

**UNI-ASIA FINANCE CORPORATION**  
(Company Registration No. CR-72229)

**UNAUDITED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF THIRD QUARTER RESULTS**

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

	Note	3 <sup>rd</sup> Quarter			9 Months ended 30 September		
		2008 US\$'000	2007 US\$'000	% Change	2008 US\$'000	2007 US\$'000	% Change
Fee income	[1]	2,043	2,222	(8%)	9,240	8,705	6%
Hotel income		6,368	-	N/M	18,397	-	N/M
Investment return	[2]	58	911	(94%)	9,256	7,255	28%
Interest income		281	687	(59%)	1,124	1,682	(33%)
Other income		82	-	N/M	136	12	1033%
<b>Total income</b>		<b>8,832</b>	<b>3,820</b>	<b>131%</b>	<b>38,153</b>	<b>17,654</b>	<b>116%</b>
Employee benefits expense		(3,817)	(1,664)	129%	(14,595)	(5,136)	184%
Amortization, depreciation and impairment		(292)	(88)	232%	(869)	(260)	234%
Other expenses		(5,856)	(435)	1246%	(16,769)	(1,994)	741%
Gain/ (loss) on disposal of fixed assets		(32)	-	N/M	(33)	12	(375%)
		<b>(9,997)</b>	<b>(2,187)</b>	<b>357%</b>	<b>(32,266)</b>	<b>(7,378)</b>	<b>337%</b>
<b>Operating profit/ (loss)</b>		<b>(1,165)</b>	<b>1,633</b>	<b>(171%)</b>	<b>5,887</b>	<b>10,276</b>	<b>(43%)</b>
Finance costs – interest expense		(283)	(11)	2473%	(889)	(30)	2863%
Finance costs – others		(169)	-	N/M	(436)	-	N/M
Share of results of associates after tax		(3)	(23)	(87%)	(46)	619	(107%)
<b>Profit / (loss) before tax</b>		<b>(1,620)</b>	<b>1,599</b>	<b>(201%)</b>	<b>4,516</b>	<b>10,865</b>	<b>(58%)</b>
Tax (expense)/ credit		460	(87)	629%	(287)	(317)	9%
<b>Profit/ (loss) for the period</b>		<b>(1,160)</b>	<b>1,512</b>	<b>(177%)</b>	<b>4,229</b>	<b>10,548</b>	<b>(60%)</b>
Attributable to:							
Equity holders of the company		(1,130)	1,512	(175%)	4,429	10,548	(58%)
Minority interests		(30)	-	N/M	(200)	-	N/M

N/M: Not meaningful

NOTES:

[1] Breakdown of fee income

	9 Months ended 30 September		
	2008 US\$'000	2007 US\$'000	% Change
Asset management & administration fee *	4,421	1,019	334%
Brokerage commission	958	982	(2%)
Arrangement and agency fee	2,024	5,922	(66%)
Incentive fee	1,837	768	139%
Charter income	-	14	N/M
	<u>9,240</u>	<u>8,705</u>	6%

\* Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as asset manager of hotels and residential projects of \$3.3 million.

[2] Breakdown of investment return

	9 Months ended 30 September		
	2008 US\$'000	2007 US\$'000	% Change
Interest on performance notes – distressed debt	25	15	67%
Interest on performance notes – shipping #	5,184	1,550	234%
Realized gain on investment in shipping	-	6,034	N/M
Realized gain on investment in hotel and residential	245	-	N/M
Fair value adjustment on FX swap contract *	-	56	N/M
Fair value adjustment on performance notes – distressed debt	(103)	(116)	11%
Fair value adjustment on performance notes – shipping #@	2,492	677	268%
Fair value adjustment on investment in hotel	(271)	-	N/M
Fair value adjustment on residential and office properties	1,099	-	N/M
Fair value adjustment on investment in shipping	299	(961)	131%
Fair value adjustment on listed shares	(75)	-	N/M
Property rental	361	-	N/M
	<u>9,256</u>	<u>7,255</u>	28%

# Includes interest from Akebono Fund and Searex Fund. Net gain on disposal of vessel under Searex Fund totalled \$2.7 million.

\* The Group adopted the use of hedge accounting under IAS39 and the changes in fair value on a yen-US\$ foreign exchange rate contract entered into by a shipping subsidiary would be charged to the Group reserves. Upon maturity of the contract, any gain or loss on derivative financial instrument would be charged to the income statement.

@ Fair value adjustment on performance notes – shipping includes fair value gain from Akebono fund and fair value loss from Searex arising from the sale of the vessel.

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

	Note	30 September 2008 US\$'000	31 December 2007 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	[1]	4,091	3,426
Intangible assets		613	-
Property, plant and equipment		14,677	421
Loans receivable		-	2,500
Investment		44,315	21,828
Investment in associates		214	9,343
Deposit paid		2,752	-
Deferred tax assets		1,958	1,062
Deposit for purchase of vessels		31,069	7,817
	[2]	<u>99,689</u>	<u>46,397</u>
<b>Current assets</b>			
Properties for sales		19,151	-
Financial assets at fair value through profit and loss – equity shares		281	-
Loans receivable		-	4,000
Derivative financial instruments	[5]	1,611	-
Accounts receivable		4,585	573
Prepayment, deposit and other receivables		1,423	679
Tax recoverable		61	-
Deposits pledged as collateral		16,649	5,346
Cash and bank balances		33,488	50,800
	[3]	<u>77,249</u>	<u>61,398</u>
<b>Total assets</b>		<u><u>176,938</u></u>	<u><u>107,795</u></u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital		41,759	39,709
Share premium		21,402	13,353
Fair value reserve		(227)	(6)
Hedging reserve	[5]	559	-
Exchange reserve		2,304	701
Retained earnings		41,816	42,455
<b>Total attributable to equity holders</b>	[7]	<u>107,613</u>	<u>96,212</u>
Minority interests		1,419	-
<b>Total equity</b>		<u>109,032</u>	<u>96,212</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		14,662	-
Other non-current liabilities		1,844	-
Retirement benefit allowance		399	-
Derivative financial instruments	[5]	3,383	-
Deferred tax liabilities		1,152	749
	[4]	<u>21,440</u>	<u>749</u>

	Note	30 September 2008 US\$'000	31 December 2007 US\$'000
<b>Current liabilities</b>			
Borrowings		37,283	4,481
Accounts payable		1,716	315
Other payables and accruals		6,914	3,131
Derivative financial instruments	[5]	421	2,752
Provision for income tax		132	155
<b>Total current liabilities</b>	[6]	<u>46,466</u>	<u>10,834</u>
<b>Total equity and liabilities</b>		<u>176,938</u>	<u>107,795</u>

**NOTES:**

In January 2008, the Group increased our interest in Capital Advisers from 44.8% to 92.7%. The major movement in the balance sheet as compared to FY2007 arises largely from the consolidation of Capital Advisers during the period.

- [1] The increase in investment properties arises from the appreciation of the RMB and increase in fair value of our office investment in Guangzhou, China.
- [2] The major movements in non-current assets attributable to the consolidation of Capital Advisers include intangible assets of \$0.6 million, property, plant and equipment (PPE) (hotel) of \$14.5 million, investments of \$17.9 million, deposits paid of \$2.8 million and deferred tax assets of \$0.7 million. For shipping, the Group invested in three new vessels resulting in an increase in deposit for purchase of vessels. Also, the Group subscribed for performance notes issued by Akebono Fund worth \$3.7 million, as reflected under 'Investment'.
- [3] The major movements in current assets attributable to Capital Advisers include properties for sale (hotel and residential properties) of \$19.2 million, accounts receivable (management fee receivable from hotel and residential properties) of \$4.2 million, and deposits pledged as collateral. An investment into a Singapore IPO was made, as reflected in financial assets at fair value through profit and loss of \$0.3 million. The Group extended to Capital Advisers a loan which was partially financed by yen borrowings. The corresponding amount was transferred from our cash deposit to deposits pledged as collateral.
- [4] The major movements in non-current liabilities attributable to Capital Advisers include borrowings of \$11.3 million, other non-current liabilities of \$1.8 million and retirement benefit allowance of \$0.4 million. Derivative financial instruments arising from fair value adjustment on interest rate and exchange rate swaps charged to the Group equity during the period and to the profit and loss statement in FY2007 had been partially reclassified from current liabilities to non-current liabilities.
- [5] Prosperity Containership SA ("Prosperity") entered into a twelve year (callable in 2018) interest rate swap to hedge and fix its cost of borrowing. In 2007, the fair value adjustment on interest rate swap was charged to the income statement. As the hedge is now deemed effective, any subsequent fair value adjustments on interest rate swap will be charged directly to reserves. The Group also entered into an exchange rate forward contract to hedge against fluctuation of the yen-US\$ rate. The containership held by Prosperity will be delivered in December 2008 or January 2009. On the exercise of the exchange rate swap contract, the Group will realize any gain or loss arising from the exchange rate swap (derivative financial instrument) directly on the income statement.

- [6] The major movements in current liabilities attributable to Capital Advisers include borrowings of \$27.8 million, accounts payable of \$1.5 million, other payable and accruals of \$5.0 million and provision for income tax of \$0.06 million.
- [7] The increase in shareholders' equity is mainly due to the increase in share capital and share premium arising from the share placement to finance the acquisition of Capital Advisers. Fair value reserves decreased given negative fair value adjustment on an available for sale investment held by Capital Advisers of \$0.3 million. Hedging reserve increased by \$0.6 million due to net fair value adjustment on exchange rate and interest rate swap contracts during the period. Exchange reserve increased due to translation of a foreign operation namely, Capital Advisers, from yen to the Group's functional currency, US\$, upon consolidation.

**1 (b) (ii) Aggregate amount of group's borrowings and debt securities.**

	As at 30 September 2008		As at 31 December 2007	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	19,079	18,204	4,481	-
Amount repayable after one year	4,373	10,289	-	-
Total	<u>23,452</u>	<u>28,493</u>	<u>4,481</u>	<u>-</u>

**Details of any collateral**

The Group's borrowings are secured by means of:

- > a legal mortgage over a cash deposit from the holding company
- > legal mortgages over cash deposits from a subsidiary
- > legal mortgages over freehold properties of the subsidiaries
- > corporate guarantees from a subsidiary

**1 (c) A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	9 Months ended 30 September	
		2008 US\$'000	2007 US\$'000
<b>Cash flow from operating activities</b>			
Profit before taxation		4,517	10,865
Adjustments for:			
Investment return		(9,256)	(7,255)
Amortization, depreciation and impairment		869	261
Loss/ (gain) on disposal of property, plant and equipment		33	(12)
Interest income		(1,124)	(1,682)
Finance costs - interest expense		889	30
Finance costs – others		436	-
Results of associates		46	(619)
Net foreign exchange loss/ (gain)		360	(90)
		<u>(3,230)</u>	<u>1,498</u>
Change in working capital:			
Net change in properties for sale		(5,322)	-
Net change in accounts receivable		4	(1,621)
Net change in prepayment, deposit and other receivables		724	3,908
Net change in retirement benefit allowance		(7)	-
Net change in accounts payable		(1,918)	1,051
Net change in other payables and accruals		(563)	1,050
		<u>(10,312)</u>	<u>5,886</u>
Cash generated from/ (used in) operations	[1]	(10,312)	5,886
Interest received on bank balances		857	1,156
Tax reimbursed/ (paid)		(446)	42
		<u>(9,901)</u>	<u>7,084</u>
Net cash generated from/ (used in) operating activities		<u>(9,901)</u>	<u>7,084</u>

	Note	9 Months ended 30 September	
		2008 US\$'000	2007 US\$'000
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries		10,711	-
Deconsolidation of subsidiaries		(210)	-
Purchase of investments		(4,634)	(8,345)
Purchase of investment properties		(8)	(2,861)
Proceeds from sales of investments		1,947	14,874
Redemption of TK Investment		(726)	-
Deposit for purchase of vessels		(23,252)	(9,000)
Purchase of fixed assets		(277)	(118)
Proceeds from disposal of fixed assets		-	12
Loans advanced		-	(4,363)
Loans repaid		6,500	3,413
Interest received from syndicated loans		383	415
Net change in deposits pledged as collateral		(11,261)	(201)
Proceeds from interest on investment		5,474	1,844
Dividend received from an associate		19	-
Proceeds from property rental		124	-
Net cash used in investing activities	[2]	(15,210)	(4,330)
<b>Cash flow from financing activities</b>			
Proceeds from issuing shares		-	26,375
IPO expenses		-	(1,082)
New borrowings		30,904	-
Repayment of borrowings		(17,819)	-
Interest paid on borrowings		(1,083)	(25)
Dividend paid		(5,275)	(1,680)
Net cash generated from financing activities	[3]	6,727	23,588
Net increase/ (decrease) in cash and cash equivalents		(18,384)	26,342
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the period		50,800	22,205
Net increase/ (decrease) in cash and cash equivalents		(18,384)	26,342
Effects of exchange rate changes		1,072	229
Cash and cash equivalents at end of the period		33,488	48,776

NOTES:

In January 2008, the Group increased our interest in Capital Advisers from 44.8% to 92.7% The major movement in the cashflow statement arises largely from the consolidation of Capital Advisers during the period.

- [1] Cashflow used in operating activities deteriorated to \$10.3 million due mainly to a low level of fee income achieved from the Group's structured finance arrangement and a decrease in working capital stemming mainly from the consolidation of Capital Advisers during the period. Through the consolidation of Capital Advisers, the Group recognized change in working capital of a negative \$5.7 million primarily stemming from an increase in properties for sale (\$5.3 million).
- [2] Cash flow used in investing activities increased to \$15.2 million due primarily to a high level of investment activities made in shipping during the period including purchase of investments (mainly subscription of performance notes in Akebono Fund of \$3.7 million) and deposit for purchase of vessels. The Group made deposits for three vessels during the year totaling \$23.2 million. Deposits pledged as collateral increased by \$11.0 million due to the increase in the Group's yen borrowing during the period. This was offset mainly by the acquisition of a subsidiary, namely Capital Advisers, proceeds from sale of investments of \$0.5 million, loans repaid of \$6.5 million from shipping investments and proceeds from interest on investment of \$5.2 million arising largely from the disposal of the last remaining vessel under Searex Fund.
- [3] Cash flow from financing activities decreased from \$23.6 million in 3QFY07 to \$6.7 million in 3QFY08. From the consolidation of Capital Advisers, the Group recognized net change in bank borrowing of \$21.7 million and interest paid on borrowings of \$1.0 million. The Group paid dividends of \$5.3 million to shareholders of the Company.



**1 (d) (i) A statement for the group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Share capital US\$'000	Share premium US\$'000	Fair value reserve US\$'000	Hedging reserve US\$'000	Exchange reserve US\$'000	Other reserve US\$'000	Retained earnings US\$'000	Sub-total attributable to equity holders US\$'000	Minority interests US\$'000	Total US\$'000
Balance at 1 January 2008	39,709	13,353	(6)	-	701	-	42,455	96,212	-	96,212
Financial assets, available for sale										
- Fair value loss	-	-	(221)	-	-	-	-	(221)	(17)	(238)
Change in fair value of derivative financial instruments	-	-	-	559	-	-	-	559	-	559
Exchange differences arising on translation of foreign operation	-	-	-	-	1,603	-	-	1,603	107	1,710
Net income recognized directly in equity	-	-	(221)	559	1,603	-	-	1,941	90	2,031
Net profit	-	-	-	-	-	-	4,429	4,429	(200)	4,229
Total recognized income	-	-	(221)	559	1,603	-	4,429	6,370	(110)	6,260
Issuance of shares	2,050	8,049	-	-	-	-	-	10,099	-	10,099
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,513	1,513
Deconsolidation of subsidiaries	-	-	-	-	-	-	-	-	16	16
Dividend paid in respect of 2007	-	-	-	-	-	-	(5,068)	(5,068)	-	(5,068)
Balance at 30 September 2008	<u>41,759</u>	<u>21,402</u>	<u>(227)</u>	<u>559</u>	<u>2,304</u>	<u>-</u>	<u>41,816</u>	<u>107,613</u>	<u>1,419</u>	<u>109,032</u>
Balance at 1 January 2007	28,000	-	-	-	-	(223)	31,989	59,766	-	59,766
Exchange differences arising on translation of foreign operation	-	-	-	-	306	-	-	306	-	306
Net income recognized directly in equity	-	-	-	-	306	-	-	306	-	306
Net profit	-	-	-	-	-	-	10,548	10,548	-	10,548
Total recognized income	-	-	-	-	306	-	10,548	10,854	-	10,854
Issuance of shares - IPO	11,709	14,666	-	-	-	-	-	26,375	-	26,375
IPO expenses	-	(1,305)	-	-	-	223	-	(1,082)	-	(1,082)
Dividend paid in respect of 2006	-	-	-	-	-	-	(1,680)	(1,680)	-	(1,680)
Balance at 30 September 2007	<u>39,709</u>	<u>13,361</u>	<u>-</u>	<u>-</u>	<u>306</u>	<u>-</u>	<u>40,857</u>	<u>94,233</u>	<u>-</u>	<u>94,233</u>

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

On 26 June 2007, the share capital of the company was enlarged to 175,000,000 ordinary shares with par value of US\$0.16 each after the company consolidated 16 ordinary shares with par value of US\$1.00 into one (1) ordinary share with par value of US\$16.00 each (the "Consolidation") and then sub-divided every one (1) ordinary share with par value of US\$16.00 into 100 ordinary shares with par value of US\$0.16 each (the "Sub-division") (2006: 28,000,000 shares at US\$1.0 per share).

On 17 August 2007, the Company issued 65,400,000 new shares by way of public offer and placement on the Singapore Stock Exchange which increased the number of ordinary shares issued from 175,000,000 to 240,400,000.

On 18 September 2007, the Company issued an additional 7,782,000 ordinary shares (the "Additional Shares") pursuant to the over-allotment option granted to DBS Bank Ltd in connection with the initial public offering of shares of the Company. Following the issue of the Additional Shares, the enlarged issued share capital of the Company increased to 248,182,000 shares.

On 4 January 2008, the company entered into a swap agreement with the shareholders of Capital Advisers which used to be an associated company. Pursuant to the swap agreement, 12,814,000 new shares were issued in the ordinary share capital of the company to the shareholders of Capital Advisers. Following the issuance of the additional shares, the share capital of the company increased from 248,182,000 to 260,996,000.

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

The total number of issued shares was 260,996,000 as at 30 September 2008 and 248,182,000 as at 31 December 2007.

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

Not applicable.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2007.

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

Not applicable.

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

	3 <sup>rd</sup> Quarter		9 Months ended 30 September	
	2008	2007	2008	2007
(Loss)/ profit attributable to equity holders (US\$'000)	(1,130)	1,512	4,429	10,548
Weighted average number of ordinary shares in issue ('000)	260,996	208,089	260,856	186,151
(Loss)/ earnings per share (US cents per share) - basic and diluted	(0.43)	0.73	1.70	5.67

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the conversion of all dilutive ordinary shares during the period.

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

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

	30 September 2008	31 December 2007
Net asset value per ordinary share based on issued share capital at the end of (in US\$)	0.42	0.39

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

#### **Overview**

Since January 2008, Capital Advisers, engaged in hotel and residential investment and management in Japan, has been consolidated into the Group accounts after our equity ownership increased from 44.8% to 92.7%. Due to the sluggish property market in Japan, startup losses from hotel operation and in the absence of hotel disposals, Capital Advisers registered net losses. Furthermore, as Capital Advisers' business model is one of high-volume and low-margin compared to Uni-Asia Finance Corporation, the impact would be reflected on the Group consolidated financial statements. Moreover, Capital Advisers has recently completed a cost and investment rationalization programme to reduce headcount, cut overall operating expenses and limit new investments in the near term.

Major highlights during the year:

- Disposal of the last vessel held under Searex fund, capturing net gain on investment of \$2.7 million and incentive fee of \$1.8 million
- Completion of the acquisition of the last vessel by Akebono Fund
- Recognition of fair value gain on shipping investments during the period due to cashflow from charterhire, capital appreciation of vessels held by the Akebono Fund and a good proportion of medium to long term charter hires in the bulk carrier and container markets
- Investment in a 29,200 dwt bulk carrier with delivery in June 2009
- The Group entered into five-year time charters for two newbuilds, 33,400 dwt handy size bulk carriers, with delivery in 2010 and 2011
- Consolidation of Capital Advisers. Capital Advisers' income, operating loss and net loss totalled \$23.6 million, (\$1.5 million) and (\$2.7 million) respectively during the period
- Hotel Vista Kumamoto Airport, wholly owned by Capital Advisers, opened for business in January 2008
- Capital Advisers entered into a lease contract to operate a new 304 room hotel in Osaka
- Completion of staff retrenchment programme by Capital Advisers
- The average occupancy of the Capital Advisers' hotels improved on a quarterly basis from 70% in 1Q08 to 71% in 2Q08 to 75% in 3QFY08.

#### **Review of Income Statement**

Due primarily to net losses from Capital Advisers, higher operating expenses and a slowdown in finance arrangement activities, the Group's profit for the period dropped by 60% from \$10.5 million in 3QFY07 to \$4.2 million in 3QFY08. Total income increased from \$17.7 million in 3QFY07 to \$38.2 million in 3QFY08 as a result of the consolidation of Capital Advisers' income from property investment and management and hotel operation and strong investment contribution from the Group's shipping activities. Investment returns grew by 28% due to the disposal of a vessel and fair value adjustment on the shipping portfolio. The shipping market remained quite firm in the first nine months of the year.

The Group's income is classified under fee income, hotel operation, investment return, interest income and other income. Fee income rose by 6% from \$8.7 million in 3QFY07 to \$9.2 million in 3QFY08 due primarily to the consolidation of Capital Advisers' asset management fee income from hotel and residential projects and an increase in incentive fee from the disposal of a vessel under Searex, offset by a drop in arrangement fee (*Refer to 1(a) NOTES [1] for breakdown of fee income*). A description of the Group fee income is summarized below:

- (i) **Asset management and administration Fee** is the fee for the administration and management of funds/investments in shipping, properties and distressed assets as well as for Capital Advisers as the asset manager of hotels and residential projects in Japan. The fee of \$4.4 million is recurrent until maturity of the fund/project and increased by over three folds due primarily to the launch of Akebono fund and maiden contribution from our hotel and property business arising from the consolidation of Capital Advisers during the period.
- (ii) **Brokerage commission** refers to commission from brokering ship charters on behalf of ship-owners and the income is recurrent for the duration of the charter period/agreement. Brokerage commission totalled close to \$1 million in the first nine months of 2008.
- (iii) **Arrangement and agency fee** refers to income for the arrangement of syndicated loans or debt financing and for the Group's agency duty in finance arrangement transactions. Finance arrangement and agency fee dropped by 66% to \$2.0 million in 3QFY08 due to the close and completion of fewer transactions as compared to 3QFY07.
- (iv) **Incentive fee** refers to the fee received when the assets managed by the Group are divested with a gain and is based on a predetermined profit sharing ratio in the event the disposal gain exceeded the hurdle rate. Incentive fee increased by 139% to \$1.8 million as a result of the disposal of the last vessel under Searex.

Hotel operation refers to all income related to Capital Advisers' hotel business. Capital Advisers currently owns and/or manages 14 limited service hotels in Japan with over 1,750 rooms. The limited service hotels target the business or leisure segment focusing on affordability and convenience. Furthermore, the new hotels recently opened place great emphasis on style and design. The Group recognized maiden contribution from Capital Advisers' hotel operation with income totalling over \$18.4 million. Income from hotel operation would include hotel operator fee (fee as operator of the hotel) and hotel income received from hotels owned and leased by the Group. Due to the launch of two new hotels over the past 12 months, Capital Advisers experienced startup losses from its hotel operation. The average occupancy of the hotels has, however, seen an improvement in the third quarter of 2008.

The Group's investment return increased from \$7.3 million in 3QFY07 to \$9.3 million in 3QFY08 due to fair value adjustment on performance notes from shipping arising from Akebono fund and the disposal of the last vessel under Searex fund (*Refer to 1a NOTES [2] for breakdown of investment return*). During the year, Searex I fund disposed of the last remaining vessel and recognized net gain on investment of \$2.7 million. Other major investment returns recognized include fair value gain on shipping investments and performance notes of \$2.8 million and fair value gain of \$1.1 million on residential and office properties in Japan and China. The amount of fair value adjustment to be recognized would be highly dependent on market conditions at the time of reporting.

The rise in overall Group expenses was a major contributor to the drop in Group profit for the period. Employee benefits expenses grew by 184% as a result of the consolidation of Capital Advisers. Capital Advisers' staff cost represented close to 70% of the Group's employee benefits expense. Other operating expenses grew by over seven times due also to the consolidation of Capital Advisers. Capital Advisers' operating expenses represented over 85% of the Group's total operating expenses. Capital Advisers intends to increase the number of hotels under management, increase overall occupancy rates for the hotels and to build the 'Vista' brand. Hotel leases, hotel sub-operator fee and hotel operating expenses represented close to 62% of the Group's other operating expenses.

Finance cost rose as a result of the consolidation of Capital Advisers. Contribution from our associated company dropped from \$0.6 million in 3QFY07 to a net loss of \$0.05 million in 3QFY08 given Capital Advisers is no longer equity accounted for and the Group recognized share of losses from Capital Advisers' associates. In summary, our net profit for the year decreased by 60% from \$10.5 million in 3QFY07 to \$4.2 million in 3QFY08.

Refer to 1(b) (i) NOTES for commentaries on balance sheet and 1(c) NOTES for commentaries on cashflow statement.

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

Not applicable. The Group has not provided a forecast.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operated and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

(i) **Structured Finance Arrangement**

The financial crisis caused the credit crunch in the global financial market. Should such credit crunch continue, our ship financing arrangement business may be affected due to the lack of sufficient finance providers.

(ii) **Maritime Investment / Management**

The charter hire of bulk carriers has declined substantially and the value of bulk carriers is also expected to drop in the near term. The charter hire and value of container vessels are under downward pressure from the decline of freight rate due to the drop in cargo traffic. However, the charter hire and the value of product tankers remain stable.

The Company is currently investing in and providing asset management service for 14 vessels. With the exception of two new buildings including a product tanker to be delivered in the year 2010 and a bulk carrier to be delivered in 2012, the Group has secured employment for all 12 vessels. The charter period of these 12 vessels will expire between the fourth quarter of 2009 and 2018. Our current charter contracts have been locked in based on the higher charter hire entered into earlier.

Based on the current market conditions, the fair value of our investment in vessels may be impaired.

One wholly-owned 4,300 TEU containership to be delivered in December 2008 or January 2009 is financed partly by Yen denominated loan. On exercising the exchange swap contract, the Group will realize any gain or loss from the derivative financial instrument directly on the income statement. The rapid appreciation of Japanese Yen against US currency may result in translation losses on Yen borrowings.

The Company has no new acquisition plan for vessels at this moment.

(iii) **Property Investment / Management in Japan**

Despite the sluggish property market in Japan, our current asset management fee income and dividend income from our investment in property funds have not been affected significantly. However, in the event the current market conditions persist, the fair market value of our investment in property funds may be impaired.

(iv) **Hotel Operation in Japan**

Capital Advisers focuses on the business or leisure segment and emphasizes on affordability and convenience. The expected global recession may bode well for budget and limited-service hotel operators, as in the case of Capital Advisers.

**11 Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

No.

**(b) Corresponding period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared/ recommended, a statement to that effect.**

No dividend has been declared/ recommended by the Directors for the 9 months ended 30 September 2008.

**BY THE ORDER OF THE BOARD**

Kazuhiko Yoshida  
Chairman, CEO  
13 November 2008

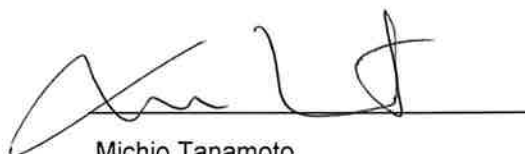
**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter ended 30 September 2008 to be false or misleading.

On behalf of the Board of Directors



Kazuhiko Yoshida  
Chairman, CEO



Michio Tanamoto  
COO

Date: 13 November 2008

*The initial public offering of shares of Uni-Asia Finance Corporation (the "Offering") commenced on 8 August 2007 and closed on 15 August 2007. In the Offering, DBS Bank Ltd was the Manager, Underwriter and Placement Agent.*