



THE LEXICON GROUP LIMITED

Half-Year Financial Statement And Dividend Announcement

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

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

		Group S\$'000		%
	Note	30/09/2008	30/09/2007	Increase/ (Decrease)
Continuing operations:				
Revenue				
Publishing		2,755	2,665	3.4
Exhibition and events		187	16	1,069
Other income	(i)	218	13,462	(98.3)
Direct costs:				
- Publications		(1,416)	(1,378)	2.8
- Exhibition and events		(7)	(27)	(74.1)
Personnel expenses		(1,974)	(1,887)	4.6
Amortisation & depreciation		(71)	(92)	(22.8)
Operating lease expenses		(115)	(142)	(19.0)
Loss in financial assets at fair value through profit and loss		(1,456)	(14,098)	(89.7)
Other operating expenses, net	(ii)	(1,498)	(2,038)	(26.5)
Total cost and expenses		(6,537)	(19,662)	(66.8)
Share of profit of associates		278	128	117.2
Finance costs		(61)	(114)	(46.5)
Loss before taxation		(3,160)	(3,505)	(9.8)
Income tax expense		370	(4)	NM
Total loss		(2,790)	(3,509)	(20.5)
Loss attributable to:				
- Shareholders of the company		(2,805)	(3,483)	(19.5)
- Minority interests		15	(26)	NM

NM - Not meaningful

Notes to income statements:

	Group		%
	S\$'000		Increase/ Decrease
	30/09/2008	30/09/2007	
(i) Included in other income are:			
Gain on disposal of subsidiaries	-	11,749	(100.0)
Gain on disposal of financial assets at fair value through profit or loss	169	170	-
Allowance for impairment of other receivables written back	-	610	(100.0)
Provision for profit guarantee written back	-	899	(100.0)
(ii) Included in other operating expenses are:			
Allowance for impairment of goodwill on consolidation	-	403	(100.0)
Fees relating to issuance of convertible notes and equity line	15	315	(95.2)
Expenses relating to the legal suits for Sandz Solutions (Singapore) Pte Ltd	515	-	100.0

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

	Group		Company	
	30/09/2008 \$'000	31/03/2008 \$'000	30/09/2008 \$'000	31/03/2008 \$'000
Current assets				
Cash and cash equivalents	469	328	116	36
Financial assets at fair value through profit or loss	2,820	4,837	71	140
Trade and other receivables	2,013	2,621	32	333
Due from subsidiaries (non-trade)	-	-	24,091	24,532
Work-in-progress	237	306	-	-
Other current assets	426	168	268	96
	<u>5,965</u>	<u>8,260</u>	<u>24,578</u>	<u>25,137</u>
Non-current assets				
Financial assets, available for sale	1,761	1,761	1,761	1,761
Investments in associate companies	1,514	1,236	998	998
Investments in subsidiary companies	-	-	54	54
Property, plant and equipment	275	305	144	194
	<u>3,550</u>	<u>3,302</u>	<u>2,957</u>	<u>3,007</u>
TOTAL ASSETS	<u>9,515</u>	<u>11,562</u>	<u>27,535</u>	<u>28,144</u>
Current liabilities				
Trade and other payables	3,935	3,913	1,823	1,570
Due to subsidiaries (trade)	-	-	269	210
Due to subsidiaries (non-trade)	-	-	2,140	2,224
Due to associates	-	11	-	11
Bank borrowings, current portion	3,362	3,350	3,070	3,071
Convertible notes	550	50	550	50
Finance lease liabilities, current portion	103	99	81	81
Current income tax liabilities	49	138	-	-
Bank overdrafts (unsecured)	541	369	541	369
	<u>8,540</u>	<u>7,930</u>	<u>8,474</u>	<u>7,586</u>
Non-current liabilities				
Finance lease liabilities (non-current portion)	70	97	49	82
TOTAL LIABILITIES	<u>8,610</u>	<u>8,027</u>	<u>8,523</u>	<u>7,668</u>
NET ASSETS	<u>905</u>	<u>3,535</u>	<u>19,012</u>	<u>20,476</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	112,428	112,410	112,428	112,410
Accumulated losses	(114,938)	(112,133)	(93,416)	(91,934)
Other reserve	2,655	2,513	-	-
	<u>145</u>	<u>2,790</u>	<u>19,012</u>	<u>20,476</u>
Minority Interests	760	745	-	-
TOTAL EQUITY	<u>905</u>	<u>3,535</u>	<u>19,012</u>	<u>20,476</u>

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

Amount repayable in one year or less, or on demand

As at 30/09/2008		As at 31/03/2008	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
293	3,722	281	3,218

Amount repayable after one year

As at 30/09/2008		As at 31/03/2008	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	70	-	97

Details of any collateral

Trade receivables amounting to about \$293,000 (31/03/2008: \$281,000) of subsidiaries have been pledged as security to a finance company to secure factoring loans.

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

	For the 6 months ended	
	30/09/2008 \$'000	30/09/2007 \$'000
Cash flows from operating activities		
Total loss	(2,790)	(3,509)
Adjustments for:		
Income tax expense	(370)	4
Transfer of treasury shares	18	-
Amortisation of intangible assets	-	12
Share of results of associate	(278)	(128)
Depreciation of property, plant and equipment	71	80
(Gain)/ loss on disposal of financial assets at fair value through profit and loss	(169)	(170)
Gain on disposal of subsidiaries	-	(11,749)
Allowance for impairment of goodwill	-	403
Fair value loss on financial assets at fair value through profit or loss	1,456	14,098
Property, plant and equipment written off	-	1
Provision for profit guarantee written back	-	(899)
Interest income	-	(20)
Interest expense	61	114
Operating cashflow before working capital changes	(2,001)	(1,763)
Changes in working capital, net of effect of disposal of subsidiaries		
Trade and other receivables	350	(3,390)
Work-in-progress	69	-
Trade and other payables	12	(1,313)
Cash used in operations	(1,570)	(6,466)
Interest income	-	20
Interest paid	(61)	(114)
Income taxes recovered/ (paid)	281	(184)
Net cash used in operating activities	(1,350)	(6,744)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(44)	(289)
Proceeds from sale of marketable securities	730	832
Purchase of unquoted investments	-	(853)
Purchase of marketable securities	-	(542)
Acquisition of subsidiaries, net of cash acquired	-	(1,196)
Proceeds from disposal of subsidiaries, net of cash disposed	-	(259)
Net cash used in investing activities	686	(2,307)
Cash flows from financing activities		
Proceeds from issue of new shares	-	500
Proceeds from issue of unsecured convertible notes	500	10,000
Repayment of lease obligations	(24)	(38)
Proceeds from/ (repayment of) short-term loans	12	(644)
Net cash from financing activities	488	9,818
Net effect of exchange rate changes in consolidating subsidiaries	145	(3)
Net (decrease)/ increase in cash and cash equivalents	(31)	764
Cash and cash equivalents at beginning of the financial period	(41)	4,481
Cash and cash equivalents at end of the financial period	(72)	5,245

	As at	
	30/09/2008 \$'000	30/09/2007 \$'000
Cash and cash equivalents comprise		
Cash and bank balances	469	5,245
Bank overdrafts (unsecured)	(541)	-
	(72)	5,245

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

	Attributable to equity holders of the Company				
	Share Capital S\$'000	Revenue Reserves/ (Accumulated Losses) S\$'000	Foreign Currency Translation Reserve S\$'000	Minority Interests S\$'000	Total S\$'000
The Group					
<u>For the period ended 30/09/2008</u>					
Balance at 01/04/2008	112,410	(112,133)	2,513	745	3,535
Transfer from treasury shares*	18	-	-	-	18
Loss for the financial period	-	(2,805)	-	15	(2,790)
Movement during the financial period	-	-	142	-	142
Balance at 30/9/2008	112,428	(114,938)	2,655	760	905
<u>For the period ended 30/09/2007</u>					
Balance at 01/04/2007	92,071	(69,460)	2,488	778	25,877
Issuance of shares	10,451	-	-	-	10,451
Loss for the financial period	-	(3,483)	-	(26)	(3,509)
Movement during the financial period	-	-	(4)	-	(4)
Balance at 30/9/2007	102,522	(72,943)	2,484	752	32,815
The Company					
<u>For the period ended 30/09/2008</u>					
Balance at 01/04/2008	112,410	(91,934)	-	-	20,476
Transfer from treasury shares*	18	-	-	-	18
Loss for the financial period	-	(1,482)	-	-	(1,482)
Balance at 30/09/2008	112,428	(93,416)	-	-	19,012
<u>For the period ended 30/09/2007</u>					
Balance at 01/04/2007	92,071	(52,080)	-	-	39,991
Issuance of shares	10,451	-	-	-	10,451
Gain for the financial period	-	5,704	-	-	5,704
Balance at 30/09/2007	102,522	(46,376)	-	-	56,146

* This relates to 900,000 treasury shares granted to employees as performance shares at market price of \$0.02 each.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	30/09/2008	30/09/2007
Number of shares		
At beginning of the period	699,037,329	994,312,848
Issue of shares arising from Equity Line of Credit Agreement with Cornell Capital Partners Offshore, LP	-	5,656,108
Issue of shares arising from conversion of convertible notes	-	174,976,700
Transfer from treasury shares	900,000	-
Shares consolidation	-	(587,472,840)
At end of the period	<u>699,937,329</u>	<u>587,472,816</u>
Treasury shares		
At the end of the period	<u>765,000</u>	<u>-</u>

	30/09/2008	30/09/2007
Outstanding convertibles		
Outstanding warrants convertible into ordinary shares (a)	343,734,396	293,736,396
Outstanding convertible notes (b)	30,555,555	610,500

(a) Includes 50 million warrants that were issued to the vendors of Sandz.

(b) Computed based on 90% of the average closing price from 24 to 30 September 2008 of S\$0.018 and from 24 to 28 September 2007 of \$0.0819 respectively.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Refer to 1(d)(ii) above.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

	30/09/2008
Treasury shares	
At beginning of the period	1,665,000
Issued as performance shares	(900,000)
At end of the financial period	<u>765,000</u>

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

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

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

Not applicable

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

There were new Financial Reporting Standards ("FRS") that were published and mandatory for accounting periods beginning on or after 1 January 2008. The adoption of these FRS, where applicable, did not have any material impact on the financial statements for 6 months ended 30 September 2008. Apart from these, the same accounting policies and methods of computation have been consistently applied.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to point 4 above.

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

	30/09/2008	30/09/2007*
Loss per share based on Group's loss after taxation		
- on weighted average number of shares	(0.40) cents	(0.35) cents
- on a fully diluted basis	(0.40) cents	(0.35) cents

* The loss per share for the period ended 30 September 2007 has been adjusted to reflect the effect of the shares consolidation on 13 September 2007. Assuming the shares consolidation was completed on 1 Apr 2007, the loss per share would have been (0.64) cents.

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

	Group		Company	
	30/09/2008	31/03/2008	30/09/2008	31/03/2008
Net asset value based on existing issued share capital as at the respective period ^(#)	0.02 cents	0.40 cents	2.72 cents	2.93 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

Revenue for the 6 months ended 30 September 2008 increased by 9.3% to \$2.94 million from \$2.69 million in the prior year period.

Loss attributable to shareholders

Loss attributable to shareholders for the period under review was \$2.80 million. This was 19.5% lower than the loss of \$3.48 million for the prior year period ended 30 September 2007. The improvement in results was due to the following:

- An allowance for impairment of marketable securities amounting to \$1.46 million for the current period, as compared to \$14.1 million in the corresponding period in the prior year.
- Included in the Sep 30, 2007 results was a gain of \$11.75 million arising from the divestment of Greater China operations and an amount of \$0.9 million relating to provision for profit guarantee written back.
- A general improvement in the performance of our operating businesses.

Balance sheet

During the period, the Group's Net Asset Value decreased to about \$0.2 million from \$2.8 million in the beginning of the year.

The decrease in financial assets at fair value through profit or loss is due to impairment loss amounting to \$1.46 million and disposal of marketable securities amounting to \$0.56 million during the period.

As at the end of the financial period, the Group's working capital is \$(2.58 million). We are currently seeking to improve our working capital position, by disposing our non-core and non-operating assets and investments. The completion of the disposal of Shareinvestor.com Holdings Pte Ltd will return our working capital to a positive position.

Cash-flow

Cash and cash equivalents as at end of period was \$(72,000) as compared to \$(41,000) at the beginning of the period.

In February 2007, the Company entered into a \$20 million convertible note subscription agreement with Value Capital Asset Management Limited, of which \$11 million remained unutilized as at the date of this announcement.

Also, in June 2005, the Company entered into a \$10 million Equity Line of Credit Agreement with Cornell Capital Partners LLP. As at date of the announcement \$6 million have been utilized.

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

N/A.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

During the financial period, the Company entered into a sale and purchase agreement to divest its 27.649% stake in Shareinvestor.com Holdings Pte Ltd to SPH Interactive Pte. Ltd., a wholly-owned subsidiary of Singapore Press Holdings Limited for an aggregate cash consideration of between S\$3.28 million and S\$4.92 million. The proposed disposal will net the Group a gain of between \$1.77 million and \$3.41 million based on the investment cost of \$1.51 million as at 30 September 2008. Shareholders' approval for the proposed disposal had been obtained on 28 October 2008.

At time of this announcement, the Company is in negotiations with Lawrence Liaw Shoo Khen, Tan Jeck Min and Alina Koh Siang Ling for an out of court settlement of the various disputes between the parties in respect of Sandz Solutions (Singapore) Pte Ltd. We will keep the shareholders updated of any material developments. In the event that a settlement cannot be reached, a trial in respect of some of these disputes has been fixed for hearing in January 2009.

Also, the Group is continuing to review its business activities. During the period under review we have suspended the publication of loss making titles such as NewMan and The Business Visitor. We will continue to monitor and streamline the operations so as to improve the financial performance of the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended during and for the six months ended 30 September 2008.

13. Negative assurance

We, Ricky Ang Gee Hing and Tan Choon Wee, being two directors of The Lexicon Group Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the six months ended 30 September 2008 to be false or misleading.

For and on behalf of the Board

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

(signed)
Tan Choon Wee
Executive Director

BY ORDER OF THE BOARD

**Ricky Ang Gee Hing
Executive Vice-Chairman and MD
14 November 2008**