Independent Auditors' Report

To the Shareholders of Uni-Asia Finance Corporation

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Uni-Asia Finance Corporation (the "Company") and its subsidiaries (together, the "Group") set out on pages 40 to 87 which comprise the balance sheet of the Company and the consolidated balance sheet as of 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The management of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
Certified Public Accountants
Hong Kong

23 March 2009

Balance Sheets

Year ended 31 December 2008

	Notes	Group 2008 US$'000	Group 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
ASSETS					
Non-current assets					
Investment properties	5	4,082	3,426	–	–
Intangible assets	6	534	–	–	–
Property, plant and equipment	7	27,395	421	83	318
Loans receivable	8	–	2,500	–	2,500
Loans to subsidiaries	31(d)	–	–	15,832	7,444
Investments	9	46,005	21,828	27,935	21,828
Investments in subsidiaries	31	–	–	15,721	1,000
Investments in associates	10	240	9,343	–	39
Rental deposit		3,113	–	–	–
Deferred tax assets	24(b)	1,623	1,062	1,280	1,062
Deposits for purchase of vessels		37,347	7,817	4,042	–
Total non-current assets		120,339	46,397	64,893	34,191
Current assets					
Properties for sale	11	9,013	–	–	–
Investments	9	280	–	–	–
Loans receivable	8	–	4,000	–	–
Loans to subsidiaries	31(d)	–	–	12,795	921
Derivative financial instruments	12	773	–	773	–
Accounts receivable	13	4,905	573	39	103
Amount due from subsidiaries	31(e)	–	–	11,729	11,323
Prepayments, deposits and other receivables		1,812	679	433	437
Tax recoverable		293	–	–	–
Deposits pledged as collateral	14	12,448	5,346	12,400	5,346
Cash and bank balances	15	28,797	50,800	13,689	46,656
Total current assets		58,321	61,398	51,858	64,786
Total assets		178,660	107,795	116,751	98,977
EQUITY					
Equity attributable to equity holders of the company					
Share capital	16	41,759	39,709	41,759	39,709
Share premium		21,402	13,353	21,402	13,353
Fair value reserve		322	(6)	–	–
Hedging reserve		(10,201)	–	–	–
Exchange reserve		4,940	701	609	–
Retained earnings		34,332	42,455	36,376	37,966
Total attributable to equity holders		92,554	96,212	100,146	91,028
Minority interests		1,187	–	–	–
Total equity		93,741	96,212	100,146	91,028
LIABILITIES					
Non-current liabilities					
Borrowings	17	13,718	–	–	–
Finance lease obligations	33(d)	228	–	–	–
Due to related parties	34(a)	2,055	–	–	–
Retirement benefit allowance		656	–	–	–
Derivative financial instruments	12	7,850	–	–	–
Deferred tax liabilities	24(b)	–	749	–	–
Total non-current liabilities		24,507	749	–	–
Current liabilities					
Borrowings	17	45,173	4,481	16,055	4,481
Finance lease obligations	33(d)	100	–	–	–
Accounts payable	18	3,080	315	2	221
Amount due to subsidiaries	31(e)	–	–	2	512
Other payables and accruals		6,821	3,131	546	2,735
Derivative financial instruments	12	5,103	2,752	–	–
Income tax payable		135	155	–	–
Total current liabilities		60,412	10,834	16,605	7,949
Total equity and liabilities		178,660	107,795	116,751	98,977

Consolidated Income Statement

Year ended 31 December 2008

	Notes	2008 US$'000	2007 US$'000
Fee income	19	11,709	12,012
Hotel income		26,496	–
Investment returns	20	419	6,753
Interest income	21	1,330	2,374
Other income		592	12
Total income		40,546	21,151
Employee benefits expense	22	(18,737)	(6,797)
Amortization and depreciation		(1,502)	(349)
Other expenses	23	(22,474)	(2,934)
(Loss)/ gain on disposal of fixed assets		(116)	12
		(42,829)	(10,068)
Operating (loss)/ profit		(2,283)	11,083
Finance costs – interest expense	21	(1,369)	(81)
Finance costs – others		(460)	–
Share of results of associates		(15)	340
(Loss)/ profit before tax		(4,127)	11,342
Tax credit	24	463	804
(Loss)/ profit for the year		(3,664)	12,146
Attributable to:			
Equity holders of the Company		(3,055)	12,146
Minority interests		(609)	–
		(3,664)	12,146
(Loss)/ earnings per share attributable to the equity holders of the company during the year (US cents per share):			
– basic and diluted	27	(1.17)	6.02

Consolidated Statement of Changes in Equity

Year ended 31 December 2008

	Notes	Share capital US$'000	Share premium US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Exchange reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Total attributable to equity holders US$'000	Minority interests US$'000	Total equity US$'000
Balance at 1 January 2008		39,709	13,353	(6)	–	701	–	42,455	96,212	–	96,212
Changes in fair value of derivative financial instruments		–	–	–	(10,201)	–	–	–	(10,201)	–	(10,201)
Exchange differences arising on translation of foreign operation		–	–	–	–	4,239	–	–	4,239	223	4,462
Total income and expense recognized directly in equity		–	–	–	(10,201)	4,239	–	–	(5,962)	223	(5,739)
Loss for the year		–	–	–	–	–	–	(3,055)	(3,055)	(609)	(3,664)
Total recognized income and expense for the year		–	–	–	(10,201)	4,239	–	(3,055)	(9,017)	(386)	(9,403)
Issuance of shares	16, 29	2,050	8,049	–	–	–	–	–	10,099	–	10,099
Acquisition of subsidiaries	29	–	–	328	–	–	–	–	328	1,557	1,885
Deconsolidation of subsidiaries	30	–	–	–	–	–	–	–	–	16	16
Dividend paid in respect of 2007	26	–	–	–	–	–	–	(5,068)	(5,068)	–	(5,068)
Balance at 31 December 2008		41,759	21,402	322	(10,201)	4,940	–	34,332	92,554	1,187	93,741
Balance at 1 January 2007		28,000	–	–	–	–	(223)	31,989	59,766	–	59,766
Exchange differences arising on translation of foreign operation		–	–	–	–	701	–	–	701	–	701
Share of fair value reserve of an associate		–	–	(6)	–	–	–	–	(6)	–	(6)
Total income and expense recognized directly in equity		–	–	(6)	–	701	–	–	695	–	695
Profit for the year		–	–	–	–	–	–	12,146	12,146	–	12,146
Total recognized income and expense for the year		–	–	(6)	–	701	–	12,146	12,841	–	12,841
Issuance of shares – IPO		11,709	14,666	–	–	–	–	–	26,375	–	26,375
IPO expenses		–	(1,313)	–	–	–	223	–	(1,090)	–	(1,090)
Dividend paid in respect of 2006	26	–	–	–	–	–	–	(1,680)	(1,680)	–	(1,680)
Balance at 31 December 2007		39,709	13,353	(6)	–	701	–	42,455	96,212	–	96,212

Consolidated Cash Flow Statement

Year ended 31 December 2008

	Notes	2008 US$'000	2007 US$'000
Cash flows from operating activities			
(Loss)/ profit before tax		(4,127)	11,342
Adjustments for:			
Investment returns	20	(419)	(6,753)
Amortization and depreciation		1,502	349
Realization of negative goodwill arising on acquisition of subsidiaries		(118)	–
Loss/ (gain) on disposal of property, plant and equipment		116	(12)
Interest income		(1,330)	(2,374)
Finance costs – interest expense		1,369	81
Finance costs – others		460	–
Share of results of associates		15	(340)
Net foreign exchange loss/ (gain)		211	(116)
		(2,321)	2,177
Change in working capital:			
Net change in properties for sale		(6,077)	–
Net change in accounts receivable		339	783
Net change in prepayments, deposits and other receivables		492	31
Net change in retirement benefit allowance		188	–
Net change in accounts payable		(1,050)	41
Net change in other payables and accruals		(2,392)	621
Cash (used in)/ generated from operations		(10,821)	3,653
Interest received on bank balances		1,117	1,743
Tax (paid)/ reimbursed		(738)	42
Net cash (used in)/ generated from operating activities		(10,442)	5,438
Cash flows from investing activities			
Acquisition of subsidiaries	29	10,747	–
Deconsolidation of subsidiaries	30	(210)	–
Purchase of investments		(11,050)	(14,638)
Purchase of investment properties		(8)	(2,861)
Proceeds from sale of investments		2,479	19,098
Redemption to minority interest of a subsidiary		(868)	–
Deposits for purchase of vessels		(29,531)	(7,817)
Purchase of items of property, plant and equipment		(334)	(118)
Proceeds from disposal of items of property, plant and equipment		1	12
Loans advanced		–	(300)
Loans repaid		6,500	3,413
Interest received from syndicated loans		241	623
Net increase in deposits pledged as collateral		(6,987)	(293)
Proceeds from interest on investments		6,046	2,185
Dividend received from an associate		19	–
Proceeds from property rental		589	–
Net cash used in investing activities		(22,366)	(696)
Cash flows from financing activities			
Proceeds from issuing shares		–	26,375
IPO expenses		–	(1,090)
New borrowings		48,585	–
Repayment of borrowings		(35,522)	–
Interest paid on borrowings		(1,450)	(43)
Dividend paid		(5,275)	(1,680)
Net cash generated from financing activities		6,338	23,562
Net (decrease)/ increase in cash and cash equivalents		(26,470)	28,304
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the year		50,800	22,205
Net (decrease)/ increase in cash and cash equivalents		(26,470)	28,304
Effects of exchange rate changes		4,467	291
Cash and cash equivalents at end of the year	15	28,797	50,800

Notes to the Consolidated Financial Statements

Year ended 31 December 2008

1. GENERAL INFORMATION

The principal activities of Uni-Asia Finance Corporation (the "Company") and its subsidiaries (together, the "Group") are finance arrangement and investment management of alternative assets including primarily shipping and real estates in Japan and China.

The Company is an exempted company incorporated in the Cayman Islands on 17 March 1997 with limited liability and it shares are listed on the Stock Exchange of Singapore.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and equity investments, which have been measured at fair value. These financial statements are presented in United States dollars and all values are rounded to the nearest thousand except when otherwise indicated.

To comply with the listing rules of the Stock Exchange of Singapore ("SGX"), management has presented the audited balance sheet (unconsolidated) of the Company to the financial statements for the year ended 31 December 2008.

<u>Basis of consolidation</u>

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has adopted the following new amendments to IFRSs for the first time for the current year's financial statements.

IAS 39 and IFRS 7 *Amendments*	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets*

The adoption of these new amendments has had no significant financial effect on these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised standards, amendments and interpretations, that have been issued but are not yet effective, in these financial statements.

IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [1]
IFRS 3 (Revised)	*Business Combinations* [2]
IFRS 8	*Operating Segments* [1]
IAS 1 (Revised)	*Presentation of Financial Statements* [1]
IAS 23 (Revised)	*Borrowing Costs* [1]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements* [2]
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [2]
IFRIC-Interpretation 15	*Agreements for the Construction of Real Estate* [1]
IFRIC-Interpretation 16	*Hedges of a Net Investment in a Foreign Operation* [3]
IFRIC-Interpretation 17	*Distribution of Non-cash Assets to Owners* [2]

Apart from the above, the IASB has also issued Improvements to IFRSs* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarify wording.

[1] *Effective for annual periods beginning on or after 1 January 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009*
[3] *Effective for annual periods beginning on or after 1 October 2008*
* Improvements to IFRSs contain amendments to IFRS 5, IFRS 7, IAS 1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that while the adoption of IFRS 8 and IAS 1 (Revised) may result in new or amended disclosures and the adoption of IFRS 3 (Revised), IAS 27 (Revised) and IAS 23 (Revised) may result in changes in accounting policies, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Subsidiaries (continued)

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are all entities, over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associates, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments held by venture capital or similar entities are excluded from the scope of IAS 28 where those investments are designated, upon initial recognition, as at fair value through profit or loss and are accounted for in accordance with IAS 39. Certain investments of the Group have applied this scope exemption with changes in fair value recognized in profit or loss in the period of change. The management has determined that the Group does not carry on its business through these associates.

(c) Revenue and other income recognition

Arrangement fee is recognized on delivery and upon completion of the transaction or service when all obligations associated with the transaction are completed and when the amount of revenue can be measured reliably.

Agency fee and brokerage commission are recognized when pre-agreed duties and functions of acting as an agent has been rendered.

Asset management fee, administration fee and incentive fee are recognized when pre-agreed terms and services has been rendered.

Hotel income is recognized on a basis that reflects the timing, nature and value when the relevant services are provided.

Rental income is recognized on a straight-line basis over the leases terms.

Interest income is recognized using the effective interest basis.

(d) Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interests.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Business combinations and goodwill (continued)

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquirer are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

(e) Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties for sale, deferred tax assets, financial assets, investment properties, goodwill and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation or amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(f) Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Related parties (continued)

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land in hotel properties has unlimited useful life and therefore is not depreciated.

Leasehold improvements are depreciated over the remaining period of the lease while all other fixed assets are depreciated at the following rates on a straight-line basis, which is deemed sufficient to write off their costs to their residual values over their estimated useful lives: office equipment at 33 1/3% per annum, hotel properties 2.6%, motor vehicles 8.8% and furniture and fixtures at 25% per annum.

Gain and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the consolidated income statement.

(h) Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/ or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use.

Investment properties are initially recognized at cost and subsequently carried at fair value. Changes in fair values are recognized in the income statement.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalized as additions and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognized in the income statement.

(i) Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Trademark and licenses

Purchased trademark and licenses are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimate useful lives of 3 to 10 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Properties for sale

Properties for sale are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. Properties for sale are measured at the lower of their carrying amounts and net realizable value.

(k) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months from the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets unless they have maturities greater than 12 months after the balance sheet date in which case they are classified as non-current assets. Loans are classified as "Loans receivable" in the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gains or losses previously reported in equity are included in the income statement. Interest and dividends earned are reported as interest income and dividend income respectively and are recognized in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognized in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Purchases and sales of investments are recognized at trade date – the date on which the Group commits to sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognized at fair value and transaction costs are expensed in the income statement. On initial recognition the Group designates financial assets and liabilities at fair value through profit or loss where a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with the Group investment strategy.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial assets (continued)

Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit and loss are subsequently carried at fair value.

Fair values for unquoted securities are estimated by the management. In determining fair valuation, the management makes use of market-based information and fair valuation models such as discounted cash flow models. In many instances the management also relies on financial data of investees and on estimates provided by the management of the investee companies as to the effect of future developments.

Performance notes are investments with income and maturity values which fluctuate based on the distributions received from underlying assets, which are generally investments in property development companies, distressed loans or shipping companies.

Fair values of performance notes or other collective investment schemes are determined by the Group's interest in the fair values of each scheme's underlying assets.

Gains and losses arising from changes in the fair value of all securities are recognized in the consolidated income statement as they arise.

Although the management uses their best judgment in estimating the fair value of investments, there are inherent limitations in any estimation techniques. Future confirming events will also affect the estimates of fair value and the effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to these consolidated financial statements.

(l) Financial liabilities at amortized cost (including interest-bearing loans and borrowings)

Financial liabilities including accounts and other payables, and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortized cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognized within "Finance costs" in the income statement.

Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the income statement.

(n) Cash and bank balances

For the purpose of the consolidated cash flow statement, cash flow from operating activities includes fee income and/ or other income derived from the Group's finance arrangement and investment management activities which are the principal activities of the Group.

Cash and cash equivalents include cash in hand, bank balances and short term bank deposits with an original maturity of less than three months.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the income statement or in equity if it relates to items that are recognized in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed at each balance sheet date and recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits

Pension obligations

Group companies have various defined contribution pension schemes in accordance with the local conditions and practices in the countries in which they operate. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee services in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

Bonus scheme

The Group pays out bonus to employees based on the overall corporate performance, the department being able to achieve the annual budget and the employee's performance and contribution to the Group.

(q) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments or reference to the present value of estimated future cash flows.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Derivative financial instruments and hedging (continued)

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the income statement.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the income statement over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortized to the income statement.

Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in the income statement.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the income statement. The changes in the fair value of the hedging instrument are also recognized in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

(r) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States Dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

All resulting exchange differences are recognized as a separate component of equity. On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

(s) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

(t) Dividend distributions

Dividend distributions to the Company's shareholders are recognized as a liability in the Group's financial statements in the period in which dividends are approved.

3. SEGMENT INFORMATION

Primary reporting format – business segments

At 31 December 2008, the Group is organized on a worldwide basis into four main business segments (activities): (1) structured finance; (2) maritime investment/ management; (3) distressed assets investment; and (4) property investment/ management.

The segment results for the year ended 31 December 2008 are as follows:

	Structured finance US$'000	Maritime investment/ management US$'000	Distressed assets investment US$'000	Property investment/ management US$'000	Unallocated US$'000	Group US$'000
Total income	2,842	6,919	(252)	29,512	1,525	40,546
Operating profit/ (loss)	343	4,001	(256)	(7,896)	1,525	(2,283)
Finance costs – interest expenses	–	–	–	–	(1,369)	(1,369)
Finance costs – others	–	–	–	–	(460)	(460)
Share of results of associates	–	(4)	–	(11)	–	(15)
(Loss)/ profit before tax	343	3,997	(256)	(7,907)	(304)	(4,127)
Less: Tax credit	–	–	–	–	463	463
(Loss)/ profit for the year	343	3,997	(256)	(7,907)	159	(3,664)
Other segment items are as follows:						
Capital expenditure	22	26	–	1,285	–	1,333
Amortization and depreciation	105	147	–	1,250	–	1,502

The segment results for the year ended 31 December 2007 are as follows:

	Structured finance US$'000	Maritime investment/ management US$'000	Distressed assets investment US$'000	Property investment/ management US$'000	Unallocated US$'000	Group US$'000
Total income	7,264	11,048	222	434	2,183	21,151
Operating profit/ (loss)	4,455	7,961	(578)	(272)	(483)	11,083
Finance costs – interest expenses	–	(38)	–	–	(43)	(81)
Share of results of associates	–	(15)	–	355	–	340
Profit/ (loss) before tax	4,455	7,908	(578)	83	(526)	11,342
Less: Tax credit/ (charge)	(73)	(72)	–	(113)	1,062	804
Profit/ (loss) for the year	4,382	7,836	(578)	(30)	536	12,146
Other segment items are as follows:						
Capital expenditure	27	23	1	11	56	118
Amortization and depreciation	78	135	45	6	85	349

3. SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 31 December 2008 are as follows:

	Structured finance US$'000	Maritime investment/ management US$'000	Distressed assets investment US$'000	Property investment/ management US$'000	Unallocated US$'000	Group US$'000
Segment assets	1,474	59,817	403	73,204	–	134,898
Investments in associates	–	–	–	240	–	240
Unallocated assets	–	–	–	–	43,522	43,522
Total assets	1,474	59,817	403	73,444	43,522	178,660
Segment liabilities	302	13,748	–	56,681	–	70,731
Unallocated liabilities	–	–	–	–	14,188	14,188
Total liabilities	302	13,748	–	56,681	14,188	84,919

The segment assets and liabilities as at 31 December 2007 are as follows:

	Structured finance US$'000	Maritime investment/ management US$'000	Distressed assets investment US$'000	Property investment/ management US$'000	Unallocated US$'000	Group US$'000
Segment assets	304	34,366	1,038	5,205	–	40,913
Investments in associates	–	60	–	9,283	–	9,343
Unallocated assets	–	–	–	–	57,539	57,539
Total assets	304	34,426	1,038	14,488	57,539	107,795
Segment liabilities	1,038	4,333	115	5,372	–	10,858
Unallocated liabilities	–	–	–	–	725	725
Total liabilities	1,038	4,333	115	5,372	725	11,583

Segment assets consist primarily of investment properties, property, plant and equipment, receivables, investments, deposits for purchase of vessels, properties for sale and operating cash. The unallocated portion represents mainly cash balances held by the Group.

The unallocated portion in segment liabilities represents mainly borrowings held by the Group.

Capital expenditure comprises incurred additions to property, plant and equipment (note 7).

Secondary reporting format – geographical segments

The Group's four business segments operate in three main geographical areas, even though they are managed on a worldwide basis.

Global – the Global segment represents activities with assets or customers with no fixed location, which include structured finance and maritime (ship) investment/ management.

Asia (ex-Japan) – the Asia (ex-Japan) segment represents activities with assets or customers located in Asia (ex-Japan), which include structured finance, ship investment/ management, property investment/ management and distressed assets investment/ management.

Japan – the Japan segment represents activities with assets or customers located in Japan, which include structured finance, ship investment/ management and property investment/ management.

3. SEGMENT INFORMATION (continued)

	2008 US$'000	2007 US$'000
Income		
Global	7,919	14,078
Asia (ex-Japan)	1,178	2,405
Japan	29,967	2,295
Unallocated	1,482	2,373
	40,546	21,151

	2008 US$'000	2007 US$'000
Total assets		
Global	59,817	34,366
Asia (ex-Japan)	6,121	767
Japan	68,960	5,780
Unallocated	43,522	57,539
	178,420	98,452
Investments in associates	240	9,343
	178,660	107,795

Income and total assets attributable to business segments are based on the country in which the customer is located. Income generated from non-core businesses and assets not attributable to business segments are disclosed as unallocated. There are no sales between the segments. Total assets and capital expenditure are where the assets are located.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgment. Investment property is a property held to earn rentals and/ or for capital appreciation. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between properties for sale and owner-occupied properties

The Group has changed its strategy on the usage of a hotel property held for sale and decided to change the accounting for the hotel property from the properties for sale category to the owner-occupied properties category during the year.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Estimation of fair value of investment properties

The Group uses both external valuation reports and management's valuation in the fair valuation of investment properties. In the case of an internal valuation, the discounted cash flow method is used which makes reference to the estimated or actual market rental values and equivalent yields.

Estimated impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2008 was US$423k (2007: Nil). More details are given in note 6.

Estimate impairment of property, plant and equipment

Property, plant and equipment have been revaluated by accredited independent valuers upon acquisition and transfer from properties for sale during the year. The valuations are based on the direct capitalization method and discounted cash flow method that make reference to the estimated market rental values and equivalent yields.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognized tax losses at 31 December 2008 was US$1,315k (2007: US$1,062k). The amount of unrecognized tax losses at 31 December 2008 was US$1,209k (2007: Nil). Further details are contained in note 24.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as estimated discounted cash flows or comparison of key valuation parameters, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

5. INVESTMENT PROPERTIES

	Note	2008 US$'000	2007 US$'000
Group			
At 1 January		3,426	–
Additions		8	2,992
Fair value gain	20	405	434
Currency translation differences		243	–
At 31 December		4,082	3,426

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 33(c).

Further particulars of the Group's investment properties are detailed below:

Location	Use	Tenure	Unexpired lease term
Room 701, 712-717, 719-725, 7/F, China Shine Plaza, 9 Lin He Xi Road, Tianhe District, Guangzhou, PRC	Offices	Leasehold	47 years

6. INTANGIBLE ASSETS

	Notes	Goodwill US$'000	Other intangible assets US$'000	Total US$'000
Group				
Cost				
At January 2008		–	–	–
Acquisition of subsidiaries	29	343	249	592
Disposal		–	(127)	(127)
Currency translation differences		80	59	139
At 31 December 2008		423	181	604
Accumulated depreciation				
At January 2008		–	–	–
Acquisition of subsidiaries	29	–	45	45
Amortization		–	47	47
Disposal		–	(40)	(40)
Currency translation differences		–	18	18
At 31 December 2008		–	70	70
Net book value				
At 31 December 2008		423	111	534
At 31 December 2007		–	–	–

Goodwill impairment testing

Goodwill acquired through business combinations was allocated to the property investment/ management cash-generating unit (the "CGU") within the business segment identified by the Group. The recoverable amounts of the CGU are determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 6%.

No impairment loss has been recognized in respect of goodwill as at 31 December 2008 as its value in use exceeds the carrying amount.

7. PROPERTY, PLANT AND EQUIPMENT

	Notes	Hotel properties US$'000	Office equipment, furniture and fixtures US$'000	Motor vehicles US$'000	Total US$'000
Group					
Cost					
At 1 January 2008		–	1,116	–	1,116
Additions		213	1,120	–	1,333
Acquisition of subsidiaries	29	13,480	2,459	17	15,956
Transfer from properties for sale		9,819	–	–	9,819
Disposals		–	(299)	–	(299)
Written off		–	(76)	–	(76)
Currency translation differences		3,070	581	4	3,655
At 31 December 2008		26,582	4,901	21	31,504
Accumulated depreciation					
At 1 January 2008		–	695	–	695
Charge		430	1,024	1	1,455
Acquisition of subsidiaries	29	–	1,605	14	1,619
Disposals		–	(166)	–	(166)
Written off		–	(75)	–	(75)
Currency translation differences		92	485	4	581
At 31 December 2008		522	3,568	19	4,109
Net book value					
At 31 December 2008, at cost		26,060	1,333	2	27,395

Land and buildings included in the hotel properties are freehold.

As at 31 December 2008, certain of the Group's hotel properties with a carrying amount of US$15,650k (2007: Nil) are pledged to secure the Group's bank borrowings of US$12,136k (note 17).

The carrying amount of the office equipment, furniture and fixtures includes an amount of US$304k (2007: Nil) in respect of assets held under finance leases.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment, furniture and fixtures US$'000
Group	
Cost	
At 1 January 2007	1,033
Additions	118
Disposals	(21)
Written off	(15)
Currency translation differences	1
At 31 December 2007	1,116
Accumulated depreciation	
At 1 January 2007	381
Charge	349
Disposals	(21)
Written off	(15)
Currency translation differences	1
At 31 December 2007	695
Net book value	
At 31 December 2007, at cost	421

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment, furniture and fixtures US$'000
Company	
Cost	
At 1 January 2008	950
Additions	33
Disposals	(1)
Written off	(76)
At 31 December 2008	906
Accumulated depreciation	
At 1 January 2008	632
Charge	267
Disposals	(1)
Written off	(75)
At 31 December 2008	823
Net book value	
At 31 December 2008, at cost	83
Cost	
At 1 January 2007	910
Additions	69
Disposals	(19)
Written off	(10)
At 31 December 2007	950
Accumulated depreciation	
At 1 January 2007	354
Charge	307
Disposals	(19)
Written off	(10)
At 31 December 2007	632
Net book value	
At 31 December 2007, at cost	318

8. LOANS RECEIVABLE

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Participation in loans				
Repayable within one year				
Interest rate at LIBOR plus 3% p.a.	–	4,000	–	–
	–	4,000	–	–
Participation in loans				
Repayable between one and five years				
Interest rate at 6% p.a.	–	2,500	–	2,500
	–	2,500	–	2,500
Loans receivable	–	6,500	–	2,500

The carrying amount of the loans approximates to their fair value.

9. INVESTMENTS

	Current		Non-current	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Group				
Financial assets at fair value through profit or loss				
Unlisted shares – hotel	–	–	8,340	–
Unlisted shares – residential	–	–	15,297	1,713
Unlisted shares – shipping	–	–	4,819	5,364
Unlisted performance notes – hotel	–	–	25	–
Unlisted performance notes – shipping	–	–	16,826	13,900
Unlisted performance notes – distressed debt	–	–	389	851
Listed shares – others	280	–	–	–
Redeemable convertible bonds	–	–	74	–
	280	–	45,770	21,828
Available-for-sale financial assets				
Listed shares – hotel	–	–	235	–
	280	–	46,005	21,828

9. INVESTMENTS (continued)

	Current		Non-current	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Company				
Financial assets at fair value through profit or loss				
Unlisted shares – residential	–	–	5,901	1,714
Unlisted shares – shipping	–	–	4,819	5,363
Unlisted performance notes – shipping	–	–	16,826	13,900
Unlisted performance notes – distressed debt	–	–	389	851
	–	–	27,935	21,828

Fair values for unlisted shares are estimated by the management with reference to market-based information and fair valuation models such as discounted cash flow models.

Fair values of unlisted performance notes are determined by the Group's interest in the fair values of each scheme's underlying assets.

Distressed debt performance notes are redeemed semi-annually, in whole or in part, based on net cash recovered from underlying assets funded by the original note's issuance. The remaining performance notes are redeemed at their principal amounts on such other date as may be agreed to by the subscribers of the performance notes.

Shipping performance notes are redeemed semi-annually, in whole or in part, based on the net cash inflow from the operation or the disposal of underlying assets. There are no maturity dates for the shipping performance notes invested by the Group.

At 31 December 2008, the Company has pledged the interest in share capital of an investment of US$3,500k as security for an investee's bank loans and for entering into two interest rate swap agreements.

10. INVESTMENTS IN ASSOCIATES

Summary of associates' assets, liabilities and results are as follows:

	2008 US$'000	2007 US$'000
Assets	1,216	64,561
Liabilities	(700)	(43,638)
Revenue	1,887	41,278
Profit for the year	88	743

10. INVESTMENTS IN ASSOCIATES (continued)

Particulars of associates are as follows:

Name	Country of incorporation	Issued and full paid-up share capital	Attributable equity interest	Principal activities and place of operations
YK Grosvenor Capital Advisers Fund Management *	Japan	JPY11,000,000	50%	Project management, accounting and administration, Japan
YK Grosvenor Diamond Capital *	Japan	JPY3,000,000	20%	Project management, accounting and administration, Japan

* Not required to be audited under the laws of the country of incorporation.

11. PROPERTIES FOR SALE

The freehold land included in properties for sale was US$4,503k.

As at 31 December 2008, details of the properties for sale were as follows:

Description	Location	% owned	Site area m^2	Gross floor area m^2	Stage of completion as at 31 December 2008 (expected year of completion)
Modulor Sasazuka II A 4 storey residential property with 12 rooms	1-35-13-3 Honan-cho, Suginami-ku, Tokyo, Japan	100%	174.25	397.32	100% (completed)
Modulor Nakamurabashi A 4 storey residential property with 19 rooms	1-10-11 Nukii, Nerima-ku, Tokyo, Japan	100%	220.85	510.03	100% (completed)
Modulor Kakuouzan A 4 storey residential property with 29 rooms	1-64 Maruyama-cho, Chikusa-ku, Nagoya-shi, Aichi, Japan	100%	370.28	853.67	100% (completed)

The Group has pledged certain properties for sale amounting to US$3,387k (2007: Nil) to secure the Group's bank borrowings of US$2,703k (note 17).

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Current		Non-current	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Group				
Forward currency contracts	773	–	–	–
Financial assets	773	–	–	–
Forward currency contract for cash flow hedge purpose	(3,913)	–	–	–
Interest rate swap contracts for cash flow hedge purpose	(1,190)	(2,752)	(7,850)	–
Financial liabilities	(5,103)	(2,752)	(7,850)	–
Company				
Forward currency contracts	773	–	–	–
Financial assets	773	–	–	–

The carrying amounts of the forward currency contracts and interest rate swaps are the same as their fair values.

(a) Forward currency contracts

At 31 December 2008, the Group held a forward currency contract designated as hedge in respect of a Japanese Yen loan amounting to JPY4,823 million for the purchase of a vessel in 2009. The terms of the forward currency contract have been negotiated to match with the terms of the commitment. The cash flow hedge was assessed to be highly effective and a net loss of US$3,913k was included in the hedging reserve as at the balance sheet date.

In addition, the Group has entered into two forward currency contracts to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of non-hedging currency derivatives amounting to US$734k were charged to the income statement during the year (2007: Nil).

(b) Interest rate swap contracts

The Group entered into two twelve year interest rate swap contracts (callable at year 10) with a view to swap the interest payments of bank borrowings from a floating to fixed basis. The interest rate swap contracts were entered into by a subsidiary of the Group in respect of a loan to be drawn in 2009. The cash flow hedge was assessed to be highly effective and a net loss of US$6,288k was included in the hedging reserve as at the balance sheet date.

13. ACCOUNTS RECEIVABLE

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Accounts receivable	4,987	573	39	103
Impairment	(82)	–	–	–
Financial assets	4,905	573	39	103

13. ACCOUNTS RECEIVABLE (continued)

In general, the Group normally grants a credit period of 30 days to its customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

An aged analysis of the accounts receivable as at the balance sheet date, based on the payment due date and net of impairment, is as follows:

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
30 days or less	4,085	271	37	103
31 days to 60 days	148	42	–	–
Over 61 days	672	260	2	–
	4,905	573	39	103

The movements in provision for impairment of accounts receivable are as follows:

		Group	
	Note	2008 US$'000	2007 US$'000
At 1 January		–	–
Impairment losses recognized	23	71	–
Currency translation differences		11	–
At 31 December		82	–

The impairment of accounts receivable is individually determined to be impaired as at 31 December 2008. The individually impaired accounts receivable relate to customers that were in financial difficulties. The Group does not hold any collateral or other credit enhancements over these balances.

Included in the Group's accounts receivables balance are receivables from related parties as disclosed in note 34(a).

14. DEPOSITS PLEDGED AS COLLATERAL

As at 31 December 2008, the Group and the Company had deposits pledged as collateral against Japanese Yen denominated revolving bank loan facilities. The carrying amounts of the pledged deposits approximate to their fair values.

15. CASH AND BANK BALANCES

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Cash at banks and in hand	14,295	25,611	2,008	23,847
Short term time deposits	14,502	25,189	11,681	22,809
Cash and cash equivalents	28,797	50,800	13,689	46,656

15. CASH AND BANK BALANCES (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

16. SHARE CAPITAL

	Number of shares		Share capital	
	2008	2007	2008	2007
	'000	'000	US$'000	US$'000
Authorized:				
Ordinary shares of US$0.16 each	750,000	750,000	120,000	120,000
Issued and fully paid:				
At 1 January	248,182	175,000	39,709	28,000
Issued for initial public offerings	–	73,182	–	11,709
Issued for acquisition of subsidiaries	12,814	–	2,050	–
At 31 December	260,996	248,182	41,759	39,709

On 4 January 2008, the Company entered into a swap agreement with the shareholders of Capital Advisers Co., Ltd. ("Capital Advisers") to acquire an additional 47.9% equity interests in Capital Advisers, with the exchange of 12,814,000 newly issued shares.

17. BORROWINGS

	Current		Non-current	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Group				
Repayable per terms of revolving loan facilities				
- Secured	28,302	4,481	2,942	–
- Unsecured	16,871	–	10,776	
	45,173	4,481	13,718	–
Company				
Repayable per terms of revolving loan facilities				
- Secured	11,055	4,481	–	–
- Unsecured	5,000	–	–	–
	16,055	4,481	–	–

The effective annual interest rates of the bank borrowings range from approximately 0.9475% to 4.5% (2007: from approximately 0.70125% to 1.245%).

In addition to the information disclosed elsewhere in the notes to the consolidated financial statements, the Group has pledged a rental deposit of US$951k to secure the Group's bank borrowing of US$938k (2007: Nil).

18. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the balance sheet date, based on the payment due date, is as follows:

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
30 days or less	2,817	228	2	193
31 days to 60 days	58	31	–	–
Over 61 days	205	56	–	28
	3,080	315	2	221

The accounts payable are non-interest-bearing and are normally settled on 30-day terms.

19. FEE INCOME

	2008 US$'000	2007 US$'000
Arrangement and agency fee	2,525	7,956
Brokerage commission	1,337	1,532
Incentive fee	1,858	817
Asset management and administration fee	5,989	1,361
Charter income	–	346
	11,709	12,012

20. INVESTMENT RETURNS

	Notes	2008 US$'000	2007 US$'000
Interest on performance notes – shipping	34(a)	5,595	1,875
Interest on performance notes – distressed debt	34(a)	25	35
Realized gain on investment – shipping		–	4,907
Realized gain on investment – hotel and residential		352	–
Realized gain on interest rate swap contracts		–	89
Property rental income		496	–
Fair value adjustment on investment properties	5	405	434
Fair value adjustment on investment – hotel and residential		(886)	–
Fair value adjustment on investment – shipping		(2,794)	484
Fair value adjustment on investment – others		–	(191)
Fair value adjustment on performance notes – hotel and residential		(87)	–
Fair value adjustment on performance notes – shipping		166	1,974
Fair value adjustment on performance notes – distressed debt		(444)	(102)
Fair value adjustment on listed shares – hotel		(306)	–
Fair value adjustment on listed shares – others		(75)	–
Fair value adjustment on a forward currency contract	12	734	–
Fair value adjustment on an interest rate swap contract		–	(2,752)
Write-down of properties for sale to net realizable value – hotel and residential		(2,762)	–
		419	6,753

21. INTEREST INCOME AND EXPENSE

	Note	2008 US$'000	2007 US$'000
Interest income from:			
- cash and cash equivalents		1,124	1,736
- participation in bridging loans	34(a)	206	638
		1,330	2,374
Interest expense on:			
- borrowings		1,255	81
- finance lease obligations		114	–
		1,369	81

22. EMPLOYEE BENEFITS EXPENSE

	2008 US$'000	2007 US$'000
Salaries (including directors' remuneration)	17,123	5,470
Pension scheme contributions	184	196
Staff residences, other welfare and allowances	1,430	1,131
	18,737	6,797

23. OTHER EXPENSES

The following items have been included in arriving at other expenses:

	Note	2008 US$'000	2007 US$'000
Operating lease expenses		1,495	680
Hotel leases		6,316	–
Hotel sub-operator fee		686	–
Hotel operating expenses		7,110	–
Bad debt expenses		126	–
Impairment of accounts receivable	13	71	–
Travelling		1,205	464
Entertainment		233	193
Communication		270	145
Agency fee		1,191	2
Professional services fees		2,121	737
Auditors' remuneration – auditors of the Group		394	115
Auditors' remuneration – other auditors		3	–
Non-audit fee paid to other auditors		53	19
Tax and public dues		314	9
Net foreign exchange loss/ (gain)		211	(116)
Miscellaneous		675	686
		22,474	2,934

24. TAX

The Group's taxes on assessable profits have been calculated at tax rates prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(a) Income tax

	Note	2008 US$'000	2007 US$'000
Current tax		331	145
Deferred tax	24(b)	(794)	(949)
Total tax credit for the year		(463)	(804)

A reconciliation between tax credit of the Group applicable to (loss)/ profit before tax using applicable rates and the tax expenses for the year is as follows:

	2008 US$'000	2007 US$'000
(Loss)/ profit before tax	(4,127)	11,342
Tax at domestic rates applicable to individual group entities	(2,481)	1,985
Tax effects of:		
- change in tax rate	61	–
- expenses not deductible for the tax purposes	3,051	97
- income not subject to tax	(1,559)	(2,165)
- utilization of previously unrecognized tax losses	(13)	(1,189)
- deferred tax assets not recognized	1,209	–
- different tax rates in other countries	–	442
- partial tax exemption and tax relief	(39)	–
- overprovision in respect of previous year	(714)	–
- other	22	26
Tax credit for the year at the Group's effective rate of 11% (2007: (7)%)	(463)	(804)

(b) Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Deferred tax assets	1,623	1,062	1,280	1,062
Deferred tax liabilities	–	(749)	–	–
	1,623	313	1,280	1,062

24. TAX (continued)

(b) Deferred taxation (continued)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Notes	Group Provision US$'000	Group Tax losses US$'000	Group Total US$'000	Company Tax losses US$'000
At 1 January 2007		–	–	–	–
Credit to the income statement for the year	24(a)	–	1,062	1,062	1,062
At 31 December 2007 and 1 January 2008		–	1,062	1,062	1,062
Credit/ (charge) to the income statement for the year	24(a)	(192)	237	45	218
Credit to equity for the year		22	–	22	–
Acquisition of subsidiaries	29	407	11	418	–
Currency translation differences		71	5	76	–
At 31 December 2008		308	1,315	1,623	1,280

Deferred tax liabilities

Group	Note	Undistributed profits of associate US$'000
At 1 January 2007		(636)
Charge to the income statement for the year	24(a)	(113)
At 31 December 2007 and 1 January 2008		(749)
Credit to the income statement for the year	24(a)	749
At 31 December 2008		–

The above associate, Capital Advisers, became a subsidiary of the Group during the year.

25. PROFIT/ (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company for the year ended 31 December 2008 includes a profit of US$3,478k (2007: US$13,456k) which has been dealt with in the financial statements of the Company (note 28(b)).

26. DIVIDENDS

The dividends paid in 2008 and 2007 were US$5,068k (SG cents 2.75 per share) and US$1,680k (US cent 0.96 per share) respectively. The directors of the Company do not recommend any final dividend in respect of the current financial year.

27. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares during the year. The Group has one category of potential ordinary shares: share options issued in 2004 by Capital Advisers. These share options are not considered to have any dilutive effect on earnings per share.

	2008	2007
(Loss)/ profit attributable to equity holders (US$'000)	(3,055)	12,146
Weighted average number of ordinary shares in issue ('000)	260,891	201,786
(Loss)/ earnings per share (US cents per share) – basic and diluted	(1.17)	6.02

28. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 42 of the financial statements.

(b) Company

	Notes	Share capital US$'000	Share premium US$'000	Exchange reserve US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2008		39,709	13,353	–	37,966	91,028
Exchange differences arising on translation of foreign operation		–	–	609	–	609
Total income and expense recognized directly in equity		–	–	609	–	609
Loss for the year		–	–	–	3,478	3,478
Total recognized income and expense for the year		–	–	609	3,478	4,087
Issuance of shares	29	2,050	8,049	–	–	10,099
Dividend paid in respect of 2007	26	–	–	–	(5,068)	(5,068)
Balance at 31 December 2008		41,759	21,402	609	36,376	100,146
Balance at 1 January 2007		28,000	–	–	26,190	54,190
Profit for the year		–	–	–	13,456	13,456
Total recognized income and expense for the year		–	–	–	13,456	13,456
Issuance of shares – IPO		11,709	14,666	–	–	26,375
IPO expenses		–	(1,313)	–	–	(1,313)
Dividend paid in respect of 2006	26	–	–	–	(1,680)	(1,680)
Balance at 31 December 2007		39,709	13,353	–	37,966	91,028

29. ACQUISITION OF SUBSIDIARIES

On 4 January 2008, the Group acquired additional shares of Capital Advisers via a share swap thereby increasing the Group's total share ownership in Capital Advisers from 44.8% to 92.7%. Based on the share price of the Company of SG$1.13 per share on 4 January 2008, the date of acquisition, total consideration of the 47.9% equity interest in Capital Advisers amounted to US$10,099k and share premium was increased by US$8,049k accordingly.

On 3 November 2008, the Group acquired additional shares of Uni Ships and Management Limited ("Uni Ships") thereby increasing the Group's total share ownership in Uni Ships from 30% to 100%.

Hence, Capital Advisers and Uni Ships were consolidated in 2008.

The fair values of the identifiable assets and liabilities of Capital Advisers and Uni Ships as at the dates of acquisition were as follows:

	Notes	Fair value recognized on acquisition US$'000	Carrying value US$'000
Intangible assets	6	547	547
Property, plant and equipment	7	14,337	13,730
Investments		15,922	15,922
Investments in associates		205	205
Rental deposit		2,558	2,558
Deferred tax assets	24(b)	418	418
Properties for sale		12,890	12,890
Accounts receivable		4,049	4,049
Cash and bank balances		10,837	10,837
Other assets		1,650	1,650
Borrowings		(31,598)	(31,598)
Accounts payable		(3,221)	(3,221)
Other liabilities		(7,141)	(7,141)
Net identifiable assets		21,453	20,846
Minority interest		(1,557)	
Realization of negative goodwill arising on acquisition of subsidiaries		(118)	
Reclassification from the Group's investments in associates		(9,589)	
		10,189	

	US$'000
Satisfied by:	
Shares	10,099
Cash	90
Total consideration	10,189
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	10,837
Cash consideration paid on acquisition	(90)
	10,747

Since the acquisitions of Capital Advisers and Uni Ships, these subsidiaries contributed a net loss of US$8,320k and a net profit of US$22k to the consolidated loss for the year ended 31 December 2008, respectively.

30. DECONSOLIDATION OF SUBSIDIARIES

	2008 US$'000
Prepayments, deposits and other receivables	15
Cash and bank balances	210
Borrowings	(76)
Other payables and accruals	(165)
Net identifiable assets	(16)
Minority interests	16
Loss on deconsolidation of subsidiaries	–
Net cash outflow arising from deconsolidation	
Cash consideration received	–
Cash and bank balances disposed	(210)
	(210)

31. INVESTMENTS IN SUBSIDIARIES

(a) Details of principal investments in subsidiaries

Details of the principal subsidiaries within the Group at the date of this report are as follows:

Name	Country/place of incorporation	Issued and fully paid-up share capital	2008 Attributable equity interest	2007 Attributable equity interest	Principal activities and place of operation
Directly held:					
Uni-Asia Capital (Singapore) Limited (i)	Singapore	US$1,000,000	100%	100%	Ship chartering arrangement, Singapore
Off-Shore Property Investment Corporation (vi)	British Virgin Islands	US$1	100%	100%	Holding and investment company, BVI
Uni-Asia Capital Company Limited (ii)	Hong Kong	HK$20	100%	100%	Property Investment, Hong Kong
Prosperity Containership S.A. (ii)	Panama	US$10,000	100%	100%	Shipping holding, Panama
Uni Delight Ltd. (v) (vi)	Marshall Island	–	100%	100%	Shipping holding, Hong Kong
Uni Elegance Ltd. (v) (vi)	Marshall Island	–	100%	100%	Shipping holding, Hong Kong
Uni Ships and Management Limited (ii)	Hong Kong	HK$1,000,000	100%	30%	Project management, accounting and administration services, Hong Kong

31. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Details of principal investments in subsidiaries (continued)

Name	Country/place of incorporation	Issued and fully paid-up share capital	2008 Attributable equity interest	2007 Attributable equity interest	Principal activities and place of operation
Directly held:					
Glory Bulkship S.A. (vi)	Panama	US$1,000	80%	–	Shipping holding, Panama
Directly and indirectly held:					
Capital Advisers Co., Ltd. (iv)	Japan	JPY892,500,000	92.7%	44.8%	Property investment and management, Japan
Indirectly held:					
Uni-Asia Finance Corporation (Japan) (vi)	Japan	JPY10,000,000	100%	100%	Corporate finance services, Japan
Uni-Asia Guangzhou Property Management Company Limited (iii)	PRC	US$3,000,000	100%	100%	Property investment, China
株式会社サン•ビスタ (Sun Vista Co., Ltd.) (vi)	Japan	JPY20,000,000	92.7%	44.8%	Hotel management and operator, Japan
Sun Vista Oita Co., Ltd. (vi)	Japan	JPY10,000,000	92.7%	44.8%	Hotel operator, Japan
Sun Vista Sapporo Co., Ltd. (vi)	Japan	JPY10,000,000	92.7%	44.8%	Hotel management, Japan
Sun Vista East Co., Ltd. (vi)	Japan	JPY10,000,000	92.7%	44.8%	Hotel management and operator, Japan
Sun Vista West Co., Ltd. (vi)	Japan	JPY3,000,000	92.7%	44.8%	Hotel operator, Japan
Vista Hotel Management Co., Ltd. (vi)	Japan	JPY10,000,000	92.7%	44.8%	Hotel management, Japan
ヴィスタ有限会社 (Vista Yugen Kaisha) (vi)	Japan	JPY3,000,000	92.7%	44.8%	Hotel investment holding, Japan
エムジーエイチ株式会社 (MGH Co., Ltd.) (vi)	Japan	JPY3,000,000	92.7%	44.8%	Hotel investment holding, Japan
Yugen Kaisha Atugi Hotel (v) (vi)	Japan	JPY3,000,000	44.2%	21.4%	Hotel management, Japan

31. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Details of principal investments in subsidiaries (continued)

Name	Country/place of incorporation	Issued and fully paid-up share capital	2008 Attributable equity interest	2007 Attributable equity interest	Principal activities and place of operation
Indirectly held:					
Yugen Kaisha CA Development II (vi)	Japan	JPY3,000,000	92.7%	44.8%	Residential property management, Japan
Tristar Asset Management Co., Ltd. (vi)	Japan	JPY250,000,000	92.7%	44.8%	Dormant

(i) Audited by Ernst & Young, Singapore
(ii) Audited by Ernst & Young, Hong Kong
(iii) Audited by 廣州市正大中信會計師事務所, PRC
(iv) Audited by Ernst & Young ShinNihon LLC
(v) The members of the board of directors of the company are employees or directors of the Group, which is deemed as having control from an accounting perspective and thus, the company is consolidated in the Group accounts.
(vi) Not required to be audited under the laws of the country of incorporation.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(b) During the year, the Group acquired additional equity interests in Capital Advisers and Uni Ships. Further details of these acquisitions are included in note 29 to the financial statements.

(c) The Group has pledged the interest in share capital of a subsidiary of US$10k to secure bank borrowings granted to the subsidiary and swap agreements in relation to the bank borrowings.

(d) The loans to subsidiaries are unsecured, interest-free or interest bearing from 2.15% to 7% (2007: Nil) and have fixed terms of repayment or repayable on demand. The carrying amounts of the loans approximate to their fair values.

(e) The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts approximate to their fair values.

32. FINANCIAL RISK MANAGEMENT

The Group's finance arrangement and alternative investment management activities in shipping and real estate in Japan and China expose the Group to market risk (currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group has mismatched Japanese Yen denominated and RMB denominated assets and liabilities.

It is the management's intention to at least partially hedge investments that are not denominated in US$. All hedging transactions are subject to Management Committee review and an approval process as stated in our Company's standard operating procedure (SOP) for investments.

Forward rate agreements are used to manage the Group's own exposures to foreign exchange and interest rate risks as part of its asset and liability management process. The Group uses financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures. Financial instruments currently traded or held include cash and cash equivalents, investments, loans and receivables and borrowings.

32. FINANCIAL RISK MANAGEMENT (continued)

(i) Market risk

Market risk is the risk that the value of a financial instrument and investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or factors affecting all financial instruments traded in or indexed to a market. The Group is exposed to market risk on financial instruments and investments that are valued at market prices which primarily consist of investments in shipping, properties and hotels, loans, properties for sale marketable securities.

- Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations when the future commercial transaction or recognized assets or liabilities are denominated in a currency other than the entity's functional currency. Our foreign exchange exposures give rise to market risk associated with exchange rate movements against the US$, our functional and reporting currency.

The Group has certain investments in Japan and China, whose net assets or capital value are exposed to foreign currency translation risk. The Group's investments in Japan and China are currently not hedged. However, currency exposure arising from the Group's JPY loan to the Japanese subsidiary is managed partly through JPY-denominated borrowings. The Group may use forward currency contracts to partly hedge its JPY loan exposure from a shipping subsidiary.

The Group has regional offices and presence in Hong Kong, Singapore, Japan and China. The Group's income is denominated mostly in US$ and JPY while its operating expenses are mainly denominated in HK$, US$, SG$, JPY and RMB.

The table below summarizes the Group's exposure to currency risk. (Amounts shown are in US$'000 equivalent):

As at 31 December 2008

	US$	**JPY**	**Others**	**Total**
Assets				
Investments	22,034	23,897	74	46,005
Deposits for purchase of vessels	25,786	11,561	–	37,347
Deposits pledged as collateral	11,230	48	1,170	12,448
Properties for sale	–	9,013	–	9,013
Cash and bank balances	15,094	11,775	1,928	28,797
	74,144	56,294	3,172	133,610
Liabilities				
Borrowings	(14,101)	(44,790)	–	(58,891)
Derivative financial instruments	(5,570)	(7,383)	–	(12,953)
Accounts payable	(411)	(2,669)	–	(3,080)
Other payables and accruals	(343)	(5,955)	(523)	(6,821)
	(20,425)	(60,797)	(523)	(81,745)
Net financial assets/ (liabilities)	53,719	(4,503)	2,649	51,865
Commitments	(79,850)	(149,554)	(2,070)	(231,474)
Currency exposure	(26,131)	(154,057)	579	(179,609)

32. FINANCIAL RISK MANAGEMENT (continued)

(i) Market risk (continued)

- Foreign exchange risk (continued)

The table below summarizes the Group's exposure to currency risk. (Amounts shown are in US$'000 equivalent):

As at 31 December 2007

	US$	JPY	Others	Total
Assets				
Loans receivable	6,500	–	–	6,500
Investments	20,115	1,713	–	21,828
Deposits for purchase of vessels	297	7,520	–	7,817
Deposits pledged as collateral	5,346	–	–	5,346
Cash and bank balances	46,105	1,620	3,075	50,800
	78,363	10,853	3,075	92,291
Liabilities				
Borrowings	–	(4,481)	–	(4,481)
Derivative financial instruments	(1,101)	(1,651)	–	(2,752)
Accounts payable	(184)	–	(131)	(315)
Other payables and accruals	(2,511)	(115)	(505)	(3,131)
	(3,796)	(6,247)	(636)	(10,679)
Net financial assets	74,567	4,606	2,439	81,612
Commitments	(8,150)	(102)	(1,351)	(9,603)
Currency exposure	66,456	4,504	1,088	72,048

Assuming a 5% change in US$ against the JPY (2007: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/ liability position will be as follows:

	2008 Loss after tax US$'000	2007 Profit after tax US$'000
US$ against JPY		
- strengthened	292	(298)
- weakened	(292)	298

- Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates and the cash flow risks associated with the variability of cash flows from floating rate financial instruments. The Group is exposed to interest rate risk primarily from interest rate re-pricing differences between customers' loans, borrowings, cash and cash equivalents and shareholders' capital.

The Group's cash balances are kept in interest bearing current accounts and on term deposits to maximize the level of return while maintaining an adequate level of liquidity. The Group's borrowings at variable rates are denominated in US$ and JPY.

32. FINANCIAL RISK MANAGEMENT (continued)

(i) Market risk (continued)

- Interest rate risk (continued)

The Group may manage its interest rate risk through the use of interest rate swaps. These are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps).

As at 31 December 2008, if US$ market interest rates had been 100 basis point higher/ lower with other variables held constant, loss after tax for the year would have been US$122k (2007 profit after tax: US$517k) higher/ lower, mainly as a result of higher/ lower net interest income earned on floating rate financial instruments.

As at 31 December 2008, if JPY market interest rates had been 40 basis point higher/ lower with other variables held constant, loss after tax for the year would have been US$132k (2007 profit after tax: US$11k) higher/ lower, mainly as a result of higher/ lower net interest expense incurred on floating rate financial instruments.

- Price risk

The Group is exposed to price risk on the shipping, hotel and property investments because the investments are classified on the consolidated balance sheet at fair value through profit or loss. The Group seeks to manage such risk exposure by keeping a balanced portfolio, performing due diligence procedures, conducting routine analysis and updates on the market and investing through specialized fund structures. The Group maintains a diversified investment portfolio in shipping, properties and other alternative asset classes.

In case of ship investment in funds which represent 37% (2007: 64%) of the shipping portfolio size, in most case, we are limited to a negative fair value loss equivalent to the initial investment amount.

In the case of investment into hotels through the specialized fund structures representing 19% (2007: Nil) of the hotel portfolio size, we are limited to a negative fair value loss equivalent to the outstanding investment amount.

In the case of investment into residential properties through specialized fund structures representing 33% (2007: Nil) of the residential portfolio, we are limited to a negative fair value loss equivalent to the outstanding investment amount.

If prices for shipping investments change by 1% (2007: 1%) with all other variables including tax rate being held constant, the loss/ profit after tax will be changed by US$1,088k (2007: US$1,062k).

If prices for residential properties investments change by 1% (2007: 1%) with all other variables including tax rate being held constant, the loss/ profit after tax will be changed by US$397k (2007: Nil).

(ii) Credit risk

Credit risk is the risk of loss resulting from the failure of counterparties to meet the terms of their obligations under a financial instrument or customer contract. The Group is exposed to credit risk from accounts receivable and loan receivables, deposits with banks and financial institutions, foreign exchange transactions, other financial instruments, and counterparty default risk from investing activities. The Group seeks to minimize these risks by performing detailed reviews of loan counterparties or asset issuers and by either selling on participated loans to other parties or entering into offsetting loans payable when management wishes to preserve the Group's liquidity.

32. FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

The Group deals only with customers of good credit standing and the loans are currently extended only to investee or related companies. Lastly, the business of hotel operation is conducted largely on cash basis. Under special circumstances, credit may be offered to corporate account holders but this represents a very marginal part of hotel business.

The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	2008 million	2007 million
Corporate guarantees provided to ship manufacturers	JPY3,752	JPY11,312
Corporate guarantees provided to bank	US$8	–

(iii) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions in order to meet our normal operating commitment and capital investment requirement.

The table below analyses the maturity profile of the Group's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 3 months US$'000	3-12 months US$'000	1-5 years US$'000	Over 5 years US$'000
At 31 December 2008				
Interest bearing borrowings	(8,140)	(38,155)	(5,171)	(9,899)
Finance lease obligation	(27)	(83)	(220)	(32)
Due to related parties	–	–	(2,055)	–
Retirement benefit allowance	–	–	–	(656)
Derivative financial instruments	(3,913)	(1,190)	(4,123)	(3,727)
Accounts and other payables	(9,038)	–	–	–
	(21,118)	(39,428)	(11,569)	(14,314)
At 31 December 2007				
Interest bearing borrowings	(4,491)	–	–	–
Derivative financial instruments	–	–	(1,636)	(1,579)
Accounts and other payables	(3,601)	–	–	–
	(8,092)	–	(1,636)	(1,579)

32. FINANCIAL RISK MANAGEMENT (continued)

(iv) Capital management

In the near term, the Group's objective when managing capital is to maintain an optimal capital structure in order to expand the size of our investment portfolio. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell investments to reduce borrowings. The Group conducts regular cashflow analysis to determine the capital requirement of each department and the cashflow and financial position of all business activities in order to closely monitor the cashflow and capital structure of the Group.

The Group can monitor capital using the gearing ratio, which is net debt divided by total equity. Upon the acquisition of Capital Advisers during the year, the gearing ratio totalled 19% as at the balance sheet date (2007: net cash).

33. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognized in the financial statements of the Group and the Company.

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Capital commitments in respect of vessels under construction	201,010	–	41,703	–

(b) Operating lease commitments – the Group as lessee

The Group leases certain of its office and hotel properties and office equipments under operating lease arrangements. Terms for the leases for properties range from three to six years and those for office equipments range between two and five years.

At 31 December 2008, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Office properties and office equipment

	Group		Company	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Within one year	1,947	1,137	1,055	827
Later than one year and not later than five years	925	316	786	45
	2,872	1,453	1,841	872

33. COMMITMENTS (continued)

(b) Operating lease commitments – the Group as lessee (continued)

Hotel properties

	Group		Company	
	2008	**2007**	**2008**	**2007**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within one year	8,331	–	–	–
Later than one year and not later than five years	14,983	–	–	–
	23,314	–	–	–

(c) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment properties and leases certain of its vessels under construction under operating lease arrangements. These non-cancellable leases have remaining lease terms of three years.

Future minimum rentals receivable under non-cancellable operating leases at the balance sheet date are as follows:

Rental income from investment properties

	Group	
	2008	**2007**
	US$'000	**US$'000**
Within one year	285	–
Later than one year and not later than five years	255	–
	540	–

Chartering income from vessels under construction

	Group	
	2008	**2007**
	US$'000	**US$'000**
Within one year	9,350	–
Later than one year and not later than five years	83,676	–
Over five years	58,223	–
	151,259	–

33. COMMITMENTS (continued)

(d) Finance lease commitments

The Group has finance leases for certain items of hotel and office equipment, furniture and fixtures. These leases have terms for renewal but no purchase options and escalation clauses.

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	Group			
	Minimum lease payments		Present value of payments	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Within one year	113	–	100	–
Later than one year and not later than five years	249	–	228	–
Total minimum lease payments	362	–	328	–
Less: Amount representing finance charges	(34)	–	–	–
Present value of minimum lease payments	328	–	328	–

(e) Investment commitments

	Group and Company	
	2008	2007
	US$'000	US$'000
Performance notes	3,950	8,150

Performance notes represent the outstanding balance of the maximum commitment to Akebono Fund in the subscription agreement dated 17 April 2007.

34. RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties in the normal course of business and on arm's length basis:

	2008			2007		
	Associates US$'000	Investee companies US$'000	Other related companies US$'000	Associates US$'000	Investee companies US$'000	Other related companies US$'000
Income Statement						
Fee income						
Arrangement and agency fee	–	1,186	130	–	3,462	1,687
Brokerage commission	220	62	–	152	–	–
Incentive fee	–	1,766	–	390	426	–
Asset management and administration fee	–	3,743	–	32	1,089	–
Investment returns						
Interest on performance notes – shipping	–	5,595	–	–	1,875	–
Interest on performance notes – distressed debt	–	25	–	–	35	–
Realized gain on investment – shipping	–	–	–	–	4,895	–
Realized gain on investment – hotel and residential	94	258	–	–	–	–
Interest income from participationin bridging loan	–	206	–	–	638	–
Balance Sheet						
Loans receivable	–	–	–	–	6,500	–
Accounts receivable	–	1,995	35	–	–	–
Due to related parties	–	–	2,055	–	–	–

(b) Key Management Personnel Compensation

	2008 US$'000	2007 US$'000
Short term benefits	2,357	3,564
Employer's contribution to defined contribution plans	103	81
Other welfare and allowances	827	1,006
	3,287	4,651

Included in the above is total compensation to directors of the Group amounting to US$917k (2007: US$2,329k).

35. CONTINGENT LIABILITIES

	2008 US$'000	2007 US$'000
At the balance sheet date, there were contingent liabilities in respect of		
– performance guarantee to a builder for the due performance by an investment	41,395	33,488
– performance guarantee to builders for the due performance by subsidiaries	–	67,476
– guarantee for bank loan provided to an investment	8,000	–
	49,395	100,964

Capital Advisers was served a complaint dated 14 November 2008 to the Tokyo District Court by Kabushikikaisha Land ("seller") in relation to a sales and purchase agreement dated 13 July 2007 ("S&P agreement"), pursuant to which Capital Advisers had cancelled the S&P agreement on May 2008 in accordance with the agreement release clause. Two lawsuits have been filed against Capital Advisers requesting for punitive damages of JPY294 million from the seller and JPY10.5 million from the broker. Given the S&P agreement was cancelled in accordance with the agreement release clause, Capital Advisers is of the view that the litigation has no legal basis.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on 23 March 2009.