

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR 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	4 th Quarter			Full year		
		2008 US\$'000	2007 US\$'000	% Change	2008 US\$'000	2007 US\$'000	% Change
Fee income	[1]	2,469	3,307	(25%)	11,709	12,012	(3%)
Hotel income		8,099	-	N/M	26,496	-	N/M
Investment returns	[2]	(8,837)	(502)	1660%	419	6,753	(94%)
Interest income		206	692	(70%)	1,330	2,374	(44%)
Other income		456	-	N/M	592	12	4833%
Total income		2,393	3,497	(32%)	40,546	21,151	92%
Employee benefits expense		(4,142)	(1,661)	149%	(18,737)	(6,797)	176%
Amortization and depreciation		(633)	(89)	611%	(1,502)	(349)	330%
Other expenses		(5,705)	(940)	507%	(22,474)	(2,934)	666%
(Loss) / gain on disposal of property, plant and equipment		(83)	-	N/M	(116)	12	(1067%)
		(10,563)	(2,690)	293%	(42,829)	(10,068)	325%
Operating (loss)/ profit		(8,170)	807	(1112%)	(2,283)	11,083	(121%)
Finance costs – interest expense		(480)	(51)	841%	(1,369)	(81)	1590%
Finance costs – others		(24)	-	N/M	(460)	-	N/M
Share of results of associates		31	(279)	(111%)	(15)	340	(104%)
(Loss)/ profit before tax		(8,643)	477	(1912%)	(4,127)	11,342	(136%)
Tax credit		750	1,121	(33%)	463	804	(42%)
(Loss)/ profit for the year		(7,893)	1,598	(594%)	(3,664)	12,146	(130%)
Attributable to:							
Equity holders of the company		(7,484)	1,598	(568%)	(3,055)	12,146	(125%)
Minority interests		(409)	-	N/M	(609)	-	N/M

N/M: Not meaningful

NOTES:

[1] Breakdown of fee income

	Full year		
	2008 US\$'000	2007 US\$'000	% Change
Arrangement and agency fee	2,525	7,957	(68%)
Brokerage commission	1,337	1,532	(13%)
Incentive fee	1,858	817	127%
Asset management & administration fee *	5,989	1,360	340%
Charter income	-	346	N/M
	11,709	12,012	(3%)

* Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as the asset manager of hotels and residential projects of \$4.6 million.

[2] Breakdown of investment returns

	Full year		
	2008 US\$'000	2007 US\$'000	% Change
Interest on performance notes – shipping #	5,595	1,875	198%
Interest on performance notes – distressed debt	25	35	(29%)
Realized gain on investment – shipping	-	4,907	N/M
Realized gain on investment – hotel & residential	352	-	N/M
Realized gain on interest rate swap contracts	-	89	N/M
Property rental income	496	-	N/M
Fair value adjustment on investment properties	405	434	(7%)
Fair value adjustment on investment – hotel & residential	(886)	-	N/M
Fair value adjustment on investment – shipping ^	(2,794)	484	(677%)
Fair value adjustment on investment – others	-	(191)	N/M
Fair value adjustment on performance notes – hotel & residential	(87)	-	N/M
Fair value adjustment on performance notes – shipping @	166	1,974	(92%)
Fair value adjustment on performance notes – distressed debt	(444)	(102)	(335%)
Fair value adjustment on listed shares – hotel	(306)	-	N/M
Fair value adjustment on listed shares – others	(75)	-	N/M
Fair value adjustment on a forward currency contract	734	-	N/M
Fair value adjustment on an interest rate swap contract	-	(2,752)	N/M
Write down of properties for sale to net realizable value – hotel & residential ~	(2,762)	-	N/M
	419	6,753	(94%)

Includes interest from Searex Fund.

@ 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.

~ Includes write down of value on Hotel Vista Kumamoto and other residential properties.

^ Includes fair valuation loss from a shipping investment which has entered into interest rate hedging contracts.

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	Group		Company	
		31 December 2008 US\$'000	31 December 2007 US\$'000	31 December 2008 US\$'000	31 December 2007 US\$'000
ASSETS					
Non-current assets					
Investment properties	[1]	4,082	3,426	-	-
Intangible assets		534	-	-	-
Property, plant and equipment		27,395	421	83	318
Loans receivable		-	2,500	-	2,500
Loans receivable to subsidiaries		-	-	15,832	7,444
Investments		46,005	21,828	27,935	21,828
Investments in subsidiaries		-	-	15,721	1,000
Investments in associates		240	9,343	-	39
Rental deposit		3,113	-	-	-
Deferred tax assets		1,623	1,062	1,280	1,062
Deposits for purchase of vessels		37,347	7,817	4,042	-
Total non-current assets	[2]	<u>120,339</u>	<u>46,397</u>	<u>64,893</u>	<u>34,191</u>
Current assets					
Properties for sales		9,013	-	-	-
Investments		280	-	-	-
Loans receivable		-	4,000	-	-
Loans receivable to subsidiaries		-	-	12,795	921
Derivative financial instruments	[5]	773	-	773	-
Accounts receivable		4,905	573	39	103
Amount due from subsidiaries		-	-	11,729	11,323
Prepayments, deposits and other receivables		1,812	679	433	437
Tax recoverable		293	-	-	-
Deposits pledged as collateral		12,448	5,346	12,400	5,346
Cash and bank balances		28,797	50,800	13,689	46,656
Total current assets	[3]	<u>58,321</u>	<u>61,398</u>	<u>51,858</u>	<u>64,786</u>
Total assets		<u><u>178,660</u></u>	<u><u>107,795</u></u>	<u><u>116,751</u></u>	<u><u>98,977</u></u>

	Note	Group		Company	
		31 December 2008 US\$'000	31 December 2007 US\$'000	31 December 2008 US\$'000	31 December 2007 US\$'000
EQUITY					
Equity attributable to equity holders of the company					
Share capital		41,759	39,709	41,759	39,709
Share premium		21,402	13,353	21,402	13,353
Fair value reserve		322	(6)	-	-
Hedging reserve	[5]	(10,201)	-	-	-
Exchange reserve		4,940	701	609	-
Retained earnings		34,332	42,455	36,376	37,966
Total attributable to equity holders	[7]	<u>92,554</u>	<u>96,212</u>	<u>100,146</u>	<u>91,028</u>
Minority interests		1,187	-	-	-
Total equity		<u>93,741</u>	<u>96,212</u>	<u>100,146</u>	<u>91,028</u>
LIABILITIES					
Non-current liabilities					
Borrowings		13,718	-	-	-
Finance lease obligations		228	-	-	-
Due to related parties		2,055	-	-	-
Retirement benefit allowance		656	-	-	-
Derivative financial instruments	[5]	7,850	-	-	-
Deferred tax liabilities		-	749	-	-
Total non-current liabilities	[4]	<u>24,507</u>	<u>749</u>	<u>-</u>	<u>-</u>
Current liabilities					
Borrowings		45,173	4,481	16,055	4,481
Finance lease obligations		100	-	-	-
Accounts payable		3,080	315	2	221
Amount due to subsidiaries		-	-	2	512
Other payables and accruals		6,821	3,131	546	2,735
Derivative financial instruments	[5]	5,103	2,752	-	-
Income tax payable		135	155	-	-
Total current liabilities	[6]	<u>60,412</u>	<u>10,834</u>	<u>16,605</u>	<u>7,949</u>
Total equity and liabilities		<u>178,660</u>	<u>107,795</u>	<u>116,751</u>	<u>98,977</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 year.

- [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 \$0.5 million, property, plant and equipment (PPE) (mainly hotels) of \$27.2 million, investments of \$18.0 million, investments in associates of \$0.2 million, rental deposits of \$3.1 million and deferred tax assets of \$0.3 million. For shipping, the Group invested in three new vessels resulting in an increase in deposit for purchase of vessels of over \$29.0 million. Also, the Group subscribed for performance notes issued by Akebono Fund worth \$4.2 million and made additional investment of \$3.4 million into investment property in Japan, GK Lantana, both reflected under 'Investments'.
- [3] The major movements in current assets attributable to Capital Advisers include properties for sale (residential properties) of \$9.0 million, accounts receivable (management fee receivable from hotel and residential properties) of \$4.4 million and deposits pledged as collateral. An investment into a Singapore IPO was made, as reflected in investments of \$0.3 million. Also, loans receivable dropped y-o-y due to the repayment of a bridge loan by an Akebono subsidiary. 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 \$4.6 million, finance lease obligations of \$0.2 million, amount due to related parties of \$2.1 million and retirement benefit allowance of \$0.7 million. Additional borrowings arising from the consolidation of our shipping subsidiaries include charterer's credit of \$7.1 million and shareholder's loan of \$2.0 million. Derivative financial instruments of \$7.9 million arising from fair value adjustment on interest rate and forward currency swaps charged to the Group reserves during the year and to the income statement in FY2007 had been partially reclassified from current to non-current liabilities.
- [5] Prosperity Containership S.A. ("Prosperity") entered into a twelve year (callable in 2018) interest rate swap contract to hedge and fix its cost of borrowing. In 2007, the fair value adjustment on interest rate swap contract 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 a forward currency swap contract to hedge against fluctuation of the yen-US\$ rate. The containership held by Prosperity has been delivered in January 2009. On the exercise of the forward currency swap contracts, the Group will recognize foreign exchange translation gains or losses directly to the income statement.
- [6] The major movements in current liabilities attributable to Capital Advisers include borrowings of \$40.9 million, finance lease obligations of \$0.1 million, accounts payable of \$2.7 million, other payables and accruals of \$6.0 million and provision for income tax of \$0.02 million.
- [7] The decrease in shareholders' equity is mainly due to the decrease in the hedging reserves of \$10.2 million arising from fair value losses on interest rate and forward currency hedging contracts from Prosperity, offset by an increase in share capital and share premium totalling \$10.1 million arising from the share placement to finance the acquisition of Capital Advisers. 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 31 December 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	28,302	16,871	4,481	-
Amount repayable after one year	2,942	10,776	-	-
Total	<u>31,244</u>	<u>27,647</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 of the holding company
- > legal mortgages over cash deposits and a rental deposit of subsidiaries
- > a legal mortgage over freehold properties under the category of "Property, plant and equipment" of a subsidiary
- > a legal mortgage over freehold properties under the category of "Properties for sales" of 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	Full year	
		2008 US\$'000	2007 US\$'000
Cash flow from operating activities			
(Loss)/ profit before tax		(4,127)	11,342
Adjustments for:			
Investment returns		(419)	(6,753)
Amortization and depreciation		1,502	349
Realization of negative goodwill on acquisition of subsidiaries		(118)	-
Loss/ (gain) on disposal of property, plant and equipment		116	(12)
Interest income		(1,330)	(2,374)
Finance costs – interest expense		1,369	81
Finance costs – others		460	-
Results of associates		15	(340)
Net foreign exchange loss/ (gain)		211	(116)
		<u>(2,321)</u>	<u>2,177</u>
Change in working capital:			
Net change in properties for sale		(6,077)	-
Net change in accounts receivable		339	783
Net change in prepayments, deposits and other receivables		492	31
Net change in retirement benefit allowance		188	-
Net change in accounts payable		(1,050)	41
Net change in other payables and accruals		(2,392)	621
Cash (used in)/ generated from operations	[1]	<u>(10,821)</u>	<u>3,653</u>
Interest received on bank balances		1,117	1,743
Tax (paid)/ reimbursed		(738)	42
Net cash (used in)/ generated from operating activities		<u>(10,442)</u>	<u>5,438</u>

	Note	Full year	
		2008 US\$'000	2007 US\$'000
Cash flow from investing activities			
Acquisition of subsidiaries		10,747	-
Deconsolidation of subsidiaries		(210)	-
Purchase of investments		(11,050)	(14,638)
Purchase of investment properties		(8)	(2,861)
Proceeds from sale of investments		2,479	19,098
Redemption to minority interests of a subsidiary		(868)	-
Deposits for purchase of vessels		(29,531)	(7,817)
Purchase of property, plant and equipment		(334)	(118)
Proceeds from disposal of property, plant and equipment		1	12
Loans advanced		-	(300)
Loans repaid		6,500	3,413
Interest received from syndicated loans		241	623
Net increase in deposits pledged as collateral		(6,987)	(293)
Proceeds from interest on investments		6,046	2,185
Dividend received from an associate		19	-
Proceeds from property rental		589	-
		<u> </u>	<u> </u>
Net cash used in investing activities	[2]	(22,366)	(696)
		<u> </u>	<u> </u>
Cash flow from financing activities			
Proceeds from issuing shares		-	26,375
IPO expenses		-	(1,090)
New borrowings		48,585	-
Repayment of borrowings		(35,522)	-
Interest paid on borrowings		(1,450)	(43)
Dividend paid		(5,275)	(1,680)
		<u> </u>	<u> </u>
Net cash generated from financing activities	[3]	6,338	23,562
		<u> </u>	<u> </u>
Net (decrease)/ increase in cash and cash equivalents		(26,470)	28,304
		<u> </u>	<u> </u>
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the year		50,800	22,205
Net (decrease)/ increase in cash and cash equivalents		(26,470)	28,304
Effects of exchange rate changes		4,467	291
		<u> </u>	<u> </u>
Cash and cash equivalents at end of the year		28,797	50,800
		<u> </u>	<u> </u>

NOTES:

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

- [1] Cash flow used in operating activities deteriorated to \$10.8 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 year. Through the consolidation of Capital Advisers, the Group recognized change in working capital of a negative \$7.1 million primarily stemming from an increase in properties for sale of (\$6.1 million).
- [2] Cash flow used in investing activities increased to \$22.4 million due primarily to a high level of investment activities made during the year including purchase of investments (including subscription of performance notes in Akebono Fund of \$4.2 million, equity investment into Rich Containership S.A. of \$2.5 million and additional equity investment into GK Lantana of \$3.4 million) and deposits for purchase of vessels. The Group made deposits for three vessels during the year totalling \$29.5 million. Net deposits pledged as collateral increased by \$7.0 million due to the increase in the Group's yen borrowing during the year. This was offset mainly by the acquisition of subsidiaries, namely Capital Advisers, proceeds from sale of investments/ redemption of investments of \$1.4 million, loans repaid of \$6.5 million from shipping investments and proceeds from interest on investments of \$6.0 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 FY2007 to \$6.3 million in FY2008. From the consolidation of Capital Advisers, the Group recognized net change in bank borrowings of \$6.5 million and interest paid on borrowings of \$1.5 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	Total attributable to equity holders US\$'000	Minority interests US\$'000	Total equity US\$'000
Balance at 1 January 2008	39,709	13,353	(6)	-	701	-	42,455	96,212	-	96,212
Changes in fair value of derivative financial instruments	-	-	-	(10,201)	-	-	-	(10,201)	-	(10,201)
Exchange differences arising on translation of foreign operation	-	-	-	-	4,239	-	-	4,239	223	4,462
Total income and expense recognized directly in equity	-	-	-	(10,201)	4,239	-	-	(5,962)	223	(5,739)
Loss for the year	-	-	-	-	-	-	(3,055)	(3,055)	(609)	(3,664)
Total recognized income and expense for the year	-	-	-	(10,201)	4,239	-	(3,055)	(9,017)	(386)	(9,403)
Issuance of shares	2,050	8,049	-	-	-	-	-	10,099	-	10,099
Acquisition of subsidiaries	-	-	328	-	-	-	-	328	1,557	1,885
Deconsolidation of subsidiaries	-	-	-	-	-	-	-	-	16	16
Dividend paid in respect of 2007	-	-	-	-	-	-	(5,068)	(5,068)	-	(5,068)
Balance at 31 December 2008	<u>41,759</u>	<u>21,402</u>	<u>322</u>	<u>(10,201)</u>	<u>4,940</u>	<u>-</u>	<u>34,332</u>	<u>92,554</u>	<u>1,187</u>	<u>93,741</u>
Balance at 1 January 2007	28,000	-	-	-	-	(223)	31,989	59,766	-	59,766
Exchange differences arising on translation of foreign operation	-	-	-	-	701	-	-	701	-	701
Share of fair value reserve of an associate	-	-	(6)	-	-	-	-	(6)	-	(6)
Total income and expense recognized directly in equity	-	-	(6)	-	701	-	-	695	-	695
Profit for the year	-	-	-	-	-	-	12,146	12,146	-	12,146
Total recognized income and expense for the year	-	-	-	-	701	-	12,146	12,841	-	12,841
Issuance of shares - IPO	11,709	14,666	-	-	-	-	-	26,375	-	26,375
IPO expenses	-	(1,313)	-	-	-	223	-	(1,090)	-	(1,090)
Dividend paid in respect of 2006	-	-	-	-	-	-	(1,680)	(1,680)	-	(1,680)
Balance at 31 December 2007	<u>39,709</u>	<u>13,353</u>	<u>(6)</u>	<u>-</u>	<u>701</u>	<u>-</u>	<u>42,455</u>	<u>96,212</u>	<u>-</u>	<u>96,212</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 31 December 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 are being audited in accordance with International Standards on Auditing.

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

The figures are being audited. Up to the date of this announcement, auditors do not intend to issue any qualified opinion.

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 year as compared with the audited financial statements for the financial year ended 31 December 2007.

The Group has adopted the following new amendments to IFRSs for the first time for the current year's financial statements.

IAS 39 and IFRS 7 Amendments Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*

The adoption of these new amendments has had no significant financial effect on these financial statements.

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.

	Full year	
	2008	2007
(Loss)/ profit attributable to equity holders (US\$'000)	(3,055)	12,146
Weighted average number of ordinary shares in issue ('000)	260,891	201,786
(Loss)/ earnings per share (US cents per share) - basic and diluted	(1.17)	6.02

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

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 year.

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.

	31 December 2008	31 December 2007
Net asset value per ordinary share based on issued share capital at the end of (in US\$)	0.36	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:**

Major highlights of the year

- Due to the downturn of the economy and sharp fall in asset values in 4Q08, the Group recognized revaluation/ fair value losses arising from our shipping investments and hotel and residential properties in Japan of \$9.5 million. Fair value losses from our shipping investments totaled \$5.5 million in 4Q08 as compared to \$2.6 million in FY2008. Fair value losses from hotel and residential investments in Japan totaled \$5.1 million in 4Q08 as compared to \$4.3 million in FY2008.
- The last vessel held under Searex fund was disposed, capturing net gain on investment of \$2.7 million and incentive fee of \$1.8 million in 2Q08.
- The acquisition of the last vessel by Akebono Fund was completed during 2Q08.
- An investment in a 29,200 dwt bulk carrier was made 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.
- Capital Advisers, engaged in hotel and residential investment/ management in Japan, has been consolidated into the Group financial statements since January 2008 after our equity ownership increased from 44.8% to 92.7%. Due to the sluggish property market, startup losses from hotel operation and fair valuation losses from investments in hotels and properties, Capital Advisers' net losses widened in 4Q08. Capital Advisers' total income, operating loss and net loss totalled \$28.7 million, (\$6.2 million) and (\$8.3 million) respectively in FY2008.
- Capital Advisers completed a rationalization program to reduce headcount, cut overall operating expenses and limit new investments in the near term.
- Hotel Vista Kumamoto Airport, wholly owned by Capital Advisers, opened for business in January 2008.
- Hotel Vista Ebina, operated by Capital Advisers under a lease contract, opened for business in October 2008.
- Capital Adviser is the asset manager of Hotel Vista Grande Osaka, a new 304 room hotel, opened for business in November 2008.
- The average occupancy of Capital Advisers' hotels was 71% for FY2008, or on a quarterly basis, 70% in 1Q08 to 71% in 2Q08 to 75% in 3Q08 and 68% in 4Q08.

Review of Income Statement

Due primarily to net losses from Capital Advisers, fair value losses from investments, higher operating expenses from the consolidation of Capital Advisers and a slowdown in finance arrangement activities, the Group recorded net losses for the year of (\$3.7 million), against a net profit of \$12.1 million in FY2007. Total income increased from \$21.2 million in FY2007 to \$40.5 million in FY2008 upon the consolidation of Capital Advisers' income from property investment/ management and hotel operations.

The Group's income is classified under fee income, hotel income, investment returns, interest income and other income. Fee income dropped by 3% from \$12.0 million in FY2007 to \$11.7 million in FY2008 due primarily to a drop in arrangement fee, offset by the consolidation of Capital Advisers' asset management fee income from hotel and residential projects (*Refer to 1(a) NOTES [1] for breakdown of fee income*). A description of the Group fee income is summarized below:

- 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 68% to \$2.5 million in FY2008 due to the slowdown in finance arrangement activities and the completion of fewer transactions compared to FY2007.
- 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 \$1.3 million in FY2008.

- (iii) **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 127% to \$1.9 million in FY2008 due to the disposal of the last vessel under Searex.
- (iv) **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 properties in Japan. The fee of \$6.0 million is recurrent until maturity of the fund/ project and increased by over three folds due primarily to maiden contribution from our hotel and property business arising from the consolidation of Capital Advisers during the year and the launch of Akebono fund.

Hotel income refers to all income related to Capital Advisers' hotel business. Capital Advisers currently owns and/ or manages 16 limited service hotels in Japan with over 2,263 rooms. The limited service hotels target the business or leisure segment. The Group recognized maiden contribution from Capital Advisers' hotel operation with income totalling close to \$26.5 million. Hotel income would include hotel operator fee (fee as operator of the hotel) and all income received from hotels owned and leased by the Group. Due to the launch of three new hotels over the past 12 months, Capital Advisers experienced startup losses from its hotel operation.

Due to fair value adjustment on our investments in ships and properties in Japan, investment returns dropped from \$6.8 million in FY2007 to \$0.4 million in FY2008 (*Refer to 1a NOTES [2] for breakdown of investment returns*). Major investment returns recognized in FY2008 include interest on performance notes from shipping of \$5.6 million, gain on investment of \$0.4 million from hotel and residential, net fair value adjustment on shipping investments and performance notes of (\$2.6 million), net fair value adjustment on residential and hotel properties in Japan of (\$3.7 million) and fair value adjustment of \$0.4 million from office investment in China. The amount of fair value adjustment to be recognized would be highly dependent on market conditions at the time of reporting.

Employee benefits expenses grew by 176% as a result of the consolidation of Capital Advisers. Capital Advisers' staff cost represented over 76% of the Group's employee benefits expense. Other operating expenses grew by 666% due also to the consolidation of Capital Advisers. Capital Advisers' operating expenses represented over 85% of the Group's total operating expenses. 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 \$0.3 million in FY2007 to a net loss of \$0.02 million in FY2008 given Capital Advisers is no longer equity accounted for and the Group recognized share of losses from Capital Advisers' associates. In summary, our net result for the year dropped from a profit of \$12.1 million in FY2007 to a loss of (\$3.7 million) in FY2008.

Refer to 1(b) (i) NOTES for details of balance sheet and 1(c) NOTES for details of cash flow statement.

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

The current announced results are in line with the announcement "Profit warning for fourth quarter ended 31 December 2008" posted on SGX website on 16 January 2009.

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.

The shipping and financial services sectors have taken a hard hit by the downturn of the global economy. Since the second half of the year, banks have tightened credit and cost of funding has increased substantially. Under the current credit crunch environment where financing is not freely available, the Group's structured finance arrangement business will continue to suffer until market conditions improve or when banks relax their credit and resume their lending activities.

In terms of the Group's Maritime Investment/ management operation, the charter hire and the value of product tankers remained stable. The charter hire and value of container vessels, however, continued to be placed under downward pressure from the decline in freight rate resulting from the drop in cargo traffic. The container market remains under the pressures of a prolonged slowdown in trade activities and reduced demand for cargo traffic. The charterhire and value of bulk carriers declined substantially since the second half of the year. As a benchmark, the Baltic dry index (BDIY) fell by close to 92% from 9,589 points as at 30 June 2008 to 773 points as at 2 January 2009. Noteworthy is that the BDIY is a composite of Baltic Capesize, Panamax, Handysize and Supramax indices, covering a wide scope of bulk carriers, while the Group invests only in the smaller sized handy bulk carriers. Since year end, the BDIY has recovered by 157% to 1,989 points as at 12 February 2009 but as shipping transport is closely linked to global economic activities, the shipping market will be directly impacted by the global recession. While the Group realized a drop in the fair value of our vessels in FY2008, in the event the downturn continues, the fair value of our shipping investments may be further impaired.

The Group has a wholly-owned investment in a 4,300 TEU container vessel which was delivered in January 2009 and financed partly by Japanese Yen borrowings. The USD-Yen forward currency contract has been exercised on delivery of the vessel and any subsequent gain or loss from the yen loan will be charged directly to the income statement. Meanwhile, the Japanese Yen has strengthened significantly in the last quarter. In view of the Group's Yen borrowings, a strong yen would result in foreign exchange translation losses for the Group.

The Group has direct and indirect investments in 14 vessels, six of which have not been delivered. With the exception of two new buildings including a product tanker to be delivered in the 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 locked a higher charter rate as compared to the prevailing low market rates.

The property market in Guangzhou where the Group invested has corrected and leveled off in the last quarter. The prime office project (Tianhe district) we invested is fully leased out and has yet succumbed to any major market corrections. The Group's fair value adjustment on office properties in China is dependent on the outlook of the office market in the Tianhe district and the direction of the RMB.

In terms of the Group's property investment/ management in Japan, the tight credit policy of financial institutions prevailed in Japan and property value continued to drop. The company recognized fair valuation losses in the financial statement in FY2008. Should the property market continue to deteriorate, the fair value of the Group's investment in Japan properties may be further impaired.

A growing number of property companies, especially property asset management companies in Japan went out of business due to the extraordinary tight credit crunch in Japan. The Group has taken advantage of this opportunity to increase the volume of property assets under management

and by utilizing the Group's expertise to take over the role of the asset manager, which would result in increased recurrent fee income for the Group.

The Group's focus on budget and limited service hotel for domestic business travelers and foreign budgeted tourists makes it less dependent on foreign tourist and more resilient to the current economic situation. The Group intends to increase the number of hotels under management, increase overall occupancy rates for the hotels and to build the 'Hotel Vista' brand. The Group also plans to open new hotels in Kyoto and Fukuoka in 2009 which would increase the number of hotels under the "Hotel Vista" brandname to fourteen.

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?

Name of Dividend	Ordinary
Dividend Type	Final
Dividend Amount per Share (in cents)	Cash
Tax Rate	SG cents 2.75 per ordinary share
	Tax-exempt

(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 year ended 31 December 2008.

13 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business segments

The segment results for the year ended 31 December 2008 are as follows:

	Structured finance US\$'000	Maritime investment/ management US\$'000	Distressed assets investment/ management US\$'000	Property investment/ management US\$'000	Unallocated US\$'000	Group US\$'000
Total income	2,842	6,919	(252)	29,512	1,525	40,546
Operating (loss)/ profit	343	4,001	(256)	(7,896)	1,525	(2,283)
Finance costs - interest expense	-	-	-	-	(1,369)	(1,369)
Finance costs - others	-	-	-	-	(460)	(460)
Share of results of associates	-	(4)	-	(11)	-	(15)
(Loss)/ profit before tax	343	3,997	(256)	(7,907)	(304)	(4,127)
Less: Tax credit	-	-	-	-	463	463
(Loss)/ profit for the year	343	3,997	(256)	(7,907)	159	(3,664)
Other segment items are as follows:						
Capital expenditure	22	26	-	1,285	-	1,333
Amortization and depreciation	105	147	-	1,250	-	1,502

The segment results for the year ended 31 December 2007 are as follows:

	Structured finance US\$'000	Maritime investment/ management US\$'000	Distressed assets investment/ management US\$'000	Property investment/ management US\$'000	Unallocated US\$'000	Group US\$'000
Total income	7,264	11,048	222	434	2,183	21,151
Operating (loss)/ profit	4,455	7,961	(578)	(272)	(483)	11,083
Finance costs - interest expense	-	(38)	-	-	(43)	(81)
Share of results of associates	-	(15)	-	355	-	340
(Loss)/ profit before tax	4,455	7,908	(578)	83	(526)	11,342
Less: Tax credit/ (charge)	(73)	(72)	-	(113)	1,062	804
Profit/ (loss) for the year	4,382	7,836	(578)	(30)	536	12,146
Other segment items are as follows:						
Capital expenditure	27	23	1	11	56	118
Amortization and depreciation	78	135	45	6	85	349

The segment assets and liabilities as at 31 December 2008 are as follows:

	Structured finance US\$'000	Maritime investment/ management US\$'000	Distressed assets investment/ management US\$'000	Property investment/ management US\$'000	Unallocated US\$'000	Group US\$'000
Segment assets	1,474	59,817	403	73,204	-	134,898
Investment in associates	-	-	-	240	-	240
Unallocated assets	-	-	-	-	43,522	43,522
Total assets	1,474	59,817	403	73,444	43,522	178,660
Segment liabilities	302	13,748	-	11,141	-	25,191
Unallocated liabilities	-	-	-	-	59,728	59,728
Total liabilities	302	13,748	-	11,141	59,728	84,919

The segment assets and liabilities as at 31 December 2007 are as follows:

	Structured finance US\$'000	Maritime investment/ management US\$'000	Distressed assets investment/ management US\$'000	Property investment/ management US\$'000	Unallocated US\$'000	Group US\$'000
Segment assets	304	34,366	1,038	5,205	-	40,913
Investment in associates	-	60	-	9,283	-	9,343
Unallocated assets	-	-	-	-	57,539	57,539
Total assets	304	34,426	1,038	14,488	57,539	107,795
Segment liabilities	1,038	4,333	115	891	-	6,377
Unallocated liabilities	-	-	-	-	5,206	5,206
Total liabilities	1,038	4,333	115	891	5,206	11,583

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

For review of performance, please refer to item 8.

15 A breakdown of sales as follows:-

	2008 US\$'000	2007 US\$'000	% Change
Total income reported for first half year	29,321	13,834	112%
Profit after tax for first half year	5,389	9,036	(40%)
Total income reported for second half year	11,225	7,317	53%
(Loss)/ profit after tax for second half year	(9,053)	3,110	(391%)

- 16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	31 December 2008 US\$'000	31 December 2007 US\$'000
Ordinary Preference	5,068	1,680
	-	-
Total	5,068	1,680

BY THE ORDER OF THE BOARD

Kazuhiko Yoshida
Chairman, CEO
26 February 2009

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.