



THE LEXICON GROUP LIMITED

Half-Year Financial Statement And Dividend Announcement

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

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

		Group		%
		S\$'000		Increase/ (Decrease)
	Note	30/09/2007	30/09/2006	
Continuing operations:				
Revenue				
Publishing		2,665	1,724	54.6
Exhibition and events		16	3	433.3
Other income	(i)	13,462	61	NM
Direct costs:				
- Publications		(1,378)	(603)	128.5
- Exhibition and events		(27)	(11)	145.5
Personnel expenses		(1,887)	(1,140)	65.5
Amortisation & depreciation		(92)	(36)	155.5
Operating lease expenses		(142)	(81)	75.3
Loss in financial assets at fair value through profit and loss		(14,098)	(22,521)	(37.4)
Other operating expenses, net	(ii)	(2,038)	(2,790)	(27.0)
Total cost and expenses		(19,662)	(27,182)	
Share of profit of associates		128	-	100.0
Finance costs		(114)	(48)	137.5
Loss before taxation		(3,505)	(25,442)	
Taxation		(4)	-	100.0
Net loss from continuing operations		(3,509)	(25,442)	
Discontinued operations:				
Net loss from discontinued operations	(iii)	-	(9,540)	
Total loss after taxation		(3,509)	(34,982)	
Loss attributable to:				
- Shareholders of the company		(3,483)	(34,975)	
- Minority interests		(26)	(7)	

NM - Not meaningful

Notes to income statements:

	Group		%
	S\$'000		
	30/09/2007	30/09/2006	Increase/ Decrease
(i) Included in other income are:			
Gain on disposal of subsidiaries	11,749	-	100.0
Gain on disposal of financial assets at fair value through profit or loss	170	-	100.0
Allowance for impairment of other receivables written back	610	-	100.0
Provision for profit guarantee written back	899	-	100.0
(ii) Included in other operating expenses are:			
Loss on disposal of financial assets at fair value through profit or loss	-	1,800	NM
Allowance for impairment of goodwill on consolidation	403	-	100.0
Fees relating to issuance of convertible notes and equity line	315	21	1,400.0
(iii) Discontinued operations:			
Revenue	-	1,354	NM
Other income	-	86	NM
Operating expenses	-	(10,947)	NM
Loss before tax from discontinued operations	-	(9,507)	NM
Gain on sale of discontinued operations	-	-	
Taxation	-	(33)	NM
Net profit for the period from discontinued operations	-	(9,540)	

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

	Group		Company	
	30/09/2007 \$'000	31/03/2007 \$'000	30/09/2007 \$'000	31/03/2007 \$'000
Equity attributable to the shareholders of the Company				
Share capital	102,522	92,071	102,522	92,071
Accumulated losses	(72,943)	(69,460)	(46,376)	(52,080)
Foreign currency translation reserves	2,484	2,488	-	-
	<u>32,063</u>	<u>25,099</u>	<u>56,146</u>	<u>39,991</u>
Minority Interests	752	778	-	-
TOTAL EQUITY	<u>32,815</u>	<u>25,877</u>	<u>56,146</u>	<u>39,991</u>
Property, plant and equipment	346	134	250	30
Intangible assets	2,242	856	-	-
Goodwill	102	102	-	-
Subsidiaries	-	-	25,154	24,321
Associates	1,126	998	998	998
Current assets				
Work-in-progress, at cost	252	127	-	-
Trade receivables	1,837	990	-	-
Other receivables, deposits and prepayments	4,159	4,060	3,236	553
Due from subsidiaries (non-trade)	-	-	26,939	20,941
Other investments	853	-	853	-
Financial assets at fair value through profit or loss	22,981	24,277	217	-
Cash and bank balances	5,245	5,093	4,953	2,527
	<u>35,327</u>	<u>34,547</u>	<u>36,198</u>	<u>24,021</u>
Disposal group assets classified as held for sale	-	1,584	-	-
	<u>35,327</u>	<u>36,131</u>	<u>36,198</u>	<u>24,021</u>
TOTAL ASSETS	<u>39,143</u>	<u>38,221</u>	<u>62,600</u>	<u>49,370</u>
Current liabilities				
Trade payables	1,555	1,442	290	462
Other payables and accruals	1,104	2,024	172	1,331
Due to subsidiaries (trade)	-	-	163	156
Due to subsidiaries (non-trade)	-	-	2,259	2,480
Bank term loan, current portion	3,315	3,900	3,233	3,768
Convertible notes	50	-	50	-
Lease obligations, current portion	91	91	81	81
Provision for taxation	-	-	-	-
Bank overdrafts (unsecured)	-	871	-	683
	<u>6,115</u>	<u>8,328</u>	<u>6,248</u>	<u>8,961</u>
Liabilities directly associated with disposal group classified as held for sale	-	3,586	-	-
	<u>6,115</u>	<u>11,914</u>	<u>6,248</u>	<u>8,961</u>
Non-current liabilities				
Lease obligations (non-current portion)	130	168	123	156
Deferred taxation	83	262	83	262
TOTAL LIABILITIES	<u>6,328</u>	<u>12,344</u>	<u>6,454</u>	<u>9,379</u>
NET ASSETS	<u>32,815</u>	<u>25,877</u>	<u>56,146</u>	<u>39,991</u>

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

Amount repayable in one year or less, or on demand

As at 30/09/2007		As at 31/03/2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
81	3,375	132	3,859

Amount repayable after one year

As at 30/09/2007		As at 31/03/2007	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	130	-	168

Details of any collateral

Trade receivables amounting to about \$81,000 (31/03/2007: \$132,000) of subsidiaries have been pledged as security to a finance company to secure factoring loans.

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

	For the 6 months ended	
	30/09/2007 \$'000	30/09/2006 \$'000
Cash flows from operating activities		
Loss before taxation and minority interest		
Continuing operations	(3,505)	(25,442)
Discontinued operations	-	(9,507)
	<u>(3,505)</u>	<u>(34,949)</u>
Adjustments for:		
Amortisation of intangible assets	12	268
Share of profits of associate	(128)	-
Depreciation of property, plant and equipment	80	208
(Gain)/ loss on disposal of financial assets at fair value through profit and loss	(170)	1,800
Gain on disposal of subsidiaries	(11,749)	-
Allowance for impairment of trade receivables	-	1,219
Allowance for impairment of goodwill	403	4,353
Allowance for impairment of intangible assets	-	16
Loss on financial assets at fair value through profit or loss	14,098	22,521
Property, plant and equipment written off	1	129
Provision for profit guarantee written back	(899)	-
Interest income	(20)	-
Interest expense	114	48
Operating cashflow before working capital changes	<u>(1,763)</u>	<u>(4,387)</u>
Changes in working capital, net of effect of disposal of subsidiaries		
Trade and other receivables	(3,390)	7,754
Trade and other payables	(1,313)	(6,787)
Cash used in operations	<u>(6,466)</u>	<u>(3,420)</u>
Interest income	20	-
Interest paid	(114)	(48)
Income taxes paid	(184)	(165)
Net cash used in operating activities	<u>(6,744)</u>	<u>(3,633)</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(289)	(42)
Proceeds from sale of property, plant and equipment	-	2
Proceeds from sale of marketable securities	832	-
Purchase of unquoted investments	(853)	-
Purchase of marketable securities	(542)	-
Acquisition of subsidiaries, net of cash acquired	(1,196)	-
Proceeds from disposal of subsidiaries, net of cash disposed	(259)	-
Net cash used in investing activities	<u>(2,307)</u>	<u>(40)</u>
Cash flows from financing activities		
Proceeds from issue of new shares	500	2,800
Proceeds from issue of unsecured convertible notes	10,000	-
Payment of expenses on issuance of new shares	-	(54)
(Repayment)/ proceeds of lease obligations	(38)	25
Repayment from short-term loans	(644)	(69)
Net cash from financing activities	<u>9,818</u>	<u>2,702</u>
Net effect of exchange rate changes in consolidating subsidiaries	(3)	1,016
Net increase in cash and cash equivalents	764	45
Cash and cash equivalents at beginning of the financial period	4,481	29
Cash and cash equivalents at end of the financial period	<u>5,245</u>	<u>74</u>

	As at	
	30/09/2007 \$'000	30/09/2006 \$'000
Cash and cash equivalents comprise		
Cash and bank balances	5,245	586
Bank overdrafts (unsecured)	-	(512)
	5,245	74

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

	Attributable to equity holders of the Company				
	Share Capital S\$'000	Revenue Reserves/ (Accumulated Losses) S\$'000	Foreign Currency Translation Reserve S\$'000	Minority Interests S\$'000	Total S\$'000
The Group					
<u>For the period ended 30/09/2007</u>					
Balance at 01/04/2007	92,071	(69,460)	2,488	778	25,877
Issuance of shares	10,451	-	-	-	10,451
Loss for the financial period	-	(3,483)	-	(26)	(3,509)
Movement during the financial period	-	-	(4)	-	(4)
Balance at 30/9/2007	102,522	(72,943)	2,484	752	32,815
<u>For the period ended 30/09/2006</u>					
Balance at 01/04/2006	88,336	32,784	1,539	884	123,543
Issuance of shares	2,800	-	-	-	2,800
Expenses on issue of new shares	(54)	-	-	-	(54)
Loss for the financial period	-	(34,975)	-	(7)	(34,982)
Movement during the financial period	-	-	511	-	511
Balance at 30/9/2006	91,082	(2,191)	2,050	877	91,818
The Company					
<u>For the period ended 30/09/2007</u>					
Balance at 01/04/2007	92,071	(52,080)	-	-	39,991
Issuance of shares	10,451	-	-	-	10,451
Gain for the financial period	-	5,704	-	-	5,704
Balance at 30/09/2007	102,522	(46,376)	-	-	56,146
<u>For the period ended 30/09/2006</u>					
Balance at 01/04/2006	88,336	(48,833)	-	-	39,503
Issuance of shares	2,800	-	-	-	2,800
Expenses on issue of new shares	(54)	-	-	-	(54)
Loss for the financial period	-	(858)	-	-	(858)
Balance at 30/09/2006	91,082	(49,691)	-	-	41,391

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

During the period, the Company issued 5,656,108 ordinary shares pursuant to the Equity Line of Credit Agreement dated 2 June 2005 with Cornell Capital Partners LP with regard to advances amounting to \$500,000. Please refer to announcement dated 6 July 2007 for details.

During the financial period, the Company entered into a subscription agreement dated 16 February 2007 with Value Capital Asset Management Limited ("VCAM"). The Company issued 174,976,700 shares to VCAM during the period. Please refer to announcements dated 25 June 2007, 4 July 2007, 9 July 2007, 11 July 2007, 25 July 2007 and 30 July 2007 for details.

On 13 September 2007, the Company completed a shares consolidation of two ordinary shares to one consolidated share.

As at 30 September 2007, total the share capital of the Company was about \$102.5 million comprising 587,472,816 shares.

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

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

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

Not applicable

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

There were new Financial Reporting Standards ("FRS") that were published and mandatory for accounting periods beginning on or after 1 January 2007. The adoption of these FRS, where applicable, did not have any material impact on the financial statements for 6 months ended 30 September 2007. Apart from these, the same accounting policies and methods of computation have been consistently applied.

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

Please refer to point 4 above.

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

	30/09/2007	30/09/2006^(*)
Continuing operations		
Loss per share based on Group's loss after taxation		
- on weighted average number of shares	(0.35) cents	(5.30) cents
- on a fully diluted basis	(0.35) cents	(5.30) cents

	30/09/2007	30/09/2006^(*)
Discontinued operations		
Loss per share based on Group's loss after taxation		
- on weighted average number of shares	-	(2.00) cents
- on a fully diluted basis	-	(2.00) cents

* The loss per share for the period ended 30 September 2007 has been adjusted to reflect the effect of the shares consolidation on 13 September 2007.

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

	Group		Company	
	30/09/2007	31/03/2007^(#)	30/09/2007	31/03/2007^(#)
Net asset value based on existing issued share capital as at the respective period ^(#)	5.46 cents	5.04 cents	9.56 cents	8.04 cents

The net asset value per share for the year ended 31 March 2007 has been adjusted to reflect the effect of the shares consolidation on 13 September 2007.

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

General Overview

For the period under review, the Group completed the divestment of its Greater China operations and completed the acquisitions of Lifestyle Magazines Publishing Pte Ltd ("LMP") and Delta Digital Limited.

Revenue

Revenue for the 6 months ended 30 September 2007 was higher as compared to the corresponding period last year, mainly due to the contribution from LMP, which was acquired in April 2007.

Loss attributable to shareholders

Loss attributable to shareholders for the period under review was \$3.48 million. This was a significant improvement as compared with the loss of \$34.98 million for the prior year period ended 30 September 2006. The improvement in results was due to the following:

- A gain of \$11.75 million arising from the divestment of Greater China operations for the current period.
- An allowance for impairment of marketable securities amounting to \$14.1 million for the current period, as compared to \$22.5 million in the corresponding period in the prior year.
- An amount of \$0.9 million relating to provision for profit guarantee written back.
- Prior period loss of \$9.54 million attributable to discontinued businesses (including property, plant and equipment written off, allowance for impairment of trade receivables, intangible assets and goodwill on consolidation and unrealised exchange losses amounting to \$6.96 million).
- Total business development and fund raising related expenses, largely in the form of professional fees and finance charges, incurred for the current period amounted to \$0.5 million.

Balance sheet

During the period, the Group's Net Asset Value increased by 27% to about \$32.8 million from \$25.9 million in the prior year period.

During the period, the Company completed the acquisition of Lifestyle Magazines Publishing Pte Ltd and Delta Digital Limited ("DDG"). Under the terms of the agreement, the purchase consideration for DDG is US\$4.5 million of which US\$0.5 million is payable on completion and the remaining payable when the EBITDA guarantee of US\$1.5 million is met. As at 30 September 2007, the Group had not recognized the remaining investment cost of US\$4 million.

Included in other receivables, deposits and payables is a working capital loan of \$2.5 million granted to Sandz.

As at 30 September 2007, the CEC Unet Plc (formerly known as Sun 3C Media Plc) shares and Nextmart Inc shares are valued at 9.5 pence and US\$0.136 respectively. Total value of these investments as at 30 September 2007 is \$22.8 million.

The decrease in other payables and accruals is mainly due to provision of profit guarantee written back amounting to \$0.9 million.

Cash-flow

Cash and cash equivalents as at end of period was \$5.24 million as compared to \$4.48 million at the beginning of the period.

The Company had entered into a \$20 million subscription agreement with VCAM in February 2007 and has utilized \$10 million as at end of the period and the date of this announcement.

The Company had entered into a \$10 Equity Line of Credit Agreement with Cornell in February 2007 and has utilized \$6 million as at end of the period and the date of this announcement.

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

NA.

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

The Group completed the acquisition of Sandz Solutions (Singapore) Pte Ltd ("Sandz") on 2 October 2007. Under the terms of the sales and purchase agreement, the Sandz Vendors have guaranteed that Sandz profit after tax will not be less than S\$4 million for each of the 2 financial years ending 31 March 2008 and 31 March 2009 respectively.

The Company completed the acquisition of Delta Digital Limited ("DDG") in June 2007. DDG has a management and consultancy services agreement with Beijing Shitong Tianxia Co. Limited ("STTX"). The vendors of DDG has provided an EBITDA guarantee of US\$1.5 million on STTX commencing 2 July 2007 and 2 July 2008 respectively. STTX commenced its operations in July 2007 and monthly revenue growth since it commenced operations has been encouraging. STTX's revenue for October 2007 was \$90,000, 800% higher than July revenue of \$10,000. During the period under review, we continued to build on our presence in China with the establishment of Club Calibre Haute Horlogerie ("C2HH"), to complement our niche publishing activities focus on the luxury watch market. C2HH is the first and only luxury club in China and will also provide the platform for the Group's quarterly magazine, *Calibre*, in China. The Group is continuing to look for media opportunities in China.

Going forward, including contributions from Sandz and STTX, we expect Group's performance to show further improvement. Excluding any material adjustments in the value of our marketable securities, we expect the Group to be profitable in the second half of the current financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended during and for the six months ended 30 September 2007.

13. Negative assurance

We, Ricky Ang Gee Hing and Tan Choon Wee, being two directors of The Lexicon Group Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the six months ended 30 September 2007 to be false or misleading.

For and on behalf of the Board

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

(signed)
Tan Choon Wee
Executive Director

BY ORDER OF THE BOARD

Ricky Ang Gee Hing
Executive Vice-Chairman and MD
14 November 2007