

## THE LEXICON GROUP LIMITED

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### Half-Year Financial Statement And Dividend Announcement

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

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

	Note	Group S\$'000		% Increase/ (Decrease)
		30/09/2009	30/09/2008	
<b>Revenue</b>				
Publishing		2,306	2,755	(16.3)
Exhibition and events		89	187	(52.4)
<b>Other income</b>	(i)	2,335	218	971.1
<b>Direct costs:</b>				
- Publications		(1,209)	(1,416)	(14.6)
- Exhibition and events		(47)	(7)	571.4
Employee compensation		(1,538)	(1,974)	(22.1)
Amortisation, depreciation and impairment		(69)	(71)	(2.8)
Operating lease expenses		(303)	(115)	163.5
Loss in financial assets at fair value through profit and loss		-	(1,456)	(100.0)
Other operating expenses, net	(ii)	(1,225)	(1,498)	(18.2)
Total expenses		(4,391)	(6,537)	(32.8)
Share of profit of associates		-	278	(100.0)
Finance costs		(6)	(61)	(90.2)
<b>Profit/ (loss) before taxation</b>		<b>333</b>	<b>(3,160)</b>	(110.5)
Income tax expense		-	370	(100.0)
<b>Total profit/ (loss)</b>		<b>333</b>	<b>(2,790)</b>	(111.9)

	Note	Group		% Increase/ (Decrease)
		S\$'000		
		30/09/2009	30/09/2008	
<b>Statement of comprehensive income for 6 months period ended 30 September</b>				
Profit/(Loss) attributeable to Shareholder		321	(2,805)	(111.44)
Other comprehensive income				
- Exchange difference on traslating foreign operation		16	142	(88.7)
Total Comprehensive income for the period		<u>337</u>	<u>(2,663)</u>	(112.7)
<b>Profit/ (loss) attributable to:</b>				
- Shareholders of the company		<u>321</u>	<u>(2,805)</u>	(111.4)
- Minority interests		<u>12</u>	<u>15</u>	(20.0)

NM - Not meaningful

**Notes to income statements:**

		Group		% Increase/ Decrease
		S\$'000		
		30/09/2009	30/09/2008	
<b>(i) Other income:</b>				
Gain on disposal of Shareinvestor.com Holdings Pte Ltd		820	-	100.0
Gain on disposal of Delta Digital Limited		209	-	100.0
Gain on disposal of financial assets at fair value through profit or loss		-	169	(100.0)
Allowance for impairment of other receivables written back		500	-	100.0
Borrowings no longer repayable	(a)	757	-	100.0
Others		<u>49</u>	<u>49</u>	-
		<u>2,335</u>	<u>218</u>	
<b>(ii) Included in other operating expenses are:</b>				
Fees relating to issuance of convertible notes and equity line		120	15	700.0
Expenses relating to the legal suits for Sandz Solutions (Singapore) Pte Ltd		-	515	(100.0)
(a)	This relates to the convertible loan with YA Global Investments, LP ("YA Global") for which the amounts disputed has been written off as both the Company and YA Global has reached an agreement on the outstanding amount due.			

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

	Group		Company	
	30/09/2009 \$'000	31/03/2009 \$'000	30/09/2009 \$'000	31/03/2009 \$'000
<b>Current assets</b>				
Cash and cash equivalents	4,545	1,367	4,121	943
Financial assets at fair value through profit or loss	43	43	43	43
Trade and other receivables	2,410	3,249	1,071	1,526
Due from subsidiaries (non-trade)	-	-	5,760	5,144
Work-in-progress	208	227	-	-
Other current assets	483	521	437	429
	<u>7,689</u>	<u>5,407</u>	<u>11,432</u>	<u>8,085</u>
<b>Non-current assets</b>				
Financial assets, available for sale	853	853	853	853
Property, plant and equipment	165	219	66	96
	<u>1,018</u>	<u>1,072</u>	<u>919</u>	<u>949</u>
<b>TOTAL ASSETS</b>	<b><u>8,707</u></b>	<b><u>6,479</u></b>	<b><u>12,351</u></b>	<b><u>9,034</u></b>
<b>Current liabilities</b>				
Trade and other payables	2,164	3,535	645	1,608
Due to subsidiaries (trade)	-	-	384	327
Due to subsidiaries (non-trade)	-	-	2,022	2,027
Borrowings, current portion	813	1,569	813	1,569
Convertible notes	150	350	150	350
Finance lease liabilities, current portion	61	103	41	82
	<u>3,188</u>	<u>5,557</u>	<u>4,055</u>	<u>5,963</u>
<b>Non-current liabilities</b>				
Finance lease liabilities (non-current portion)	9	19	-	-
<b>TOTAL LIABILITIES</b>	<b><u>3,197</u></b>	<b><u>5,576</u></b>	<b><u>4,055</u></b>	<b><u>5,963</u></b>
<b>NET ASSETS</b>	<b><u>5,510</u></b>	<b><u>903</u></b>	<b><u>8,296</u></b>	<b><u>3,071</u></b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	116,886	112,628	116,886	112,628
Accumulated losses	(114,879)	(115,200)	(108,590)	(109,557)
Other reserve	2,719	2,703	-	-
	<u>4,726</u>	<u>131</u>	<u>8,296</u>	<u>3,071</u>
Minority Interests	784	772	-	-
<b>TOTAL EQUITY</b>	<b><u>5,510</u></b>	<b><u>903</u></b>	<b><u>8,296</u></b>	<b><u>3,071</u></b>

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

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

As at 30/09/2009		As at 31/03/2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	1,024	-	2,022

**Amount repayable after one year**

As at 30/09/2009		As at 31/03/2009	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	9	-	19

**Details of any collateral**

Not applicable.

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

	For the 6 months ended	
	30/09/2009	30/09/2008
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Total profit/ (loss)	333	(2,790)
Adjustments for:		
Income tax expense	-	(370)
Issue of performance shares	58	18
Share of profits of associate	-	(278)
Depreciation of property, plant and equipment	69	71
Gain on disposal of financial assets at fair value through profit and loss	-	(169)
Allowance for impairment of other receivables written back	(500)	-
Borrowings no longer repayable	(757)	-
Gain on disposal of Shareinvestor.com Holdings Pte Ltd	(820)	-
Gain on disposal of Delta Digital Limited	(209)	-
Loss on financial assets at fair value through profit or loss	-	1,456
Property, plant and equipment written off	4	-
Interest income	(20)	-
Interest expense	6	61
<b>Operating cashflow before working capital changes</b>	<b>(1,836)</b>	<b>(2,001)</b>
Changes in working capital, net of effect of disposal of subsidiaries		
Trade and other receivables	1,377	350
Work-in-progress	19	69
Trade and other payables	(1,371)	12
<b>Cash used in operations</b>	<b>(1,811)</b>	<b>(1,570)</b>
Interest income	20	-
Interest paid	(6)	(61)
Income taxes recovered	-	281
<b>Net cash used in operating activities</b>	<b>(1,797)</b>	<b>(1,350)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(22)	(44)
Proceeds from sale of Shareinvestor.com Holdings Pte Ltd	820	-
Proceeds from sale of Delta Digital Limited	209	-
Proceeds from sale of marketable securities	-	730
<b>Net cash generated from investing activities</b>	<b>1,007</b>	<b>686</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of unsecured convertible notes	4,000	500
Repayment of lease obligations	(52)	(24)
Proceeds from short-term loans	-	12
<b>Net cash from financing activities</b>	<b>3,948</b>	<b>488</b>
Net increase/ (decrease) in cash and cash equivalents	3,158	(176)
Cash and cash equivalents at beginning of the financial period	1,367	(41)
Effects of currency translation on cash and cash equivalents	20	145
<b>Cash and cash equivalents at end of the financial period</b>	<b>4,545</b>	<b>(72)</b>
<b>Cash and cash equivalents comprise</b>		
Cash and bank balances	4,545	469
Bank overdrafts (unsecured)	-	(541)
	<b>4,545</b>	<b>(72)</b>

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

	Attributable to equity holders of the Company			
	Share Capital S\$'000	Accumulated Losses S\$'000	Minority Interests S\$'000	Total S\$'000
<b>The Group</b>				
<u>For the period 6 months period ended 30/09/2009</u>				
Balance at 01/04/2009	112,628	(112,497)	772	903
Issuance of shares	4,258	-	-	4,258
Total comprehensive income for the period	-	337	12	349
<b>Balance at 30/9/2009</b>	<b>116,886</b>	<b>(112,160)</b>	<b>784</b>	<b>5,510</b>
<u>For the period ended 30/09/2008</u>				
Balance at 01/04/2008	112,410	(109,620)	745	3,535
Transfer from treasury shares	18	-	-	18
Total comprehensive income for the period	-	(2,663)	15	(2,648)
<b>Balance at 30/9/2008</b>	<b>112,428</b>	<b>(112,283)</b>	<b>760</b>	<b>905</b>
<b>The Company</b>				
<u>For the 6 months period ended 30/09/2009</u>				
Balance at 01/04/2009	112,628	(109,557)	-	3,071
Total comprehensive income for the period	4,258	-	-	4,258
Profit for the financial period	-	967	-	967
<b>Balance at 30/09/2009</b>	<b>116,886</b>	<b>(108,590)</b>	<b>-</b>	<b>8,296</b>
<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
Total comprehensive income for the period	-	(1,482)	-	(1,482)
<b>Balance at 30/09/2008</b>	<b>112,428</b>	<b>(93,416)</b>	<b>-</b>	<b>19,012</b>

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

	<b>30/09/2009</b>	<b>30/09/2008</b>
<b>Number of shares</b>		
At beginning of the period	722,159,551	699,037,329
Issue of shares arising from conversion of convertible notes	290,159,762	-
Transfer from treasury shares	765,000	900,000
Issue of shares pursuant to Performance Shares Plan	2,835,000	-
At end of the period	<u>1,015,919,313</u>	<u>699,937,329</u>
<b>Treasury shares</b>		
At the end of the period	<u>-</u>	<u>765,000</u>

	<b>30/09/2009</b>	<b>30/09/2008</b>
<b>Outstanding convertibles</b>		
Outstanding warrants convertible into ordinary shares	293,734,396	343,734,396
Outstanding convertible notes	(a) 9,259,259	30,555,555

(a) Computed based on 90% of the average closing price from 2 to 8 September 2009 of S\$0.0162 and from 24 to 30 September 2008 of S\$0.018 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 treasure shares as at the end of the current financial period reported on.**

	<b>30/09/2009</b>	<b>30/09/2008</b>
<b>Treasury shares</b>		
At beginning of the period	765,000	1,665,000
Issued as performance shares	<u>(765,000)</u>	<u>(900,000)</u>
At end of the financial period	<u>-</u>	<u>765,000</u>

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

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

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

Not applicable

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 30 September 2009.

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

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

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

FRS 1(Revised)	Presentation of Financial Statements
FRS 108	Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies now any significant impact on the financial statements.

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

	<b>30/09/2009</b>	<b>30/09/2008</b>
Earnings/ (loss) per share based on Group's loss after taxation		
- on weighted average number of shares	0.04 cents	(0.40) cents
- on a fully diluted basis	0.04 cents	(0.40) cents

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

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2009</b>	<b>31/03/2009</b>	<b>30/09/2009</b>	<b>31/03/2009</b>
Net asset value based on existing issued share capital as at the respective period	0.47 cents	0.02 cents	0.82 cents	0.43 cents



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

#### Revenue

Revenue for the 6 months ended 30 September 2009 decreased by 16.3% to \$2.31 million from \$2.76 million in the prior year period due to cessation of certain magazine titles in the prior corresponding period.

#### Profit attributable to shareholders

Profit attributable to shareholders for the period under review was \$0.34 million. This was 112.1% improvement as compared to the loss of \$2.81 million for the prior year period ended 30 September 2008. The improvement in results was due to the following:

- A gain on the disposal of Shareinvestor.com Holdings Pte Ltd ("SIH") amounting to S\$0.82 million. SIH was disposed by the Group in the financial year ended 31 March 2009. The gain related to the second tranche of consideration received from SPH Interactive Pte Ltd.
- A gain on the disposal of Delta Digital Limited ("DDG") amounting to S\$0.21 million. DDG was divested by the Company during the financial period.
- An amount of S\$0.76 million written back pursuant to the convertible loan no longer repayable to YA Global.
- An allowance for impairment of other receivables amounting to S\$0.5 million written back in relation to the monies received from Sandz Solutions (Singapore) Pte Ltd.
- An allowance for impairment of marketable securities amounting to \$1.46 million in the prior corresponding period.

#### Balance sheet

During the period, the Group's Net Asset Value increased to \$4.75 million from \$0.13 million in the beginning of the year.

The decrease in trade and other receivables is due mainly to the monies received from Sandz Solutions (Singapore) Pte Ltd amounting to S\$0.5 million.

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

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

#### Cash-flow

Cash and cash equivalents as at end of period was \$4.5 million as compared to \$1.37 million at the beginning of the period. The increase in cash and cash equivalents is mainly due to the proceeds from the disposal of SIH and DDG and also the funds raised from the issuance of convertible notes.

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

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.**

The Company has recently announced a joint-venture agreement with Tom N Toms Limited ("TNTK") and KTNT Holdings Limited ("KTNT") to enter into a joint-venture for the purpose of undertaking the business of retailing coffee, coffee related accessories and paraphernalia, and the operation of coffeeshouses and cafes under the Tom N Toms brand and the marketing and sales of Tom N Toms franchise within 25 countries in Eastern Europe, United Kingdom and South-East Asia.

The Company does not expect the joint-venture to have a material impact on the financials for the current financial year.

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 2009.

**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 2009 to be false or misleading.

For and on behalf of the Board

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

(signed)  
Tan Choon Wee  
Executive Director

**BY ORDER OF THE BOARD**

**Ricky Ang Gee Hing  
Executive Vice-Chairman and MD  
12 November 2009**