

THE LEXICON GROUP LIMITED

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Full Year Financial Statement And Dividend Announcement

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

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

		Group S\$'000		%
	Note	31/03/2011	31/03/2010	Increase/ (Decrease)
Revenue				
Advertisement		2,789	3,474	(19.7)
Circulation		1,466	1,552	(5.5)
Exhibition and events		302	103	193.2
Food and beverage		976	128	662.5
		5,533	5,257	5.3
Other income	(i)	386	9,648	(96.0)
Direct costs:				
- Publications		(2,314)	(2,584)	(10.4)
- Exhibition and events		(224)	(78)	187.2
- Food & beverage		(1,438)	(200)	619.0
Personnel expenses		(3,453)	(3,161)	9.2
Depreciation of property, plant and equipment		(56)	(178)	(68.5)
Operating lease expenses		(520)	(581)	(10.5)
Finance expenses		(10)	(11)	(9.1)
Other operating expenses		(3,341)	(2,474)	35.0
Total expenses		(11,356)	(9,267)	22.5
(Loss)/ Profit before taxation		(5,437)	5,638	NM
Income tax		56	-	100.0
Total (loss)/ profit after taxation		(5,381)	5,638	NM

	Note	Group		% Increase/ (Decrease)
		S\$'000		
		31/03/2011	31/03/2010	
Statement of comprehensive income for 12 months ended 31 March				
(Loss)/ Profit attributable to Shareholders		(5,381)	5,638	NM
Other comprehensive income				
- Exchange difference on translating foreign operation		66	(156)	NM
Total Comprehensive income for the year		<u>(5,315)</u>	<u>5,482</u>	NM
(Loss)/ Profit attributable to:				
- Shareholders of the company		(5,381)	5,614	NM
- Minority interests		-	24	(100.0)

NM – Not meaningful

Notes to income statements:

(i) Included in other income are:

Gain on disposal of associated company	-	831	(100.0)
Gain on disposal of Delta Digital Limited	-	280	(100.0)
Write-back of accrued operating expenses	-	757	(100.0)
Allowance for impairment of investment in Sandz written back	-	7,125	(100.0)
Allowance for impairment of loan to Sandz written back	-	500	(100.0)
Gain on deregistration of subsidiaries	90	-	NM
Gain on disposal of financial assets through profit or loss	120	-	NM
Others	176	155	13.5
	<u>386</u>	<u>9,648</u>	<u>(96.0)</u>

(ii) Included in other expenses are:

Provision relating to former employees disputes in Malaysia	207	-	100.0
Allowance for impairment of intangible asset	750	-	100.0
Allowance for impairment of associates	5	-	100.0
Allowance for impairment of amount due from associates	85	-	100.0
Expenses relating to acquisition activities	246	-	100.0

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

	Group		Company	
	31/03/2011 \$'000	31/03/2010 \$'000	31/03/2011 \$'000	31/03/2010 \$'000
Current assets				
Cash and cash equivalents	2,245	2,339	1,215	931
Financial assets at fair value through profit or loss	-	43	-	43
Trade and other receivables	1,179	2,077	1	619
Due from joint-venture company	30	174	223	295
Inventories	166	204	-	-
Other current assets	321	325	205	196
	<u>3,941</u>	<u>5,162</u>	<u>1,644</u>	<u>2,084</u>
Non-current assets				
Financial assets, available for sales	853	853	853	853
Investment in joint venture company	-	-	-	1,500
Investment in subsidiaries	-	-	751	-
Property, plant and equipment	1,977	536	41	20
Intangible assets	-	750	-	-
	<u>2,830</u>	<u>2,139</u>	<u>1,645</u>	<u>2,373</u>
TOTAL ASSETS	<u>6,771</u>	<u>7,301</u>	<u>3,289</u>	<u>4,457</u>
Current liabilities				
Trade and other payables	3,276	2,800	658	786
Due to subsidiaries (trade)	-	-	613	442
Due to subsidiaries (non-trade)	-	-	2,322	1,926
Borrowings, current portion	719	813	688	813
Convertible loans	-	150	-	150
Financial lease liabilities	3	17	-	-
	<u>3,998</u>	<u>3,780</u>	<u>4,281</u>	<u>4,117</u>
Non-current liabilities				
Financial lease liabilities	-	3	-	-
Borrowings	774	-	-	-
	<u>4,772</u>	<u>3,783</u>	<u>4,281</u>	<u>4,117</u>
TOTAL LIABILITIES	<u>4,772</u>	<u>3,783</u>	<u>4,281</u>	<u>4,117</u>
NET ASSETS	<u>1,999</u>	<u>3,518</u>	<u>(992)</u>	<u>340</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	113,557	109,761	113,557	109,761
Accumulated losses	(114,967)	(109,586)	(114,549)	(109,421)
Currency translation reserve	2,613	2,547	-	-
	<u>1,203</u>	<u>2,722</u>	<u>(992)</u>	<u>340</u>
Minority interests	796	796	-	-
TOTAL EQUITY	<u>1,999</u>	<u>3,518</u>	<u>(992)</u>	<u>340</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 31/03/2011		As at 31/03/2010	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
31	980	-	980

Amount repayable after one year

As at 31/03/2011		As at 31/03/2010	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
774	3	-	3

Details of any collateral

The property is mortgaged to the bank.

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 12 months ended	
	31/03/2011 \$'000	31/03/2010 \$'000
Cash flows from operating activities		
Total (loss)/ profit	(5,381)	5,638
Adjustments for:		
Income tax recovered	(56)	-
Issue of performance shares	-	15
Depreciation of property, plant and equipment	355	178
Gain on disposal of subsidiaries	(90)	(280)
Gain on disposal of associated company	-	(831)
(Gain)/ loss on disposal of financial assets at fair value through profit or loss	(120)	-
Allowance for impairment of investment in Sandz written back	-	(7,125)
Allowance for impairment of loan to Sandz written back	-	(500)
Property, plant and equipment written off	68	4
Borrowings no longer repayable	-	(757)
Allowance for impairment of investment in associates	5	-
Allowance for impairment of amount due from associates	85	-
Allowance for impairment of intangible assets	750	-
Interest income	(40)	(20)
Interest expense	10	11
Operating cashflow before working capital changes	(4,414)	(3,667)
Inventories	38	23
Trade and other receivables	1,046	1,692
Trade and other payables	476	(734)
Cash used in operations	(2,854)	(2,686)
Interest received	40	20
Income taxes recovered	56	-
Net cash used in operating activities	(2,758)	(2,666)
Cash flows from investing activities:		
Proceeds from disposal of subsidiaries, net of cash disposed	90	280
Proceeds from disposal of associates	-	831
Proceeds from sale of financial assets	163	-
Proceeds from sale of property, plant and equipment	19	-
Purchase of property, plant and equipment	(1,082)	(495)
Investment in associates	(90)	-
Investment in joint-venture company	-	(750)
Placement of short term bank deposits pledged to banks	(166)	(15)
Net cash (used in)/provided by investing activities	(1,066)	(149)
Cash flows from financing activities		
(Repayment of)/ proceeds from issue of unsecured convertible notes	(150)	4,043
Proceeds from issue of shares	3,796	-
Repayment of hire purchase/ finance lease liabilities	(17)	(102)
Repayment of borrowings	(125)	-
Interest paid	(10)	(11)
Net cash from provided by/(used in) financing activities	3,494	3,930
Net (decrease)/ increase in cash and cash equivalents	(330)	1,115
Cash and cash equivalents at beginning of the financial year	2,314	1,357
Effects of currency translation on cash and cash equivalents	70	(158)
Cash and cash equivalents at end of the financial year	2,054	2,314

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	Treasury Shares S\$'000	Currency translation reserve S\$'000	Accumulated Losses S\$'000	Total S\$'000	Minority Interests S\$'000	Total S\$'000
The Group							
<u>2011</u>							
Beginning of financial year	109,761	-	2,547	(109,586)	2,722	796	3,518
Issuance of shares	3,796	-	-	-	3,796	-	3,796
Total comprehensive income/ (loss) for the year	-	-	66	(5,381)	(5,315)	-	(5,315)
End of financial year	113,557	-	2,613	(114,967)	1,203	796	1,999
<u>2010</u>							
Beginning of financial year	112,679	(51)	2,703	(115,200)	131	772	903
Issuance of shares	4,243	-	-	-	4,243	-	4,243
Shares cancellation	(7,125)	-	-	-	(7,125)	-	(7,125)
Treasury shares re-issued as employees' performance shares	(36)	51	-	-	15	-	15
Total comprehensive income/ (loss) for the year	-	-	(156)	5,614	5,458	24	5,482
End of financial year	109,761	-	2,547	(109,586)	2,722	796	3,518
The Company							
<u>2011</u>							
Beginning of financial year	109,761	-	-	(109,421)	340	-	340
Issuance of shares	3,796	-	-	-	3,796	-	3,796
Total comprehensive loss for the year	-	-	-	(5,128)	(5,128)	-	(5,128)
End of financial year	113,557	-	-	(114,549)	(992)	-	(992)
<u>2010</u>							
Beginning of financial year	112,679	(51)	-	(109,557)	3,071	-	3,071
Issuance of shares	4,243	-	-	-	4,243	-	4,243
Shares cancellation	(7,125)	-	-	-	(7,125)	-	(7,125)
Treasury shares re-issued as employees' performance shares	(36)	51	-	-	15	-	15
Total comprehensive income for the year	-	-	-	136	136	-	136
End of financial year	109,761	-	-	(109,421)	340	-	340

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

	31/03/2011	31/03/2010
Number of shares		
At beginning of the year	940,919,313	722,159,551
Issue of shares	280,000,000	-
Issue of shares arising from conversion of warrants	5,014,000	-
Issue of shares arising from conversion of convertible notes	-	290,159,762
Transfer from treasury shares	-	765,000
Issue of shares pursuant to Performance Shares Plan	-	2,835,000
Shares cancellation	-	(75,000,000)
At end of the year	<u>1,225,933,313</u>	<u>940,919,313</u>
Treasury shares		
At the end of the year	<u>-</u>	<u>-</u>

	31/03/2011	31/03/2010
Outstanding convertibles		
Outstanding warrants convertible into ordinary shares	135,000,000	293,734,396
Outstanding convertible notes (a)	-	11,111,111

(a) Computed based on 90% of the average closing price from 22 to 26 Mar 2010 of S\$0.0135.

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

Refer to 1(d)(ii) above.

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

	31/03/2011	31/03/2010
Treasury shares		
At beginning of the year	-	765,000
Issued as performance shares	-	(765,000)
At end of the year	<u>-</u>	<u>-</u>

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

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

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

Not applicable

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computations in the financial statements for the current financial year compared with those for the audited financial statements as at 31 March 2010.

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

In the current year, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 April 2010. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

FRS 27 (Revised) Consolidated and Separate Financial Statements
 FRS 103 (Revised) Business Combinations
 FRS 7 (Amendments) Cash Flow Statements

The adoption of the above FRSs did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements

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

Continuing operations	31/03/2011	31/03/2010
Earnings per share (EPS) based on Group's profit after taxation and MI		
- on weighted average number of shares	(0.51) cents	0.60 cents
- on a fully diluted basis	(0.51) cents	0.60 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

	Group		Company	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Net asset value based on existing issued share capital as at the respective period	0.10 cents	0.37 cents	(0.08) cents	0.04 cents

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

General Overview

- (a) Publishing

Operating environment for the publishing industry remained challenging during the year. Opportunities for expansion were limited amidst a less than conducive environment. For the financial year ended 31 March 2011, the Group ceased publication of *Smart Investor*. The Group will monitor underperforming publications and continue to rationalize the publishing operations.

- (b) Food and beverage

During the period under review, the Area Master Franchise Agreement ("AMFA") with Tom N Toms Limited and KTNT Holdings Limited was terminated. This is now a subject of arbitration between the parties and the Company. The Group has since launched our own F&B brands *Romulus* and *Most Original Burgers* ("MOB").

During the year, we closed the Tom N Toms outlet located at Far East Plaza ("FEP") following the termination of the AMFA, and as a result of its poor performance since the beginning of 2010. The early termination of the FEP lease is currently the subject of a litigation between Far East Organisation and the Group. Meantime, without admitting liability for the early termination of the lease, claims by Far East have been fully provided in our financial statements in the year under review.

Romulus is a cafe or a haven for people seeking a comfortable setting to enjoy a light meal or to simply catch up with an old friend – The Café where it all comes together. The Group secured franchisees for multiple outlets in Singapore and Malaysia. However, given the difficult operating environment in both Singapore and Malaysia, especially for a new brand like *Romulus*, and the difficulty in securing suitable outlet locations both franchises are currently under review.

Currently, The Group operates one *Romulus* and one *MOB* restaurant, at Vivocity. *MOB* is a fast-casual restaurant that offers all-day dining.

Revenue

Revenue for the 12 months ended 31 March 2011 increased by 5.3% to \$5.53 million from \$5.26 million as in the preceding year. The increase in revenue was the result of a full year revenue from our F&B operations. The was offset partly by decrease in our advertising sales.

Loss attributable to shareholders

Loss attributable to shareholders for the period under review was \$5.38 million as compared to a profits of \$5.64 million in the preceding year. The loss during the period was due to the following:

- Provision for an amount of S\$0.21 million arising from labour disputes with former employees in one of our Malaysian subsidiaries. These employees terminated their services with the subsidiary during the period from 1999 to 2001. The subsidiary is appealing the amounts that were awarded by the Industrial Court;
- Allowance for impairment of intangible assets amounting to S\$0.75 million;
- Start-up losses from our F&B business amounting to S\$0.98 million;
- An increase in personnel expenses mainly due to our F&B operations;

- Write off our investment in fixtures and fittings at the FEP outlet, and full provision for claims made by Far East Organisation arising from the early termination of the lease at FEP amounting to S\$0.27 million; and
- Increase in M&A expenses, especially relating to the proposed acquisition of Elektromotive in the UK, amounting to S\$0.25 million in FY 2011.

In comparison, the following amounts were recorded in the prior corresponding period:

- A gain on the disposal of Shareinvestor.com Holdings Pte Ltd amounting to S\$0.82 million.
- A gain on the disposal of Delta Digital Limited (“DDG”) amounting to S\$0.21 million. DDG was disposed by the Company in FY 2010.
- An amount of S\$0.76 million written back pursuant to the convertible loan no longer repayable to YA Global.
- An allowance for impairment of other receivables amounting to S\$0.5 million written back in relation to the monies received from Sandz Solutions (Singapore) Pte Ltd.
- An allowance for impairment of investment in Sandz written back amount to S\$7.1 million.

Balance sheet

During the period, the Group’s Net Asset Value decreased to \$2.0 million from \$3.52 million as at the beginning of the year.

The decrease in trade and other receivables is due mainly to the monies received from Zenna Overseas Limited amounting to S\$0.6 million.

The increase in trade and other creditors is due mainly to the accrual of expenses relating to former employees of one of our Malaysian subsidiary.

The increase in borrowings is due to the loan taken by one of our subsidiary to finance the purchase of property.

Segmental results

The publishing, exhibition and events division incurred a loss of S\$1.03 million in FY 2011 as compared to S\$1.02 million in the previous corresponding year. The loss is mainly due to a decrease in revenues of 11.2% to S\$4.56 million as compared to S\$5.13 million in the previous corresponding year and also a provision for an amount of S\$0.21 million arising from labour disputes with former employees in our Malaysian operations.

The food and beverage division incurred a loss of S\$2.78 million in its first full year of operations. Included in the loss is an amount of S\$1.8 million relating to discontinued operations of our Far East Plaza outlet and the joint venture company, Tom N Toms International Pte Ltd.

Loss incurred by HQ decreased by 20.2% to S\$2.0 million as compared to S\$2.51 million in the previous corresponding year.

Cash-flow

Cash and cash equivalents as at end of period was S\$2.24 million as compared to S\$2.34 million at the beginning of the period.

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

Not applicable.

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.

We will continue to rationalize our publishing operations and our F&B operations. The Company has announced the proposed acquisition of Elektromotive Limited in December 2010. Subject to approval of shareholders, the acquisition is expected to be completed in June or July 2011.

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 recommended.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

By business segments

	Publishing, exhibition & events S\$'000	Food and beverage S\$'000	HQ costs & Investments S\$'000	Total S\$'000
<u>For year ended 31 March 2011</u>				
Revenue	4,557	976	-	5,533
Segment result	(1,029)	(2,785)	(1,999)	(5,813)
Other income				386
Finance expenses				(10)
Income tax recovered				56
Total Loss				(5,381)
Other segment information				
Capital expenditure – property, plant and equipment	8	563	1,316	1,887
Depreciation	37	304	14	355
Segment assets	2,084	964	3,723	6,771
Consolidated total assets				6,771
Segment liabilities	(1,918)	(732)	(2,122)	(4,772)
Consolidated liabilities				(4,772)

	Publishing, exhibition & events S\$'000	Food and beverage S\$'000	HQ costs & Investments S\$'000	Total S\$'000
<u>For year ended 31 March 2010</u>				
Revenue	5,129	128	-	5,257
Segment result	(1,017)	(476)	(2,506)	(3,999)
Other income				9,648
Finance expenses				(11)
Total Profit				5,638
Other segment information				
Capital expenditure – property, plant and equipment	22	450	20	492
Depreciation	47	31	100	178
Segment assets	2,246	2,127	2,928	7,301
Consolidated total assets				7,301
Segment liabilities	(1,616)	(386)	(1,781)	(3,783)
Consolidated liabilities				(3,783)

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to section 8 above.

15. A breakdown of sales

	31 Mar 2011	31 Mar 2010	% Increase/ (Decrease)
(a) Revenue reported for first half year	2,981	2,395	24.5%
(b) Operating (loss)/ profit after tax before deducting minority interests reported for first half year	(1,643)	333	NM
(c) Revenue reported for second half year	2,552	2,862	(10.8%)
(d) Operating (loss)/ profit after tax before deducting minority interests reported for second half year	(3,738)	5,305	NM

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable

BY ORDER OF THE BOARD

**Ricky Ang Gee Hing
Executive Vice-Chairman and Managing Director
Singapore, 27 May 2011**