



Lion
Capital

Lion Capital Singapore Balanced Fund

Semi-Annual Report
For the half year ended 30 June 2007

Managers

Lion Capital Management Ltd
One George Street
#08-01
Singapore 049145

Directors of Lion Capital Management Ltd

Tan Beng Lee (Chairman)
David Conner (Deputy Chairman)
Daniel Chan (CEO & Chief Investment Officer)
Soon Tit Koon
Andrew Lee
Loh Sook Mee (Mrs)
Chan Choong Tho
Norman Ip

Trustee/Custodian

British and Malayan Trustees Limited
1 Coleman Street #08-01
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Auditors

PricewaterhouseCoopers
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Registrar

HSBC Institutional Trust Services (Singapore) Limited
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#14-01 HSBC Building
Singapore 049320

LION CAPITAL SINGAPORE BALANCED FUND

PERFORMANCE OF THE FUND

For the half year ended 30 June 2007

Returns for the fund are calculated up to 30 June 2007 in SGD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) Lion Capital Singapore Balanced Fund - SGD Class	Benchmark Returns (%) (50% STI + 50% CPF Ordinary Rate)
3 months	8.5	5.2
6 months	16.4	9.8
1 year	40.4	22.4
3 years	70.7	44.9
5 years	104.5	62.4
10 years	139.0	67.9
Since Inception (22 September 1995)	137.1	68.9

Returns for the fund are calculated up to 30 June 2007 in USD terms, based on single pricing, with dividends reinvested net of all charges payable upon reinvestment.

Time Period	Fund Returns (%) Lion Capital Singapore Balanced Fund - USD Class	Benchmark Returns (%) (50% STI + 50% CPF Ordinary Rate)
3 months	7.7	4.4
6 months	16.8	10.1
1 year	45.1	26.6
Since Inception (2 August 2004)	92.5	60.2

Source: Morningstar/CPF Board/Lion Capital Management Ltd

FUND AND MARKET REVIEW

For the half year ended 30 June 2007, the fund rose 16.4% outperforming the benchmark which rose 9.8%, in Singapore dollar terms.

The fund was overweight in equities relative to fixed income. For equities, we favoured healthcare, industrials and consumer staples sectors; while financial, telecom and technology sectors remained underweight. During the period, we progressively took profit on the property sector as we trimmed it from an overweight to a neutral. Relative to the benchmark, the portfolio has a larger mix of small and medium market capitalisation stocks.

The budget, which was announced in February, was in-line with expectations and well-received by the stock market. It provided for direct tax cuts, permanent income support, and a significant rise in infrastructure spend. Specifically, the 2% corporate tax cut to 18% is seen as pro-business, to be offset by the rise in employer Central Provident Fund (“CPF”) rate of 1.5% to 14.5%. Goods and services tax, however, rose 2% to 7%.

The first quarter results were largely in line with a small number of companies delivering positive earnings surprise, notably in the real estate investment trusts (“REITs”) and property sectors on back of positive rental revisions and higher property prices.

Positive news flow momentum in the Singapore property sector continued unabated as record prices for super luxury property were set continually. This has helped property stocks, while rising oil prices and concerns in global technology supply chain weakness weighted on transportation and manufacturing companies. The mass market segment also saw an encouraging pickup in home prices in recent months. Loan growth in the financial sector also saw a strong rise in construction activity related lending. In our view, that signaled a sustainable upward trend. The oil & gas sector saw a pick-up in order book momentum and resilient charter rates as oil price started to rise again.

On the fixed income front, the rally in Singapore bonds in the first quarter of 2007 was driven by strong offshore interest (especially evident in the 20-year Singapore Government Securities [“SGS”] auction in late February), the sell-off in regional equity markets (China’s anti-speculative measures and US subprime woes) and sharp drop in short-end rates. This saw the de-coupling of Singapore dollar bonds from US Treasuries which corrected with the delay in expected US Federal Reserve (“Fed”) rate cuts. It was when the Singapore dollar depreciated to the weaker side of the currency band that

correlation with US Treasuries resumed. As a result, there was a fairly sharp correction in late May along with the steepening of the yield curve. 10-year SGS yields rose 40 basis points (“bps”) from its low in May whilst 2-year SGS yields rose around 20bps.

STRATEGY AND OUTLOOK

Singapore’s economic growth continued to expand in the second quarter of 2007 and most economists have revised their 2007 GDP forecast upwards. Official sentiments are generally bullish with 2007’s GDP forecast being revised to 5-7% from 4.5-6.5%. Singapore’s corporate earnings revisions proved to be broad-based and positive during the period, while the scope for major positive surprises becomes more limited. The market is trading at 17x forward price-to-earnings ratio which is in-line with the long-term average.

In our view, the market no longer offers good value for investors as equity valuations continue to be re-rated. While liquidity conditions have been strong on the back of high profile private equity deals and massive amount of money raised for hedge funds and specialist funds (for example, real estate funds and REITs), the market could continue to be re-rated.

We remain positive on Singapore’s asset reflation and economic restructuring potential over the medium-term. We also continue to be positive on domestic consumption plays and selective oil & gas stocks.

Singapore’s economic fundamentals remain robust. However, an external shock or drastic sell-down in regional markets could cause widespread profit-taking given the good performance in the last 6 months. We view a sell-down as an opportune time to accumulate stocks that are geared towards the strong domestic consumption story.

It is interesting to highlight that China’s recent decision to allow fund managers and brokerages to invest in overseas securities bodes well for Singapore-listed Chinese companies, which are generally trading at lower price-to-earnings valuations compared to their peers listed in Hong Kong. Together with the launch of the FTSE ST China Index, S-chips should emerge as a beneficiary going forward. We believe the Singapore-listed China plays will set to benefit from an enlarged investor base and increased appetite for the China consumption growth angle.

The key risks to the Singapore economy include a sharp slowdown in the US economy on inflation and sub-prime housing sector risks. A sudden spike in oil price could dampen companies' growth prospects and increase the cost of operations. We would continue to watch out for divestments or initial public offerings by Temasek going forward as it could temporarily create a liquidity overhang if Temasek aggressively sells down its stakes in government-linked companies.

As for fixed income, global yields are rising in an environment of heightened global inflationary pressures. This is likely to pressure the domestic bond markets. A strong Singapore dollar (which is still the general consensus) can help to mitigate external pressures and imported inflation. However, we think the market will look to price in such uncertainties. Therefore, volatility and correlation to global yields look likely to increase. We have seen real money accounts picking up bonds when yields rise. Whilst there is value on swaps given the increased yield pick-up, swaps may underperform SGS in the near-term. Despite the recent correction, yields are still below that at the beginning of the year. The expectation is for rates to go up in the near-term. However, on a longer term, with US GDP growth likely to come below trend, inflation to remain relatively controlled and persistent housing market concerns, we do not think growth or inflation will run beyond expectations that require sustained tightening. Therefore, we remain cautiously optimistic on the Singapore bond market, with duration neutral and look to buy on dips. We still like corporates on the short-end for the yield pick-up.

LION CAPITAL SINGAPORE BALANCED FUND

DISCLOSURES ON THE FUND ¹

For the half year ended 30 June 2007

1. DISTRIBUTION OF INVESTMENTS AS AT 30 JUNE 2007

	Fair Value \$	Percentage of total net assets attributable to unitholders %
<i>a) <u>By Asset Class</u></i>		
Equities	93,289,501	53.6
Debt Securities (including accrued interest on debt securities)	45,139,226	26.0
Cash and cash equivalents	35,377,656	20.4
Net assets attributable to unitholders	<u>173,806,383</u>	<u>100.0</u>
<i>b) <u>By Credit Rating of Debt Securities</u></i>		
Aa1	496,741	0.3
Aa2	789,056	0.5
A1	1,518,525	0.9
A3	1,486,612	0.9
Baa2	2,535,508	1.5
Unrated (Singapore - incorporated debt securities)	37,904,816	21.7
Accrued interest on debt securities	407,968	0.2
	<u>45,139,226</u>	<u>26.0</u>
<i>c) <u>By Derivative Type</u></i>		
Not applicable		

¹ As required by the Code on Collective Investment Schemes.

LION CAPITAL SINGAPORE BALANCED FUND

2. TOP 10 HOLDINGS

As at 30 June 2007

	Fair Value \$	Percentage of total net assets attributable to unitholders %
United Overseas Bank Limited	6,135,504	3.5
MacathurCook Industrial Real Estate Investment Trust	5,200,800	3.0
SMRT Corporation Limited	5,044,000	2.9
Oversea-Chinese Banking Corporation	4,984,920	2.9
United Overseas Land Limited 3.34% due 15/05/2012	4,950,875	2.8
Macquarie International Infrastructure Fund Limited	4,760,000	2.7
United Overseas Land Group Limited	4,616,800	2.7
First Ship Lease Trust	4,147,348	2.4
Ascott Capital Pte Limited Series MTN 3.085% due 27/04/2010	3,966,200	2.3
CDL Hospitality Trusts	3,896,640	2.2

As at 30 June 2006

	Fair Value \$	Percentage of total net assets attributable to unitholders %
United Overseas Bank Limited	1,087,480	4.6
Singapore Telecommunications Limited	1,054,479	4.4
DBS Group Holdings Limited	900,000	3.8
Hotel Properties Limited 4.35% due 04/07/2007	750,000	3.1
Oversea-Chinese Banking Corporation	719,190	3.0
United Overseas Land Group Limited	529,100	2.2
Singapore Post Limited	513,600	2.2
Singapore Airlines Limited	508,000	2.2
LVMH Moet Hennessy Series EMTN 4% due 17/07/2006	500,019	2.1
UMF Singapore Limited MTN 3.75% due 18/05/2007	499,500	2.1

3. INVESTMENT IN OTHER UNIT TRUSTS, MUTUAL FUNDS AND COLLECTIVE INVESTMENT SCHEMES

Nil

4. BORROWINGS

Nil

5. SOFT DOLLAR COMMISSION RECEIVED BY THE MANAGERS

The soft dollar commissions from various brokers for the period were utilised on research and advisory services, economic and political analyses, portfolio analyses, market analyses, data and quotation analyses and computer hardware and software used for and in support of the investment process of fund managers. Goods and services received were for the benefit of the scheme and there was no churning of trades. These brokers also execute trades for other funds managed by the managers. The trades are conducted on best available terms and in accordance with best practices.

6. OTHER MATERIAL INFORMATION

There is no other material information that will adversely impact the valuation of the Fund.

7. SUPPLEMENTAL INFORMATION ON UNDERLYING SUB-FUNDS

Not applicable

LION CAPITAL SINGAPORE BALANCED FUND

STATEMENT OF TOTAL RETURN

For the financial period ended 30 June 2007 (Unaudited)

	Note	For the half year ended 30 June 2007 \$	For the half year ended 30 June 2006 \$
Income			
Dividends		1,577,944	202,759
Interest		<u>120,335</u>	<u>33,933</u>
		<u>1,698,279</u>	<u>236,692</u>
Less: Expenses			
Audit fee		7,340	3,271
Custodian fees		12,877	2,312
Management fee		801,047	120,115
Miscellaneous expenses		12,559	7,152
Professional fees		9,501	19,937
Registration fee		17,958	11,277
Trustee fee		868	19,219
Valuation and administration fee		22,953	4,294
		<u>885,103</u>	<u>187,577</u>
Net income		<u>813,176</u>	<u>49,115</u>
Net gains or losses on investments			
Net realised gains on investments		6,786,217	867,274
Net foreign exchange gains/(losses)		583	(818)
Net change in fair value of investments		<u>10,590,311</u>	<u>(176,288)</u>
Net gains on investments		<u>17,377,211</u>	<u>690,168</u>
Total return for the period before income tax		18,190,287	739,283
Less: Income tax	3	(106,270)	(22,693)
Total return for the period after income tax before distribution		<u>18,084,017</u>	<u>716,590</u>
Less: Distribution	4	-	-
Total return for the period		<u>18,084,017</u>	<u>716,590</u>

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

LION CAPITAL SINGAPORE BALANCED FUND

BALANCE SHEET

As at 30 June 2007 (Unaudited)

	Note	As at 30 June 2007 \$	As at 31 December 2006 \$
ASSETS			
Investments		138,428,727	52,439,351
Receivables	5	18,537,797	5,490,499
Due from brokers		8,845,333	-
Fixed deposits	6	7,315,302	6,061,548
Cash and bank balances	7	9,382,458	2,106,531
Total assets		<u>182,509,617</u>	<u>66,097,929</u>
LIABILITIES			
Payables	8	6,915,575	1,282,999
Due to brokers		1,787,659	-
Net assets attributable to unitholders	9	173,806,383	64,814,930
Total liabilities		<u>182,509,617</u>	<u>66,097,929</u>

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

LION CAPITAL SINGAPORE BALANCED FUND

PORTFOLIO STATEMENT

As at 30 June 2007 (Unaudited)

	Holdings at 30 June 2007	Fair value at 30 June 2007 \$	Percentage of total net assets attributable to unitholders at 30 June 2007 %
By Industry (Primary)			
QUOTED			
EQUITIES			
FINANCIAL			
United Overseas Bank Limited	280,160	6,135,504	3.5
MacarthurCook Industrial Real Estate Investment Trust	3,940,000	5,200,800	3.0
Oversea-Chinese Banking Corporation	544,800	4,984,920	2.9
Macquarie International Infrastructure Fund Limited	4,250,000	4,760,000	2.7
United Overseas Land Group Limited	796,000	4,616,800	2.7
First Ship Lease Trust	2,767,000	4,147,348	2.4
CDL Hospitality Trusts	1,584,000	3,896,640	2.2
DBS Group Holdings Limited	160,000	3,632,000	2.1
Ascendas Real Estate Investment Trust	1,000,000	2,940,000	1.7
Mapletree Logistics Trust	1,932,000	2,724,120	1.6
City Developments Limited	97,000	1,658,700	1.0
Yanlord Land Group Limited	450,000	1,386,000	0.8
Ascott Group Limited	526,000	957,320	0.5
DBS Group Holdings Limited 6% Non-Cum Pref Shares	1,400	153,860	0.1
SC Global Developments Limited	4,067	27,249	*
		<u>47,221,261</u>	<u>27.2</u>

* denotes amount less than 0.1

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

LION CAPITAL SINGAPORE BALANCED FUND

	Holdings at 30 June 2007	Fair value at 30 June 2007 \$	Percentage of total net assets attributable to unitholders at 30 June 2007 %
INDUSTRIAL			
SMRT Corporation Limited	2,600,000	5,044,000	2.9
Singapore Post Limited	2,730,000	3,439,800	2.0
SembCorp Industries Limited	595,100	3,362,315	1.9
Cosco Corporation (Singapore) Limited	877,000	3,262,440	1.9
Singapore Technologies Engineering Limited	560,000	2,016,000	1.2
Yongnam Holdings Limited	3,898,000	1,949,000	1.1
SBS Transit Limited	450,000	1,476,000	0.8
Unisteel Technology Limited	625,000	1,375,000	0.8
AusGroup Limited	720,000	1,274,400	0.7
Nylect Technology Limited	728,000	1,048,320	0.6
		<u>24,247,275</u>	<u>13.9</u>
CONSUMER, NON-CYCLICAL			
Raffles Medical Group Limited	2,151,600	3,227,400	1.9
Raffles Education Corporation Limited	1,065,000	2,428,200	1.4
Wilmar International Limited	500,000	1,590,000	0.9
Thomson Medical Centre Limited	2,100,000	1,470,000	0.8
SIA Engineering Company	235,000	1,113,900	0.6
Parkway Holdings Limited	262,500	1,050,000	0.6
Petra Foods Limited	592,000	935,360	0.5
		<u>11,814,860</u>	<u>6.7</u>
COMMUNICATIONS			
Singapore Press Holdings Limited	732,500	3,398,800	2.0
Singapore Telecommunications Limited	722,960	2,443,605	1.4
		<u>5,842,405</u>	<u>3.4</u>

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LION CAPITAL SINGAPORE BALANCED FUND

	Holdings/ Notional amounts at 30 June 2007	Fair value at 30 June 2007 \$	Percentage of total net assets attributable to unitholders at 30 June 2007 %
CONSUMER, CYCLICAL			
Hupsteel Limited	2,000,000	1,160,000	0.7
Sincere Watch Limited	400,000	580,000	0.3
		<u>1,740,000</u>	<u>1.0</u>
BASIC MATERIALS			
Midas Holdings Limited	750,000	<u>1,552,500</u>	<u>0.9</u>
TECHNOLOGY			
Innovalues Precision Limited	1,210,000	<u>871,200</u>	<u>0.5</u>
TOTAL EQUITIES		<u>93,289,501</u>	<u>53.6</u>
DEBT SECURITIES			
FINANCIAL			
United Overseas Land Limited 3.34% due 15/05/2012	5,000,000	4,950,875	2.8
Ascott Capital Pte Limited Series MTN 3.085% due 27/04/2010	4,000,000	3,966,200	2.3
City Developments Limited Series MTN 3.38% due 25/04/2012	3,000,000	2,979,700	1.7
Sunshine Asset Limited MTN 3.915% due 21/04/2009	2,500,000	2,535,508	1.5
Frasers Centrepoint Limited MTN 4.045% due 14/03/2011	2,000,000	2,045,900	1.2
Joynote Limited 3.655% due 26/10/2009	2,000,000	2,021,500	1.2
F&N Treasury Pte Limited MTN 3.405% due 11/06/2012	2,000,000	1,995,550	1.1
CDL Properties Limited DMTN 3.85% due 12/10/2011	1,500,000	1,529,153	0.9

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LION CAPITAL SINGAPORE BALANCED FUND

	Notional amounts at 30 June 2007	Fair value at 30 June 2007 \$	Percentage of total net assets attributable to unitholders at 30 June 2007 %
Sun Hung Kai Properties MTN 3.69% due 06/11/2009	1,500,000	1,518,525	0.9
HK Land Treasury SG 3.01% due 04/10/2010	1,500,000	1,486,612	0.9
IFS Capital Limited MTN 4.435% due 07/08/2009	1,000,000	1,018,950	0.6
CapitaLand Treasury Limited Series MTN 3.89% due 25/08/2009	1,000,000	1,015,425	0.6
Mapletreelog Treasury Company Series MTN 3.81% due 19/10/2009	1,000,000	1,013,675	0.6
Kim Eng Securities MTN 3.67% due 25/01/2008	1,000,000	1,004,300	0.6
Keppel Land Limited MTN FRN due 18/02/2008	1,000,000	1,003,700	0.6
CapitaLand Commercial Limited Series C-1 3.2% due 16/06/2008	750,000	751,744	0.4
Kim Eng Securities MTN 3.03% due 14/05/2008	750,000	749,975	0.4
DBS Bank Limited MTN VAR due 15/07/2021	500,000	523,003	0.3
Solitaire Capital Limited MTN 3.95% due 23/02/2009	500,000	505,725	0.3
Mapletreelog Treasury Company EMTN 4% due 04/07/2008	500,000	504,650	0.3
Kim Eng Securities Series MTN 3.75% due 05/12/2007	500,000	501,831	0.3
IFS Capital Limited MTN FRN due 29/05/2009	500,000	499,150	0.3
Dexia Credit Local De France EMTN 0% due 28/09/2007	500,000	496,741	0.3

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LION CAPITAL SINGAPORE BALANCED FUND

	Notional amounts at 30 June 2007	Fair value at 30 June 2007 \$	Percentage of total net assets attributable to unitholders at 30 June 2007 %
Housing & Development Board MTN 5.07% due 21/09/2009	280,000	292,705	0.2
United Overseas Bank Limited 4.95% due 30/09/2016	250,000	266,053	0.2
Sengkang Mall Limited Series A 4.88% due 20/11/2012	250,000	252,762	0.1
Queensley Holdings Limited Series A 4.5% due 05/12/2009	250,000	251,304	0.1
CapitaLand Commercial Limited Series S-1 3.2% due 16/06/2008	250,000	250,438	0.1
Solitaire Capital Limited FRN due 23/02/2009	250,000	250,000	0.1
		<u>36,181,654</u>	<u>20.9</u>
CONSUMER, NON-CYCLICAL			
SNP Corporation Limited MTN 2.68% due 08/08/2008	1,500,000	1,493,063	0.9
Petra Foods Limited EMTN 4.435% due 11/01/2012	1,250,000	1,267,122	0.7
Olam International Limited Series MTN 4.19% due 01/02/2008	1,000,000	1,005,234	0.6
Olam International Limited Series MTN 3.985% due 14/03/2008	750,000	753,075	0.4
Olam International Limited MTN 4.17% due 31/01/2008	500,000	502,462	0.3
		<u>5,020,956</u>	<u>2.9</u>

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LION CAPITAL SINGAPORE BALANCED FUND

	Notional amounts at 30 June 2007	Fair value at 30 June 2007 \$	Percentage of total net assets attributable to unitholders at 30 June 2007 %
CONSUMER, CYCLICAL			
Cathay Pacific Airways Limited MTN 3.82% due 09/11/2011	1,500,000	1,519,125	0.9
Hotel Properties Limited MTN 3.95% due 29/01/2010	750,000	758,044	0.4
Hotel Properties Limited DMTN 4.35% due 04/07/2007	750,000	751,500	0.4
		<u>3,028,669</u>	<u>1.7</u>
INDUSTRIAL			
Sembcorp Industries Limited MTN 4.125% due 06/06/2008	250,000	252,521	0.2
Singapore Post Limited 3.13% due 11/04/2013	250,000	247,458	0.1
		<u>499,979</u>	<u>0.3</u>
Accrued interest receivable on debt securities		<u>407,968</u>	<u>0.2</u>
TOTAL DEBT SECURITIES		<u>45,139,226</u>	<u>26.0</u>
UNQUOTED			
NIL			
Investments		138,428,727	79.6
Other net assets		<u>35,377,656</u>	<u>20.4</u>
Net assets attributable to unitholders		<u>173,806,383</u>	<u>100.0</u>

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

LION CAPITAL SINGAPORE BALANCED FUND

	Percentage of total net assets attributable to unitholders at	
	30 June 2007 %	31 December 2006 %
By Industry (Summary)		
Financial	48.1	43.6
Industrial	14.2	14.8
Consumer, Non-Cyclical	9.6	6.9
Communications	3.4	6.2
Consumer, Cyclical	2.7	3.3
Basic Materials	0.9	-
Technology	0.5	1.7
Diversified	-	1.5
Utilities	-	1.5
Energy	-	1.2
	<hr/>	<hr/>
	79.4	80.7
Accrued interest receivable on debt securities	<hr/>	<hr/>
	0.2	0.2
Investments	79.6	80.9
Other net assets	20.4	19.1
Net assets attributable to unitholders	<hr/>	<hr/>
	100.0	100.0

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

LION CAPITAL SINGAPORE BALANCED FUND

	Fair value at 30 June 2007 \$	Percentage of total net assets attributable to unitholders at	
		30 June 2007 %	31 December 2006 %
By Geography (Secondary)			
Singapore	136,004,893	78.2	75.1
Hong Kong	1,519,125	0.9	1.2
France	496,741	0.3	0.7
China	-	-	1.6
Australia	-	-	1.5
Indonesia	-	-	0.6
	<u>138,020,759</u>	<u>79.4</u>	<u>80.7</u>
Accrued interest receivable on debt securities	<u>407,968</u>	<u>0.2</u>	<u>0.2</u>
Investments	<u>138,428,727</u>	<u>79.6</u>	<u>80.9</u>
Other net assets	<u>35,377,656</u>	<u>20.4</u>	<u>19.1</u>
Net assets attributable to unitholders	<u>173,806,383</u>	<u>100.0</u>	<u>100.0</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period ended 30 June 2007 (Unaudited)

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

1. GENERAL

Lion Capital Singapore Balanced Fund (the “Fund”) is a unit trust constituted by a Deed of Trust dated 15 September 1995 together with its Supplemental Deeds thereon (hereafter referred to as “Trust Deed”) between Lion Capital Management Ltd (the “Managers”) and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Fund is a unit trust under the Central Provident Fund Investment Scheme.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of financial asset at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore (“ICPAS”).

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Financial derivatives

Financial derivatives are entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Managers and in accordance with the provisions of the Trust Deed.

Financial derivatives outstanding at the end of the financial year are valued at forward rates or at current market prices using the “mark-to-market” method, as applicable, and the resultant gains and losses are taken up in the Statement of Total Return.

(d) Distribution

The Managers have the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid out on the distribution date. The amount shall not be treated as part of the property of the Fund.

(e) Investments

(i) Initial recognition

Purchases of investments are recognised on the trade date. Investments are recorded at cost on initial recognition.

(ii) Subsequent measurement

Investments are subsequently carried at fair value. Net change in the fair value of investments are included in the Statement of Total Return in the year in which they arise.

(iii) Derecognition

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are computed on the basis of the difference between the weighted average cost and selling price net of transaction costs, and are taken up in the Statement of Total Return.

(f) Basis of valuation of investments

The fair value of investments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price.

(g) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are carried at anticipated realisable value.

(h) Foreign currencies

(i) Functional and presentation currency

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars. The primary activity of the Fund is to invest in securities and bonds (including real estate investment trusts) in Singapore with limited investments in countries outside Singapore.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Managers consider the Singapore dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the Singapore dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities such as equities are also recognised in the Statement of Total Return within the fair value net gain or loss.

3. INCOME TAX

The Fund was granted the status of a Designated Unit Trust and included under the Central Provident Fund Investment Scheme and, therefore, the following income is exempted from tax in accordance with Section 35(12) and (12A) of the Income Tax Act (Cap 134):

- gains or profits derived from Singapore or elsewhere from the disposal of securities and transactions in foreign exchange, futures, forwards, swaps and options relating to securities, financial indices, interest rates and currencies;
- interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- distribution from foreign unit trusts and dividends derived from outside Singapore and received in Singapore.

	June 2007	30 June 2006
	\$	\$
Singapore income tax	105,021	22,580
Overseas income tax	1,249	113
Total income tax	<u>106,270</u>	<u>22,693</u>

The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

4. DISTRIBUTION

The Managers do not propose any distribution to unitholders for the financial period ended 30 June 2007 (30 June 2006: Nil).

LION CAPITAL SINGAPORE BALANCED FUND

5. RECEIVABLES

	30 June 2007	31 December 2006
	\$	\$
Amount receivable for creation of units	18,528,545	5,454,656
Dividends receivable	8,200	33,597
Interest receivable from a bank which is the ultimate holding company of the Managers	330	520
Interest receivable from a bank which is a related company of the Trustee	722	66
Interest receivable from a bank which is a non-related company	-	1,660
	<u>18,537,797</u>	<u>5,490,499</u>

6. FIXED DEPOSITS

Included in fixed deposits is an amount of \$3,008,696 (31 December 2006: \$2,863,922) placed with a bank which is the ultimate holding company of the Managers.

Included in fixed deposits is an amount of \$4,306,606 (31 December 2006: \$800,000) placed with a bank which is a related company of the Trustee.

Fixed deposits have an average maturity of 3 days (31 December 2006: 4 days) from the end of the financial period/year with the following weighted average effective interest rate:

	30 June 2007	31 December 2006
	%	%
Singapore dollars	<u>2.02</u>	<u>3.21</u>

7. CASH AND BANK BALANCES

The cash and bank balances are placed with a financial institution related to the Trustee.

LION CAPITAL SINGAPORE BALANCED FUND

8. PAYABLES

	30 June 2007 \$	31 December 2006 \$
Amount payable for cancellation of units	6,303,974	877,414
Amount due to Managers	553,967	349,958
Amount due to Trustee	29,606	20,173
Amount due to Custodian	230	140
Amount due to Registrar	5,126	4,699
Other payables	22,672	30,615
	<u>6,915,575</u>	<u>1,282,999</u>

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	30 June 2007 \$	31 December 2006 \$
At beginning of financial period/year	64,814,930	14,325,378
Operations		
Change in net assets attributable to unitholders resulting from operations	18,084,017	8,275,652
Unitholders' contributions/(withdrawals)		
Creation of units	260,422,854	60,342,625
Cancellation of units	(169,515,418)	(18,128,725)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	90,907,436	42,213,900
Total increase in net assets attributable to unitholders	108,991,453	50,489,552
At end of financial period/year	<u>173,806,383</u>	<u>64,814,930</u>
Units in issue (see Note 10)	82,938,628	36,130,961
Net assets attributable to unitholders per unit	<u>\$ 2.095</u>	<u>\$ 1.793</u>

LION CAPITAL SINGAPORE BALANCED FUND

Reconciliation of net assets attributable to unitholders per unit for issuing/ redeeming units at financial period/year end and the net assets attributable to unitholders per unit per the financial statements:

	30 June 2007	31 December 2006
	\$	\$
Net assets attributable to unitholders per unit for issuing / redeeming units	2.101	1.805
Effect of adopting bid prices as fair value	(0.006)	(0.012)
Net assets attributable to unitholders per unit per the financial statements	<u>2.095</u>	<u>1.793</u>

Quoted investments have been valued at the current bid prices in accordance with the recommendations of Statement of Recommended Accounting Practice 7. For the purpose of the net assets attributable to unitholders per unit calculation for the issuance and redemption of units, quoted investments are stated at the last available transacted price, in accordance with the Code on Collective Investment Schemes.

10. UNITS IN ISSUE

	30 June 2007	31 December 2006
	Units	Units
Units at beginning of the period/year	36,130,961	10,130,929
Units created	131,614,000	37,188,640
Units cancelled	<u>(84,806,333)</u>	<u>(11,188,608)</u>
Units at end of the period/year	<u>82,938,628</u>	<u>36,130,961</u>

11. FINANCIAL RISK MANAGEMENT

(a) General market risk

The Fund's investments will be subject to different degrees of economic, political, foreign exchange, interest rate, liquidity, default, regulatory and possible repatriation risks depending on the countries that the Fund invests in.

(b) Default risk

Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal, especially if the issuer is highly leveraged. Such issuer's ability to meet its debt obligations may also be adversely affected by specific corporate developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. Also, an economic downturn or an increase in interest rates may increase the potential for default by the issuers of these securities. The Fund's exposure to default risk arises primarily from its investments in debt securities and to a lesser extent, from its transactions with counterparties such as brokers, custodians and banks. The Managers have in place procedures for proper credit screening and monitoring of default risk.

(c) Currency risk

As the investments of the Fund may be denominated in foreign currencies, fluctuations of the exchange rates of foreign currencies against the Singapore dollars may affect the value of the units of the Fund. The Managers may from time to time employ currency hedging techniques to manage the impact of the exchange rate fluctuations on the Fund and/or for the purpose of efficient portfolio management.

The tables below summarise the currency profile of the assets and liabilities of the Fund.

LION CAPITAL SINGAPORE BALANCED FUND

30 June 2007	MYR \$	USD \$	SGD \$	TWD \$	Total \$
Assets					
Investments	-	4,147,348	134,281,379	-	138,428,727
Receivables	-	3,114	18,534,683	-	18,537,797
Due from brokers	-	-	8,845,333	-	8,845,333
Fixed deposits	-	-	7,315,302	-	7,315,302
Cash and bank balances	35,512	87,122	9,259,822	2	9,382,458
Total assets	35,512	4,237,584	178,236,519	2	182,509,617
Liabilities					
Payables	-	5,699	6,909,876	-	6,915,575
Due to brokers	-	-	1,787,659	-	1,787,659
Net assets attributable to unitholders	-	-	173,806,383	-	173,806,383
Total liabilities	-	5,699	182,503,918	-	182,509,617
Net balance sheet currency exposure	35,512	4,231,885	(4,267,399)	2	-
31 December 2006					
	MYR \$	USD \$	SGD \$	TWD \$	Total \$
Assets					
Investments	-	546,825	51,892,526	-	52,439,351
Receivables	-	-	5,490,499	-	5,490,499
Fixed deposits	-	-	6,061,548	-	6,061,548
Cash and bank balances	34,862	26,357	2,045,310	2	2,106,531
Total assets	34,862	573,182	65,489,883	2	66,097,929
Liabilities					
Payables	-	146	1,282,853	-	1,282,999
Net assets attributable to unitholders	-	-	64,814,930	-	64,814,930
Total liabilities	-	146	66,097,783	-	66,097,929
Net balance sheet currency exposure	34,862	573,036	(607,900)	2	-

LION CAPITAL SINGAPORE BALANCED FUND

In respect of investments in equity and debt securities, the currency analysis above is based on the currencies in which the listed securities are denominated.

(d) Interest rate risk

Investments in debt securities are also subject to the risk of interest-rate fluctuations, and the prices of debt securities may go up or down in response to such fluctuations in interest rates.

The Managers manage the duration of the investments in the Fund.

The table below summarises the repricing profile of the Fund's assets and liabilities based on the earlier of the next contractual interest repricing date and the maturity date.

30 June 2007	Up to 1 year \$	1 - 5 years \$	Over 5 years \$
Assets			
Investments	8,023,621	35,418,461	1,289,276
Fixed deposits	7,315,302	-	-
Cash and bank balances	9,382,458	-	-
	24,721,381	35,418,461	1,289,276
Total interest sensitive gap	24,721,381	35,418,461	1,289,276
31 December 2006			
Assets			
Investments	3,984,905	8,295,718	1,276,676
Fixed deposits	6,061,548	-	-
Cash and bank balances	2,106,531	-	-
	12,152,984	8,295,718	1,276,676
Total interest sensitive gap	12,152,984	8,295,718	1,276,676

All other financial assets and liabilities are non-interest bearing.

12. RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in the financial statements, the following significant transactions took place during the financial period between the Fund and related parties at terms agreed between the parties and within the provisions of the Trust Deed:

	30 June 2007	30 June 2006
	\$	\$
Brokerage on purchases and sales of investments charged by the ultimate holding company of the Managers	1,772	285
Interest income earned from a bank which is the ultimate holding company of the Managers	21,855	2,392
Interest income earned from a bank which is a related company of the Trustee	49,010	5,159
Interest expenses incurred with a bank which is a related company of the Trustee	406	21
Transaction fees charged by the Trustee	10,351	5,862
Registration fee charged by a related company of the Trustee	17,958	11,277
Valuation and administration fee charged by the Trustee	22,953	4,294
Custodian fees charged by a related company of the Trustee	12,877	2,312
Bank service fees charged by a bank which is a related company of the Trustee	7,949	2,300

13. FINANCIAL RATIOS

	30 June 2007 %	30 June 2006 %
Expense ratio ¹	1.52	2.13
Portfolio turnover ratio ²	30	35

¹ The expense ratio does not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fees.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes.

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