twenty years. The subsidiary owned a first right of refusal to renew the exclusive rights for a further twenty years upon expiry of the first twenty year term. These rights are fully impaired during the financial year. These advertising rights are part of the disposal group assets classified as held for sale in the consolidated balance sheet and all current year movements in the carrying value of these rights are reflected in net loss from discontinued operations in the consolidated statement of profit and loss.

6. GOODWILL

	Group 31 March 2007 $'000
Cost	
As at 1.1.2005	22,213
Acquisition of subsidiaries	487
Disposal of subsidiaries	(12,727)
Currency realignment	58
As at 31.3.2006	10,031
As at 1.4.2006	10,031
Reclassified to disposal group assets classified as held for sale	(3,577)
As at 31.3.2007	6,454
Accumulated amortisation and impairment	
As at 1.1.2005	12,360
Impairment loss for the period	1,911
Disposal of subsidiaries	(8,727)
Currency realignment	31
At 31.3.2006	5,575
As at 1.4.2006	5,575
Impairment loss for the year	4,354
Reclassified to disposal group assets classified as held for sale	(3,577)
As at 31.3.2007	6,352
Net book value	
As at 1.1.2005	9,853
As at 31.3.2006	4,456
As at 1.4.2006	4,456
As at 31.3.2007	102

Goodwill stated in the balance sheet is mainly attributable and has been allocated for impairment testing purposes to the Group's cash generating units ("CGU"). The Group's CGU is identified according to countries of operation and business segments.

	31 March 2007			31 March 2006		
	Publishing, exhibition and events $'000	HQ costs and invesments $'000	Total $'000	Publishing, exhibition and events $'000	HQ costs and invesments $'000	Total $'000
Singapore	102	–	102	102	–	102
Greater China	–	–	–	–	4,354	4,354

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate for the component parts business in which the CGU operates.

6. GOODWILL (cont'd)

Key assumptions used for value-in-use calculations:

	31 March 2007	
	Singapore	Malaysia
Growth rate	10%	10%
Discount rate	15%	15%

These assumptions were used for the analysis of each CGU within the business segment. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the segments.

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

During the financial year, the Group made an allowance for impairment loss of the goodwill arising from the acquisition of The Observer Star Global Publishing Holdings Limited which has been divested after the financial year-end for a nominal consideration of US$1.

7. SUBSIDIARIES

	Company	
	31 March 2007 $'000	31 March 2006 $'000
Unquoted equity shares, at cost	74,994	74,974
Impairment loss	(50,673)	(47,868)
	24,321	27,106

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			31 March 2007 %	31 March 2006 %	31 March 2007 $'000	31 March 2006 $'000
Held by Company						
Panpac Marketing & Circulation Pte Ltd [1]	Publishing and sale of periodicals and magazines	Singapore	100	100	1,950	1,950
G-Mobile Pte Ltd (formerly known as Panpac Concepts Marketing Pte Ltd) [1]	Distribution of contents via mobile phone	Singapore	100	100	680	680
Panpac Specialist Magazines Pte Ltd [1]	Publishing and sale of periodicals and magazines – currently dormant	Singapore	100	100	2,300	2,300
Panpac Events Management Pte Ltd [1]	Exhibition fair and convention organisers – currently dormant	Singapore	100	100	1,185	1,185

7. SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			31 March 2007 %	31 March 2006 %	31 March 2007 $'000	31 March 2006 $'000
Held by Company						
Panpac Business Communications Pte Ltd (1)	Publishing and sale of periodicals and magazines – currently dormant	Singapore	100	100	5,578	5,578
Wine and Dine Experience Pte Ltd (1)	Publishing and sale of periodicals and magazines	Singapore	100	100	2,500	2,500
SmartInvestor Pte Ltd (1)	Publishing and sale of periodicals and magazines	Singapore	100	100	9,850	9,850
Panpac Media.com (Australia) Pty Ltd (5)	Investment holding – currently dormant	Australia	100	100	^	^
Panpac Future Titles Pte Ltd (1)	Publishing and sale of periodicals and magazines – currently dormant	Singapore	100	100	300	300
Panpac Media Sdn. Bhd. (3)	Publishing and sale of periodicals and magazines	Malaysia	100	100	2,552	2,552
Panpac Tech Strategic Ltd (2)	Investment holding	British Virgin Islands	100	100	24,321	24,321
Grierson Pte Ltd (1)	Provision of e-business consultancy and marketing services to real estates and related industries – currently dormant	Singapore	85	85	850	850
Panpac Ventures (China) Pte Ltd (1)	Investment holding – currently dormant	Singapore	100	100	^	^
Auston Technology Group Pte Ltd (2)	Investment holding	Singapore	78.2	78.2	16,063	16,063
Asia Media Pte Ltd (1)	Provision of media, publishing, communications and education related businesses – currently dormant	Singapore	76.5	76.5	76	76
Education & Entertainment Workshop Pte Ltd (1)	Publishing and sale of books – currently dormant	Singapore	77.8	77.8	204	204
AsiaStockWatch.com (Australia) Pty Ltd (4)	Provision of internet database services and information – currently dormant	Australia	100	100	^	^

FINANCIALS

Notes to the Financial Statements (cont'd)

7. SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			31 March 2007 %	31 March 2006 %	31 March 2007 $'000	31 March 2006 $'000
Held by Company						
The Observer Star Global Publishing Holdings Limited [2] [5]	Investment holding	British Virgin Islands	100	100	6,520	6,520
Inovatif Media Asia Sdn. Bhd. [3]	Media Publishing	Malaysia	80.2	80.2	45	45
Sun China Media (BJ) Culture Distribution Ltd [2]	Media Publishing	China	100	–	20	–
					74,994	74,974

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			31 March 2007 %	31 March 2006 %
Held by subsidiaries				
Panpac Specialist Magazines (Malaysia) Sdn. Bhd. [3]	Letting of property – currently dormant	Malaysia	100	100
Panpac Business Media (M) Sdn. Bhd. [3]	Media publishing – currently dormant	Malaysia	100	100
WDE (Malaysia) Sdn. Bhd. [3]	Media publishing – currently dormant	Malaysia	100	100
Panpac Lifestyle Magazines (M) Sdn. Bhd. [3]	Media publishing – currently dormant	Malaysia	100	100
Golf Times (Malaysia) Sdn. Bhd. [3]	Media advertising contractors and agents – currently dormant	Malaysia	100	100
Biz2net Asia Pte Ltd [1]	Consultancy and web design services – currently dormant	Singapore	100	100
Blue-Oaks.com Pte Ltd [1]	Software development and consultancy management services – currently dormant	Singapore	100	100

7. SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			31 March 2007 %	31 March 2006 %
Held by subsidiaries				
Data Information Systems Pte Ltd (1)	Consultants on computers peripheral equipment and technical and advisory services – currently dormant	Singapore	100	100
Juzlaw Solutions Pte Ltd (1)	Trading in computer hardware and accessories – currently dormant	Singapore	80	80
Panpac Management and Information Consultants (Shanghai) Limited (2)	Provision of consultancy services for events, executive forms, forum workshops and strategic business conferences – currently dormant	China	100	100
TPMC Asia Pte Ltd (1)	Distribution of magazines – currently dormant	Singapore	77.8	77.8
Wide Angle Press Limited (2) (5)	Publishing and sale of magazines	Hong Kong	100	100
Golden Horse Management Limited (2) (5)	Investment holding – currently dormant	Hong Kong	85	85
The Observer Star Group Holdings Limited (2) (5)	Investment holding – currently dormant	British Virgin Islands	100	100
The Observer Star Publishing Global Limited (2) (5)	Investment holding – currently dormant	British Virgin Islands	100	100
Star Newspapers Limited (2) (5)	Publishing and sale of newspapers – currently dormant	Hong Kong	70	70
United Business Newspapers Limited (2) (5)	Investment holding – currently dormant	British Virgin Islands	100	100
The Observer Star (PRC) Limited (2) (5)	Investment holding – currently dormant	British Virgin Islands	100	100
Intercontinental Advertising Limited (2) (5)	Media advertising agent – currently dormant	China	85	85
Excellence Financial Production Limited (2) (5)	Currently dormant	Hong Kong	65	65
Sun Global Publishing Group (Hong Kong) Limited (2) (5)	Investment holding – currently dormant	Hong Kong	100	100

7. SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			31 March 2007 %	31 March 2006 %
Held by subsidiaries				
Shanghai Panpac Management & Consultancy Limited [2] [5]	Management and consultancy services – currently dormant	China	100	100
Shanghai Panpac Culture Distribution Limited [2] [5]	Media advertising agent	China	100	100
Observer Star (HK) Limited [2] [5]	Publishing & sale of newspapers – currently dormant	Hong Kong	100	100
Optima Media International Limited [2] [5]	Management and consultancy services	British Virgin Islands	100	100
Caijing Times Advertising Development Corporation Ltd [2] [5]	Media advertising agent	British Virgin Islands	100	100
Beijing Panpac Advertising Limited [2] [5]	Media advertising agent	China	100	100

[1] Audited by Nexia Tan & Sitoh, a member of Nexia International.
[2] Audited by Nexia Tan & Sitoh for consolidation purposes
[3] Audited by Monteiro & Heng, member firm of Nexia International
[4] Not required to be audited by the laws of their countries of incorporation.
[5] Disposal group, Note 12

^ Amounts less than $1,000.

8. ASSOCIATES

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Equity investments, at cost			998	8,000
Beginning of financial year	28,715	89,859		
Acquisitions	998	–		
Share of post-acquisition				
- losses	–	(17)		
- impairment loss	–	(61,127)		
	29,713	28,715		
Disposals	(28,715)	–		
	998	28,715		

During the financial year, the Group divested its investments in Asia Network Technologies Ltd.

8. ASSOCIATES (cont'd)

The Group's share of the results and assets and liabilities of the associates was as follows:

	1 April 2006 to 31 March 2007 $'000	1 January 2005 to 31 March 2006 $'000
Revenue	–	–
Expenditure	–	(17)
Loss before taxation	–	(17)
Taxation	–	–
Loss after taxation	–	(17)
Property, plant and equipment	85	28,123
Current assets	783	592
Other assets	14	–
Current liabilities	(493)	–
	389	28,715

Details of the Group's significant associates are as follows:

Name of associates	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment	
			31 March 2007 %	31 March 2006 %	31 March 2007 $'000	31 March 2006 $'000
Held by the Company						
Shareinvestor.com Holdings Pte Ltd [1]	Investment holding	Singapore	25	–	998	–
Asia Network Technologies Limited [2]	Investment holding	British Virgin Islands	–	20.5	–	8,000
					998	8,000

Name of associates	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			31 March 2007 %	31 March 2006 %
Held by subsidiary				
PropertyNetAsia (Malaysia) Sdn Bhd [1]	Own, develop and operate the property portal	Malaysia	34	34

[1] Audited by other certified public accountants. These associates are not significant as defined under Listing Rule 718 of the Singapore Exchange Manual.

[2] Not required to be audited by the laws of the country of incorporation.

The Group had not equity accounted for the results of Shareinvestor.com Holdings Pte Ltd as the acquisition was made on 30 March 2007.

9. WORK-IN-PROGRESS, AT COST

Work-in-progress relates to costs incurred in the production of magazines and periodicals which have not been issued at the end of the financial year.

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Trade receivables	1,370	7,351	59	196
Deposits	83	109	67	71
Prepayments	295	114	277	104
Tax recoverable	5	5	–	–
Sundry receivables (1)	5,986	9,577	245	6,097
Other assets (2)	39	38	–	–
Due from subsidiaries (trade)	–	–	471	835
Due from subsidiaries (non-trade)	–	–	28,541	37,331
Due from associates	7	7	7	7
	7,785	17,201	29,667	44,641
Allowance for impairment:				
- Trade receivables	(380)	(613)	(59)	(196)
- Other receivables	(2,348)	–	(36)	–
- Due from subsidiaries (trade)	–	–	(471)	(503)
- Due from subsidiaries (non-trade)	–	–	(7,600)	(26,779)
- Due from associates	(7)	–	(7)	–
	5,050	16,588	21,494	17,163

A subsidiary pledged its trade receivables amounting to approximately $132,000 (2006: $137,000) to a finance company to secure the factoring loan (Note 14).

(1) Included in sundry receivables is $5.1 million representing consideration receivable for the sale of contents rights and licensing fees. This amount has been fully received subsequent to year-end.

Included in sundry receivables is $0.7 million representing amounts payable in Nextmart Inc shares that have been received by the Group subsequent to year-end.

(2) Other assets relates to food vouchers, hotel room-stays, gifts and promotion items arising from barter trades concluded with customers. This is an industry practice and constitutes a legally binding settlement arrangement for services rendered. These items are stated at cost as determined by the directors and charged to the consolidated statement of profit and loss as and when utilised.

The carrying amounts of trade and other receivables approximate their fair values.

The carrying amounts of balances due from subsidiaries approximate their fair values. These non-trade balances are unsecured, interest-free and repayable on demand.

Non-trade balances due from associates are unsecured, interest-free and repayable on demand.

10. TRADE AND OTHER RECEIVABLES (Cont'd)

Trade and other receivables denominated in various currencies are as follows:

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Singapore dollars	1,924	7,910	29,667	44,641
Hong Kong dollars	–	7,215	–	–
Malaysian Ringgit	686	637	–	–
Chinese Renminbi	6	1,036	–	–
Other	5,169	403	–	–
	7,785	17,201	29,667	44,641

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	31 March 2007 $'000	31 March 2006 $'000
Balance at beginning of year/ period		
- At cost	78,230	1,645
- Effect of adoption of FRS 39 on 1 January 2005	–	2,685
As restated	78,230	4,330
Disposal	(18,814)	(4,330)
Additions	31,944	78,230
	91,360	78,230
Allowance for impairment	(67,083)	–
Balance at end of year/ period	24,277	78,230

At balance sheet date, financial assets at fair value through profit or loss included the following:

	Group	
	31 March 2007 $'000	31 March 2006 $'000
Equity securities – US	62,645	78,230
Equity securities – London	28,715	–
Balance at end of year/ period	91,360	78,230

The equity securities in Alternative Investment Markets listed Sun 3C Media Plc are held in escrow where half of the amount will be released to the Group on 5 July 2007 and the remaining half on 5 July 2008.

12. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at the date of this financial statements, following the approval of the Company's Board of Directors to sell The Observer Star Global Publishing Holdings Limited ("OSGPH"), excluding Wide Angle Press Limited ("WAP"), Caijing Advertising Development Corporation Ltd and its subsidiaries ("Caijing Group"), Optima Media International Limited and its subsidiaries ("Optima Group"), and approval of shareholders on 27 April 2007 to sell WAP, Caijing Group and Optima Group, the assets and liabilities related to OSGPH and its subsidiaries are presented separately as a disposal group held for sale on the balance sheet and the results separately on the income statement as "Discontinued operations".

An analysis of the results of discontinued operations, and the results recognised on the remeasurement of disposal group, is as follows:

	Group			
	1 April 2006 to 31 March 2007	1 January 2005 to 31 March 2006		
	OSGPH	OSGPH	Education	Total
	$'000	$'000	$'000	$'000
Revenue	2,273	9,579	1,794	11,373
Other income	497	427	30	457
Expenses	(19,267)	(17,933)	(2,855)	(20,788)
Finance expenses	–	–	(10)	(10)
Loss before taxation from discontinued operations	(16,497)	(7,927)	(1,041)	(8,968)
Gain on sale of discontinued operations	–	–	1,304	1,304
Taxation	(7)	–	–	–
Net (loss) / profit from discontinued operations	(16,504)	(7,927)	263	(7,664)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group			
	1 April 2006 to 31 March 2007	1 January 2005 to 31 March 2006		
	OSGPH	OSGPH	Education	Total
	$'000	$'000	$'000	$'000
Operating cash flows	(3,947)	(9,330)	(255)	(9,585)
Investing cash flows	(13)	938	(12)	926
Financial cash flows	–	(25)	–	(25)
Total cash flows	(3,960)	(8,417)	(267)	(8,684)

12. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Cont'd)

Details of disposal group classified as held for sale are as follows:

	31 March 2007 $'000
Property, plant and equipment	700
Trade and other debtors	625
Cash and cash equivalents	259
	1,584

Liabilities directly associated with disposal group classified as held for sale are as follows:

	31 March 2007 $'000
Trade and other payables	3,544
Provisions	42
	3,586

13. TRADE AND OTHER PAYABLES

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Trade payables	1,442	1,968	462	221
Accrued operating expenses	1,498	2,952	1,160	2,029
Deferred revenue	210	147	–	–
Sundry payables	316	8,982	171	900
Due to subsidiaries (trade)	–	–	156	–
Due to subsidiaries (non-trade)	–	–	2,480	4,749
Loan from a subsidiary	–	–	–	1,271
Loan from a related party	–	1,013	–	1,013
	3,466	15,062	4,429	10,183

The carrying amounts of trade and other payables approximate their fair value.

The amount due to subsidiaries (non-trade) are unsecured, interest-free, and repayable on demand.

Loan from a subsidiary is unsecured, interest-free and is expected to be repaid within the next 12 months. The carrying amount of the loan approximates its fair value.

Loan from a related party (a company which has common directors with the Company) was fully repaid to the lender by the transfer of 400,000 shares in Nextmart Inc (formerly known as Sun New Media Inc.) held by the Group to the lender.

13. TRADE AND OTHER PAYABLES (cont'd)

Trade and other payables denominated in various currencies are as follows:

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Singapore dollars	2,713	4,022	4,429	9,170
Hong Kong dollars	–	6,891	–	–
Malaysian Ringgit	716	778	–	–
Other	37	3,371	–	1,013
	3,466	15,062	4,429	10,183

14. BORROWINGS

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Current				
Bank overdrafts (note 23)	871	999	683	698
Bank term loans	3,900	1,637	3,768	1,500
Finance lease obligations	91	–	81	–
	4,862	2,636	4,532	2,198
Non-Current				
Finance lease obligations	168	–	156	–

(a) Bank overdrafts

The bank overdrafts of a subsidiary are secured by corporate guarantee given by the Company and bear interest of 8.75% (2006: 8.5%) per annum.

The bank overdrafts of the Company are unsecured and bear interest of 5% (2006: 5%) per annum.

(b) Bank term loans

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Factoring loans (secured)	132	137	–	–
Bank term loans (secured)	2,268	–	2,268	–
Bank term loans (unsecured)	1,500	1,500	1,500	1,500
Bank term loans	3,900	1,637	3,768	1,500

14. BORROWINGS (cont'd)

Secured factoring loans
The factoring loans relate to amounts that have been obtained from a finance company by a subsidiary company under a factoring facility. Interest is charged at 2.25% (2006: 2.25%) per annum above the prevailing Singapore Inter-Bank offer rate. These loans are secured by a corporate guarantee given by the Company and a floating charge over trade receivables amounting to $132,000 (2006: $137,000).

Secured term loans
During the financial year, an exchangeable loan agreement was entered into whereby the Company obtained a loan amounting to $2.268 million. This loan is secured by financial assets as fair value through profit or loss, to be repaid 120 days from the funding date, at an interest rate of 6% per annum.

Unsecured term loans
The unsecured bank loan of the Company of $1,500,000 (2006: $1,500,000) is repayable on demand and bears interest rates ranging from 5.44% to 5.75% (2006: 3.42% to 5.44%).

The carrying amounts of bank term loans approximate their fair value.

(c) Finance lease obligations

The lease obligations bear interest ranging from 10.71% to 15.5% (2006: 10.71% to 15.5%) per annum.

Group	Minimum lease payment		Interest		Present value of payments	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Not later than 1 year	102	–	(11)	–	91	–
1 year through 5 years	188	–	(20)	–	168	–
	290	–	(31)	–	259	–

Lease terms did not contain restrictions concerning dividends, additional debt or further leasing.

Company	Minimum lease payment		Interest		Present value of payments	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Not later than 1 year	91	–	(10)	–	81	–
1 year through 5 years	175	–	(19)	–	156	–
	266	–	(29)	–	237	–

(d) Maturity of borrowings

The current borrowings (excluding finance lease obligations) have an average maturity of 6 months (2006: 6 months) from the end of the financial year.

14. BORROWINGS (cont'd)

(e) Currency risk

The carrying amounts of total borrowings were demoninated in the following currencies at balance sheet date:

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Singapore dollars	2,552	2,335	2,420	2,198
Malaysia Ringgit	210	301	–	–
United States dollars	2,268	–	2,268	–
	5,030	2,636	4,688	2,198

15. REVENUE

	Group	
	1 April 2006 to 31 March 2007 $'000	1 January 2005 to 31 March 2006 $'000
Advertisement	2,656	3,386
Circulation	772	1,040
Exhibition and events	17	55
	3,445	4,481

16. OTHER INCOME

	Group	
	1 April 2006 to 31 March 2007 $'000	1 January 2005 to 31 March 2006 $'000
Gain on disposal of properties	–	127
Gain on disposal of financial assets at fair value through profit or loss	–	2,707
Sale of contents right and licensing fees	5,129	41,127
Others	452	718
	5,581	44,679

17. OTHER OPERATING EXPENSES, NET

	Group 1 April 2006 to 31 March 2007 $'000	Group 1 January 2005 to 31 March 2006 $'000
Bad trade debts written off	251	21
Bad trade debts recovered	–	(10)
Allowance for impairment of other receivables	2,950	1
Allowance for impairment of trade receivables	102	219
Loss on disposal of plant and equipment	1	–
Loss on disposal of financial assets	13,043	–
Allowance for impairment of intangible assets	–	659
Allowance for impairment of goodwill	4,354	20
Allowance for impairment of associate	–	61,127
Provision for profit guarantee (Note 25)	–	899
Professional fees	1,103	415
Others	1,265	1,683
	23,069	65,034

18. PERSONNEL EXPENSES

	Group 1 April 2006 to 31 March 2007 $'000	Group 1 January 2005 to 31 March 2006 $'000
Wages, salaries and bonuses	2,357	2,637
Pension contributions	214	294
Other	35	80
	2,606	3,011

19. FINANCE EXPENSES

	Group 1 April 2006 to 31 March 2007 $'000	Group 1 January 2005 to 31 March 2006 $'000
Interest expenses on:		
Bank term loans	75	140
Bank overdrafts	46	42
Lease obligations	2	3
	123	185

20. LOSS BEFORE TAXATION

This is determined after charging/(crediting) the following:

	Group	
	1 April 2006 to 31 March 2007 $'000	**1 January 2005 to 31 March 2006 $'000**
Foreign exchange gain - net	(5)	(618)
Directors' remuneration	401	661
Directors' fees	119	197
Fees paid to a company in which a director is a member	29	–
Personnel expenses *	2,606	3,011

* This includes the amount shown as directors' remuneration.

21. TAXATION

Under the Group Relief System, implemented in Singapore with effect from the Year of Assessment 2004, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (made to approved charitable organisation) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

Major components of income tax expense for the financial year/ period were:

	Group	
	1 April 2006 to 31 March 2007 $'000	**1 January 2005 to 31 March 2006 $'000**
Continuing operations		
Current taxation		
- current year/ period	–	47
- under provision in prior year	(8)	–
Deferred taxation		
- current year/ period	–	–
Discontinued operations		
Current taxation	(7)	–
Tax (expense)/ credit	(15)	47

21. TAXATION (cont'd)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows:

	Group	
	1 April 2006 to 31 March 2007 $'000	1 January 2005 to 31 March 2006 $'000
Loss before taxation from:		
Continuing operations	(85,838)	(22,010)
Discontinued operations	(16,497)	(7,664)
	(102,335)	(29,674)
Tax at the applicable tax rate of 20%	(20,467)	(5,935)
Effects of:		
- Income not taxable in determining taxable profits	(1,123)	(7,101)
- Expenses not deductible in determining taxable profits	19,499	13,083
- Benefits arising from deductible differences not recognised	2,331	–
- Over-provision in prior years	(255)	–
Tax (expense)/ credit	(15)	47

The movement in the deferred taxation is as follows:

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Deferred taxation credited to equity				
Balance at beginning of year/ period	598	861	595	858
Credited during the year/ period	(333)	(263)	(333)	(263)
Liabilities directly associated with disposal group classified as held for sale	(3)	–	–	–
Balance at end of year/ period	262	598	262	595

Deferred taxation as at the end of financial year/ period relates to the following:

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Deferred tax liability arises from general provisions in respect of the operation	262	598	262	595

The Group has deductible temporary differences, unused tax losses and unused capital allowances of approximately $40,644,000 (2006: $28,989,000) for which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these balances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies in the Group operate.

22. LOSS PER SHARE

The calculations of loss per share (basic and diluted) are based on the losses and number of shares shown below:

	Group	
	1 April 2006 to 31 March 2007 $'000	1 January 2005 to 31 March 2006 $'000
Loss attributable to shareholders of the Company		
- Continuing operations	(85,742)	(22,803)
- Discontinued operations	(16,504)	(7,628)
	No. of shares	
Weighted average number of shares		
- For basic / diluted loss per share	971,084,048	748,170,306

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. There is no dilution of loss per share from the share options outstanding as the exercise price of the share options are higher than the market price as at 31 March 2007. No adjustment is made to earnings (numerator).

Subsequent to the financial year end, the Company had issued 104,406,130 shares as a result of the issuance of the first tranche of notes pursuant to the subscription agreement with VCAM, as disclosed in the Directors' Report.

23. CASH AND CASH EQUIVALENTS

	Group	
	31 March 2007 $'000	31 March 2006 $'000
Cash and bank balances	5,093	1,028
Bank overdrafts	(871)	(999)
Cash and cash equivalents	4,222	29
Cash and cash equivalents from discontinued operations	259	–
Cash and cash equivalents from discontinued operations	4,481	29

Included in the cash and bank balances was an amount of $2,268,000 held by an escrow agent as at 31 March 2007. The monies were released to the Company in April 2007. The Company had obtained representation from their solicitors that the Company had fulfilled its performance obligations in relation to the amount held in escrow and deemed that the Company is rightfully entitled to the monies. The carrying amounts of cash and cash equivalents approximate their fair value. The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 27.

23. CASH AND CASH EQUIVALENTS (cont'd)

Cash and cash equivalents denominated in various currencies are as follows:

	Group	
	31 March 2007 $'000	31 March 2006 $'000
Singapore dollars	2,046	(288)
Hong Kong dollars	–	255
United Stated dollars	2,339	–
Malaysian Ringgit	(167)	(233)
Chinese Renminbi	4	295
	4,222	29

24. RELATED PARTY INFORMATION

Some of the arrangements with related parties (as defined in Note 2 above) and the effects of these bases determined between the parties are reflected elsewhere in this report. The balances due from related parties are unsecured, interest-free and repayable on demand. Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Group		Company	
	1 April 2006 to 31 March 2007 $'000	1 January 2005 to 31 March 2006 $'000	1 April 2006 to 31 March 2007 $'000	1 January 2005 to 31 March 2006 $'000
Income				
Gain on disposal of properties to a related party	–	127	–	–
Gain on disposal of financial assets at fair value through profit or loss to a related party	–	2,707	–	–
Sales of contents right and licensing fees	–	41,308	–	–
Management and services fees from related parties	–	91	–	91
Expenses				
Service fees charged from related parties	–	5	–	5
Payments to key management personnel	506	653	–	–

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

25. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Unsecured contingent liabilities not provided for in the financial statements				
(i) Profit guarantee given to Sky Win Advertising Group Ltd	1,400	1,400	1,400	1,400
	1,400	1,400	1,400	1,400

(i) On 31 December 2004, the Company disposed of its entire equity interest in Lifestyle Magazines Publishing Pte Ltd. ("LMP") to Sky Win Advertising Group Limited ("Sky Win") for a consideration of $6,300,000. Under the terms of the sales and purchase agreement, the Company warrants and guarantees to Sky Win that the profit after tax ("PAT") of LMP for 3 financial years from 1 January 2005 to 31 December 2007 shall not be less than $700,000 for each of the financial year (the "Target Profit"). In the event that the PAT is less than the Target Profit, the Company shall upon demand by Sky Win, pay the difference between the PAT in that particular financial period and Target Profit or the sum of the quantum of the loss and the Target Profit.

For the first financial year, LMP is in a loss making position from 1 January 2005 to 31 December 2005. Accordingly, the profit guarantee between the loss during the year and the Target Profit of approximately $899,000 has been provided for in the financial statements (Note 17).

On 2 April 2007, the Company acquired LMP from Sun Media Investment Holdings Ltd ("SMIH") and secured a waiver of the profit guarantee from SMIH for the financial years from 1 January 2006 to 31 December 2007.

(b) Non-cancellable operating lease commitments

The Group has various operating lease agreements for equipment, offices premises and other facilities. Most leases contain renewable options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group		Company	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Future minimum lease payments				
- not later than 1 year	261	856	234	234
- 1 year through 5 years	78	880	78	265
	339	1,736	312	499

26. SEGMENT INFORMATION

(a) Business segments

The Group is organised on a regional basis into two main operating divisions, namely:
- Publishing, exhibition and events
- Headquarter ("HQ") and investments

For year ended 31 March 2007	Publishing, exhibition and events $'000	HQ and investments $'000	Total for continuing operations $'000	Discontinued operations $'000	Total $'000
Revenue	3,445	–	3,445	2,273	5,718
Other income	123	5,458	5,581	497	6,078
Segment results	(440)	(85,275)	(85,715)	(16,497)	(102,212)
Financial expenses - net			(123)	–	(123)
Taxation			(8)	(7)	(15)
Loss after taxation			(85,846)	(16,504)	(102,350)
Assets					
Associates	–	998	998	–	998
Segment assets	2,375	33,264	35,639	1,584	37,223
Consolidated assets			36,637	1,584	38,221
Liabilities					
Segment liabilities	(1,787)	(6,710)	(8,497)	(3,543)	(12,040)
Unallocated liabilities			(262)	(42)	(304)
Consolidated liabilities			(8,759)	(3,585)	(12,344)
Other segment information					
Capital expenditure			(53)	(15)	(68)
Depreciation and amortisation			(70)	(798)	(868)
Allowance for impairment of intangible assets			–	(9,069)	(9,069)
Allowance for impairment of goodwill			(4,354)	–	(4,354)
Allowance for impairment of other receivables			(2,950)	–	(2,950)
Allowance for impairment of trade receivables			(102)	(1,740)	(1,842)

26. SEGMENT INFORMATION (cont'd)

For period ended 31 March 2006	Publishing, exhibition and events $'000	HQ and investments $'000	Total for continuing operations $'000	Discontinued operations $'000	Total $'000
Revenue	4,481	–	4,481	11,373	15,854
Other income	225	44,454	44,679	457	45,136
Segment results	(1,588)	(20,220)	(21,808)	(8,958)	(30,766)
Financial expenses - net			(185)	(10)	(195)
Share of loss of associates			(17)	–	(17)
Taxation			47	–	47
Loss after taxation			(21,963)	(8,968)	(30,931)
Gain on sale of discontinued operations			–	1,304	1,304
Loss for the period			(21,963)	(7,664)	(29,627)
Assets					
Associates	–	28,715	28,715	–	28,715
Segment assets	23,222	89,969	113,191	–	113,191
Consolidated assets			141,906	–	141,906
Liabilities					
Segment liabilities	(11,229)	(6,469)	(17,698)	–	(17,698)
Unallocated liabilities			(665)	–	(665)
Consolidated liabilities			(18,363)	–	(18,363)
Other segment information					
Capital expenditure			(96)	(662)	(758)
Depreciation and amortisation			(116)	(1,583)	(1,699)
Allowance for impairment of intangible assets			(659)	–	(659)
Allowance for impairment of goodwill			(20)	(1,891)	(1,911)
Allowance for impairment of trade receivables			(174)	(45)	(219)

26. SEGMENT INFORMATION (cont'd)

(b) Geographical segments

Revenue is based on the location of customers regardless of where the goods are produced. Assets and capital expenditure are based on the location of the entities.

	Revenue		Assets		Capital expenditure	
	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000	31 March 2007 $'000	31 March 2006 $'000
Greater China	2,354	9,579	1,599	20,851	20	652
South East Asia	3,364	6,275	35,624	92,340	48	106
	5,718	15,854	37,223	113,191	68	758

27. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies
The main risks arising from the Group's financial instruments are interest rate risk, fair value and cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. Although the Group does not have a formal risk management policies and guidelines, however, the Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

It is the Group's policy not to trade in derivative contracts.

Interest rate risk
The Group obtains additional financing through bank term loans and leasing arrangements. Information relating to the Group's interest rate exposure on the Group's bank term loans and leasing obligation are disclosed in Note 14.

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at 31 March 2007, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Fair value and cash flow interest rate risk
Fair value interest rate risk is the risk that value of a financial instrument will fluctuate due to changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Bank term loans of approximately $1.6 million (2006: $1.6 million) are arranged at floating interest rates and expose the Group to cash flow interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

27. FINANCIAL INSTRUMENTS (cont'd)

Fair value and cash flow interest rate risk (cont'd)

Group

	Variable rates		Fixed rates					
	Less than 6 months $'000	6 to 12 months $'000	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 March 2007								
Assets								
Work-in-progress, at cost	–	–	–	–	–	–	127	127
Trade and other receivables	–	–	–	–	–	–	5,675	5,675
Financial assets at fair value through profit or loss	–	–	–	–	–	–	24,277	24,277
Cash and cash equivalents	–	–	–	–	–	–	5,352	5,352
Associates	–	–	–	–	–	–	998	998
Non-financial assets	–	–	–	–	–	–	1,792	1,792
Total assets	–	–	–	–	–	–	38,221	38,221
Liabilities								
Trade and other payables	–	–	–	–	–	–	7,010	7,010
Borrowings	1,003	–	–	3,859	168	–	–	5,030
Non-financial liabilities	–	–	–	–	–	–	304	304
Total liabilities	1,003	–	–	3,859	168	–	7,314	12,344
At 31 March 2006								
Assets								
Work-in-progress, at cost	–	–	–	–	–	–	146	146
Trade and other receivables	–	–	–	–	–	–	16,588	16,588
Financial assets at fair value through profit or loss	–	–	–	–	–	–	78,230	78,230
Cash and cash equivalents	–	–	–	–	–	–	1,028	1,028
Associates	–	–	–	–	–	–	28,715	28,715
Non-financial assets	–	–	–	–	–	–	17,199	17,199
Total assets	–	–	–	–	–	–	141,906	141,906
Liabilities								
Trade and other payables	–	–	–	–	–	–	15,062	15,062
Borrowings	1,136	–	–	1,500	–	–	–	2,636
Non-financial liabilities	–	–	–	–	–	–	665	665
Total liabilities	1,136	–	–	1,500	–	–	15,727	18,363

27. FINANCIAL INSTRUMENTS (cont'd)

Fair value and cash flow interest rate risk (cont'd)

The Company

	Variable rates		Fixed rates					
	Less than 6 months $'000	6 to 12 months $'000	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
At 31 March 2007								
Assets								
Trade and other receivables	–	–	–	–	–	–	21,494	21,494
Cash and cash equivalents	–	–	–	–	–	–	2,527	2,527
Subsidiaries and associates	–	–	–	–	–	–	25,319	25,319
Non-financial assets	–	–	–	–	–	–	30	30
Total assets	–	–	–	–	–	–	49,370	49,370
Liabilities								
Trade and other payables	–	–	–	–	–	–	4,429	4,429
Borrowings	683	–	–	3,849	156	–	–	4,688
Non-financial liabilities	–	–	–	–	–	–	262	262
Total liabilities	683	–	–	3,849	156	–	4,691	9,379
At 31 March 2006								
Assets								
Trade and other receivables	–	–	–	–	–	–	17,163	17,163
Cash and cash equivalents	–	–	–	–	–	–	155	155
Subsidiaries and associates	–	–	–	–	–	–	35,106	35,106
Non-financial assets	–	–	–	–	–	–	55	55
Total assets	–	–	–	–	–	–	52,479	52,479
Liabilities								
Trade and other payables	–	–	–	–	–	–	10,183	10,183
Borrowings	698	–	–	1,500	–	–	–	2,198
Non-financial liabilities	–	–	–	–	–	–	595	595
Total liabilities	698	–	–	1,500	–	–	10,778	12,976

27. FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk
The Group has a significant investment in the foreign subsidiaries whose net assets would be exposed to currency translation risk. Exposures to foreign currency risk are managed as far as possible by natural hedges of matching assets and liabilities.

The Group operates mainly in Asia and is exposed to various currency exposures, primarily with respect to the Chinese Renminbi, United States Dollars, Malaysia Ringgit and Hong Kong Dollars. Currency risk arises for future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Credit risk
The carrying amounts of cash and cash equivalents, trade and other receivables (including amount due from subsidiaries and associates) represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Cash and cash equivalents are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The management mitigates the risk by extending credit only to creditworthy customers. Customers on credit terms are regularly monitored and therefore, management does not expect the Group to incur significant credit losses.

The Group has no significant concentrations of credit risk with any single customer.

Liquidity risk
The Group finances its operations by a combination of equity, bank loans, bank overdrafts and loans from related party and subsidiary. Additional financing is required for the other working capital needs.

28. SUBSEQUENT EVENTS

(a) On 27 April 2007, the shareholders had approved the sale of Wide Angle Press Limited ("WAP"), Caijing Advertising Development Corporate Ltd and its subsidiaries ("Caijing Group"), Optima Media International Limited and its subsidiaries ("Optima Group").

(b) On 8 May 2007, G-Mobile Pte Ltd and the vendors of Maestro Mind International and PT Monstermob Indonesia agreed to mutually terminate the Sale and Purchase Agreement dated 16 February 2007.

(c) On 23 May 2007, the Company entered into a Sale and Purchase Agreement with Fu Qiang, Lew Foon Keong and Liu Lipeng (the "DDG Vendors") to acquire the entire issued and paid-up capital in Delta Digital Limited ("DDG") for an aggregate consideration of US$4.5 million to be satisfied in cash and new shares of the Company (the "DDG Agreement"). Under the terms of the DDG Agreement, the DDG Vendors provided an EBITDA guarantee of US$1.5 million for Beijing Shi Tong Tian Xia Information Technology Co., Ltd ("STTX"). Upon completion, DDG will provide a US$1 million working capital loan to STTX.

The acquisition of DDG was completed on 13 June 2007.

(d) On 30 May 2007, the Company entered into a Sale and Purchase Agreement with Lawrence Liaw Shoo Khen, Alina Koh Siang Ling, Tan Jeck Min and Strategic Worldwide Assets Limited (the "Sandz Vendors") to acquire the entire issued and paid-up capital of Sandz Solutions (Singapore) Pte Ltd ("Sandz") for an aggregate consideration of S$36 million to be satisfied in cash and new shares of the Company (the "Sandz Agreement").

Under the terms of the Sandz Agreement, the Sandz Vendors provided a profit guarantee of S$4 million for Sandz for the financial years commencing 1 April 2007 and 1 April 2008 respectively.

The acquisition is mainly conditional upon:
i) approval of The Securities Industry Council's ruling;
ii) satisfaction of due diligence exercise;
iii) SGX approval of Circular to Shareholders; and
iv) approval of shareholders

28. SUBSEQUENT EVENTS (cont'd)

(e) On 19 June 2007, the Company changed its name from Sun Business Network Ltd. to The Lexicon Group Limited. The change in name is to better reflect the Group's current corporate profile and its strategy to reposition itself as a leading player in the traditional print, internet and new media areas.

On the same day, shareholders approval is obtained for the Company to enter into the subscription agreement with VCAM, as disclosed in the Directors' Report.

29. COMPARATIVES

Prior year comparatives have been audited by another firm of certified public accountants.

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements and following the Group and Company's adoption of the new and revised FRS that became effective during the year. As a result, certain line items have been amended on the face of the balance sheets and the related notes to the financial statements.

In addition, the following comparative figures have been adjusted to conform with current year's presentation:

	Group		Company	
	31 March 2006 balances as restated $'000	31 March 2006 balances as previously reported $'000	31 March 2006 balances as restated $'000	31 March 2006 balances as previously reported $'000
Balance Sheet				
Trade and other receivables	16,588	6,738	17,163	–
Other receivables and prepayments	–	9,843	–	6,272
Due from subsidiaries (trade)	–	–	–	332
Due from subsidiaries (non-trade)	–	–	–	10,552
Due from associates (non-trade)	–	7	–	7
Trade and other payables	15,062	1,968	10,183	221
Other payables and accruals	–	12,081	–	2,929
Due to subsidiaries (non-trade)	–	–	–	4,749
Loan from a subsidiary	–	–	–	1,271
Loan from a related party	–	1,013	–	1,013
Borrowings	2,636	–	2,198	–
Bank term loans (current portion)	–	1,637	–	1,500
Bank overdraft	–	999	–	698

29. COMPARATIVES (cont'd)

	Group	
	1 January 2005 to 31 March 2006 balances as restated $'000	1 January 2005 to 31 March 2006 balances as previously reported $'000
Profit and Loss		
Revenue	4,481	14,060
Other income	44,679	45,106
Publications	(2,438)	(7,426)
Amortisation and depreciation	(116)	(1,574)
Operating lease expenses	(309)	(905)
Other operating expenses, net	(65,034)	(71,540)
Personnel expenses	(3,011)	(7,396)
Net (loss)/ profit from discontinuing operations	(7,664)	263

At the date of this financial statements, following the approval of the Company's Board of Directors to sell The Observer Star Global Publishing Holdings Limited ("OSGPH"), excluding Wide Angle Press Limited ("WAP"), Caijing Advertising Development Corporation Ltd and its subsidiaries ("Caijing Group"), Optima Media International Limited and its subsidiaries ("Optima Group") and shareholders approval on 27 April 2007 to sell WAP, Caijing Group and Optima Group, the assets and liabilities related to OSGPH and its subsidiaries are presented separately as a disposal group held for sale on the balance sheet and the results separately on the income statement as "Discontinued operations". The transactions were completed on April 2007. Prior year's results for discontinued operations were re-presented to enhance comparability with the current year's financial statements, as disclosed in Note 12.

SHAREHOLDINGS STATISTICS

Twenty Largest Shareholders As At 2 July 2007

S/N	Name of shareholder	No. of Shares	% of Shares
1	DBS Vickers Securities (Singapore) Pte Ltd	125,406,575	12.39
2	International Press Holdings Pte Ltd	76,962,588	7.60
3	UOB Kay Hian Pte Ltd	50,024,000	4.94
4	OCBC Securities Pte Ltd	25,880,000	2.56
5	Raffles Nominees Pte Ltd	23,507,000	2.32
6	Kim Eng Securities Pte Ltd	21,230,000	2.10
7	United Overseas Bank Nominees Pte Ltd	20,491,000	2.02
8	SBS Nominees Pte Ltd	20,078,000	1.98
9	Natureland Limited	20,000,000	1.98
10	CIMB-GK Securities Pte Ltd	15,575,707	1.54
11	Mayban Nominees (Singapore) Pte Ltd	13,690,000	1.35
12	Lim & Tan Securities Pte Ltd	13,205,234	1.30
13	DBS Nominees Pte Ltd	12,840,042	1.27
14	Toorak Group Limited	11,705,685	1.16
15	BNP Paribas Nominees Singapore Pte Ltd	10,500,000	1.04
16	HSBC (Singapore) Nominees Pte Ltd	10,222,000	1.01
17	DB Nominees (Singapore) Pte Ltd	9,999,703	0.99
18	Chin Chen Lian	9,150,000	0.90
19	Lim Kean Bin	8,990,000	0.89
20	OCBC Nominees Singapore Pte Ltd	8,210,250	0.81
	Total:	**507,667,784**	**50.15**

Distribution Of Shareholders By Size Of Shareholdings As At 2 July 2007

Size Of Shareholdings	No. Of Shareholders	%	No. of Shares
1 – 999	17	0.32	7,571
1,000 – 10,000	2,047	38.08	9,721,460
10,001 – 1,000,000	3,227	60.04	348,265,153
1,000,001 – and above	84	1.56	654,517,898
Grand Total	**5,375**	**100.00**	**1,012,512,082**

Substantial Shareholders As At 2 July 2007

	Direct Interest		Deemed Interest	
Name	**No. Of Shares**	**%**	**No. Of Shares**	**%**
Low Song Take	6,117,647	0.60	76,962,588	7.60
Ricky Ang Gee Hing	12,213,235	1.21	28,197,294	2.79
Kevin Low Ka Choon	2,600,000	0.28	76,962,588	7.60
Tan Choon Wee	28,667,000	2.83	1,333,000	0.13
International Press Holdings Pte Ltd	76,962,588	7.60	–	–
Fontana Investments Pte Ltd	28,197,294	2.79	–	–
Lexicon Capital Holdings Limited	1,333,000	0.13	–	–

Rule 723 of the SGX-ST Listing Manual

As at 2 July 2007, there were 856,421,318 shares in the hands of the public as defined in the SGX-ST Listing Manual representing approximately 84.6% of the issued share capital of the Company. The Company confirms that Rule 723 is complied with.

Note:

1. The Directors of International Press Holdings Pte Ltd ("IPH") are Messrs Low Song Take and Woo Woo Khai Chong. The Shareholders of IPH are Chee Chun Holdings Pte Ltd and ("Chee Chun") (50.0%) and Ze Hua Holdings Pte Ltd ("Ze Hua") (50.0%)

   The Directors of Chee Chun are Messrs Woo Khai Chong and Woo Khai San. The Shareholders of Chee Chun are Mr Woo Khai Chong (50.01%) and Mr Woo Khai San (49.99%). Both Mr Woo Khai Chong and Mr Woo Khai San have an indirect interest in the Company through their shareholdings in Chee Chun.

   The Directors of Ze Hua are Mr Low Song Take and his wife, Mdm Leong Shook Wah. The Shareholders of Ze Hua are Mr Low Song Take (10.0%), his wife, Mdm Leong Shook Wah (10.0%), and his children, Low Li Sze (20.0%), Kevin Low Ka Choon (20.0%), Low Ka Hoe (20.0%) and Low Ka Wei (20.0%). Mr Low Song Take, Mdm Leong Shook Wah, Low Li Sze, Kevin Low Ka Choon, Low Ka Hoe and Low Ka Wei have an indirect interest in the Company through their shareholdings in Ze Hua.

2. The Directors of Fontana Investments Pte Ltd ("Fontana") are Mr Ricky Ang Gee Hing, his wife, Mdm Melinda See Ming Foong, and his daughters, Audrey Ang Hui Ling and Alison Ang Wern Ling. The Shareholders of Fontana are Mr Ricky Ang Gee Hing (50.0%), and his wife, Mdm Melinda See Ming Foong (50.0%). Mr Ricky Ang Gee Hing and Mdm Melinda See Ming Foong have an indirect interest in the Company through their shareholdings in Fontana.

3. The director & shareholder (100.0%) of Lexicon Capital Holdings Limited (LCH) is Messr Tan Choon Wee. Mr Tan Choon Wee has an indirect interest in the Company through his shareholding in LCH.

THE LEXICON GROUP LIMITED (FORMERLY KNOWN AS SUN BUSINESS NETWORK LTD.)
(Company Registration No. 199407135Z)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of The Lexicon Group Limited will be held at 371 Beach Road #03-18, Keypoint, Singapore 199597 on 31 July 2007 at 10.30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Accounts of the Company for the financial year ended 31 March 2007 together with the Directors' Report and Auditors' Report thereon. [Resolution 1]
2. To approve Directors' fees of S$119,450 for the financial year ended 31 March 2007. [Resolution 2]
3. To re-elect Low Song Take who is retiring under Article 107 of the Articles of Association. [Resolution 3]
4. To re-elect Mr Tan Choon Wee who is retiring under Article 117 of the Articles of Association. [Resolution 4]
5. To re-elect Mr Tjio Kay Loen who is retiring under Article 117 of the Articles of Association. [Resolution 5]
6. To re-elect Mr Francis Xavier who is retiring under Article 117 of the Articles of Association. [Resolution 6]
7. To note and accept Mr Yang Guowei's retirement under Article 117 of the Articles of Association. [Resolution 7]
8. To re-appoint Messrs Nexia Tan & Sitoh, Certified Public Accountants, as auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 8]
9. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:-

10. **The Lexicon Group Share Option Scheme (previously referred to as the "Sun Business Network Share Option Scheme")**
THAT approval be and is hereby given to the Directors to offer and grant options under the The Lexicon Group Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total issued share capital of the Company from time to time. [Resolution 9]
11. **Authority to Directors to Issue and Allot Shares**
THAT the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 (the "Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited to allot and issue shares and convertible securities of the Company on such terms and conditions and with such rights or restrictions as they may deem fit PROVIDED ALWAYS THAT the aggre gate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed fifty percent (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty percent (20%) of the issued share capital of the Company and that such authority shall con tinue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a gen eral meeting. For the purposes of this resolution, the percentage of issued share capital shall be based on the Company's issued share cap ital at the time of the passing of this resolution after adjusting for: -
(a) new shares arising from the conversion or exercise of convertible securities or from exercising employee share options outstanding or subsisting at the time of the passing of this resolution; and
(b) any subsequent consolidation or subdivision of shares. [Resolution 10]

12. **Shares Buy Back Mandate**

THAT:

(a) the Board of Directors ("Directors") of the Company be and are hereby authorised to purchase or otherwise acquire from time to time issued ordinary shares in the capital of the Company ("Shares"), up to a maximum of 10% of the issued ordinary share capital of the Company as at the date of the passing of this resolution at any price which the Directors may determined at their discretion, up to but not exceeding the Maximum Price (as defined below), and such purchases and acquisitions of the Shares may be effected by way of:
(i) an on-market share acquisition ("On-Market Purchase") transacted on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or
(ii) an off-market share acquisition ("Off-Market Purchase") pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Companies Amendment Act, and otherwise be in accordance with all other laws, the Listing Manual and other regulations and rules of the SGX-ST (the "Shares Buy Back Mandate").
(b) the Shares Buy Back Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier; and
(c) in this resolution, "Maximum Price" in relation to a Share to be purchased or acquired, shall mean: (i) in the case of On-Market Purchases, the price per Share (excluding brokerage fees, stamp duties payable, applicable goods and services tax and other related expenses) based on not more than five (5) percent above the average closing prices of the Shares on the SGX-ST on each of the 5 consecutive trading days on which transactions in the Shares were recorded immediately preceding the date of market purchase by the Company and deemed to be adjusted for any corporate actions occurring after the relevant 5-day period; and (ii) in the case of Off-Market Purchases, the price per Share (excluding brokerage fees, stamp duties payable, applicable goods and services tax and other related expenses) based on not more than five (5) percent above the average closing prices of the Shares on the SGX-ST on each of the 5 consecutive trading days on which transactions in the Shares were recorded immediately preceding the date that the Company makes an announcement of an offer under an equal access scheme. [Resolution 11]

BY ORDER OF THE BOARD

TAN MIN-LI
COMPANY SECRETARY
SINGAPORE, 16 July 2007

Notes:

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.
A proxy need not be a member of the Company.
The instrument appointing a proxy must be deposited at the Company's registered office at 36 Carpenter Street, Singapore 059915 at least 48 hours before the time of the Meeting.

(ii) If re-elected under Resolution 3, Mr Low Song Take will remain as a Non-Executive Director the Company.

(iii) If re-elected under Resolution 4, Mr Tan Choon Wee will remain as an Executive Director of the Company..

(iv) If re-elected under Resolution 5, Mr Tjio Kay Loen will remain as an Independent Director of the Company.

(v) If re-elected under Resolution 6, Mr Francis Xavier will remain as an Independent Director of the Company.

(vi) Resolution 9 above, if passed, will empower the Directors to issue shares pursuant to The Lexicon Group Share Option Scheme (the "Scheme"), of up to an amount not exceeding in total of fifteen percent (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(vii) Resolution 10 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maxi mum of fifty percent (50%) of the issued share capital of the Company (of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty percent (20%) of the issued share capital of the Company) for such pur poses as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

(viii) Resolution 11 above, if passed, will give the Directors of the Company the flexibility to purchase or acquire its Shares, if and when circumstances permit, with a view to enhancing the earnings per Ordinary Share and/or the net asset value per Ordinary Share of the Company. The Directors believe that share purchases also provide the Company and its Directors with an alternative to facilitate the return of surplus cash over and above its ordinary capital requirements and exercise greater control over the Company's share capital structure.
The Directors further believe that Share purchases may bolster confidence of Ordinary Shareholders. With the Shares Buy Back Mandate, the Directors will have the ability to make On-Market Share purchases and/or Off-Market Share purchases in accordance with all conditions prescribed by the Companies Act and the Companies Amendment Act, and otherwise be in accordance with all other laws, the Listing Manual and other regulations and rules of the SGX-ST (the "Shares Buy Back Mandate"), where appropriate, to stabilize the demand for the Shares and to buffer against short-term share price volatility due to market speculation.
Purchases of Shares by the Company will be made only in circumstances where it is considered to be in the best interests of the Company. Shareholders should note that purchases or acquisitions of Shares pursuant to the Shares Buy Back Mandate may not be carried out to the full limit as authorized. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial position of the Company and its subsidiaries as a whole.

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IMPORTANT:
1. For investors who have used their CPF monies to buy the Company's ordinary shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intends and purposes if used or purported to be used by them.

3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent Banks may register with the Company Secretary of The Lexicon Group Limited.

THE LEXICON GROUP LIMITED
(FORMERLY KNOWN AS SUN BUSINESS NETWORK LTD.)
(Company Registration No. 199407135Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

I/We ______________________________

of ______________________________

being a member/members of the above-mentioned Company, hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

And/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 371 Beach Road #03-18, Keypoint, Singapore 199597 on 31 July 2007 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as hereunder indicated.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To adopt the Audited Accounts, Directors' Report and Auditors' Report		
2.	To approve the payment of Directors' Fees		
3.	To re-elect Mr Low Song Take as a Director under Article 107		
4.	To re-elect Mr Tan Choon Wee as a Director under Article 117		
5.	To re-elect Mr Tjio Kay Loen as a Director under Article 117		
6.	To re-elect Mr Francis Xavier as a Director under Article 117		
7.	To note and accept Mr Yang Guowei's retirement pursuant to Article 117		
8.	To re-appoint Auditors and authorise Directors to fix their remuneration		
	Special Business		
9.	To authorize Directors to allot and issue shares in connection with the exercise of options granted pursuant to The Lexicon Group Share Option Scheme		
10.	To authorize Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited		
11.	To authorize the Directors to purchase its own shares up to a maximum of 10% of the issued share capital of the Company.		

Dated this ____________ day of ____________ 2007

____
Signature(s) of member(s) or Common Seal

No. of Shares Held

IMPORTANT: PLEASE READ NOTES OVERLEAF

Please glue and seal along the edge

Please glue and seal along the edge

Please glue and seal along the edge

Please
Affix 23 Cents
Postage Stamp
Here

The Company Secretary
THE LEXICON GROUP LIMITED
36 Carpenter Street
Singapore 059915

1st Fold

IMPORTANT: PLEASE READ NOTES OVERLEAF

THE LEXICON GROUP LIMITED
(Formerly known as SUN BUSINESS NETWORK LTD.)
Notes to the Proxy Form

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

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2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.

3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 36 Carpenter Street, Singapore 059915 at least 48 hours before the time appointed for the Annual General Meeting.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

7. Please indicate with an “X” in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

9. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.