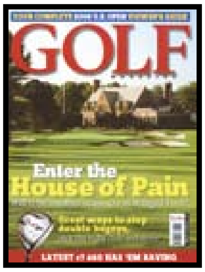
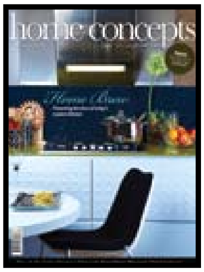
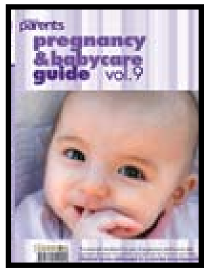
THE
LEXICON GROUP LIMITED

annual report 2008





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THE LEXICON GROUP

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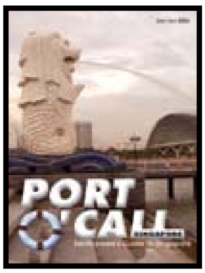

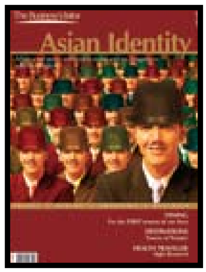


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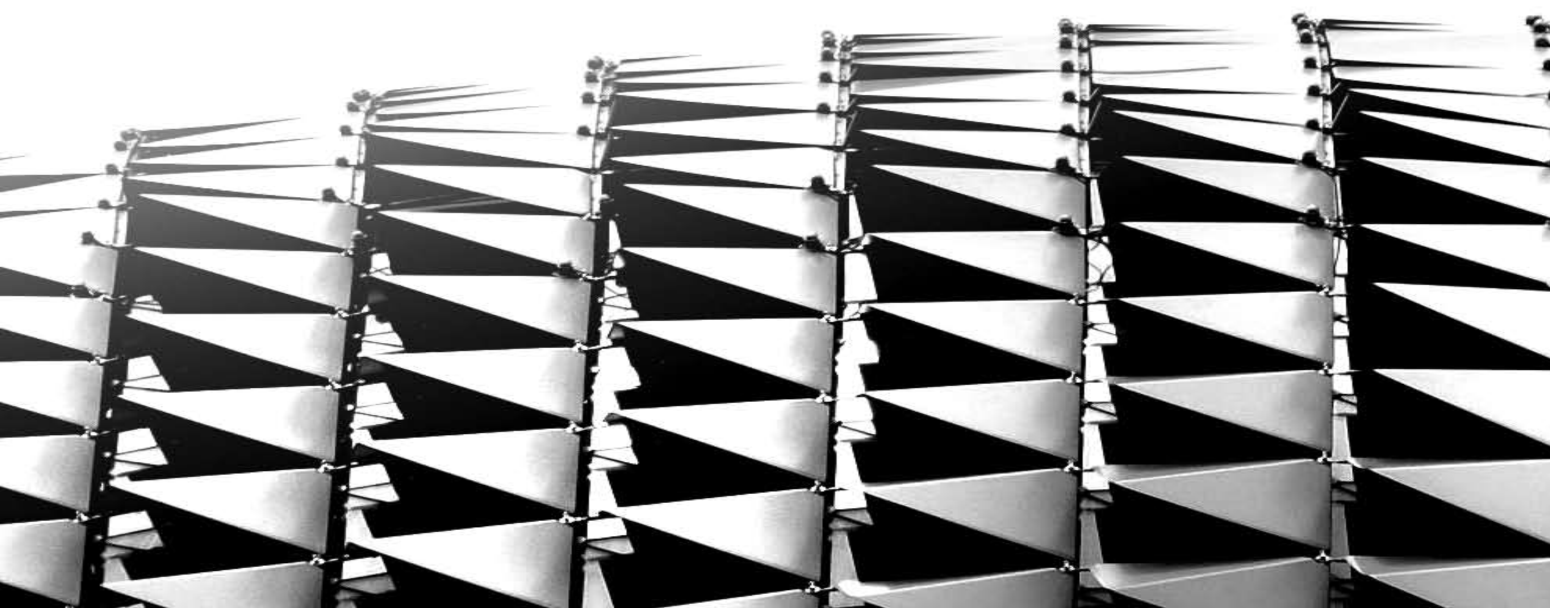
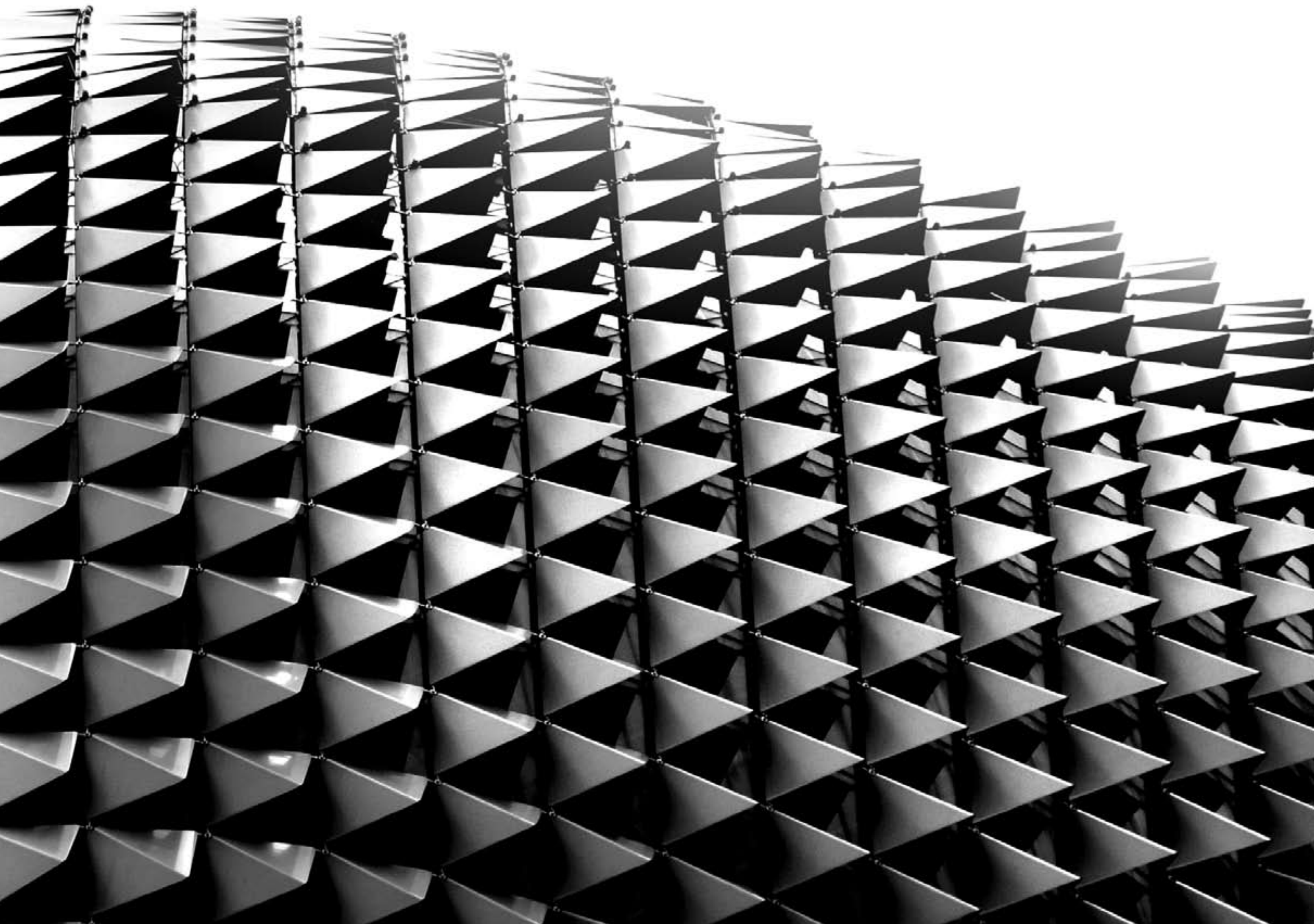




CORPORATE INFORMATION

BOARD OF DIRECTORS
01 Ricky Ang Gee Hing,
Executive Vice-Chairman & Managing Director
02 Tan Choon Wee, Executive Director
03 Tjio Kay Loen, Independent Director
04 Francis Xavier, Independent Director
05 Teo Chee Seng, Independent Director

NOMINATING COMMITTEE
Francis Xavier, Chairman
Tjio Kay Loen, Member
Teo Chee Seng, Member

REMUNERATION COMMITTEE
Tjio Kay Loen, Chairman
Francis Xavier, Member
Teo Chee Seng, Member

AUDIT COMMITTEE
Tjio Kay Loen, Chairman
Francis Xavier, Member
Teo Chee Seng, Member

COMPANY SECRETARIES
Abdul Jabbar Bin Karam Din
Chan Poh Kuan

REGISTERED OFFICE
77 Robinson Road #05-00
Singapore 068869
Tel: (65) 65079500
Fax: (65) 64387110
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 Tan & Sitoh
5 Shenton Way #23-03
UIC Building
Singapore 068808
Partner-in-charge: Henry SK Tan
(Appointment on 27 April 2007)

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

PRINCIPAL BANKERS
DBS Bank Limited
Malayan Banking Limited
United Overseas Bank Limited

RICKY ANG
Executive Vice-Chairman & Managing Director

Mr Ricky Ang is the Executive Vice-Chairman and Managing Director of the Company. Prior to founding the Company, Mr.Ang was CEO of HB Media Holdings,a media company he helped established in early 1993. Before that, he was Senior Vice President at Times Publishing Limited, where he was head of its printing division and was instrumental in expanding its printing business worldwide, with manufacturing facilities in Malaysia, Hong Kong, and the United Kingdom and sales offices in New York, San Francisco, London and Sydney. A graduate of London's College of Printing, Mr.Ang has been in the printing and publishing industry for more than three decades, and was for several years Chairman of the TDB-sponsored, Printing and Publishing Advisory Council.

TAN CHOON WEE
Executive Director and Chairman of Investment Committee

Mr. Tan Choon Wee, Non-Executive Director of the Group, has been re-designated as Executive Director of the Group and Chairman of the Investment Committee since 2 July 2007. Mr. Tan will oversee the Group's investment and merger and acquisition activities. Mr. Tan serves as a Director of Energy Capital Partners Ltd and China Enersave Ltd. Energy Capital Partners Ltd is a substantial shareholder 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.

TJIO KAY LOEN
Independent Director

Mr Tjio reads Mathematics at the National University of Singapore. He had spent more than 20 years with major international and local banks, including Bank of America and OCBC Bank, before joining major vegetable oil and oleo chemical company in Malaysia in the late 1980s.

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.

TEO CHEE SENG
Independent Director

Mr Teo graduated from the National University of Singapore with Bachelor of Law (Hons) degree and has been in the private practice as a lawyer in Singapore for more than 24 years. Mr Teo is a Commissioner of Oaths and Notary Public and acts as legal consultant to Tzu Chi Foundation. Mr Teo also serves as Director in Lasseters International Holdings Limited and Etika International Holdings Limited and sits on the Advisory Board of Raffles Town Club.

BOARD OF DIRECTORS

RICKY ANG
EXECUTIVE VICE-CHAIRMAN &
MANAGING DIRECTOR

CHAIRMAN'S STATEMENT

Year 2008 has been challenging for The Lexicon Group as we bite the bullet to streamline business operations and improve our financial performance. For the financial year ended 31 March 2008 ("FY2008"), we have managed, with great fortitude, to achieve all-round improvements in our results, as compared to the previous year ("FY2007").

In FY2008, the Group completed the divestment of our loss making operations in Greater China, hence gaining a total of S$11.8 million. We also completed the acquisition of Lifestyle Magazines Publishing Pte Ltd ("LMP), Delta Digital Limited ("DDG") and Sandz Solutions (Singapore) Pte Ltd ("Sandz").

Unfortunately, the acquisition of Sandz, which we had hoped would be our main profit driver in FY2008, has not produced the desired results we had envisaged. Instead, this is now the subject of a legal dispute between the vendors who continue to manage Sandz and Lexicon.

In view of this unexpected twist in events, we have decided that it would be prudent to provide for a full impairment in the value of our investment in Sandz. This impairment, which amounted to about S$15.4 million, has exacerbated our losses for the year and weakened our balance sheet considerably.

PERFORMANCE HIGHLIGHTS

For the year under review, total revenue for the Group improved by 58.3% to S$5.5 million as compared to S$3.4 million in FY2007. This increment is mainly due to our acquisition of LMP and a broad-base improvement in our business segments. We experienced significant increases in both our advertisement and circulation segments, with advertisement jumping 56.6% to S$4.2 million, and circulation increasing by 58.8% to S$1.2 million.

Although we registered a loss from operations of S$42.5 million this year, it was an improvement of 50.4% from the prior year's loss of S$85.7 million. Accordingly, the Group also recorded a loss after taxation of S$42.7 million, which was a significant 58.3% lower than prior year's loss of S$102.4 million.

This improvement can be attributed to several factors. As mentioned above, a contributing factor is our gain of S$11.8 million from the divestment of our operations in Greater China. There was also an allowance for the impairment of marketable securities, which amounted to S$28.9 million in FY2008 as compared to S$67.1 million in the previous year. Furthermore, the amount of S$0.9 million relating to provision for profit guarantee written back, as well as, the prior period loss of S$9.5 million attributable to discontinued businesses were also contributing factors to our improved bottom line.

However, we saw an increase in operating loss for the publishing division to S$2.2 million, as compared to a loss of S$0.4 million for the corresponding period. This was mainly due to an allowance for impairment loss of intangible assets of S$0.9 million. HQ and investments also recorded an operating loss of S$40.3 million, mainly because of the loss incurred in the divestment of marketable securities and the write-down in value of these securities. Furthermore, we had also made an allowance for the impairment in value of the investment in Sandz and the working capital loan to Sandz.

FUTURE PLANS

Facing an increasingly uncertain business environment coupled with rising costs, we foresee that the upcoming year will be yet another challenging and trying period for the Group particularly in Singapore and Malaysia.

To prepare ourselves for the challenges ahead in these markets, we are currently reviewing our magazines publishing programme, both for print and online versions, which will streamline operations to reduce cost and improve productivity. The Group is also planning to launch several new publications, and continue with the revamping and maintaining of websites of our magazines if they are commercially viable.

In the PRC market, I am pleased to report that we have made encouraging progress in our C2HH project ("Club Calibre Haute Horlogerie"), which has become increasing influential in the exquisite watch industry, both in the PRC and international markets.

C2HH, which was started towards the later part of 2007, now boasts a substantial network consisting of high net worth exquisite watch collectors and individuals in the PRC; and internationally renowned watchmakers, such as Vacheron Constantin, Blancpain, Glashutte Original, Panerai and Ulysse Nardin. C2HH is involved in organizing watch-centric events with luxury brand partners in key cities within the PRC, and also arranges regular Swiss and German watchmaking factory tours for its members. Its publishing arm focuses on publishing luxury watch specialty magazines in Chinese, which include titles such as CALIBRE Haute Horlogerie Quarterly Magazine and REAL TIME Annual. Contract publishing work has also been commissioned by watch clients.

Our Management is always on the lookout for viable business opportunities that will continue to improve our financial performance and widen our reach in Asia in the upcoming year.

NEW APPOINTMENTS AND APPRECIATION

On behalf of the Board, I warmly welcome on board Mr Teo Chee Seng as Independent Director with effect from 9 November 2007. We believe that Mr Teo's wide spectrum of experience will be invaluable to the Group. I look forward to his support and expertise as we prepare to ride through the challenges in the following year.

I would also like to acknowledge the contributions and support of Mr Kevin Low Ka Choon, Mr Low Song Take, and Mr Jeffrey Tan Boon Khiong for their contributions during their tenure as Directors of the Group. It is with much regret that I had to announce the resignation of all three gentlemen during the course of the year.

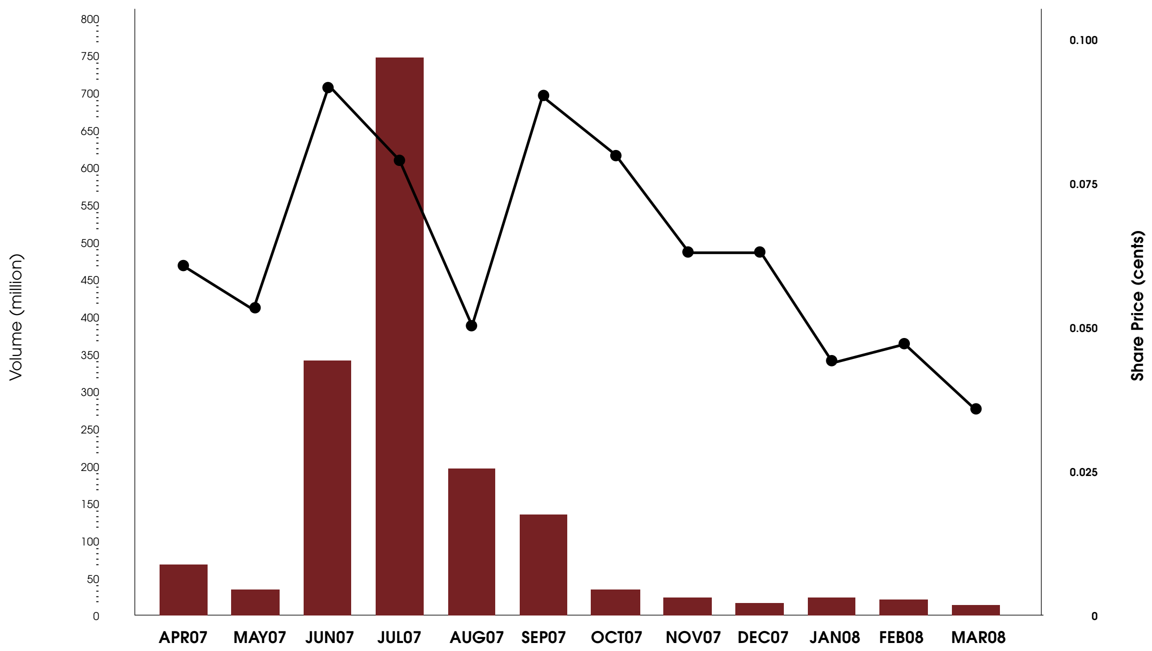
I also want to take this opportunity to extend my gratitude to my fellow directors, the management and staff for their dedication and contribution towards our Group.

Finally, I would like to thank our shareholders and business partners for your unwavering confidence in us throughout the years. We look forward to your continuous support in the years ahead.

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 2001**	10,402	210	0.10
FY 2002	14,698	(4,382)	(1.66)
FY 2003@	21,390	(5,380)	(1.32)
FY 2004	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)

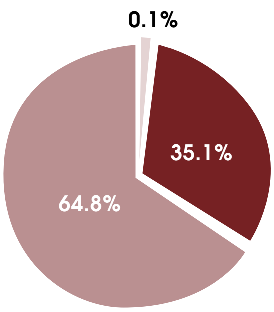
Converted to public listed company on 8 July 1998
* ncluding other income
** Results are for a 9-month period
Company changed its year end to 31 December with effect 31 December 2001
@ Restated
^ Results are for a 15-month period
Company changed its year end to 31 March with effect 31 March 2006
^^ Revenue excludes discontinued operations

SHARE PRICE & TOTAL MONTHLY VOLUME

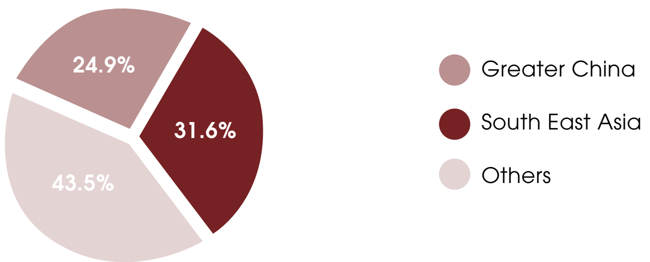


SEGMENTAL PERFORMANCE

REVENUE* BY GEOGRAPHICAL REGION



2008
S$18.2 million



2007
S$11.8 million

REVENUE* BY BUSINESS DIVISION

	March 2008# S$ million	March 2007# S$ million
Publishing & Events Management	5.5	3.6
HQ Costs & Investments	1.0	5.5
Discontinued Operations	11.7	2.8

OPERATING LOSS BY BUSINESS DIVISION

	March 2008# S$ million	March 2007# S$ million
Publishing & Events Management	(2.6)	(0.6)
HQ Costs & Investments	(52.7)	(90.7)
Discontinued Operations	-	(17.0)

* Including other income
# Refer to Note 30

STAFF STRENGTH

	01 Apr 2007	31 Mar 2008
HQ	9	8
Publishing & Events Management	58	94
Greater China	16	5
Singapore & Malaysia	42	89
Technology	3	0
DIS	3	0
TOTAL	**70**	**102**

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.Lynnette Lim

PRESIDENT, PUBLISHING INTERNATIONAL

Ms.Lynnette Lim is the President, International Publishing. She is in charge of the launching of several SBN 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 will launch in mid 2007. Ms Lim is in charge of the day-to-day management of the Group's publishing operations in Shanghai and Beijing. She 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 (SBN) as the Marketing and Sales Manager of SMART INVESTOR magazine.

Mr.Mohd Azhar Khalid

PRESIDENT, PUBLISHING SINGAPORE

Mr.Mohd Azhar Khalid is the President, Singapore Publishing. Concurrently, he is also the Publisher/Managing Editor of Smart Investor Pte Ltd, a subsidiary of the Group. Prior to joining in April 2005, Mr Azhar was a Financial Correspondent with The Straits Times, a position he held since 2000. He was previously a licensed Fund Manager in an asset management firm based in Kuala Lumpur, and had been the General Manager of a savings and loan co-operative society in Singapore. He holds a Masters degree in Accounting from the University of Queensland, Australia, and a Master of Social Sciences (Economics) from the National University of Singapore. Upon graduation, Mr Azhar worked as a Senior Equities Research Executive at a local financial information company.

Ms.Ng Hwee Ling

CHIEF FINANCIAL OFFICER

Ms.Ng Hwee Ling is the Chief Financial Officer of the company. Ms Ng is responsible for overseeing the Group's financial and management accounting, and payroll matters. Prior to joining the Group, she was an Auditor with an international public accounting firm. Ms Ng is a Certified Public Accountant and holds a Bachelor of Accountancy degree (Hons) from the Nanyang Technological University, Singapore.

Ms.Swee Mei Lan

PERSONAL ASSISTANT TO MD & CHIEF HUMAN RESOURCE OFFICER

Ms Swee Mei Lan, Personal Assistant to MD and Chief HR Officer has been with the Group since 1998, and is responsible for overseeing the Group's HR and administration matters. She has been in the magazine publishing industry for the last 18 years.

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

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
Low Song Take [1]	10	3	–	–	–	–	–	–
Ricky Ang Gee Hing	10	10	–	–	–	–	–	–
Kevin Low Ka Choon [1]	10	3	–	–	1	–	–	–
Jeffrey Tan Boon Khiong [2]	10	5	2	1	1	1	1	1
Yang Guowei [3]	10	–	–	–	–	–	–	–
Tan Choon Wee	10	9	–	–	–	–	–	–
Tjio Kay Loen	10	10	2	2	1	1	1	1
Francis Xavier	10	5	2	1	–	–	1	–
Terence Teo Chee Seng [4]	10	3	1	–	–	–	–	–
Lawrence Liaw Shoo Khen [5]	10	3	–	–	–	–	–	–

Notes:

[1] Mr Low Song Take and Mr Kevin Low Ka Choon both resigned on 5 November 2007.

[2] Mr Jeffrey Tan Boon Khiong resigned on 9 November 2007.

[3] Mr Yang Guowei retired and did not seek for re-election on 31 July 2007.

[4] Mr Terence Teo Chee Seng was appointed as an Independent Director and as member of Nominating Committee and Remuneration Committee on 9 November 2007.

[5] Mr Lawrence Liaw Shoo Khen was appointed as Executive Director on 2 October 2007 and resigned on 29 May 2008.

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

(2) Board Composition and Balance

The Board comprises two Executive Directors and three Independent Directors. Key information regarding the directors can be found under the "Corporate Information" section of this annual report. The Nominating Committee reviews the independence of each director annually.

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 comprises Messrs Tjio Kay Loen (an Independent Director), Francis Xavier (an Independent director) and Terence Teo Chee Seng (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.

The Remuneration Committee comprises Messrs Tjio Kay Loen (an Independent Director), Francis Xavier (an Independent Director) and Terence Teo Chee Seng (an Independent Director). Mr Tjio Kay Loen, 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
Low Song Take [1]	10,000			✓
Ricky Ang Gee Hing	22,000		✓	
Kevin Low Ka Choon [1]	10,000			✓
Jeffrey Tan Boon Khiong [2]	19,500			✓
Yang Guowei [3]	-			✓
Tan Choon Wee	21,000			✓
Tjio Kay Loen	34,500			✓
Francis Xavier	22,000			✓
Teo Chee Seng [4]	9,250			✓
Lawrence Liaw Shoo Khen [5]	-			✓

Notes:

(1) Mr Low Song Take and Mr Kevin Low Ka Choon both resigned on 5 November 2007.

(2) Mr Jeffrey Tan Boon Khiong resigned on 9 November 2007.

(3) Mr Yang Guowei retired and did not seek for re-election on 31 July 2007.

(4) Mr Teo Chee Seng was appointed as an Independent Director 9 November 2007.

(5) Mr Lawrence Liaw Shoo Khen was appointed as Executive Director on 2 October 2007 and resigned on 29 May 2008.

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	77.32	6.86	0.96	14.86
Tan Choon Wee	-	-	-	100

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			✓
Koh Yap Sing			✓
Lynnette Lim Kitt Ping			✓
Ng Hwee Ling			✓
Swee Mei Lan			✓

Notes:

There are no employees in the Group who are immediate family members of any Director, the Managing Director or controlling shareholder of the Company and whose remuneration exceed S$150,000 during the financial year ended 31 March 2008.

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.

(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 Tjio Kay Loen an independent Director, chairs the Audit Committee. The other members of the Audit Committee are Mr Francis Xavier and Mr Teo Chee Seng

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.

(13) Internal Audits

The Chief Financial Officer heads the Internal Audit ("IA") team. She oversees and carries out the functions of internal audits, including 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.

As part of the procedures to ensure adequacy of the internal audit function, the Audit Committee reviews the IA's activities and processes on a half yearly basis.

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.

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 23 May 2007, the Company entered into a sale and purchase agreement to acquire 100% of the issued and paid-up capital in Delta Digital Limited for a consideration of US$4.5 million to be satisfied in cash and shares in the Company. Under the terms of the agreement, the Vendors will provide a US$1.5 million EBITDA guarantee for Beijing Shi Tong Tian Xia Information Technology Co., Ltd ("STTX"). The Group will also provide a loan of up to US$1 million to STTX.

2. On 30 May 2007, the Company entered into a sale and purchase agreement to acquire 100% of the issued and paid-up capital of Sandz Solutions (Singapore) Pte Ltd ("Sandz") for an aggregate consideration of S$36 million. The Company has also provided a S$2.5 million working capital loan to Sandz.

DEALING 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 2008, 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.

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2008 and the balance sheet of the Company as at 31 March 2008.

DIRECTORS

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

Ricky Ang Gee Hing
Tan Choon Wee
Tjio Kay Loen
Francis Xavier
Terence Teo Chee Seng (appointed on 9 November 2007)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

The Company	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	31.03.2008	**01.04.2007**	**31.03.2008**	**01.04.2007**
No. of ordinary shares				
Ricky Ang Gee Hing	6,901,617	10,513,235	14,098,647	28,197,294
Tan Choon Wee	2,500,000	28,667,000	12,500,000	-
Warrants to subscribe for ordinary shares at $0.08 each				
Ricky Ang Gee Hing	3,450,808	-	3,450,808	-
Tan Choon Wee	1,250,000	-	1,250,000	-

The directors' interest in the ordinary shares of the Company as at 21 April 2008 were the same as those as at 31 March 2008.

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 an interest in the shares of all the subsidiaries, at the beginning and at the end of the financial year and on 21 April 2008.

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; and
(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"). Particulars of the 2000 Options was set out in the Directors' report for the financial year ended 31 March 2000.

As at 31 March 2008, the number of unissued options granted under the Scheme is as follows:

Date of grant	Options granted as at 01.04.2007	No. of options exercised	No. of options lapsed	No. of options outstanding as at 31.03.08	Exercise price per share	Expiry date
12.07.2002	168,000	-	168,000	-	$0.12	11.07.2007

No options were granted to directors and controlling shareholders of the Company or their associates.

SHARE OPTIONS (Continued)

The name of the employees who received 5% or more of total options available under the Scheme were as follows:

	Number of shares under option			
	Granted in financial year ended 31.03.2008	Aggregate granted since commencement of Scheme to 31.03.2008	Aggregate exercised since commencement of Scheme to 31.03.2008	Aggregate outstanding as at 31.03.2008
Ng Hwee Ling	-	126,500	-	-
Swee Mei Lan	-	162,000	-	-
Yew May Geok	-	70,000	-	-
Total	-	358,500	-	-

The options under the Scheme do not entitle the holder to participate in any share issue of any other corporation by virtue of the option.

Except as disclosed above, 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 subscribed for new ordinary shares of 5,656,108 shares (2007: 26,574,560) for an aggregate amount of $500,000 (2007: $1,700,000). The proceeds were used to finance the operations of the Company and the Group. The amount of unutilised credit as at 31 March 2008 is $4,000,000 (2007: $4,500,000).

b) In the previous financial year, 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 188,204,213 shares (2007: Nil) for an aggregate amount of $10,450,000 (2007: Nil). The proceeds were used to finance the operations of the Company and the Group. The amount of convertible notes issued as at 31 March 2008 is amounting to $50,000 (2007: Nil).

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Tjio Kay Loen (Chairman)
Francis Xavier
Terence Teo Chee Seng

All members of the Audit Committee were independent directors.

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

- the audit plan of the Company's independent auditor and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2008 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 twice in FY2008. 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 controls.

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.

Nexia Tan & Sitoh had notified the Company that their partnership had been corporatised and practising as Nexia TS Public Accounting Corporation.

The Audit Committee has recommended that Nexia TS Public Accounting Corporation be nominated for 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 appointment in place of Nexia Tan & Sitoh.

On behalf of the directors

....
Ricky Ang Gee Hing
Director

....
Tan Choon Wee
Director

Singapore

8 August 2008

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 24 to 77 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 2008 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 directors wish to highlight to the shareholders the independent auditor's report set out on page 21 to 23 in particular, the auditors' opinion set out on page 23 which all shareholders should read for due consideration.

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

8 August 2008

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 2008, 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 controls 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 statements 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. Except as discussed in "Basis for Qualified Opinion", 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEXICON GROUP LIMITED

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

BASIS FOR QUALIFIED OPINION

The financial statements for the financial period ended 31 March 2006 ("FP2006") were audited by another firm of Certified Public Accountants (the "Preceding Auditors"), whose report dated 11 July 2006 contained a disclaimer of opinion. The Preceding Auditors were unable to express an opinion on the consolidated financial statements of the Group and of the Company for FP2006 as the auditors of The Observer Star Global Publishing Holdings Limited and its subsidiaries (the "OSGPH Group") were unable to determine whether the intangible assets (advertising rights) amounting to approximately $10.6 million as at 31 March 2006 were fairly stated due to the lack of sufficient appropriate evidence to substantiate such an amount. Consequently, the Preceding Auditors were unable to determine whether the intangible assets (advertising rights) that have been included in the consolidated financial statements were over or under stated. In FY2007, the Company had announced that a valuation of the advertising rights amounting to $10.6 million for the OSGPH Group had been undertaken and valued at $11.83 million. As at 31 March 2007, these advertising rights have been fully impaired due to the disposal of the OSGPH group after the financial year end. As set out in Note 9 to the financial statements, the disposal of OSGPH group was completed on 27 April 2007 that resulted to a gain on disposal of subsidiary of $11.75 million in the current financial year. As the Preceding Auditors were unable to determine the appropriateness of the opening balance of the carrying amount of $10.6 million in FP2006, we were unable to obtain relevant information in determining the opening retained earnings of the OSGPH Group in FY2007. As such, we are unable to determine the appropriateness of the opening retained earnings in FY2008 and the carrying values of the OSGPH Group's assets and liabilities recorded as disposal group assets classified as held for sale amounting to $1.5 million, and liabilities directly associated with disposal group classified as held for sale amounting to $3.6 million, and its resulting cash flows for the financial year ended 31 March 2007, and whether the net gain from discontinued operations amounting to $11.75 million (2007: net loss from discontinued operations amounting to $16.5 million) for the current financial year is fairly stated. In view of this matter, we are unable to determine the effects of adjustments and/or the extent of disclosures, if any, that are required to be made to the opening balances that were brought forward into the current year's financial statements, as well as to the corresponding period's figures.

As set out in Note 12 to the financial statements, a sale and purchase agreement dated 30 May 2007 (the "S&P Agreement") was entered between the Company, Lawrence Liaw Shoo Khen ("Lawrence"), Strategic Worldwide Assets Limited, Tan Jeck Min ("Tan") and Koh Siang Ling Alina ("Koh") (collectively the "Sellers"). Pursuant to the S&P Agreement, the Company had agreed to purchase each of the Sellers' shareholding interest in Sandz Solutions (Singapore) Pte Ltd ("Sandz") (amounting to the entire issued and paid-up share capital of Sandz at the time) with the result that Sandz would become wholly-owned subsidiary of the Company. The Purchase transaction was completed on 2 October 2007 (the "Completion Date"). Subsequent to the Completion Date, various disputes arose between Lawrence, Tan and Koh (collectively the "Plaintiffs"), who collectively owned 75% of Sandz, and the Company which led to a breakdown of the relationship between the said parties. Due to the ongoing disputes, the Company has indicated that it is unable to exercise control over the financial and operating policies

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEXICON GROUP LIMITED

of Sandz despite its ownership of 100% of the issued capital of Sandz. As such, the Company is of the view that the results of Sandz should not be consolidated in the full year results of the Group for the financial year ended 31 March 2008. We are unable to determine the appropriateness of the Company's position in relation to its investments in Sandz and the extent of the effects of adjustments and/or extent of disclosures, if any, had Sandz been regarded as a subsidiary and consolidated into the Group's consolidated financial statements for the financial year ended 31 March 2008.

QUALIFIED OPINION

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves on the true and fair view of the matters mentioned in the preceding paragraphs, the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and the results, changes in equity and cash flows of the Group for the financial year then ended on that date; and

Except for the qualification in respect of Sandz, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Nexia Tan & Sitoh
Certified Public Accountants

Singapore

8 August 2008

BALANCE SHEETS
AS AT 31 MARCH 2008
(Amounts in thousands of Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
ASSETS					
Current assets					
Cash and cash equivalents	4	328	5,093	36	2,527
Financial assets, at fair value through profit or loss	5	4,837	24,277	140	-
Trade and other receivables	6	2,621	4,633	24,865	21,150
Work-in-progress, at cost	7	306	127	-	-
Other current assets	8	168	417	96	344
		8,260	34,547	25,137	24,021
Disposal group assets classified as held for sale	9	-	1,584	-	-
		8,260	36,131	25,137	24,021
Non-current assets					
Financial assets, available-for-sale	10	1,761	-	1,761	-
Investments in associated companies	11	1,236	998	998	998
Investments in subsidiaries companies	12	-	-	54	24,321
Property, plant and equipment	13	305	134	194	30
Intangible assets	14	-	958	-	-
		3,302	2,090	3,007	25,349
Total assets		11,562	38,221	28,144	49,370
LIABILITIES					
Current liabilities					
Trade and other payables	15	3,924	3,466	4,015	4,429
Borrowings	16	3,868	4,862	3,571	4,532
Current income tax liabilities		138	-	-	-
		7,930	8,328	7,586	8,961
Liabilities directly associated with disposal group classified as held for sale	9	-	3,586	-	-
		7,930	11,914	7,586	8,961
Non-current liabilities					
Borrowings	16	97	168	82	156
Deferred income tax liabilities	17	-	262	-	262
		97	430	82	418
Total liabilities		8,027	12,344	7,668	9,379
NET ASSETS		3,535	25,877	20,476	39,991

The accompanying notes are an integral part of the financial statements

BALANCE SHEETS
AS AT 31 MARCH 2008
(Amounts in thousands of Singapore dollars)

	Note	Group		Company	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
EQUITY					
Capital and reserve attributable to equity holders of the Company					
Share capital	18	112,410	92,071	112,410	92,071
Retained earnings		(112,133)	(69,460)	(91,934)	(52,080)
Other reserve	19	2,513	2,488	-	-
		2,790	25,099	20,476	39,991
Minority interests		745	778	-	-
Total equity		3,535	25,877	20,476	39,991

The accompanying notes are an integral part of the financial statements

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

(Amounts in thousands of Singapore dollars)

	Note	2008 $'000	2007 $'000
Continuing operations:			
Revenue	20	5,454	3,445
Other income	21	1,002	5,581
Expenses			
- Direct costs:			
- Publications		(2,869)	(1,715)
- Exhibition and events		(36)	(20)
- Amortisation, depreciation and impairment	22	(20,456)	(7,476)
- Employee compensation	23	(3,913)	(2,606)
- Operating lease expenses		(286)	(178)
- Fair value losses on financial assets, at fair value through profit or loss		(28,874)	(67,083)
- Finance expenses	24	(212)	(123)
- Other		(4,319)	(15,663)
Total expenses		(60,965)	(94,864)
Share of profits of associated companies	11	238	-
Loss before income tax		(54,271)	(85,838)
Income tax expense	25	(184)	(8)
Loss from continuing operations		(54,455)	(85,846)
Discontinued operations:			
Profit/ (loss) from discontinued operations	9	11,749	(16,504)
Total loss		(42,706)	(102,350)
Attributable to:			
- Equity holders of the Company		(42,673)	(102,244)
- Minority interests		(33)	(106)
		(42,706)	(102,350)
Loss per share for loss from continuing operations attributable to the equity holders of the Company (cents per share)	26		
Basic		(6.48)	(8.83)
Diluted		(6.48)	(8.83)
Earnings/ (loss) per share for profit/ (loss) from discontinued operations attributable to the equity holders of the Company (cents per share)			
Basic		1.40	(1.70)
Diluted		1.40	(1.70)

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

(Amounts in thousands of Singapore dollars)

	Attributable to equity holders of the Company					
	Share capital	Other reserve	Retained earnings	Total	Minority Interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
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
2007						
Beginning of financial year	88,336	1,539	32,784	122,659	884	123,543
Currency translation differences	-	949	-	949	-	949
Total loss	-	-	(102,244)	(102,244)	(106)	(102,350)
Issue of shares	3,800	-	-	3,800	-	3,800
Share issue expenses	(65)	-	-	(65)	-	(65)
End of financial year	92,071	2,488	(69,460)	25,099	778	25,877

The accompanying notes are an integral part of the financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

(Amounts in thousands of Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000
Cash flows from operating activities			
Total loss		(42,706)	(102,350)
Adjustments for:			
- Income tax expenses		184	15
- Amortisation, depreciation and impairment		20,456	19,083
- Loss on disposal of financial assets at fair value through profit or loss		1,127	13,043
- Share of profit of associated companies		(238)	-
- Loss on financial assets at fair value through profit or loss		28,874	67,083
- Provision for profit warranty written back		(899)	-
- (Gain)/loss on disposal of property, plant and equipment		(5)	130
- Gain on disposal of subsidiaries		(11,749)	-
- Sale of contents right and licensing fees		-	(5,130)
- Interest income		(23)	-
- Finance expenses		212	123
		(4,767)	(8,003)
Change in working capital, net of effects from acquisition and disposal of subsidiaries			
- Work-in-progress		(53)	18
- Trade and other receivables		(238)	10,253
- Trade and other payables		(50)	(5,628)
Cash used in operations		(5,108)	(3,360)
Interest received		23	-
Income tax paid		(308)	(348)
Net cash used in operating activities		(5,393)	(3,708)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	4	(2,156)	-
Acquisition of Sandz, net of cash acquired		(3,432)	-
Loans to Sandz		(2,500)	-
Proceeds from disposal of subsidiaries, net of cash disposed	4	(259)	-
Proceeds from sale of financial assets		2,513	3,318
Proceeds from sale of property, plant and equipment		5	2
Purchase of financial assets at fair value through profit or loss		(675)	(99)
Purchase of property, plant and equipment		(328)	(68)
Additional investments in subsidiaries		(1,092)	-
Purchase of financial assets, held-to-maturity		(1,761)	-
Net cash (used in)/from investing activities		(9,685)	3,153

The accompanying notes are an integral part of the financial statements

CONSOLIDATED CASH FLOW STATEMENT

	Note	Group 2008 $'000	Group 2007 $'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		500	3,800
Proceeds from issuance of unsecured convertible notes		10,500	-
Proceeds from borrowings		-	2,268
Purchase of treasury shares		(112)	-
(Repayment of)/ proceeds from hire purchase/ finance lease liabilities		(63)	259
Repayment of bank term loans		(85)	(5)
Interest paid		(212)	(123)
Payment of expenses on issuance of new shares		-	(65)
Net cash from financing activities		10,528	6,134
Net (decrease)/increase in cash and cash equivalents		(4,550)	5,579
Cash and cash equivalents at beginning of financial year		4,481	29
Effects of currency translation on cash and cash equivalents		28	(1,127)
Cash and cash equivalents at end of financial year	4	(41)	4,481

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

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 investing holding. The principal activities of its subsidiaries are shown in Note 12.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2007

On 1 April 2007, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

Amendments to FRS 1	Presentation of Financial Statements- Capital Disclosures
FRS 107	Financial Instruments: Disclosures
INT FRS 110	Interim Financial Reporting and Impairment

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements. FRS 107 and the complementary amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group Accounting

(i) **Subsidiaries**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Group Accounting (Contlnued)

(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.

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.

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.

Property, Plant and Equipment

(i) **Measurement**

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

Components of costs

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Property, Plant and Equipment **(Continued)**

(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
Warehouse and leasehold properties	over the remaining lease period

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.

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 asset and carried at cost less accumulated impairment losses.

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

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

(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. No amortisation is charged in the current year financial statements. In addition, the Group recognised provision for impairments losses on consultancy services agreement amounting to approximately $1,792,839 (2007: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Intangibles assets **(Continued)**

(d) **Acquired advertising rights**

Acquired advertising rights are initially capitalised at cost and are subsequently carried at cost less accumulated impairment losses. Advertising rights are amortised to the income statement using the straight-line method over their estimated useful lives of 20 years.

The amortization period and amortization method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in the financial statement when the changes arise.

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 investments in associated companies 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.

(ii) **Intangible assets**
Property, plant & 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

(i) **Classification**

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

(a) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Financial assets (Continued)

(iv) **Subsequent measurement (Continued)**

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.

(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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

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.

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.

Leases

(i) **When the Group is the lessee:**

The Group leases certain 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Lesses (Continued)

(b) Lessee – Finance leases (Continued)

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.

(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) is recognised in the income statement on a straight-line basis over the period of the lease.

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 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 acquistion.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Non-current assets (or disposal groups) held for sale and discontinued operations (Continued)

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.

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.

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.

(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.

Contingent Liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. Contingent liabilities are possible but not probable obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain event not wholly within the control of the Group.

The Group consults with legal counsel on matters related to litigation and other experts both within and outside the Group with respect to matters in the ordinary course of business. Details of litigation are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Estimate, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries 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 assets is considered impaired. This determination require 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
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

4.CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash at bank and on hand	328	5,093	36	2,527
Less: Bank overdrafts	(369)	(871)	(369)	(683)
	(41)	4,222	(333)	1,844
Cash and cash equivalents from discontinued operations (Note 9)	-	259	-	-
Cash and cash equivalents per consolidated cash flow statement	(41)	4,481	(333)	1,844

Acquisition and disposal of subsidiaries

On 2 April 2007, the Company acquired 100% of the issued share capital of Lifestyle Magazines Publishing Pte Ltd for a total consideration of Nil (Note 12).

On 14 June 2007, the Company acquired 100% of the issued share capital of Delta Digital Ltd for a total consideration of $1,793,000 (Note 12).

On 3 September 2007, the Company acquired an additional 19.8% of the issued share capital of Inovatif Media Asia Sdn Bhd for a cash consideration of approximately $1,092,000 (Note 12).

On 2 October 2007, the Company acquired 100% of the issued share capital of Sandz Solution (Singapore) Pte Ltd and its subsidiaries (the "Sandz Group') for a total consideration of $36,000,000 (Note 12).

On 27 April 2007, the Company disposed of its 100% interest in the The Observer Star Global Publishing Holdings Limited, excluding Wide Angle Press Limited ("WAP"), Caijing Advertising Development Corporation Ltd and its subsidiaries ("Caijing Group"), Optima Media International Limited and its subsidiaries ("Optima Group"), and approval of shareholders on 27 April 2007 to sell WAP, Caijing Group and Optima Group, the assets and liabilities related to OSGPH and its subsidiaries are presented separately as a disposal group held for sale on the balance sheet, and the results from OSGPH are presented separately on the income statement as "Discontinued operations". The transaction is completed on 27 April 2007 (Note 9).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

4. CASH AND CASH EQUIVALENTS (Continued)

The aggregate effect of acquisition and disposal of subsidiaries during the financial year on the cash flows of the Group were:

	Group		
	Acquisition		Disposal
	At fair value $'000	Carrying amounts in acquiree's books $'000	Carrying amounts $'000
Identifiable assets and liabilities			
Cash and cash equivalents	115	115	259
Trade and other receivables	968	968	625
Work-in-progress	126	126	-
Property, plant and equipment	5	5	700
Intangible assets	2,357	-	-
Total assets	3,571	1,214	1,584
Trade and other payables	(1,407)	(1,407)	(3,544)
Borrowings	(296)	(296)	-
Provisions	-	-	(42)
Total liabilities	(1,703)	(1,703)	(3,586)
Identifiable net assets acquired/(disposal)	1,868	(489)	(2,002)
Goodwill	403		
Cash consideration paid	2,271		
Less: Cash and cash equivalents in subsidiaries	(115)		
Net cash outflow on acquisition	2,156		

The aggregate cash outflow from the disposal of The Observer Star Publishing Global Holdings Limited were;

	Group $'000
Identifiable net assets disposed (as above)	(2,002)
Gain on disposal (Note 9)	11,749
Total sales proceeds from disposal	9,747
Sales proceeds satisfied via financial assets at fair value through profit or loss	(9,747)
Cash proceeds from disposal	-
Less: Cash and cash equivalents in subsidiaries disposed	(259)
Net cash outflow on disposal (Note 9)	(259)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Held for trading				
Listed securities:				
- Equity securities – Singapore	140	-	140	-
- Equity securities - US	658	4,365	-	-
- Equity securities - London	4,039	19,912	-	-
Balance at end of year	4,837	24,277	140	-

Included above, there are 24,534,379 (2007: 49,068,758) equity securities in Alternative Investment Markets listed CEC Unet Inc (formerly known as Sun 3C Media Plc) held in escrow that will be released to the Group on 5 July 2008.

6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables				
- Non-related parties	2,539	1,370	59	59
- Subsidiaries	-	-	989	471
	2,539	1,370	1,048	530
Less: Allowance for impairment of trade receivables	(505)	(380)	(1,048)	(530)
Trade receivable - net	2,034	990	-	-
Non-trade receivables				
- Non-related parties	545	5,986	291	245
- Subsidiaries	-	-	34,124	28,541
- Associates	-	7	-	7
	545	5,993	34,415	28,793
Less: Allowance for impairment of non-trade receivables	-	(2,355)	(9,592)	(7,643)
Other receivable - net	545	3,638	24,823	21,150
Tax recoverable	42	5	42	-
	2,621	4,633	24,865	21,150

Certain subsidiaries pledged their trade receivables amounting to approximately $280,000 (2007: $132,000) to a finance company to secure the factoring loans (Note 16).

Non-trade balances due from subsidiaries associates are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Prepayments	49	295	32	277
Deposits	86	83	64	67
Other assets[(1)]	33	39	-	-
	168	417	96	344

[(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.DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

In prior year, following the approval of the Group's management to sell The Observer Star Global Publishing Holdings Limited ("OSGPH"), excluding Wide Angle Press Limited ("WAP"), Caijing Advertising Development Corporation Ltd and its subsidiaries ("Caijing Group"), Optima Media International Limited and its subsidiaries ("Optima Group"), and approval of shareholders on 27 April 2007 to sell WAP, Caijing Group and Optima Group, the assets and liabilities related to OSGPH and its subsidiaries are presented separately as a disposal group held for sale on the balance sheet, and the results from OSGPH are presented separately on the income statement as "Discontinued operations". The transaction is completed on 27 April 2007.

The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	Group	
	2008	2007
	$'000	$'000
Revenue		
Other income	-	2,273
Expenses	11,749	497
Profit/ (loss) before taxation from discontinued operations	-	(19,267)
Tax	11,749	(16,497)
Net profit/ (loss) from discontinued operations (Note 4)	-	(7)
	11,749	(16,504)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

9.DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2008	**2007**
	$'000	**$'000**
Operating cashflows	-	(3,947)
Investing cashflows	(259)	(13)
Total cash outflows (Note 4)	(259)	(3,960)

Details of disposal group classified as held for sale are as follows:

	Group	
	2008	**2007**
	$'000	**$'000**
Property, plant and equipment	-	700
Trade and other receivables	-	625
Cash and cash equivalents	-	259
	-	1,584

Details of the liabilities directly associated with disposal group classified as held for sale are as follows:

	Group	
	2008	**2007**
	$'000	**$'000**
Trade and other payables	-	3,544
Provisions	-	42
	-	3,586

10.FINANCIAL ASSETS, AVAILABLE-FOR-SALE

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

	Group	
	2008	**2007**
	$'000	**$'000**
Unlisted securities		
Grandview Financial Limited – 20%	853	-
Equity for Growth (Securities) Ltd – 3.31%	908	-
	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
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

11.INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Equity investments at cost			998	998
Beginning of financial year	998	28,715		
Acquisitions	-	998		
Disposals	-	(28,715)		
Share of post-acquisition profits	238	-		
	1,236	998		

The summarised financial information of associated companies are as follows:

	Group	
	2008	2007
	$'000	$'000
Assets	5,522	882
Liabilities	(2,900)	(493)
Revenue	7,065	-
Net profit	950	-
	10,637	389

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

Name of associates	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2008	2007
Held by the Company			%	%
Shareinvestor.com Holdings Pte Ltd (1)	Investment holding	Singapore	25	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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

12.INVESTMENT IN SUBSIDIARIES

	Company 2008 $'000	Company 2007 $'000
Equity investment at cost		
Beginning of financial year	74,994	74,974
Additions	14,941	20
Disposals	(6,520)	-
End of financial year	83,415	74,994
Accumulated impairment		
Beginning of financial year	50,673	47,868
Addition	39,208	2,805
Disposals	(6,520)	-
End of financial year	83,361	50,673
Net book value		
End of financial year	54	24,321

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
Held by the 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 (formerly known as Panpac Specialist Magazines Pte Ltd) [1]	Publishing and sale of periodicals and magazines - currently dormant	Singapore	100	100
Panpac Events Management Pte Ltd [1]	Exhibition fair and convention organisers - currently dormant	Singapore	100	100
Panpac Business Communications Pte Ltd [1]	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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

12.INVESTMENT IN SUBSIDIARIES COMPANIES (Continued)

Name of subsidaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2008	2007
Held by the Company			%	%
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 (1)	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
Grierson Pte Ltd (1)	Provision of e-business consultancy and marketing services to real estates and related industries - currently dormant	Singapore	85	85
Panpac Ventures (China) Pte Ltd (1)	Investment holding - currently dormant	Singapore	100	100
Auston Technology Group Pte Ltd (1)	Investment holding	Singapore	78.2	78.2
Asia Media Pte Ltd (1)	Provision of media, publishing, communications and education related businesses - currently dormant	Singapore	76.5	76.5
Education & Entertainment Workshop Pte Ltd (1)	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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

12. INVESTMENT IN SUBSIDIARIES COMPANIES (Continued)

Name of subsidaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2008 %	2007 %
Held by the Company				
The Observer Star Global Publishing Holdings Limited [(2)(5)]	Investment holding	British Virgin Islands	-	100
Inovatif Media Asia Sdn. Bhd. [(3)]	Media Publishing	Malaysia	100	80.2
Sun China Media (BJ) Culture Distribution Ltd [(2)]	Media Publishing	China	100	100
Lifestyle Magazines Publishing Pte Ltd [(1)]	Publishing and sale of periodicals and magazines	Singapore	100	-
Delta Digital Ltd [(2)]	Provision of management and consultancy services	British Virgin Islands	100	-
Sandz Solutions (Singapore) Pte Ltd	Provision of enterprise computing solutions and trading in computer and peripherals	Singapore	100	-
Held by the Subsidaries				
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 [(1)]	Consultancy and web design services - currently dormant	Singapore	100	100
Juzlaw Solutions Pte Ltd [(1)]	Trading in computer hardware and accessories - currently dormant	Singapore	80	80

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

12.INVESTMENT IN SUBSIDIARIES COMPANIES (Continued)

Name of subsidaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
Held by the Subsidaries				
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 dormat	Singapore	77.8	77.8
Wide Angle Press Limited (2) (5)	Publishing and sale of magazines	Hong Kong	-	100
Golden Horse Management Limited (2) (5)	Investment holding - currently dormant	Hong Kong	-	85
The Observer Star Group Holdings Limited (2) (5)	Investment holding - currently dormant	British Virgin Islands	-	100
The Observer Star Publishing Global Limited (2) (5)	Investment holding - currently dormant	British Virgin Islands	-	100
Star Newspapers Limited (2) (5)	Publishing and sale of newspapers - currently dormant	Hong Kong	-	70
United Business Newspapers Limited (2) (5)	Investment holding - currently dormant	British Virgin Islands	100	100
The Observer Star (PRC) Limited (2) (5)	Investment holding - currently dormant	British Virgin Islands	-	100
Intercontinental Advertising Limited (2) (5)	Media advertising agent - currently dormant	China	-	85
Excellence Financial Production Limited (2) (5)	Currently dormant	Hong Kong	-	65
Sun Global Publishing Group (Hong Kong) Limited (2) (5)	Investment holding - currently dormant	Hong Kong	-	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

12.INVESTMENT IN SUBSIDIARIES COMPANIES (Continued)

Name of subsidaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2008	2007
Held by the Subsidaries			%	%
Shanghai Panpac Management & Consultancy Limited (2) (5)	Management and consultancy services - currently dormant	China	-	100
Shanghai Panpac Culture Distribution Limited (2) (5)	Media advertising agent	China	-	100
Observer Star (HK) Limited (2) (5)	Publishing & sale of newspapers - currently dormant	Hong Kong	-	100
Optima Media International Limited (2) (5)	Management and consultancy services	British Virgin Islands	-	100
Caijing Times Advertising Development Corporation Ltd 2) (5)	Media advertising agent	British Virgin Islands	-	100
Beijing Panpac Advertising Limited (2) (5)	Media advertising agent	China	-	100
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	-
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) Disposal group, Note 9

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

12.INVESTMENT IN SUBSIDIARIES COMPANIES (Continued)

A sale and purchase agreement dated 30 May 2007 (the "**S&P Agreement**") was entered into between the Company, Lawrence Liaw Shoo Khen ("**Lawrence**"), Strategic Worldwide Assets Limited ("**Strategic**"), Tan Jeck Min ("**Tan**") and Koh Siang Ling Alina ("**Koh**") (collectively the "**Sellers**"). Pursuant to the S&P Agreement, the Company had agreed to purchase each of Lawrence's, Strategic's, Tan's and Koh's shareholding interest in Sandz Solutions (Singapore) Pte Ltd ("**Sandz**") (amounting to the entire issued and paid-up share capital of Sandz at the time) (the "**Sale Shares**") with the result that Sandz would become a wholly-owned subsidiary of the Company (the "**Share Purchase**"). The Purchase trasaction was completed on 2 October 2007 (the "**Completion Date**").

Subsequent to the Completion Date, various disputes arose between Lawrence, Tan and Koh (collectively the "Plaintiffs"), who collectively owned 75% of Sandz, and the Company which led to a breakdown of the relationship between the said parties. One of these disputes pertained to a claim by the Plaintiffs for certain payments allegedly due under the S&P Agreement by the Company and which the Company did not make, inter alia, as a result of an alleged breach of warranty by the Plaintiffs under the S&P Agreement. As a result of this dispute, legal proceedings were commenced by the Plaintiffs against the Company (by way of Suit No. 111 of 2008) and this was announced on 22 February 2008.

Another dispute pertained to the Company inter alia taking steps to appoint KPMG Forensic (a division of KPMG Advisory Services Pte Ltd) ("KPMG") on 5 March 2008 to conduct an independent review on the financial affairs of Sandz and its group of companies (the "Financial Review"). The Company was and still is of the view that this Financial Review was necessary in light of, inter alia, the alleged refusal of the Plaintiffs to provide the Company with financial information pertaining to Sandz after the Completion Date notwithstanding numerous requests for the same and the need for the Company to release its Full Year Results which requirement had been allegedly curtailed by the Plaintiffs' said refusal to provide the Company with financial information pertaining to Sandz. The Plaintiffs have expressed the view that the Financial Review was not necessary and had been allegedly commenced to find a defence to Suit No. 111 of 2008. As a result of inter alia this dispute, the Plaintiffs commenced Suit No. 176 of 2008 against the Company and two of its directors namely Ricky Ang and Tan Choon Wee and this was announced on 13 March 2008. Subsequently, Suit No. 111 of 2008 and Suit No. 176 of 2008 were both consolidated pursuant to an order of court dated 30 April 2008.

In addition, the Plaintiffs had made an application under Suit No. 176 of 2008 to inter alia injunct the Financial Review. The inter-partes hearing of such application (which was due to be heard on 3 April 2008) was adjourned by agreement by parties on 2 April 2008 on certain terms to facilitate settlement discussions. These terms saw inter alia to the Company agreeing to temporarily cease the Financial Review and the Plaintiffs agreeing to cooperate to enable the Company to file the Full Year Results. However, settlement discussions broke down on or about 28 April 2008 and the hearing has since been restored to be heard on 2 July 2008.

Following the breakdown in settlement discussions, the Company sought to recommence the Financial Review. However, the Plaintiffs have taken the position that pursuant to the terms as mentioned in the above paragraph the Financial Review was not to recommence until the restored hearing and have effectively denied KPMG access to the offices of Sandz and its subsidiaries for such purpose. The Company did not and does not agree with such view.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

12.INVESTMENT IN SUBSIDIARIES COMPANIES (Continued)

In the meantime, the Company had announced on 7 May 2008, that further to some of the observations made by KPMG in their Financial Review, the Company had appointed KPMG to continue the Financial Review over Sandz and its group of companies. However, the Financial Review has been stalled and has still yet to be completed because of the Plaintiff's position as set out in the above paragraph, though an interim report highlighting certain observations has been produced by KPMG on 20 May 2008.

The Plaintiffs have also since informed the Company that it is their position that:

(a) the S&P Agreement is rescinded and that Lexicon cannot claim any rights thereunder; and

(b) they are no longer prepared to cooperate with Lexicon to enable Lexicon to file its Full Year Results as they allegedly had done all they can to assist in this regard. As such, the Plaintiffs have not provided further information regarding Sandz to the Company necessary for the filing of the Full Year Results. The Plaintiffs have also not provided the information required to be furnished under Rule 704(11) of the Listing Manual (namely Koh's designation (being the spouse of Lawrence) and duties in Sandz).

The Company does not agree with the Plaintiff's position.

Additionally, Lawrence has on 29 May 2008 through his solicitors informed the Company's solicitors that he has resigned as a director of the Company with effect from 9 March 2008. The Company does not accept such resignation as of 9 March 2008 and has asked Lawrence to tender his resignation with effect from 29 May 2008 and pursuant to the Articles of the Company.

Due to the ongoing disputes, the Company is unable to exercise control over the financial and operating policies of Sandz despite its ownership of 100% of the issued capital of Sandz. As such, the Company is of the view that the results of Sandz should not be consolidated in the full year results of the Group for the financial year ended 31 March 2008.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

13.PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles	Furniture and fittings	Office equipment	Computers	Renovation	Warehouse and leasehold properties	Total
	$'000	$'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 (Note 4)	-	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 22)	-	2	10	123	25	-	160
Disposals	(20)	(14)	(8)	(102)	-	-	(144)
Currency translation differences	-	-	(1)	(3)	-	-	(4)
Acquisition of subsidiaries (Note 4)	-	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
2007							
Cost							
Beginning of financial year	243	731	1,125	2,105	1,282	77	5,563
Additions	-	2	51	15	-	-	68
Disposals	(70)	(424)	(366)	(1,450)	(612)	-	(2,922)
Currency translation differences	(11)	(22)	(26)	(17)	(30)	(7)	(113)
Reclassified to disposal group (Note 9)	(142)	(237)	(578)	-	(529)	(70)	(1,556)
End of financial year	20	50	206	653	111	-	1,040
Accumulated depreciation							
Beginning of financial year	68	653	759	1,941	789	33	4,243
Depreciation charge (Note 22)							
- Continuing operations	-	2	7	25	36	-	70
- Discontinued operations	27	16	137	22	84	2	288
Disposals	(32)	(419)	(356)	(1,376)	(607)	-	(2,790)
Currency translation differences	(2)	(17)	(16)	(9)	(1)	(3)	(48)
Reclassified to disposal group (Note 9)	(41)	(190)	(361)	-	(233)	(32)	(857)
End of financial year	20	45	170	603	68	-	906
Net book value							
End of financial year	-	5	36	50	43	-	134

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

13.PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Furniture and fittings	Office equipment	Computers	Renovation	Total
	$'000	$'000	$'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
2007					
Cost					
Beginning of financial year	415	347	1,265	633	2,660
Additions	-	-	8	-	8
Disposals	(415)	(347)	(1,258)	(575)	(2,595)
End of financial year	-	-	15	58	73
Accumulated depreciation					
Beginning of financial year	415	347	1,258	585	2,605
Depreciation charge	-	-	5	28	33
Disposals	(415)	(347)	(1,258)	(575)	(2,595)
End of finanical year	-	-	5	38	43
Net book value					
End of financial year	-	-	10	20	30

Included in additions in the consolidated financial statements of the Group are assets acquired under hire purchase arrangements with a net book value of $203,000 (2007: $29,000).

The carrying amount of computers held under finance leases are $162,670 (2007:Nil) as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

14. INTANGIBLE ASSETS

	Group 2008	Group 2007
	$'000	$'000
Goodwill arising on consolidation	-	102
Magazines mastheads	-	856
	-	958

Group	Goodwill arising on consolidation	Magazines mastheads	Consultancy services agreement	Advertising rights	Total
	$'000	$'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	-	-	-	-	-
2007					
Cost					
Beginning of financial year	10,031	3,524	-	11,270	24,825
Reclassified to disposal group (Note 9)	(3,577)	-	-	(10,217)	(13,794)
Currency realignment	-	-	-	(1,053)	(1,053)
End of financial year	6,454	3,524	-	-	9,978
Accumulated amortisation and impairment					
Beginning of financial year	5,575	2,668	-	703	8,946
Amortisation					
- Discontinued operations	-	-	-	510	510
Impairment charge (Note 22)					
- Continuing operations	4,354	-	-	-	4,354
- Discontinued operations	-	-	-	9,069	9,069
Reclassified to disposal group (Note 9)	(3,577)	-	-	(10,217)	(13,794)
Currency realignment	-	-	-	(65)	(65)
End of financial year	6,352	2,668	-	-	9,020
Net book value					
End of financial year	102	856	-	-	958

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

14.INTANGIBLE ASSETS (Continued)

(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:

	2008			2007		
	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	-	-	-	958	-	958
Malaysia	-	-	-	856	-	856

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.

Key assumptions used for value-in-use calculations:

	2008		2007	
	Singapore	Malaysia	Singapore	Malaysia
Growth rate	10%	10%	10%	10%
Discount rate	15%	5%	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.

An impairment charge of $1,597,000 (2007: $4,354,000) is included within "Amortisation, depreciation and impairment expenses" in the income statement.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

15.TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade payables				
- Non-related parties	1,632	1,442	520	462
- Subsidiaries	-	-	210	156
	1,632	1,442	730	618
Non-trade payables				
- Non-related parties	109	316	-	171
- Subsidiaries	-	-	2,224	2,480
- Associates	11	-	11	-
	120	316	2,235	2,651
Deferred revenue	516	210	-	-
Accrued operating expenses	1,656	1,498	1,050	1,160
	3,924	3,466	4,015	4,429

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

16.BORROWINGS

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current				
Bank overdrafts (Note (a))	369	871	369	683
Bank borrowings (Note (b))	3,350	3,900	3,071	3,768
Convertible notes (Note (c))	50	-	50	-
Finance lease liabilities (Note (d))	99	91	81	81
	3,868	4,862	3,571	4,532
Non-Current				
Finance lease liabilities (Note (d))	97	168	82	156
Total borrowings	3,965	5,030	3,653	4,688

(a) Bank overdrafts

The bank overdrafts of the Company are unsecured and bear interest of 5% (2007: 5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

16.BORROWINGS (Continued)

(b) Bank borrowings

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Factoring loans (secured)	279	132	-	-
Bank term loans (secured)	1,571	2,268	1,571	2,268
Bank term loans (unsecured)	1,500	1,500	1,500	1,500
	3,350	3,900	3,071	3,768

Secured factoring loans

The factoring loans relate to amounts that have been obtained from a finance company by certain subsidiaries under a factoring facility. Interest is charged at 2.25% (2007: 2.25%) per annum above the prevailing Singapore Inter-Bank offer rate. These loans are secured by a corporate guarantee given by the Company and a floating charge over trade receivables amounting to $280,000 (2007: $132,000).

Secured term loans

During the financial year, an exchangeable loan agreement was entered into whereby the Company obtained a loan amounting to $1.841 million (2007: $2.268 million). This loan is secured by financial assets at fair value through profit or loss, to be repaid within 545 days (2007: 120 days) from the funding date, at an interest rate of 8% (2007: 6%) per annum.

Unsecured term loans

The unsecured bank loans of the Group and the Company are repayable on demand and bear interest rates ranging from 4.29% to 5.57% (2007: 5.44% to 5.75%) per annum.

(c) Convertible notes

In the previous financial year, 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 188,204,213 shares (2007: Nil) for an aggregate amount of $10,450,000 (2007: Nil). The proceeds were used to finance the operations of the Company and the Group. The amount of convertible notes issued as at 31 March 2008 is $50,000 (2007: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

16.BORROWINGS (Continued)

(d) Finance lease liabilities

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	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Minimum lease payments due				
- Not later than one year	111	102	91	91
- Between one and five years	107	188	91	175
	218	290	182	266
Less: Future finance charges	(22)	(31)	(19)	(29)
Present value of finance lease liabilities	196	259	163	237

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

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Not later than one year	99	91	81	81
Between one and five years	97	168	82	156
Total	196	259	163	237

The finance lease liabilities bear interest ranging from 10.71% to 15.5% (2007: 10.71% to 15.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

17.DEFERRED INCOME TAXES

Deferred taxation 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	
	2008	2007
	$'000	$'000
Deferred income tax liabilities		
Provisions		
- to be settled within one year	-	262

The movement in deferred tax liabilities is as follows:

	Group and Company	
	2008	2007
	$'000	$'000
Provisions		
Beginning of financial year	262	598
Charged to equity	(262)	(333)
Liabilities directly associated with disposal group classified as held for sale	-	(3)
End of financial year	-	262

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 $45,985,000 (2007: $40,664,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements.

18.SHARE CAPITAL

Group and company	No. of ordinary shares	Amount $'000
2008		
Beginning of financial year	994,312,848	92,071
Share 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
2007		
Beginning of financial year	937,738,288	88,336
Share issue	56,574,560	3,735
End of financial year	994,312,848	92,071

All issued ordinary shares are fully paid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

18.SHARE CAPITAL (Continued)

During the financial year, the Company issued 293,862,321 (2007: 56,574,560) ordinary shares for a total of consideration of $10,950,000 (2007: $3,800,000) 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) Equity Line of Credit Agreement with Cornell Capital Partner Offshore, LP ("Cornell")

During the financial year, Cornell subscribed for new ordinary shares of 5,656,108 shares (2007: 26,574,560) for an aggregate amount of $500,000 (2007: $1,700,000). The proceeds were used to finance the operations of the Company and the Group. The amount of unutilised credit as at 31 March 2008 is $4,000,000 (2007: $4,500,000).

(b) Conversion of Convertible notes

During the financial year, Value Capital Asset Management Limited ("VCAM") subscribed for new ordinary shares of 188,204,213 shares (2007: Nil) for an aggregate amount of $10,450,000 (2007: Nil). The proceeds were used to finance the operations of the Company and the Group. The amount of convertible notes issued as at 31 March 2008 is $50,000 (2007: Nil).

(c) Exercise of Warrants

During the financial year, a shareholder exercised 2,000 warrants to subscribe for new ordinary shares of 2,000 (2007: Nil) shares for an aggregate amount of $160 (2007: Nil).

(d) Acquisition of Sandz Solutions (Singapore) Pte Ltd.

During the financial year, the Company issued 100,000,000 shares in acquisition of 100% share capital in Sandz Solutions (Singapore) Pte Ltd. The total amount paid to acquire the shares was $36,000,000 and this was presented as a component within shareholders' equity.

(e) Purchase of Treasury shares

The Company acquired 1,665,000 (2007: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the share was $112,000 (2007: $Nil) and this was presented as a component within shareholder's equity.

(f) Share Consolidation

During the financial year, 587,472,816 consolidated shares have been allocated and issued on 13 September 2007. The share consolidation was approved by members of the company at an Extraordinary General Meeting on 7 September 2007.

No compensation costs or obligation is recognised upon granting or the exercise of the options as the options are granted before 22 November 2002 in accordance with the transitional provision of FRS 102 Share-based payment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

19.OTHER RESERVE

	Group 2008 $'000	Group 2007 $'000
(a) Composition:		
Currency translation reserve	(2,513)	(2,488)
(b) Movements:		
Currency translation reserve		
Beginning of financial year	(2,488)	(1,539)
Net currency translation differences of financial statements of foreign subsidiaries	(25)	(949)
End of financial year	(2,513)	(2,488)

20.REVENUE

	Group 2008 $'000	Group 2007 $'000
Advertisement	4,159	2,656
Circulation	1,226	772
Exhibition and events	69	17
	5,454	3,445

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

21.OTHER INCOME

This is determined after charging/(crediting) the following:

	Group	
	2008	2007
	$'000	$'000
Gain on disposal of property, plant and equipment	5	-
Provision for profit guarantee written back (Note 28)	899	-
Sale of contents right and licensing fees	-	5,129
Others	98	452
	1,002	5,581

22.AMORTISATION, DEPRECIATION AND IMPAIRMENT

	Group	
	2008	2007
	$'000	$'000
Depreciation of property, plant and equipment (Note 13)	160	358
Amortisation of intangible assets (Note 14)	-	510
Allowance for impairment		
- trade receivable	54	1,842
- other receivable	-	2,950
- impairment loss on intangible assets	3,213	9,069
- impairment loss on goodwill (Note 14(a))	1,597	4,354
- investment in Sandz	12,932	-
- working capital loan to Sandz	2,500	-
	20,456	19,083
Less: Amounts attributable to discontinued operations	-	(11,607)
Amount attributable to continuing operations	20,456	7,476

23.EMPLOYEE COMPENSATION

	Group	
	2008	2007
	$'000	$'000
Wages, salaries and bonuses	3,500	3,790
Employer's contribution to defined contribution plans	362	409
Other	51	43
	3,913	4,242
Less: Amounts attributable to discontinued operations	-	(1,636)
Amounts attributable to continuing operations	3,913	2,606

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

24.FINANCE EXPENSES

	Group	
	2008	2007
	$'000	$'000
Interest expenses on:		
- Bank borrowings	188	75
- Bank overdrafts	12	46
- Finance lease liabilities	12	2
	212	123

25.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	
	2008	2007
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Profit from current financial year		
From continuing operations		
Under provision in prior year	184	8
From discontinued operations		
Current income tax	-	7
	184	15
Tax expense is attributable to:		
- Continuing operations	184	8
- Discontinued operations	-	7
	184	15

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

25.INCOME TAXES (Continued)

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	
	2008	2007
	$'000	$'000
Loss before income tax from:		
- Continuing operations	(54,271)	(85,838)
- Discontinued operations (Note 9)	11,749	(16,497)
	(42,522)	(102,335)
Tax calculated at tax rate of 18% (2007: 20%)	(7,654)	(20,467)
Effects of:		
- Different tax rates in other countries	(20)	(210)
- Income not subject to tax	(2,417)	(1,123)
- Expenses not deductible for tax purposes	9,110	19,499
- Benefits arising from deductible differences not recognised	981	2,541
- Under-provision in prior years	(184)	(255)
Tax charge	(184)	(15)

On 15 February 2007, the Singapore Second Minister for Finance announced a reduction in the corporate tax rate from 20% to 18% and various tax incentives for the year of assessment 2008 and onwards.

26.LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the total (loss)/ earnings 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	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Total (loss)/profit attributable to equity holders of the Company ($'000)	(54,422)	(85,740)	11,749	(16,504)	(42,673)	(102,244)
Weighted average number of ordinary shares outstanding for basic loss per share (000)	839,652	971,084	839,652	971,084	839,652	971,084
Basic (loss)/ earnings per share (cents) ($ per share)	(6.48)	(8.83)	1.40	(1.70)	(5.08)	(10.53)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

26.LOSS PER SHARE (Continued)

(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 2008. 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.

27.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 term agreed between the parties:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Key management personnel compensation is as follow:				
Wages and salaries	1,021	895	921	787
Employer's contribution to defined contribution plans, including Central Provident Fund	38	40	27	31
	1,059	935	948	818

Included in the above is total compensation to directors of the Company amounting to $494,000 (2007: $430,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

28.CONTINGENCIES AND COMMITMENTS

(a) Contingent liabilities

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unsecured contingent liabilities not provided for in the financial statements				
Profit guarantee given to Sky Win Advertising Group Ltd (i)	-	1,400	1,400	1,400

(i) On 31 December 2004, the Company disposed of its entire equity interest in Lifestyle Magazines Publishing Pte Ltd. ("LMP") to SkyWin Advertising Group Limited ("Sky Win") for a consideration of $6,300,000. Under the terms of the sales and purchase agreement, the Company warrants and guarantees to Sky Win that the profit after tax ("PAT") of LMP for 3 financial years from 1 January 2005 to 31 December 2007 shall not be less than $700,000 for each of the financial year (the "Target Profit"). In the event that the PAT is less than the Target Profit, the Company shall upon demand by Sky Win, pay the difference between the PAT in that particular financial period and Target Profit or the sum of the quantum of the loss and the Target Profit.

For the first financial year, LMP is in a loss making position from 1 January 2005 to 31 December 2005. Accordingly, the profit guarantee between the loss during the year and the Target Profit of approximately $899,000 has been provided for in the financial year ended 31 March 2006.

On 2 April 2007, the Company acquired LMP from Sun Media Investment Holdings Ltd. ("SMIH") and secured a waiver of the profit guarantee from SMIH for the financial years from 1 January 2006 to 31 December 2007 (Note 21).

(b) 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
- Not later than one year	402	261	361	234
- Between one and five years	1,088	78	1,064	78
	1,490	339	1,425	312

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

29.FINANCIAL RISK MANAGEMENT

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

(a) Market risk

(i) Currency risk

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

The group currency exposure based in the information provided to key management is as follows:

	SGD	USD	Other	Total
	$'000	**$'000**	**$'000**	**$'000**
At 31 March 2008				
Financial assets				
Cash and cash equivalents and financial assets, at fair value through profit or loss	388	6,477	62	6,927
Trade and other receivables	1,959	128	534	2,621
Other financial assets	70	-	16	86
	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)	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

29.FINANCIAL RISK MANAGEMENT (Continued)
(a) Market risk (Continued)

(i) Currency risk (Continued)

	SGD $'000	USD $'000	Other $'000	Total $'000
At 31 March 2007				
Financial assets				
Cash and cash equivalents and financial assets, at fair value through profit or loss	2,721	26,624	24	29,369
Trade and other receivables	978	3,148	507	4,633
Other financial assets	70	-	13	83
	3,769	29,772	544	34,085
Financial liabilities				
Borrowings	(2,552)	(2,268)	(210)	(5,030)
Other financial liabilities	(2,714)	-	(753)	(3,467)
	(5,266)	(2,268)	(963)	(8,497)
Net financial (liabilities)/assets	(1,497)	27,504	(419)	25,588
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	1,423	(29,764)	210	
Add: Net non-financial liabilities of foreign subsidiaries	-	-	(108)	
Currency exposure	(74)	(2,260)	(317)	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

29.FINANCIAL RISK MANAGEMENT (Continued)
(a) Market risk (Continued)

(i) Currency risk (Continued)

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

	2008			2007		
	SGD	USD	Total	SGD	USD	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents and financial assets, at fair value through profit or loss	176	1,761	1,937	2,527	-	2,527
Trade and other receivables	24,865	-	24,865	21,150	-	21,150
Other financial assets	64	-	64	67	-	67
	25,105	1,761	26,866	23,744	-	23,744
Financial liabilities						
Borrowings	(2,083)	(1,570)	(3,653)	(2,420)	(2,268)	(4,688)
Other financial liabilities	(4,015)	-	(4,015)	(4,429)	-	(4,429)
	(6,098)	(1,570)	(7,668)	(6,849)	(2,268)	(9,117)
Net financial (liabilities)/assets	19,007	191	19,198	16,895	(2,268)	14,627
Currency exposure	19,007	191	19,198	16,895	(2,268)	14,627

(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, United Stated and United Kingdom. The Group is not exposed to commodity price risk.

The Company does not have any formal policies to manage its equity securities. The securities here 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% (2007: 0.50%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by $1,060 (2007: $615) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

29.FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will 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	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
By geographical areas				
Singapore	1,349	461	-	-
Malaysia	533	483	-	-
Other countries	152	46	-	-
	2,034	990	-	-
By types of customers				
Non-related parties:				
- Multi-national companies	77	88	-	-
- Other companies	1,957	902	-	-
	2,034	990	-	-

(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 receivables past due but not impaired is as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Past due 0 to 3 months	996	665	3	-
Past due 3 to 6 months	301	88	2	-
Past due over 6 months	283	148	3	-
	1,580	901	8	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

29.FINANCIAL RISK MANAGEMENT (Continued)
(b) Credit risk (Continued)

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Gross amount	505	2,735	24,823	21,150
Less: Allowance for impairment	(505)	(2,735)	(10,640)	(8,173)
	-	-	14,183	12,977
Beginning of financial year	2,735	613	8,173	27,478
Currency translation difference	(2)	-	-	-
Allowance made	135	2,457	2,510	90
Allowance utilized	(2,366)	(335)	(43)	(184)
Allowance written back	(16)	-	-	(19,211)
Acquisition of subsidiaries	19	-	-	-
End of financial year	505	2,735	10,640	8,173

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

(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 (Note16).

(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 and the Company's strategies, which were unchanged from 2007, 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Net debt	7,561	3,403	7,632	6,590
Total equity	3,535	25,877	20,476	39,991
Total capital	11,096	29,280	28,108	46,581
Gearing ratio	68%	12%	27%	14%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial yearsended 31 March 2007 and 2008.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

30.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 $'000	HQ costs and investments $'000	Total for continuing operations $'000	Discontinued operations $'000
Group				
Financial year ended 31 March 2008				
Revenue	5,454	-	5,454	-
Segment result	(2,622)	(52,677)	(55,299)	-
Other income	-	-	1,002	11,749
Share of profits of associates	-	238	238	-
Financial expenses - net			(212)	-
Income tax expense			(184)	-
Total loss			(54,455)	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 $'000	HQ costs and investments $'000	Elimination $'000	Total consolidated $'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
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

30. SEGMENT INFORMATION

(a) Primary reporting format -business segments

	Publishing, exhibition and events $'000	HQ costs and investments $'000	Total for continuing operations $'000	Discontinued operations $'000
Group				
Financial year ended 31 March 2007				
Revenue	3,445	-	3,445	2,273
Segment result	(563)	(90,733)	(91,296)	(16,994)
Other income			5,581	497
Financial expenses - net			(123)	-
Income tax expense			(8)	(7)
Total loss			(85,846)	(16,504)
Other segment information				
Capital expenditure - property, plant and equipment	45	8	53	15
Depreciation	38	32	70	798
Impairment losses				
- goodwill	-	4,354	4,354	-
- intangible assets	-	-	-	9,069

	Publishing, exhibition and events $'000	HQ costs and investments $'000	Elimination $'000	Total consolidated $'000
Segment assets	2,375	33,264	-	35,639
Associated companies	-	998	-	998
				36,637
Disposal group	1,584	-	-	1,584
Consolidated total assets				38,221
Segment liabilities	(1,877)	(1,590)	-	(3,467)
Unallocated liabilities				(5,292)
				(8,759)
Liabilities associated with disposal group	(3,585)	-	-	(3,585)
Consolidated total liabilities				(12,344)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

30.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 for continuing operations		Sales for discontinued operations		Total consolidated sales	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Greater China	51	81	-	2,273	51	2,354
South East Asia	5,403	3,364	-	-	5,403	3,364
	5,454	3,445	-	2,273	5,454	5,718

	Assets for continuing operations		Assets for discontinued operations		Total consolidated assets	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Greater China	85	15	-	1,584	85	1,599
South East Asia	10,241	35,624	-	-	10,241	35,624
	10,326	35,639	-	1,584	10,326	37,223
Associated companies	1,236	998	-	-	1,236	998
	11,562	36,637	-	1,584	11,562	38,221

	Capital expenditure for continuing operations		Capital expenditure for discontinued operations		Total consolidation capital expenditure	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Greater China	-	6	-	14	-	20
South East Asia	328	48	-	-	328	48
	328	54	-	14	328	68

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

31.NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) INT FRS 111 Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007).

The Group adopted INT FRS 111 on 1 January 2008. INT FRS 111 clarifies that the arrangement where an entity receives goods or services as consideration for its own equity-instruments shall be accounted for as an equity-settled share-based payment ("SBP") transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether group SBP arrangements shall be classified as equity-settled or cash-settled SBP arrangements.

The Group operates an employee share option scheme and uses treasury shares to settle the obligations arising from the plans. As the Group has been recognizing those share option grants as equity-settled and does not operate any other SBP group arrangements, INT FRS 111 does not have any impact to the Group.

(b) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009).

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 April 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under FRS 108.

(c) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009).

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 April 2009. As the Group has been capitalising the relevant borrowing costs, the revised standard is not expected to have any impact to the Group.

Interpretation that is not yet effective and not relevant for the Group's operations.

(d) INT FRS 112 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008)

INT FRS 112 addresses how operators shall account for rights and obligations arising from service concession arrangements, where control of the assets remains in public hands but the operator is responsible for construction activities, as well as for operating and maintaining the public sector infrastructure. As none of the group entities are operators of such arrangements, INT FRS 112 is not relevant to the Group.

32.AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2008 were authorised for issue by the Board of Directors on 8 August 2008.

Twenty Largest Shareholders As At 6 August 2008

S/N	Name of shareholder	No. of Shares	% of Shares
1	Liaw Shoo Khen	66,000,000	9.44
2	DBS Vickers Securities (Singapore) Pte Ltd	52,374,842	7.49
3	International Press Holdings Pte Ltd	31,234,294	4.47
4	Ng Chee Yong Benjamin	23,600,000	3.38
5	UOB Kay Hian Pte Ltd	21,690,000	3.10
6	OCBC Securities Privated Ltd	21,426,500	3.07
7	Lim & Tan Securities Pte Ltd	15,780,863	2.26
8	CIMB-GK Securities Pte. Ltd.	14,917,500	2.13
9	Raffles Nominees Pte Ltd	14,608,500	2.09
10	SBS Nominees Pte Ltd	12,680,000	1.81
11	United Overseas Bank Nominees Pte Ltd	11,197,000	1.60
12	Kim Eng Securities Pte Ltd	10,324,000	1.48
13	Natureland Limited	9,000,000	1.29
14	DBS Nominees Pte Ltd	8,977,021	1.28
15	Mayban Nominees (Singapore) Pte Ltd	7,013,000	1.00
16	Koh Siang Ling Alina	6,000,000	0.86
17	Chua Ping Derg	5,581,000	0.80
18	Tan Kok Teng	5,174,000	0.74
19	OCBC Nominees Singapore Private Ltd	5,134,875	0.73
20	DB Nominees (S) Pte Ltd	5,000,148	0.72
Total :		**347,713,543**	**49.74**

Distribution Of Shareholders By Size Of Shareholdings As At 6 August 2008

Size Of Shareholdings	No. Of Shareholders	%	No. of Shares	%
1 - 999	391	638	191,789	0.03
1,000 - 10,000	2,304	37.60	10,878,311	1.56
10,001 - 1,000,000	3,379	55.15	260,194,045	37.22
1,000,001 and above	53	0.87	427,773,184	61.19
Total :	**6,127**	**100.00**	**699,037,329**	**100.00**

Substantial Shareholders As At 6 August 2008

	Direct Interest		Deemed Interest	
Name	No. Of Shares	%	No. Of Shares	%
Ricky Ang Gee Hing	6,901,617	0.99	14,098,647	2.02
Tan Choon Wee	2,500,000	0.36	12,500,000	1.79
Fontana Investments Pte Ltd	14,098,647	2.02	-	-
Lexicon Capital Holdings Limited	12,500,000	1.79	-	-
Lawrence Liaw Shoo Khen	66,000,000	9.44	6,000,000	0.86

Rule 723 of the SGX-ST Listing Manual

As at 6 August 2008, there were 591,037,065 shares in the hands of the public as defined in the SGX-ST Listing Manual representing approximately 84.6% 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 & 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 shareholding in LCH.

Share Capital

Number of shares issued and fully paid:	700,702,329 ordinary shares (including treasury shares)
Number of treasury shares held:	1,665,000 ordinary shares
Voting rights :	One vote per share (excluding treasury shares)

THE LEXICON GROUP LIMITED

(Company Registration No. 199407135Z)

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 Friday, 29 August 2008 at 3.00 p.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 2008 and the Auditors' Report thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of S$148,250 for the year ended 31 March 2008 (2007: S$119,450) **(Resolution 2)**
3. To re-elect Mr Teo Chee Seng as a Director under Article 117 of the Company's Articles of Association of the Company. (See Additional Information (i)) **(Resolution 3)**
4. To note the retirement of Mr Tjio Kay Loen as a Director who will be retiring pursuant to Section 153 of the Companies Act, Cap. 50. (See Additional Information(ii)) **(Resolution 4)**
5. To appoint Messrs Nexia TS Public Accounting Corporation as the Company's auditors and to authorise the Directors to fix their remuneration (See Explanatory Note (I)). **(Resolution 5)**
6. 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:

7. "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 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) 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

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (See Explanatory Note (ii) **(Resolution 6)**

8. "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 shares excluding treasury shares of the Company from time to time." (See Explanatory Note (iii)). **(Resolution 7)**

9. "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, Cap. 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 (iv)) **(Resolution 8)**

10. "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 Annual General Meeting or other general meeting of the Company;

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

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

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

where:

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

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

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

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." (See Explanatory Note (v)) **(Resolution 9)**

BY ORDER OF THE BOARD

ABDUL JABBAR BIN KARAM DIN
CHAN POH KUAN
JOINT COMPANY SECRETARIES

SINGAPORE, 14 AUGUST 2008

Additional Information relating to the Notice of the Annual General Meeting

(i) Item 3 – Re-election of Mr Teo Chee Seng as a Director under Article 117 of the Company's Articles of Association
Mr Teo Chee Seng is an Independent Director of the Company and a member of the Company's Audit, Remuneration and Nominating Committees and if re-appointed will continue as a member of the Audit, Remuneration and Nominating Committees.

(ii) Item 4 – Retirement of Mr Tjio Kay Loen as a Director under Section 153 of the Companies Act, Cap. 50.
Mr Tjio Kay Loen is an Independent Director of the Company, the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. Upon his retirement, he will cease to be the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee.

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:

(i) The ordinary resolution in item 5 above is proposed in view that Nexia Tan & Sitoh had incorporated its practice and will be practising as Nexia TS Public Accounting Corporation, hence, all businesses under Nexia Tan & Sitoh will be transferred to Nexia TS Public Accounting Corporation.

(ii) Resolution 6 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 6 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the 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. 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 the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 6, 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.

(iii) Resolution 7 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.

(iv) Resolution 8 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.

(v) Resolution 9 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.

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THE LEXICON GROUP LIMITED
(Registration No. 199407135Z)

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.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent Banks may register with the Company Secretary of The Lexicon Group Limited.

PROXY FORM – ANNUAL GENERAL MEETING

I/We____(Name)
of ____(Address)
being a member/members of the above-mentioned Company, hereby appoint:

Name	Address	NRIC/Passport Number	Percentage of Shareholdings (%)

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

Name	Address	NRIC/Passport Number	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 Friday, 29 August 2008 at 3.00 p.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
	Routine Business		
1.	Adoption of Reports and the Audited Accounts (Resolution 1)		
2.	Approval of Directors' Fees (Resolution 2)		
3.	Re-election of Mr Teo Chee Seng as a Director under Article 117 of the Company's Articles of Association (Resolution 3)		
4.	Retirement of Mr Tjio Kay Loen as a Director under Section 153 of the Companies Act, Cap. 50. (Resolution 4)		
5.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as auditors (Resolution 5)		
6.	Any other routine business		
	Special Business		
7.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 (Resolution 6)		
8.	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 7)		
9.	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 8)		
10.	To approve the renewal of Share Buy Back Mandate (Resolution 9)		

Dated this __________ day of __________ 2008

Total number of Shares in:

(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s) or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

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Please
Affix 23 Cents
Postage Stamp
Here

The Company Secretary
THE LEXICON GROUP LIMITED
36 Carpenter Street
Singapore 059915

1st Fold

IMPORTANT: PLEASE READ NOTES OVERLEAF

THE LEXICON GROUP LIMITED

Notes to the Proxy Form

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 percent age 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.

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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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