



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 2012

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF SECOND QUARTERLY RESULTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	2 nd Quarter			Half year ended 30 June		
		2012 US\$'000	2011 US\$'000	% Change	2012 US\$'000	2011 US\$'000	% Change
Fee income	[1]	3,987	2,439	63%	8,337	4,088	104%
Hotel income		12,514	7,835	60%	26,874	16,357	64%
Investment returns	[2]	2,393	1,473	62%	1,673	2,423	(31%)
Interest income		326	207	57%	543	393	38%
Other income		278	127	119%	667	279	139%
Total income		19,498	12,081	61%	38,094	23,540	62%
Employee benefits expense		(4,418)	(3,689)	20%	(9,133)	(7,402)	23%
Amortisation and depreciation		(986)	(504)	96%	(1,957)	(754)	160%
Vessel operating expenses		(1,119)	(323)	246%	(2,126)	(323)	558%
Other operating expenses		(10,819)	(7,717)	40%	(22,777)	(15,732)	45%
Write-back on provision of onerous contracts		179	1,098	(84%)	356	1,476	(76%)
Provision of onerous contracts		-	2	(100%)	-	(1,033)	(100%)
Net foreign exchange (loss)/ gain		(470)	271	(273%)	524	275	91%
		(17,633)	(10,862)	62%	(35,113)	(23,493)	49%
Operating profit		1,865	1,219	53%	2,981	47	N/M
Finance costs – interest expense		(474)	(399)	19%	(943)	(719)	31%
Finance costs – others		(90)	(25)	260%	(150)	(41)	266%
Share of results of associates		-	(1)	(100%)	-	(2)	(100%)
Allocation to Tokumei Kumiai* investors		(51)	59	(186%)	(101)	92	(210%)
Profit/ (loss) before tax		1,250	853	47%	1,787	(623)	387%
Income tax expense		(52)	(37)	41%	(66)	(59)	12%
Profit/ (loss) for the period		1,198	816	47%	1,721	(682)	352%
Attributable to:							
Owners of the parent		1,169	793	47%	1,634	(638)	356%
Non-controlling interests		29	23	26%	87	(44)	298%
		1,198	816	47%	1,721	(682)	352%

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

	2 nd Quarter			Half year ended 30 June		
	2012 US\$'000	2011 US\$'000	% Change	2012 US\$'000	2011 US\$'000	% Change
Profit/ (loss) for the period	1,198	816	47%	1,721	(682)	352%
Other comprehensive income/ (expense) for the period, net of tax:						
Exchange differences on translation of foreign operations	197	103	91%	(244)	218	(212%)
Fair value (loss)/ gain of cash flow hedges	(566)	(573)	1%	652	(323)	302%
	<u>(369)</u>	<u>(470)</u>	21%	<u>408</u>	<u>(105)</u>	489%
Total comprehensive income/ (expense) for the period	<u>829</u>	<u>346</u>	140%	<u>2,129</u>	<u>(787)</u>	371%
Attributable to:						
Owners of the parent	799	324	147%	2,042	(745)	374%
Non-controlling interests	30	22	36%	87	(42)	307%
	<u>829</u>	<u>346</u>	140%	<u>2,129</u>	<u>(787)</u>	371%

N/M: Not meaningful

NOTES:

[1] Breakdown of fee income

	2 nd Quarter			Half year ended 30 June		
	2012 US\$'000	2011 US\$'000	% Change	2012 US\$'000	2011 US\$'000	% Change
Arrangement and agency fee	191	32	497%	216	330	(35%)
Brokerage commission	196	216	(9%)	413	432	(4%)
Incentive fee	-	-	N/M	33	-	N/M
Asset management & administration fee *	1,037	1,079	(4%)	2,050	2,214	(7%)
Charter income	2,563	1,112	130%	5,625	1,112	406%
	<u>3,987</u>	<u>2,439</u>	63%	<u>8,337</u>	<u>4,088</u>	104%

* Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as the asset manager of hotels and residential projects of \$1.3 million (1H2011: \$1.6 million).

[2] Breakdown of investment returns

	2 nd Quarter			Half year ended 30 June		
	2012 US\$'000	2011 US\$'000	% Change	2012 US\$'000	2011 US\$'000	% Change
Interest on performance notes – shipping	-	296	(100%)	-	296	(100%)
Interest on performance notes – distressed debt	-	-	N/M	33	-	N/M
Realised gain on investment – shipping	43	89	(52%)	88	89	(1%)
Realised gain on investment – hotel and residential	-	4	(100%)	53	86	(38%)
Property rental income	84	150	(44%)	165	291	(43%)
Fair value adjustment on investment properties	52	(8)	N/M	23	(23)	200%
Fair value adjustment on investment – hotel and residential	245	(14)	N/M	(80)	(91)	12%
Fair value adjustment on investment – shipping	2,413	(271)	N/M	1,386	286	385%
Fair value adjustment on investment – industrial/ office property	1,613	1,141	41%	1,615	1,380	17%
Fair value adjustment on performance notes – shipping	(1,812)	(19)	N/M	(1,632)	19	N/M
Fair value adjustment on performance notes – distressed debt	8	5	60%	(29)	3	N/M
Fair value adjustment on listed shares – others	(134)	100	(234%)	122	87	40%
Net loss on derivative financial instruments	(119)	-	N/M	(71)	-	N/M
	<u>2,393</u>	<u>1,473</u>	62%	<u>1,673</u>	<u>2,423</u>	(31%)

1 (b) (i) A statement of financial position 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 2012 US\$'000	31 December 2011 US\$'000	30 June 2012 US\$'000	31 December 2011 US\$'000
ASSETS				
Non-current assets				
Investment properties	7,884	7,507	-	-
Intangible assets	36	53	-	-
Property, plant and equipment	105,438	84,967	44	18
Loans receivable	13,430	8,504	10,180	8,254
Loans to subsidiaries	-	-	6,525	5,157
Investments	48,654	45,992	31,506	30,410
Investments in subsidiaries	-	-	38,362	38,362
Rental deposit	2,082	2,471	-	-
Derivative financial instruments	5	51	5	51
Deferred tax assets	30	9	-	-
Deposit for purchase of vessels	6,242	19,079	-	-
Total non-current assets	183,801	168,633	86,622	82,252
Current assets				
Investments	1,496	1,373	-	-
Loans receivable	1,626	1,232	-	-
Loans to subsidiaries	-	-	21,782	20,310
Derivative financial instruments	25	-	-	-
Accounts receivable	5,619	5,692	149	113
Amount due from subsidiaries	-	-	2,468	2,201
Prepayments, deposits and other receivables	2,452	2,371	321	276
Tax recoverable	-	612	-	-
Deposits pledged as collateral	18,591	18,728	17,534	17,776
Cash and bank balances	37,668	51,164	24,447	33,145
Total current assets	67,477	81,172	66,701	73,821
Total assets	251,278	249,805	153,323	156,073

	Group		Company	
	30 June 2012 US\$'000	31 December 2011 US\$'000	30 June 2012 US\$'000	31 December 2011 US\$'000
EQUITY				
Equity attributable to owners of the parent				
Share capital	75,167	75,167	75,167	75,167
Share premium	31,319	31,319	31,319	31,319
Retained earnings	25,168	23,534	20,972	22,527
Fair value reserve	9	9	-	-
Hedging reserve	(471)	(1,123)	-	-
Exchange reserve	4,245	4,489	-	-
Capital reserve	(126)	(126)	-	-
Total equity attributable to owners of the parent	135,311	133,269	127,458	129,013
Non-controlling interests	157	124	-	-
Total equity	135,468	133,393	127,458	129,013
LIABILITIES				
Non-current liabilities				
Borrowings	70,021	62,111	-	-
Finance lease obligations	24	28	-	-
Due to Tokumei Kumiai investors	1,869	1,816	-	-
Derivative financial instruments	572	1,173	5	51
Other payables	152	155	-	-
Total non-current liabilities	72,638	65,283	5	51
Current liabilities				
Borrowings	30,526	37,573	25,192	25,829
Finance lease obligations	9	9	-	-
Accounts payable	3,468	4,888	5	-
Other payables and accruals	9,062	8,462	663	1,180
Income tax payable	107	197	-	-
Total current liabilities	43,172	51,129	25,860	27,009
Total equity and liabilities	251,278	249,805	153,323	156,073

NOTES:-

Non-current assets increased by \$15.2 million from \$168.6 million on 31 December 2011 to \$183.8 million on 30 June 2012 due mainly to the following:

1. an increase of \$20.5 million in property, plant and equipment (net of depreciation) resulting mainly from the delivery of a handysize bulk carrier held by a shipping subsidiary;
2. a net decrease of \$12.8 million in the deposit for purchase of vessels due to the reclassification of deposits to property, plant and equipment upon the delivery of the aforementioned vessel; and
3. a net increase of \$4.9 million in loans receivable due mainly to new loans given to shipping investments.

Non-current liabilities increased by \$7.3 million from \$65.3 million on 31 December 2011 to \$72.6 million on 30 June 2012 due primarily to a net increase in non-current borrowings of \$7.9 million mainly because of a refinancing of a short term borrowing into a long term borrowing, as well as drawdown of borrowing to finance the aforementioned vessel payment. Accordingly, current liabilities decreased by \$7.9 million from \$51.1 million on 31 December 2011 to \$43.2 million on 30 June 2012 due mainly to decrease in current portion of borrowings.

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

	As at 30 June 2012		As at 31 December 2011	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	20,558	9,968	27,221	10,352
Amount repayable after one year	68,788	1,233	61,232	879
Total	<u>89,346</u>	<u>11,201</u>	<u>88,453</u>	<u>11,231</u>

Details of any collateral

The Group's borrowings are secured by means of:

- > a legal mortgage over certain cash deposits of the holding company
- > a legal mortgage over certain cash deposits of a subsidiary
- > a legal mortgage over an investment property of a subsidiary
- > legal mortgages over vessels of the subsidiaries
- > legal mortgages over freehold properties under the category of "Property, plant and equipment" of subsidiaries

1 (c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Half year ended 30 June	
		2012 US\$'000	2011 US\$'000
Cash flows from operating activities			
Profit/ (loss) before tax		1,787	(623)
Adjustments for:			
Investment returns		(1,673)	(2,423)
Amortisation and depreciation		1,957	754
Loss on disposal of property, plant and equipment		20	-
Write-back on provision of onerous contracts		(356)	(1,476)
Provision of onerous contracts		-	1,033
Net foreign exchange gain		(524)	(275)
Interest income		(543)	(393)
Finance costs – interest expense		943	719
Finance costs – others		150	41
Share of results of associates		-	2
Allocation to Tokumei Kumiai investors		101	(92)
Operating cash flows before changes in working capital		1,862	(2,733)
Changes in working capital:			
Net change in accounts receivable		90	(62)
Net change in prepayments, deposits and other receivables		195	(111)
Net change in retirement benefit allowance		-	(194)
Net change in accounts payable		(1,401)	(476)
Net change in other payables and accruals		(3,925)	(507)
Cash flows used in operations		(3,179)	(4,083)
Interest received on bank balances		95	17
Tax reimbursed/ (paid)		425	(222)
Net cash flows used in operating activities	[1]	(2,659)	(4,288)

	Note	Half year ended 30 June	
		2012 US\$'000	2011 US\$'000
Cash flows from investing activities			
Purchase of investments		(2,962)	(275)
Proceeds from sale of investments		841	264
Deposit refunded/ (paid) for purchase of vessels		9	(4,765)
Purchase of property, plant and equipment		(5,246)	(29,895)
Loans advanced		(6,328)	(1,301)
Loans repaid		911	1,024
Interest received from loans		382	323
Net decrease in deposits pledged as collateral		112	1,298
Proceeds from investments		174	382
Proceeds from property rental		165	289
Net cash flows used in investing activities	[2]	(11,942)	(32,656)
Cash flows from financing activities			
New borrowings		5,194	53,823
Repayment of borrowings		(2,770)	(21,017)
Interest paid on borrowings		(969)	(1,798)
Other finance costs paid		(79)	-
Payment of lease obligation		(4)	(4)
Payment to non-controlling interest		(54)	-
Net cash flows generated from financing activities	[3]	1,318	31,004
Net decrease in cash and cash equivalents		(13,283)	(5,940)
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the period		51,164	26,528
Net decrease in cash and cash equivalents		(13,283)	(5,940)
Effects of foreign exchange rate changes, net		(213)	348
Cash and cash equivalents at end of the period		37,668	20,936

NOTES:

- [1] Cash flows used in operating activities amounted to \$2.7 million for 1H2012 compared to \$4.3 million in 1H2011. The net cash outflows comprised mainly of net profit before tax of \$1.9 million after adjusting for non-cash items in the income statement offset by net cash outflow of working capital of \$5.0 million during the period due mainly to net payment of accounts and other payables.
- [2] Cash flows used in investing activities were \$11.9 million for 1H2012. The main cash usages were purchase of a shipping investment, purchase of property, plant and equipment due to scheduled payment for a wholly owned vessel delivered in late June 2012, and new loans given to shipping investments.
- [3] Cash flows generated from financing activities were \$1.3 million in 1H2012 mainly from net new borrowings.

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.

	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	Capital reserve US\$'000	Total equity attributable to owners of the parent US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Group										
Balance at 1 January 2012	75,167	31,319	23,534	9	(1,123)	4,489	(126)	133,269	124	133,393
Profit for the period	-	-	1,634	-	-	-	-	1,634	87	1,721
Other comprehensive income/ (expense)	-	-	-	-	652	(244)	-	408	-	408
Total comprehensive income/ (expense)	-	-	1,634	-	652	(244)	-	2,042	87	2,129
Payment to non-controlling interests	-	-	-	-	-	-	-	-	(54)	(54)
Balance at 30 June 2012	75,167	31,319	25,168	9	(471)	4,245	(126)	135,311	157	135,468
Balance at 1 January 2011	50,111	30,732	22,224	9	-	3,975	-	107,051	(74)	106,977
Loss for the period	-	-	(638)	-	-	-	-	(638)	(44)	(682)
Other comprehensive (expense)/ income	-	-	-	-	(323)	216	-	(107)	2	(105)
Total comprehensive (expense)/ income	-	-	(638)	-	(323)	216	-	(745)	(42)	(787)
Capital reserve	-	-	-	-	-	-	(126)	(126)	126	-
Balance at 30 June 2011	50,111	30,732	21,586	9	(323)	4,191	(126)	106,180	10	106,190
Company										
Balance at 1 January 2012	75,167	31,319	22,527	-	-	-	-	129,013	-	129,013
Loss for the period	-	-	(1,555)	-	-	-	-	(1,555)	-	(1,555)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive expense	-	-	(1,555)	-	-	-	-	(1,555)	-	(1,555)
Balance at 30 June 2012	75,167	31,319	20,972	-	-	-	-	127,458	-	127,458
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	50,111	30,732	25,242	-	-	-	-	106,085	-	106,085

- 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 2012, there was no change in share capital.

The Company did not have any convertibles or treasury shares as at 30 June 2012, 31 December 2011 and 30 June 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.**

	As at 30 June 2012	As at 31 December 2011
Total number of issued shares	<u>469,792,800</u>	<u>469,792,800</u>

- 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 or 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 method 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 2011.

- 5 **If there are any changes in the accounting policies and method 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 2011. 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.

	2 nd Quarter		Half year ended 30 June	
	2012	2011	2012	2011
Profit/ (loss) attributable to owners of the parent (US\$'000)	1,169	793	1,634	(638)
Weighted average number of ordinary shares in issue ('000)	469,793	313,195	469,793	313,195
Earnings/ (loss) per share (US cents per share) - basic and diluted	0.25	0.25	0.35	(0.20)

Basic earnings/ (loss) per share is calculated by dividing the profit/ (loss) attributable to owners 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 2012	31 December 2011
Net asset value per ordinary share based on issued share capital at the end of (in US\$)	0.29	0.28

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:

Review of Income Statement

Total income for 1H2012 was \$38.1 million compared to \$23.5 million in 1H2011, an increase of 61.8%. The main components of total income were fee income (21.9%) and hotel income (70.5%).

Fee income was \$8.3 million in 1H2012 compared to \$4.1 million in 1H2011 due mainly to contribution by charter income from the Group's vessel-owning subsidiaries.

During 2Q2012, three of the Group's hotel operating contracts ended. The Group now operates 11 hotels. Notwithstanding this, hotel income was \$26.9 million in 1H2012 compared to \$16.4 million in 1H2011 due to better occupancy rate (76.7% for 1H2012 vs. 69.4% for 1H2011) and higher average daily room rates (JPY7,284 for 1H2012 vs. JPY6,260 for 1H2011) as well as contribution to the top line by bigger Hotel JAL City Naha which the Group began operating late last year.

The Group's 10.2% effective interest in the property investment and development project in Kwun Tong, Kowloon East, Hong Kong had launched its pre-sale in June 2012 and the results had been encouraging, allowing the Group to book additional fair value gain of \$1.6 million on this investment in 2Q2012.

While total income increased by 61.8%, total operating expenses increased by a smaller margin of 49.5% from \$23.5 million in 1H2011 to \$35.1 million in 1H2012. Employee benefits expense was \$9.1 million in 1H2012 as compared to \$7.4 million in 1H2011 due mainly to the addition of employee benefits expense of hotel operating subsidiary Sun Vista Naha Co., Ltd acquired in 4Q2011. Vessel operating expenses was \$2.1 million in 1H2012 compared to \$0.3 million in 1H2011 as the vessels started operations only in late 2Q2011. Other operating expenses were \$22.8 million in 1H2012 compared to

\$15.7 million in 1H2011 due mainly to the increase in hotel operating expenses in generating the increased hotel income.

The Group's net operating profit improved to \$2.98 million in 1H2012 compared to a net operating profit of \$0.05 million in 1H2011.

Net profit after tax and finance cost for 1H2012 was \$1.7 million compared to a loss of \$0.7 million in 1H2011.

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.

In the shipping market, supply continues to outstrip demand across bulkers, containers and crude/product tankers sectors. The Group is looking to take advantage of such climate in searching for suitable business opportunities to generate future returns.

In Japan, the Group is looking at small residential property development opportunities as well as opportunities in increasing the Group's hotels under operation.

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 2012.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate for IPTs from the Group's shareholders.

BY THE ORDER OF THE BOARD

Kazuhiko Yoshida
Chairman, CEO
13 August 2012

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) 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 2012 to be false or misleading in any material aspect.

On behalf of the Board of Directors



Kazuhiko Yoshida
Chairman, CEO



Michio Tanamoto
COO

Date: 13 August 2012