

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

**FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF THIRD 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 <sup>rd</sup> Quarter			9 Months ended 30 September		
		2010 US\$'000	2009 US\$'000	% Change	2010 US\$'000	2009 US\$'000	% Change
Fee income	[1]	3,385	4,259	(21%)	7,451	12,527	(41%)
Hotel income		9,566	7,885	21%	25,785	23,488	10%
Investment returns	[2]	110	(94)	N/M	2,211	(2,794)	N/M
Interest income		134	44	205%	344	160	115%
Other income		710	152	367%	1,268	423	200%
<b>Total income</b>		<b>13,905</b>	<b>12,246</b>	<b>14%</b>	<b>37,059</b>	<b>33,804</b>	<b>10%</b>
Employee benefits expense		(3,482)	(3,617)	(4%)	(10,281)	(12,751)	(19%)
Amortization and depreciation		(194)	(1,205)	(84%)	(572)	(3,490)	(84%)
Other expenses		(7,338)	(10,020)	(27%)	(21,553)	(24,133)	(11%)
Loss on disposal of property, plant and equipment		-	-	N/M	-	(366)	N/M
Impairment of goodwill		-	(404)	N/M	-	(404)	N/M
		<b>(11,014)</b>	<b>(15,246)</b>	<b>(28%)</b>	<b>(32,406)</b>	<b>(41,144)</b>	<b>(21%)</b>
<b>Operating profit/ (loss)</b>		<b>2,891</b>	<b>(3,000)</b>	<b>N/M</b>	<b>4,653</b>	<b>(7,340)</b>	<b>N/M</b>
Finance costs – interest expense		(320)	(1,161)	(72%)	(888)	(3,472)	(74%)
Finance costs – others		(20)	(6)	233%	(65)	(23)	183%
Share of results of associates		(8)	1	N/M	(14)	(144)	(90%)
(Profit)/ loss allocation to Tokumei Kumiai* investors		(9)	74	N/M	(8)	275	N/M
<b>Profit/ (loss) before tax</b>		<b>2,534</b>	<b>(4,092)</b>	<b>N/M</b>	<b>3,678</b>	<b>(10,704)</b>	<b>N/M</b>
Tax expense		(90)	(156)	(42%)	(179)	(459)	(61%)
<b>Profit/ (loss) for the period</b>		<b>2,444</b>	<b>(4,248)</b>	<b>N/M</b>	<b>3,499</b>	<b>(11,163)</b>	<b>N/M</b>
Profit/ (loss) attributable to:							
Owners of the parent		2,479	(4,145)	N/M	3,559	(10,726)	N/M
Non-controlling interests		(35)	(103)	(66%)	(60)	(437)	(86%)
		<b>2,444</b>	<b>(4,248)</b>	<b>N/M</b>	<b>3,499</b>	<b>(11,163)</b>	<b>N/M</b>

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

	3 <sup>rd</sup> Quarter			9 Months ended 30 September		
	2010 US\$'000	2009 US\$'000	% Change	2010 US\$'000	2009 US\$'000	% Change
Profit/ (loss) for the period	2,444	(4,248)	N/M	3,499	(11,163)	N/M
Other comprehensive income/ (expense) for the period, after tax:						
Exchange differences on translation of foreign operations	(15)	1,107	N/M	33	(127)	N/M
Fair value gain/ (loss) of cash flow hedges	-	(1,103)	N/M	-	5,602	N/M
Fair value loss of available-for-sale financial assets	(8)	(20)	(60%)	68	(87)	N/M
Other comprehensive income/ (expense) for the period, net of tax	(23)	(16)	44%	101	5,388	(98%)
Total comprehensive income/ (expense) for the period	<u>2,421</u>	<u>(4,264)</u>	N/M	<u>3,600</u>	<u>(5,775)</u>	N/M
Total comprehensive income/ (expense) attributable to:						
Owners of the parent	2,460	(4,212)	N/M	3,685	(5,350)	N/M
Non-controlling interests	(39)	(52)	(25%)	(85)	(425)	(80%)
	<u>2,421</u>	<u>(4,264)</u>	N/M	<u>3,600</u>	<u>(5,775)</u>	N/M

**NOTES:**

[1] Breakdown of fee income

	3 <sup>rd</sup> Quarter			9 Months ended 30 September		
	2010 US\$'000	2009 US\$'000	% Change	2010 US\$'000	2009 US\$'000	% Change
Arrangement and agency fee	1,820	65	2700%	2,179	217	904%
Brokerage commission	229	206	11%	1,260	794	59%
Incentive fee	21	141	(85%)	21	182	(88%)
Asset management & administration fee *	1,315	1,406	(7%)	3,991	4,426	(10%)
Charter income	-	2,441	N/M	-	6,908	N/M
	<u>3,385</u>	<u>4,259</u>	(21%)	<u>7,451</u>	<u>12,527</u>	(41%)

\* Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as the asset manager of hotels and residential projects of \$3.0 million (YTD FY2009: \$3.5 million).

[2] Breakdown of investment returns

	3 <sup>rd</sup> Quarter			9 Months ended 30 September		
	2010 US\$'000	2009 US\$'000	% Change	2010 US\$'000	2009 US\$'000	% Change
Interest on performance notes – shipping	-	1	N/M	-	620	N/M
Interest on performance notes – distressed debt	-	-	-	-	87	N/M
Realized gain on investment – shipping	-	-	N/M	78	-	N/M
Realized gain on investment – hotel and residential	161	13	1138%	167	80	109%
Realized gain on investment – distressed debt	339	-	N/M	339	-	N/M
Realized loss on investment – others	-	(1)	N/M	-	(1)	N/M
Realized gain on listed shares – others	39	-	N/M	39	-	N/M
Realized loss on disposal of properties for sale	-	(927)	N/M	-	(1,830)	N/M
Property rental income	153	125	22%	448	580	(23%)
Fair value adjustment on investment properties	3	2	50%	24	(39)	N/M
Fair value adjustment on investment – hotel and residential	(607)	(301)	102%	(582)	(1,333)	(56%)
Fair value adjustment on investment – shipping	34	(544)	N/M	2,144	(518)	N/M
Fair value adjustment on investment – distressed debt	(339)	-	N/M	-	-	N/M
Fair value adjustment on investment – properties	(33)	-	N/M	(33)	-	N/M
Fair value adjustment on performance notes – hotel	-	-	N/M	-	(24)	N/M
Fair value adjustment on performance notes – shipping	233	500	(53%)	(599)	816	N/M
Fair value adjustment on performance notes – distressed debt	22	(128)	N/M	17	(176)	N/M
Fair value adjustment on listed shares – others	52	183	(72%)	116	(15)	N/M
Net gain/ (loss) on forward currency contracts	53	-	N/M	53	(1,041)	N/M
Reversal of writedown of properties for sale – residential	-	983	N/M	-	-	N/M
	<u>110</u>	<u>(94)</u>	N/M	<u>2,211</u>	<u>(2,794)</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	
	30 September 2010 US\$'000	31 December 2009 US\$'000	30 September 2010 US\$'000	31 December 2009 US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment properties	4,447	4,335	-	-
Intangible assets	90	104	-	-
Property, plant and equipment	24,975	22,897	13	35
Loans receivable	6,109	3,750	5,859	3,500
Loans to subsidiaries	-	-	4,789	7,049
Investments	49,184	41,881	36,060	30,260
Investments in subsidiaries	-	-	6,536	1,537
Investments in associates	70	77	-	-
Rental deposit	2,579	2,316	-	-
Deferred tax assets	64	40	-	-
Deposit for purchase of vessel	13,561	-	-	-
<b>Total non-current assets</b>	<b>101,079</b>	<b>75,400</b>	<b>53,257</b>	<b>42,381</b>
<b>Current assets</b>				
Investments	1,325	643	-	-
Loans receivable	3,000	-	-	-
Loans to subsidiaries	-	-	25,958	11,556
Derivative financial instruments	618	-	618	-
Accounts receivable	6,062	3,965	2,018	483
Amount due from subsidiaries	-	-	8,016	3,104
Prepayments, deposits and other receivables	1,507	1,385	398	346
Tax recoverable	68	30	-	-
Deposits pledged as collateral	22,717	13,100	21,896	12,485
Cash and bank balances	27,406	53,318	16,085	43,814
<b>Total current assets</b>	<b>62,703</b>	<b>72,441</b>	<b>74,989</b>	<b>71,788</b>
<b>Total assets</b>	<b>163,782</b>	<b>147,841</b>	<b>128,246</b>	<b>114,169</b>

	Group		Company	
	30 September 2010 US\$'000	31 December 2009 US\$'000	30 September 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	23,371	19,812	26,234	22,021
Fair value reserve	9	(57)	-	-
Exchange reserve	3,901	3,841	-	-
<b>Total attributable to owners of the parent</b>	<b>108,124</b>	<b>104,439</b>	<b>107,077</b>	<b>102,864</b>
Non-controlling interests	(66)	-	-	-
<b>Total equity</b>	<b>108,058</b>	<b>104,439</b>	<b>107,077</b>	<b>102,864</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	1,846	600	-	-
Finance lease obligations	37	11	-	-
Due to Tokumei Kumiai investors	691	613	-	-
Retirement benefit allowance	278	240	-	-
Other payables	122	821	-	-
<b>Total non-current liabilities</b>	<b>2,974</b>	<b>2,285</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Borrowings	43,825	34,218	19,729	10,772
Finance lease obligations	9	9	-	-
Accounts payable	3,755	2,614	364	-
Amount due to subsidiaries	-	-	25	-
Other payables and accruals	4,414	4,100	487	533
Derivative financial instruments	564	-	564	-
Income tax payable	183	176	-	-
<b>Total current liabilities</b>	<b>52,750</b>	<b>41,117</b>	<b>21,169</b>	<b>11,305</b>
<b>Total equity and liabilities</b>	<b>163,782</b>	<b>147,841</b>	<b>128,246</b>	<b>114,169</b>

## NOTES:-

The major movements in non-current assets of \$25.7 million during the period included:

- (1) An increase property plant and equipment of \$2.1 million from Capital Advisers Co., Ltd. ("Capital Advisers") arising from translation gain due to the strong JPY;
- (2) an increase in loans receivable by \$2.4 million arising from a loan made to a hotel in Japan co-owned and asset managed by Capital Advisers;
- (3) an increase in deposits for purchase of vessels of \$13.6 million for two new bulk carriers held by a shipping subsidiary; and
- (4) an increase in investments by \$7.3 million including primarily:
  - a. \$4.0 million capital call into shipping fund (Akebono),
  - b. \$2.0 million investments into a property development project in Hong Kong and
  - c. \$2.0 million net increase in fair value of the Group's shipping, distressed and property investment (excluding Capital Advisers),
  - d. offset by a \$0.7 million reduction in Capital Advisers' properties due to disposals and fair value losses.

The major movements in current assets of (\$9.7 million) during the period arose primarily from:

- (1) An increase in equity investments of \$0.7 million due primarily to the purchase of additional shares in a Taiwanese shipping company;
- (2) an increase in loans receivable of \$3.0 million arising from capital call from a shipping fund;
- (3) an increase in derivative financial instruments of \$0.6 million stemming from a foreign exchange contract taken up on behalf of a shipping investment;
- (4) an increase in accounts receivable of \$2.1 million stemming primarily from accrued income for finance arrangement transactions;
- (5) an increase in prepayment, deposits and other receivables of \$0.1 million;
- (6) an increase in deposits pledged as collateral of \$9.6 million due to the strengthening of the JPY and the drawdown of additional JPY646 million loan to hedge against our JPY loan exposure to Capital Advisers/related companies and
- (7) a decrease in cash and bank balances of \$25.9 million.

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

The major movements in non-current liabilities of \$0.7 million during the period stemmed primarily from:

- (1) An increase in bank borrowings of \$1.2 million and
- (2) a drop in other payables of \$0.7 million arising from Capital Advisers.

The major movements in current liabilities of \$11.6 million during the period consisted primarily of:

- (1) An increase in the Group consolidated borrowings by \$9.6 million,
- (2) an increase in accounts payable of \$1.1 million,
- (3) an increase in other payables and accruals of \$0.3 million from Capital Advisers and
- (4) an increase in derivative financial instrument of \$0.6 million arising from a foreign exchange contract entered into on behalf of a shipping investment.

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

	As at 30 September 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	38,166	5,659	33,186	1,032
Amount repayable after one year	1,500	346	-	600
Total	<u>39,666</u>	<u>6,005</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
- > 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	9 Months ended 30 September	
		2010 US\$'000	2009 US\$'000
<b>Cash flow from operating activities</b>			
Profit/ (loss) before tax		3,678	(10,704)
Adjustments for:			
Investment returns		(2,211)	2,794
Impairment of goodwill		-	404
Amortization and depreciation		572	3,490
Gain on liquidation of subsidiaries		(5)	(2)
Loss on disposal of property, plant and equipment		-	366
Write-back of provision for onerous contracts		(979)	-
Interest income		(344)	(160)
Finance costs – interest expense		888	3,472
Finance costs – others		65	23
Share of results of associates		14	144
Profit/ (loss) allocation to Tokumei Kumiai investors		8	(275)
Net foreign exchange (gain)/ loss		(1,879)	2,176
Other income		-	(5)
		<u>(193)</u>	<u>1,723</u>
Change in working capital:			
Net change in accounts receivable		(1,798)	1,249
Net change in prepayments, deposits and other receivables		(83)	870
Net change in retirement benefit allowance		11	(425)
Net change in accounts payable		866	(405)
Net change in other payables and accruals		(296)	(4,141)
		<u>(1,493)</u>	<u>(1,129)</u>
Cash used in operations		(1,493)	(1,129)
Interest received on bank balances		36	208
Tax (paid)/ reimbursed		(247)	136
		<u>(1,704)</u>	<u>(785)</u>
Net cash used in operating activities	[1]	(1,704)	(785)



	9 Months ended 30 September	
	2010	2009
Note	US\$'000	US\$'000
<b>Cash flow from investing activities</b>		
Acquisition of a subsidiary	1	-
Deconsolidation of a subsidiary	(160)	(850)
Purchase of investments	(6,713)	(668)
Proceeds from redemption/ sale of investments	1,381	1,141
Deposits (paid)/ refunded for purchase of vessels	(13,539)	7,007
Purchase of property, plant and equipment	(41)	(64,397)
Proceeds from disposal of property, plant and equipment	-	26
Proceeds from sale of properties for sale	-	7,248
Loan advanced	(5,498)	-
Loan repaid	283	-
Interest received from syndicated loans	282	-
Net (increase)/ decrease in deposits pledged as collateral	(8,962)	17
Proceeds from investments	909	810
Settlement of forward currency contracts	-	(307)
Proceeds from property rental	474	554
Net cash used in investing activities	[2] (31,583)	(49,419)
<b>Cash flow from financing activities</b>		
Proceeds from issuing shares	-	17,682
New borrowings	26,434	73,899
Repayment of borrowings	(20,756)	(27,682)
Interest paid on borrowings	(517)	(2,368)
Payment of lease obligation	(7)	(70)
Net change in restricted bank deposit	-	(2,914)
Net cash generated from financing activities	[3] 5,154	58,547
Net (decrease)/ increase in cash and cash equivalents	(28,133)	8,343
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	(28,133)	8,343
Effects of exchange rate changes	2,220	613
Cash and cash equivalents at end of the period	27,406	37,753
Analysis of cash and cash equivalents:		
Cash and bank balances	27,406	37,753
Add: Restricted bank balances	-	2,914
	27,406	40,667

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 totalled (\$1.7 million) [YTD FY2009: (\$0.8 million)]. 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 FY2009. Accounts receivable also increased due to increase in income receivable recognized during the period.
- [2] Cash flow used in investing activities totalled (\$31.6 million) [YTD FY2009: (\$49.4 million)]. The two periods cannot be directly compared due to the consolidation of a vessel owning subsidiary in 2009 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 \$2.0 million investment into property development project in Hong Kong, \$4.0 million additional investment into the Akebono shipping fund, \$13.6 million deposit for a vessel held by a shipping subsidiary, JPY200 million (\$2.4 million) loan investment into a hotel operated by Capital Advisers, \$3.0 million loan advanced to shipping fund and \$9.0 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 \$5.2 million [YTD FY2009: \$58.5 million due to 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 \$5.7 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.**

<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	-	-	3,559	-	-	-	3,559	(60)	3,499
Other comprehensive income/ (expense)	-	-	-	66	-	60	126	(25)	101
Total comprehensive income/ (expense)	-	-	3,559	66	-	60	3,685	(85)	3,600
Acquisition of a subsidiary	-	-	-	-	-	-	-	1	1
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	18	18
Balance at 30 September 2010	50,111	30,732	23,371	9	-	3,901	108,124	(66)	108,058
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	-	-	(10,726)	-	-	-	(10,726)	(437)	(11,163)
Other comprehensive income/ (expense)	-	-	-	(84)	5,602	(142)	5,376	12	5,388
Total comprehensive income/ (expense)	-	-	(10,726)	(84)	5,602	(142)	(5,350)	(425)	(5,775)
Issuance of shares	8,352	9,330	-	-	-	-	17,682	-	17,682
Balance at 30 September 2009	50,111	30,732	23,606	238	(4,599)	4,798	104,886	762	105,648
<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	-	-	4,213	-	-	-	4,213	-	4,213
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	4,213	-	-	-	4,213	-	4,213
Balance at 30 September 2010	50,111	30,732	26,234	-	-	-	107,077	-	107,077
Balance at 1 January 2009	41,759	21,402	36,376	-	-	609	100,146	-	100,146
Loss for the period	-	-	(1,836)	-	-	-	(1,836)	-	(1,836)
Other comprehensive income	-	-	-	-	-	18	18	-	18
Total comprehensive income/ (expense)	-	-	(1,836)	-	-	18	(1,818)	-	(1,818)
Issuance of shares	8,352	9,330	-	-	-	-	17,682	-	17,682
Balance at 30 September 2009	50,111	30,732	34,540	-	-	627	116,010	-	116,010

- 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 9 months ended 30 September 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 September 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 <sup>rd</sup> Quarter		9 Months ended 30 September	
	2010	2009	2010	2009
Profit/ (loss) attributable to owners of the parent (US\$'000)	2,479	(4,145)	3,559	(10,726)
Weighted average number of ordinary shares in issue ('000)	313,195	289,933	313,195	270,747
Earnings/ (loss) per share (US cent per share) - basic and diluted	0.79	(1.43)	1.14	(3.96)

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 September 2010	31 December 2009
Net asset value per ordinary share based on issued share capital at the end of (in US\$)	0.35	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 the second quarter of 2011. The vessel will be chartered out to a third party for 5 years on delivery.
- The Group's shipping subsidiary also invested into a 29,100 DWT bulk carrier with delivery in the first half of 2012.
- 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 and completion at the end of 2012.

- Capital Advisers' total income, operating loss and net loss totalled \$29.1 million, (\$0.5 million) and (\$1.9 million), respectively.
- Capital Advisers recognized fair value losses of close to \$300K arising from disposal of a property and \$400K from the cancellation of a property investment both held through an investment fund during the period.
- Capital Advisers secured new businesses 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 75.7% as compared to 67.0% in FY2009.
- In April 2010, the Group increased its 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 FY2009 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 \$3.5 million for the 9 months ended 30 September 2010, against net loss of (\$11.2 million) in the corresponding period in FY2009. Total income increased from \$33.8 million to \$37.1 million.

The Group's income is classified as fee income, hotel income, investment returns, interest income and other income. Fee income dropped from \$12.5 to \$7.5 million due to the deconsolidation of the vessel owning subsidiary. Charter income from the vessel owning subsidiary totalled \$6.9 million (*Refer to 1(a) NOTE [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 income (as operator of the hotel) and all income received from hotels owned and leased by the Group, totalled \$25.8 million [YTD FY2009: \$23.5 million].

Investment returns improved to \$2.2 million from (\$2.8 million) (*Refer to 1a NOTE [2] for breakdown of investment returns*). During the period, the Group recognized fair value gain of \$1.5 million arising primarily from the shipping investments; fair value gain of \$0.1 million on listed shares, realized gain on investment of \$0.6 million, rental income of \$0.4 million, offset by fair value loss of \$0.6 million from Japanese residential and hotel properties.

Employee benefits expenses ("EBE"/ staff cost) dropped by 19% to \$10.3 million. Capital Advisers' staff cost represented close to 75% of the Group's EBE. Amortization and depreciation dropped by 84% to \$0.6 million due to the deconsolidation of the shipping subsidiary. Depreciation expenses from the vessel owning subsidiary represented over 80% of the Group's total depreciation charges for the 9 months ended 30 September 2009. Other expenses totalled \$21.6 million. Capital Advisers' other expenses represented over 98% of the Group's other expenses. Hotel leases, hotel sub-operator fee and hotel operating expenses represented 89% of the Group's other expenses.

Finance cost dropped to \$0.9 million as a result of the deconsolidation of the vessel owning subsidiary. Profit allocation to TK investors from Capital Advisers totalled (\$0.008 million) as compared to loss allocation to TK investors of \$0.3 million for the 9 months ended 30 September 2009. Tax expenses decreased to \$0.2 million. In summary, the Group's net profit totalled \$3.5 million.

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.**

According to Marine Money's 2009 Shipping Portfolio League Table, the two largest shipping financiers saw a contraction in the volume of their businesses by 15-26%. The situation persevered through to 2010 with credit remaining tight in the past nine months. Banks maintained its strict policy and stringent lending terms to ship owners and focused primarily on lending to domestic clients. Whilst the PRC banks had been actively seeking business in the first half of the year, the recent loan transactions were mostly RMB denominated loans. Under the current environment where financing is not freely available, our structured finance business would be adversely affected by the contraction in volume of business.

The charter hire of product tankers lost its momentum in 3Q2010. The Baltic Clean Tankers Index (BCTI) marked 634 points at the end of 2009 and fell to 624 points on 30 Sep 2010 after a roller coaster spiral during the period. The container sector appears to have bottomed out in 3Q2010. The Howe Robinson Containership Index (HRCI) rose from 336 points on 6 Jan 2010 recovering to 735 points on 29 Sep 2010 after a lengthy downward spiral earlier in the year. Bulker rates also lost their momentum during the period. The Baltic Handysize Index (BHSI) fell sharply from 1,159 points on 4 Jan 2010, bottoming out at 268 points on 12 Jan 2009, reaching 1,375 points on 31 Mar 2010, dropping to 1,155 points on 30 Jun 2010 and 1,039 points on 30 Sep 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 13 vessels, 4 of which are under construction. The Group has secured employment for 12 out of the 13 vessels. The charter period for the vessels will expire between 3Q2011 and 1Q2019.

The Guangzhou office sector in the Tianhe district, where the Group's investment is located, remained strong and the average vacancy rate was reported at below 4%. The Group's offices are currently fully leased. 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 in 4Q2012. 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 and sluggish economic conditions 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 has been affected by the downturn of the global economy and the strong yen. Hotel occupancy rates recovered as compared to 2009. The Group focuses on budget and limited service hotel for domestic business travelers. 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 third quarter ended 30 September 2010.

**BY THE ORDER OF THE BOARD**

Kazuhiko Yoshida  
Chairman, CEO  
12 November 2010



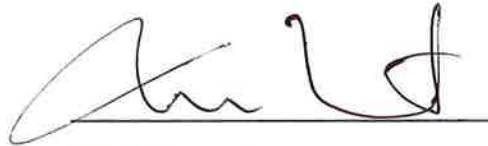
**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

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 third quarter ended 30 September 2010 to be false or misleading.

On behalf of the Board of Directors



Kazuhiko Yoshida  
Chairman, CEO



Michio Tanamoto  
COO

Date: 12 November 2010

