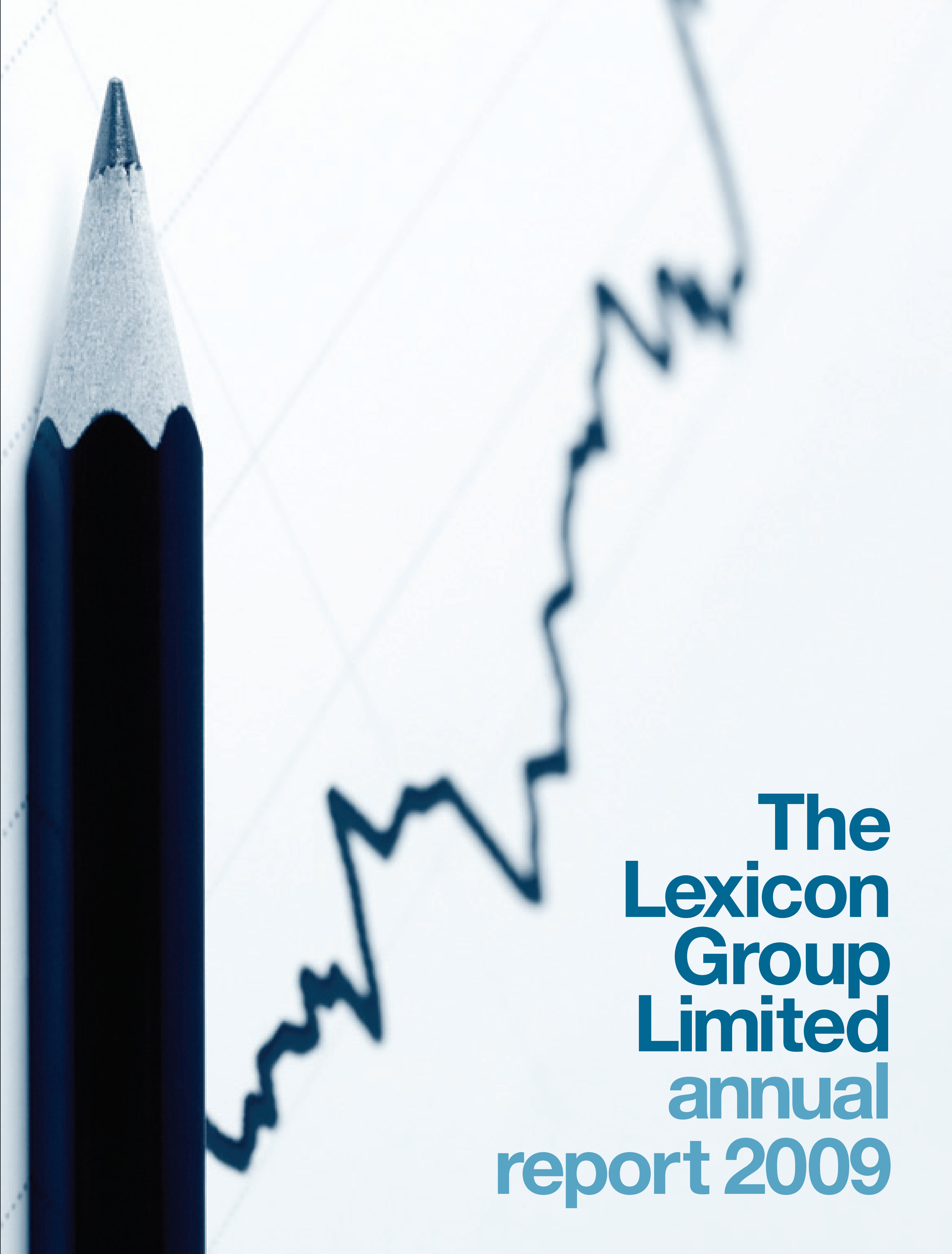
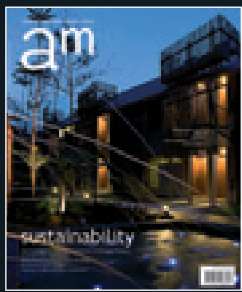
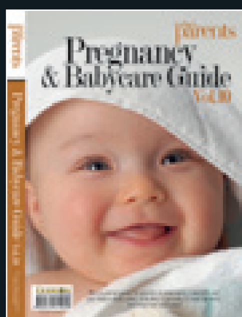
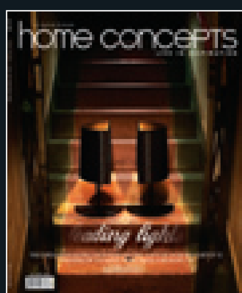


The Lexicon Group Limited annual report 2009

Published by
THE LEXICON GROUP







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www.lexicon.com.sg

Contents

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

77 Robinson Road #05–00
Singapore 068869
Tel: (65) 6507 9500
Fax: (65) 6438 7110
Company Registration No. 199407135Z

SHARE REGISTRAR

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

AUDITORS

Nexia TS Public Accounting Corporation
5 Shenton Way #23–03
UIC Building
Singapore 068808
Director–in–charge: Chin Chee Choon
(Appointed since financial year ended 31 March 2009)

SOLICITORS

Rajah & Tann LLP
77 Robinson Road #05–00
Singapore 068869

PRINCIPAL BANKERS

DBS Bank Limited
Malayan Banking Limited

Chairman Statement

Dear Shareholders,

There is little doubt that year 2009 will be remembered as a challenging year for most companies as a result of the global recession caused by the financial crisis. Here at Lexicon, we remained faithful to our commitment to move the Group towards profitability and stabilise our business operations. I am pleased to mention that for the financial year ended 31 March 2009 ("FY2009"), the Group has seen a significant improvement in our results as compared to the previous financial year ("FY2008").

Year In Review

Among the many events that occurred in FY2009, a significant development that took place would be the Group's decision to enter into a conditional sale and purchase agreement to acquire the entire share capital of Zenna Overseas Limited ("Zenna"). Should this proposed acquisition be completed, it will result in a reverse take-over of the Group.

Zenna is the holding company of Taihe Development, which is principally engaged in the development and investment of commercial properties in Hunan Province, PRC. If the reverse take-over is successful, Zenna will be able to inject new and more profitable businesses into Lexicon, focusing primarily on the property development and investment in the Hunan Province. The Directors believe that this acquisition will offer the Group a great opportunity to be a major player in the Hunan real estate property, and therefore improve the Group's financials, as well as, add to shareholder value.

In order for this acquisition to take place, the Group has to dispose of all its existing business as part of the conditions stated in the agreement. In FY2009, the Group has already divested certain portions of their businesses, and is in talks with certain interested parties with regards to other existing operating segments.

One such divestment would be the disposal of our entire 27.69% stake in Shareinvestor.com Holdings Pte Ltd ("SIH") to SPH Interactive Pte. Ltd. ("SPH"). The Group has invested in SIH for a number of years, and this investment has generated good returns for the Group in recent years. Hence, we feel that it is an opportune time for us to divest our stake in SIH, and use the resources to explore other synergistic businesses for further growth expansion. We have since received the first installment of S$0.82 million in June 2009, receiving a total cash consideration of $4.1 million todate.

Another divestment that we carried out in the course of FY2009 would be the disposal of our 100% stake in the paid-up and issued capital of Delta Digital Limited ("DDG") for a total cash consideration of RMB 1.35 million (approximately S$0.3 million). DDG has been making a loss in recent years and the Group has put it up for divestment since late 2008.

To update shareholders on the status of the legal dispute between the Group and the vendors of Sandz Solutions (Singapore) Pte Ltd ("Sandz"), I am pleased to mention that we have since entered into a Deed of Settlement ("DOS") with the vendors and arrived at a conclusion of this issue.

Performance Highlights

Total revenue in FY2009 rose by 1.5% to S$5.54 million as compared to S$5.45 million in FY2008, mainly contributed by exhibition and events, as well as, advertisement.

The Group recorded an operating loss of S$1.02 million for its publishing division, a decrease from the loss of S$2.62 million in FY2008. This was mainly due to better performance in the current year especially by our publishing arm in Malaysia, and an allowance for impairment loss of intangible assets of S$0.86 million in the prior year.

Operating loss for HQ costs and investments stood at S$8.21 million in FY2009 as compared to S$52.68 million in the previous corresponding period. This was the result of several factors - a gain on disposal of associates of S$1.72 million, smaller allowance of S$4.23 million for the impairment of marketable securities, as well as, a writeback for the allowance of impairment of investment in Sandz and loan to Sandz totalling to S$3.5 million in FY2009. The Group also set aside an allowance for impairment of intangible assets and goodwill amounting to S$4.81 million in the prior year.

As a result, the Group recorded a loss attributable to shareholders of S$3.07 million in FY2009, 92.8% lower from a loss of S$42.67 million that includes a one-time gain recorded in FY2008.

The Group has also during the year repaid S$1.55 million of its bank term loan and bank overdrafts, thus reducing its debts significantly.

During the financial period ended 31 March 2007, the Group entered into a S$20.0 million convertible note subscription agreement with Value Capital Asset Management Pte Ltd and has an unutilised balance of S$9.0 million at the end of FY09. The Group has also in the financial period ended 31 March 2006, entered into a S$10.0 million Equity Line of Credit Agreement with YA Global Investments Inc (formally known as Cornell Capital Partners Offshore LP). By the end of FY2009, the Group has still an unutilised balance of S$4.0 million. Cash and cash equivalents for the Group in FY2009 stood at S$1.37 million, as compared to a deficit of S$0.04 million in FY2008.

Future Plans

We expect the business environment to remain challenging in the current fiscal year. In order to remain competitive and maintain cost efficiency, the Group has suspended the publication of its loss making titles such as NewMan and Singapore Business Visitor, and launched new titles such as Amica and Eve. We will continue to constantly review our publishing program during the course of the year to optimize profitability.

Also, as mentioned above, the Group has entered into a conditional sale and purchase agreement of Zenna, which will result in a reverse take-over of the Group if successful, and will continue with talks to dispose of our existing businesses and update all shareholders accordingly.

However, pending the completion of the Zenna acquisition which may or may not come to fruition, we will continue to seek new opportunities to diversify our earnings and enhance shareholder value.

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 + MD

Board of Directors

1. Ricky Ang

2. Tan Choon Wee

3. Francis Xavier

4. Timothy Teo Lai Wah

5. Bob Low Siew Sie

1. Ricky Ang Gee Hing

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.

2. 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 China Enersave Ltd. Mr. Tan is also a Director in 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 Stock broking 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.

3. Francis Xavier

INDEPENDENT DIRECTOR

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

4. 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 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, he was based in Hong Kong, Taipei and New York. Mr. Teo holds a Masters Degree in Business Administration from Macquarie University.

5. Bob Low Siew Sie

INDEPENDENT DIRECTOR

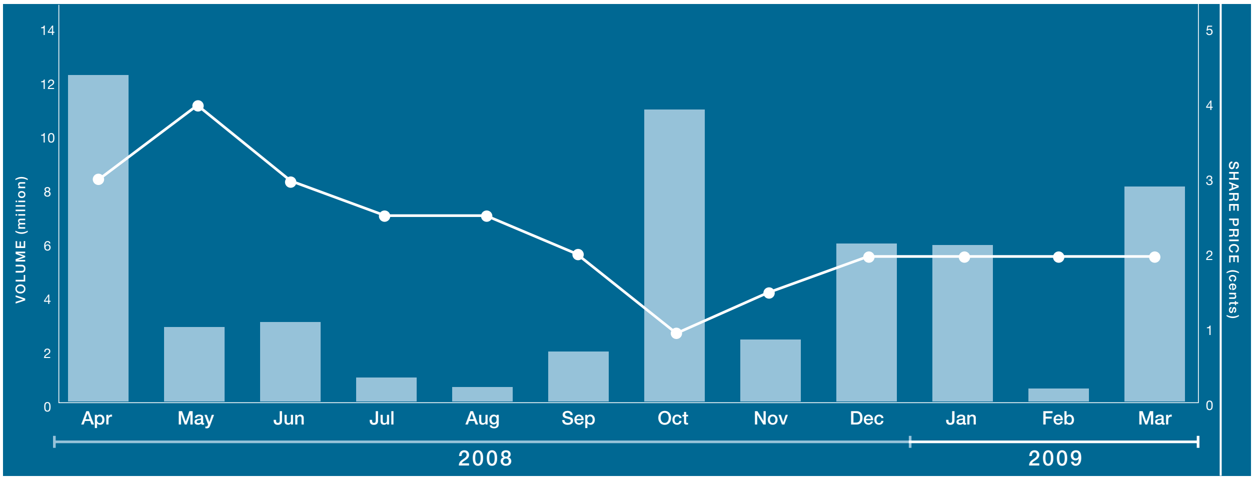
From late 1969 till 1978, Mr Low was attached to the Big 4 accounting firms including as an audit supervisor with Coopers & Lybrand HongKong for 2 years. From 1979 to 1983, Mr Low held the positions of Group Accountant with a major timber group with diversified operations in S.E.Asia and as Finance/ Admin Manager cum Company Secretary with the well established civil engineering and construction Gammon Group of companies. In 1984, Mr Low set up Bob Low & Company providing assurance and compliance services. Mr Low has also acted as scheme manager and judicial manager for several leading civil engineering and construction groups. Currently, Mr Low is the judicial manager for L&M Group. Mr Low is also an independent director of several listed companies in Singapore, a liquidator for over 20 years, a Fellow Member of the UK Certified Accountants, Australian CPA and Insolvency Practitioners Association of Singapore, a member of the UK Chartered Institute of Arbitrators, Singapore Institute of Arbitrators and the Institute of Certified Public Accountants of Singapore. Mr Low holds a Law degree (honours) from the London University and has served in several technical committees under ICPAS and the Professional Inquiry Committee under ACRA.

Financial Highlights

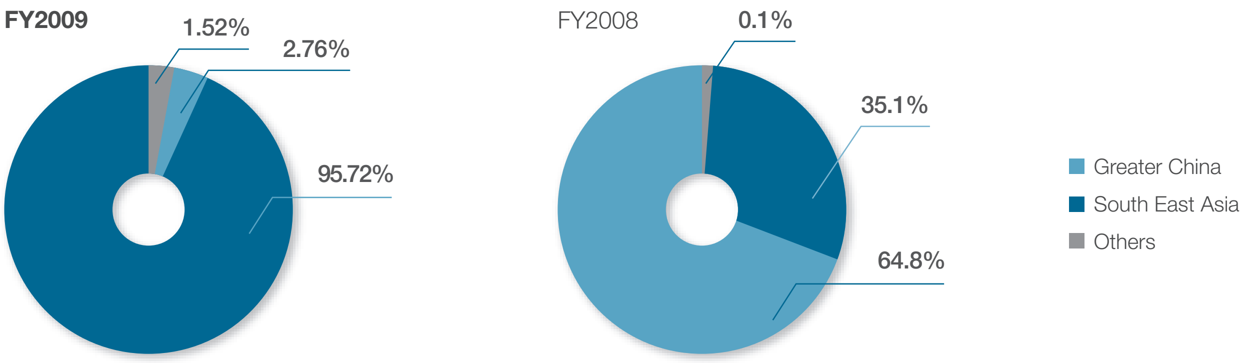
Year	Revenue* S$'000	Profit/(Loss) Attributable to Shareholders S$'000	Earning/(Loss) Per Share Cents
FY 1997	8,897	327	NA#
FY 1998	20,641	2,703	3.26
FY 1999	14,636	(2,844)	(2.06)
FY 2000	14,513	(11,610)	(6.18)
FY 2001**	16,917	(27,653)	(13.81)
FY 2002	10,402	210	0.10
FY 2003@	14,698	(4,382)	(1.66)
FY 2004	21,390	(5,380)	(1.32)
FY 2005	106,898	72,191	15.82
FY 2006^	49,160	(30,431)	(4.06)
FY 2007	9,026	(102,244)	(10.53)
FY 2008	6,456	(42,673)	(5.08)
FY 2009	**11,144**	**(3,067)**	**(0.40)**

Converted to public listed company on 8 July 1998
* Including other income and excluding discontinued operations
** Results are for a 9–month period *(Company changed its year end to 31 December with effect 31 December 2001)*
@ Restated
^ Results are for a 15–month period *(Company changed its year end to 31 March with effect 31 March 2006)*

Share Price & Total Monthly Volume



Revenue* by Geographical Region



S$11.1 million

S$18.2 million

Revenue* by Business Division

	March 2009# S$ million	March 2008# S$ million
Publishing & Events Management	5.7	5.5
HQ Costs & Investments	5.4	1.0
Discontinued Operations	–	11.7

Operating Loss by Business Division

	March 2009# S$ million	March 2008# S$ million
Publishing & Events Management	(1.0)	(2.6)
HQ Costs & Investments	(8.2)	(52.7)
Discontinued Operations	–	–

Staff Strength

	March 2008	March 2009
HQ	8	6
Publishing & Events Management	94	69
Greater China	5	5
Singapore & Malaysia	89	64
TOTAL	102	75

Management Team

Ms. Chong Chye Wan

PRESIDENT, PUBLISHING MALAYSIA

Ms.Chong Chye Wan is President, Malaysia Publishing 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.

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. 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. 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	9	9	–	–	–	–	–	–
Tan Choon Wee	9	9	–	–	–	–	–	–
Tjio Kay Loen (1)	3	3	1	1	–	–	–	–
Francis Xavier	9	3	4	2	1	1	1	1
Teo Chee Seng (2)	8	8	4	4	1	1	1	1
Timothy Teo Lai Wah (3)	3	3	3	3	1	1	1	1
Bob Low Siew Sie (4)	1	1	–	–	–	–	–	–
Lawrence Liaw Shoo Khen (5)	1	–	–	–	–	–	–	–

Notes:

(1) Mr Tjio Kay Loen retired and did not seek for re–election on 29 August 2008.

(2) Mr Teo Chee Seng resigned on 16 January 2009.

(3) Mr Timothy Teo Lai Wah was appointed as an Independent Director on 23 October 2008.

(4) Mr Bob Low Siew Sie was appointed as an Independent Director on 16 January 2009.

(5) Mr Lawrence Liaw Shoo Khen resigned on 29 May 2008.

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

Corporate Governance
continued

(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.

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.

Corporate Governance
continued

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, an Independent Director, is the Chairman of the Nominating Committee. The Nominating Committee is responsible for (i) re–nomination of the Directors having regard to the Directors' contribution and performance, (ii) determining annually whether or not a Director is independent and (iii) deciding on whether or not a Director is able to and has been adequately carrying out his duties as a director.

(5) Board Performance

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

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

(6) Access to Information

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

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

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

REMUNERATION MATTERS

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

The function of the Remuneration Committee is to review the remuneration of the Executive Directors of the Company and to provide a greater degree of objectivity and transparency in the setting of remuneration.

Corporate Governance
continued

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

DIRECTORS' REMUNERATION

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

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

Name	Director's Fees (S$)	Exceeding S$500,000	S$250,000 to S$500,000	Up to S$250,000
Ricky Ang Gee Hing	22,000		√	
Tan Choon Wee	22,000			√
Tjio Kay Loen (1)	14,400			√
Francis Xavier	24,000			√
Teo Chee Seng (2)	24,800			√
Timothy Teo Lai Wah (3)	16,100			√
Bob Low Siew Sie (4)	6,200			√
Lawrence Liaw Shoo Khen (5)	–			√

Notes:
(1) Mr Tjio Kay Loen retired and did not seek for re–election on 29 August 2008.
(2) Mr Teo Chee Seng resigned on 16 January 2009.
(3) Mr Timothy Teo Lai Wah was appointed as an Independent Director 23 October 2008.
(4) Mr. Bob Low Siew Sie was appointed as an Independent Director on 16 January 2009.
(5) Mr Lawrence Liaw Shoo Khen resigned on 29 May 2008.

Corporate Governance
continued

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	–	–	–	100.00

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
Azhar Khalid			√
Chong Chye Wan			√
Lynnette Lim Kitt Ping			√
Ng Hwee Ling			√
Swee Mei Lan			√

For the financial year ended 31 March 2009:

(a) the Associate Publisher of *Wine & Dine* whose remuneration was $57,696, is related to and is the daughter of Executive Vice-Chairman and Managing Director Mr Ricky Ang Gee Hing; and

(b) the Group Account Manager of *Smart Investor* whose remuneration was $24,840 is related to and is the brother-in-law of Executive Director, Mr Tan Choon Wee.

Other than the foregoing, there are no other employees who are immediate family member of any Director, the Managing Director or controlling shareholder of the Company and whose remuneration exceeds S$150,000 during the financial year ended 31 March 2009.

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
continued

(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 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.

Corporate Governance
continued

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

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

Corporate Governance
continued

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.

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

(1) On 9 September 2008, the Company entered into a share purchase agreement with SPH Interactive Pte Ltd to dispose its 27.69% stake in Shareinvestor.com Holdings Pte Ltd for an aggregate consideration of between S$3.28 million and S$4.92 million.

(2) On 21 November 2008, the Company entered into a conditional deed of settlement with Lawrence Liaw Shoo Khen, Alina Koh Siang Ling and Tan Jeck Min for the 75% stake in Sandz Solutions (Singapore) Pte Ltd.

(3) On 4 February 2009, the Company entered into a conditional sale and purchase agreement with Phoon Wui Nyen to acquire the entire share capital of Zenna Overseas Limited, which if undertaken and completed, will result in a reverse take–over of the Company.

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 2009, the Company has compiled with Listing Rule 1207 (18).

WHISTLE BLOWING

Management is putting in place, arrangements for endorsement by the Audit Committee, by which staff of the Group may in confidence raise concerns about possible improprieties in matters of finanical reporting or other matters with the Audit Committee. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow–up action.

Directors' Report

For the financial year ended 31 March 2009

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2009 and the balance sheet of the Company as at 31 March 2009.

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	(appointed on 23 October 2008)
Bob Low Siew Sie	(appointed on 16 January 2009)

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:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
The Company	**31.03.2009**	**01.04.2008**	**31.03.2009**	**01.04.2008**
No. of Ordinary shares				
Ricky Ang Gee Hing	6,901,617	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

The directors' interest in the ordinary shares of the Company as at 21 April 2009 were the same as those as at 31 March 2009.

By virtue of Section 7 of the Singapore Companies Act (Cap. 50) (the "Act"), Ricky Ang Gee Hing and Tan Choon Wee are deemed to have interests in the shares of all the subsidiaries, at the beginning and at the end of the financial year and on 21 April 2009.

Directors' Report continued

For the financial year ended 31 March 2009

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.

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.

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.

Directors' Report continued

For the financial year ended 31 March 2009

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.

CONVERTIBLE NOTES

a) During the financial period ended 31 March 2006, the Company entered into an Equity Line of Credit Agreement dated 2 June 2005 (the "Agreement") with Cornell Capital Partners Offshore LP ("Cornell"), whereby Cornell agreed to subscribe for new ordinary shares of up to $10,000,000 in the capital of the Company. Cornell will pay such Advance to the Company (less applicable fees and commission) and the Company will, pursuant to the terms of the Agreement, issue and allot ordinary shares ("Advance Shares") to Cornell.

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

During the financial year, Cornell does not subscribe any new ordinary shares and amount of unutilised credit as at 31 March 2009 is $4,000,000 (2008: $4,000,000).

b) During 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. The Notes will be issued at 100% of its principal amount and mature on 21 June 2010.

During the financial year, VCAM subscribed for new ordinary shares of 22,222,222 shares (2008: 188,204,213) for an aggregate amount of $200,000 (2008: $10,450,000). The proceeds were used to finance the operations of the Company and the Group. The amount of convertible notes issued as at 31 March 2009 is amounting to $350,000 (2008: $50,000).

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.

Directors' Report continued

For the financial year ended 31 March 2009

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;
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2009 before their submission to the Board;
- to recommend to the Board the appointment, re–appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor; and
- interested person transactions as defined under Chapter 9 of the SGX–ST Listing manual to ensure that they are on normal commercial terms and not prejudicial to the interest of the Company or its shareholder.

The Audit Committee met four times in FY2009. The Audit Committee has met with the independent auditor without the presence of Management, to discuss issues of concern to them. The Audit Committee recommends the re–appointment of the independent auditor. The Audit Committee also met with the independent auditor to discuss the results of their examinations and their evaluations of the Company's systems of internal accounting control.

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.

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.

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
10 July 2009

Statement by Directors

For the financial year ended 31 March 2009

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 26 to 75 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 2009 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
10 July 2009

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"), which comprise the balance sheets of the Company and of the Group as at 31 March 2009, and the consolidated income statement, 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 income statement 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 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 Group as at 31 March 2009 an 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 Group 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
10 July 2009

Balance Sheets

As at 31 March 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
ASSETS					
Current assets					
Cash and cash equivalents	4	1,367	328	943	36
Financial assets, at fair value through profit or loss	5	43	4,837	43	140
Trade and other receivables	6	3,249	2,621	6,670	24,865
Work–in–progress, at cost	7	227	306	–	–
Other current assets	8	521	168	429	96
		5,407	8,260	8,085	25,137
Non–current assets					
Financial assets, available–for–sale	9	853	1,761	853	1,761
Investment in associated company	10	–	1,236	–	998
Investments in subsidiaries	11	–	–	–	54
Property, plant, and equipment	12	219	305	96	194
Intangible assets	13	–	–	–	–
		1,072	3,302	949	3,007
Total assets		6,479	11,562	9,034	28,144
LIABILITIES					
Current liabilities					
Trade and other payables	14	3,535	3,924	3,962	4,015
Borrowings	15	2,022	3,868	2,001	3,571
Current income tax liabilities		–	138	–	–
		5,557	7,930	5,963	7,586
Non–current liabilities					
Borrowings	15	19	97	–	82
Deferred income tax liabilities	16	–	–	–	–
		19	97	–	82
Total liabilities		5,576	8,027	5,963	7,668
NET ASSETS		903	3,535	3,071	20,476
EQUITY					
Capital and reserve attributable to equity holders of the Company					
Share capital	17	112,628	112,410	112,628	112,410
Retained earnings		(115,200)	(112,133)	(109,557)	(91,934)
Other reserve	18	2,703	2,513	–	–
		131	2,790	3,071	20,476
Minority interests		772	745	–	–
Total equity		903	3,535	3,071	20,476

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

Consolidated Income Statement

As at 31 March 2009

	Note	2009 $'000	2008 $'000
Continuing operations:			
Revenue	19	5,536	5,454
Other income	20	5,608	1,002
Expenses			
- Direct costs:			
Publications		(2,604)	(2,869)
Exhibition and events		(27)	(36)
- Amortisation, depreciation and impairment		(1,049)	(20,456)
- Employee compensation	22	(3,665)	(3,913)
- Operating lease expenses		(409)	(286)
- Fair value losses on financial assets, at fair value through profit or loss		(4,233)	(28,874)
- Finance expenses	23	(89)	(212)
- Other		(2,788)	(4,319)
Total expenses		(14,864)	(60,965)
Share of profit of associated companies	10	326	238
Loss before income tax		(3,394)	(54,271)
Income tax expense	24	354	(184)
Loss from continuing operations		(3,040)	(54,455)
Discontinued operations:			
Profit from discontinued operations		–	11,749
Total loss		(3,040)	(42,706)
Attributable to:			
- Equity holders of the Company		(3,067)	(42,673)
- Minority interests		27	(33)
		(3,040)	(42,706)
Loss per share for profit from continuing operations attributable to the equity holders of the Company (cents per share)	25		
- Basic		(0.40)	(6.48)
- Diluted		(0.40)	(6.48)
Loss per share for profit from discontinued operations attributable to the equity holders of the Company (cents per share)			
- Basic		–	1.40
- Diluted		–	1.40

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2009

	Attributable to equity holders of the Company					
	Share capital $'000	Other reserve $'000	Retained earnings $'000	Total $'000	Minority Interests $'000	Total Equity $'000
2009						
Beginning of financial year	112,410	2,513	(112,133)	2,790	745	3,535
Currency translation differences	–	190	–	190	–	190
Total loss	–	–	(3,067)	(3,067)	27	(3,040)
Transfer from treasury shares	18	–	–	18	–	18
Issue of shares	200	–	–	200	–	200
End of financial year	112,628	2,703	(115,200)	131	772	903
2008						
Beginning of financial year	92,071	2,488	(69,460)	25,099	778	25,877
Currency translation differences	–	25	–	25	–	25
Total loss	–	–	(42,673)	(42,673)	(33)	(42,706)
Purchase of treasury shares	(112)	–	–	(112)	–	(112)
Issue of shares	20,451	–	–	20,451	–	20,451
End of financial year	112,410	2,513	(112,133)	2,790	745	3,535

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

Consolidated Cash Flow Statement

For the financial year ended 31 March 2009

	Note	Group 2009 $'000	Group 2008 $'000
Cash flows from operating activities			
Total loss		(3,040)	(42,706)
Adjustments for:			
- Income tax expenses		(354)	184
- Transfer of treasury shares		18	–
- Amortisation, depreciation and impairment		1,049	20,456
- (Gain)/ loss on disposal of financial assets at fair value through profit or loss		(168)	1,127
- Share of profit of associated companies		(326)	(238)
- Loss on financial assets at fair value through profit or loss		4,233	28,874
- Provision for profit warranty written back		–	(899)
- Property, plant and equipment written off		1	–
- Gain on disposal of property, plant and equipment		–	(5)
- Gain on disposal of subsidiaries		–	(11,749)
- Gain on disposal of associated company		(1,720)	–
- Allowance for impairment of investment in Sandz written back		(1,500)	–
- Allowance for impairment of loan to Sandz written back		(2,000)	–
- Interest income		(30)	(23)
- Finance expenses		89	212
		(3,748)	(4,767)
Change in working capital, net of effects from acquisition and disposal of subsidiaries			
- Work–in–progress		79	(53)
- Trade and other receivables		(480)	(238)
- Trade and other payables		(389)	(50)
Cash used in operations		(4,538)	(5,108)
Interest received		30	23
Income tax recovered/ (paid)		215	(308)
Net cash used in operating activities		(4,293)	(5,393)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		–	(2,156)
Acquisition of Sandz, net of cash acquired		–	(3,432)
Loans to Sandz		–	(2,500)
Proceeds from repayment of investment in Sandz		1,500	–
Proceeds from repayment of loan to Sandz		1,500	–
Proceeds from disposal of associated company		3,281	–
Proceeds from disposal of subsidiaries, net of cash disposed		–	(259)
Proceeds from sale of financial assets		730	2,513
Proceeds from sale of property, plant and equipment		–	5
Purchase of financial assets at fair value through profit or loss		–	(675)
Purchases of property, plant and equipment		(59)	(328)
Additional investments in subsidiaries		–	(1,092)
Purchase of financial assets, held–to–maturity		–	(1,761)
Placement of short term bank deposits pledged to bank		(10)	–
Net cash from/ (used in) investing activities		6,942	(9,685)

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

Consolidated Cash Flow Statement continued

For the financial year ended 31 March 2009

	Note	Group 2009 $'000	Group 2008 $'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		–	500
Proceeds from issuance of unsecured convertible notes		500	10,500
Purchase of treasury shares		–	(112)
(Repayment of)/proceeds from hire purchase/finance lease liabilities		(74)	(63)
Repayment of bank term loans		(1,781)	(85)
Interest paid		(89)	(212)
Net cash (used in)/ from financing activities		(1,444)	10,528
Net increase/ (decrease) in cash and cash equivalents		1,205	(4,550)
Cash and cash equivalents at beginning of financial year		(41)	4,481
Effects of currency translation on cash and cash equivalents		193	28
Cash and cash equivalents at end of financial year	4	1,357	(41)

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

Notes to the Financial Statements

For the financial year ended 31 March 2009

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

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 36 Carpenter Street, Singapore 059915. On 3 June 2008, the Company changed its registered office to 77 Robinson Road #05–00, Singapore 068896. 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 12.

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.

There are no new or amended Standards and Interpretations effective in 2009 which are relevant to 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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Group accounting (Continued)

(i) Subsidiaries (Continued)

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 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 Statements continued

For the financial year ended 31 March 2009

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 and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.3 Investment in subsidiaries and associated companies

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

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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (Continued)

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:

	Useful lives
Motor vehicles	5 years
Furniture and fittings	5 to 20 years
Office equipment	5 to 10 years
Computers	3 years
Renovation	5 to 10 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 the income statement 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 the income statement 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 the income statement.

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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangibles assets (Contiued)

(a) Goodwill on acquisition (Contiued)

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.

(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 in the income statement and is not reversed in a subsequent period.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non–financial assets (Contiued)

(ii) Intangible assets
Property, plant and equipment
Investments in subsidiaries and associated companies

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

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 the income statement.

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 the income statement.

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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (Continued)

(i) Classification (Continued)

(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.

(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 the income statement.

(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 the income statement.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (Continued)

(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 the income statement 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 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 the income statement.

The allowance for impairment loss account is reduced through the income statement 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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (Continued)

(v) Impairment (Continued)

(b) Financial assets, available–for–sale

Significant or prolonged declines 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 the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal 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 in the income statement on equity securities are not reversed through the income statement.

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 and at banks and bank overdrafts.

2.9 Work–in–progress

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

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.

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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Interest income is recognised using the effective interest method.

2.15 Employee compensation

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 the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (Continued)

When the Group is the lessee:

(b) **Lessee – Operating leases**
Leases of property, plant and equipment 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.

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 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 the income statement, 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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co–ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

2.19 Segments reporting

A business segment is a distinguishable component of the Group engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.20 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 the income statement.

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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Currency translation (Continued)

(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.

2.21 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.

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.

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.

The Group is subject to the uncertainty caused by the world financial crisis. The world economy has experienced significant downward pressure and credit has become very tight. Significant judgment is required to determine the fair value and forecasts of business that may have impact on cashflow, collectibility and realisability of assets. In making these judgments, the Group has relied on past experience and their view of the economy.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(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 and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

(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 Statements continued

For the financial year ended 31 March 2009

4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank and on hand	1,357	328	933	36
Short–term bank deposits	10	–	10	–
Cash and cash balances	1,367	328	943	36

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

	Group	
	2009 $'000	2008 $'000
Cash and bank balances (as above)	1,367	328
Less: Bank deposits pledged	(10)	–
Less: Bank overdrafts	–	(369)
Cash and cash equivalents per (consolidated cash flow statement)	1,357	(41)

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Held for trading				
Listed securities:				
– Equity securities – Singapore	43	140	43	140
– Equity securities – US	–	658	–	–
– Equity securities – London	–	4,039	–	–
	43	4,837	43	140

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade receivables				
- Non–related parties	1,858	2,539	59	59
- Subsidiaries	–	–	1,119	989
	1,858	2,539	1,178	1,048
Less: Allowance for impairment of trade receivables	(387)	(505)	(1,178)	(1,048)
Trade receivables – net	1,471	2,034	–	–
Non–trade receivables				
- Non–related parties	2,278	3,045	526	2,791
- Loan to Zenna	1,000	–	1,000	–
- Subsidiaries	–	–	31,105	31,624
	2,278	3,045	32,631	34,415
Less: Allowance for impairment of non–trade receivables	(500)	(2,500)	(25,961)	(9,592)
Non–trade receivables – net	1,778	545	6,670	24,823
Tax recoverable	–	42	–	42
	3,249	2,621	6,670	24,865

The non–trade amount due from subsidiaries and associates 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. As at 31 March 2009, the Company granted $1 million loan to Zenna.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

7. WORK–IN–PROGRESS, AT COST

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

8. OTHER CURRENT ASSETS

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Prepayments	302	49	290	32
Deposits	156	86	139	64
Other assets(1)	63	33	–	–
	521	168	429	96

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

9. FINANCIAL ASSETS, AVAILABLE–FOR–SALE

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

	Group	
	2009 $'000	2008 $'000
Unlisted securities		
Grandview Financial Limited – 20%	853	853
Equity for Growth (Securities) Ltd – 3.31%	–	908
Sandz Solution Singapore Pte Ltd – 25% (Note 11)	3,233	–
	4,086	1,761
Less: Impairment loss	(3,233)	–
	853	1,761

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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

10. INVESTMENT IN ASSOCIATED COMPANY

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Equity investments at cost			–	998
Beginning of financial year	1,236	998		
Disposals	(1,562)	–		
Share of post–acquisition profits	326	238		
	–	1,236		

The summarised financial information of associated companies are as follows:

	Group	
	2009 $'000	2008 $'000
Assets	–	5,522
Liabilities	–	(2,900)
Revenue	–	7,065
Net profit	–	950

Details of the Group's significant associated companies are as follows:

Name of associates	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2009 %	2008 %
Held by the Company				
Shareinvestor.com Holdings Pte Ltd [(1)]	Investment holding	Singapore	–	25

(1) Audited by Foo Kon Tan Grant Thornton, certified public accountants. These associates are not significant as defined under Listing Rule 718 of the Singapore Exchange Manual.

On 16 November 2008, the Company disposed its investment in Shareinvestor.com Holdings Pte Ltd for an aggregate cash consideration of between $3.28 million and $4.92 million subject to terms and conditions set out in sale and purchase agreement. The Company has received a cash consideration of $3.28 million out of total consideration.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

11. INVESTMENT IN SUBSIDIARIES

	Company 2009 $'000	Company 2008 $'000
Equity investment at cost		
Beginning of financial year	83,415	74,994
Acquisitions	–	14,941
Disposals	(9,699)	(6,520)
Reclassification	(3,233)	–
End of financial year	70,483	83,415
Accumulated impairment		
Beginning of financial year	83,361	50,673
Impairment charge	54	39,208
Disposals	(9,699)	(6,520)
Reclassification	(3,233)	–
End of financial year	70,483	83,361
Net book value		
End of financial year	–	54

Disposal of a subsidiary

The consolidated financial statements for the financial year ended 31 March 2008 was qualified due to scope of limitation arising from the on–going lawsuit between the Company and the shareholders of Sandz Solution Singapore Pte Ltd ("Sandz").

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.

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
Held by Company				
Panpac Marketing & Circulation Pte Ltd (1)	Publishing and sale of periodicals and magazines	Singapore	100	100
G–Mobile Pte Ltd (1)	Distribution of contents via mobile phone	Singapore	100	100
TLG Specialist Magazines Pte Ltd (1)	Publishing and sale of periodicals and magazines – currently dormant	Singapore	100	100

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
Held by Company				
Panpac Events Management Pte Ltd [5]	Exhibition fair and convention organisers – currently dormant	Singapore	100	100
Panpac Business Communications Pte Ltd [5]	Publishing and sale of periodicals and magazines – currently dormant	Singapore	100	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
Panpac Media.com (Australia) Pty Ltd [4]	Investment holding – currently dormant	Australia	100	100
Panpac Future Titles Pte Ltd [5]	Publishing and sale of periodicals and magazines – currently dormant	Singapore	100	100
Panpac Media Sdn. Bhd.[3]	Publishing and sale of periodicals and magazines	Malaysia	100	100
Panpac Tech Strategic Ltd [2]	Investment holding	British Virgin Islands	100	100
Panpac Ventures (China) Pte Ltd[5]	Investment holding – currently dormant	Singapore	100	100
Grierson Pte Ltd [5]	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, communications and education related businesses – currently dormant	Singapore	76.5	76.5

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2009	2008
Held by Company			%	%
Education & Entertainment Workshop Pte Ltd[5]	Publishing and sale of books – currently dormant	Singapore	77.8	77.8
AsiaStockWatch.com (Australia) Pty Ltd[4]	Provision of internet database services and information – currently dormant	Australia	100	100
Inovatif Media Asia Sdn. Bhd.[3]	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[2]	Media Publishing	China	100	100
Delta Digital Ltd [2]	Provision of management and consultancy services	British Virgin Islands	100	100
Sandz Solutions (Singapore) Pte Ltd	Provision of enterprise computing solutions and trading in computer and peripherals	Singapore	–	100
Held by Subsidiaries				
Panpac Specialist Magazines (Malaysia) Sdn. Bhd. [3]	Letting of property – currently dormant	Malaysia	100	100
Panpac Business Media (M) Sdn.Bhd. [3]	Media publishing – currently dormant	Malaysia	100	100
WDE (Malaysia) Sdn. Bhd. [3]	Media publishing – currently dormant	Malaysia	100	100
Panpac Lifestyle Magazines (M) Sdn. Bhd. [3]	Media publishing – currently dormant	Malaysia	100	100
Golf Times (Malaysia) Sdn. Bhd. [3]	Media advertising contractors and agents – currently dormant	Malaysia	100	100
Biz2net Asia Pte Ltd [5]	Consultancy and web design services – currently dormant	Singapore	100	100

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
Held by Subsidiaries				
Juzlaw Solutions Pte Ltd [1]	Trading in computer hardware and accessories – currently dormant	Singapore	80	80
Blue–Oaks.com Pte Ltd [1]	Software development and Consultancy management services – currently dormant	Singapore	100	100
Data Information Systems Pte Ltd [1]	Consultants on computers peripheral equipment and technical and advisory services – currently dormant	Singapore	100	100
Panpac Management and Information Consultants (Shanghai) Limited [2]	Provision of consultancy services for events, executive forms, forum workshops and strategic business conferences – currently dormant	China	100	100
TPMC Asia Pte Ltd [1]	Distribution of magazines – currently dormant	Singapore	77.8	77.8
Sandz Solutions Philipines, Inc	Distribution and reselling of computers and computer related products	The Republic of Philippines	–	100
PT. Sandz Solutions	Information technology consultancy services	Indonesia	–	100
Sandz Solutions (Malaysia) Sdn Bhd	Trading in computer hardware and software and providing information technology solution sets	Malaysia	–	100

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2009 %	2008 %
Held by Subsidiaries				
Sandz Solutions China Ltd	Computer system design and implementation and related services	China	–	100
Sandz Solutions (HK) Pte Limited	Provider of enterprise business IT solutions	Hong Kong	–	100

(1) Audited by Nexia TS Public Accounting Corporation (formerly practicing as Nexia Tan & Sitoh), a member of Nexia International, Singapore.
(2) Audited by Nexia TS Public Accounting Corporation for consolidation purposes in previous financial year.
(3) Audited by Monteiro & Heng, Malaysia, a member firm of Baker Tilly International (formerly a member of Nexia International in 2007).
(4) Not required to be audited by the laws of their countries of incorporation.
(5) In the process of being deregistered.

12. PROPERTY, PLANT AND EQUIPMENT

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	–	(8)	–	–	(8)
Written–off	(5)	(67)	(187)	(17)	(276)
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	–	(8)	–	–	(8)
Written–off	(5)	(67)	(187)	(17)	(276)
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

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Motor vehicles	Furniture and fittings	Office equipment	Computers	Renovation	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2008						
Cost						
Beginning of financial year	20	50	206	653	111	1,040
Additions	–	2	–	321	5	328
Disposals	(20)	(14)	(8)	(102)	–	(144)
Currency translation differences	–	–	(1)	(4)	(1)	(6)
Acquisition of subsidiaries	–	17	172	162	5	356
End of financial year	–	55	369	1,030	120	1,574
Accumulated depreciation						
Beginning of financial year	20	45	170	603	68	906
Depreciation charge (Note 21)	–	2	10	123	25	160
Disposals	(20)	(14)	(8)	(102)	–	(144)
Currency translation differences	–	–	(1)	(3)	–	(4)
Acquisition of subsidiaries	–	17	172	157	5	351
End of financial year	–	50	343	778	98	1,269
Net book value						
End of financial year	–	5	26	252	22	305

Company	Computers	Renovation	Total
	$'000	$'000	$'000
2009			
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

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computers	Renovation	Total
	$'000	$'000	$'000
2008			
Cost			
Beginning of financial year	15	58	73
Additions	271	5	276
End of financial year	286	63	349
Accumulated depreciation			
Beginning of financial year	5	38	43
Depreciation charge	94	18	112
End of financial year	99	56	155
Net book value			
End of financial year	187	7	194

Included in additions in the consolidated financial statements of the Group are acquired computer and office equipment under finance lease amounting to $34,000 (2008: $203,000) respectively.

The carrying amount of computers held under finance leases for the Group are $139,660 (2008: $162,670) at the balance sheet date.

13. INTANGIBLE ASSETS

	Group	
	2009	2008
	$'000	$'000
Goodwill arising on consolidation	–	–
Magazines mastheads	–	–
Consultancy agreement	–	–
	–	–

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	–	–	–	–

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

13. INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill arising on consolidation	Magazines mastheads	Consultancy services agreement	Total
	$'000	$'000	$'000	$'000
2008				
Cost				
Beginning of financial year	6,454	3,524	–	9,978
Acquisition of subsidiaries	1,495	564	1,793	3,852
End of financial year	7,949	4,088	1,793	13,830
Accumulated amortisation and impairment				
Beginning of financial year	6,352	2,668	–	9,020
Impairment charge	1,597	1,420	1,793	4,810
End of financial year	7,949	4,088	1,793	13,830
Net book value				
End of financial year	–	–	–	–

(a) Goodwill arising on consolidation

Impairment tests for goodwill

Goodwill is allocated to the Group's cash–generating units ("CGU") identified according to countries of operation and business segments.

A segment–level summary of the goodwill allocation is as follows:

	2009			2008		
	Publishing, exhibition and events	HQ costs and investments	Total	Publishing, exhibition and events	HQ costs and investments	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	–	–	–	–	–	–
Malaysia	–	–	–	–	–	–

The recoverable amount of a CGU was determined based on value–in–use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five–year period. Cash flows beyond the five–year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long–term average growth rate for the component parts business in which the CGU operates.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

13. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used for value–in–use calculations:

	2009		2008	
	Singapore	Malaysia	Singapore	Malaysia
Growth rate	–	–	10%	10%
Discount rate	–	–	15%	5%

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre–tax and reflected specific risks relating to the relevant segments.

(b) Consultancy services agreement

The consultancy services agreement was acquired through business combination of Delta Digital Limited ("DDG") in June 2007. The agreement is for a period of twenty years between DDG and Beijing Shi Tong Tian Xia Information Technology Co. Ltd. These rights are fully impaired during the financial year ended 31 March 2008.

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade payables				
- Non–related parties	2,264	1,632	1,392	520
- Subsidiaries	–	–	327	210
	2,264	1,632	1,719	730
Non–trade payables				
- Non–related parties	106	109	–	–
- Subsidiaries	–	–	2,027	2,224
- Associates	–	11	–	11
	106	120	2,027	2,235
Deferred revenue	442	516	–	–
Accrued operating expenses	723	1,656	216	1,050
	3,535	3,924	3,962	4,015

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

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

15. BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current				
Bank overdrafts (Note (a))	–	369	–	369
Bank borrowings (Note (b))	1,569	3,350	1,569	3,071
Convertible notes (Note (c))	350	50	350	50
Finance lease liabilities (Note (d))	103	99	82	81
	2,022	3,868	2,001	3,571
Non–Current				
Finance lease liabilities (Note (d))	19	97	–	82
Total borrowings	2,041	3,965	2,001	3,653

(a) Bank overdrafts

The bank overdrafts of the Company are unsecured and bear interest of 5% (2008: 5%) per annum.

(b) Bank borrowings

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Factoring loans (secured)	–	279	–	–
Bank term loan (secured)	1,569	1,571	1,569	1,571
Bank term loans (unsecured)	–	1,500	–	1,500
	1,569	3,350	1,569	3,071

Secured factoring loans

The factoring loans relate to amounts that have been obtained from a finance company by a subsidiary under a factoring facility. The factoring loans were fully repaid during the financial year ended 31 March 2009.

Secured term loans

The term loan is secured by financial assets at fair value through profit or loss, to be repaid within 185 (2008: 545) days from the funding date, at an interest rate of 8% (2008: 8%) per annum.

(c) Convertible notes

In 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. The Notes were issued at 100% of its principal amount and mature on 21 June 2010.

During the financial year, VCAM subscribed for new ordinary shares of 22,222,222 shares (2008: 188,204,213) for an aggregate amount of $200,000 (2008: $10,450,000). The proceeds were used to finance the operations of the Company and the Group. The amount of convertible notes issued as at 31 March 2009 is $350,000 (2008: $50,000).

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

15. BORROWINGS (CONTINUED)

(d) 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Minimum lease payments due				
- Not later than one year	113	111	91	91
- Between one and five years	21	107	–	91
	134	218	91	182
Less: Future finance charges	(12)	(22)	(9)	(19)
Present value of finance lease liabilities	122	196	82	163

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Not later than one year	103	99	82	81
Between one and five years	19	97	–	82
Total	122	196	82	163

The finance lease liabilities bear interest ranging from 10.71% to 15.5% (2008: 10.71% to 15.5%) per annum.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

16. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group and Company	
	2009	2008
	$'000	$'000
Deferred income tax liabilities		
Provisions		
– to be settled within one year	–	–

The movement in deferred income tax liabilities is as follows:

	Group and Company	
	2009	2008
	$'000	$'000
Provisions		
Beginning of financial year	–	262
Charged to equity	–	(262)
End of financial year	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group and the Company have unrecognised tax losses and capital allowances with total of $49,777,000 (2008: $45,985,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

17. SHARE CAPITAL

	No. of ordinary share	Amount
		$'000
Group and company		
2009		
Beginning of financial year	699,037,329	112,410
Shares issue	22,222,222	200
Transfer of treasury shares	900,000	18
End of financial year	722,159,551	112,628
2008		
Beginning of financial year	994,312,848	92,071
Shares issue	293,862,321	20,451
Purchase of treasury shares	(1,665,000)	(112)
Shares consolidation	(587,472,840)	–
End of financial year	699,037,329	112,410

All issued ordinary shares are fully paid.

During the financial year, the Company issued 22,222,222 (2008: 293,862,321) ordinary shares for a total of consideration of $200,000 (2008: $10,950,000) for cash to provide funds for the operating activities of the Group.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

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

(a) **Conversion of Convertible notes**

During the financial year, Value Capital Asset Management Limited ("VCAM") subscribed for new ordinary shares of 22,222,222 shares (2008: 188,204,213) for an aggregate amount of $200,000 (2008: $10,450,000). The proceeds were used to finance the operations of the Company and the Group. The amount of convertible notes issued as at 31 March 2009 is $350,000 (2008: $50,000).

(b) **Performance shares**

During the financial year, the Company transferred 900,000 (2008: Nil) treasury shares and issued them as performance shares to employees at $0.02 each.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

18. OTHER RESERVE

	Group 2009	Group 2008
	$'000	$'000
(a) Composition:		
Currency translation reserve	(2,703)	(2,513)
(b) Movements:		
Currency translation reserve		
Beginning of financial year	(2,513)	(2,488)
Net currency translation differences of financial statements of foreign subsidiaries	(190)	(25)
End of financial year	(2,703)	(2,513)

19. REVENUE

	Group 2009	Group 2008
	$'000	$'000
Advertisement	4,218	4,159
Circulation	1,174	1,226
Exhibition and events	144	69
	5,536	5,454

20. OTHER INCOME

	Group 2009	Group 2008
	$'000	$'000
Gain on disposal of property, plant and equipment	–	5
Provision for profit guarantee written back	–	899
Gain on disposal of associated company	1,720	–
Allowance for impairment of investment in Sandz written back	1,500	–
Allowance for impairment of loan to Sandz written back	2,000	–
Gain on disposal of financial assets through profit or loss	168	–
Other	220	98
	5,608	1,002

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

21. AMORTISATION, DEPRECIATION AND IMPAIRMENT

	Group	
	2009	2008
	$'000	$'000
Depreciation of property, plant and equipment (Note 12)	141	160
Allowance for impairment		
- trade receivable	173	54
- impairment loss on intangible assets	–	3,213
- impairment loss on goodwill (Note 14(a))	–	1,597
- investment in Sandz	–	12,932
- working capital loan to Sandz	–	2,500
	314	20,456

22. EMPLOYEE COMPENSATION

	Group	
	2009	2008
	$'000	$'000
Wages, salaries and bonuses	3,333	3,500
Employer's contribution to defined contribution plans	297	362
Other	35	51
	3,665	3,913

23. FINANCE EXPENSES

	Group	
	2009	2008
	$'000	$'000
Interest expenses		
- Bank borrowings	62	188
- Bank overdrafts	14	12
- Finance lease liabilities	13	12
	89	212

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

24. INCOME TAXES

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

	Group	
	2009	2008
	$'000	$'000
Tax expense attributable to profit is made up of:		
Over/ (Under) provision in prior year	354	(184)
	354	(184)

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	
	2009	2008
	$'000	$'000
Loss before income tax:	(3,394)	(42,522)
Tax calculated at tax rate of 17% (2008: 18%)	(577)	(7,654)
Effects of:		
– Different tax rates in other countries	(4)	(20)
– Income not subject to tax	(972)	(2,417)
– Expenses not deductible for tax purposes	904	9,110
– Benefits arising from deductible differences not recognised	649	981
– Under–provision in prior years	354	(184)
Tax charge	354	(184)

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

25. 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.

	Continuing Operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
Total loss attributable to equity holders of the Company ($'000)	(3,067)	(54,422)	–	11,749	(3,067)	(42,673)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	767,150	839,652	–	839,652	767,150	839,652
Basic loss per share (cents) ($ per share)	(0.40)	(6.48)	–	1.40	(0.40)	(5.08)

(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 2009. No adjustment is made to earnings (numerator).

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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

26. 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Fees paid to firms in which a director is a shareholder or partner	963	149	963	149

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) Key management personnel compensation is as follows:				
Wages and salaries	1,018	1,021	959	921
Employer's contribution to defined contribution plans, including Central Provident Fund	37	38	28	27
	1,055	1,059	987	948

Included in the above is total compensation to directors of the Company amounting to $524,000 (2008: $494,000).

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

27. 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
- Not later than one year	436	402	413	361
- Between one and five years	651	1,088	651	1,064
	1,087	1,490	1,064	1,425

28. 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.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

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

	SGD	USD	Other	Total
	$'000	$'000	$'000	$'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 Statements continued

For the financial year ended 31 March 2009

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 March 2008				
Financial assets				
Cash and cash equivalents and financial assets, at fair value through profit or loss	388	6,477	61	6,926
Trade and other receivables	1,959	128	534	2,621
Other financial assets	70	–	17	87
	2,417	6,605	612	9,634
Financial liabilities				
Borrowings	(2,364)	(1,570)	(33)	(3,967)
Other financial liabilities	(3,305)	–	(620)	(3,925)
	(5,669)	(1,570)	(653)	(7,892)
Net financial (liabilities)/assets	(3,252)	5,035	(41)	1,742
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	3,250	(4,811)	41	
Add: Net non–financial liabilities of foreign subsidiaries	–	–	(17)	
Currency exposure	(2)	224	(17)	

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

	2009			2008		
	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	985	853	1,838	176	1,761	1,937
Trade and other receivables	6,670	–	6,670	24,865	–	24,865
Other financial assets	139	–	139	64	–	64
	7,794	853	8,647	25,105	1,761	26,866
Financial liabilities						
Borrowings	(432)	(1,569)	(2,001)	(2,083)	(1,570)	(3,653)
Other financial liabilities	(3,962)	–	(3,962)	(4,015)	–	(4,015)
	(4,394)	(1,569)	(5,963)	(6,098)	(1,570)	(7,668)
Net financial (liabilities)/assets	3,400	(716)	2,684	19,007	191	19,198
Currency exposure	3,400	(716)	2,684	19,007	191	19,198

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(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

(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% (2008: 0.50%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by $695 (2008: $1,060) 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	903	1,349	–	–
Malaysia	534	533	–	–
Other countries	34	152	–	–
	1,471	2,034	–	–
By types of customers				
Non–related parties:				
– Multi–national companies	122	77	–	–
– Other companies	1,349	1,957	–	–
	1,471	2,034	–	–

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

28. 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Past due 0 to 3 months	1,135	996	1,505	3
Past due 3 to 6 months	155	301	–	2
Past due over 6 months	181	283	21	3
	1,471	1,580	1,526	8

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Gross amount	387	505	27,139	24,823
Less: Allowance for impairment	(387)	(505)	(27,139)	(10,640)
	–	–	–	14,183
Beginning of financial year	505	2,735	10,640	8,173
Currency translation difference	(3)	(2)	–	–
Allowance made	173	135	20,233	2,510
Allowance utilised	(235)	(2,366)	(3,734)	(43)
Allowance written back	(53)	(16)	–	–
Acquisition of subsidiaries	–	19	–	–
End of financial year	387	505	27,139	10,640

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

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

28. 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, which were unchanged from 2008, are to maintain gearing ratios within 10% to 70% and 10% to 30% 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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Net debt	4,209	7,561	5,020	7,632
Total equity	903	3,535	3,071	20,476
Total capital	5,112	11,096	8,091	28,108
Gearing ratio	82%	68%	62%	27%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 March 2008 and 2009.

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

29. SEGMENT INFORMATION

(a) Primary reporting format – business segments

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

	Publishing, exhibition and events	HQ costs and investments	Total for continuing operations
	$'000	$'000	$'000
Group			
Financial year ended 31 March 2009			
Revenue	5,536	–	5,536
Segment result	(1,029)	(8,210)	(9,239)
Other income			5,608
Share of profits of associates	–	326	326
Financial expenses – net			(89)
Income tax expense			354
Total loss			(3,040)
Other segment information			
Capital expenditure			
– property, plant and equipment	59	–	59
Depreciation	43	98	141

	Publishing, exhibition and events	HQ costs and investments	Elimination	Total consolidated
	$'000	$'000	$'000	$'000
Segment assets	2,453	4,026	–	6,479
Consolidated total assets				6,479
Segment liabilities	1,916	3,660	–	5,576
Consolidated total liabilities				5,576

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

29. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – business segments (Continued)

	Publishing, exhibition and events	HQ costs and investments	Total for continuing operations	Discontinued operations
	$'000	$'000	$'000	$'000
Group				
Financial year ended 31 March 2008				
Revenue	5,454	–	5,454	–
Segment result	(2,622)	(52,677)	(55,299)	–
Other income			12,751	11,749
Share of profits of associates	–	238	238	–
Financial expenses – net			(212)	–
Income tax expense			(184)	–
Total loss			(42,706)	11,749
Other segment information				
Capital expenditure				
– property, plant and equipment	52	276	328	–
Depreciation	47	113	160	–
Impairment losses				
– goodwill	–	1,597	1,597	–
– intangible assets	856	2,357	3,213	–

	Publishing, exhibition and events	HQ costs and investments	Elimination	Total consolidated
	$'000	$'000	$'000	$'000
Segment assets	2,905	7,421	–	10,326
Associated companies	–	1,236	–	1,236
Consolidated total assets				11,562
Segment liabilities	2,562	1,362	–	3,924
Unallocated liabilities				4,103
Consolidated total liabilities				8,027

Notes to the Financial Statements continued

For the financial year ended 31 March 2009

29. SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format – geographical segments

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

	Sales		Assets		Capital Expenditure	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Greater China	308	51	254	85	–	–
South East Asia	5,228	5,403	6,225	10,241	59	328
	5,536	5,454	6,479	10,326	59	328
Associated companies	–	–	–	1,236	–	–
	5,536	5,454	6,479	11,562	59	328

30. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 22 April 2009, the Company disposed its subsidiary, Delta Digital Limited ("DDL"), for a cash consideration of RMB1.35 million (approximately $0.3 million).

31. 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 2009 or later periods and which the Company has not earlier 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:

FRS 1(R) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The revised standard requires:
- All changes in equity arising from transaction with owners in their capacity as owners to be presented separately from components of comprehensive income;
- Components of comprehensive income not to be included in statement of changes in equity.
- Items of income and expenses and components of other comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);
- Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in the titles of some of the financial statements primary statements.

The Company will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

Shareholdings Statistics

Twenty largest shareholders as at 29 June 2009

S/N	Name of shareholder	No. of Shares	% of Shares
1.	Chua Kern	75,000,000	9.18
2.	DBS Vickers Securities (Singapore) Pte Ltd	51,324,842	6.28
3.	OCBC Securities Private Ltd	28,700,450	3.51
4.	Kim Eng Securities Pte. Ltd.	27,493,469	3.36
5.	UOB Kay Hian Pte Ltd	22,257,000	2.72
6.	MayBan Nominees (Singapore) Pte Ltd	20,383,000	2.49
7.	United Overseas Bank Nominees	18,698,000	2.29
8.	DBS Nominees Pte Ltd	11,773,521	1.44
9.	Phillip Securities Pte Ltd	8,870,495	1.09
10.	HL Bank Nominees (S) Pte Ltd	8,765,000	1.07
11.	SBS Nominees Pte Ltd	7,680,000	0.94
12.	Benjamin Ng Chee Yong	7,000,000	0.86
13.	Ang Gee Hing	6,316,617	0.77
14.	OCBC Nominees Singapore	6,204,875	0.76
15.	Lee Eng Hwee	5,810,000	0.71
16.	Chuang Ping Derg	5,581,000	0.68
17.	Tan Kok Teng	5,174,000	0.63
18.	Raffles Nominees (Pte) Ltd	5,002,500	0.61
19.	Soh Kian Shang Alvin	5,001,000	0.61
20.	DB Nominees (Singapore) Pte Ltd	5,000,148	0.61
Total		**332,035,917**	**40.61**

Distribution of Shareholders By Size of Shareholdings As At 29 June 2009

Size Of Shareholdings	No. Of Shareholders	%	No. of Shares	%
1 -999	396	6.16	193,138	0.02
1,000 – 10,000	2,292	35.63	10,757,311	1.32
10,001 – 1,000,000	3,668	57.03	359,854,040	44.03
1,000,001 and above	76	1.18	446,562,031	54.63
Total	**6,432**	**100.00**	**817,366,520**	**100.00**

Substantial Shareholders As At 29 June 2009

	Direct Interest		Deemed Interest	
Name	No. Of Shares	%	No. of Shares	%
Ricky Ang Gee Hing	10,901,617	1.33	14,098,647	1.73
Tan Choon Wee	2,500,000	0.31	12,500,000	1.53
Fontana Investments Pte Ltd	14,098,647	1.73	-	-
Lexicon Capital Holdings Limited	12,500,000	1.53	-	-
Chua Kern	75,000,000	9.18	-	-

Rule 723 of the SGX-ST Listing Manual

As at 29 June 2009, there were 702,366,256 shares in the hands of the public as defined in the SGX-ST Listing Manual representing approximately 85.93% of the issued share capital of the Company. The Company confirms that Rule 723 is complied with.

Note:

1. The Directors of Fontana Investments Pte Ltd ("Fontana") are Mr Ricky Ang Gee Hing, his wife, Mdm Melinda See Ming Foong, and his daughters, Audrey Ang Hui Ling and Alison Ang Wern Ling. The shareholders of Fontana are Mr Ricky Ang Gee Hing (50.0%), and his wife, Mdm Melinda See Ming Foong (50.0%). Mr Ricky Ang Gee Hing and Mdm Melinda See Ming Foong have an indirect interest in the Company through their shareholdings in Fontana.
2. The director and shareholder (100.0%) of Lexicon Capital Holdings Limited ("LCH") is Mr Tan Choon Wee. Mr Tan Choon Wee has an indirect interest in the Company through his shareholdings in LCH.
3. Pursuant to the Deed of Settlement with parties involved dated 21 November 2008 and Nominee Shareholder Agreement with Chancery Law Corporation dated 29 December 2008, Mr Chua Kern holds 75,000,000 shares as a nominee for the Company pending cancellation of such shares by the Company in due course.

Share Capital

Number of shares issued and fully paid:	818,131,520 ordinary shares (including treasury shares)
Number of treasury shares:	765,000 ordinary shares
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, 30 July 2009 at 10.00 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 2009 and the Auditors' Report thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of S$129,500 for the year ended 31 March 2009 (2008: S$148,250) **(Resolution 2)**
3. To re-elect Mr Tan Choon Wee as a Director under Article 107 of the Company's Articles of Association of the Company. [See Additional Information (i)] **(Resolution 3)**
4. To re-elect Mr Teo Lai Wah, Timothy as a Director under Article 117 of the Company's Articles of Association of the Company. [See Additional Information (ii)] **(Resolution 4)**
5. To re-elect Mr Low Siew Sie Bob as a Director under Article 117 of the Company's Articles of Association of the Company. [See Additional Information (iii)] **(Resolution 5)**
6. To appoint Messrs Nexia TS Public Accounting Corporation as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other routine 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:

8. "SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") 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 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,

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 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), of which the aggregate

Notice Of Annual General Meeting continued

number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) 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 Listing Manual of the SGX-ST; and
(3) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) the fifty per cent. 50% limit under sub-paragraph (i) above, may be increased to one hundred per cent. (100%) where the Company undertakes a pro-rata renounceable rights issue;

(iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual 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

(v) 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 7)**

9. "SHARE ISSUE MANDATE ON A NON-PRO RATA BASIS
That subject to and pursuant to the share issue mandate in Resolution 7 above being obtained, authority be and is hereby given to the Directors of the Company to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent a more than a twenty per cent. (20%) discount to the weighted average price per share determined in accordance with the requirements of the SGX-ST. [See Explanatory Note (b)" **(Resolution 8)**

10. "THE LEXICON GROUP SHARE OPTION SCHEME
That approval be and is hereby given to the Directors to offer and grant options under The Lexicon Group Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total issued share capital excluding treasury shares of the Company from time to time." [See Explanatory Note (c)] **(Resolution 9)**

Notice Of Annual General Meeting continued

11. “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 (d)] **(Resolution 10)**

12. “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:

(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;

Notice Of Annual General Meeting continued

(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 (e)]" **(Resolution 11)]**

By Order of the Board

Abdul Jabbar Bin Karam Din
Chan Poh Kuan
Joint Company Secretaries

Singapore, 15 July 2009

Notice Of Annual General Meeting continued

Additional Information relating to the Notice of the Annual General Meeting

(i) Item 3 – Re-election of Mr Tan Choon Wee as a Director under Article 107 of the Company's Articles of Association
Mr Tan Choon Wee, upon re-election as a Director of the Company, will remain as an Executive Director.

(ii) Item 4 – Re-election of Mr Teo Lai Wah, Timothy as a Director under Article 117 of the Company's Articles of Association
Mr Teo Lai Wah, Timothy, upon re-election as a Director of the Company, will remain the Chairman of the Audit Committee as well as a member of the Remuneration and Nominating Committees. Mr Teo is an independent non-executive Director.

(iii) Item 5 – Re-election of Mr Low Siew Sie Bob as a Director under Article 117 of the Company's Articles of Association
Mr Low Siew Sie Bob, upon re-election as a Director of the Company, will remain an independent non-executive Director.

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 77 Robinson Road #05-00 Singapore 068896 not less than forty-eight (48) hours before the time fixed for the Annual General Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(a) **Resolution 7** 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 7 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) 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 with registered addresses in Singapore. The Company may increase the limit to one hundred per cent. (100%) where it undertakes a pro-rata renounceable rights issue. 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 7, 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 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

The allotment and issuance of shares in the Company up to one hundred per cent. (100%) of its issued capital by way of a pro-rata renounceable rights issue is a new measure introduced by the Singapore Exchange Limited, 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.

Notice Of Annual General Meeting continued

The aforesaid mandate to issue up to one hundred per cent. (100%) of the Company's issued capital is conditional upon the Company:

(i) making periodic announcements on the use of the proceeds as an when the funds are materially disbursed; and

(ii) providing a status on the use of proceeds in the annual report.

This mandate, if passed, will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading nil-paid rights if they do not wish to subscribe for their rights shares.

(b) **Resolution 8** is to authorise the Directors to allot and issue new shares 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.

(c) **Resolution 9** is to authorise the Directors to offer and grant options in accordance with the provisions of The Lexicon Group Share Option Scheme (the "Scheme") and pursuant to Section 161 of the Companies Act, Cap. 50 to allot and issue shares under the Scheme. The size of the Scheme is limited to fifteen per cent. (15%) of the the total number of issued shares excluding treasury shares of the Company for the time being.

(d) **Resolution 10** 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, Cap. 50 to allot and issue shares under the Scheme. The size of the Performance Share Plan is limited to fifteen per cent. (15%) of the the total number of issued shares excluding treasury shares of the Company for the time being.

(e) **Resolution 11** is to renew the Shares 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 Thusday, 30 July 2009 at 10.00 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 Tan Choon Wee as a Director under Article 107 of the Company's Articles of Association (Resolution 3)		
4.	Re-election of Mr Teo Lai Wah, Timothy as a Director under Article 117 of the Company's Articles of Association (Resolution 4)		
5.	Re-election of Mr Low Siew Sie Bob as a Director under Article 117 of the Company's Articles of Association (Resolution 5)		
6.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as auditors (Resolution 6)		
7.	Any other ordinary business		
	SPECIAL BUSINESS		
8.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 (Resolution 7)		
9.	Authority for Directors to allot and issue new shares other than on a pro-rata basis (Resolution 8)		
10.	Authority for Directors to offer and grant options and issue shares in accordance with the provisions of the The Lexicon Group Share Option Scheme (Resolution 9)		
11.	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 10)		
12.	To approve the renewal of Share Buy Back Mandate (Resolution 11)		

Dated this ____________ day of____________ 2009

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.

Please glue and seal along edge

Please glue and seal along edge

Please glue and seal along edge

Please Affix
Postage Stamp
Here

The Company Secretary
THE LEXICON GROUP LIMITED
77 Robinson Road #05-00
Singapore 068896

1st Fold

IMPORTANT: PLEASE READ NOTES OVERLEAF

2nd Fold

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 77 Robinson Road #05-00, Singapore 068896 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 aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, 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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