UNI-ASIA FINANCE CORPORATION

Registration No: CR - 72229

(Incorporated in the Cayman Islands with limited liability on 17 March 1997)

FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2011

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		
		2011	2010	%	2011	2010	%
	Note	US$'000	US$'000	Change	US$'000	US$'000	Change
Fee income	[1]	2,439	2,171	12%	4,088	4,066	1%
Hotel income		7,835	8,192	(4%)	16,357	16,219	1%
Investment returns	[2]	1,473	1,116	32%	2,423	2,101	15%
Interest income		207	139	49%	393	210	87%
Other income		127	381	(67%)	279	558	(50%)
Total income		12,081	11,999	1%	23,540	23,154	2%
Employee benefits expense		(3,689)	(3,429)	8%	(7,402)	(6,799)	9%
Amortization and depreciation		(504)	(182)	177%	(754)	(378)	99%
Vessel operating expenses		(323)	-	N/M	(323)	-	N/M
Other expenses		(7,717)	(7,835)	(2%)	(15,732)	(15,419)	2%
Write-back on provision of onerous contracts		1,098	262	319%	1,476	729	102%
Provision of onerous contracts		2	-	N/M	(1,033)	-	N/M
Net foreign exchange gain		271	442	(39%)	275	475	(42%)
		(10,862)	(10,742)	1%	(23,493)	(21,392)	10%
Operating profit		1,219	1,257	(3%)	47	1,762	(97%)
Finance costs – interest expense		(399)	(280)	43%	(719)	(568)	27%
Finance costs – others		(25)	(30)	(17%)	(41)	(45)	(9%)
Share of results of associates		(1)	(6)	(83%)	(2)	(6)	(67%)
Loss/ (profit) allocation to Tokumei Kumiai* investors		59	(15)	N/M	92	1	N/M
Profit/ (loss) before tax		853	926	(8%)	(623)	1,144	N/M
Tax expense		(37)	(48)	(23%)	(59)	(89)	(34%)
Profit/ (loss) for the period		816	878	(7%)	(682)	1,055	N/M
Profit/ (loss) attributable to:							
Owners of the parent		793	923	(14%)	(638)	1,080	(159%)
Non-controlling interests		23	(45)	(151%)	(44)	(25)	76%
		816	878	(8%)	(682)	1,055	(165%)

* *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		
	2011 US$'000	2010 US$'000	% Change	2011 US$'000	2010 US$'000	% Change
Profit/ (loss) for the period	816	878	(8%)	(682)	1,055	(165%)
Other comprehensive income/ (expense) for the period, after tax:						
Exchange differences on translation of foreign operations	103	37	178%	218	48	354%
Fair value (loss)/ gain of cash flow hedges	(573)	-	N/M	(323)	-	N/M
Fair value gain/ (loss) of available-for-sale financial assets	-	69	N/M	-	76	N/M
Other comprehensive income/ (expense) for the period, net of tax	(470)	106	N/M	(105)	124	(184%)
Total comprehensive income/ (expense) for the period	346	984	(65%)	(787)	1,179	(167%)
Total comprehensive income/ (expense) attributable to:						
Owners of the parent	324	1,011	(68%)	(745)	1,206	(162%)
Non-controlling interests	22	(27)	181%	(42)	(27)	(56%)
	346	984	(65%)	(787)	1,179	(167%)

NOTES:

[1] Breakdown of fee income

	2nd Quarter 2011 US$'000	2nd Quarter 2010 US$'000	% Change	Half year ended 30 June 2011 US$'000	Half year ended 30 June 2010 US$'000	% Change
Arrangement and agency fee	32	175	(82%)	330	359	(8%)
Brokerage commission	216	693	(69%)	432	1,031	(58%)
Asset management & administration fee *	1,079	1,303	(17%)	2,214	2,676	(17%)
Charter income	1,112	-	N/M	1,112	-	N/M
	2,439	2,171	12%	4,088	4,066	1%

* *Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as the asset manager of hotels and residential projects of $1.6 million (1H2010: $2.0 million).*

[2] Breakdown of investment returns

	2nd Quarter 2011 US$'000	2nd Quarter 2010 US$'000	% Change	Half year ended 30 June 2011 US$'000	Half year ended 30 June 2010 US$'000	% Change
Interest on performance notes – shipping	296	-	N/M	296	-	N/M
Realized gain on investment – shipping	89	78	14%	89	78	14%
Realized gain on investment – hotel and residential	4	10	(60%)	86	6	N/M
Property rental income	150	146	3%	291	295	(1%)
Fair value adjustment on investment properties	(8)	21	(138%)	(23)	21	N/M
Fair value adjustment on investment – hotel and residential	(14)	(18)	22%	(91)	25	N/M
Fair value adjustment on investment – shipping	(271)	851	(132%)	286	2,110	(86%)
Fair value adjustment on investment – industrial/ office property	1,141	-	N/M	1,380	-	N/M
Fair value adjustment on investment – distressed debt	-	339	N/M	-	339	N/M
Fair value adjustment on performance notes – shipping	(19)	(331)	94%	19	(832)	102%
Fair value adjustment on performance notes – distressed debt	5	(1)	N/M	3	(5)	160%
Fair value adjustment on listed shares – others	100	21	N/M	87	64	36%
	1,473	1,116	32%	2,423	2,101	15%

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 2011 US$'000	31 December 2010 US$'000	30 June 2011 US$'000	31 December 2010 US$'000
ASSETS				
Non-current assets				
Investment properties	4,959	4,874	-	-
Intangible assets	67	83	-	-
Property, plant and equipment	66,457	27,495	14	16
Loans receivable	7,395	7,389	7,145	7,139
Loans to subsidiaries	-	-	4,974	14,423
Investments	48,464	46,675	34,161	33,512
Investments in subsidiaries	-	-	25,984	6,536
Investments in associates	65	66	-	-
Rental deposit	2,822	2,798	-	-
Derivative financial instruments	172	-	172	-
Deferred tax assets	86	105	-	-
Deposit for purchase of vessels	13,177	17,985	-	-
Total non-current assets	143,664	107,470	72,450	61,626
Current assets				
Investments	1,445	1,358	-	-
Loans receivable	3,605	3,283	-	-
Loans to subsidiaries	-	-	24,743	17,049
Derivative financial instruments	1,041	906	1,041	906
Accounts receivable	4,296	4,197	338	221
Amount due from subsidiaries	-	-	17,411	9,198
Prepayments, deposits and other receivables	1,926	1,506	281	327
Tax recoverable	-	64	-	-
Deposits pledged as collateral	21,921	22,741	21,055	21,869
Cash and bank balances	20,936	26,528	14,038	18,797
Total current assets	55,170	60,583	78,907	68,367
Total assets	198,834	168,053	151,357	129,993

	Group		Company	
	30 June 2011 US$'000	31 December 2010 US$'000	30 June 2011 US$'000	31 December 2010 US$'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	21,586	22,224	25,242	25,048
Fair value reserve	9	9	-	-
Hedging reserve	(323)	-	-	-
Capital reserve	(126)	-	-	-
Exchange reserve	4,191	3,975	-	-
Total equity attributable to owners of the parent	106,180	107,051	106,085	105,891
Non-controlling interests	10	(74)	-	-
Total equity	106,190	106,977	106,085	105,891
LIABILITIES				
Non-current liabilities				
Borrowings	29,129	1,745	-	-
Finance lease obligations	32	36	-	-
Due to Tokumei Kumiai investors	1,707	1,785	-	-
Retirement benefit allowance	81	273	-	-
Derivative financial instruments	495	-	172	-
Other payables	-	117	-	-
Total non-current liabilities	31,444	3,956	172	-
Current liabilities				
Borrowings	53,306	47,138	43,523	22,146
Finance lease obligations	8	8	-	-
Accounts payable	2,831	3,269	-	-
Amount due to subsidiaries	-	-	-	201
Other payables and accruals	3,996	5,531	648	959
Derivative financial instruments	929	796	929	796
Income tax payable	130	378	-	-
Total current liabilities	61,200	57,120	45,100	24,102
Total equity and liabilities	198,834	168,053	151,357	129,993

NOTES:-

Non-current assets increased by $36.2 million from $107.5 million on 31 December 2010 to $143.7 million on 30 June 2011 due primarily to the following:

1. an increase of $39.0 million in property, plant and equipment (net of depreciation) ("PPE") resulting mainly from the delivery of two handysize bulk carriers held by shipping subsidiaries;
2. a net decrease of $4.8 million in the deposits for purchase of vessels due to the reclassification of $9.6 million deposits to property, plant and equipment upon the delivery of the two handysize bulk carriers offset by $4.8 million deposits payments for additional vessels;
3. an increase in fair value of a non-current derivative financial instrument of $0.2 million; and
4. an increase in investments by $1.8 million arising from fair value gain of $1.4 million from the investment in the industrial/office property; as well as fair value gain and increase in shareholders' loan in shipping investments of $0.4 million.

Current assets decreased by $5.4 million from $60.6 million on 31 December 2010 to $55.2 million on 30 June 2011 due primarily to the following:

1. an increase in loans receivable of $0.3 million arising from a shipping-related loan investment made by a subsidiary;
2. an increase in prepayments, deposits and other receivables of $0.4 million;
3. a decrease in deposits pledged as collateral of $0.8 million due to partial repayment of the Group's JPY borrowings during the period from the bank; and
4. a decrease in cash and bank balances of $5.6 million (refer to 1(c) NOTES for elaboration of cash flow movement).

Non-current liabilities increased by $27.5 million from $3.9 million on 31 December 2010 to $31.4 million on 30 June 2011 due primarily to the following:

1. an increase in borrowings of $27.4 million mainly to finance the two handy bulk carriers held by shipping subsidiaries (non-current portion of the borrowings);
2. a decrease in amount due to TK investors of $0.1 million related to Capital Advisers;
3. a decrease in retirement benefit allowance of $0.2 million arising from Capital Advisers;
4. an increase in fair value of a non-current derivative financial instrument of $0.5 million; and
5. a decrease in other payables by $0.1 million.

Current liabilities increased by $4.1 million from $57.1 million on 31 December 2010 to $61.2 million on 30 June 2011 due primarily to the following:

1. an increase in borrowings of $6.2 million mainly to finance the two handysize bulk carriers held by shipping subsidiaries (current portion of the borrowings);
2. a decrease of accounts payable of $0.4 million;
3. a decrease in other payables and accruals of $1.5 million arising mainly from the write-back of the provision of onerous contract on Capital Adviser's hotel operation with the realization of the losses; and
4. a decrease in income tax payable of $0.2 million arising mainly from Capital Advisers.

The derivative financial instruments in the current assets and current liabilities pertain to short-term forward contracts entered back-to-back with an investment company and a bank.

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

	As at 30 June 2011		As at 31 December 2010	
	Secured US$'000	Unsecured US$'000	Secured US$'000	Unsecured US$'000
Amount repayable in one year or less, or on demand	26,910	26,396	38,745	8,393
Amount repayable after one year	29,108	21	1,500	245
Total	56,018	26,417	40,245	8,638

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 two vessels of the subsidiaries
> 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.

		Half year ended 30 June	
		2011	2010
	Note	US$'000	US$'000
Cash flow from operating activities			
(Loss)/ profit before tax		(623)	1,144
Adjustments for:			
Investment returns		(2,423)	(2,101)
Amortization and depreciation		754	378
Gain on liquidation of subsidiaries		-	(5)
Write-back of provision for onerous contracts		(1,476)	(729)
Provision of onerous contracts		1,033	-
Interest income		(393)	(210)
Finance costs – interest expense		719	568
Finance costs – others		41	45
Share of results of associates		2	6
Loss allocation to Tokumei Kumiai investors		(92)	(1)
Net foreign exchange gain		(275)	(476)
		(2,733)	(1,381)
Change in working capital:			
Net change in accounts receivable		(62)	(1,785)
Net change in prepayments, deposits and other receivables		(111)	(50)
Net change in retirement benefit allowance		(194)	21
Net change in accounts payable		(476)	92
Net change in other payables and accruals		(507)	(375)
Cash used in operations		(4,083)	(3,478)
Interest received on bank balances		17	23
Tax paid		(222)	(195)
Net cash used in operating activities	[1]	(4,288)	(3,650)

	Note	Half year ended 30 June 2011 US$'000	2010 US$'000
Cash flow from investing activities			
Acquisition of a subsidiary		-	1
Deconsolidation of a subsidiary		-	(160)
Purchase of investments		(275)	(4,720)
Proceeds from sale of investments		264	509
Deposits paid for purchase of vessels		(4,765)	(9,328)
Purchase of property, plant and equipment		(29,895)	(26)
Loan advanced		(1,301)	(2,498)
Loan repaid		1,024	266
Interest received from syndicated loans		323	167
Net decrease/ (increase) in deposits pledged as collateral		1,298	(8,043)
Proceeds from interest on investments		382	496
Proceeds from property rental		289	309
Net cash used in investing activities	[2]	(32,656)	(23,027)
Cash flow from financing activities			
New borrowings		53,823	15,381
Repayment of borrowings		(21,017)	(13,499)
Interest paid on borrowings		(1,798)	(362)
Payment of lease obligation		(4)	(5)
Net cash generated from financing activities	[3]	31,004	1,515
Net decrease in cash and cash equivalents		(5,940)	(25,162)
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the period		26,528	53,319
Net decrease in cash and cash equivalents		(5,940)	(25,162)
Effects of exchange rate changes		348	880
Cash and cash equivalents at end of the period		20,936	29,037

NOTES:

[1] Cash flows used in operating activities totalled $4.2 million (1H2010: $3.6 million). The negative cashflow from operating activities stemmed primarily from net loss before tax of $0.6 million during the period, reversal of investment returns of $2.4 million and net provision of onerous contract of $0.4 million. The Group saw a net cash outflow in working capital during the period due mainly to a decrease in retirement benefit allowance, accounts payable, and other payable and accruals.

[2] Cash flows used in investing activities totalled $32.7 million compared to $23.0 million in 1H2010. During 1H2011, the Group paid $29.9 million for the delivery of two vessels, paid $4.8 million for deposits for purchase of vessels, and made a net loan advance for shipping-related loan investment of $0.3 million. The aforementioned net cash outflow was offset by a net cash inflow from a decrease in deposits pledged as collateral of $1.3 million, interest of $0.3 million received from syndicated loans to investment companies, proceeds from interest on investment of $0.4 million and proceeds from property rental of $0.3 million.

[3] Cash flows generated from financing activities totalled $31.0 million (1H2010: $1.5 million) due mainly to the net drawdown of $32.8 million in borrowings during the period offset by interest paid on borrowings of $1.8 million.

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$'000	Capital reserve US$'000	Exchange reserve US$'000	Total equity attributable to owners of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2011	50,111	30,732	22,224	9	-	-	3,975	107,051	(74)	106,977
Profit for the period	-	-	(638)	-	-	-	-	(638)	(44)	(682)
Other comprehensive income/ (expense)	-	-	-	-	(323)	-	216	(107)	2	(105)
Total comprehensive income/ (expense)	-	-	(638)	-	(323)	-	216	(745)	(42)	(787)
Capital reserve	-	-	-	-	-	(126)		(126)	126	-
Balance at 30 June 2011	50,111	30,732	21,586	9	(323)	(126)	4,191	106,180	10	106,190
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

Company	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Capital Reserve US$'000	Exchange reserve US$'000	Total equity attributable to owners of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2011	50,111	30,732	25,048	-	-	-	-	105,891	-	105,891
Profit for the period	-	-	194	-	-	-	-	194	-	194
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	194	-	-	-	-	194	-	194
Balance at 30 June 2011	50,511	30,732	25,242	-	-	-	-	106,085	-	106,085
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

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 2011, there was no change in share capital. Subsequent to 30 June 2011, the Group is in the process of raising additional equity via rights issue. The rights issuance is nearing completion and the new shares are expected to be listed on or around 16 August 2011.

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 2011 and 31 December 2010.

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 2010.

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 2010. 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	
	2011	2010	2011	2010
Profit/ (loss) attributable to owners of the parent (US$'000)	793	923	(638)	1,080
Weighted average number of ordinary shares in issue ('000)	313,195	313,195	313,195	313,195
Earnings/ (loss) per share (US cent per share) - basic and diluted	0.25	0.29	(0.20)	0.34

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 2011	31 December 2010
Net asset value per ordinary share based on issued share capital at the end of (in US$)	0.34	0.34

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 28 April 2011, the Group increased its shareholding in Capital Advisers Co., Ltd. ("Capital Advisers") from 96.9% to 99.5%.
- On 5 May 2011, the Group took delivery of a 29,000 dwt newbuilding bulk carrier which was acquired through its majority-owned subsidiary, Hope Bulkship S.A. ("Hope") and time chartered out.
- On 12 May 2011, a second hand 28,709 dwt handysize bulk carrier, which was acquired pursuant to a judicial auction sale by the Hakodate District Court, was delivered through its wholly-owned subsidiary, Karat Bulkship S.A. ("Karat") and time chartered out.
- The Group started the process of raising additional equity via rights issue during the quarter. The rights issuance is nearing completion and the new shares are expected to be listed on or around 16 August 2011.

Review of income statement

The Group recorded net loss of $0.7 million in 1H2011, against net profit of $1.1 million in 1H2010. Total income increased marginally by 2% to $23.5 million in 1H2011 from $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 amounts to $4.1 million in 1H2011. (*Refer to 1(a) NOTES [1] for breakdown of fee income).* This includes charter income from the vessel owning subsidiaries totalling $1.1 million following delivery of the vessels. This charter income compensated for the decrease in brokerage commission fee income from $1.0 million in 1H2010 to $0.4 million in 1H2011 as a result of a one-off brokerage commission earned by Capital Advisers in 1H2010.

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 $16.4 million in 1H2011 and $16.2 million in 1H2010.

Investment returns improved by 15% from $2.1 million in 1H2010 to $2.4 million in 1H2011 (*Refer to 1a NOTES [2] for breakdown of investment returns*). The investment returns in 1H2011 comprise mainly of fair value gain of $1.4 million from the investment in the industrial/office property; $0.3 million fair value gain from shipping investments; $0.3 million from returns of Akebono Fund; and rental income of $0.3 million.

Total operating expenses increased by $2.1 million to $23.5 million in 1H2011 from $21.4 million in 1H2010. Employee benefits expenses (EBE/staff cost) increased by $0.6 million. Amortization and depreciation increased by $0.4 million from $0.4 million in 1H2010 to $0.8 million in 1H2011 due primarily to depreciation of vessels delivered in 2Q2011. Vessel operating expenses amounted to $0.3 million in 1H2011. The Group's other expenses increased from $15.4 million in 1H2010 to $15.7 million in 1H2011. The increase is due to, inter alia, Capital Advisers' hotel leases, hotel sub-operator fee and hotel operating expenses, which represented 83% of the Group's other expenses, being translated at a higher exchange rate as a result of strengthening JPY. As a result, Capital Advisers' hotel leases, hotel sub-operator fee and hotel operating expenses increased from $12.1 million in 1H2010 to $12.4 million in 1H2011 in USD terms although in JPY terms the expenses remain relatively unchanged.

Net operating profit for 1H2011 amounted to $0.05 million.

Finance cost in 1H2011 increased to $0.7 million as a result of increase in borrowing in relation to the new vessels. In summary, the Group's net loss after tax totalled $0.7 million in 1H2011.

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.

<u>Maritime Investment & Management</u>

Shipping market witnessed some downward adjustments in certain sectors including bulkers, containers and crude/product tankers. There were two main reasons for these adjustments: (i) the increase in new tonnage supply coupled with reduction in vessels lay-ups resulted in overall vessel supply growth higher than vessel demand growth; and (ii) the demand was weaker than market expectation as the US economy was still weak and the European sovereign credit issues were still unsolved. Most results announcements made recently by major shipping companies showed that these companies did not perform as well as a year ago.

The Group invests in a total of 15 vessels, including 8 handysize bulk carriers (of which 4 handysize bulk carriers are majority/wholly owned by Uni-Asia Shipping Limited, a wholly-owned subsidiary of the Group), 5 containerships and 2 product tankers.

Bulker's charter market had weakened in 2Q2011 as compared to 1Q2011, with the Baltic Handysize Index (BHSI) sliding from 790 points in end March 2011 to 712 points in end June 2011. However, the Group has only 1 handysize bulk carrier held by an investment company which charter is due for renewal in the coming one year, and the entry price for bulkers remains competitive. Hence, the Group does not see any major negative impact from the weakened bulker's charter market.

Containership charter market had also weakened in 2Q2011 as compared to 1Q2011, with the Howe Robinson Charter Index (HRCI) sliding from 916 points in end March 2011 to 883 points in end June 2011. Notwithstanding the above, the 5 containerships invested by the Group are secured by long-term charters which are able to deliver stable and predictable long-term cash-flow to the Group.

After rising to 841 points in end March 2011, the Baltic Clean Tankers Index slid to 694 in end June 2011. The portfolio of 2 product tankers invested by the Group is secured by medium-term charters and less likely to be affected by short-term charter rate fluctuations.

In the ship financing arena, the current volume level and deals level are similar to the levels witnessed in 2005-6, where the levels are around the half-way mark from the peak in 2008. Margin requirements are still challenging particularly for European banks due to the European sovereign credit issues. The Group is continually looking for suitable structured finance business opportunities in such environment.

Property Investment & Management in Hong Kong & China

Hong Kong
According to Hong Kong Rating and Valuation Department, the quarterly price index for Grade A office in the core district of Hong Kong reached 308.1 for 1Q2011, as compared to 245.7 for 1Q2010, an increase of 25.4%.

The Group has an attributable 10.2% interest in an industrial/ office development project in Kwun Tong, Kowloon, Hong Kong. The industrial/ office will be a 32-storey building of close to 156,000sf. The construction work for the Group's industrial/ office development project is on schedule and has entered into the foundation stage with more than 40% of piling completed. The new industrial/ office building is estimated to be completed in 1Q2013. With government support, industrial buildings in the area are redeveloped into Grade A offices to meet the high demand from local and international companies (including financial institutions and accounting firms) looking for an ideal location for their main office or middle to back office functions. The area is also very close to "Kai Tak International Airport Re-development Area".

Guangzhou, PRC
According to DTZ Research's Property Times Guangzhou Q2 2011, Guangzhou's office net absorption reached 62,600 sq m in 2Q2011, posting a 2.5 times growth over Q1, while high-quality office space rents went up by 3.4% from Q1 to RMB129.3 (US$19.9) per sqm per month. In this environment, the Group's office (14 units, about 1,320 sqm) investments in Tianhe Bei District, Guangzhou continue to be fully leased with some leases renewed during the quarter at higher rental rates.

Property Investment & Management in Japan

The Group's property investment/ management activities in Japan continue to be under pressure from tight credit and sluggish economic conditions. According to The Real Estate Transaction Modernization Center Foundation in Japan, the average unit price of condominium in Tokyo metropolitan area was down by 1.6% as at end of June 2011 compared to end of June 2010, and the average price of detached house sold in Tokyo metropolitan was down by 0.4% as at end of June 2011 compared to end of June 2010. As at 30 June 2011, the assets under management in Japan by the Group are 9 hotel properties and 1,808 residential property units, as compared to 9 hotel properties and 1,939 residential property units as at 31 December 2010. The outlook and rate of recovery of the Japanese economy may have an impact on the valuation of the Group's Japan properties.

Average hotel occupancy rates for the 13 hotels operated by the Group was 69.4% for 1H2011 as compared to 74.0% for 1H2010 as the tourism industry in Japan has been severely affected by the earthquake as well as radioactivity emission fears following the explosions at the Fukushima nuclear power plant in 1Q2011. Notwithstanding the aforementioned, the hotel occupancy rates in Japan and the Group have been recovering gradually. According to NLI Research Institute's "Japanese Property Market Quarterly Review 2Q2011", the average hotel occupancy rates in Japan for April, May and June 2011 were 55.6%, 64.1% and 68.4% respectively (71.5%, 72.5% and 71.9% respectively for April, May and June 2010). The Group's average hotel occupancy rates for April, May and June 2011 were 65.2%, 66.4% and 73.0% respectively (76.6%, 73.9% and 73.7% respectively for April, May and June 2010), higher than the average hotel occupancy rates in Japan for the same period.

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 2011.

BY THE ORDER OF THE BOARD
Kazuhiko Yoshida
Chairman, CEO
12 August 2011

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 2011 to be false or misleading.

On behalf of the Board of Directors

Kazuhiko Yoshida
Chairman, CEO

Michio Tanamoto
COO

Date: 12 August 2011