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

FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2010

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF SECOND 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.

		2nd Quarter			Half year ended 30 June		
		2010	2009	%	2010	2009	%
	Note	US$'000	US$'000	Change	US$'000	US$'000	Change
Fee income	[1]	2,171	4,142	(48%)	4,066	8,268	(51%)
Hotel income		8,192	7,694	6%	16,219	15,603	4%
Investment returns	[2]	1,116	(294)	N/M	2,101	(2,700)	N/M
Interest income		139	54	157%	210	116	81%
Other income		381	119	220%	558	271	106%
Total income		11,999	11,715	2%	23,154	21,558	7%
Employee benefits expense		(3,429)	(4,521)	(24%)	(6,799)	(9,134)	(26%)
Amortization and depreciation		(182)	(1,072)	(83%)	(378)	(2,285)	(83%)
Other expenses		(7,131)	(6,582)	8%	(14,215)	(14,113)	1%
Loss on disposal of property, plant and equipment		-	(366)	N/M	-	(366)	N/M
		(10,742)	(12,541)	(14%)	(21,392)	(25,898)	(17%)
Operating profit/ (loss)		1,257	(826)	N/M	1,762	(4,340)	N/M
Finance costs – interest expense		(280)	(1,157)	(76%)	(568)	(2,311)	(75%)
Finance costs – others		(30)	(7)	329%	(45)	(17)	165%
Share of results of associates		(6)	1	N/M	(6)	(145)	(96%)
Loss/ (profit) allocation to Tokumei Kumiai* investors		(15)	87	N/M	1	201	(100%)
Profit/ (loss) before tax		926	(1,902)	N/M	1,144	(6,612)	N/M
Tax expense		(48)	(239)	(80%)	(89)	(303)	(71%)
Profit/ (loss) for the period		878	(2,141)	N/M	1,055	(6,915)	N/M
Profit/ (loss) attributable to:							
Owners of the parent		923	(1,936)	N/M	1,080	(6,581)	N/M
Non-controlling interests		(45)	(205)	(78%)	(25)	(334)	(93%)
		878	(2,141)	N/M	1,055	(6,915)	N/M

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

	2nd Quarter			Half year ended 30 June		
	2010 US$'000	2009 US$'000	% Change	2010 US$'000	2009 US$'000	% Change
Profit/ (loss) for the period	878	(2,141)	N/M	1,055	(6,915)	N/M
Other comprehensive income/ (expense) for the period, after tax:						
Exchange differences on translation of foreign operations	37	943	(96%)	48	(1,234)	N/M
Fair value gain of cash flow hedges	-	1,823	N/M	-	6,705	N/M
Fair value gain/ (loss) of available-for-sale financial assets	69	(12)	N/M	76	(67)	N/M
Other comprehensive income for the period, net of tax	106	2,754	(96%)	124	5,404	(98%)
Total comprehensive income/ (expense) for the period	984	613	61%	1,179	(1,511)	N/M
Total comprehensive income/ (expense) attributable to:						
Owners of the parent	1,011	810	25%	1,206	(1,138)	N/M
Non-controlling interests	(27)	(197)	(86%)	(27)	(373)	(93%)
	984	613	61%	1,179	(1,511)	N/M

NOTES:

[1] Breakdown of fee income

	2nd Quarter			Half year ended 30 June		
	2010 US$'000	2009 US$'000	% Change	2010 US$'000	2009 US$'000	% Change
Arrangement and agency fee	175	31	465%	359	152	136%
Brokerage commission	693	210	230%	1,031	588	75%
Incentive fee	-	19	N/M	-	41	N/M
Asset management & administration fee *	1,303	1,467	(11%)	2,676	3,020	(11%)
Charter income	-	2,415	N/M	-	4,467	N/M
	2,171	4,142	(48%)	4,066	8,268	(51%)

* *Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as the asset manager of hotels and residential projects of $2.0 million (1H2009: $2.4 million).*

[2] Breakdown of investment returns

	2nd Quarter			Half year ended 30 June		
	2010 US$'000	2009 US$'000	% Change	2010 US$'000	2009 US$'000	% Change
Interest on performance notes – shipping	-	619	N/M	-	619	N/M
Interest on performance notes – distressed debt	-	87	N/M	-	87	N/M
Realized gain on investment – shipping	78	-	N/M	78	-	N/M
Realized gain on investment – hotel and residential	10	22	(55%)	6	67	(91%)
Realized loss on disposal of properties for sale	-	(288)	N/M	-	(903)	N/M
Property rental income	146	175	(17%)	295	455	(35%)
Fair value adjustment on investment properties	21	(380)	N/M	21	(41)	N/M
Fair value adjustment on investment – hotel and residential	(18)	(319)	(94%)	25	(1,032)	N/M
Fair value adjustment on investment – shipping	851	311	174%	2,110	26	8015%
Fair value adjustment on investment– distressed debt	339	-	N/M	339	-	N/M
Fair value adjustment on performance notes – hotel	-	1	N/M	-	(24)	N/M
Fair value adjustment on performance notes – shipping	(331)	370	N/M	(832)	316	N/M
Fair value adjustment on performance notes – distressed debt	(1)	(46)	(98%)	(5)	(48)	(90%)
Fair value adjustment on listed shares – others	21	23	(9%)	64	(198)	N/M
Net loss on forward currency contracts	-	(247)	N/M	-	(1,041)	N/M
Write down of properties for sale to net realizable value – residential	-	(622)	N/M	-	(983)	N/M
	1,116	(294)	N/M	2,101	(2,700)	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	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Non-current assets				
Investment properties	4,385	4,335	-	-
Intangible assets	93	104	-	-
Property, plant and equipment	23,734	22,897	17	35
Loans receivable	5,996	3,750	5,746	3,500
Loans to subsidiaries	-	-	4,523	7,049
Investments	47,775	41,881	36,078	30,260
Investments in subsidiaries	-	-	6,536	1,537
Investments in associates	75	77	-	-
Rental deposit	2,436	2,316	-	-
Deferred tax assets	38	40	-	-
Deposit for purchase of vessel	9,346	-	-	
Total non-current assets	93,878	75,400	52,900	42,381
Current assets				
Investments	1,234	643	-	-
Loans receivable	-	-	-	-
Loans to subsidiaries	-	-	28,751	11,556
Accounts receivable	5,789	3,965	96	483
Amount due from subsidiaries	-	-	2,493	3,104
Prepayments, deposits and other receivables	1,649	1,385	382	346
Tax recoverable	80	30	-	-
Deposits pledged as collateral	21,113	13,100	20,451	12,485
Cash and bank balances	29,037	53,318	18,149	43,814
Total current assets	58,902	72,441	70,322	71,788
Total assets	152,780	147,841	123,222	114,169

	Group		Company	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
	US$'000	US$'000	US$'000	US$'000
EQUITY				
Equity attributable to owners of the parent				
Share capital	50,111	50,111	50,111	50,111
Share premium	30,732	30,732	30,732	30,732
Retained earnings	20,892	19,812	23,345	22,021
Fair value reserve	14	(57)	-	-
Exchange reserve	3,896	3,841	-	-
Total attributable to owners of the parent	105,645	104,439	104,188	102,864
Non-controlling interests	(26)	-	-	-
Total equity	105,619	104,439	104,188	102,864
LIABILITIES				
Non-current liabilities				
Borrowings	1,928	600	-	-
Finance lease obligations	8	11	-	-
Due to Tokumei Kumiai investors	643	613	-	-
Retirement benefit allowance	274	240	-	-
Other payables	321	821	-	-
Total non-current liabilities	3,174	2,285	-	-
Current liabilities				
Borrowings	37,080	34,218	18,636	10,772
Finance lease obligations	9	9	-	-
Accounts payable	2,826	2,614	5	-
Amount due to subsidiaries	-	-	18	-
Other payables and accruals	3,954	4,100	375	533
Income tax payable	118	176	-	-
Total current liabilities	43,987	41,117	19,034	11,305
Total equity and liabilities	152,780	147,841	123,222	114,169

NOTES:-

The major movements in non-current assets of $18.5 million during the period included an increase in loans receivable by $2.2 million arising from a loan made to a hotel in Japan co-owned and asset managed by Capital Advisers Co Ltd ("Capital Advisers"); increase in deposits for purchase of vessels of $9.3 million for a 29,000 DWT bulk carrier held by a shipping subsidiary; and an increase in investments by $5.9 million including a $4.0 million capital call into shipping fund (Akebono) and a $1.9 million increase in fair value of the Group's shipping, distressed and property investment (excluding Capital Advisers).

The major movements in current assets of ($13.5 million) during the period arose primarily from:

(1) An increase in equity investments of $0.6 million due primarily to the purchase of additional shares in a Taiwanese shipping company;
(2) an increase in accounts receivable of $1.8 million stemming primarily from the payment for machineries on behalf of a third party. This is related to the trading of machineries where the Group will earn a fee income/profit on delivery in 3QFY10.
(3) an increase in prepayment, deposits and other receivables of $0.3 million;
(4) an increase in deposits pledged as collateral of $8.0 million due to the drawdown of additional JPY700 million loan to hedge against our JPY loan exposure to Capital Advisers/related companies and
(5) a decrease in cash and bank balances of $24.3 million during the period.

During the period, Capital Advisers completed a share reduction exercise, reducing their accumulated losses by JPY894.7 million ($10.3 million). Such impact would be eliminated on a consolidated level.

The major movements in non-current liabilities of $0.9 million during the period stemmed primarily from an increase in bank borrowings of $1.3 million and a drop in other payables of $0.5 million arising from Capital Advisers during the period.

The major movements in current liabilities of $2.9 million during the period consisted primarily of an increase in the Group consolidated borrowings by $2.9 million, an increase in accounts payable of $0.2 million from Capital Advisers and a decrease in other payables and accruals of $0.1 million.

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

	As at 30 June 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	US$'000	US$'000	US$'000	US$'000
Amount repayable in one year or less, or on demand	36,221	859	33,186	1,032
Amount repayable after one year	1,500	428	-	600
Total	37,721	1,287	33,186	1,632

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
- a legal mortgage over a vessel 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	Half year ended 30 June 2010 US$'000	2009 US$'000
Cash flow from operating activities			
Profit/ (loss) before tax		1,144	(6,612)
Adjustments for:			
Investment returns		(2,101)	2,700
Amortization and depreciation		378	2,285
Gain on liquidation of subsidiaries		(5)	(2)
Loss on disposal of property, plant and equipment		-	366
Write-back of provision for onerous contracts		(729)	-
Interest income		(210)	(116)
Finance costs – interest expense		568	2,311
Finance costs – others		45	17
Share of results of associates		6	145
Loss allocation to Tokumei Kumiai investors		(1)	(201)
Net foreign exchange (gain)/ loss		(476)	8
		(1,381)	901
Change in working capital:			
Net change in accounts receivable		(1,785)	455
Net change in prepayments, deposits and other receivables		(50)	(101)
Net change in retirement benefit allowance		21	(398)
Net change in accounts payable		92	(362)
Net change in other payables and accruals		(375)	(3,382)
Cash used in operations		(3,478)	(2,887)
Interest received on bank balances		23	139
Tax (paid)/ reimbursed		(195)	33
Net cash used in operating activities	[1]	(3,650)	(2,715)

	Note	Half year ended 30 June 2010 US$'000	2009 US$'000
Cash flow from investing activities			
Acquisition of a subsidiary		1	-
Deconsolidation of a subsidiary		(160)	-
Purchase of investments		(4,720)	(374)
Proceeds from sale of investments		509	1,024
Deposits (paid)/ refunded for purchase of vessels		(9,328)	13,047
Purchase of property, plant and equipment		(26)	(64,314)
Proceeds from sale of properties for sale		-	4,436
Loan advanced		(2,498)	-
Loan repaid		266	-
Interest received from syndicated loans		167	-
Net (increase)/ decrease in deposits pledged as collateral		(8,043)	724
Proceeds from interest on investments		496	774
Settlement of forward currency contracts		-	(307)
Proceeds from property rental		309	422
Net cash used in investing activities	[2]	(23,027)	(44,568)
Cash flow from financing activities			
New borrowings		15,381	73,865
Repayment of borrowings		(13,499)	(15,108)
Interest paid on borrowings		(362)	(2,057)
Payment of lease obligation		(5)	(1,252)
Net cash generated from financing activities	[3]	1,515	55,448
Net (decrease)/ increase in cash and cash equivalents		(25,162)	8,165
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the period		53,319	28,797
Net (decrease)/ increase in cash and cash equivalents		(25,162)	8,165
Effects of exchange rate changes		880	(473)
Cash and cash equivalents at end of the period		29,037	36,489
Analysis of cash and cash equivalents:			
Cash and bank balances		29,037	36,489
Add: Restricted bank balances		-	1,252
		29,037	37,741

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 ($3.7 million) in 1H2010 compared to ($2.7 million) in 1H2009. The more notable transactions on the cashflow during this period include the writeback of onerous contract related to a provision made on hotel leases entered into by Capital Advisers in FY09 and the increase in accounts receivable stemming primarily from the payment for machineries on behalf of a third party.

[2] Cash flow used in investing activities totalled ($23.0 million) in 1H2010 as compared to ($44.6 million) in 1H2009. The two periods cannot be directly compared due 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. During the period, the Group made $4.0 million additional investment into the Akebono shipping fund, $9.3 million deposit for a vessel held by a shipping subsidiary, JPY200 million ($2.2 million) loan investment into a hotel operated by Capital Advisers and an $8.0 million additional pledged deposits as collateral to hedge the Group's additional shareholders' loan to Capital Advisers.

[3] Cash flow generated from financing activities totalled $1.5 million in 1H2010 as compared to $55.4 million in 1H2009 due the consolidation/ acquisition of the vessel owning subsidiary where the Group recognized an increase in bank borrowings from the drawdown of the loan for the container vessel. The Group made net new borrowings of $1.9 million during the period.

1 (d) (i) A statement for the group and the issuer 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.

Group	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	-	-	1,080	-	-	-	1,080	(25)	1,055
Other comprehensive income/ (expense)	-	-	-	71	-	55	126	(2)	124
Total comprehensive income/ (expense)	-	-	1,080	71	-	55	1,206	(27)	1,179
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	1	1
Balance at 30 June 2010	50,111	30,732	20,892	14	-	3,896	105,645	(26)	105,619
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	-	-	(6,581)	-	-	-	(6,581)	(334)	(6,915)
Other comprehensive income/ (expense)	-	-	-	(66)	6,705	(1,196)	5,443	(39)	5,404
Total comprehensive income/ (expense)	-	-	(6,581)	(66)	6,705	(1,196)	(1,138)	(373)	(1,511)
Balance at 30 June 2009	41,759	21,402	27,751	256	(3,496)	3,744	91,416	814	92,230

Company	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	-	-	1,324	-	-	-	1,324	-	1,324
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	1,324	-	-	-	1,324	-	1,324
Balance at 30 June 2010	50,111	30,732	23,345	-	-	-	104,188	-	104,188
Balance at 1 January 2009	41,759	21,402	36,376	-	-	609	100,146	-	100,146
Loss for the period	-	-	(2,107)	-	-	-	(2,107)	-	(2,107)
Other comprehensive expense	-	-	-	-	-	(355)	(355)	-	(355)
Total comprehensive expense	-	-	(2,107)	-	-	(355)	(2,462)	-	(2,462)
Balance at 30 June 2009	41,759	21,402	34,269	-	-	254	97,684	-	97,684

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 six months ended 30 June 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 30 June 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.**

	2nd Quarter		Half year ended 30 June	
	2010	2009	2010	2009
Profit/ (loss) attributable to owners of the parent (US$'000)	923	(1,936)	1,080	(6,581)
Weighted average number of ordinary shares in issue ('000)	313,195	260,996	313,195	260,996
Earnings/ (loss) per share (US cent per share) - basic and diluted	0.29	(0.74)	0.34	(2.52)

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/ (loss) 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 June 2010	31 December 2009
Net asset value per ordinary share based on issued share capital at the end of (in US$)	0.34	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 partial 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%. From the day of the partial interest disposal, 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.
- The Group's shipping subsidiary invested into a 29,000 DWT bulk carrier with delivery in 2Q 2011 during the period. The vessel will be chartered out to a third party for 5 years on delivery.
- The Group is part of a consortium which has successfully won the tender for an industrial project in 35 Hung To Road, Kwun Tong. The Group has an attributable 10.2% interest in the industrial/ office development project and also acts as the administrator for one investor, with a 9.8% interest in the project. The site is close to 10,000 square feet ("sf") with developable gross floor area ("GFA") of close to 120,000 sf.

- Capital Advisers' total income, operating profit and net loss totalled $18.9 million, $0.06 million and ($0.8 million), respectively in 1H2010.
- Capital Advisers secured new businesses during the period including an asset management contract for a hotel and commercial building as well as the brokerage for a sale of a property.
- The average occupancy of Capital Advisers' hotels recovered to 74.0% during the period as compared to 61.4% in 1H09. 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 1H2009 results have included the consolidated income statement of a shipping subsidiary, Prosperity. This should be noted when the two period results are compared. The Group recorded net profit of $1.0 million in 1H2010, against net loss of ($6.9 million) in 1H2009. Total income increased from $21.6 million in 1H2009 to $23.2 million in 1H2010.

The Group's income is classified as fee income, hotel income, investment returns, interest income and other income. Fee income dropped by 51% from $8.3 million in 1H2009 to $4.1 million in 1H2010 due to the deconsolidation of the vessel owning subsidiary. Charter income from the vessel owning subsidiary totaled $4.5 million in 1H2009 *(Refer to 1(a) NOTES [1] for breakdown of fee income).*

Hotel income refers to all income related to Capital Advisers' hotel business. Capital Advisers currently operates thirteen limited service hotels through their hotel management subsidiaries with close to 2,000 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 $16.2 million in 1H2010 and $15.6 million in 1H2009.

Investment returns improved from ($2.7 million) in 1H2009 to $2.1 million in 1H2010 (*Refer to 1a NOTES [2] for breakdown of investment returns*) due primarily to the stabilizing Japanese property and shipping markets as compared to the beginning of 2009. The Group recognized fair value losses on investments in Japanese hotel and residential properties and shipping in 1H2009. During the period, the Group recognized fair value gain of $1.7 million arising primarily from the shipping investments and revaluation of distressed investments along with rental income of $0.3 million.

Employee benefits expenses (EBE/staff cost) dropped by 26%. Capital Advisers' staff cost represented close to 75% of the Group's EBE. Amortization and depreciation dropped by 83% to $0.4 million in 1H2010 due to the deconsolidation of the shipping subsidiary. Depreciation expenses from the vessel owning subsidiary represented over 81% of the Group's total depreciation charges in 1H2009. Other expenses remained at the $14.2 million mark in 1H2010. The Group recorded operating expenses of $0.5 million from the consolidation of the shipping subsidiary in 1H2009. Capital Advisers' other expenses represented over 94% of the Group's other expenses in 1H2010. Hotel leases, hotel sub-operator fee and hotel operating expenses represented over 85% of the Group's other expenses.

Finance cost in 1H2010 dropped to $0.6 million as a result of the deconsolidation of the vessel owning subsidiary. Loss allocation to TK investors from Capital Advisers dropped to $0.001 million in 1H2010 as compared to $0.2 million in 1H2009. Tax expenses decreased to $0.09 million in 1H2010. In summary, the Group's net profit totalled $1.0 million in 1H2010.

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.

Credit remained tight throughout the first half of 2010. Banks maintained a strict policy offering stringent lending terms to ship owners and focusing primarily on lending to domestic clients. According to Marine Money's 2009 Shipping Portfolio League Table, the two largest shipping financers saw a contraction in the volume of their businesses by 15-26%. Under the current environment where financing is not freely available, our structured finance business (fee earned for 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 bottomed out during the period. The Baltic Clean Tankers Index (BCTI) rebounded from 634 points at the end of 2009 to 785 points on 30 June 2010 after reaching a year low of 634 points on 8 June 2010. The container sector remained volatile during 1H2010. The Howe Robinson Containership Index (HRCI) rose from 336 points on 6 January 2010 recovering to 629 points on 30 June 2010 after a lengthy downward spiral. Bulker rates lost its momentum during the period. The Baltic Handysize Index (BHSI) rose from 1,159 points on 4 January 2010 to 1,375 points on 31 March 2010 and dropping to 1,155 points on 30 June 2010.

The Group's investment strategy or leasing terms are generally long-term for container vessels and short-to-medium term for tankers and bulk carriers. The Group has direct and indirect investments in twelve vessels, three of which are under construction. The Group has secured employment for all vessels. The charter period for the vessels will expire between 3Q2011 and 1Q2019.

The Guangzhou office sector was stable during the period. The Group's offices are currently fully leased. The anti-speculation guidelines launched by the PRC government on property speculation may have a more serious impact on the prime residential sector as compared to the Guangzhou office sector. All in all, 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.

During the period, the Group was part of a consortium successfully winning the tender for the property located in 35 Hung To Road, Kwun Tong. The Group has an attributable 10.2% interest in the industrial/ office development project. The site is close to 10,000sf with developable GFA of close to 120,000sf and completion within three years. The Government announced in the 2009/2010 Policy Address of "optimizing land use of private industrial buildings through policies that encourage the redevelopment or conversion of the buildings". Coupled with the limited prime office supply and rapidly rising rents in the central business districts, areas like Kowloon East may become an attractive hub in view of affordability and the Kai Tak Airport redevelopment project.

The tight credit policy of financial institutions in Japan prevailed and continued to put pressure on the Group's property investment/ management activities in Japan. The Group's fair value adjustment on Japan properties is dependent on the outlook and rate of recovery of the Japanese economy.

The tourism industry in Japan continues to be placed under pressures from the downturn of the global economy. The Group focuses on budget and limited service hotel for domestic business travelers. Despite the rise in occupancy rates compared to 1H2009, room rates remain 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 second quarter ended 30 June 2010.

BY THE ORDER OF THE BOARD
Kazuhiko Yoshida
Chairman, CEO
13 August 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 second quarter ended 30 June 2010 to be false or misleading.

On behalf of the Board of Directors

Kazuhiko Yoshida
Chairman, CEO

Michio Tanamoto
COO

Date: 13 August 2010