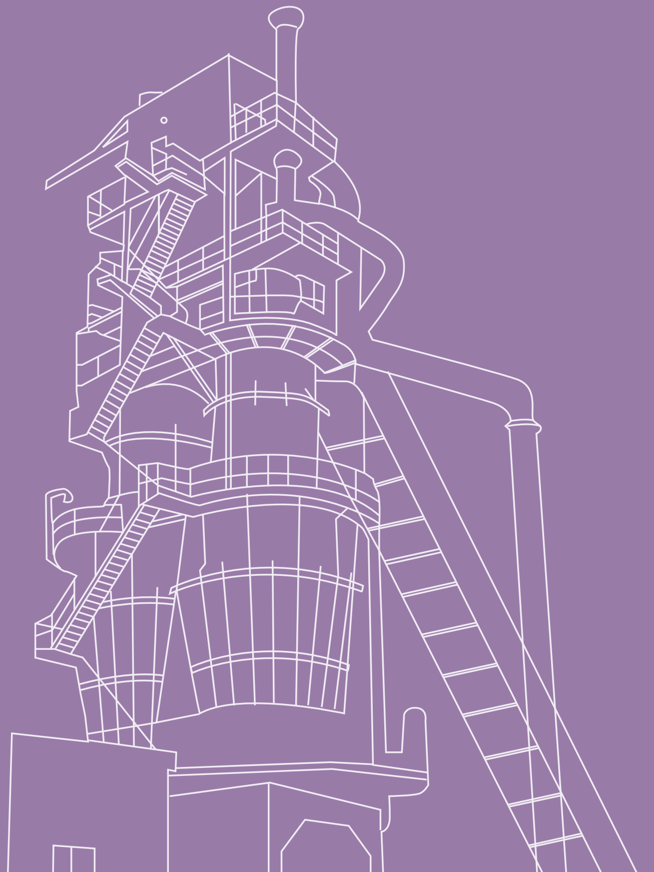
LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

ANNUAL REPORT 2010



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CHAIRMAN'S STATEMENT

The Group ended the financial year with net earnings of S$75.1 million, a 21-fold increase over earnings of S$3.5 million last year. This increase was largely due to a S$75.9 million net gain resulting from the disposal of the entire equity interest in AJAC. Both Compact and LAP Trading reported an increase in profits as compared to last year, while business volume of AE continued to decline.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the year ended 30 June 2010. The year has been one of mixed fortunes for the Group's business sectors, as some industries continue to struggle with poor global demand while others experienced signs of market recovery, especially in the last quarter.

BUSINESS HIGHLIGHTS

A recovery in demand from Malaysia's steel and construction industries spelt good news for the Group's limestone processing and scrap metal trading businesses. The limestone processing business, conducted by our subsidiary, Compact Energy Sdn Bhd ("Compact"), weathered the slowdown in demand experienced throughout the last financial year, and ended the current year with a healthy growth in revenue and profit.

Having put on hold the Phase 2 expansion of our limestone processing plant due to the poor economic climate, construction has now re-commenced and is expected to be completed by mid-2011.

Expanding the potential of this business further, Compact has invested in a hydrated lime production plant, which product is essential to a range of industries including water treatment and mining. The new plant is currently under construction and is targeted to be operational by early 2011.

Our scrap metal trading business, operated by LAP Trading and Marketing Pte Ltd ("LAP Trading"), also fared better this year, effectively doubling its sales and profit compared to last year.

Our electronics business, operated by AE Technol Pte Ltd ("AE") (formerly known as Advent Electronics Pte Ltd), faced another bleak year as the slowdown in the electronic industry that took hold last year showed no signs of abating. Although AE downsized, ceasing operations in component distribution to focus on the higher profit margin area of turnkey project management, its efforts achieved little result with no new sales secured and continued contraction in revenue.

FINANCIAL HIGHLIGHTS

Group turnover for the year ended 30 June 2010 dropped by 29% from S$62.0 million to S$43.8 million. This is mainly attributable to the sharp decline in revenue from our electronics business, while both Compact and LAP Trading reported an increase in profits as compared to last year.

Hydrated Lime Production Plant (construction in progress)

The Group ended the financial year with net earnings of S$75.1 million, a 21-fold increase over net earnings of S$3.5 million last year. This increase was largely due to a S$75.9 million net gain resulting from the disposal of the entire equity interest in Anhui Jianghuai Automobile Co Ltd ("AJAC"), which was acquired by the Group in 2002, as well as a partial offset by currency translation losses of S$1.8 million.

The Group's overall liquidity position remains healthy. At year end, working capital was S$91.7 million. This was after taking into account the receipt of net proceeds of S$121.6 million generated from the disposal of AJAC, and the payment of a special interim dividend amounting to S$60.8 million, and the acquisition in May 2010 by the Group's wholly-owned subsidiary, LAP Exploration Pte Ltd, of a 10.3% equity interest in Mindax Limited, an Australia-listed minerals exploration company, to the tune of S$9.3 million.

Cash balance as at 30 June 2010 was S$125.3 million, an increase from S$65.9 million in 2009. The accrual of the second interim dividend in the amount of S$40.6 million, which was declared on 30 June 2010 and paid on 29 July 2010, led to trade and other payables increasing from S$5.8 million to S$46.9 million as at 30 June 2010. Meanwhile, trade and other receivables decreased by S$9.9 million to S$13.5 million due to debt collection efforts.

As a result of the contraction of our electronics business, there was a 47% drop in employee compensation to S$2.0 million, and a S$2.1 million reduction in inventories due largely to clearance of old stocks.

THE YEAR AHEAD

With poor demand severely impacting the performance of our electronics business, AE is now no longer financially viable and the operations have ceased. Our focus moving ahead will be to increase market share for quicklime and to expand downstream into the market for hydrated lime. As always, we continue to explore fresh business opportunities that can generate new revenue streams. Barring any unforeseen circumstances, the Group will strive to build on the growths achieved this year.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my deepest appreciation to our management and staff for their hard work, commitment and team spirit. My sincere thanks also to our customers, business associates, shareholders and my fellow Directors for your continued support and partnership.

OTHMAN WOK
Chairman

BUSINESS STRUCTURE

As at 24 September 2010

LION ASIAPAC LIMITED

GENERAL TRADING

- 100% LAP TRADING & MARKETING PTE LTD

LIMESTONE PROCESSING

- 100% LAP INVESTMENT PTE LTD
  - 100% COMPACT ENERGY SDN BHD

INVESTMENT HOLDING

- 100% LAP EXPLORATION PTE LTD
  - 10% MINDAX LIMITED

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 June 2010 S$'000	30 June 2009 S$'000
Revenue		
- Limestone processing	**20,999**	16,288
- Scrap metal trading	**19,701**	9,975
- Electronic component distribution	**3,072**	35,520
- Investment holding / others	**–**	204
	43,772	61,987
Profit before tax	**88,134**	2,188
Net profit after tax	**74,510**	1,098
Segmental result		
- Limestone processing	**4,349**	2,543
- Scrap metal trading	**442**	188
- Electronic component distribution	**(1,314)**	(5,420)
- Investment holding / others	**(1,199)**	(57)
	2,278	(2,746)

CONSOLIDATED BALANCE SHEET	30 June 2010 S$'000	30 June 2009 S$'000
Current assets	**141,273**	93,745
Current liabilities	**(49,574)**	(8,467)
Net current assets	**91,699**	85,278
Property, plant and equipment	**19,754**	19,513
Financial assets, available-for-sale	**7,349**	98,447
Deferred income tax liabilities	**(2,358)**	(10,519)
Other non-current liabilities	**(18)**	(51)
Net assets	**116,426**	192,668
Represented by:		
Shareholders' equity	**114,688**	190,377
Non-controlling interests	**1,738**	2,291
Shareholders' funds	**116,426**	192,668

	30 June 2010 (cents)	30 June 2009 (cents)
Earnings per share		
- Basic	**18.51**	0.87
- Diluted	**18.51**	0.87
Net asset value per ordinary share	**28.28**	46.95
Special interim dividend per ordinary share	**15.00**	–
Second interim dividend per ordinary share	**10.00**	–
First and final dividend per ordinary share	**–**	1.00

BUSINESS REVIEW

The year saw the Group's limestone processing and scrap metal trading businesses pick up the pace, registering significant growth in sales and profits, while our electronics business continued to face a sharp decline in demand.

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LIMESTONE PROCESSING

Our limestone processing business, operated by the Group's subsidiary, Compact Energy Sdn Bhd ("Compact"), benefited from a healthy improvement in market demand, achieving a 29% increase in turnover from S$16.3 million to S$21.0 million for the year. This translated to a 72% increase in earnings from S$2.5 million to S$4.3 million. 56% of the sales growth was registered in the fourth quarter alone.

Following the deferment of the existing plant expansion last year due to a slowdown in market demand, the expected market rebound means that construction of a lime kiln plant as part of phase 2 of the project is now underway again. It is expected to be completed by mid-2011.

Quicklime Production Plant - Phase 1

Compact has embarked on further expansion of its business by tapping into downstream opportunities that will enable it to compete more effectively and efficiently, strengthen its market position, and generate higher profit margins.

To this end, it has invested in the construction of a hydrated lime production plant strategically located in Klang Valley. Hydrated lime is produced by adding water to quicklime. It is an essential additive in several industrial processes – for PH control in potable water treatment plants and widely used in the flotation or recovery of many non-ferrous ores. Hydrated lime is also used in the flotation of copper, zinc, nickel and lead bearing ores.

Construction of the plant is expected to be completed by December 2010 and will have an annual output capacity of 72,000 tons. It will position Compact to take advantage of the anticipated growth in demand for hydrated lime from Malaysia's water treatment plants fuelled by rapid industrialisation and urbanisation.

Quicklime Production Plant - Phase 2 (construction in progress)

Washing Bay

SCRAP METAL TRADING

Turnover for our scrap metal trading business, operated by LAP Trading and Marketing Pte Ltd ("LAP Trading"), surged by 97% from S$10.0 million to S$19.7 million, reflecting a substantial improvement in demand. This resulted in earnings for the year doubling from S$0.2 million to S$0.4 million.

Recycling scrap metal involves processing the metal into raw material feedstock for industrial manufacturing. With the upswing in demand from the Malaysian steel industry for raw material processed from recycled scrap metal, this business is gaining a firm foothold in the market. However, as market conditions do remain a challenge, we will continue to monitor and adapt growth strategies accordingly.

ELECTRONICS DIVISION

The continued deterioration in the global electronics industry has had a devastating effect on our electronics business, operated by AE Technol Pte Ltd ("AE") (formerly known as Advent Electronics Pte Ltd). Despite restructuring the business to focus on the more profitable segment of turnkey project management, AE was unable to secure new sales, resulting in a 91% drop in turnover from S$35.5 million to S$3.1 million, and a loss for the year of S$1.3 million. As the electronics business is unfortunately no longer financially viable, AE has made the decision to discontinue it.

MOVING FORWARD

Moving forward, the expansion of our quicklime operations will put us in a stronger position to meet market demand. The new hydrated lime production plant, targeted to be operational by early 2011, will also enable us to reach out to new business segments such as water treatment plants and the mining sector.

BOARD OF DIRECTORS

OTHMAN WOK
Chairman & Independent Director

LOH KGAI MUN
Executive Director

YING YOKE KWAI
Independent Director

SAM CHONG KEEN
Independent Director

TAN SRI CHENG HENG JEM
Non-Executive Director

CHENG THENG HOW
Non-Executive Director

LEE WHAY KEONG
Non-Executive Director

OTHMAN WOK
Chairman & Independent Director

Mr Othman Wok is the Chairman of the Board and an Independent Director since March 1996. He is also the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee. He is subject to re-election as Director at each annual general meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50.

Mr Othman started his career in journalism with Utusan Melayu Press, Singapore in 1946 and left as Deputy Editor after 17 years.

In 1963, Mr Othman was the Minister for Social Affairs in Singapore for 14 years till 1977, and then as the Singapore Ambassador to Indonesia till 1980. He was the Singapore Honorary Consul at the Consulate of the Principality Monaco from 1996 to 1999.

Mr Othman is currently a permanent member of the Presidential Council for Minority Rights since March 1981.

Mr Othman holds a Diploma in Journalism from the Polytechnic School of Journalism, London.

LOH KGAI MUN
Executive Director

Mr Loh Kgai Mun is the Executive Director of the Company since August 2008. He was last re-elected as a Director in October 2008.

Mr Loh has broad experience in finance and various operational and management functions of multi-national manufacturing organisations as well as listed companies. He has been the Group General Manager of the Company since October 2006, overseeing operational, financial and management matters of the Group. Additionally, he is also involved in strategic planning. He oversees the set up and expansion of the Group's limestone processing division in Banting, Malaysia.

Mr Loh joined The Lion Group in 1998 as the Financial Controller of LTC Telecommunications Pte Ltd and was responsible for Lion Teck Chiang Limited's ("LTC") telecommunication investment in China. Concurrently, he also headed the Group Internal Audit department and Group MIS department for both the Company and LTC.

Mr Loh holds a Masters Degree in Business Administration from the Edinburgh University Management School, and is an Associate Member of the Institute of Chartered Accountants in England and Wales.

YING YOKE KWAI
Independent Director

Mr Ying Yoke Kwai is an Independent Director of the Company since March 1996. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. He is subject to re-election as Director at each annual general meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50.

Mr Ying joined Lever Brothers (Singapore) Sdn. Bhd. ("Lever Brothers"), a multi-national company in Singapore, in 1952 as Marketing Assistant. After various rounds of promotion, he became the General Manager for a new factory in 1970 and subsequently served as Director of Administration from 1976 till his retirement in 1981. During his 29 years' tenure at Lever Brothers, Mr Ying was involved in and responsible for sales, marketing, advertising, accounting, manufacturing and human resources. Thereafter, he was engaged as a Consultant to the Detergent Division of British Petroleum Plc till 1986.

Mr Ying has also played an active role in social work on a voluntary capacity, especially in the Singapore Chemical Industries Council of which he was responsible for its formation in 1978 and became its first Chairman for four (4) years. Thereafter he was its Honorary Chairman for 10 years till 1992.

Mr Ying holds a school certificate from the University of Cambridge, and a certificate in Advanced Management from the Singapore Institute of Management.

SAM CHONG KEEN
Independent Director

Mr Sam Chong Keen is an Independent Director of the Company, and a member of the Nominating Committee. Appointed to the Board in February 1997, Mr Sam served as the Company's Managing Director till May 2002. Concurrently, he was the Chief Executive Officer and Executive Vice-Chairman of Lion Teck Chiang Limited. Pursuant to Article 91 of the Company's Articles of Association, he will be due for re-election at the forthcoming Annual General Meeting to be held on 25 October 2010.

Mr Sam has a wealth of management experience, having held senior/CEO positions in the Singapore Government Administrative Service, National Trades Union Congress (NTUC), Intraco Ltd, Comfort Group Ltd, VICOM Ltd, Xpress Holdings Ltd ("Xpress"), Jade Technologies Holdings Ltd and Sino-Environment Technology Group Limited ("Sino-Environment").

Mr Sam was the Political Secretary to the Minister for Education from 1988 to 1991. He has served on various government boards and committees, including the Central Provident Fund Board and the National Co-operative Federation.

Mr Sam currently sits on the boards of other public listed companies, namely Xpress, Sino-Environment, and Stamford Tyres Corporation Ltd as an independent director.

Mr Sam holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, as well as a Diploma from the Institute of Marketing, United Kingdom.

TAN SRI CHENG HENG JEM
Non-Executive Director

Tan Sri Cheng Heng Jem is a Non-Executive Director of the Company since September 2010. Pursuant to Article 97 of the Company's Articles of Association, he will be due for re-election at the forthcoming Annual General Meeting to be held on 25 October 2010.

Tan Sri Cheng has more than 35 years of experience in the business operations of The Lion Group encompassing steel, retail, property development, tyre, computer, motor and plantation. He is currently the Chairman and Managing Director of public companies listed on Bursa Malaysia Securities Berhad, namely Lion Corporation Berhad since 1973 and Parkson Holdings Berhad since 2006, as well as Silverstone Berhad since 1988.

Tan Sri Cheng is the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

Tan Sri Cheng currently sits on the boards of other public listed companies, namely Lion Teck Chiang Limited in Singapore, and Parkson Retail Group Limited in Hong Kong. He is also the chairman of Lion Diversified Holdings Berhad and Lion Forest Industries Berhad in Malaysia.

CHENG THENG HOW
Non-Executive Director

Mr Cheng Theng How is a Non-Executive Director since February 1997. He is also a member of the Audit Committee and Remuneration Committee. He was last re-elected as a Director in October 2008.

Mr Cheng is currently the General Manager and Director of Angkasa Hong Leong Pte Ltd, which distributes steel and iron products and is a subsidiary of SGX-listed Lion Teck Chiang Limited, since 1994.

Concurrently, Mr Cheng is also the Executive Director of Antara Steel Mills Sdn Bhd ("Antara"), a subsidiary of Lion Industries Corporation Berhad which is listed on Bursa Malaysia Securities Berhad, since July 2006. Antara manufactures steel products such as steel reinforcement bars and angle bars, for supply to the local construction industry and export markets.

Prior to 1994, Mr Cheng has served as the Assistant General Manager (Production) of Amalgamated Steel Mills Bhd.

Mr Cheng holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

LEE WHAY KEONG
Non-Executive Director

Mr Lee Whay Keong is a Non-Executive Director of the Company since September 2010. Pursuant to Article 97 of the Company's Articles of Association, he will be due for re-election at the forthcoming Annual General Meeting to be held on 25 October 2010.

Mr Lee is currently the Personal Assistant to the Group Executive Director ('GED"), a position he held since he joined The Lion Group in 1992. His responsibilities include advising and assisting the GED on governmental, corporate, strategic, joint venture, accounting and corporate finance issues. His main duties also involve assisting the GED in overseeing some of The Lion Group's subsidiaries and in the acquisitions and divestments of businesses and companies of The Lion Group.

In 2003, he was appointed the General Manager of Lion Plate Mills Sdn Bhd, a company which manufactures and markets steel plates in Malaysia. In 2009, he was also tasked with overseeing The Lion Group's plantation division.

Mr Lee is currently the Commissioner of PT Lion Metal Works Tbk and PT Lionmesh Prima Tbk, both of which are public listed companies in Indonesia.

Mr Lee holds a Diploma in Education and a Bachelor of Science (Honours) degree from University of Malaya, and a Master of Business Administration (Banking and Finance) from North Texas State University.

KEY MANAGEMENT

WONG MIN SEONG
Assistant General Manager,
Limestone Processing Division

Mr Wong Min Seong is the Assistant General Manager of Compact Energy Sdn Bhd since May 2007, and is overall in charge of the operations of the Group's limestone processing plant in Malaysia.

Mr Wong started his career as a Marine Engineer at Pacific Carrier Ltd, Singapore in 1987, and left in 1990 to join Vestech Engineering Sdn Bhd as Production Engineer. In 1993, he was an Assistant Production Manager at Natsteel Chemicals (M) Sdn Bhd ("Natsteel"), and after a few rounds of promotion, he became its Plant Manager to oversee the production and maintenance of all plant machineries. After 11 years of service at Natsteel, he left in 2004 to become the Assistant General Manager of Megasteel Sdn Bhd and was overall in charge of its limekiln project.

Mr Wong holds a Class 2 Engineer Certificate of Competency Examination (equivalent to a Bachelor Degree) from Jabatan Laut Malaysia, and a Diploma in Marine Mechanical Engineering from Polytechnic Ungku Omar, Ipoh.

TAN BOON HENG
Finance Manager

Mr Tan Boon Heng is the Finance Manager of the Company since January 2010. He joined the Company in March 2006 as Group Assistant Accountant, and assumed the position of Group Accountant in November 2006. He is responsible for financial accounting and reporting, treasury control and taxation of the Group. He has more than eight (8) years' experience in financial audit, accounting and corporate taxation. He started his career with Steven Tan PAC in 1998 as an Audit Assistant, and left in 2005 as Audit Supervisor. Mr Tan is an Associate Member of the Association of Chartered Certified Accountants, and a Certified Public Accountant registered with the Institute of Certified Public Accountants of Singapore.

TAN YEN HUI
Company Secretary

Ms Tan Yen Hui joined the Company in August 2000 as Company Secretary, and is primarily responsible for assisting the Group in its compliance with the company laws, SGX-ST listing rules and other applicable regulations. Prior to that, she has worked in other public listed companies and management consultancy firms. During her working career, Ms Tan has been involved in corporate secretarial, trademark management, investor relations, human resources, taxation, accounting and finance. Ms Tan holds a Bachelor of Science (Economics) degree from the University of London, and is an Associate Member of the Singapore Association of the Institute of Chartered Secretaries and Administrators.

CORPORATE DIRECTORY

BOARD OF DIRECTORS
Othman Wok, Chairman
Loh Kgai Mun, Executive Director
Ying Yoke Kwai
Sam Chong Keen
Tan Sri Cheng Heng Jem
Cheng Theng How
Lee Whay Keong

AUDIT COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

NOMINATING COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Sam Chong Keen

REMUNERATION COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

EXECUTIVES' SHARE OPTION SCHEME COMMITTEE
Othman Wok
Ying Yoke Kwai

COMPANY SECRETARIES
Tan Yen Hui, ACIS
Silvester Bernard Grant, ACIS

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Partner-in-charge of the audit:
Yee Chen Fah
(Appointed from the financial year ended 30 June 2008)

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CORPORATE GOVERNANCE REPORT

Lion Asiapac Limited (the "Company") believes in maintaining a high standard of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders.

This report describes the Company's corporate governance processes and activities which are in line with the Code of Corporate Governance 2005 (the "Code").

BOARD MATTERS

The Board's Conduct of its Affairs

The Board is responsible for the overall strategy and direction of the Group. It provides entrepreneurial leadership, sets strategic aims, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It also ensures that the Company's strategies are in the interests of the Company and its shareholders.

The Board supervises executive management and reviews management performance, as well as establishes a framework of prudent and effective controls which enables risk to be assessed and managed. It sets the Company's values and standards, and ensures that obligations to shareholders and others are understood and met.

During the financial year, the Board met 16 times. The Board reviews and approves appropriate strategic plans, key operational and financial matters, major acquisition and divestment plans, major expenditure projects and funding decisions.

Board Composition and Balance

With effect from 7 September 2010, the Board comprises seven (7) Directors, three (3) of whom are independent, and one (1) of whom holds executive position. The Directors have core competencies in accounting and finance, business and management experience, industry knowledge, and strategic planning experience.

The members of the Board are as follows:

Executive	Non-Executive	
Loh Kgai Mun	Othman Wok	(Chairman, Independent Director)
	Ying Yoke Kwai	(Independent Director)
	Sam Chong Keen	(Independent Director)
	Tan Sri Cheng Heng Jem*	
	Cheng Theng How	
	Lee Whay Keong*	

** Appointed on 7 September 2010, after the financial year ended 30 June 2010.*

The Executive Director oversees the day-to-day operations of the Group. The non-executive Directors constructively challenge and help develop proposals on strategy, as well as help review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Chairman of the Board

The Chairman of the Board is an independent Director. He leads the Board to ensure its effectiveness on all aspects of its role and sets its agenda, and encourages constructive relations between the Board and executive management. He facilitates the effective contribution of non-executive Directors, and encourages constructive relations between the Executive Director and non-executive Directors.

The Chairman ensures that Board meetings are held when necessary, manages the Board proceedings, and ensures that the Board members are provided with complete, timely and adequate information. He assists in ensuring compliance with the Company's guidelines on corporate governance, in order to promote high standards of corporate governance of the Company.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS (CONT'D)
Directors' Attendance

To facilitate effective management, the Board delegates certain functions to the various Board Committees ie. Audit, Nominating, Remuneration and Executives' Share Option Scheme Committees.

The number of meetings of the Company attended by the Directors during the financial year ended 30 June 2010 is set out as follows:

	Board	**Audit**	**Nominating**	**Remuneration**
Number of meetings held:	**16**	**5**	**1**	**1**
Number of meetings attended:				
Othman Wok	15	4	0	0
Loh Kgai Mun	16	n.a.	n.a.	n.a.
Cheng Yong Kwang*	6	n.a.	n.a.	n.a.
Ying Yoke Kwai	16	5	1	1
Cheng Theng How	14	4	n.a.	1
Sam Chong Keen	16	n.a.	1	n.a.
Wong See Meng^	15	n.a.	n.a.	n.a.

* *Mr Cheng Yong Kwang retired in October 2009.*
^ *Mr Wong See Meng stepped down in September 2010.*

Note: Tan Sri Cheng Heng Jem and Mr Lee Whay Keong were appointed after 30 June 2010.

Nominating Committee

The Nominating Committee ("NC") comprises three (3) Directors, all of whom including the Chairman are independent. The NC met once during the financial year.

Othman Wok (Chairman, Independent Director)
Ying Yoke Kwai (Independent Director)
Sam Chong Keen (Independent Director)

The NC is charged with the responsibilities of evaluating the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, and to propose objective performance criteria.

The NC is also responsible for making recommendations to the Board on appointment of directors, and to re-nominate directors, taking into account the individual director's contribution and performance.

The financial indicators set out in the Code as guides for the evaluation of directors are, in the Company's opinion, more of a measure of management's performance and hence are less applicable to directors. In any case, such financial indicators provide a snapshot of a company's performance, and do not fully measure the sustainable long term wealth and value creation of the company. Rather, a director is generally assessed by his/her experience in being a company director, competence and knowledge, level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and any special contributions.

The NC will use its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge relevant to the industry, as well as business, finance and management skills critical to the Company's businesses. In the event that a director has multiple board representations, the NC will determine whether or not a director is able to and has been adequately carrying out his/her duties as director of the Company. Also, the NC determines annually whether or not a director is independent, taking into account the relationship a director may have with the Company and its related companies. Such measures shall enable the Board to have an independent and objective perspective so as to allow balanced and well-considered decisions to be made.

In September 2010, the NC recommended the appointment of Tan Sri Cheng Heng Jem and Mr Lee Whay Keong as Non-Executive Directors, after reviewing their qualifications and working experience. The NC's recommendation had been accepted and approved by the Board. The Company has issued formal letters to the said Directors, setting out the Directors' duties and obligations.

BOARD MATTERS (CONT'D)
Nominating Committee (cont'd)

The NC is of the view that Messrs Othman Wok, Ying Yoke Kwai and Sam Chong Keen are independent Directors. Despite some of the Directors having multiple board representations, the NC is of the view that these Directors are able to and have adequately carried out their duties as Directors of the Company.

Pursuant to Article 91 of the Articles of Association of the Company, every Director shall retire from office at least once every three years, and at each annual general meeting ("AGM") of the Company, one-third of the Directors shall retire from office by rotation and the retiring Directors shall be eligible for re-election. In addition, Directors who are appointed during the year shall hold office only until the next AGM pursuant to Article 97 and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Accordingly, Mr Sam Chong Keen shall retire by rotation at the forthcoming 40th AGM pursuant to Article 91 and shall be eligible for re-election. Pursuant to Article 97, Tan Sri Cheng Heng Jem and Mr Lee Whay Keong shall hold office until the forthcoming 40th AGM and shall be eligible for re-election. Two Directors, Messrs Othman Wok and Ying Yoke Kwai, are subject to Section 153(6) of the Companies Act to hold office until the conclusion of each AGM and they shall be eligible for re-appointment, but shall not be subject to the provisions of the Articles relating to the rotation and retirement of Directors.

Executives' Share Option Scheme Committee

The Executives' Share Option Scheme ("ESOS") Committee comprises two (2) Directors, all of whom are independent.

Othman Wok	(Independent Director)
Ying Yoke Kwai	(Independent Director)

The ESOS Committee is responsible for the administration of the ESOS of the Company and the committee members do not participate in the ESOS.

Access to Information

The Directors are provided with complete and adequate information in a timely manner by the management. To facilitate an informed decision making, explanatory notes or reports on major operational, financial and corporate issues, together with copies of disclosure documents and/or financial statements are circulated to the Directors at a reasonable time period prior to Board meetings for their perusal. If necessary, arrangement will be made for the Directors to obtain independent professional advice at the Company's expense.

All Directors have independent access to the senior management of the Company and also the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for assisting the Group in its compliance with the requirements of the Companies Act, rules of the SGX-ST Listing Manual and other applicable regulations. The Company Secretary shall ensure good information flows within the Board and its committees, as well as between senior management and non-executive Directors, and where necessary, shall facilitate orientation and assist in professional development. The appointment and removal of the Company Secretary are subject to Board's approval.

REMUNERATION MATTERS
Remuneration Committee

The Remuneration Committee ("RC") currently comprises three (3) Directors, all of whom are non-executive, and two (2) of whom including the Chairman are independent. The RC met once during the financial year.

Othman Wok	(Chairman, Independent Director)
Ying Yoke Kwai	(Independent Director)
Cheng Theng How	(Non-Executive Director)

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key executives.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS (CONT'D)

Remuneration Committee (cont'd)

The RC ensures that the level of remuneration is appropriate to attract, retain and motivate the directors needed to run the Company successfully, taking into account the Company's relative performance and the performance of individual directors. It covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share options, and benefits-in-kind.

The non-executive Directors are remunerated with fees which are set in accordance with a remuneration framework comprising basic fees, committee fees and attendance fees. All Directors' fees are subject to the approval of shareholders at each AGM.

The RC determines specific remuneration package for the Executive Director based on the performance of the Group and the individual, and in accordance with a remuneration framework comprising basic salary, bonus and benefits-in-kind.

The RC has access to external consultants for expert advice on Board remuneration and executive compensation, where necessary.

Remuneration Report

Details of remuneration paid to the Directors of the Company for the year ended 30 June 2010 are set out as follows:

Remuneration Band	Name of Director	Salary	Bonus	Directors' Fees	Total
S$250,000 to below S$500,000	Loh Kgai Mun	73%	27%	–	100%
Below S$250,000	Othman Wok	–	–	100%	100%
	Cheng Yong Kwang*	–	–	100%	100%
	Ying Yoke Kwai	–	–	100%	100%
	Sam Chong Keen	–	–	100%	100%
	Cheng Theng How	–	–	100%	100%
	Wong See Meng^	–	–	100%	100%

** Director's fee from July 2009 to October 2009 as Mr Cheng Yong Kwang retired in October 2009.*
^ Mr Wong See Meng stepped down in September 2010.

Note: Tan Sri Cheng Heng Jem and Mr Lee Whay Keong were appointed after 30 June 2010.

For competitive reasons, details of remuneration paid to the top five (5) key executives of the Group for the year ended 30 June 2010 are not disclosed.

ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee ("AC") comprises three (3) Directors, all of whom are non-executive, and two (2) of whom including the Chairman are independent.

Othman Wok (Chairman, Independent Director)
Ying Yoke Kwai (Independent Director)
Cheng Theng How (Non-Executive Director)

The AC carries out the functions set out in the Code and the Companies Act. It assists the Board to raise and maintain the standard of corporate governance, and fosters the transparency of corporate governance practices by ensuring that the Company's corporate governance processes and activities comply with the Code.

During the financial year, the AC met five (5) times with the presence of internal and external auditors and appropriate members of the management, and met once with the external auditors, without the presence of management and internal auditors. It reviews the consolidated financial statements of the Group and the report of the external auditors thereon for submission to the Board. It also reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements, as well as formal announcements relating to the Group's financial performance.

ACCOUNTABILITY AND AUDIT (CONT'D)

Audit Committee (cont'd)

The AC reviews the audit plan with the external auditors, and the scope and results of the internal audit procedures with the internal auditors. It reviews interested person transactions and conducts periodic reviews of the review procedures for interested person transactions to ensure that such transactions are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. It reviews with the internal auditors their evaluation of internal controls. It also reviews with the external auditors on any internal control findings noted in the course of their statutory audit.

Policies and procedures are in place for any staff of the Group who may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up action. Such policies and procedures have been reviewed by the AC.

The AC is responsible for nominating external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors for recommendation to the Board. It reviews the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. The nature and extent of non-audit services performed by external auditors are also reviewed by the AC. There were no non-audit services provided by the external auditors during the year ended 30 June 2010.

Internal Controls and Internal Audit

The Board is responsible for ensuring that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.

An internal audit team is in place to review, at least once annually, the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management.

The internal audit team's line of functional reporting is to the Chairman of the AC. Administratively, the internal audit team reports to the Executive Director. The internal audit team is independent of the activities it audits, and it abstains from audit of certain activities where conflict of interests might arise.

The AC has ensured that the internal audit team meets the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC has ensured that the internal audit function is adequately resourced to carry out its duties effectively and has appropriate standing within the Company.

The AC reviews, on an annual basis, the adequacy and effectiveness of the internal audit function.

The Board believes that, based on information provided and after due enquiry, the system of internal controls that has been maintained by the Group's management during the year is adequate to meet the needs of the Group in its current business environment.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to provide timely and fair disclosure of material information in accordance with regulatory and legal requirements.

The Chairman ensures that the Company engages in regular, effective and fair communication with shareholders of the Company. To maintain transparency, the Board does not practise selective disclosure. The shareholders are informed of all material developments that impact the Group in a timely manner via SGXNET and postings on the Company's internet website.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS (CONT'D)

The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages participative dialogue. The members of the Board and chairman of the Board Committees will attend the AGM and are available to answer questions from shareholders present. External auditors will also be present at the AGM to address shareholders' queries about the audit and the preparation and content of the auditor's report.

SECURITIES TRANSACTIONS

The Company has issued an updated Compliance Code on Securities Transactions ("Compliance Code") to all Directors and officers of the Group, setting out the implication of insider trading and the guildelines on dealing in the Company's shares.

The Compliance Code prohibits all Directors and officers of the Company who have access to price sensitive information, from dealing in the shares of the Company, during the periods commencing 1 January to the date of announcement of the Company's second quarter results ending 31 December, 1 April to the date of announcement of third-quarter results ending 31 March, 1 July to the date of announcement of full-year results ending 30 June, and 1 October to the date of announcement of first-quarter results ending 30 September.

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

At the 39th AGM of the Company held on 23 October 2009, shareholders of the Company ("Shareholders") approved the renewal of the general mandate for Interested Person Transactions ("IPT Mandate") that will enable the Company, its subsidiaries and associated companies, or any of them, that are entities at risk, to enter into certain transactions ("IPT") with the classes of interested persons ("Interested Persons") as set out in the IPT Mandate.

Pursuant to Chapter 9 of the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), a general mandate for transactions with Interested Persons is subject to annual renewal. The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the forthcoming 40th AGM.

Accordingly, the Directors of the Company are proposing that the approval of the Shareholders for the renewal of the IPT Mandate be sought at the 40th AGM of the Company to be held at The Conference Room, 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on 25 October 2010 at 11:00 a.m.

SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this IPT Mandate.

General information with respect to listing rules of the SGX-ST relating to interested person transactions, including the definitions of "approved exchange", "associate", "associated company" and "interested person", used in Chapter 9 of the Listing Manual, is also set out in pages 24 to 25 of this Annual Report.

2. Rationale for the Proposed Renewal of the IPT Mandate

It is envisaged that the Company, its subsidiaries and associated companies (other than (a) subsidiaries or associated companies which are themselves listed on the SGX-ST or an approved exchange, or (b) associated companies over which the Company and its subsidiaries and/or its interested person(s) have no control) which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "Group"), or any of them, will, in the ordinary course of their businesses, enter into transactions with Interested Persons for mutual benefit. Such transactions are likely to occur with some degree of frequency, and could arise at any time. Such transactions would include the provision of goods and services in the ordinary course of business of the Group to Interested Persons or the obtaining of goods and services from such Interested Persons.

Given that the IPTs are expected to be recurrent transactions and may occur at any time, and to allow the Group to undertake such transactions in a more expeditious manner, the Directors are seeking Shareholders' approval for the renewal of the IPT Mandate for the purposes of Chapter 9 of the Listing Manual and for the Group to enter into the categories of IPTs with certain classes of Interested Persons as set out in paragraphs 5 and 4 below respectively.

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

3. Benefits of the IPT Mandate

The IPT Mandate is intended to facilitate specified categories of IPTs in the normal course of business of the Group which are transacted, from time to time, with the specified classes of Interested Persons, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will enhance the ability of companies in the Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when the need to enter into a specified category of IPTs with an Interested Person arises. This will reduce the expenses associated with convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably and allow manpower resources and time to be channelled towards attaining other corporate objectives available to the Group.

4. Classes of Interested Persons

The IPT Mandate will apply to the IPTs (as described in paragraph 5 below) with the following classes of Interested Persons, namely:

(A) Lion Corporation Berhad ("LCB"), its subsidiaries and associated companies;

(B) Lion Industries Corporation Berhad ("LICB"), its subsidiaries and associated companies;

(C) Lion Diversified Holdings Berhad ("LDHB"), its subsidiaries and associated companies; and

(D) ACB Resources Berhad ("ACB") (formerly known as Amsteel Corporation Berhad), its subsidiaries and associated companies.

The relationships between the classes of Interested Persons and the Company are disclosed in page 83 of this Annual Report.

Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate will be subjected to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

5. Categories of IPTs

The transactions entered into by the Group with the Interested Persons which will be covered by the IPT Mandate are as follows:

5.1 Sale of Quicklime

The Group will supply quicklime to the Interested Persons. The basis of determining the contract and/or transaction terms are defined herein below.

5.2 Sale of Scrap Metal

The Group will supply scrap metal to the Interested Persons. The basis of determining the contract and/or transaction terms are defined herein below.

CORPORATE GOVERNANCE REPORT

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

5. Categories of IPTs (cont'd)

5.3 Trading of Automotive Components

The Group will supply CKD (acronym for Completely Knocked Down which refers to automotive kits used for assembly) to the Interested Persons which will be assembled by the Interested Persons into CBU (acronym for Completely Built Up which refers to the assembled automotive from CKD that is ready for sale to the end customer) for distribution. Payment by the Interested Persons can be made via the following two options:

(A) Cash on Delivery; or

(B) Deferred Payment Scheme ("Scheme")

The Scheme involves the Interested Persons transferring the title of a CBU to the Group as consideration ("Original Consideration") for the CKD prior to delivery of the latter. The transfer in title, which serves as security to the Group, is formalized via a sales invoice issued by the Interested Persons to the Group. Upon the maturity of the credit term or any other time earlier, the Group will transfer the title of the original CBU back to the Interested Persons, via a sales invoice, upon receipt of monies of an amount equivalent to the Original Consideration, from the Interested Persons;

The basis of determining the contract and/or transaction terms are defined herein below.

5.4 Provision and/or Obtaining of Services arising from business operations

The Group will in the ordinary course of business provide or obtain, *inter alia*, management, consultancy, leasing or warehousing, internal audit and information technology services relating to its business operations. The basis of determining the contract and/or transaction terms are defined herein below.

The IPT Mandate will not cover any transaction by a company in the Group with an Interested Person that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 would not apply to such transactions.

6. Review Procedures for IPTs

6.1 In general, the Group has internal control procedures to ensure that the IPTs are undertaken at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

(A) Sale of Quicklime

The review procedures are as follows:

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices, where practicable, for ascertaining the reasonableness of the pricing;

(ii) Where the prevailing market prices or rates are not available due to the nature of the products to be sold or the services to be provided and the then prevailing business conditions, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration; and

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(A) Sale of Quicklime (cont'd)

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$500,000 in value to be reviewed and approved by the Group Internal Audit Manager; or

(b) Contracts and transactions amounting to or exceeding S$500,000 but less than S$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors; or

(c) Contracts and transactions amounting to or exceeding S$1,000,000 in value to be reviewed and approved by the Audit Committee;

(B) Sale of Scrap Metal

The review procedures are as follows:

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined from available public sources, such as the Metal Bulletin or any such other sources approved by the Audit Committee, and on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms;

(ii) Where the prevailing market prices or rates are not available due to the nature of the products to be sold, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration; and

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager; or

(b) Contracts and transactions amounting to or exceeding S$2,500,000 but less than S$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors; or

(c) Contracts and transactions amounting to or exceeding S$5,000,000 in value to be reviewed and approved by the Audit Committee;

CORPORATE GOVERNANCE REPORT

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(C) Trading of Automotive Components

The review procedures are as follows:

(i) Due to the fact that CKD units are usually assembled internally and the pricings for CKD units are highly dependent on the brands, comparable market prices for the units may not be readily available. Owing to this, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration; and

(ii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager; or

(b) Contracts and transactions amounting to or exceeding S$2,500,000 but less than S$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors; or

(c) Contracts and transactions amounting to or exceeding S$5,000,000 in value to be reviewed and approved by the Audit Committee;

(D) Provision and/or Obtaining of Services arising from business operations

The review procedures are as follows:

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices, where practicable, for ascertaining the reasonableness of the pricing;

(ii) Where the prevailing market prices or rates are not available due to the nature of the service to be provided, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost or through a formula, to ensure that the pricing for such services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. In determining the price or rate payable by the Interested Person for such services, factors such as but not limited to, service requirements, duration of contract, and credit worthiness, will be taken into consideration; and

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(D) Provision and/or Obtaining of Services arising from business operations (cont'd)

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$500,000 in value to be reviewed and approved by the Group Internal Audit Manager; or

(b) Contracts and transactions amounting to or exceeding S$500,000 but less than S$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors; or

(c) Contracts and transactions amounting to or exceeding S$1,000,000 in value to be reviewed and approved by the Audit Committee;

The thresholds as set out above are determined by factors which include, inter alia, frequency of the contracts/transactions, the market prices of the products/services and the anticipated contract/transaction volume.

6.2 Notwithstanding the aforementioned limit for approval in paragraph 6.1 above, prior approval will have to be sought for any contracts and transactions, in accordance with the following threshold:

Where the aggregate value for all the IPTs, which are not required under the review procedures to be approved by either the Group Internal Audit Manager and any one of the non-executive Directors, or the Audit Committee, for any particular year,

(A) amounts to or exceeds S$10,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$2,500,000 in aggregate value, shall require the approval of the Audit Committee; or

(B) amounts to or exceeds S$15,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$1,500,000 in aggregate value, shall require the approval of the Audit Committee; or

(C) amounts to or exceeds S$20,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$500,000 in aggregate value, shall require the approval of the Audit Committee.

6.3 Additional Controls

(A) The Company will maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) and those transactions that are below S$100,000.

(B) The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate.

(C) The Audit Committee shall review and approve the maximum value (pre-approved cap) of IPTs for each category of IPTs for the forthcoming 12 months or whichever period that is shorter, as determined by the Audit Committee. Ratification shall be sought from the Audit Committee, should the pre-approved cap be breached, notwithstanding that the contracts or transactions are within the thresholds set out in paragraphs 6.1(A)(iii), 6.1(B)(iii), 6.1(C)(ii) and 6.1(D)(iii) above.

CORPORATE GOVERNANCE REPORT

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs (cont'd)

6.3 Additional Controls (cont'd)

(D) The Group Internal Audit Manager shall, on at least a half-yearly basis, subject to adjustment in frequency, depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with Interested Persons during the preceding period. The Audit Committee shall review such IPTs at its periodic meetings except where IPTs are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

(E) The Audit Committee will conduct periodic reviews (not less than half-yearly) of the review procedures for IPTs. If, during these periodic reviews, the Audit Committee is of the view that these review procedures are not sufficient to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for IPTs. All IPTs will be reviewed and approved by the Audit Committee prior to entry while a fresh IPT Mandate is being sought from the Shareholders.

(F) For the purposes of the above review and approval process, any Director who is not considered independent for the purposes of the IPT Mandate and/or any IPTs will abstain from voting on any resolution relating thereof, and/or abstain from participating in the Audit Committee's decision during its review of the established review procedures for the IPTs or during its review or approval of any IPT.

6.4 Further Compliance

The Directors will ensure that all relevant disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

7. Expiry and Renewal of the IPT Mandate

If approved by Shareholders at the forthcoming 40th AGM, the IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue to be in force until the next AGM of the Company and will apply to IPTs entered into from the date of receipt of Shareholders' approval. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM, subject to review by the Audit Committee of its continued application to the IPTs.

If the Audit Committee is of the view that the review procedures under the IPT Mandate are not sufficient to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for IPTs.

8. Disclosure

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the IPT Mandate and the aggregate value of the IPTs conducted pursuant to the IPT Mandate in the annual report of the Company for the current financial year, and in the annual reports for the subsequent financial years during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the IPT Mandate for the financial periods on which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

9. Directors' and Substantial Shareholders' Interests

The interests of the Directors and substantial shareholders of the Company (the "Substantial Shareholders") in the shares of the Company as at 30 June 2010 and 16 September 2010 respectively, can be found in pages 27 and 83 of this Annual Report respectively.

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

10. Abstentions

Tan Sri Cheng Heng Jem, a Non-Executive Director, is also a controlling shareholder of the Company. He is also a director of LDHB and LCB, and of certain subsidiaries of LICB. LDHB, LCB and LICB are controlling shareholders of the Company. By virtue of Tan Sri Cheng's deemed interest in the Company and directorship in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Tan Sri Cheng will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Mr Cheng Theng How, a Non-Executive Director, is also a director of Antara Steel Mills Sdn Bhd and Amsteel Mills Sdn Bhd, both of which are subsidiaries of LICB, which in turn is a controlling shareholder of the Company. By virtue of Mr Cheng's directorship in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Mr Cheng will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Mr Lee Whay Keong, a Non-Executive Director, is also a director of Omali Corporation Sdn Bhd ("Omali") and AMB Venture Sdn Bhd ("AMB"), and of certain subidiaries of LCB, LDHB and LICB. Omali, AMB, LCB, LDHB and LICB are controlling shareholders of the Company. By virtue of Mr Lee's directorship in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Mr Lee will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Tan Sri Cheng Heng Jem and the Substantial Shareholders as set out in page 83 of this Annual Report, who are Interested Persons in relation to the IPT Mandate, will abstain, and will ensure that their associates abstain, from voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Further, Tan Sri Cheng Heng Jem, Mr Cheng Theng How and Mr Lee Whay Keong will decline to accept appointment as proxy to vote on the ordinary resolution approving the renewal of the IPT Mandate unless the Shareholder appointing them as his proxy shall have given specific instructions as to the manner in which his votes are to be cast.

Save as disclosed above, none of the Directors and the Substantial Shareholders have any interest, whether directly or indirectly, in the IPT Mandate.

11. Independent Directors' Recommendation

The Independent Directors having considered, *inter alia*, the terms, the rationale and the benefits of the proposed renewal of the IPT Mandate, are of the view that the said renewal is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution thereof at the forthcoming 40th AGM.

12. Statement of the Audit Committee

The Audit Committee confirms that:

(A) The methods and procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have not changed since the Shareholders' approval of the renewal of the IPT Mandate at the 39th AGM held on 23 October 2009;

(B) The methods and procedures referred to in paragraph 12(A) above continue to be sufficient to ensure that the said IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and

(C) The Company will obtain a fresh mandate from the Shareholders if the methods or procedures referred to in paragraph 12(A) above are no longer sufficient to ensure that the said IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

CORPORATE GOVERNANCE REPORT

RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

13. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated herein are fair and accurate and that there are no material facts the omission of which would make any statement in this Annual Report misleading.

OVERVIEW OF LISTING MANUAL REQUIREMENTS FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies (other than a subsidiary or an associated company that is itself listed on the SGX-ST or an approved exchange, or an associated company over which the listed group and/or its interested person(s) has no control) proposes to enter into with a counterparty who is an interested person of the listed company.

2. Terms used in Chapter 9 of the Listing Manual

"approved exchange"

An "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.

"associate"

In relation to any director, chief executive officer, substantial or controlling shareholder (being an individual), an "associate" is defined to be an immediate family member (that is, spouse, child, adopted child, step-child, sibling and parent); the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and any company in which the individual and his immediate family together (directly or indirectly) have an interest of 30% or more.

In relation to a substantial shareholder or controlling shareholder (being a company), an "associate" is defined to be any other company which is a subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

"associated company"

A listed company's "associated company" is defined as a company in which at least 20% but not more than 50% of its shares are held by the listed company or group.

"chief executive officer"

A "chief executive officer" is defined in the Listing Manual to mean the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed issuer.

"controlling shareholder"

A "controlling shareholder" of a listed company is a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the listed company, or a person who in fact exercises control over the listed company.

"interested person" means:

(a) a director, chief executive officer or controlling shareholder of the Company; or

(b) an associate of any such director, chief executive officer or controlling shareholder.

OVERVIEW OF LISTING MANUAL REQUIREMENTS FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

3. **Materiality Thresholds, Disclosure Requirements and Shareholders' Approval**

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("NTA")) are reached or exceeded.

Immediate Announcement

An immediate announcement is required where the interested person transaction is of a value equal to, or more than, 3% of the listed group's latest audited NTA. Where the aggregate value of all the transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group's latest audited NTA, the issuer must make an announcement of the latest transaction and all future transactions entered into with the same interested person during that financial year.

Shareholders' Approval

Shareholders' approval is required where the interested person transaction is of a value equal to or more than:

(a) 5% of the listed group's latest audited NTA; or

(b) 5% of the listed group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below S$100,000.

4. **General Mandate**

Part VIII of Chapter 9 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPTs entered into during the financial year ended 30 June 2010 pursuant to the IPT Mandate obtained under Chapter 9 of the Listing Manual is set out as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under IPT Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Amsteel Mills Sdn Bhd	–	7,480
Antara Steel Mills Sdn Bhd	–	9,887
Megasteel Sdn Bhd	–	15,817

CONTENTS

DIRECTORS' REPORT
For the financial year ended 30 June 2010

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2010 and the balance sheet of the Company as at 30 June 2010.

DIRECTORS

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

Othman Wok
Loh Kgai Mun
Ying Yoke Kwai
Cheng Theng How
Sam Chong Keen
Tan Sri Cheng Heng Jem (appointed on 7 September 2010)
Lee Whay Keong (appointed on 7 September 2010)

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, other than as disclosed under "Share Options" of this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) 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.

(b) According to the register of directors' shareholdings, a director holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the LAP Share Option Scheme as set out below and under "Share Options" of this report.

	Number of unissued ordinary shares under option	
	At 30.6.2010	At 1.7.2009
Loh Kgai Mun		
2005 Options	**–**	18,750
2007 Options	**52,500**	52,500

(c) The director's interests in the options of the Company as at 21 July 2010 were the same as those as at 30 June 2010.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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, and except that one director has employment relationship with the Company and has received remuneration in that capacity.

DIRECTORS' REPORT
For the financial year ended 30 June 2010

SHARE OPTIONS

(a) LAP Share Option Scheme

The LAP Share Option Scheme (the "Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 20 September 2000. Particulars of the Scheme were set out in the Circular to shareholders dated 28 August 2000. The Scheme expired on 20 September 2010.

On 26 May 2005, options on 176,250 unissued shares with an exercise price of $0.16 per ordinary share were granted to executives and directors of the Company pursuant to the Scheme ("2005 Options"). The 2005 Options are exercisable from 27 May 2006 and expired on 26 May 2010.

On 29 November 2007, options on 525,000 unissued shares with an exercise price of $0.24 per ordinary share were granted to executives and directors of the Company pursuant to the Scheme ("2007 Options"). The 2007 Options are exercisable from 30 November 2008 and will expire on 29 November 2012, notwithstanding the expiration of the Scheme.

During the financial year, 35,000 shares of the Company were allotted and issued to employees by virtue of the exercise of options to take up unissued shares of the Company.

(b) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the Scheme outstanding at the end of the financial year was as follows:

	Number of unissued ordinary shares under option at 30.6.2010	Exercise price	Expiry date
2007 Options	388,500	$0.24	29 November 2012

(c) Other information required by the Singapore Exchange Securities Trading Limited ("SGX-ST")

Pursuant to Rule 852 of the Listing Manual of the SGX-ST, in addition to the information disclosed elsewhere in this report, the directors' report that during the financial year:

(i) the Committee administering the Scheme comprises directors Othman Wok and Ying Yoke Kwai;

(ii) no options were granted to controlling shareholders, their employees or associates, and no employee under the Scheme has received 5% or more of the total options available under the Scheme; and

(iii) participants of the Scheme who are directors of the Company are as follows:

	Number of unissued ordinary shares of the Company under option			
Name of director	Granted in financial year ended 30.6.2010	Aggregate granted since commencement of Scheme to 30.6.2010	Aggregate lapsed since commencement of Scheme to 30.6.2010	Aggregate outstanding as at 30.6.2010
Loh Kgai Mun	–	84,250	(31,750)	52,500

(d) Except for the above, no options were granted by the Company or any subsidiary during the financial year and there were no other unissued shares under option at the end of the financial year.

(e) No options have been granted at a discount under the Scheme.

AUDIT COMMITTEE

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

Othman Wok (Chairman)
Ying Yoke Kwai
Cheng Theng How

All members of the Audit Committee were non-executive directors. Except for Mr Cheng Theng How, all members 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:

(i) the scope and the results of internal audit procedures with the internal auditor;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the assistance given by the Company's management to the independent auditor; and

(iv) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2010 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

LOH KGAI MUN
Director

CHENG THENG HOW
Director

Singapore
24 September 2010

STATEMENT BY DIRECTORS

For the financial year ended 30 June 2010

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 32 to 81 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 30 June 2010 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.

On behalf of the directors

LOH KGAI MUN
Director

CHENG THENG HOW
Director

Singapore
24 September 2010

INDEPENDENT AUDITOR'S REPORT

To the Members of Lion Asiapac Limited

We have audited the accompanying financial statements of Lion Asiapac Limited (the "Company") and its subsidiaries (the "Group") set out on pages 32 to 81, which comprise the balance sheets of the Company and of the Group as at 30 June 2010, the consolidated statement of comprehensive income, 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 control 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 profit and loss accounts 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. 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.

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

OPINION

In our opinion,

(a) 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2010 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 24 September 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2010

	Note	2010 $'000	2009 $'000
Revenue	4	**43,772**	61,987
Other gains – net	5	**87,647**	6,540
Expenses			
- Purchases of inventories		**(32,456)**	(47,749)
- Employee compensation	6	**(1,995)**	(3,777)
- Depreciation and impairment	7	**(1,378)**	(2,360)
- Finance	8	**(14)**	(49)
- Other	9	**(5,383)**	(6,812)
Changes in inventories		**(2,059)**	(5,592)
Total expenses		**(43,285)**	(66,339)
Profit before income tax		**88,134**	2,188
Income tax expense	10	**(13,624)**	(1,090)
Net profit		**74,510**	1,098
Other comprehensive (loss)/income:			
Financial assets, available-for-sale			
- Fair value gains		**26,202**	29,179
- Reclassification of fair value reserve to profit or loss on disposal/impairment		**(71,722)**	21
Assets held-for-sale			
- Reclassification of fair value reserve and currency translation reserve to profit or loss on disposal		**–**	1,406
Currency translation differences arising from consolidation		**265**	720
Other comprehensive (loss)/income, net of tax		**(45,255)**	31,326
Total comprehensive income		**29,255**	32,424
Profit attributable to:			
Equity holders of the Company		**75,063**	3,519
Non-controlling interests		**(553)**	(2,421)
		74,510	1,098
Total comprehensive income attributable to:			
Equity holders of the Company		**29,808**	34,845
Non-controlling interests		**(553)**	(2,421)
		29,255	32,424
Earnings per share attributable to equity holders of the Company (expressed in cents per share)			
- Basic	11	**18.51**	0.87
- Diluted	11	**18.51**	0.87

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

BALANCE SHEETS

As at 30 June 2010

		The Group		The Company	
	Note	**2010 $'000**	2009 $'000	**2010 $'000**	2009 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**125,342**	65,868	**93,581**	34,472
Trade and other receivables	13	**13,536**	23,408	**65,594**	60,524
Inventories	14	**2,210**	4,269	**–**	–
Other current assets	15	**185**	200	**29**	43
		141,273	93,745	**159,204**	95,039
Financial assets, available-for-sale	17	**–**	98,447	**–**	–
		141,273	192,192	**159,204**	95,039
Non-current assets					
Financial assets, available-for-sale	17	**7,349**	–	**–**	–
Investments in subsidiaries	19	**–**	–	**946**	46,610
Property, plant and equipment	20	**19,754**	19,513	**11**	9
		27,103	19,513	**957**	46,619
Total assets		**168,376**	211,705	**160,161**	141,658
LIABILITIES					
Current liabilities					
Trade and other payables	21	**46,935**	5,763	**76,486**	45,038
Current income tax liabilities	10(b)	**2,603**	2,670	**1**	9
Finance lease liabilities	22	**36**	34	**–**	–
		49,574	8,467	**76,487**	45,047
Non-current liabilities					
Finance lease liabilities	22	**18**	51	**–**	–
Deferred income tax liabilities	23	**2,358**	10,519	**556**	386
		2,376	10,570	**556**	386
Total liabilities		**51,950**	19,037	**77,043**	45,433
NET ASSETS		**116,426**	192,668	**83,118**	96,225
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	**47,494**	47,487	**47,494**	47,487
Other reserves	25	**12,611**	63,487	**13,543**	13,543
Retained profits	26	**54,583**	79,403	**22,081**	35,195
		114,688	190,377	**83,118**	96,225
Non-controlling interests		**1,738**	2,291	**–**	–
TOTAL EQUITY		**116,426**	192,668	**83,118**	96,225

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2010

	Note	Share capital $'000	Capital redemption reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Enterprise development reserve $'000	General reserve $'000	Capital reduction reserve $'000	Capital reserve $'000	Consolidation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
		← Attributable to equity holders of the Company										→		
2010														
Beginning of financial year		47,487	105	43,618	(1,476)	–	5,621	13,543	2,112	(36)	79,403	190,377	2,291	192,668
Total comprehensive income for the year		–	–	(45,520)	265	–	–	–	–	–	75,063	29,808	(553)	29,255
Dividends on ordinary shares	27	–	–	–	–	–	–	–	–	–	(105,436)	(105,436)	–	(105,436)
Purchase of additional equity interest in a subsidiary		–	–	–	–	–	–	–	–	–	(68)	(68)	–	(68)
Transfer from general reserve to retained profits on disposal of financial assets, available-for-sale	25(b)(vi)	–	–	–	–	–	(5,621)	–	–	–	5,621	–	–	–
Share options exercised	24	7	–	–	–	–	–	–	–	–	–	7	–	7
End of financial year		**47,494**	**105**	**(1,902)**	**(1,211)**	**–**	**–**	**13,543**	**2,112**	**(36)**	**54,583**	**114,688**	**1,738**	**116,426**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2010

		Attributable to equity holders of the Company											
	Note	Share capital $'000	Capital redemption reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Enterprise development reserve $'000	General reserve $'000	Capital reduction reserve $'000	Capital reserve $'000	Consolidation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
2009														
Beginning of financial year		47,487	105	13,764	(2,948)	1,906	11,443	13,543	2,112	7,583	64,592	159,587	4,712	164,299
Total comprehensive income for the year		–	–	29,854	1,472	–	–	–	–	–	3,519	34,845	(2,421)	32,424
Dividends on ordinary shares	27	–	–	–	–	–	–	–	–	–	(4,055)	(4,055)	–	(4,055)
Transfer from general and enterprise development reserve to retained profits on disposal of assets held-for-sale	25(b)(v) &(vi)	–	–	–	–	(1,906)	(5,822)	–	–	–	7,728	–	–	–
Transfer from consolidation reserve to retained profits on disposal of assets held-for-sale	25(b)(vii)	–	–	–	–	–	–	–	–	(7,619)	7,619	–	–	–
End of financial year		**47,487**	**105**	**43,618**	**(1,476)**	–	**5,621**	**13,543**	**2,112**	**(36)**	**79,403**	**190,377**	**2,291**	**192,668**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2010

	2010 $'000	2009 $'000
Cash flows from operating activities		
Net profit	**74,510**	1,098
Adjustments for		
- Income tax expense	**13,624**	1,090
- Depreciation and impairment	**1,378**	2,360
- Finance expenses	**14**	49
- Interest income	**(1,287)**	(1,851)
- Waiver of non-trade receivables from related parties	**929**	–
- Loss on disposal of property, plant and equipment	**31**	13
- Gain on disposal of financial assets, available-for-sale	**(88,477)**	–
- Gain on disposal of assets held-for-sale	**–**	(2,805)
- Unrealised translation gains	**(52)**	(559)
	670	(605)
Change in working capital		
- Trade and other receivables	**9,111**	7,053
- Inventories	**2,148**	5,527
- Other current assets	**22**	143
- Trade and other payables	**514**	(7,132)
Cash generated from operations	**12,465**	4,986
Income tax paid	**(12,872)**	(797)
Net cash (used in)/provided by operating activities	**(407)**	4,189
Cash flows from investing activities		
Purchases of property, plant and equipment	**(804)**	(4,359)
Purchase of financial assets, available-for-sale	**(9,251)**	–
Proceeds from disposal of property, plant and equipment	**2**	156
Proceeds from disposal of assets held-for-sale	**–**	15,205
Proceeds from disposal of financial assets, available-for-sale	**134,249**	–
Interest received	**1,416**	1,603
Dividends received	**–**	1,487
Net cash provided by investing activities	**125,612**	14,092
Cash flows from financing activities		
Purchases of additional equity interests in subsidiaries	**(69)**	–
Proceeds from issuance of ordinary shares upon exercise of share options	**7**	–
Proceeds from borrowings	**488**	–
Repayment of borrowings	**(488)**	(1,318)
Repayment of lease liabilities	**(33)**	(35)
Interest paid	**(14)**	(49)
Dividends paid to equity holders of the Company	**(64,884)**	(4,055)
Net cash used in financing activities	**(64,993)**	(5,457)
Net increase in cash and cash equivalents	**60,212**	12,824
Cash and cash equivalents at beginning of financial year	**65,868**	51,324
Effects of currency translation on cash and cash equivalents	**(738)**	1,720
Cash and cash equivalents at end of financial year	**125,342**	65,868

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

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

1. GENERAL

Lion Asiapac Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding as well as the design-in and distribution of semiconductors and related components, limestone processing and scrap metal trading.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 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. 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 2009

On 1 July 2009, 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 revised FRS and INT FRS that are relevant to the Group:

- FRS 1 (revised), *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 July 2008 in the current financial year.

- FRS 108, *Operating segments* (effective from 1 January 2009) replaces FRS 14, 'Segment reporting', and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting. The application of FRS 108 does not have a material impact on the financial statements.

- Amendment to FRS 107 *Improving Disclosures about Financial Statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see note 30). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* (effective for annual periods beginning on or after 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The Group has applied this amendment from 1 July 2009, but it has no material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Interpretations and amendments to published standards effective in 2009 (cont'd)

- FRS 27 (revised) *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 July 2009). FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The application of FRS 27 (revised) prospectively to transactions with non-controlling interests from 1 July 2009 does not have a material impact on the financial statements.

- FRS 103 (revised) *Business Combinations* (effective for annual periods beginning on or after 1 July 2009). FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The application of FRS 103 (Revised) prospectively to all business combinations from 1 July 2009 does not have a material impact on the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods – electronic components, quicklime and scrap metal

Revenue from these sales is recognised when a Group entity has delivered the products to locations specified by its customers, the customers have accepted the products in accordance with the sales contract and the collectibility of the related receivables is reasonably assured.

(b) Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

(c) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a 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. 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.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition of business

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (cont'd)

(a) Subsidiaries (cont'd)

(iii) Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) 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.

(b) Depreciation

Construction-in-progress is not depreciated. Depreciation on other items 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
Buildings and infrastructure	20 Years
Plant and machinery	1 - 15 Years
Office equipment and vehicle	2.5 - 10 Years
Furniture and fittings	3 - 10 Years

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 profit or loss when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (cont'd)

(c) *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 expenses are recognised in the profit or loss when incurred.

(d) *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 profit or loss.

2.5 Borrowing costs

Borrowing costs are recognised in the profit or loss using the effective interest method.

2.6 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

2.7 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, 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 cash-generating-unit ("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 profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

An impairment loss for an asset 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 is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the profit or loss, a reversal of that impairment is also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and financial assets, 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.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with 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. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) *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.

(b) *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 profit or loss. Any amount in the fair value reserve relating to that asset is transferred to the profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in the profit or loss. 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.

(e) *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.

(i) *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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(e) Impairment (cont'd)

(i) Loans and receivables (cont'd)

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 profit or loss.

The allowance for impairment loss account is reduced through the profit or loss 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.

(ii) 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 profit or loss. 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 profit or loss on debt securities. The impairment losses recognised in the profit or loss on equity securities are not reversed through the profit or loss.

2.9 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to the profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

2.10 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 profit or loss over the period of the borrowings using the effective interest method.

2.11 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 30 June 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 Leases

The Group leases certain property, plant and equipment from third parties and 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 buildings and infrastructure 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.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the profit or loss 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 of any incentives received from the lessors) are recognised in the profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the profit or loss when incurred.

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 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 arises 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 the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, 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 profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

2.16 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 been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using the pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

2.17 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee compensation (cont'd)

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account when new ordinary shares are issued.

2.18 Currency translation

(a) 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 Dollars, which is the functional currency of the Company.

(b) 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 profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

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.

(c) 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.

Fair value adjustments arising on the acquisition of foreign operations on or after 1 July 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet. For acquisitions prior to 1 July 2005, the exchange rates at the dates of acquisition are used.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who is responsible for allocating resources and assessing performance of the operating segments.

2.20 Share capital

Ordinary shares are classified as equity.

2.21 Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.22 Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown as deductions in the related expenses.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, 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) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group is subject to capital gains tax in The People's Republic of China on its disposal of assets held-for-sale. In determining the tax liabilities, management is required to estimate the amount of capital gains that is subject to tax ("uncertain tax position"). As management believes that the tax position adopted by the Group is sustainable, no additional tax liabilities have been recognised on the uncertain tax position. The maximum tax exposure, if any, arising from the uncertain tax position is approximately $805,000.

(b) Impairment of investment in subsidiaries

The Group follows the guidance of FRS 36 - Impairment of Assets in determining the indication of impairment of investments in subsidiaries and the recoverable amount of the investments. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the market, economic or legal environment in which the subsidiaries operate, and the range of economic conditions that will exist over the remaining duration of the investments which have an impact on the future cash flow projections.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(c) Impairment of financial assets, available-for-sale

The Group follows the guidance of FRS 39 – Financial Instruments: Recognition and Measurement in determining when an available-for-sale financial asset is considered impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and 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.

(d) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. 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 judgement 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 as an expense. In determining this, management assesses historical payment patterns by the relevant debtors and the projected receipts from those debtors over the next 12 months from balance sheet date.

As at 24 September 2010, the date of authorisation for issuance of these financial statements, the carrying amount of loans and receivables that was subject to significant estimation risks of recoverability was $7,272,000, for which management has assessed that no allowance for impairment was required.

4. REVENUE

	The Group	
	2010	2009
	$'000	$'000
Sale of goods	**43,772**	61,783
Dividend income	**–**	204
	43,772	61,987

5. OTHER GAINS - NET

	The Group	
	2010	2009
	$'000	$'000
Assets held-for-sale		
- gain on disposal	**–**	4,211
- reclassification from equity on disposal [Note 25(b)(iii)&(iv)]	**–**	(1,406)
	–	2,805
Financial assets, available-for-sale		
- gain on disposal	**16,755**	–
- reclassification from equity on disposal [Note 25(b)(iii)]	**71,722**	–
	88,477	–
Waiver of non-trade receivable from related parties		
- shortfall on minimum purchases	**(410)**	–
- interest income	**(519)**	–
	(929)	–
Interest income		
- bank deposits	**594**	1,029
- amounts due from related parties	**693**	822
	1,287	1,851
Currency exchange (losses)/gains – net	**(1,843)**	647
Loss on disposal of property, plant and equipment	**(31)**	(13)
Management fee income	**135**	144
Penalties received from related parties for shortfall on minimum purchases	**71**	663
Sundry income	**480**	443
	87,647	6,540

6. EMPLOYEE COMPENSATION

	The Group	
	2010	2009
	$'000	$'000
Salaries and wages	**1,896**	3,553
Employer's contribution to defined contribution plans including Central Provident Fund	**131**	249
Other benefits	**7**	35
Jobs credit	**(39)**	(60)
	1,995	3,777

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer can receive depends on the fulfilment of certain conditions under the scheme.

7. DEPRECIATION AND IMPAIRMENT

	The Group	
	2010	2009
	$'000	$'000
Depreciation of property, plant and equipment (Note 20)	**1,378**	1,457
Impairment loss of unquoted equity investments [Notes 17 & 25(b)(iii)]	**–**	903
	1,378	2,360

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

8. FINANCE EXPENSES

	The Group	
	2010	2009
	$'000	$'000
Interest expense		
- bank borrowings	**5**	40
- finance lease liabilities	**9**	9
	14	49

9. OTHER EXPENSES

	The Group	
	2010	2009
	$'000	$'000
Included in other expenses are the following:		
Allowance for impairment of non-trade receivables	**–**	2,620
Bad trade debts written off	**249**	304
Carriage and storage	**20**	142
General expenses	**68**	171
Insurance	**102**	160
Listing expenses	**73**	47
Maintenance expenses	**366**	178
Material handling	**329**	250
Professional fees	**1,390**	50
Rental on operating leases	**437**	394
Telecommunication expenses	**44**	98
Utilities	**1,068**	815

10. INCOME TAXES

(a) Income tax expense

	The Group	
	2010	2009
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Profit from current financial year:		
Current income tax		
- Singapore	**–**	170
- Foreign	**12,868**	145
	12,868	315
Deferred income tax (Note 23)	**829**	762
	13,697	1,077
- Under/(over) provision in prior financial years:		
Current income tax	**(68)**	102
Deferred income tax (Note 23)	**(5)**	(89)
	(73)	13
	13,624	1,090

10. INCOME TAXES (CONT'D)

(a) Income tax expense (cont'd)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	The Group	
	2010	2009
	$'000	$'000
Profit before tax	**88,134**	2,188
Tax calculated at tax rate of 17% (2009: 17%)	**14,983**	372
Effects of:		
- partial tax exemption	**–**	(6)
- different tax rates in other countries	**(2,104)**	(378)
- change in Singapore tax rate	**–**	(10)
- income not subject to tax	**(419)**	(241)
- expenses not deductible for tax purposes	**1,160**	554
- deferred tax asset not recognised	**209**	912
- utilisation of previously unrecognised tax losses	**(144)**	(156)
- other	**12**	30
Tax charge	**13,697**	1,077

(b) Movement in current income tax liabilities

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**2,670**	3,050	**9**	363
Income tax paid/(refund)	**(12,872)**	(797)	**39**	(463)
Tax expense	**12,868**	315	**–**	6
Under/(over) provision in prior financial year	**(68)**	102	**(33)**	103
Tax recoverable	**5**	–	**(14)**	–
End of financial year	**2,603**	2,670	**1**	9

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2010	2009
Net profit attributable to equity holders of the Company ($'000)	**75,063**	3,519
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**405,523**	405,488
Basic earnings per share (cents per share)	**18.51**	0.87

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

11. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit 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 dilutive potential ordinary shares are ordinary shares which arise from the assumed exercise of share options.

For the share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	2010	2009
Net profit attributable to equity holders of the Company ($'000)	**75,063**	3,519
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**405,523**	405,488
Adjustment for share options ('000)	**87**	–
	405,610	405,488
Diluted earnings per share (cents per share)	**18.51**	0.87

12. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**6,245**	4,520	**3,264**	220
Short-term bank deposits	**119,097**	61,348	**90,317**	34,252
	125,342	65,868	**93,581**	34,472

Short-term bank deposits at the balance sheet date had an average maturity of 7 days to 3 months (2009: 7 days to 3 months) from the end of the financial year with the following weighted average effective interest rates:

	The Group		The Company	
	2010	2009	**2010**	2009
	%	%	**%**	%
Singapore Dollar	**0.16**	0.10	**0.16**	0.10
United States Dollar	**–**	0.96	**–**	0.96
Chinese Renminbi	**1.66**	1.66	**–**	–

13. TRADE AND OTHER RECEIVABLES - CURRENT

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Related parties	**12,522**	19,680	**–**	–
- Non-related parties	**1,138**	3,338	**–**	–
	13,660	23,018	**–**	–
Less: Allowance for impairment of receivables				
– non-related parties	**(311)**	(97)	**–**	–
Trade receivables – net	**13,349**	22,921	**–**	–
Non-trade receivables				
- Subsidiaries	**–**	–	**39,637**	29,375
- Related parties	**103**	295	**29**	46
- Non-related parties	**2,617**	2,812	**7**	3
	2,720	3,107	**39,673**	29,424
Less: Allowance for impairment of receivables				
– non-related parties	**(2,533)**	(2,620)	**–**	–
Non-trade receivables – net	**187**	487	**39,673**	29,424
Loans to subsidiaries	**–**	–	**38,853**	44,032
Less: Allowance for impairment of loan to subsidiaries	**–**	–	**(12,932)**	(12,932)
Loans to subsidiaries – net	**–**	–	**25,921**	31,100
	13,536	23,408	**65,594**	60,524

Non-trade receivables from subsidiaries, related parties and non-related parties and loans to subsidiaries are unsecured, interest-free and repayable on demand, with the exception of a loan to a subsidiary that bears interest at 8.25% per annum.

14. INVENTORIES

	The Group	
	2010	2009
	$'000	$'000
Raw materials and consumables	**1,865**	2,313
Finished goods	**345**	1,956
	2,210	4,269

Write-down of inventories amounting to $528,000 (2009: $923,000) has been included in "purchases of inventories" in the profit or loss. During the current financial year, the Group has recognised a reversal of $602,000 (2009: $5,000), being part of an inventory write-down made in previous financial years, as the inventories were sold above the carrying amounts in the financial year ended 30 June 2010. The reversal has been included in "purchases of inventories" in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

15. OTHER CURRENT ASSETS

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Tax recoverable	**17**	18	**–**	14
Deposits	**66**	85	**28**	27
Prepayments	**102**	97	**1**	2
	185	200	**29**	43

16. ASSETS HELD-FOR-SALE

	The Group	
	2010	2009
	$'000	$'000
Beginning of financial year	**–**	21,641
Disposals	**–**	(21,641)
End of financial year	**–**	–

There was no asset held-for-sale as at 30 June 2010 following the Group's completion of the disposal of the entire 25% equity interest in each of Zhejiang Victor Motorcycle Co., Ltd and Hefei Jianghuai Automotive Co., Ltd in the financial year ended 30 June 2009, for a total consideration of $10.74 million and $15.21 million respectively.

17. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	The Group	
	2010	2009
	$'000	$'000
Beginning of financial year	**98,447**	64,861
Additions	**9,251**	–
Fair value gains (net) recognised in equity [Note 25(b)(iii)]	**17,144**	34,468
Impairment losses (Note 7)	**–**	(882)
Disposals	**(117,493)**	–
End of financial year	**7,349**	98,447
Less: Current portion	**–**	(98,447)
Non-current portion	**7,349**	–

17. FINANCIAL ASSETS, AVAILABLE-FOR-SALE (CONT'D)

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

	The Group	
	2010	2009
	$'000	$'000
Listed securities		
– The People's Republic of China [Note (a) below]	**–**	98,447
– Australia [Note (b) below]	**7,349**	–
Unlisted securities		
– United States of America [Note (c) below]	**–**	–
– Singapore [Note (d) below]	**–**	–
	7,349	98,447

(a) In the financial year ended 30 June 2010, the Group has completed the disposal of the entire 79.38 million shares in Anhui Jianghuai Automobile Co., Ltd ("AHJH"), representing a 6.16% equity interest held by the Group in AHJH, for a total consideration of $134.80 million (RMB 653.66 million).

(b) On 25 May 2010, the Group acquired a 10.30% equity interest in Mindax Limited ("Mindax") for a total cash consideration of $9.25 million. The Group has recognised a fair value loss of $1.90 million against this investment during the year. There has been no change in equity interest held by the Group in Mindax from 25 May 2010 to 30 June 2010.

(c) The unquoted investment with a carrying amount of $Nil (2009: $396) is made up of 26,000 ordinary shares at US$0.50 each in Visioneering Inc. ("Visioneering"), a company incorporated in the United States of America. The Group holds an equity interest of less than 1% in Visioneering as at 30 June 2010. In the current financial year, the Group recognised impairment losses of $396 (2009: $Nil) against these investments in available-for-sale financial assets. There has been no change in equity interest held by the Group in Visioneering from 1 July 2009 to 30 June 2010.

(d) This unquoted investment relates to a company incorporated in Singapore. Following the Group's recognition of impairment losses of $882,000 against these investments in available-for-sale financial assets in the financial year ended 30 June 2009, there has been no change in the carrying amount of the unquoted investments from 1 July 2009 to 30 June 2010.

18. OTHER RECEIVABLES - NON-CURRENT

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Advance to a subsidiary	**–**	–	**39,735**	39,735
Less: Allowance for impairment of advance to a subsidiary	**–**	–	**(39,735)**	(39,735)
	–	–	**–**	–

Advance to a subsidiary is unsecured, interest-free and repayments are not expected within the next 12 months. At the balance sheet date, the carrying amounts of non-current other receivables approximated their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

19. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	$'000	$'000
Equity investments at cost	**52,442**	52,427
Less: Allowance for impairment losses	**(51,496)**	(5,817)
	946	46,610

Details of subsidiaries are provided as follows:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2010 %	Equity holding 2009 %
Held directly by the Company:				
Bright Steel Pte Ltd (1)	Investment holding	Singapore	**100**	100
Ternair Jaya Sdn. Bhd. (3)	Investment holding	Malaysia	**100**	100
Arbon Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
Aarau Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
Grenchen Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
Kloten Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
LAP Trading & Marketing Pte Ltd (1)	Trading of scrap metal	Singapore	**100**	100
AE Technol Pte Ltd (formerly known as Advent Electronics Pte Ltd) (1), (5)	Design-in and distribution of semiconductors and related components	Singapore	**54**	53
Angkasa Transport Equipment Sdn. Bhd.(3)	Investment holding	Malaysia	**100**	100
Clarington Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
Halton Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
LAP Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
Lion Asiapac Management Consultancy (Shanghai) Co., Ltd (2)	Management consultancy	The People's Republic of China	**100**	100
LAP Exploration Pte Ltd (1)	Investment holding	Singapore	**100**	–
LAP Development Pte Ltd (4)	Investment holding	Singapore	**100**	–

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2010 %	2009 %
Held directly by the subsidiaries:				
Lion Containers Sdn. Bhd. (3)	Manufacture and sale of dry cargo containers (ceased operations during the financial year ended 30 June 2000)	Malaysia	**100**	100
Advent Electronics (M) Sdn. Bhd. (2)	Design-in and distribution of semiconductors and related components	Malaysia	**100**	100
Advent Infotech Private Limited (2)	Trading and distribution of semiconductors and related components	India	**100**	80
Compact Energy Sdn. Bhd. (3)	Limestone processing	Malaysia	**100**	100

(1) Audited by PricewaterhouseCoopers LLP, Singapore.

(2) Audited by other firms. These companies are not significant subsidiaries as defined under Rule 718 of the SGX-ST Listing Manual.

(3) Audited by Ernst & Young, Malaysia.

(4) Not required to be audited under the laws of the country of incorporation.

(5) AE Technol Pte Ltd has ceased operations subsequent to the balance sheet date (Note 34).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

20. PROPERTY, PLANT AND EQUIPMENT

	Buildings and infrastructure $'000	Plant and machinery $'000	Office equipment and vehicle $'000	Furniture and fittings $'000	Construction -in-progress $'000	Total $'000
The Group						
2010						
Cost						
Beginning of financial year	405	17,123	797	245	4,811	23,381
Currency translation differences	19	789	6	1	221	1,036
Additions	–	–	12	5	790	807
Adjustment	–	41	–	–	(44)	(3)
Disposals	–	–	(219)	(82)	–	(301)
End of financial year	424	17,953	596	169	5,778	24,920
Accumulated depreciation						
Beginning of financial year	45	2,958	698	167	–	3,868
Currency translation differences	3	182	3	–	–	188
Depreciation charge (Note 7)	20	1,297	42	19	–	1,378
Disposals	–	–	(217)	(51)	–	(268)
End of financial year	68	4,437	526	135	–	5,166
Net book value						
End of financial year	**356**	**13,516**	**70**	**34**	**5,778**	**19,754**
2009						
Cost						
Beginning of financial year	404	17,314	1,259	369	472	19,818
Currency translation differences	(4)	(165)	(3)	(2)	(5)	(179)
Additions	5	11	17	19	4,349	4,401
Adjustment	–	(37)	–	–	(5)	(42)
Disposals	–	–	(476)	(141)	–	(617)
End of financial year	405	17,123	797	245	4,811	23,381
Accumulated depreciation						
Beginning of financial year	25	1,677	994	196	–	2,892
Currency translation differences	–	(30)	(2)	(1)	–	(33)
Depreciation charge (Note 7)	20	1,311	83	43	–	1,457
Disposals	–	–	(377)	(71)	–	(448)
End of financial year	45	2,958	698	167	–	3,868
Net book value						
End of financial year	**360**	**14,165**	**99**	**78**	**4,811**	**19,513**

The carrying amount of buildings held under finance lease at 30 June 2010 amounted to $149,000 (2009: $151,000).

20. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment and vehicle $'000	Furniture and fittings $'000	Total $'000
The Company			
2010			
Cost			
Beginning of financial year	399	110	509
Additions	5	3	8
Disposals	(2)	–	(2)
End of financial year	402	113	515
Accumulated depreciation			
Beginning of financial year	392	108	500
Depreciation charge	4	2	6
Disposals	(2)	–	(2)
End of financial year	394	110	504
Net book value			
End of financial year	**8**	**3**	**11**
2009			
Cost			
Beginning of financial year	435	108	543
Additions	4	2	6
Disposals	(40)	–	(40)
End of financial year	399	110	509
Accumulated depreciation			
Beginning of financial year	423	107	530
Depreciation charge	9	1	10
Disposals	(40)	–	(40)
End of financial year	392	108	500
Net book value			
End of financial year	**7**	**2**	**9**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade payables – non-related parties	**4,980**	3,744	**–**	–
Non-trade payables to:				
- Subsidiaries	**–**	–	**35,537**	44,649
- Related parties	**192**	126	**–**	–
- Non-related parties	**299**	894	**52**	58
	491	1,020	**35,589**	44,707
Dividend payable (Note 27)	**40,552**	–	**40,552**	–
Accrual for operating expenses	**912**	999	**345**	331
	46,935	5,763	**76,486**	45,038

The non-trade payables to subsidiaries, related parties and non-related parties are unsecured, interest-free and repayable on demand.

22. FINANCE LEASE LIABILITIES

The Group leases building and infrastructure from 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.

	The Group	
	2010	2009
	$'000	$'000
Minimum lease payments due		
- Not later than one year	**45**	43
- Between one and five years	**23**	64
	68	107
Less: Future finance charges	**(14)**	(22)
Present value of finance lease liabilities	**54**	85

The present value of finance lease liabilities is analysed as follows:

	The Group	
	2010	2009
	$'000	$'000
Not later than one year	**36**	34
Between one and five years	**18**	51
	54	85

22. FINANCE LEASE LIABILITIES (CONT'D)

(a) Security granted

Finance lease liabilities of the Group are secured by the rights to the leased assets, which will revert to the lessor in the event of default by the Group.

(b) Fair values of finance lease liabilities

The fair values of finance lease liabilities are determined from a discounted cash flow analysis, using a discount rate based on the borrowing rate which the directors expect would be available to the Group at the balance sheet date.

At the balance sheet date, the carrying amounts of finance lease liabilities approximated their fair values.

23. DEFERRED INCOME TAXES

Deferred income tax 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 sheets as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Deferred income tax liabilities				
- to be settled within one year	**–**	9,058	**–**	–
- to be settled after one year	**2,358**	1,461	**556**	386
	2,358	10,519	**556**	386

Movement in deferred income tax account is as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**10,519**	4,566	**386**	172
Effects of change in Singapore tax rate (Note 10)	**–**	(10)	**–**	(10)
Currency translation differences	**73**	(9)	**–**	–
Charged/(credited) to				
- profit or loss (Note 10)	**824**	683	**170**	224
- equity [Note 25(b)(iii)]	**(9,058)**	5,289	**–**	–
End of financial year	**2,358**	10,519	**556**	386

NOTES TO THE FINANCIAL STATEMENTS
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23. DEFERRED INCOME TAXES (CONT'D)

Deferred income tax debited against/(credited) to equity [Note 25(b)(iii)] is as follows:

	The Group	
	2010	2009
	$'000	$'000
Fair value reserve	**(9,058)**	5,289

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 has unrecognised tax losses of $23,957,000 (2009: $22,971,000) and capital allowances of $10,469,000 (2009: $10,008,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

The Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Fair value gain $'000	Foreign income not remitted $'000	Total $'000
2010				
Beginning of financial year	**1,429**	**9,058**	**386**	**10,873**
Currency translation differences	**81**	**–**	**–**	**81**
Charged/(credited) to				
- profit or loss	**313**	**–**	**170**	**483**
- equity	**–**	**(9,058)**	**–**	**(9,058)**
End of financial year	**1,823**	**–**	**556**	**2,379**
2009				
Beginning of financial year	962	3,776	172	4,910
Effects of change in Singapore tax rate	–	–	(10)	(10)
Currency translation differences	(14)	–	–	(14)
Charged/(credited) to				
- profit or loss	481	(7)	224	698
- equity	–	5,289	–	5,289
End of financial year	1,429	9,058	386	10,873

23. DEFERRED INCOME TAXES (CONT'D)

Deferred income tax assets

	Provision $'000	Unrealised foreign exchange losses $'000	Tax losses $'000	Total $'000
2010				
Beginning of financial year	**(15)**	**(339)**	**–**	**(354)**
Currency translation differences	**–**	**(8)**	**–**	**(8)**
(Credited)/charged to profit or loss	**9**	**332**	**–**	**341**
End of financial year	**(6)**	**(15)**	**–**	**(21)**
2009				
Beginning of financial year	–	(293)	(51)	(344)
Currency translation differences	–	3	2	5
(Credited)/charged to profit or loss	(15)	(49)	49	(15)
End of financial year	(15)	(339)	–	(354)

The Company

Deferred income tax liabilities

	Foreign income not remitted $'000
2010	
Beginning of financial year	**386**
Charged to profit or loss	**170**
End of financial year	**556**
2009	
Beginning of financial year	172
Effects of change in Singapore tax rate	(10)
Charged to profit or loss	224
End of financial year	386

24. SHARE CAPITAL

The Group and Company	No. of issued ordinary shares '000	Amount $'000
2010		
Beginning of financial year	**405,488**	**47,487**
Share issue	**35**	**–**
Share option exercised		
- Cash consideration, net of expense	**–**	**7**
End of financial year	**405,523**	**47,494**
2009		
Beginning and end of financial year	405,488	47,487

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

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24. SHARE CAPITAL (CONT'D)

Share options

The LAP Share Option Scheme (the "Scheme") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 20 September 2000. The Scheme expired on 20 September 2010.

The exercise price of the options is determined at the average of the last done prices of the Company's ordinary shares on the Singapore Exchange for three market days prior to the date of grant ("Market Price") or a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price and that the offer is approved by the Company's shareholders.

The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

	No. of unissued ordinary shares under option					
The Group and Company	**Beginning of financial year**	**Exercised during financial year**	**Lapsed/ forfeited during financial year**	**End of financial year**	**Exercise price**	**Exercise period**
2010						
2005 Options	30,000	(11,000)	(19,000)	–	$0.16	27.5.2006 - 26.5.2010
2007 Options	412,500	(24,000)	–	388,500	$0.24	30.11.2008 - 29.11.2012
	442,500	(35,000)	(19,000)	388,500		
2009						
2005 Options	142,500	–	(112,500)	30,000	$0.16	27.5.2006 - 26.5.2010
2007 Options	525,000	–	(112,500)	412,500	$0.24	30.11.2008 - 29.11.2012
	667,500	–	(225,000)	442,500		

25. OTHER RESERVES

(a) Composition:

	The Group		The Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Capital reduction reserve	**13,543**	13,543	**13,543**	13,543
Capital redemption reserve	**105**	105	**–**	–
Fair value reserve	**(1,902)**	43,618	**–**	–
Currency translation reserve	**(1,211)**	(1,476)	**–**	–
Enterprise development reserve	**–**	–	**–**	–
General reserve	**–**	5,621	**–**	–
Consolidation reserve	**(36)**	(36)	**–**	–
Capital reserve	**2,112**	2,112	**–**	–
	12,611	63,487	**13,543**	13,543

25. OTHER RESERVES (CONT'D)

(b) Movements:

	The Group and Company	
	2010	2009
	$'000	$'000
(i) Capital reduction reserve *[Note (a) below]*		
Beginning and end of financial year	**13,543**	13,543

	The Group	
	2010	2009
	$'000	$'000
(ii) Capital redemption reserve *[Note (b) below]*		
Beginning and end of financial year	**105**	105
(iii) Fair value reserve *[Note (c) below]*		
Beginning of financial year	**43,618**	13,764
Financial assets, available-for-sale		
- fair value gains/(losses) (Note 17)	**17,144**	34,468
- deferred tax on fair value (gains)/losses (Note 23)	**9,058**	(5,289)
	26,202	29,179
Reclassification to profit or loss on disposal of		
- assets held-for-sale (Note 5)	**–**	654
- financial assets, available-for-sale (Note 5)	**(71,722)**	–
Reclassification to profit or loss on impairment of financial assets, available-for-sale taken to equity in the previous financial year (Note 7)	**–**	21
End of financial year	**(1,902)**	43,618
(iv) Currency translation reserve *[Note (d) below]*		
Beginning of financial year	**(1,476)**	(2,948)
Net currency translation differences of financial statements of foreign subsidiaries	**265**	720
	(1,211)	(2,228)
Reclassification to profit or loss on disposal of assets held-for-sale (Note 5)	**–**	752
End of financial year	**(1,211)**	(1,476)
(v) Enterprise development reserve *[Note (e) below]*		
Beginning of financial year	**–**	1,906
Transfer to retained profits on disposal of assets held-for-sale	**–**	(1,906)
End of financial year	**–**	–
(vi) General reserve *[Note (e) below]*		
Beginning of financial year	**5,621**	11,443
Transfer to retained profits on disposal of		
- assets held-for-sale	**–**	(5,822)
- financial assets, available-for-sale	**(5,621)**	–
End of financial year	**–**	5,621
(vii) Consolidation reserve *[Note (f) below]*		
Beginning of financial year	**(36)**	7,583
Transfer to retained profits on disposal of assets held-for-sale	**–**	(7,619)
End of financial year	**(36)**	(36)
(viii) Capital reserve *[Note (g) below]*		
Beginning and end of financial year	**2,112**	2,112

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

25. OTHER RESERVES (CONT'D)

(b) Movements: (cont'd)

Total transfers to retained profits during the current financial year is analysed as follows:

	The Group	
	2010	2009
	$'000	$'000
Transfers from		
- enterprise development reserve	**–**	1,906
- general reserve	**5,621**	5,822
- consolidation reserve	**–**	7,619
	5,621	15,347

(a) In the financial year ended 30 June 2004, the Company conducted a capital reduction exercise to write off accumulated losses of the Company as at 30 June 2003. The excess of such write off is taken directly to the capital reduction reserve.

(b) The capital redemption reserve pertains to the redemption of redeemable preference shares by an overseas subsidiary and is not available for payment of dividends.

(c) Fair value reserve comprises the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

(d) Currency translation reserve comprises the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the exchange differences on monetary items which form part of the Group's net investment in foreign operations.

(e) The enterprise development reserve and the general reserve are maintained by companies held as assets held-for-sale and available-for-sale financial assets in accordance with the accounting regulations in The People's Republic of China and are not available for the payment of cash dividends. The amounts shown represent the Group's share of the reserves.

(f) The consolidation reserve arose from acquisition of interests in subsidiaries.

(g) The capital reserve arose from bonus share issue through retained profits by a subsidiary.

Other reserves are non-distributable.

26. RETAINED PROFITS

Movement in retained profits for the Company is as follows:

	The Company	
	2010	2009
	$'000	$'000
Beginning of financial year	**35,195**	40,501
Net profit/(loss)	**92,322**	(1,251)
Dividends paid (Note 27)	**(105,436)**	(4,055)
End of financial year	**22,081**	35,195

Movement in retained profits for the Group is shown in the Consolidated Statement of Changes in Equity.

27. DIVIDENDS

	The Group and Company	
	2010	2009
	$'000	$'000
Ordinary dividends paid (Note 26)		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 1.0 cent (2009: 1.0 cent) per share	**4,055**	4,055
Special interim exempt (one-tier) dividend paid in respect of current financial year of 15.0 cents (2009: $Nil) per share	**60,829**	–
Second interim exempt (one-tier) dividend paid in respect of current financial year of 10.0 cents (2009: $Nil) per share	**40,552**	–
	105,436	4,055

The second interim dividend was declared on 30 June 2010 and has not been paid out at the balance sheet date. This dividend payable is recorded as part of trade and other payables in Note 21.

28. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group	
	2010	2009
	$'000	$'000
Property, plant and equipment	**2,359**	6,364

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

28. COMMITMENTS (CONT'D)

(b) Operating lease commitments – where the Group is a lessee

The Group leases land, office space and office equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewals 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:

	The Group	
	2010	2009
	$'000	$'000
Not later than one year	**94**	227
Between one and five years	**327**	448
Later than five years	**1,801**	1,872
	2,222	2,547

29. CONTINGENT LIABILITIES

The Company issued unsecured guarantees to banks and suppliers in respect of trade obligations of certain subsidiaries amounting to $3,316,000 (2009: $14,921,000) at the balance sheet date.

The Company has also issued letters of financial support to certain subsidiaries so as to enable them to operate as going concerns for the foreseeable future and to meet their liabilities as and when they fall due within the next 12 months. The directors are of the view that no material liabilities will arise from the above.

30. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group, and management is responsible for the overall financial risk management.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Chinese Renminbi ("RMB"), Malaysia Ringgit ("MYR") and Australia Dollar ("AUD").

The Group is exposed to currency translation risk on the net assets in foreign operations in Malaysia and The People's Republic of China. These currency exposures are monitored on a regular basis.

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

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

	SGD $'000	USD $'000	RMB $'000	MYR $'000	Other $'000	Total $'000
At 30 June 2010						
Financial assets						
Cash and cash equivalents	96,078	1,074	26,625	1,543	22	125,342
Trade and other receivables	6,189	307	–	6,981	59	13,536
Inter-company balances	148,814	21,778	25,422	7,687	9,562	213,263
Other financial assets	33	–	–	32	18	83
	251,114	23,159	52,047	16,243	9,661	352,224
Financial liabilities						
Finance lease liabilities	–	–	–	54	–	54
Trade and other payables	44,215	127	28	2,494	71	46,935
Inter-company balances	148,814	21,778	25,422	7,687	9,562	213,263
	193,029	21,905	25,450	10,235	9,633	260,252
Net financial assets	58,085	1,254	26,597	6,008	28	91,972
Currency exposure on financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**(12,918)**	**1,254**	**11,598**	**–**	**–**	**(66)**
At 30 June 2009						
Financial assets						
Cash and cash equivalents	34,534	2,556	27,177	1,591	10	65,868
Trade and other receivables	11,290	2,270	–	9,573	275	23,408
Inter-company balances	121,989	22,525	26,190	6,948	–	177,652
Other financial assets	74	–	–	11	18	103
	167,887	27,351	53,367	18,123	303	267,031
Financial liabilities						
Finance lease liabilities	–	–	–	85	–	85
Trade and other payables	981	1,697	–	2,778	307	5,763
Inter-company balances	121,989	22,525	26,190	6,948	–	177,652
	122,970	24,222	26,190	9,811	307	183,500
Net financial assets	44,917	3,129	27,177	8,312	(4)	83,531
Currency exposure on financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**(19,009)**	**3,129**	**11,950**	**6**	**4**	**(3,920)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

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

	SGD $'000	USD $'000	RMB $'000	AUD $'000	Total $'000
At 30 June 2010					
Financial assets					
Cash and cash equivalents	93,536	45	–	–	93,581
Trade and other receivables	41,867	4,848	9,317	9,562	65,594
Other financial assets	28	–	–	–	28
	135,431	4,893	9,317	9,562	159,203
Financial liabilities					
Trade and other payables	76,486	–	–	–	76,486
Net financial assets	58,945	4,893	9,317	9,562	82,717
Currency exposure on financial assets/(liabilities) net of those denominated in the entity's functional currency	**–**	**4,893**	**9,317**	**9,562**	**23,772**
As at 30 June 2009					
Financial assets					
Cash and cash equivalents	34,426	46	–	–	34,472
Trade and other receivables	39,240	11,672	9,612	–	60,524
Other financial assets	41	–	–	–	41
	73,707	11,718	9,612	–	95,037
Financial liabilities					
Trade and other payables	45,038	–	–	–	45,038
Net financial assets	28,669	11,718	9,612	–	49,999
Currency exposure on financial assets/(liabilites) net of those denominated in the entity's functional currency	**–**	**11,718**	**9,612**	**–**	**21,330**

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

If the USD, RMB, MYR and AUD change against the SGD by 4% (2009: 3%), 4% (2009: 9%), Nil% (2009: 4%) and 14% (2009: 16%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit after tax	
	2010	2009
	$'000	$'000
The Group		
USD against SGD		
- strengthened	**42**	78
- weakened	**(42)**	(78)
RMB against SGD		
- strengthened	**385**	893
- weakened	**(385)**	(893)
MYR against SGD		
- strengthened	**–**	–
- weakened	**–**	–

	Increase/(decrease) Profit after tax	
	2010	2009
	$'000	$'000
The Company		
USD against SGD		
- strengthened	**162**	292
- weakened	**(162)**	(292)
RMB against SGD		
- strengthened	**309**	718
- weakened	**(309)**	(718)
AUD against SGD		
- strengthened	**1,111**	–
- weakened	**(1,111)**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale financial assets. Equity securities held by the Group as at balance sheet date are listed in Australia. The Group is not exposed to commodity price risk. Changes in the share price of the quoted investments are monitored on a regular basis.

At 30 June 2009, if prices for equity securities listed in The People's Republic of China had changed by 50% with all other variables including tax rate being held constant, the effects on equity will be increased/decreased by $44,793,000 as a result of an increase/decrease in the fair value of the equity investment classified as available-for-sale financial assets. Following the disposal of entire equity investment in the financial year ended 30 June 2010, there was no equity investment listed in The People's Republic of China held by the Group as at 30 June 2010.

On 25 May 2010, the Group acquired equity securities listed in Australia. At 30 June 2010, if prices for equity securities listed in Australia change by 21% with all other variables including tax rate being held constant, the effects on equity will increase/decrease by $1,543,000 as a result of an increase/decrease in the fair value of equity investment classified as available-for-sale financial assets.

(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.

The Group's interest-bearing assets, comprising short-term bank deposits, are denominated mainly in SGD and RMB. These assets are exposed to cash flow interest rate risk.

If the SGD and RMB interest rates increase/decrease by 0.3% (2009: 0.5%) with all other variables including tax rate being held constant, the profit after tax will be higher/lower by $297,000 (2009: $255,000) as a result of higher/lower interest income.

The weighted average effective interest rate of finance lease liabilities was 8.25% (2009: 8.25%) at the balance sheet date.

The exposure of finance lease liabilities of the Group to interest rate risks categorised by the earlier of contractual repricing or maturity dates is as follows:

	Less than 6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Total $'000
The Group				
At 30 June 2010				
Finance lease liabilities	**18**	**18**	**18**	**54**
At 30 June 2009				
Finance lease liabilities	**17**	**17**	**51**	**85**

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(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, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective entity's management and by the Group based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management. As at 30 June 2010, 94% (2009: 86%) of total trade receivables of the Group was made up of 3 (2009: 3) related parties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for the corporate guarantees disclosed in Note 29.

The Group's and Company's major classes of financial assets subject to credit risk are bank deposits and trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group	
	2010	2009
	$'000	$'000
By operating segments		
Electronic component distribution	**378**	2,825
Limestone processing	**6,902**	9,318
Scrap metal trading	**6,069**	10,778
	13,349	22,921

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with reputable banks. Trade receivables that are neither past due nor impaired substantially relate to 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 receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	The Group	
	2010	2009
	$'000	$'000
Past due 0 to 6 months	**2,692**	5,444
Past due over 6 months	**5**	9,153
	2,697	14,597

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired (cont'd)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group	
	2010	2009
	$'000	$'000
Gross amount	**377**	140
Less: Allowance for impairment	**(311)**	(97)
	66	43
Beginning of financial year	**97**	44
Allowance utilised	**(50)**	(44)
Allowance made	**264**	97
End of financial year	**311**	97

The impaired trade receivables arose mainly from sales of goods to customers who are in financial difficulties.

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000
The Group			
At 30 June 2010			
Trade and other payables	**46,935**	**–**	**–**
Finance lease liabilities	**45**	**23**	**–**
	46,980	**23**	**–**
At 30 June 2009			
Trade and other payables	5,763	–	–
Finance lease liabilities	43	43	21
	5,806	43	21
The Company			
At 30 June 2010			
Trade and other payables	**76,486**	**–**	**–**
At 30 June 2009			
Trade and other payables	45,038	–	–

The Group and the Company manage liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(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 regularly reviews the Company's capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments. 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's and Company's strategies in monitoring their capital are to maintain gearing ratios not exceeding 20%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Net debt	**–**	–	**–**	10,566
Total equity	**116,426**	192,668	**83,118**	96,225
Total capital	**116,426**	192,668	**83,118**	106,791
Gearing ratio	**–**	–	**–**	9.9%

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 30 June 2009 and 2010.

(e) Fair value measurements

Effective 1 July 2009 the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (ie derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

30. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value measurements (cont'd)

The following table presents the Group's assets measured at fair value at 30 June 2010.

	Fair value measurement using		
	Level 1	**Level 2**	**Level 3**
	$'000	**$'000**	**$'000**
The Group			
Financial assets, available-for-sale			
- Equity securities	7,349	–	–

31. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

There is no entity which holds more than 50% equity shares or control in the Company. Thus the Company did not have any immediate or ultimate holding corporation as at 30 June 2010 and 30 June 2009.

32. 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 terms agreed between the parties:

(a) Sales and purchases of goods and services

	The Group	
	2010	2009
	$'000	$'000
Sales of goods and services to related parties	**35,798**	24,508
Purchases from related parties	**1,408**	1,204
Interest income received/receivable from a related party	**693**	822
Management fees received from a related party	**135**	144
Rental income from a related party	**76**	75
Rental charges paid to a related party	**396**	296
Consultancy fees paid to directors	**11**	56
Penalties received from related parties for shortfall on minimum purchases	**71**	663
Waiver of non-trade receivable from related parties		
- shortfall on minimum purchases	**410**	–
- interest income	**519**	–

Related parties refer to companies which are connected to the Company through certain common directors or through common shareholders.

Outstanding balances at 30 June 2010, arising from sale/purchase of goods and services, are set out in Notes 13 and 21 respectively.

32. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2010	2009
	$'000	$'000
Salaries and other short term employee benefits	**516**	502
Employer's contribution to defined contribution plans including Central Provident Fund	**11**	14
	527	516

Included in the above is total compensation to directors of the Company amounting to $440,000 (2009: $478,000). The banding of directors' remuneration is as follows:

	The Company	
	2010	2009
Number of directors in remuneration bands		
- $250,000 to below $500,000	**1**	–
- below $250,000	**6**	7
	7	7

33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

As at 30 June 2010, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments. Details of the business segments are as follows:

- Limestone processing;

- Scrap metal trading;

- Electronic component distribution; and

- Investment holding/others.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

33. SEGMENT INFORMATION (CONT'D)

	Limestone processing $'000	Scrap metal trading $'000	Electronic component distribution $'000	Investment holding/ others $'000	Total $'000
The Group					
2010					
Revenue	20,999	19,701	3,072	–	43,772
Segment result	4,349	442	(1,314)	(1,199)	2,278
Other gains - net					87,647
Unallocated costs					(1,777)
					88,148
Finance expense					(14)
Profit before income tax					88,134
Income tax expense					(13,624)
Net profit					74,510
Reportable segment assets and consolidated total assets	45,392	20,086	4,167	98,731	168,376
Reportable segment liabilities	2,333	3,091	341	41,170	46,935
Unallocated:					
Income tax liabilities					2,603
Deferred tax liabilities					2,358
Borrowings					54
Consolidated total liabilities					51,950
Other reportable segment items					
Capital expenditure	796	–	–	8	804
Depreciation	1,347	–	25	–	1,372
- segment					6
- unallocated					1,378

33. SEGMENT INFORMATION (CONT'D)

	Limestone processing $'000	Scrap metal trading $'000	Electronic component distribution $'000	Investment holding/ others $'000	Total $'000
The Group					
2009					
Revenue	16,288	9,975	35,520	204	61,987
Segment result	2,543	188	(5,420)	(57)	(2,746)
Other gains - net					6,540
Unallocated costs					(1,557)
					2,237
Finance expense					(49)
Profit before income tax					2,188
Income tax expense					(1,090)
Net profit					1,098
Reportable segment assets and consolidated total assets	50,137	20,795	7,318	133,455	211,705
Reportable segment liabilities	2,623	206	2,360	574	5,763
Unallocated:					
Income tax liabilities					2,670
Deferred tax liabilities					10,519
Borrowings					85
Consolidated total liabilities					19,037
Other reportable segment items					
Capital expenditure	4,329	–	24	6	4,359
Depreciation					
- segment	1,360	–	68	19	1,447
- unallocated					10
					1,457
Impairment loss					
- segment	–	–	903	–	903
					2,360

Although the Group's products are sold to Malaysia, United States of America, Singapore, India and other overseas markets, the management of the Group regularly reviews the consolidated financial statements by business segment to assess performance and make resource allocation decisions.

There are no sales or other transactions between the business segments. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income. Unallocated costs represent corporate expenses. All assets and liabilities are allocated to reportable segments other than income tax liabilities and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2010

33. SEGMENT INFORMATION (CONT'D)

Geographical information

As at 30 June 2010, the Group's four business segments operated in eight main geographical areas:

Malaysia	-	the main activities are limestone processing, scrap metal trading and electronic component distribution;
Singapore	-	the main activities are investment holding and electronic component distribution;
The People's Republic of China	-	the main activity is electronic component distribution;
United States of America	-	the main activity is electronic component distribution;
India	-	the main activity is electronic component distribution;
Indonesia	-	the main activity is electronic component distribution;
Thailand	-	the main activity is electronic component distribution; and
Other countries	-	the main activity is electronic component distribution.

	Sales		Non-current assets	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
The People's Republic of China	**10**	1,019	**1**	1
Singapore	**927**	7,457	**14**	65
United States of America	**670**	8,897	**–**	–
India	**730**	4,817	**2**	7
Malaysia	**41,135**	30,627	**19,737**	19,440
Indonesia	**23**	5,886	**–**	–
Thailand	**–**	1,350	**–**	–
Other countries	**277**	1,934	**–**	–
	43,772	61,987	**19,754**	19,513

Sales are based on the country in which the customer is located and non-current assets are shown by geographical area where the assets are located.

Revenues of approximately $35,798,000 (2009: $24,508,000) are derived from three external customers. These revenues are attributable to the limestone processing and scrap metal trading segments in Malaysia.

34. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group acquired an additional approximately 0.18% interest in Mindax Limited, a company incorporated in Australia, which is engaged exclusively in mineral exploration operations, for a cash consideration of approximately $129,000.

On 31 August 2010, one of the Group's significant subsidiaries, AE Technol Pte Ltd (formerly known as Advent Electronics Pte Ltd), has ceased operations and as a result, this subsidiary has been inactive from that date.

35. 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 July 2010 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) Amendment to FRS 7 Cash Flow Statements (effective for annual periods beginning on or after 1 January 2010)

(b) Amendments to FRS 32 Financial Instruments: Presentation – Classification of rights issues (effective for annual periods beginning on or after 1 February 2010)

(c) INT FRS 119 Extinguishing financial liabilities with equity instruments (effective for annual periods commencing on or after 1 July 2010)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the amendment to FRS 7 – Cash Flow Statements.

Under the amendment, only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the statement of cash flows. Previously, such expenditure could be classified as investing activities in the statement of cash flows.

The Group will apply the amendment from 1 July 2010 and provide comparative information that conforms to the requirements of the amendment. The key impact of the application of this amendment is the classification of expenditures that do not result in a recognised asset as activities other than investing activities in the statement of cash flows.

36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lion Asiapac Limited on 24 September 2010.

SHAREHOLDING STATISTICS

As at 16 September 2010

Issued and Fully Paid-up Capital	:	$47,494,085.40
No. of Shares Issued	:	405,522,724
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote per share
No. of Treasury Shares Held	:	Nil

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	2	0.04	1,066	0.00
1,000 - 10,000	2,822	59.77	17,380,712	4.29
10,001 - 1,000,000	1,886	39.94	88,972,666	21.94
1,000,001 & Above	12	0.25	299,168,280	73.77
Total	4,722	100.00	405,522,724	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
UOB Kay Hian Pte Ltd	149,267,644	36.81
Omali Corporation Sdn Bhd	121,562,760	29.98
Andar Investment Pte Ltd	8,853,876	2.18
OCBC Securities Private Ltd	3,322,000	0.82
United Overseas Bank Nominees Pte Ltd	2,831,000	0.70
Allan Chua Tiang Kwang	2,400,000	0.59
DBS Nominees Pte Ltd	2,253,000	0.56
Citibank Nominees S'pore Pte Ltd	2,071,000	0.51
Phillip Securities Pte Ltd	1,860,000	0.46
Cheong Soh Chin Julie	1,600,000	0.39
Tan Boon Kay	1,600,000	0.39
Hexagon Construction Pte Ltd	1,547,000	0.38
Chen Walter Roland	1,000,000	0.25
Lim Him	938,000	0.23
Chua Kah Boey	906,000	0.22
Kim Eng Securities Pte Ltd	903,000	0.22
Gromov Vladislav	881,000	0.22
Tan Kay Yeong	860,000	0.21
Eng Hup Seng Co Sdn Bhd	764,000	0.19
DBS Vickers Securities (S) Pte Ltd	572,000	0.14
Total	305,992,280	75.45

SHAREHOLDING IN THE HANDS OF PUBLIC

The percentage of shareholding in the hands of public was approximately 31.16% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

SUBSTANTIAL SHAREHOLDERS
(as shown in the Register of Substantial Shareholders)

Substantial Shareholder	Number of Shares Direct Interest	Number of Shares Deemed Interest*	Total Percentage Interest (%)
Omali Corporation Sdn. Bhd. (1)	121,562,760	–	29.98
Bright Steel Sdn. Bhd. (2)	–	121,562,760	29.98
Total Triumph Investments Limited (2)	–	121,562,760	29.98
Teraju Varia Sdn Bhd (3)	–	121,562,760	29.98
Excel Step Investments Limited (3)	–	121,562,760	29.98
AMB Venture Sdn. Bhd. (4)	148,750,644	–	36.68
Silverstone Corporation Berhad (5)		148,750,644	36.68
Lion Forest Industries Berhad (5)	–	148,750,644	36.68
Amsteel Mills Sdn. Bhd. (5)		148,750,644	36.68
Steelcorp Sdn. Bhd. (5)	–	148,750,644	36.68
LLB Steel Industries Sdn. Bhd. (5)	–	148,750,644	36.68
LLB Nominees Sdn. Bhd. (5)	–	148,750,644	36.68
Lion Corporation Berhad (6)	–	270,313,404	66.66
Lion Diversified Holdings Berhad (7)	–	270,313,404	66.66
Lion Industries Corporation Berhad (8)	–	270,313,404	66.66
Tan Sri Cheng Heng Jem (9)	–	278,167,280	68.84

Notes:

* Deemed interests pursuant to Section 7 of the Companies Act, Cap. 50.

(1) Omali Corporation Sdn. Bhd. ("Omali") is the beneficial and registered owner of 121,562,760 shares.

(2) Bright Steel Sdn. Bhd. and Total Triumph Investments Limited are deemed interested in the 121,562,760 shares held by Omali.

(3) Excel Step Investments Limited and Teraju Varia Sdn. Bhd. are deemed interested in the 121,562,760 shares held by Omali by virtue of their interests in LCB.

(4) AMB Venture Sdn. Bhd. ("AMB") is the beneficial owner of 148,750,644 shares registered under UOB Kay Hian Pte Ltd.

(5) Silverstone Corporation Berhad, Lion Forest Industries Berhad, Amsteel Mills Sdn. Bhd., Steelcorp Sdn. Bhd., LLB Steel Industries Sdn. Bhd. and LLB Nominees Sdn. Bhd. are deemed interested in the 148,750,644 shares held by AMB.

(6) Lion Corporation Berhad ("LCB") is deemed interested in (i) the 121,562,760 shares held by Omali as it is the ultimate holding company of Omali and (ii) the 148,750,644 shares held by AMB by virtue of its interest in Lion Industries Corporation Berhad ("LICB").

(7) Lion Diversified Holding Berhad ("LDHB") is deemed interested in (i) the 121,562,760 shares held by Omali and (ii) the 148,750,644 shares held by AMB, by virtue of its interest in LCB.

(8) LICB is deemed interested in (i) the 148,750,644 shares held by AMB as it is the ultimate holding company of AMB and (ii) the 121,562,760 shares held by Omali by virtue of its interest in LDHB.

(9) Tan Sri Cheng Heng Jem is deemed interested in the 8,853,876 shares held by Andar Investment Pte Ltd. He is also deemed interest in (i) the 148,750,644 shares held by AMB and (ii) the 121,562,760 shares held by Omali, by virtue of his interest in LDHB.

NOTICE OF 40TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 40th Annual General Meeting of Lion Asiapac Limited (the "Company") will be held at The Conference Room, 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Monday, 25 October 2010 at 11:00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Report of the Directors and Auditors of the Company for the year ended 30 June 2010.

2. To re-elect Mr Sam Chong Keen, a Director retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

   (Note: Mr Sam Chong Keen, if re-elected, will remain as a member of the Nominating Committee and will be considered an independent Director.)

3. (a) To re-elect Tan Sri Cheng Heng Jem, a Director retiring pursuant to Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

   (b) To re-elect Mr Lee Whay Keong, a Director retiring pursuant to Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

4. To consider and, if thought fit, to pass the following resolutions under Section 153(6) of the Companies Act, Cap. 50:

   (a) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Othman Wok be and is hereby re-elected as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

   (Note: Mr Othman Wok, if re-elected, will remain as Chairman of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered an independent Director.)

   (b) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Ying Yoke Kwai be and is hereby re-elected as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

   (Note: Mr Ying Yoke Kwai, if re-elected, will remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered an independent Director.)

5. To approve the payment of S$175,167/- as Directors' fees for the year ended 30 June 2010.

6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

7. **General Mandate to Directors to Issue Shares and Convertible Securities**

   To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:

   "That pursuant to Section 161 of the Companies Act, Chapter 50 and Article 8(B) of the Company's Articles of Association, 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); or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) 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

AS SPECIAL BUSINESS (CONT'D)

7. **General Mandate to Directors to Issue Shares and Convertible Securities (cont'd)**

(b) (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

Provided That:

(1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued shares excluding treasury shares in the capital of the Company for the time being (as determined in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company for the time being (as determined in accordance with sub-paragraph (2) below);

(2) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time that this Ordinary Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time that this Ordinary Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the time being in force (unless such compliance is waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless previously revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution to issue shares shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held (whichever is the earlier)."

8. **Renewal of the General Mandate for Interested Person Transactions**

To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:

"That for the purpose of Chapter 9 of the Listing Manual of the SGX-ST:

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions as described in pages 17 to 18 of this Annual Report, with any party who is of the class or classes of Interested Persons described in page 17 of this Annual Report, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and are in accordance with the review procedures for Interested Person Transactions as described in pages 18 to 22 of this Annual Report (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution."

NOTICE OF 40TH ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS (CONT'D)

9. To transact such other ordinary business as can be transacted at an Annual General Meeting of the Company.

By Order of the Board

Tan Yen Hui
Company Secretary

Singapore, 8 October 2010

Statement pursuant to Article 54(A) of the Articles of Association of the Company:

The effect of the resolutions under the heading "Special Business" in the Notice of Annual General Meeting is as follows:

(a) The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to and not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares in the capital of the Company, of which the issue of shares and convertible securities other than on a pro-rata basis shall not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company, for such purposes as they consider would be in the interest of the Company. The percentage of total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this resolution is passed, after adjusting for new shares arising from the conversion or exercise of convertible securities, or from exercising share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

(b) The Ordinary Resolution proposed in item 8 above, if passed, will renew the IPT Mandate and allow the Company, its subsidiaries and associated companies or any of them to enter into certain interested person transactions as described in pages 17 and 18 of this Annual Report, and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

Notes:

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 10 Arumugam Road #10-00 Lion Building A Singapore 409957 not less than 48 hours before the time appointed for holding the meeting.

PROXY FORM

LION ASIAPAC LIMITED
(Co. Reg. No. 196800586R)
(Incorporated in the Republic of Singapore)

IMPORTANT: FOR CPF INVESTORS ONLY
1. This Annual Report is forwarded to you at the request of your CPF Approved Nominees and is sent solely for YOUR 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.

I/We, ____ (Name)

of ____ (Address)
being a member(s) of LION ASIAPAC LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote on my/our behalf and, if necessary, to demand a poll, at the 40th Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Monday, 25 October 2010 at 11:00 am and at any adjournment thereof in the following manner.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific direction, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

No.	Resolutions	For	Against
	Ordinary Business		
1.	Adoption of Directors' Report, Accounts and Auditors' Report for the year ended 30 June 2010		
2.	Re-election of Mr Sam Chong Keen as Director pursuant to Article 91 of the Company's Articles of Association		
3(a)	Re-election of Tan Sri Cheng Heng Jem as Director pursuant to Article 97 of the Company's Articles of Association		
3(b)	Re-election of Mr Lee Whay Keong as Director pursuant to Article 97 of the Company's Articles of Association		
4(a)	Re-election of Mr Othman Wok as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
4(b)	Re-election of Mr Ying Yoke Kwai as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
5.	Approval of payment of Directors' fees		
6.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors		
	Special Business		
7.	General Mandate to Directors to issue shares and convertible securities		
8.	Renewal of the General Mandate for Interested Person Transactions		

Dated this ______________ day of October, 2010.

Total No. of Shares in:	No. of Shares
1) CDP Register	
2) Register of Members	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read notes overleaf.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in 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, the instrument appointing a proxy/proxies shall be deemed to relate to the entire number of shares registered in your name in the Depository Register and the Register of Members.

2. 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 stead and such proxy or proxies need not be a member of the Company.

3. Where a member of the Company appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or an officer duly authorised.

6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

AGM
Proxy Form

AFFIX
POSTAGE
STAMP

The Company Secretary
LION ASIAPAC LIMITED
10 Arumugam Road
#10-00, Lion Building A,
Singapore 409957

DESIGNED BY : PINKOCCHIO

LION ASIAPAC LIMITED
(Co. Reg. No. 196800586R)

10 Arumugam Road #10-00 Lion Building A Singapore 409957
Tel: (65) 6632 0500   Fax: (65) 6743 7252   Website: www.lionapac.com