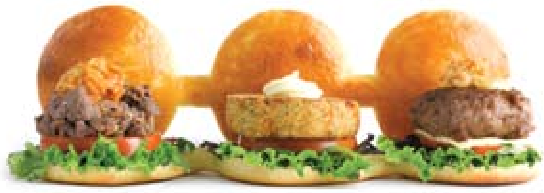


The Goodfellas

The Lexicon Group Limited
Annual Report 2010

THE LEXICON GROUP LIMITED

Contents

This Annual Report has been reviewed by the Company's Sponsor, KW Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are:

Name: Mr. Yang Eu-Jin
Address: 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624
Tel: (65) 6238 3377

Corporate Information

BOARD OF DIRECTORS

Ricky Ang Gee Hing
Executive Vice-Chairman & Managing Director

Tan Choon Wee
Executive Director

Francis Xavier
Independent Director

Timothy Teo Lai Wah
Independent Director

Bob Low Siew Sie
Independent Director

NOMINATING COMMITTEE

Francis Xavier, Chairman
Timothy Teo Lai Wah, Member
Bob Low Siew Sie, Member

REMUNERATION COMMITTEE

Bob Low Siew Sie, Chairman
Francis Xavier, Member
Timothy Teo Lai Wah, Member

AUDIT COMMITTEE

Timothy Teo Lai Wah, Chairman
Francis Xavier, Member
Bob Low Siew Sie, Member

COMPANY SECRETARIES

Abdul Jabbar Bin Karam Din
Chan Poh Kuan

REGISTERED OFFICE

9 Battery Road #15-01
Straits Trading Building
Singapore 049910
Tel: (65) 6535 3600
Fax: (65) 6225 6846
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 TS Public Accounting Corporation
5 Shenton Way #16-00
UIC Building
Singapore 068808
Director-in-charge: Chin Chee Choon
(Appointed since finanical year ended 31 March 2009)

SOLICITORS

Rajah & Tann LLP
9 Battery Road #15-01
Straits Trading Building
Singapore 049910

SPONSOR

KW Capital Pte. Ltd.
80 Raffles Place
#25-01 UOB Plaza 1
Singapore 048624
Contact Person: Yang Eu-Jin
Tel: (65) 6238 3377

PRINCIPAL BANKERS

DBS Bank Limited
Malayan Banking Limited

Chairman's Statement

Dear Shareholders,

I am pleased to mention that for the financial year ended 31 March 2010 ("FY2010"), the Group has seen a significant improvement in our results as compared to the previous financial year ("FY2009").

Year In Review

Publishing Division

During the year, our publishing activities in Malaysia grew and continued to show improvement in profitability. However, in Singapore because of tougher market conditions, opportunities for growth were limited. As such, we continued to rationalize our publishing activities, by closing down or reducing the publishing frequencies of loss making titles to reduce cost to improve profitability.

Food & Beverage Division

Also during the year, we diversified our business activities and made our foray into the food and beverage business.

In November 2009, we partnered South Korea-based Tom N Toms Coffee in a 50-50 joint venture under Tom N Toms International (TNTI) to develop and expand the Tom N Toms brand of premium coffee chain in 23 countries in Europe and South East Asia.

In December 2009, we opened our first wholly owned Tom N Toms outlet at Far East Plaza. This was followed by a second outlet at VivoCity in May 2010. Two (2) other TNTI-franchisee outlets, at Icon Village and Ngee Ann Polytechnic campus were opened in December 2009 and in June 2010 respectively, making a total of four (4) Tom N Toms outlets in Singapore.

The long term goal of the Group, is not just in marketing and expanding third party brands, but to develop its own in-house brands, with the eventual goal of turning them into global brands, which we can call our own.

In line with that, we have developed MOB (Most Original Burgers), a one of its kind all-day fine casual diner with its unique link-burgers as its signature offering, and opened our first outlet at VivoCity in May 2010. At this juncture, I would like to invite you, my fellow shareholders to visit MOB and sample the fine food it offers. To facilitate that, I am pleased to enclose in this Annual Report a special invitation to you, a privilege card for MOB and dining vouchers.

Our new venture into the food and beverage industry is not without its risk. But, predicated on a conducive business environment and availability of critical resources, we are cautiously optimistic that it will replace magazine publishing to be our core business, and will be the Group's main engine of growth within the next 2 to 3 years.

Performance Highlights

Total revenue in FY2010 decreased by 5.0% to S$5.26 million as compared to S$5.54 million million in FY2009, mainly due to a decline in advertising revenue, in part due to cessation of publications. This was offset partly by increase in circulation sales.

The operating loss for the Group's publishing division is relatively constant, S$1.02 million in FY 2010 as compared to S$1.03 million in FY 2009.

Operating loss for HQ costs and investments stood at S$2.51 million in FY2010 as compared to S$8.21 million in the previous corresponding period. This was the result of several factors - , an allowance of S$0.91 million for impairment of financial assets, available for sale in FY 2009, an allowance of S$3.47 million for the impairment of marketable securities in the prior period, as well as, a writeback for the allowance of impairment of loan to Sandz totalling to S$0.5 million in FY2010.

As a result, the Group recorded a profit attributable to shareholders of S$5.61 million in FY2010 as compared to a loss of S$3.07 million in FY2009.

Future Plans

During the current financial year, we plan to expand our food and beverage business regionally through partnerships and/or franchising. Discussions are currently on going with potential partners in Malaysia, Indonesia, China and Poland. We remain fully committed to our new venture which we believe will benefit the Group and our shareholders in the long term.

Acknowledgements

I would like to take this opportunity to extend my heartfelt gratitude to my fellow Directors, as well as, all the management and staff of Lexicon for their hardwork and dedication through the years. Finally, I would like to thank all our shareholders and business partners for your unyielding support even through the many changes of the Group. We look forward to your continuous support in the upcoming year.

Ricky Ang
Executive Vice-Chairman & Managing Director

Board of Directors

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 and Chairman of Investment Committee

Mr. Tan Choon Wee, Non-Executive Director of the Group, has been re-designated as Executive Director of the Group and Chairman of the Investment Committee since 2 July 2007. Mr. Tan oversees the Group's investment and merger and acquisition activities. Mr. Tan serves as a Director of Energy Capital Partners Ltd, China Enersave Ltd and Advance Capital Partners. Prior to that, Mr. Tan is the Head of Institutional Sales and Dealing in RHB Securities Sdn Bhd, Malaysia from 2004 to 2005. Mr. Tan has held several management positions in Banking and Stockbroking industry since 1991. Mr. Tan graduated from the National University of Singapore with a Second Class Honours (Upper Division) Degree in Engineering (Mechanical). Mr. Tan also holds a Diploma in Marketing from the Marketing Institute of Singapore.

Francis Xavier
Independent Director

Mr. Xavier is the Head of the Commercial Litigation Practice Group in Rajah & Tann, one of the largest law firms in Singapore. Mr. Xavier has been practicing for more than 20 years. Mr. Xavier also specialises in aviation law and advised in the class-action suit resulting from the crash of the SilkAir flight in Indonesia in 1997 and the Taiwan SIA crash. Mr. Xavier has also handled several international arbitration cases involving aviation, oil production, power generation and toxic wastes industries. Mr. Xavier has been recognised as a leading lawyer by Asia Pacific Legal 500 (2001/2002, 2002/2003, 2003/2004, 2004/2005, 2008/2009) and by AsiaLaw Profiles (2007) and was appointed Senior Counsel in January 2009.

Timothy Teo Lai Wah
Independent Director

Mr. Teo served as Director in charge of foreign exchange, money market, gold and commodities management in Government of Singapore Investment Corp, Singapore from 1998 to 2007. Prior to this, he was the Director of Nuri Holdings (S) Pte Ltd, Singapore as a consultant for risk management in Jakarta and Los Angeles from 1994 to 1998. Mr. Teo worked for JP Morgan for 20 years in various locations at senior management level in Global Markets. Between 1980 to 1993, Mr. Teo was based in Hong Kong, Taipei and New York. Mr. Teo holds a Masters Degree in Business Administration from Macquarie University.

Bob Low Siew Sie
Independent Director

Mr. Low has been a practicing Certified Public Accountants since 1984. Prior to that Mr. Low was attached to the Big 4 International Accounting Firm for more than 8 years in Singapore and Hong Kong. Mr. Low has also held the positions of Group Accountants, Finance & Admin Manager of, for both, an established timber group and the well known civil engineering concern, Gammon Group.

Mr. Low graduated from University of London with a Bachelor of Law (Honours) in 1985. Mr. Low is also a fellow of the Association of Chartered Certified Accountant, United Kingdom, a Certified Public Accountant of Singapore, a Fellow member of Australian Certified Public Accountant and an Approved Company Auditor and Liquidator. Mr. Low is also a member of UK Chartered Institute of Arbitrators, Singapore Institute of Arbitrators, Insolvency Practitioner of Singapore and a member of the Singapore Law Academy.

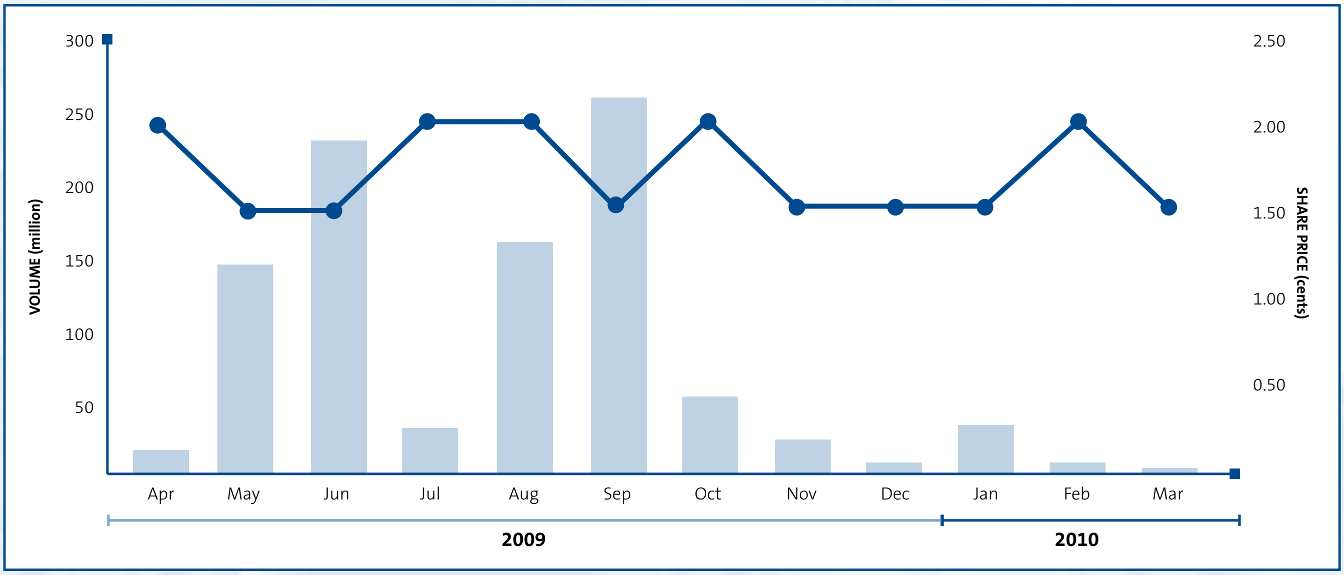
Financial Highlights

Year	Revenue* S$'000	Profit/(Loss) Attributable to Shareholders S$'000	Earning/(Loss) Per Share Cents
FY2006^	49,160	(30,431)	(4.06)
FY2007	9,026	(102,244)	(10.53)
FY2008	6,456	(42,673)	(5.08)
FY2009	11,144	(3,067)	(0.40)
FY2010	**14,905**	**5,614**	**0.60**

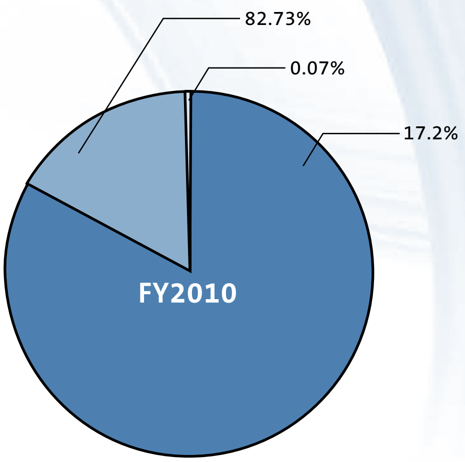
* Including other income and excluding discontinued operations

^ Results are for a 15-month period *(Company changed its year end to 31 March with effect 31 March 2006)*

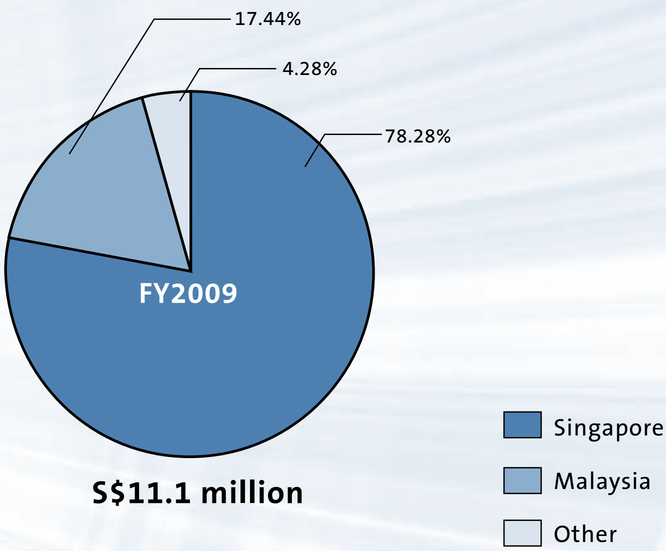
Share Price & Total Monthly Volume



Revenue* by Geographical Region



S$14.9 million



S$11.1 million

Revenue* by Business Division

	March 2010# S$million	March 2009# S$million
Publishing & Events Management	**5.3**	5.7
Food & Beverage	**0.1**	–
HQ Costs & Investments	**9.5**	5.4

* Including other income
# Refer to Note 27

Operating Loss by Business Division

	March 2010 S$million	March 2009 S$million
Publishing & Events Management	**(1.0)**	(1.0)
Food & Beverage	**(0.5)**	–
HQ Costs & Investments	**(2.5)**	(8.2)

Staff Strength

	March 2009	**March 2010**
HQ	**6**	**4**
Publishing & Events Management	**69**	**68**
Greater China	**5**	**5**
Singapore & Malaysia	**64**	**63**
Food & Beverage	**–**	**9**
TOTAL	**75**	**81**

Management Team

Ms. Alison Ang

General Manager, F&B operations

Ms. Alison Ang, as General Manager of Lexicon F&B, is responsible for the day-to-day management of the company's F&B operations in Singapore. Prior to joining the group, she was the Operations Manager of a manufacturer and retailer of premium desserts in Singapore. A graduate of the University of Exeter, Ms. Ang started her career as a Product/Process Engineer in a global contract manufacturing company. Within 2 years, Ms. Ang had been promoted to a Compliance Manager for the group and she also held the position of Operations Manager in their China and Australia facilities.

Mr. Brandon Choi

Chief Operating Officer, Tom N Toms

Mr. Brandon Choi oversees the operations of the Tom N Toms brand. Mr. Choi holds a Bachelor of Commerce from Curtin University of Technology, West Australia.

Ms. Chong Chye Wan

President, Publishing Malaysia

Ms. Chong Chye Wan is 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.

Mr. David Lee

Finance Manager, Tom N Toms International ("TNTI")

Mr. David JH Lee is the Finance Manager of TNTI. Mr. Lee is responsible for overseeing investors' relations as well as financial and strategic planning of TNTI. Prior to joining the Group, he was working in corporate finance division of a securities company in Seoul. Mr. Lee holds a Bachelor degree in Global Management and an Advanced Diploma in Marketing.

Ms. Lynnette Lim

President, Publishing Singapore and International

Ms. Lynnette Lim is the President, Singapore and International Publishing. She is in charge of the launching of several TLG 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 in mid 2007. Ms. Lim 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 Panpac Media (TLG) as the Marketing and Sales Manager of SMART INVESTOR magazine.

Ms. Ng Hwee Ling

Chief Financial Officer

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, Singapore.

Ms. Swee Mei Lan

Personal Assistant to MD & Chief Human Resource Officer

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.

Corporate Governance

The Board of Directors ("the Board") of The Lexicon Group Limited 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:

ATTENDANCE AT MEETINGS								
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
Ricky Ang Gee Hing	4	4	-	-	-	-	-	-
Tan Choon Wee	4	1	-	-	-	-	-	-
Francis Xavier	4	1	3	1	-	-	3	2
Timothy Teo Lai Wah	4	3	3	3	-	-	3	2
Bob Low Siew Sie	4	4	3	3	-	-	3	3

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 and three 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.

Corporate Governance

The Nominating Committee is of the view that the current Board, with more than half of its composition made up of Independent 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 five 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 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.

The Company presently does not have any Chairman sitting on the Board.

(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 may identify candidates for appointment as new directors through business network of Board members or engage external independent professional advisors in the search for suitable candidates. The Nominating Committee will generally identify suitable candidates skilled in core competencies such as strategic planning, accounting or finance and business or management expertise. If the Nominating Committee decides that the candidate is suitable, the Nominating Committee then recommends its choice to the Board of Directors.

The Nominating Committee comprises Messrs Francis Xavier (an Independent Director), Timothy Teo Lai Wah (an Independent Director) and Bob Low Siew Sie (an Independent Director). Mr Francis Xavier 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's Board of Directors and Board committees.

REMUNERATION MATTERS

(7) Procedures for Developing Remuneration Policies
(8) Level and Mix of Remuneration
(9) Disclosure on Remuneration

Corporate Governance

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 Francis Xavier (an Independent Director), Timothy Teo Lai Wah (an Independent Director) and Bob Low Siew Sie (an Independent Director). Mr Bob Low Siew Sie 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 service agreements with the Company. The service agreements cover the terms of employment, specifically salary and other benefits.

DIRECTORS' REMUNERATION

Our Executive Director's remuneration consists of salary, allowances and bonuses. Directors' fees for independent Directors and 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 Fee (S$)	Exceeding S$500,000	S$250,000 to S$500,000	Up to S$250,000
Ricky Ang Gee Hing	12,000		√	
Tan Choon Wee	12,000			√
Francis Xavier	35,000			√
Timothy Teo Lai Wah	40,000			√
Bob Low Siew Sie	35,000			√

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

Name	Salaries %	Bonuses %	CPF %	Allowances & Others %
Ricky Ang Gee Hing	77.28	6.44	1.42	14.86
Tan Choon Wee	16.49	-	1.07	82.44

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
Brandon Choi			√
Chong Chye Wan			√
Lynnette Lim Kitt Ping			√
Ng Hwee Ling			√
Swee Mei Lan			√

For the financial year ended 31 March 2010, Alison Ang Wern Ling, the General Manager of Lexicon F&B Pte Ltd whose remuneration was $60,687, is related to and is the daughter of Executive Vice-Chairman and Managing Director Mr Ricky Ang Gee Hing.

Other than the foregoing, there are no other employees who are immediate family members of any Director, Managing Director or controlling shareholder of the Company and whose remuneration exceeds S$150,000 during the financial year ended 31 March 2010.

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.

Corporate Governance

(11) Audit Committee

The Audit Committee is made up of three Independent Directors who possess appropriate accounting experience and/or related financial management expertise. Mr Timothy Teo Lai Wah, an Independent Director, chairs the Audit Committee. The other members of the Audit Committee are Mr Francis Xavier and Mr Bob Low Siew Sie.

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 amount of non-audit services fees paid was S$37,200.

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 is also responsible for 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.

During the financial year, the Company did not conduct an internal audit review for reasons that it is deemed not necessary in view of the commercial context of the business activity.

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 Section B: Rules of Catalist of the Listing Manual of the SGX-ST 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.

MATERIAL CONTRACTS

There are no 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.

Corporate Governance

The material contracts entered into by the Company during the financial year in review are as follows:

(1) On 23 April 2009, the Company entered into a sale and purchase agreement to divest its 100% stake in Delta Digital Limited for an aggregate cash consideration of RMB1.35 million (approximately S$0.3 million).

(2) On 25 August 2009, the Company entered into a joint-venture agreement (the "JV Agreement") with TNT Global Holdings Limited ("TNT Global") to incorporate Tom N Toms International Pte Ltd ("TNTI") for the purpose of undertaking the business of retailing coffee, coffee related accessories and paraphernalia, and the operation of coffeehouses and cafes under the Tom N Toms brand (the "Tom N Toms Franchise") and the marketing and sales of the Tom N Toms Franchise within 21 countries in Eastern Europe and South East Asia.

The Company and TNT Global mutually agreed to terminate the JV Agreement on 3 November 2009 without any liability on the part of any party.

The Company then entered into a new joint-venture agreement with Tom N Toms Limited ("TNTK") and KTNT Holdings Limited ("KTNT") on 3 November 2009 to incorporate TNTI for the purpose as mentioned above. Under the new joint-venture agreement, TNTI was given additional rights to market, manage and operate retail outlets under the Tom N Toms brand in the United Kingdom.

(3) On 22 September 2009, the Company entered into a sale and purchase agreement with Sin Je Dong and TNT Global to acquire 30% of the entire registered capital of Southwave Media Company Limited for an aggregate consideration of S$4,550,000. The agreement has since lapsed as the conditions precedent was not met.

DEALINGS IN SECURITIES

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.

The Board confirms that for the financial year ended 31 March 2010, the Company has complied with Listing Rule 1204 (18).

WHISTLE BLOWING

The Company has put in place a whistle-blowing policy and arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and appropriate follow up action, all whistle blowing reports are sent to the Audit Committee.

Most Original Burgers

Food & Beverage Division

TOM N TOMS COFFEE

Al Fresco Area, Ngee Ann Polytechnic Alumni Clubhouse

TOM N TOMS Coffee made its debut in Singapore in December 2009 with two outlets at ICON Village and Far East Plaza. Two more outlets were opened at VivoCity and Ngee Ann Polytechnic Alumni Clubhouse on May and June 2010 respectively.

At Tom N Toms Coffee, customers can choose from an extensive range of premium coffee and tea beverages, freshly made pretzels and thick toasts, and a selection of cakes, muffins and gourmet sandwiches.

The chain's biggest drawing card remains its special blend of coffee beans. The special blend is served in both the hot and ice coffee beverages so customers can enjoy these great tasting products any time.

The first Tom N Toms Coffee store offered only two food products—pretzels and thick toasts. Both are freshly made upon order and offer choices from savoury to sweet. They remain the store's fastest selling food items.

But as consumers taste grew, so did choices at Tom N Toms. The chain currently also serves an attractive variety of cakes and gourmet sandwiches to cater to a wide cross-section of customers.

Tom N Toms Coffee continually strives to innovate and enhance the customer experience.

Ngee Ann Polytechnic Alumni Clubhouse


TOM N TOMS
COFFEE


TOM N TOMS
COFFEE

VivoCity

Far East Plaza

Meeting room area, Far East Plaza

Most Original Burgers (MOB) is a fast-casual restaurant that offers all-day dining. It made its debut in May 2010 with the goal of using the freshest ingredients and offering quality, quantity and affordability.

Wholly conceptualised and developed in Singapore, MOB has created a refreshing way for people to enjoy the "perfect" burger in a cozy setting of friendly and accommodating staff so that diners can enjoy great quality food without having to pay the exorbitant price of a fancy restaurant.

Attractively designed with a mobster-themed décor and menu, MOB is named for its first-of-its-kind 'The Goodfellas' burger, which comprise of three 60-gramme 'mini burgers' cooked on a flat grill to sear in the juicy flavour linked together. Burger lovers have the choice of sampling three different types of burgers at the same time without having to order full portions of each.

With the customisable burgers, diners can select from a range of 12 types of patties—the Classic Beef, The Sloppy Joe, Grilled Chicken, Grilled Salmon, Philly Cheese Steak, Beef Bulgogi, Ebi Fry, Teriyaki Chicken, Smoked Duck, Roast Vegetable and Protobello Mushroom.

To further the "better burger" experience, MOB's burgers are served on toasted artisan bun and topped with a selection of the freshest produce and top-quality condiments. Burger lovers can pair their meals with side dishes, such as Sweet Potato Fries, Taro Fries, Goma Spaghetti, Baked Mac & Cheese or old fashioned Thick Cut Fries or Sweet Potato Mash.

MOB is known for its trademark savoury burgers, but the restaurant also serves up light meals such as Shepherd's Pie, Fisherman's Pie, Wasabi Ebi and Korean Fried Chicken coated in garlic or spicy sauce, with sides like Goma Spaghetti, Butter Rice or Kimchi Spaghetti Aglio Olio, among others. The menu also includes all-day-breakfast comfort food for any time of the day—chicken chipolata, grilled salmon or minute steak with eggs served on toasted foccacia.

For something a little more fancy, diners can choose from MOB's specialty platters straight from the grill—USA ribeye steak, rack of lamb and chicken—or classic deep-fried battered or breaded fish fillets. If you are looking for healthier food selections , the Pan-Fried Salmon Fillet is straight up your alley.

To accompany the meal, MOB offers a variety of alcoholic and non-alcoholic cocktails and a plethora of delicious desserts from waffles with ice cream to Korean Strawberries and Cream.

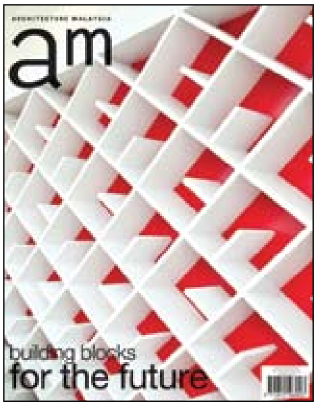
From the thick juicy burgers to the smart casual interiors, diners will be hit by a new dining experience at MOB.

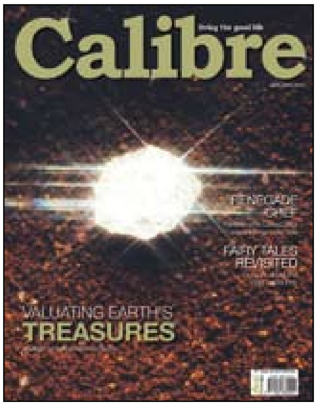

MOB
The Goodfellas
MOB

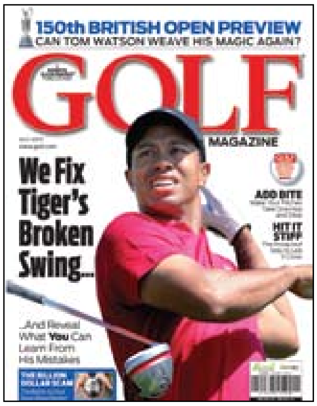
VivoCity

Publishing Division

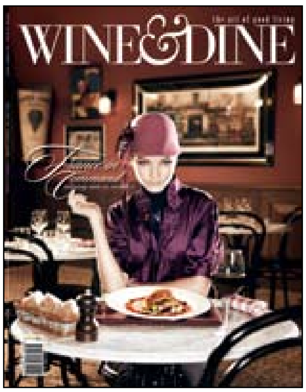
Malaysia

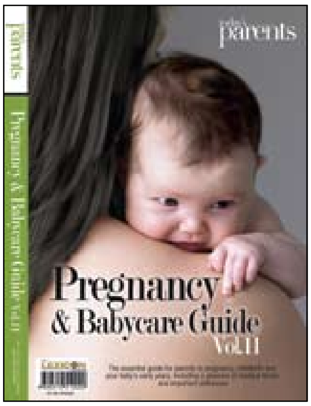


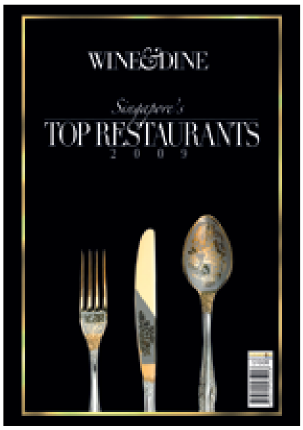




Singapore







Directors' Report

For the financial year ended 31 March 2010

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2010 and the balance sheet of the Company as at 31 March 2010.

DIRECTORS

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

Ricky Ang Gee Hing

Tan Choon Wee

Francis Xavier

Timothy Teo Lai Wah

Bob Low Siew Sie

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

The directors' interests in the ordinary shares of the Company as at 21 April 2010 were the same as those as at 31 March 2010.

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
The Company	**31.3.2010**	**1.4.2009**	**31.3.2010**	**01.4.2009**
(No. of Ordinary shares)				
Ricky Ang Gee Hing	12,901,617	6,901,617	14,098,647	14,098,647
Tan Choon Wee	2,500,000	2,500,000	12,500,000	12,500,000
Warrants to subscribe for ordinary shares at $0.08 each				
Ricky Ang Gee Hing	3,450,808	3,450,808	3,450,808	3,450,808
Tan Choon Wee	1,250,000	1,250,000	1,250,000	1,250,000

By virtue of Section 7 of the Singapore Companies Act (Cap. 50) (the "Act"), Ricky Ang Gee Hing is deemed to have interests in the shares of all the subsidiaries, at the beginning and at the end of the financial year and as at 21 April 2010.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefits by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Directors' Report (continued)

For the financial year ended 31 March 2010

THE LEXICON GROUP LIMITED PERFORMANCE SHARE PLAN

The Lexicon Group Limited Performance Share Plan (the "Performance Share Plan") was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 7 September 2007.

The Performance Share Plan is intended to recruit, attract and retain participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group.

The Performance Share Plan awards fully paid shares to participants who have achieved pre-determined targets. The shares are settled by physical delivery of shares by way of issuance of new shares by the Company or transfer of treasury shares to the participants.

The Performance Share Plan is administered by the Remuneration Committee.

	Performance shares granted during the financial year	Aggregate performance shares granted since commencement of plan to end of financial year	Aggregate performance shares released since commencement of plan to end of financial year	Aggregate performance shares not released at end of financial year
Key executives of the Group	3,600,000	4,500,000	(4,500,000)	-

SHARE OPTIONS

The Lexicon Group Limited Employee Share Option Scheme (the "Scheme") for key management personnel and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 14 February 2000.

The Scheme provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Group.

Under the Scheme, options to subscribe for the ordinary shares of the Company are granted to full-time employees of the Group of the rank of Executive and above and who have attained the age of twenty-one years and are not undischarged bankrupts. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. Options are granted at market price or a discount of up to a maximum of 20% from the weighted average price of the closing prices for 5 market days immediately preceding the date of grant. The grant of an option if accepted by an employee must be accepted within 30 calendar days from the date of the grant. Options which have been accepted may be exercised during a period commencing:

(i) 36 months from the date of grant of the option – for employees less than 12 months in employment

(ii) 24 months from the date of grant of the option – for all other executives

(iii) and expiring at the end of 60 months from the date of grant.

SHARE OPTIONS (Continued)

The options may be exercise in full or in part in respect of 1,000 shares or multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 20% of the issued share capital of the Company on the day preceding that date.

The Scheme became operative upon the Company granting options to subscribe for 2,970,000 ordinary shares of the Company on 27 February 2000 ("2000 Options"). Particular of the 2000 Options was set out in the Directors' report for the financial year ended 31 March 2000. The Scheme shall continue in operation for a maximum of 10 years commencing on the date which the Scheme is adopted by the Company in general meeting, unless otherwise extended by the shareholders by ordinary resolution in general meeting. The Scheme has expired on 14 February 2010 and was not extended or replaced. The termination of the Scheme would not affect the rights of holders of any outstanding existing option.

There were:

– no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.
– no shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries; and
– no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:
Timothy Teo Lai Wah (Chairman)
Francis Xavier
Bob Low Siew Sie

All members of the Audit Committee were independent directors.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the audit plan of the Company's independent auditor and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2010 before their submission to the Board.

Directors' Report (continued)

For the financial year ended 31 March 2010

AUDIT COMMITTEE (Continued)

The Audit Committee met three times in FY2010. The Audit Committee has met with the independent auditor without the presence of Management, to discuss issues of concern to them.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Singapore Exchange Listing Manual, reviewed the requirements for approval and disclosure of interested party transactions, reviewed the internal procedures set up by the Company to identify and report and, where necessary, seek approval for interested person transactions and, with the assistance of the independent auditor, reviewed interested person transactions.

There were no interested person transactions carried out by the Group during the financial year.

The Audit Committee has recommended that Nexia TS Public Accounting Corporation be nominated for re-appointment as independent auditor at the forthcoming Annual General Meeting.

NON-SPONSORSHIP FEES

There were no non-sponsorship fees paid to our sponsor, KW Capital Pte. Ltd. or any of its affiliates for the financial year ended 31 March 2010.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

....

Ricky Ang Gee Hing
Director

....

Tan Choon Wee
Director

Singapore
30 June 2010

Statement by Directors

For the financial year ended 31 March 2010

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 32 to 81 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) 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 Board of directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

....

Ricky Ang Gee Hing
Director

....

Tan Choon Wee
Director

Singapore
30 June 2010

Independent Auditor's Report to the Members of The Lexicon Group Limited

We have audited the accompanying financial statements of the Lexicon Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 32 to 81, which comprise the balance sheets of the Company and of the Group as at 31 March 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is 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:

(a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 control 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of The Lexicon Group Limited (continued)

OPINION

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provision of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
Director-in-charge: Chin Chee Choon
Appointed from financial year ended 31 March 2009

Singapore
30 June 2010

Balance Sheets

As at 31 March 2010

		Group		Company	
		2010	2009	2010	2009
	Note	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	2,339	1,367	931	943
Financial assets, at fair value through profit or loss	5	43	43	43	43
Trade and other receivables	6	2,251	3,249	914	6,670
Inventories	7	204	227	-	-
Other current assets	8	325	521	196	429
		5,162	5,407	2,084	8,085
Non-current assets					
Financial assets, available-for-sale	9	853	853	853	853
Investment in joint venture company	10	-	-	1,500	-
Investments in subsidiaries	11	-	-	-	-
Property, plant and equipment	12	536	219	20	96
Intangible assets	13	750	-	-	-
		2,139	1,072	2,373	949
Total assets		7,301	6,479	4,457	9,034
LIABILITIES					
Current liabilities					
Trade and other payables	14	2,800	4,291	3,154	4,718
Borrowings	15	980	1,266	963	1,245
		3,780	5,557	4,117	5,963
Non-current liabilities					
Borrowings	15	3	19	-	-
Total liabilities		3,783	5,576	4,117	5,963
NET ASSETS		3,518	903	340	3,071
EQUITY					
Capital and reserve attributable to equity holders of the Company					
Share capital	16	109,761	112,679	109,761	112,679
Treasury Shares	16	-	(51)	-	(51)
Retained earnings		(109,586)	(115,200)	(109,421)	(109,557)
Currency translation reserve		2,547	2,703	-	-
		2,722	131	340	3,071
Minority interests		796	772	-	-
Total equity		3,518	903	340	3,071

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

As at 31 March 2010

	Note	2010	2009
		$'000	$'000
Revenue	17	5,257	5,536
Other income	18	9,648	5,608
Expenses			
- Direct costs:			
Publications		(2,584)	(2,604)
Exhibition and events		(78)	(27)
Food & beverage		(200)	-
- Amortisation, depreciation and impairment	19	(178)	(1,049)
- Employee compensation	20	(3,161)	(3,665)
- Operating lease expenses		(581)	(409)
- Fair value losses on financial assets, at fair value through profit or loss		-	(3,346)
- Finance expenses	21	(11)	(89)
- Other		(2,474)	(3,675)
Total expenses		(9,267)	(14,864)
Share of profit of associated companies	10	-	326
Profit/ (loss) before income tax		5,638	(3,394)
Income tax expense	22	-	354
Net profit/ (loss)		5,638	(3,040)
Other comprehensive income			
- Currency translation differences arising from consolidation		(156)	190
Total comprehensive income for the year		5,482	(2,850)
Profit attributable to:			
- Equity holders of the Company		5,614	(3,067)
- Minority interests		24	27
		5,638	(3,040)
Total comprehensive income attributable to:		5,458	(2,877)
- Equity holders of the Company		24	27
- Minority interests		5,482	(2,850)
Earnings/ (loss) per share attributable to the equity holders of the Company (cents per share)	23		
- Basic		0.60	(0.40)
- Diluted		0.60	(0.40)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2010

	Note	Attributable to equity holders of the Company						
		Share capital	Treasury Shares	Currency translation reserve	Retained earnings	Total	Minority Interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2010								
Beginning of financial year		112,679	(51)	2,703	(115,200)	131	772	903
Issue of shares	16	4,243	-	-	-	4,243	-	4,243
Capital reduction	16	(7,125)	-	-	-	(7,125)	-	(7,125)
Treasury shares re-issued as employees' performance shares	16	(36)	51	-	-	15	-	15
Total comprehensive income for the year		-	-	(156)	5,614	5,458	24	5,482
End of financial year		109,761	-	2,547	(109,586)	2,722	796	3,518
2009								
Beginning of financial year		112,522	(112)	2,513	(112,133)	2,790	745	3,535
Issue of shares	16	200	-	-	-	200	-	200
Treasury shares re-issued as employees' performance shares	16	(43)	61	-	-	18	-	18
Total comprehensive income for the year		-	-	190	(3,067)	(2,877)	27	(2,850)
End of financial year		112,679	(51)	2,703	(115,200)	131	772	903

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 March 2010

		Group	
		2010	**2009**
	Note	**$'000**	**$'000**
Cash flows from operating activities			
Net profit/ (loss)		5,638	(3,040)
Adjustments for:			
- Income tax expenses	22	-	(354)
- Issue of employees' performance shares		15	18
- Amortisation, depreciation and impairment	19	178	1,049
- Gain on disposal of financial assets at fair value through profit or loss	18	-	(168)
- Share of profit of associated companies		-	(326)
- Loss on financial assets at fair value through profit or loss		-	3,346
- Property, plant and equipment written off		4	1
- Gain on disposal of subsidiaries	18	(280)	-
- Gain on disposal of associated company	18	(831)	(1,720)
- Allowance for impairment of investment in Sandz written back	18	(7,125)	(1,500)
- Allowance for impairment of loan to Sandz written back	18	(500)	(2,000)
- Write-back of accrued operations expenses	18	(757)	-
- Interest income		(20)	(30)
- Finance expenses	21	11	89
		(3,667)	(4,635)
Change in working capital, net of effects from acquisition and disposal of subsidiaries			
- Work-in-progress		23	79
- Trade and other receivables		1,692	(980)
- Trade and other payables		(734)	498
Cash used in operations		(2,686)	(5,038)
Interest received		20	30
Income tax recovered		-	215
Net cash used in operating activities		(2,666)	(4,793)
Cash flows from investing activities			
Proceeds from repayment of investment in Sandz		-	1,500
Proceeds from repayment of loan to Sandz		-	2,000
Proceeds from disposal of associated company		831	3,281
Proceeds from disposal of subsidiaries, net of cash disposed		280	-
Proceeds from sale of financial assets		-	730
Purchases of property, plant and equipment	12	(495)	(59)
Investment in joint-venture company		(750)	-
Placement of short term bank deposits pledged to bank		(15)	(10)
Net cash (used in) / from investing activities		(149)	7,442

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 March 2010

	Note	Group 2010 $'000	Group 2009 $'000
Cash flows from financing activities			
Proceeds from issuance of unsecured convertible notes		4,043	500
Repayment of hire purchase/finance lease liabilities		(102)	(74)
Repayment of bank term loans		-	(1,781)
Interest paid		(11)	(89)
Net cash provided by/ (used in) financing activities		3,930	(1,444)
Net increase in cash and cash equivalents		1,115	1,205
Cash and cash equivalents at beginning of financial year		1,357	(41)
Effects of currency translation on cash and cash equivalents		(158)	193
Cash and cash equivalents at end of financial year	4	2,314	1,357

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statement

For the financial year ended 31 March 2010

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

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of The Lexicon Group Limited on 30 June 2010.

1 GENERAL INFORMATION

The Lexicon Group Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 77 Robinson Road #05-00, Singapore 068896. On 1 February 2010, the Company changed its registered office to 9 Battery Road #15-01 Straits Trading Building Singapore 049910. The address of its principal place of business is at 371 Beach Road, #03-18 Keypoint, Singapore 199597.

The principal activities of the Company are the provision of management services and investment holding. The principal activities of its subsidiaries are shown in Note 11.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2009

On 1 April 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

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

- FRS 1 (revised) Presentation of financial statements (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is

Notes to the Financial Statement

For the financial year ended 31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.

- FRS 108 Operating Segments (effective from 1 January 2009) replaces FRS 14 Segment reporting, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

- Amendment to FRS 107 Improving disclosures about financial statements (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosures of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

2.2 Group accounting

(i) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest. Please refer to the paragraph "Intangible assets - Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Group accounting (Continued)

(i) Subsidiaries (Continued)

transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of 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 minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed to the equity holders of the Company are fully recovered.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(ii) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the carrying value of identifiable net assets of the subsidiary.

(iii) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of any accumulated impairment losses) identified on acquisition. Please refer to the paragraph "Intangible assets–Goodwill" for the Group's accounting policy on goodwill.

Notes to the Financial Statement

For the financial year ended 31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Group accounting (Continued)

(iii) Associated companies (Continued)

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

(iv) Joint Ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Group accounting (Continued)

(iv) Joint Ventures (Continued)

the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2.3 Investment in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Property, plant and equipment

(i) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses.

Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(ii) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Notes to the Financial Statement

For the financial year ended 31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment (Continued)

(ii) Depreciation (Continued)

	Useful lives
Furniture and fittings	5 to 20 years
Office equipment	5 to 10 years
Computers	3 years
Renovation	5 to 10 years
Kitchen equipment	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(iv) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.5 Intangibles assets

(a) Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable net assets and contingent liabilities of the acquired subsidiaries and associated companies at the date of acquisition.

Goodwill on subsidiaries and associated companies is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Intangibles assets (Continued)

(b) Acquired magazine mastheads

Magazine mastheads acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These intangible assets have infinite lives and are tested for impairment annually.

(c) Consultancy services agreement

Consultancy services agreement arising from business combination is capitalised and amortised on a straight-line basis over its 20-year useful life.

2.6 Impairment of non-financial assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(ii) Intangible assets

Property, plant & equipment

Investments in subsidiaries, joint ventures and associated companies

Intangible assets, property, plant and equipment, investments in subsidiaries, joints ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Notes to the Financial Statement

For the financial year ended 31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Impairment of non-financial assets (Continued)

(ii) Intangible assets (Continued)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) 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, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.7 Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables, and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

(a) 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 it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

(i) Classification (Continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with no fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. The loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(c) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(iii) 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. Transaction costs for financial assets at fair value through profit and loss are recognised immediately in profit or loss.

(iv) Subsequent measurement

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

Changes in the fair values of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividend, are recognised in profit or loss when the changes arise.

Interest and dividend income on financial assets, available-for-sale are recognised separately in the income statement. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised

Notes to the Financial Statement

For the financial year ended 31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

(iv) Subsequent measurement (Continued)

cost of the securities and other changes; the currency translation differences are recognised in the income statement and other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(v) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(a) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(b) Financial assets, available-for-sale

A significant or prolonged decline in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

(v) Impairment (Continued)

(b) Financial assets, available-for-sale (Continued)

repayments and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement on debt securities. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.8 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, bank balances and short-term deposits with financial institutions which are subject to an insignificant risk of change in value.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

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.

2.10 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Notes to the Financial Statement

For the financial year ended 31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has reliably estimated.

2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 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.

Revenue from food and beverage operations is recognised upon the billing of food and beverage to customers. Revenue represents the invoiced value of food and beverage.

Revenue from license fee is recognised on a straight-line basis over the period where the license is granted to the licensee.

Royalty fee is derived based on the percentage agreed with the franchisees multiplied by the net sales of the franchisees.

Interest income is recognised using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contributions plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

2.16 Leases

When the Group is the lessee:

The Group leases plant and machinery under finance leases and office building under operating lease from non-related parties.

(a) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

When the Group is the lessee:

(b) Lessee – Operating leases

Leases of equipment, office premises and other facilities where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net off any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

Notes to the Financial Statement

For the financial year ended 31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associated companies except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Segments reporting

Operating segments are reported in a manner consistent with the internal reporting to the executive directors who are responsible for allocating resources and assessing performance of the operating segments.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting currency translation differences are recognised in the currency translation reserve.

2.20 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Notes to the Financial Statement

For the financial year ended 31 March 2010

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Share capital and treasury shares (Continued)

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

2.21 Government Grant

Government grant relating to expenses is deducted directly from the related expenses.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements 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.

(a) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

(b) Uncertain tax positions

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least half-yearly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in the income statement. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(d) Impairment of financial assets, available-for-sale

The Group follows the guidance of FRS 39 in determining when an available-for-sale financial asset is considered impaired. This determination requires significant judgment. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, the financial health of and the near-term business outlook of the issuer of the instrument, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Notes to the Financial Statement

For the financial year ended 31 March 2010

4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	2,314	1,357	921	933
Short-term bank deposits	25	10	10	10
Cash and cash balances	2,339	1,367	931	943

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	Group	
	2010	**2009**
	$'000	**$'000**
Cash and bank balances (as above)	2,339	1,367
Less: Short-term bank deposits pledged	(25)	(10)
Cash and cash equivalents per consolidated cash flow statement	2,314	1,357

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Held for trading				
Listed securities:				
- Equity securities - Singapore	43	43	43	43
- Equity securities - US	-	-	-	-
- Equity securities - London	-	-	-	-
	43	43	43	43

The loan from a financial institution is secured on the financial assets at fair value through profit or loss with carrying amounts of Nil (2009:Nil) (Note 15).

6. TRADE AND OTHER RECEIVABLES

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Trade receivables				
- Non-related parties	1,590	1,858	-	59
- Subsidiaries	-	-	1,017	1,119
- Joint-venture company	26	-	-	-
	1,616	1,858	1,017	1,178
Less: Allowance for impairment of trade receivables	(278)	(387)	(1,017)	(1,178)
Trade receivables – net	1,338	1,471	-	-
Non-trade receivables				
- Non-related parties	180	1,278	34	526
- Loan to Zenna	606	1,000	606	1,000
- Subsidiaries	-	-	33,284	31,105
- Joint venture partners	148	-	-	-
- Joint venture company	-	-	295	-
	934	2,278	34,219	32,631
Less: Allowance for impairment of non-trade receivables	(21)	(500)	(33,305)	(25,961)
Non-trade receivables - net	913	1,778	914	6,670
	2,251	3,249	914	6,670

The non-trade amounts due from subsidiaries and joint venture partners are unsecured, interest-free and repayable on demand.

Loan to Zenna

On 4 February 2009, the Company entered into a conditional Sale and Purchase agreement ("S&P") with the shareholder of Zenna Overseas Limited ("Zenna"), a company incorporated in the British Virgin Islands, to acquire the entire share capital of Zenna for an aggregate consideration of $160 million which will be fully satisfied by the allotment and issuance of an aggregate of 800 million shares of the Company. Zenna is the registered holder of 90% of the registered capital of Yueyang Taihe Commercial Development Co., Ltd ("Taihe"), a sino-foreign equity joint venture company incorporated in the People's Republic of China.

As a condition precedent of the S&P agreement, the Company shall make available to Zenna a secured loan of $7 million, comprising a first tranche equal to $1 million and a second tranche of $6 million for the sole purpose of enabling Zenna to satisfy its 20% contribution on the initial registered capital amount of Taihe.

On 7 September 2009, the Company entered into a Termination Agreement for the S&P. Under the terms of the Termination Agreement, the shareholder of Zenna has up to 90 days to return the loan of S$1,000,000 to the Company. As at 31 March 2010, the amount due from Zenna is S$606,000 (2009: S$1,000,000).

Notes to the Financial Statement

For the financial year ended 31 March 2010

7. INVENTORIES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Food and beverages	33	-	-	-
Work-in-progress	171	227	-	-
	204	227	-	-

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.

8. OTHER CURRENT ASSETS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Prepayments	97	302	42	290
Deposits	225	156	154	139
Other	3	63	-	-
	325	521	196	429

9. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

Available-for-sale financial assets are analysed as follows:

	Group	
	2010	2009
	$'000	$'000
Unlisted securities		
Grandview Financial Limited	853	853
Sandz Solutions Singapore Pte Ltd (Note 11)	-	3,233
	853	4,086
Less: Impairment loss	-	(3,233)
	853	853

The unquoted equity security was measured at cost less impairment losses as the investment does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate. On 24 August 2009, the Company entered into an agreement with Strategic Worldwide Assets Limited, former shareholder of Sandz Solutions (Singapore) Pte Ltd, for the sale of the remaining 25% equity interest for a nominal cash consideration of S$10.00. As at 31 March 2010, certain conditions as set out in the agreement are yet to be fulfilled.

10. INVESTMENT IN JOINT VENTURE COMPANY

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Equity investments at cost	-	-	1,500	-

On 3 November 2009, the Group has incorporated a joint venture company, Tom N Toms International Pte Ltd ("TNTI) with Tom N Toms Ltd and KTNT Holdings Limited ("Korean Shareholders") of which the Company holds a 50% stake. The purpose of the joint-venture company is to increase market shareholdings through franchising "Tom and Toms" brand (Note 13).

TNTI is incorporated in the Republic of Singapore, and has an issued and paid-up share capital of $3 million.

Details of the Group's joint venture company are as follows:

Name of joint venture company	Country of incorporation and place of business	Effective equity held by the Group	
		2010	2009
Held by the Company		%	%
Tom N Toms International Pte Ltd [1]	Singapore	50	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, member firm of Nexia International

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2010	2009
	$'000	$'000
Equity investment at cost		
Beginning of financial year	70,483	83,415
Disposals	-	(9,699)
Reclassification to financial assets, available-for-sale (Note 9)	-	(3,233)
End of financial year	70,483	70,483
Accumulated impairment		
Beginning of financial year	70,483	83,361
Impairment charge	-	54
Disposals	-	(9,699)
Reclassification to financial assets, available-for-sale (Note 9)	-	(3,233)
End of financial year	70,483	70,483
Net book value		
End of financial year	-	-

Notes to the Financial Statement

For the financial year ended 31 March 2010

11. INVESTMENT IN SUBSIDIARIES (Continued)

Disposal of a subsidiary

On 21 November 2008, the Company has entered into a Deed of Settlement with Sandz's shareholders. The Company has agreed to transfer 75% of equity in Sandz to previous Sandz's shareholders. The remaining 25% equity interest have been reclassified to financial asset available-for-sale (Note 9) as the Group intend to dispose the remaining 25% equity interest.

The details of subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2010	2009
Held by Company			%	%
Panpac Marketing & Circulation Pte Ltd (1)	Publishing and sale of periodicals and magazines	Singapore	100	100
Lexicon F&B Pte Ltd (formerly known as G-Mobile Pte Ltd) (1)	Operating of cafes and restaurants	Singapore	100	100
TLG Specialist Magazines Pte Ltd (1)	Publishing and sale of periodicals and magazines	Singapore	100	100
Panpac Events Management Pte Ltd (5)	Exhibition fair and convention organizers - currently dormant	Singapore	-	100
Panpac Business Communcation Pte Ltd (5)	Publishing and sale of periodicals and magazines - currently dormant	Singapore	-	100
Wine and Dine Experience Pte Ltd (1)	Publishing and sale of periodicals and magazines	Singapore	100	100
SmartInvestor Pte Ltd (1)	Publishing and sale of periodicals and magazines	Singapore	100	100

11. INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2010 %	2009 %
Held by Company				
Panpac Media.com (Australia) Pty Ltd (3)	Investment holding - currently dormant	Australia	100	100
Panpac Future Tiles Pte Ltd (5)	Publishing and sale of periodicals and magazines - currently dormant	Singapore	-	100
Panpac Media Sdn. Bhd.(2)	Publishing and sale of periodicals and magazines	Malaysia	100	100
Panpac Tech Strategic Ltd (3)	Investment holding	British Virgin Islands	100	100
Panpac Ventures (China) Pte Ltd (5)	Investment holding - currently dormant	Singapore	-	100
Grierson Pte Ltd (4)	Provision of e-business consultancy and marketing services to real estates and related industries - currently dormant	Singapore	85	85
Auston Technology Group Pte Ltd (1)	Investment holding	Singapore	78.2	78.2
Asia Media Pte Ltd (5)	Provision of media, publishing, communication and education related business - currently dormant	Singapore	-	76.5
Education & Entertainment Workshop Pte Ltd (5)	Publishing and sales of books - currently dormant	Singapore	-	77.8
AsiaStockWatch.com (Australia) Pty Ltd(3)	Provision of internet database services and information - currently dormant	Australia	100	100

Notes to the Financial Statement

For the financial year ended 31 March 2010

11. INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2010 %	2009 %
Held by Company				
Inovatif Media Asia Sdn. Bhd.[(2)]	Media Publishing	Malaysia	100	80.2
Lifestyle Magazines Publishing Pte Ltd [(1)]	Publishing and sale of periodicals and magazines	Singapore	100	100
Sun China Media (BJ) Culture Distribution Ltd[(4)]	Media Publishing	China	100	100
Delta Digital Ltd [(3)]	Provision of management and consultancy services	British Virgin Islands	-	100
Held by Subsidiaries				
Panpac Specialist Magazines (Malaysia) Sdn. Bhd. [(2)]	Letting of property - currently dormant	Malaysia	100	100
Panpac Business Media (M) Sdn.Bhd. [(2)]	Media publishing - currently dormant	Malaysia	100	100
WDE (Malaysia) Sdn. Bhd. [(2)]	Media publishing - currently dormant	Malaysia	100	100
Panpac Lifestyle Magazines (M) Sdn. Bhd. [(2)]	Media publishing - currently dormant	Malaysia	100	100
Golf Times (Malaysia) Sdn. Bhd. [(2)]	Media advertising contractors and agents - currently dormant	Malaysia	100	100
Biz2net Asia Pte Ltd [(5)]	Consultancy and web design services -currently dormant	Singapore	-	100

11. INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2010 %	2009 %
Held by Subsidiaries				
Juzlaw Solutions Pte Ltd [(4)]	Trading in computer hardware and accessories - currently dormant	Singapore	80	80
Blue-Oaks.com Pte Ltd [(5)]	Software development and Consultancy management services -currently dormant	Singapore	-	100
Data Information Systems Pte Ltd (5)	Consultants on computers peripheral equipment and technical and advisory services - currently dormant	Singapore	-	100
Panpac Management and Information Consultants (Shanghai) Limited [(5)]	Provision of consultancy services for events, executive forms, forum workshops and strategic business conferences - currently dormant	China	-	100
TPMC Asia Pte Ltd [(5)]	Distribution of magazines - currently dormant	Singapore	-	77.8

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, member firm of Nexia International.
(2) Audited by Monteiro & Heng, Malaysia, a member firm of Baker Tilly International.
(3) Not required to be audited by the laws of their countries of incorporation.
(4) In the process of deregistration.
(5) Deregistered during the financial year.

Notes to the Financial Statement

For the financial year ended 31 March 2010

12. PROPERTY, PLANT AND EQUIPMENT

Group	Kitchen Equipment	Furniture and fittings	Office equipment	Computers	Renovation	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2010						
Cost						
Beginning of financial year	-	56	315	849	115	1,335
Additions	60	10	3	60	362	495
Disposals	-	-	(7)	-	-	(7)
Currency translation differences	-	1	3	11	2	17
End of financial year	60	67	314	920	479	1,840
Accumulated depreciation						
Beginning of financial year	-	48	279	696	93	1,116
Depreciation charge (Note 21)	3	3	12	123	37	178
Disposals	-	-	(2)	-	-	(2)
Currency translation differences	-	1	1	9	1	12
End of financial year	3	52	290	828	131	1,304
Net book value						
End of financial year	57	15	24	92	348	536

Group	Furniture and fittings	Office equipment	Computers	Renovation	Total
	$'000	$'000	$'000	$'000	$'000
2009					
Cost					
Beginning of financial year	55	369	1,030	120	1,574
Additions	7	23	16	13	59
Disposals	(5)	(75)	(187)	(17)	(284)
Currency translation differences	(1)	(2)	(10)	(1)	(14)
End of financial year	56	315	849	115	1,335
Accumulated depreciation					
Beginning of financial year	50	343	778	98	1,269
Depreciation charge (Note 21)	3	13	113	12	141
Disposals	(5)	(75)	(187)	(17)	(284)
Currency translation differences	-	(2)	(8)	-	(10)
End of financial year	48	279	696	93	1,116
Net book value					
End of financial year	8	36	153	22	219

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Computers	Renovation	Total
	$'000	$'000	$'000
2010			
Cost			
Beginning of financial year	286	63	349
Additions	20	-	20
End of financial year	306	63	369
Accumulated depreciation			
Beginning of financial year	194	59	253
Depreciation charge	95	1	96
End of financial year	289	60	349
Net book value			
End of financial year	17	3	20

Company	Computers	Renovation	Total
	$'000	$'000	$'000
2010			
Cost			
Beginning and end of financial year	286	63	349
Accumulated depreciation			
Beginning of financial year	99	56	155
Depreciation charge	95	3	98
End of financial year	194	59	253
Net book value			
End of financial year	92	4	96

Included in additions in the consolidated financial statements of the Group are computers and office equipment acquired under finance lease amounting to $Nil (2009: $34,000) respectively.

The carrying amounts of computers and office equipment held under finance leases for the Group are $35,159 (2009: $139,660) at the balance sheet date.

Notes to the Financial Statement

For the financial year ended 31 March 2010

13. INTANGIBLE ASSETS

	Group	
	2010	2009
	$'000	$'000
Goodwill arising on consolidation	-	-
Magazines mastheads	-	-
Consultancy agreement	-	-
Brand (Note 10)	750	-
	750	-

Group	Goodwill arising on consolidation	Magazines mastheads	Consultancy services agreement	Brand	Total
	$'000	$'000	$'000	$'000	$'000
2010					
Cost					
Beginning of financial year	7,949	4,088	1,793	-	13,830
Additions	-	-	-	750	750
Disposals	-	-	(1,793)	-	(1,793)
End of financial year	7,949	4,088	-	750	12,787
Accumulated impairment					
Beginning of financial year	7,949	4,088	1,793	-	13,830
Disposals	-	-	(1,793)	-	(1,793)
End of financial year	7,949	4,088	-	-	12,037
Net book value					
End of financial year	-	-	-	750	750

Group	Goodwill arising on consolidation	Magazines mastheads	Consultancy services agreement	Total
	$'000	$'000	$'000	$'000
2009				
Cost				
Beginning and end of financial year	7,949	4,088	1,793	13,830
Accumulated amortisation and impairment				
Beginning and end of financial year	7,949	4,088	1,793	13,830
Net book value				
End of financial year	-	-	-	-

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade payables				
- Non-related parties	1,681	2,264	594	1,392
- Subsidiaries	-	-	442	327
	1,681	2,264	1,036	1,719
Non-trade payables				
- Non-related parties	171	106	-	-
- Subsidiaries	-	-	1,926	2,027
	171	106	1,926	2,027
Deferred revenue	248	442	-	-
Accrued operating expenses	700	1,479	192	972
	2,800	4,291	3,154	4,718

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

15. BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Current				
Loan from a financial institution (Note (a))	813	813	813	813
Convertible notes (Note (b))	150	350	150	350
Finance lease liabilities (Note (c))	17	103	-	82
	980	1,266	963	1,245
Non-Current				
Finance lease liabilities (Note (c))	3	19	-	-
Total borrowings	983	1,285	963	1,245

(a) Loan from a financial institution

The loan from a financial institution bears interest at 8% (2009: 8%) per annum and is repayable on demand. The loan is secured by the financial assets at fair value through profit or loss (Note 5).

(b) Convertible notes

For the financial year ended 31 March 2007, 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.

Notes to the Financial Statement

For the financial year ended 31 March 2010

15. BORROWINGS (Continued)

(b) Convertible notes (Continued)

During the current financial year, the Company issued additional notes to VCAM amounting to $4,000,000 for cash. VCAM converted $4,200,000 convertible notes into 290,159,762 ordinary shares (Note 16) during the financial year.

(c) Finance leases

The Group leases computers and equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments due				
- Not later than one year	22	113	-	91
- Between one and five years	-	21	-	-
	22	134	-	91
Less: Future finance charges	(2)	(12)	-	(9)
Present value of finance lease liabilities	20	122	-	82

The present values of finance lease liabilities are analysed as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Not later than one year	17	103	-	82
Between one and five years	3	19	-	-
Total	20	122	-	82

The finance lease liabilities bear interest ranging from 10.71% to 15.5% (2009:10.71% to 15.5%) per annum.

16. SHARE CAPITAL

	No of ordinary shares		Amount	
	Issued shared capital	Treasury shares	Share capital $'000	Treasury shares $'000
Group and Company				
2010				
Beginning of financial year	722,924,551	(765,000)	112,679	(51)
Share issue	292,994,762	-	4,243	-
Capital reduction	(75,000,000)	-	(7,125)	-
Treasury shares re-issued as employees' performance shares	-	765,000	(36)	51
End of financial year	940,919,313	-	109,761	-
2009				
Beginning of financial year	700,702,329	(1,665,000)	112,522	(112)
Share issue	22,222,222	-	200	-
Treasury shares re-issued as employees' performance shares	-	900,000	(43)	61
End of financial year	722,924,551	(765,000)	112,679	(51)

All issued ordinary shares are fully paid.

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.

During the financial year, the Company issued 292,994,762 ordinary shares arising from:

- Issuance of 290,159,762 ordinary shares for a total of consideration of $4,200,000 through the conversion of convertible notes of the same amount (Note 15); and
- Issuance of 2,835,000 ordinary shares to employees at $0.02 to $0.15 each as employees' performance shares.

The newly issued shares rank pari passu in all respects with the previously issued shares.

At the Extraordinary General Meeting on 14 December 2009, the shareholders approved the capital reduction exercise to cancel 75,000,000 ordinary shares of the Company amounting to $7,125,000.

The Company re-issued 765,000 (2009: 900,000) treasury shares during the financial year as employees' performance shares at an issue price of $0.02 (2009: $0.02) each, for a total amount of $15,000 (2009: $18,000).

Notes to the Financial Statement

For the financial year ended 31 March 2010

17 REVENUE

	Group	
	2010	2009
	$'000	$'000
Advertisement	3,474	4,218
Circulation	1,552	1,174
Exhibition and events	103	144
Food and beverage	128	-
	5,257	5,536

18. OTHER INCOME

	Group	
	2010	2009
	$'000	$'000
Gain on disposal of associated company	831	1,720
Gain on disposal of subsidiary	280	-
Write-back of accrued operations expenses	757	-
Allowance for impairment of investment in Sandz written back	7,125	1,500
Allowance for impairment of loan to Sandz written back	500	2,000
Gain on disposal of financial assets through profit or loss	-	168
Other	155	220
	9,648	5,608

19 AMORTISATION, DEPRECIATION AND IMPAIRMENT

	Group	
	2010	2009
	$'000	$'000
Depreciation of property, plant and equipment (Note 12)	178	141
Impairment loss on financial assets, available-for-sale	-	908
	178	1,049

20 EMPLOYEE COMPENSATION

	Group	
	2010	2009
	$'000	$'000
Wages, salaries and bonuses	2,932	3,333
Employer's contribution to defined contribution plans	225	297
Other	71	35
	3,228	3,665
Government grant - Job Credit Scheme	(67)	-
	3,161	3,665

20 EMPLOYEE COMPENSATION (Continued)

The Jobs Credit Scheme (the "Scheme") is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit will be paid to eligible employees in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme.

21 FINANCE EXPENSES

	Group	
	2010	2009
	$'000	$'000
Interest expenses		
- Bank borrowings	-	62
- Bank overdrafts	-	14
- Finance lease liabilities	11	13
	11	89

22 INCOME TAXES

	Group	
	2010	2009
	$'000	$'000
Tax expense attributable to profit is made up of:		
Over provision in prior year	-	354
	-	354

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax is as explained below:

	Group	
	2010	2009
	$'000	$'000
Profit/ (Loss) before income tax:	5,638	(3,394)
Tax calculated at tax rate of 17%	958	(577)
Effects of:		
- Different tax rates in other countries	12	(4)
- Income not subject to tax	(1,614)	(972)
- Expenses not deductible for tax purposes	74	904
- Deferred income tax not recognised	570	649
Tax charge	-	-

Notes to the Financial Statement

For the financial year ended 31 March 2010

23 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the total loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Total	
	2010	**2009**
Total profit/ (loss) attributable to equity holders of the Company ($'000)	5,614	(3,067)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	929,935	767,150
Basic loss per share (cents)	0.60	(0.40)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company does not have dilutive ordinary shares from option scheme.

For the share warrants, 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 warrants outstanding as the exercise price of the share warrants are higher than the market price as at 31 March 2010.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

24 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Fees paid to firms in which a director is a shareholder or partner	143	963	143	963

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at term agreed between the parties:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
(a) Key management personnel compensation is as follows:				
Wages and salaries	995	1,018	853	959
Employer's contribution to defined contribution plans, including Central Provident Fund	37	37	24	28
	1,032	1,055	877	987

Included in the above is total compensation to directors of the Company amounting to $525,000 (2009: $524,000).

25 CONTINGENCIES AND COMMITMENTS

(a) Operating lease commitments

The Group leases equipment, offices premises and other facilities from non-related parties under non-cancellable operating lease agreements. The leases have varying term, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
- Not later than one year	736	436	413	413
- Between one and five years	771	651	238	651
	1,507	1,087	651	1,064

Notes to the Financial Statement

For the financial year ended 31 March 2010

26 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Although the Group does not have a formal risk management policies and guidelines, the Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Currency risk

The Company operates in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore Dollar ("SGD") and United States Dollar ("USD"). Currency risk arises when transactions are denominated in foreign currencies.

The Group's currency exposure based in the information provided to key management is as follows:

	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 March 2010				
Financial assets				
Cash and cash equivalents and financial assets, at fair value through profit or loss	2,165	908	162	3,235
Trade and other receivables	1,626	-	625	2,251
Other financial assets	214	-	11	225
	4,004	908	798	5,711
Financial liabilities				
Borrowings	150	813	20	983
Other financial liabilities	2,175	-	625	2,800
	2,325	813	645	3,783
Net financial (liabilities)/assets	1,679	95	153	1,928
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	(1,679)	(95)	(153)	
Add: Net non-financial liabilities of foreign subsidiaries	-	-	-	
Currency exposure	-	-	-	

26 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 March 2009				
Financial assets				
Cash and cash equivalents and financial assets, at fair value through profit or loss	1,213	876	174	2,263
Trade and other receivables	2,602	3	644	3,249
Other financial assets	139	-	17	156
	3,954	879	835	5,668
Financial liabilities				
Borrowings	432	1,569	40	2,041
Other financial liabilities	2,898	-	637	3,535
	3,330	1,569	677	5,576
Net financial (liabilities)/assets	624	(690)	158	92
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	(624)	-	(158)	
Add: Net non-financial liabilities of foreign subsidiaries	-	-	-	
Currency exposure	-	(690)	-	

Notes to the Financial Statement

For the financial year ended 31 March 2010

26 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Company's currency exposure based on the information provided to key management is as follows:

	2010			2009		
	SGD $'000	USD $'000	Total $'000	SGD $'000	USD $'000	Total $'000
Financial assets						
Cash and cash equivalents and financial assets, at fair value through profit or loss	974	853	1,827	985	853	1,839
Trade and other receivables	914	-	914	6,670	-	6,670
Other financial assets	154	-	154	139	-	139
	2,042	853	2,895	7,794	853	8,647
Financial liabilities						
Borrowings	(150)	(813)	(963)	(432)	(1,569)	(2,001)
Other financial liabilities	(3,154)	-	(3,154)	(3,962)	-	(3,962)
	(3,304)	(813)	(4,117)	(4,394)	(1,569)	(5,963)
Net financial (liabilities)/ assets	(1,262)	40	(1,222)	3,400	(716)	2,684
Currency exposure	(1,262)	40	(1,222)	3,400	(716)	2,684

(ii) Price risk

The Group and the Company are exposed to equity securities price risk because of the investments held by the Group and the Company which are classified at fair value through profit or loss. These securities are listed in Singapore. The Group is not exposed to commodity price risk.

The company does not have any formal policies to manage its equity securities. The securities were acquired as consideration from disposal of subsidiaries

26 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risks

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. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's and the Company exposure to cash flow interest rate risks arises mainly from non-current variable-rate borrowings. The Group and the Company borrowings at variable rate are denominated mainly in Singapore Dollars ("SGD"). If the SGD interest rates increase/decrease by 0.50% (2009: 0.50%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$55 (2009: S$695) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will credit default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history.

The Group's and the Company's major classes of financial assets are trade and other receivables. The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	674	903	-	-
Malaysia	613	534	-	-
Other countries	51	34	-	-
	1,338	1,471	-	-
By types of customers				
Non-related parties:				
- Multi-national companies	41	122	-	-
- Other companies	1,297	1,349	-	-
	1,338	1,471	-	-

Notes to the Financial Statement

For the financial year ended 31 March 2010

26 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

(i) **Financial assets that are neither past due nor impaired**

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) **Financial assets that are past due and/or impaired**

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade and other receivables past due but not impaired is as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Past due 0 to 3 months	943	1,135	203	1,505
Past due 3 to 6 months	324	155	694	-
Past due over 6 months	71	181	17	21
	1,338	1,471	914	1,526

The carrying amount of trade and other receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Gross amount	278	387	34,322	27,139
Less: Allowance for impairment	(278)	(387)	(34,322)	(27,139)
	-	-	-	-
Beginning of financial year	387	505	27,139	10,640
Currency translation difference	1	(3)	-	-
Allowance made	50	173	7,345	20,233
Allowance utilised	(146)	(235)	(60)	(3,734)
Allowance written back	(14)	(53)	(102)	-
End of financial year	278	387	34,322	27,139

The impairment of trade receivables arise mainly from sales to customers which have suffered significant losses in their operations or in process of liquidation.

26 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group and Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities (Note 15).

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies are to maintain gearing ratio within 10% to 50% (2009: 10% to 70%) and 10% to 90% (2009: 10% to 60%) respectively.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Net debt	1,444	4,209	3,186	5,020
Total equity	3,518	903	340	3,071
Total capital	4,962	5,112	3,526	8,091
Gearing ratio	29%	82%	90%	62%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2009 and 2010.

Notes to the Financial Statement

For the financial year ended 31 March 2010

27 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Directors that are used to make strategic decisions.

The Management considers the business from both a geographical and business segment perspective. Geographically, management manages and monitors the business in the two primary geographic areas: Singapore and Malaysia. Australia, British Virgin Island and China are included in others geographical segments column. All geographic locations are engaged in publishing, exhibition and events and HQ costs and investments. In addition, the segment in Singapore also derives revenue from food and beverage.

The segment information provided to the Directors for the reportable segments are as follows:

The segment information provided to the Directors for the reportable segments for the financial year ended 31 March 2010 are as follows:

	Malaysia	Singapore			Other		
	Publishing, exhibition and events $'000	Publishing, exhibition and events $'000	Food and beverage $'000	HQ costs and investments $'000	Publishing, exhibition and events $'000	HQ costs and investments $'000	Total $'000
Group							
2010							
Sales to external Parties	2,452	2,667	128	-	10	-	5,257
Segment results	109	(1,031)	(476)	(2,502)	(95)	(4)	(3,999)
Other income	111	16	-	9,520	-	1	9,648
Financial expenses – net	(2)	-	-	(9)	-	-	(11)
Profit/ (loss) before income tax	218	(1,015)	(476)	7,009	(95)	(3)	5,638
Income tax expense	-	-	-	-	-	-	-
Net profit/ (loss)	218	(1,015)	(476)	7,009	(95)	(3)	5,638
Net profit/ (loss) includes							
- Depreciation	43	4	31	100	-	-	178
Total assets	927	1,319	2,127	2,920	-	8	7,301
Total assets includes:							
Additions to property, plant and equipment	22	-	450	20	-	-	492
Total liabilities	507	971	386	1,778	138	3	3,783

27 SEGMENT INFORMATION (Continued)

The segment information provided to the Directors for the reportable segments for the financial year ended 31 March 2009 are as follows:

	Malaysia	Singapore		Other		
	Publishing, exhibition and events $'000	Publishing, exhibition and events $'000	HQ costs and investments $'000	Publishing, exhibition and events $'000	HQ costs and investments $'000	Total $'000
Group						
2009						
Sales to external Parties	1,926	3,302	-	308	-	5,536
Segment results	47	(972)	(4,033)	(104)	(4,177)	(9,239)
Other income	17	137	5,285	-	169	5,608
Share of profits of associated companies	-	-	326	-	-	326
Financial expenses – net	(4)	(19)	(66)	-	-	(89)
Profit/ (loss) before income tax	60	(854)	1,512	(104)	(4,008)	(3,394)
Income tax expense	-	(10)	364	-	-	354
Net profit/ (loss)	60	(864)	1,876	(104)	(4,008)	(3,040)
Net profit/ (loss) includes						
- Depreciation	37	5	98	1	-	141
Total assets	736	1,574	3,906	143	120	6,479
Total assets includes:						
Additions to property, plant and equipment	59	-	-	-	-	59
Total liabilities	488	1,238	3,659	190	1	5,576

The management accesses the performance of the operating segments based on net profit of each segment.

Revenue from major products and services

Revenue from external customers is derived from the publishing, exhibition and events and food and beverages. Breakdown of the revenue is as follows:

	2010 $'000	2009 $'000
Publishing, exhibition and events	5,129	5,536
Food and beverages	128	-
	5,257	5,536

Notes to the Financial Statement
For the financial year ended 31 March 2010

27 SEGMENT INFORMATION (Continued)

Geographical information

The Group's three business segments operate in three main geographical areas:

- Singapore – the company is headquartered and has operations in Singapore. The operations in this area are principally the publishing of magazines, exhibition and events, investments holdings and food and beverages;
- Malaysia – the operations in this area are principally the publishing of magazines, exhibition and events, and investments holdings
- Other countries – the operations include the publishing, exhibition and events and investment holdings.

	Sales	
	2010	2009
	$'000	$'000
Singapore	2,795	3,302
Malaysia	2,452	1,926
Other countries	10	308
	5,257	5,536

	Non-current assets	
	2010	2009
	$'000	$'000
Singapore	2,044	955
Malaysia	95	112
Other countries	-	4
	2,139	1,072

28 EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 11 June 2010, Lexicon F&B Pte Ltd ("LFB") incorporated a joint-venture company, Boardroom Venture Pte Ltd ("BVPL"), of which LFB has a 20% stake, the remaining 80% stake in BVPL is held by FSG Business Pte Ltd. BVPL is incorporated in Singapore and has a paid-up capital of S$25,000. The principal activities of BVPL are the business relating to food and beverage including but not limited to the management and operation of a chain of premium

29 COMPARATIVE FIGURES

Certain figures have been reclassified to conform with current year's presentation.

30 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2010 or later periods and which the Company has not early adopted. The Company's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Company is set out below:

(a) FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009).

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

(b) FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

Shareholdings Statistics

TWENTY-ONE LARGEST SHAREHOLDERS AS AT 28 JUNE 2010

S/N	Name of shareholder	No. of Shares	% of Shares
1.	DBS Vickers Securities (Singapore) Pte Ltd	71,342,342	7.58
2.	Kim Eng Securities Pte Ltd	59,441,262	6.32
3.	OCBC Securities Private Ltd	43,545,400	4.63
4.	Tan Chong Chai	35,000,000	3.72
5.	UOB Kay Hian Pte Ltd	21,033,500	2.24
6.	MayBan Nominees (Singapore) Pte Ltd	20,215,000	2.15
7.	HL Bank Nominees (Singapore) Pte Ltd	18,765,000	1.99
8.	United Overseas Bank Nominees Pte Ltd	15,195,500	1.62
9.	Ng Swee Hua	12,249,500	1.30
10.	Kum Kam Chuen	11,100,000	1.18
11.	DBS Nominees Pte Ltd	10,073,521	1.07
12.	DB Nominees (Singapore) Pte Ltd	10,000,148	1.06
13.	Phillip Securities Pte Ltd	9,762,495	1.04
14.	Ang Wern Ling Alison	8,997,000	0.96
15.	Ang Gee Hing	8,316,617	0.88
16.	Yu Boon Chaw (Yu Wenqiao)	8,000,000	0.85
17.	SBS Nominees Pte Ltd	7,670,000	0.82
18.	Lee Eng Hwee	6,535,000	0.69
19.	HSBC (Singapore) Nominees Pte Ltd	6,040,000	0.64
20.	Lim Peng Siang	6,000,000	0.64
21.	Tan Kok Teng	6,000,000	0.64
Total		**395,282,285**	**42.02**

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 28 JUNE 2010

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shareholders	%
1 - 999	404	6.26	196,863	0.02
1,000 - 10,000	2,296	35.60	10,736,761	1.14
10,001 - 1,000,000	3,660	56.74	377,392,625	40.11
1,000,001 and above	90	1.40	552,593,064	58.73
Total	**6,450**	**100.00**	**940,919,313**	**100.00**

Rule 723 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the “Rules of Catalist”)

As at 28 June 2010, there were 898,919,049 shares in the hands of the public as defined in the Rules of Catalist representing approximately 95.54% of the issued share capital of the Company. The Company confirms that Rule 723 is complied with.

SHARE CAPITAL

Number of shares issued and fully paid:	940,919,313 ordinary shares (including treasury shares)
Number of treasury shares:	Nil
Voting rights:	One vote per share (excluding treasury shares)

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 Thursday, 29 July 2010 at 10.30 a.m., for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 March 2010 and the Auditors' Report thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of S$134,000/- for the financial year ended 31 March 2010 (2009: S$129,500). **(Resolution 2)**
3. To re-elect Mr Francis Xavier S/O Subramaniam, a Director retiring under Article 107 of the Company's Articles of Association. [See Additional Information (i)] **(Resolution 3)**
4. To appoint Messrs Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**
5. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

6. "SHARE ISSUE MANDATE

   That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules under Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Rules of the Catalist") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

   a. (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "instruments") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   b. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

Notice Of Annual General Meeting

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed hundred per cent (100%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below):

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;
(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of the Catalist of the SGX-ST; and
(3) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of the Catalist of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (a)]” **(Resolution 5)**

7. “SHARE ISSUE MANDATE ON A NON-PRO RATA BASIS AT A DISCOUNT NOT EXCEEDING 20%
That notwithstanding Rule 811 of the SGX-ST Listing Manual - Section B: Rules of Catalist, and subject to and pursuant to the Share Issue Mandate being obtained in Resolution 5 above, approval be and is hereby given to the Directors of the Company to allot and issue shares (including share to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) other than on a pro-rata basis at an issue price per share as the Directors of the Company may in their absolute discretion deem fit provided that such price shall not represent a discount of more than 20 per centum (20%) to the weighted average price per share

determined in accordance with the requirements of the SGX-ST and unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or 31 December 2010 (or such other deadline as may be extended by the SGX-ST) whichever is earlier. [See Explanatory Note (b)]" **(Resolution 6)**

8. "THE LEXICON GROUP LIMITED PERFORMANCE SHARE PLAN

That the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the provisions of The Lexicon Group Limited Performance Share Plan (the "Performance Share Plan") and to deliver existing shares (including treasury shares) and pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan, provided that the aggregate number of shares to be allotted and issued pursuant to the Performance Share Plan and any other share option and/or share incentive schemes of the Company then in force shall not exceed fifteen per cent. (15%) of the total number of issued shares of the Company from time to time." [See Explanatory Note (c)] **(Resolution 7)**

9. "SHARE BUY BACK MANDATE

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

(i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buy Back Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

Notice Of Annual General Meeting

(i) the date on which the next Annual General Meeting of the Company is held or require by law to be held; or

(ii) the date on which the Share purchases are carried out to the full extent mandated; or

(iii) the time when the authority conferred by the Share Buy Back Mandate is revoked or varied by the Shareholders of the Company in general meeting,

and the Shares Buy Back Mandate may be renewed at each AGM or other general meeting of the Company;

(c) in this Resolution:

"Prescribed Limit" means ten per cent. (10%) of the issued ordinary shares excluding treasury shares of the Company as at the date of passing of this Resolution; and

"Maximum Price" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:-

(i)	in the case of a Market Purchase	:	105% of the Average Closing Price of the Shares
(ii)	in the case of an Off-Market Purchase	:	105% of the Average Closing Price of the Shares

where:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) market days on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy Back Mandate in any manner as may be permitted under the Act; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." [See Explanatory Note (d)]" **(Resolution 8)]**

By Order of the Board

Abdul Jabbar Bin Karam Din
Chan Poh Kuan
Joint Company Secretaries

Singapore, 14 July 2010

Additional Information relating to the Notice of the Annual General Meeting

(i) Item 3 – Re-election of Mr Francis Xavier S/O Subramaniam, a Director retiring under Article 107 of the Company's Articles of Association.

Mr Francis Xavier S/O Subramaniam is an Independent Non-Executive Director, upon re-election as a Director of the Company, will remain as the Chairman of the Nominating Committee as well as a member of the Audit and Remuneration Committees.

Notes:-

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be lodged at the registered office of the Company at 9 Battery Road #15-01 Straits Trading Building, Singapore 049910 not less than forty-eight (48) hours before the time fixed for the Annual General Meeting.

Notice Of Annual General Meeting

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(a) **Resolution 5** is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 5 (including shares to be issued in pursuance of instruments made or granted) shall not exceed hundred per cent (100%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of fifty per cent (50%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 5, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 5, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of the Catalist of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(b) **Resolution 6** is to empower the Directors to allot and issue new shares in the capital of the Company on a non pro-rata basis at a discount not exceeding twenty per cent (20%). This authority will continue in force until the next Annual General Meeting. The authority to set the maximum pricing discount is one of the new measures introduced by the SGX-ST, in consultation with the Monetary Authority of Singapore, on 20 February 2009 to accelerate and facilitate listed issuers' fund raising efforts and will be in effect until 31 December 2010.

(c) **Resolution 7** is to authorise the Directors to offer and grant awards in accordance with the provisions of The Lexicon Group Limited Performance Share Plan (the "Performance Share Plan") and pursuant to Section 161 of the Companies Act, Chapter 50 to allot and issue shares under the Performance Share Plan. The size of the Performance Share Plan is limited to fifteen per cent (15%) of the total number of issued shares excluding treasury shares of the Company for the time being.

(d) **Resolution 8** is to renew the Share Buy Back Mandate, which was originally approved by the shareholders on 7 September 2007. Detailed information on the Renewal of the Share Back Mandate is set out in Appendix A.

The Lexicon Group Limited
(Registration No. 199407135Z)

Proxy Form
- Annual General Meeting

IMPORTANT:
1. For Investors who have used their CPF monies to buy the Company's 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 intents and purposes if used or purported to be used by them.

I/We, ____ (Name)

of ____ (Address)

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

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

and/or failing him/her (delete as appropriate)

Name	Address	NRIC or Passport No.	Percentage of Shareholdings (%)

or failing him/her the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 371 Beach Road #03-18 Keypoint, Singapore 19957 on Thursday, 29 July 2010 at 10.30 a.m. and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the notice of meeting in accordance with my/our directions as indicated with an "x" in the appropriate space below. Where no such direction is given, the proxy may vote or abstain from voting on any matter at the Meeting or at any adjournment thereof.

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	Adoption of Reports and the Audited Accounts (Resolution 1)		
2.	Approval of Directors' Fees (Resolution 2)		
3.	Re-election of Mr Francis Xaiver S/O Subramaniam as a Director under Article 107 of the Company's Articles of Association (Resolution 3)		
4.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as auditors (Resolution 4)		
5.	Any other ordinary business		
	SPECIAL BUSINESS		
6.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 (Resolution 5)		
7.	Authority for Directors to allot and issue new shares other than on a pro-rata basis at a discount not exceeding 20% (Resolution 6)		
8.	Authority for Directors to offer and grant awards and issue shares in accordance with the provisions of the The Lexicon Group Limited Performance Share Plan (Resolution 7)		
9.	To approve the renewal of Share Buy Back Mandate (Resolution 8)		

Dated this ____________ day of ____________ 2010

Total number of Shares in:	
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
Or Common Seal of Corporate Shareholder
IMPORTANT: Please read notes overleaf.

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Please Affix
Postage Stamp
Here

The Company Secretary
THE LEXICON GROUP LIMITED
9 Battery Road
#15-01 Straits Trading Building
Singapore 049910

1st Fold

IMPORTANT : PLEASE READ NOTES OVERLEAF

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Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the proportion of Shares to be represented by each proxy must be stated.
2. Where a member appoints two proxies, the appointment shall be invalid unless he/she specified the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first-named proxy may be treated as representing 100 per cent of the shareholding and any second-named proxy as alternate to the first-named.
3. This instrument of proxy must be executed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate or limited liability partnership, signed by a duly authorised attorney or an officer or affixed with its common seal thereto.
4. A body corporate or limited liability partnership which is a member may also appoint by resolution of its directors or other governing body, an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such body corporate or limited liability partnership.
5. This instrument appointing a proxy or proxies (together with the power of attorney of other authority (if any) under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company at 9 Battery Road #15-01 Straits Trading Building, Singapore 049910 not less than 48 hours before the time fixed for holding the Annual General Meeting or adjourned meeting, at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
6. Please insert the total number of shares held by you. If you have shares entered against your name on the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), 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 ag gregate 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, this instrument of proxy will be deemed to relate to all the shares held by you.
7. The Company shall be entitled to reject this instrument of proxy 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 this instrument of proxy. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for the holding of the Annual General Meeting as certified by CDP to the Company.

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