

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

**FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2010**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST QUARTERLY 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 Months		
		2010 US\$'000	2009 US\$'000	% Change
Fee income	[1]	1,895	4,126	(54%)
Hotel income		8,027	7,909	1%
Investment returns	[2]	985	(2,406)	N/M
Interest income		71	62	15%
Other income		177	152	16%
<b>Total income</b>		<b>11,155</b>	<b>9,843</b>	<b>13%</b>
Employee benefits expense		(3,370)	(4,613)	(27%)
Amortization and depreciation		(196)	(1,213)	(84%)
Other expenses		(7,084)	(7,531)	(6%)
		<b>(10,650)</b>	<b>(13,357)</b>	<b>(20%)</b>
<b>Operating profit/ (loss)</b>		<b>505</b>	<b>(3,514)</b>	<b>N/M</b>
Finance costs – interest expense		(288)	(1,154)	(75%)
Finance costs – others		(15)	(10)	50%
Share of results of associates		-	(146)	N/M
Loss allocation to Tokumei Kumiai investors*		16	114	(86%)
<b>Profit/ (loss) before tax</b>		<b>218</b>	<b>(4,710)</b>	<b>N/M</b>
Tax expense		(41)	(64)	(36%)
<b>Profit/ (loss) for the period</b>		<b>177</b>	<b>(4,774)</b>	<b>N/M</b>
Profit/ (loss) attributable to:				
Owners of the parent		157	(4,645)	N/M
Non-controlling interests		20	(129)	N/M
		<b>177</b>	<b>(4,774)</b>	<b>N/M</b>

\* Tokumei Kumiai ("TK") refers to a form of silent partnership structure used in Japan. Loss allocation to TK investors refers to share of loss attributable to other TK investors of the TK structure.

	3 Months		
	2010 US\$'000	2009 US\$'000	% Change
Profit/ (loss) for the period	177	(4,774)	N/M
Other comprehensive income for the period, after tax:			
Exchange differences on translation of foreign operations	11	(2,177)	N/M
Fair value gain of cash flow hedges	-	4,882	N/M
Fair value gain/ (loss) of available-for-sale financial assets	7	(55)	N/M
Other comprehensive income for the period, net of tax	<u>18</u>	<u>2,650</u>	(99%)
Total comprehensive income/ (expense) for the period	<u>195</u>	<u>(2,124)</u>	N/M
Total comprehensive income/ (expense) attributable to:			
Owners of the parent	195	(1,948)	N/M
Non-controlling interests	-	(176)	N/M
	<u>195</u>	<u>(2,124)</u>	N/M

NOTES:

[1] Breakdown of fee income

	3 Months		
	2010 US\$'000	2009 US\$'000	% Change
Arrangement and agency fee	184	121	52%
Brokerage commission	338	378	(11%)
Incentive fee	-	22	N/M
Asset management & administration fee *	1,373	1,553	(12%)
Charter income	-	2,052	N/M
	<u>1,895</u>	<u>4,126</u>	(54%)

\* Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as the asset manager of hotels and residential projects of \$1.0 million (1Q2009: \$1.2 million).

[2] Breakdown of investment returns

	3 Months		
	2010 US\$'000	2009 US\$'000	% Change
Realized gain on investment – hotel and residential	(4)	45	N/M
Realized loss on disposal of properties for sale	-	(615)	N/M
Property rental income	149	280	(47%)
Fair value adjustment on investment properties	-	339	N/M
Fair value adjustment on investment – hotel and residential	43	(713)	N/M
Fair value adjustment on investment – shipping	1,259	(285)	N/M
Fair value adjustment on performance notes – hotel	-	(25)	N/M
Fair value adjustment on performance notes – shipping	(501)	(54)	828%
Fair value adjustment on performance notes – distressed debt	(4)	(2)	100%
Fair value adjustment on listed shares – others	43	(221)	N/M
Net loss on forward currency contracts	-	(794)	N/M
Write down of properties for sale to net realizable value – residential	-	(361)	N/M
	<u>985</u>	<u>(2,406)</u>	N/M

N/M: Not meaningful

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

	Group		Company	
	31 March 2010 US\$'000	31 December 2009 US\$'000	31 March 2010 US\$'000	31 December 2009 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment properties	4,335	4,335	-	-
Intangible assets	96	104	-	-
Property, plant and equipment	22,682	22,897	23	35
Loans receivable	5,895	3,750	5,644	3,500
Loans to subsidiaries	-	-	3,125	7,049
Investments	46,264	41,881	35,001	30,260
Investments in subsidiaries	-	-	1,537	1,537
Investments in associates	77	77	-	-
Rental deposit	2,310	2,316	-	-
Deferred tax assets	21	40	-	-
<b>Total non-current assets</b>	<b>81,680</b>	<b>75,400</b>	<b>45,330</b>	<b>42,381</b>
<b>Current assets</b>				
Investments	691	643	-	-
Loans receivable	250	-	250	-
Loans to subsidiaries	-	-	15,442	11,556
Accounts receivable	2,967	3,965	76	483
Amount due from subsidiaries	-	-	3,111	3,104
Prepayments, deposits and other receivables	1,910	1,385	392	346
Tax recoverable	86	30	-	-
Deposits pledged as collateral	14,905	13,100	14,339	12,485
Cash and bank balances	46,500	53,318	37,588	43,814
<b>Total current assets</b>	<b>67,309</b>	<b>72,441</b>	<b>71,198</b>	<b>71,788</b>
<b>Total assets</b>	<b>148,989</b>	<b>147,841</b>	<b>116,528</b>	<b>114,169</b>

	Group		Company	
	31 March 2010 US\$'000	31 December 2009 US\$'000	31 March 2010 US\$'000	31 December 2009 US\$'000
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	50,111	50,111	50,111	50,111
Share premium	30,732	30,732	30,732	30,732
Retained earnings	19,969	19,812	22,352	22,021
Fair value reserve	(50)	(57)	-	-
Exchange reserve	3,872	3,841	-	-
<b>Total equity</b>	<b>104,634</b>	<b>104,439</b>	<b>103,195</b>	<b>102,864</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	502	600	-	-
Finance lease obligations	9	11	-	-
Due to Tokumei Kumiai investors	595	613	-	-
Retirement benefit allowance	203	240	-	-
Other payables	364	821	-	-
<b>Total non-current liabilities</b>	<b>1,673</b>	<b>2,285</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Borrowings	36,117	34,218	12,890	10,772
Finance lease obligations	9	9	-	-
Accounts payable	2,692	2,614	8	-
Amount due to subsidiaries	-	-	69	-
Other payables and accruals	3,765	4,100	366	533
Income tax payable	99	176	-	-
<b>Total current liabilities</b>	<b>42,682</b>	<b>41,117</b>	<b>13,333</b>	<b>11,305</b>
<b>Total equity and liabilities</b>	<b>148,989</b>	<b>147,841</b>	<b>116,528</b>	<b>114,169</b>

NOTES:

The major movements in non-current assets of \$6.3 million during the period included an increase in loans receivable by \$2.1 million arising from a loan made to a hotel in Japan co-owned and asset managed by Capital Advisers; an increase in investments by \$4.4 million due primarily to (1) new investment/ capital call into shipping fund, Akebono of \$4.0 million and (2) cash redemption of \$0.4 million arising from the disposal of an underlying hotel held by one of our investments.

The major movements in current assets of \$5.1 million during the period arose primarily from:

- (1) an increase in loans receivable of \$0.25 million from a shipping investment,
- (2) a decrease in accounts receivable of \$1.0 million arising primarily from the receipt of accrued income during the period.
- (3) an increase in prepayment, deposits and other receivables of \$0.5 million arising primarily from a prepayment of additional investment into a listed company by the Group.
- (4) an increase in deposits of \$1.8 million pledged as collateral due to the drawdown of additional JPY200 million loan to hedge against our JPY loan exposure to Capital Advisers/ related companies and
- (5) a decrease in cash and bank balances of \$6.8 million during the period.

The movements in non-current liabilities of \$0.6 million during the period stemmed primarily from a drop in other payables of \$0.5 million arising from Capital Advisers during the period.

The movements in current liabilities of \$1.6 million during the period consisted primarily of an increase in the Group consolidated borrowings by \$1.9 million and a decrease in other payables and accruals of \$0.4 million.

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

	As at 31 March 2010		As at 31 December 2009	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	35,088	1,029	33,186	1,032
Amount repayable after one year	-	502	-	600
Total	<u>35,088</u>	<u>1,531</u>	<u>33,186</u>	<u>1,632</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
- > a legal mortgage over a cash deposit of a subsidiary
- > legal mortgages over freehold properties under the category of "Property, plant and equipment" of subsidiaries

**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	3 Months	
		2010 US\$'000	2009 US\$'000
<b>Cash flow from operating activities</b>			
Profit/ (loss) before tax		218	(4,710)
Adjustments for:			
Investment returns		(985)	2,406
Amortization and depreciation		196	1,213
Gain on liquidation of subsidiaries		(5)	(2)
Write-back of provision for onerous contracts		(467)	-
Interest income		(71)	(62)
Finance costs – interest expense		288	1,154
Finance costs – others		15	10
Share of results of associates		-	146
Loss allocation to Tokumei Kumiai investors		(16)	(114)
Net foreign exchange (gain)/ loss		(34)	739
		<u>(861)</u>	<u>780</u>
Change in working capital:			
Net change in accounts receivable		870	368
Net change in prepayments, deposits and other receivables		1	(11)
Net change in retirement benefit allowance		(38)	(12)
Net change in accounts payable		85	(259)
Net change in other payables and accruals		(389)	(543)
		<u>(332)</u>	<u>323</u>
Cash (used in)/ generated from operations	[1]	(332)	323
Interest received on bank balances		16	105
Tax paid		(157)	(35)
		<u>(473)</u>	<u>393</u>
Net cash (used in)/ generated from operating activities		<u>(473)</u>	<u>393</u>



	Note	3 Months	
		2010 US\$'000	2009 US\$'000
<b>Cash flow from investing activities</b>			
Deconsolidation of subsidiaries		(160)	(67)
Purchase of investments		(4,513)	(364)
Proceeds from sale of investments		467	996
Deposits refunded for purchase of vessels		-	215
Purchase of property, plant and equipment		(21)	(64,107)
Proceeds from sale of properties for sale		-	2,169
Loan advanced		(2,498)	-
Interest received from syndicated loans		56	-
Net increase in deposits pledged as collateral		(1,795)	(63)
Proceeds from interest on investments		393	42
Settlement of forward currency contracts		-	778
Proceeds from property rental		153	246
Net cash used in investing activities	[2]	<u>(7,918)</u>	<u>(60,155)</u>
<b>Cash flow from financing activities</b>			
New borrowings		2,248	62,234
Repayment of borrowings		(472)	(3,173)
Interest paid on borrowings		(214)	(473)
Payment of lease obligation		(20)	-
Net cash generated from financing activities	[3]	<u>1,542</u>	<u>58,588</u>
Net decrease in cash and cash equivalents		<u>(6,849)</u>	<u>(1,174)</u>
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the period		53,318	28,797
Net decrease in cash and cash equivalents		(6,849)	(1,174)
Effects of exchange rate changes		31	(1,319)
Cash and cash equivalents at end of the period		<u>46,500</u>	<u>26,304</u>
Analysis of cash and cash equivalents:			
Cash and bank balances		46,500	22,900
Add: Restricted bank balances		-	3,404
		<u>46,500</u>	<u>26,304</u>

NOTES:

On 1 December 2009, the Group disposed of a 50% interest in a wholly owned shipping subsidiary, Prosperity Containership S.A. ("Prosperity"), with direct interest in a 4,300 TEU container vessel. Subsequent to the disposal, Prosperity was accounted for as an investment rather than a subsidiary and the Group no longer consolidated the assets and liabilities of the vessel owning company under its financial statements.

- [1] Cash flow used in operating activities dropped to (\$0.5 million) in 1Q2010 compared to \$0.4 million in 1Q2009.
- [2] Cash flow used in investing activities totalled (\$7.9 million) in 1Q2010 as compared to (\$60.2 million) in 1Q2009. The discrepancy between the two comparable periods is due primarily to the consolidation of a vessel owning subsidiary in 1Q2009 where the acquisition/ delivery of the vessel of \$64.0 million was recognized under purchase of property, plant and equipment.
- [3] Cash flow from financing activities totalled \$1.5 million in 1Q2010 as compared to \$58.6 million in 1Q2009 due the consolidation/ acquisition of the vessel owning subsidiary where the Group recognized an increase in bank borrowing from the drawdown of the loan for the container vessel. The Group made an additional borrowing of JPY200 million (\$2.2 million) during the period.

**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.**

<u>Group</u>	Share capital US\$'000	Share premium US\$'000	Retained earnings US\$'000	Fair value reserve US\$'000	Hedging reserve US\$'000	Exchange reserve US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2010	50,111	30,732	19,812	(57)	-	3,841	104,439	-	104,439
Profit for the period	-	-	157	-	-	-	157	20	177
Other comprehensive income/ (expense)	-	-	-	7	-	31	38	(20)	18
Total comprehensive income	-	-	157	7	-	31	195	-	195
Balance at 31 March 2010	50,111	30,732	19,969	(50)	-	3,872	104,634	-	104,634
Balance at 1 January 2009	41,759	21,402	34,332	322	(10,201)	4,940	92,554	1,187	93,741
Loss for the period	-	-	(4,645)	-	-	-	(4,645)	(129)	(4,774)
Other comprehensive income/ (expense)	-	-	-	(55)	4,882	(2,130)	2,697	(47)	2,650
Total comprehensive income/ (expense)	-	-	(4,645)	(55)	4,882	(2,130)	(1,948)	(176)	(2,124)
Balance at 31 March 2009	41,759	21,402	29,687	267	(5,319)	2,810	90,606	1,011	91,617
<u>Company</u>	Share capital US\$'000	Share premium US\$'000	Retained earnings US\$'000	Fair value reserve US\$'000	Hedging reserve US\$'000	Exchange reserve US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2010	50,111	30,732	22,021	-	-	-	102,864	-	102,864
Profit for the period	-	-	331	-	-	-	331	-	331
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	331	-	-	-	331	-	331
Balance at 31 March 2010	50,111	30,732	22,352	-	-	-	103,195	-	103,195
Balance at 1 January 2009	41,759	21,402	36,376	-	-	609	100,146	-	100,146
Loss for the period	-	-	(2,912)	-	-	-	(2,912)	-	(2,912)
Other comprehensive expense	-	-	-	-	-	(609)	(609)	-	(609)
Total comprehensive expense	-	-	(2,912)	-	-	(609)	(3,521)	-	(3,521)
Balance at 31 March 2009	41,759	21,402	33,464	-	-	-	99,625	-	99,625

- 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.**

During the three months ended 31 March 2010, there was no change in share capital.

- 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 313,195,200 as at 31 March 2010 and 31 December 2009.

- 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 2009.

- 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.**

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 2009. The adoptions of the other new or revised IFRSs do not have a significant impact on the Group's results of operations and financial position.

**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 Months	
	2010	2009
Profit/ (loss) attributable to owners of the parent (US\$'000)	157	(4,645)
Weighted average number of ordinary shares in issue ('000)	313,195	260,996
Earnings/ (loss) per share (US cent per share) - basic and diluted	0.05	(1.78)

Basic earnings/ (loss) per share is calculated by dividing the profit/ (loss) attributable to owner of the parent 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.

	31 March 2010	31 December 2009
Net asset value per ordinary share based on issued share capital at the end of (in US\$)	0.33	0.33

**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 period**

- On 1 December 2009, the Group disposed of a 50% interest in a wholly-owned vessel owning subsidiary, Prosperity Containership S.A. ("Prosperity"). From the day of the interest disposal, the Group no longer consolidated the assets and liabilities of Prosperity under its financial statements. Prosperity is accounted for as an investment in accordance with IAS39.
- On 11 December 2009, the Group disposed of interest in Glory Bulkship S.A. ("Glory"), a vessel owning subsidiary, reducing its equity interest from 80% to 45%. The Group no longer consolidated the assets and liabilities of Glory under its financial statements. Glory is accounted for as an investment in accordance with IAS39.
- Capital Advisers' total income, operating loss and net loss totalled \$9.3 million, (\$0.05 million) and (\$0.4 million), respectively in 1Q2010.
- The average occupancy of Capital Advisers' hotels recovered to 73.3% during the period as compared to 60.6% in 1Q2009. Hotel rates remained under pressure.
- In April 2010, the Group increased our interest in Capital Advisers from 92.7% to 96.9% after purchasing an additional 750 shares at the price of JPY100/share (US\$1.1/share) from independent investment funds.

## Review of Income Statement

The Group's 1Q2009 results have included the consolidated income statement of a shipping subsidiary, Prosperity. This should be noted when the two period results are compared. The vessel owned by the other shipping subsidiary, Glory, had not been delivered in 1Q2009 and the consolidation of Glory in 1Q2009 would not have a material impact on the year on year comparison. The Group recorded net profit of \$0.2 million in 1Q2010, against net loss of (\$4.8 million) in 1Q2009. Total income increased from \$9.8 million in 1Q2009 to \$11.2 million in 1Q2010.

The Group's income is classified as fee income, hotel income, investment returns, interest income and other income. Fee income dropped by 54% from \$4.1 million in 1Q2009 to \$1.9 million in 1Q2010 due to the consolidation of the vessel owning subsidiary's \$2.1 million charter income in 1Q2009 (*Refer to 1(a) NOTES [1] for breakdown of fee income*). A description of the Group fee income is summarized below:

- (i) **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 increased by 52% to \$0.2 million in 1Q2010.
- (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 over \$0.3 million in 1Q2010.
- (iii) **Incentive fee** is received when the assets managed by the Group are divested with a gain exceeding the hurdle rate and is calculated based on a predetermined profit sharing ratio. There was no vessel disposal during the period. No incentive fee was recognized in 1Q2010.
- (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. Asset management and administration fee totalled \$1.4 million in 1Q2010.
- (v) **Charter income** is the income received from chartering a vessel out to a third party. No charter income was recognized during the period. Prosperity recognized charter income of \$2.1 million in 1Q2009 when it was a subsidiary of the Group.

Hotel income 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 2,100 rooms. Hotel income, including hotel operator fee (as operator of the hotel) and all income received from hotels owned and leased by the Group, totalled \$8.0 million in 1Q2010 and \$7.9 million in 1Q2009.

Investment returns improved from (\$2.4 million) in 1Q2009 to \$1.0 million in 1Q2010 (*Refer to 1a NOTES [2] for breakdown of investment returns*) due primarily to the stabilizing shipping and Japanese property markets as compared to the beginning of 2009. The Group recognized fair value losses on investments in shipping and Japanese hotel and residential properties in 1Q2009. During the period, the Group recognized fair value gain of \$0.8 million arising primarily from the shipping investments and rental income of \$0.1 million.

Employee benefits expenses (EBE/staff cost) dropped by 27%. Capital Advisers' staff cost represented close to 75% of the Group's EBE. Amortization and depreciation dropped by 84% to \$0.2 million due to the deconsolidation of the shipping subsidiary in 1Q2010. Depreciation expenses from the vessel owning subsidiary represented close to 77% of the Group's total depreciation charges in 1Q2009. Other expenses dropped by 6% to \$7.1 million in 1Q2010. The Group recorded operating expenses of \$0.7 million from the consolidation of the shipping subsidiary in 1Q2009. Capital Advisers' other expenses represented over 93% of the Group's total other expenses. Hotel leases, hotel sub-operator fee and hotel operating expenses represented over 85% of the Group's other expenses.

Finance cost in 1Q2010 dropped to \$0.3 million as a result of the deconsolidation of the vessel owning subsidiary. Loss allocation to TK investors from Capital Advisers dropped to \$0.02 million in 1Q2010 as compared to \$0.1 million in 1Q2009. Tax expenses decreased to \$0.04 million in 1Q2010. In summary, the Group's net profit totalled \$0.2 million in 1Q2010.

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.**

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.**

The tight credit situation persevered through to the first quarter of 2010. Banks continued to remain cautious, offering stringent lending terms to ship owners and focusing primarily on lending to domestic clients. Under an environment where financing is not freely available and the volume of transactions has contracted, our structured finance business, fee income earned for the Group's ship finance arrangement for third parties/shipping companies, would be adversely affected by the contraction in volume of business.

The charter hire of product tankers remained soft during the period. Whilst the Baltic Clean Tankers Index (BCTI) rebounded from 634 points at the end of 2009 to a high of 902 points in 11 Jan 2010, it has since lost its momentum, dropping to 708 points at the end of 1Q2010. After what had been the toughest year, according to Container Intelligence Monthly, the container sector remained stagnant during 1Q2010. The Howe Robinson Containership Index (HRCI) rose from 336 points as at 6 Jan 2010 to 383 points as at 7 Apr 2010. Meanwhile, bulker rates rose steadily during the period. The Baltic Handysize Index (BHSI) bottomed out on 12 Jan 2009 at 268 points, rebounding to 1,159 points as at 4 Jan 2010 and rising to 1,375 points as at 31 Mar 2010.

The Group's investment strategy or leasing terms are generally long-term for container vessels and more short-to-medium term for tankers and bulk carriers. The Group has direct and indirect investments in eleven vessels, two of which are under construction. With the exception of the product tanker to be delivered in 2010, the Group has secured employment for all ten vessels. The charter period for the ten vessels will expire between 3Q2011 and 1Q2019.

The Guangzhou office sector remained relatively stable in 1Q2010. Some of the new offices for 2010 completion have been postponed to 2011. The office project where the Group invested is currently fully leased out and vacancy rates there remains low. The anti-speculation guidelines launched by the PRC government against property speculation may have a more serious impact on the prime residential sector as compared to the Guangzhou office sector. The Group's fair value adjustment on office properties in China is dependent on the outlook of the office market in Guangzhou, the outcome of the anti-speculation measures imposed by the PRC government and the direction of the RMB.

In terms of the Group's property investment/ management in Japan, the tight credit policy of financial institutions and sluggish economic conditions in Japan prevailed and continued to put pressure on the property market. Should the property market continue to deteriorate, the fair value of the Group's investment in Japan properties may be further impaired.

The tourism industry in Japan has been affected by the downturn of the global economy. Hotel occupancy rates recovered this quarter as compared to 1Q2009. The Group focuses on budget and limited service hotel for domestic business travelers where room rates have come under pressures. The Group's hotel operation and fair value adjustment on hotel investments is dependent on the outlook of the economy and the tourism industry in Japan.

**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 first quarter ended 31 March 2010.

**BY THE ORDER OF THE BOARD**

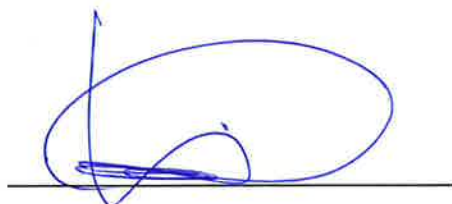
Kazuhiko Yoshida  
Chairman, CEO  
26 April 2010




**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 first quarter ended 31 March 2010 to be false or misleading.

On behalf of the Board of Directors



Kazuhiko Yoshida  
Chairman, CEO



Michio Tanamoto  
COO

Date: 26 April 2010