

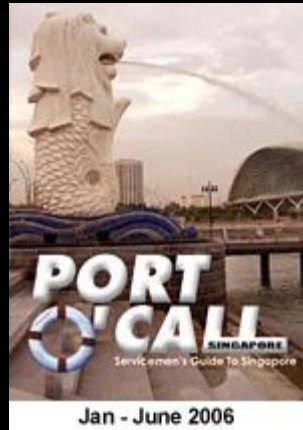
formally known as Sun Business Network Ltd

**LEXICON GROUP**

~\$0.02

Chong Yen Sin Raymond

# Principal Activities



# Developments

- In 2009, Lexicon intended to acquire Zenna Overseas Ltd (China Property Developer) in an RTO agreement.
- The deal fell through recently (7 Sep 2009)
- Lexicon disposed an unknown number of assets.
- Now largely a shell company.
- Recently converted outstanding notes to equity @ \$0.0153/share

# Balance Sheets

As at 31 March 2009

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

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Completely  
Impaired in  
2008

# Consolidated Income Statement

As at 31 March 2009

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

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		(3,040)	(42,706)
<b>Loss per share for profit from continuing operations attributable to the equity holders of the Company (cents per share)</b>			
- Basic	25	(0.40)	(6.48)
- Diluted		(0.40)	(6.48)
<b>Loss per share for profit from discontinued operations attributable to the equity holders of the Company (cents per share)</b>			
- Basic		-	1.40
- Diluted		-	1.40

Loss at fair  
value thru P/L  
not likely to  
recur




# Pros

- Large impairment on intangible assets
  - Basically all intangible assets are impaired
  - Any chance of writeback?
- Operating Income has chance to improve next year
- Availability for RTO
  - Approached by Zenna (Although failed)
- Assets available for dissection




# Cons

- Distressed company
  - Dubious management
  - High Price/Book ratio (For a distressed company)
  - Doubtful solvency
  - Very high risk
  - Prospects/Outcomes uncertain
- 



# Recommendations

- AVOID
  - Can consider to BUY at  $< \$0.015$  (highly plausible) then SELL back at  $\$0.020$
- 



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