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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

		4th Quarter			Full year		
		2010	2009	%	2010	2009	%
	Note	US$'000	US$'000	Change	US$'000	US$'000	Change
Fee income	[1]	2,326	5,163	(55%)	9,777	17,690	(45%)
Hotel income		9,951	8,294	20%	35,736	31,782	12%
Investment returns	[2]	(1,979)	6,396	N/M	232	3,602	(94%)
Interest income		178	1,389	(87%)	522	1,549	(66%)
Other income		689	53	1200%	1,957	476	311%
Total income		11,165	21,295	(48%)	48,224	55,099	(12%)
Employee benefits expense		(3,733)	(3,846)	(3%)	(14,014)	(16,597)	(16%)
Amortization and depreciation		(352)	(1,197)	(71%)	(924)	(4,687)	(80%)
Other expenses		(9,152)	(8,732)	5%	(33,563)	(30,689)	9%
Write-back on impairment of property, plant and equipment		1,962	-	N/M	1,962	-	N/M
Impairment of property, plant and equipment		-	(2,166)	N/M	-	(2,166)	N/M
Gain/ (loss) on disposal of property, plant and equipment		(1)	174	N/M	(1)	(192)	(99%)
Write-back on provision of onerous contracts		575	-	N/M	1,554	-	N/M
Provision of onerous contracts		(734)	(1,844)	(60%)	(734)	(1,844)	(60%)
Impairment of goodwill		-	(7)	N/M	-	(411)	N/M
Net foreign exchange gain/ (loss)		619	(1,617)	N/M	2,498	(3,793)	N/M
		(10,816)	(19,235)	(44%)	(43,222)	(60,379)	(28%)
Operating profit/ (loss)		349	2,060	(83%)	5,002	(5,280)	N/M
Finance costs – interest expense		(310)	(6,294)	(95%)	(1,198)	(9,766)	(88%)
Finance costs – others		(16)	(46)	(65%)	(81)	(69)	17%
Share of results of associates		(7)	(13)	(46%)	(21)	(157)	(87%)
Allocation to Tokumei Kumiai* investors		(988)	1,108	N/M	(996)	1,383	N/M
Profit/ (loss) before tax		(972)	(3,185)	(69%)	2,706	(13,889)	N/M
Income tax expense		(182)	(1,335)	(86%)	(361)	(1,794)	(80%)
Profit/ (loss) for the period/ year		(1,154)	(4,520)	(74%)	2,345	(15,683)	N/M
Attributable to:							
Owners of the parent		(1,147)	(3,794)	(70%)	2,412	(14,520)	N/M
Non-controlling interests		(7)	(726)	(99%)	(67)	(1,163)	(94%)
		(1,154)	(4,520)	(74%)	2,345	(15,683)	N/M

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

	4th Quarter			Full year		
	2010 US$'000	2009 US$'000	% Change	2010 US$'000	2009 US$'000	% Change
Profit/ (loss) for the period/ year	(1,154)	(4,520)	(74%)	2,345	(15,683)	N/M
Other comprehensive income/ (expense) for the period/ year, net of tax:						
Exchange differences on translation of foreign operations	74	(1,002)	N/M	107	(1,129)	N/M
Fair value gain/ (loss) of cash flow hedges	-	(711)	N/M	-	4,891	N/M
Fair value gain/ (loss) of available-for-sale financial assets	-	19	N/M	68	(68)	N/M
Impairment of property, plant and equipment	-	(316)	N/M	-	(316)	N/M
Other comprehensive income/ (expense) for the period/ year, net of tax	74	(2,010)	N/M	175	3,378	(95%)
Total comprehensive income/ (expense) for the period/ year	(1,080)	(6,530)	(83%)	2,520	(12,305)	N/M
Attributable to:						
Owners of the parent	(1,073)	(5,757)	(81%)	2,612	(11,107)	N/M
Non-controlling interests	(7)	(773)	(99%)	(92)	(1,198)	(92%)
	(1,080)	(6,530)	(83%)	2,520	(12,305)	N/M

NOTES:

[1] Breakdown of fee income

	4th Quarter 2010 US$'000	4th Quarter 2009 US$'000	% Change	Full year 2010 US$'000	Full year 2009 US$'000	% Change
Arrangement and agency fee	968	823	18%	3,147	1,040	203%
Project management fee	-	722	N/M	-	722	N/M
Brokerage commission	228	201	13%	1,488	995	50%
Incentive fee	-	29	N/M	21	211	(90%)
Asset management & administration fee *	1,130	1,437	(21%)	5,121	5,863	(13%)
Charter income	-	1,951	N/M	-	8,859	N/M
	2,326	5,163	(55%)	9,777	17,690	(45%)

* *Includes income earned by Capital Advisers Co., Ltd. ("Capital Advisers") as the asset manager of hotels and residential projects of $3.8 million (FY2009: $4.6 million).*

[2] Breakdown of investment returns

	4th Quarter 2010 US$'000	4th Quarter 2009 US$'000	% Change	Full year 2010 US$'000	Full year 2009 US$'000	% Change
Interest on performance notes – shipping	262	-	N/M	262	620	(58%)
Interest on performance notes – distressed debt	-	-	N/M	-	87	N/M
Realized gain on investment – shipping	89	11,056	(99%)	167	11,056	(98%)
Realized gain on investment – hotel and residential	4	172	(98%)	171	252	(32%)
Realized gain on investment – distressed debt	-	-	N/M	339	-	N/M
Realized loss on investment – others	-	4	N/M	-	3	N/M
Realized gain on listed shares – others	-	-	N/M	39	-	N/M
Realized loss on disposal of properties for sale	-	(31)	N/M	-	(1,861)	N/M
Property rental income	160	156	3%	608	736	(17%)
Fair value adjustment on investment properties	367	291	26%	391	252	55%
Fair value adjustment on investment – hotel and residential	(259)	(4,649)	(94%)	(841)	(5,982)	(86%)
Fair value adjustment on investment – shipping	(359)	590	N/M	1,785	72	2379%
Fair value adjustment on investment – I/O* property	33	-	N/M	-	-	N/M
Fair value adjustment on performance notes – hotel	-	(1)	N/M	-	(25)	N/M
Fair value adjustment on performance notes – shipping	(2,280)	(987)	131%	(2,879)	(171)	1584%
Fair value adjustment on performance notes – distressed debt	(1)	(86)	(99%)	16	(262)	N/M
Fair value adjustment on listed shares – others	(49)	(119)	(84%)	67	(134)	N/M
Net gain/ (loss) on forward currency contracts	54	-	N/M	107	(1,041)	N/M
	(1,979)	6,396	N/M	232	3,602	(94%)

* *I/O refers to industrial/office property.*

N/M: Not meaningful

1 (b) (i) A balance sheet for the group and the issuer, together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 December 2010 US$'000	31 December 2009 US$'000	31 December 2010 US$'000	31 December 2009 US$'000
ASSETS				
Non-current assets				
Investment properties	4,874	4,335	-	-
Intangible assets	83	104	-	-
Property, plant and equipment	27,495	22,897	16	35
Loans receivable	7,389	3,750	7,139	3,500
Loans to subsidiaries	-	-	14,423	7,049
Investments	46,675	41,881	33,512	30,260
Investments in subsidiaries	-	-	6,536	1,537
Investments in associates	66	77	-	-
Rental deposit	2,798	2,316	-	-
Deferred tax assets	105	40	-	-
Deposit for purchase of vessel	17,985	-	-	
Total non-current assets	107,470	75,400	61,626	42,381
Current assets				
Investments	1,358	643	-	-
Loans receivable	3,283	-	-	-
Loans to subsidiaries	-	-	17,049	11,556
Derivative financial instruments	906	-	906	-
Accounts receivable	4,197	3,965	221	483
Amount due from subsidiaries	-	-	9,198	3,104
Prepayments, deposits and other receivables	1,506	1,385	327	346
Tax recoverable	64	30	-	-
Deposits pledged as collateral	22,741	13,100	21,869	12,485
Cash and bank balances	26,528	53,318	18,797	43,814
Total current assets	60,583	72,441	68,367	71,788
Total assets	168,053	147,841	129,993	114,169

	Group		Company	
	31 December 2010 US$'000	31 December 2009 US$'000	31 December 2010 US$'000	31 December 2009 US$'000
EQUITY				
Equity attributable to owners of the parent				
Share capital	50,111	50,111	50,111	50,111
Share premium	30,732	30,732	30,732	30,732
Retained earnings	22,224	19,812	25,048	22,021
Fair value reserve	9	(57)	-	-
Exchange reserve	3,975	3,841	-	-
Total equity attributable to owners of the parent	107,051	104,439	105,891	102,864
Non-controlling interests	(74)	-	-	-
Total equity	106,977	104,439	105,891	102,864
LIABILITIES				
Non-current liabilities				
Borrowings	1,745	600	-	-
Finance lease obligations	36	11	-	-
Due to Tokumei Kumiai investors	1,785	613	-	-
Retirement benefit allowance	273	240	-	-
Other payables	117	821	-	-
Total non-current liabilities	3,956	2,285	-	-
Current liabilities				
Borrowings	47,138	34,218	22,146	10,772
Finance lease obligations	8	9	-	-
Accounts payable	3,269	2,614	-	-
Amount due to subsidiaries	-	-	201	-
Other payables and accruals	5,531	4,100	959	533
Derivative financial instruments	796	-	796	-
Income tax payable	378	176	-	-
Total current liabilities	57,120	41,117	24,102	11,305
Total equity and liabilities	168,053	147,841	129,993	114,169

NOTES:-

The major movements in non-current assets of $32.1 million during the year included:

(1) an increase in investment properties of $0.5 million arising from fair value gain and translation gain from our office investment in Guangzhou;
(2) an increase in property, plant and equipment of $4.6 million from Capital Advisers Co., Ltd. ("Capital Advisers") arising from translation gain due to the strong JPY and the writeback on impairment recognized in a hotel property in FY2009;
(3) an increase in loans receivable by $3.6 million arising from two loans made to hotels in Japan co-owned and asset managed by Capital Advisers;
(4) an increase in rental deposit of $0.5 million from Capital Advisers;
(5) an increase in deposits for purchase of vessels of $18.0 million for two new bulk carriers held by a shipping subsidiary and
(6) an increase in investments of $4.8 million including primarily:
    a. $4.0 million capital call into shipping fund (Akebono),
    b. $2.0 million investments into a property development project in Hong Kong,
    c. $0.6 million net decrease in the fair value of the Group's shipping, distressed and property investment (excluding Capital Advisers),
    d. offset by a $0.7 million reduction in Capital Advisers' properties due to disposals and fair value losses.

The major movements in current assets of ($11.9 million) during the year arose primarily from:

(1) an increase in equity investments of $0.7 million due primarily to the purchase of additional shares in a Taiwanese shipping company;
(2) an increase in loans receivable of $3.3 million arising from capital call from a shipping fund and loan to a shipping investment;
(3) an increase in derivative financial instruments of $0.9 million stemming from foreign exchange contracts taken up on behalf of a shipping investment;
(4) an increase in accounts receivable of $0.2 million stemming primarily from Capital Advisers;
(5) an increase in prepayment, deposits and other receivables of $0.1 million;
(6) an increase in deposits pledged as collateral of $9.6 million due to the strengthening of the JPY and the drawdown of additional JPY646 million loan to hedge against our JPY loan exposure to Capital Advisers/related companies and
(7) a decrease in cash and bank balances of $26.8 million.

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

The major movements in non-current liabilities of $1.7 million during the year stemmed primarily from:

(1) an increase in bank borrowings of $1.1 million;
(2) an increase in amount due to TK investors of $1.2 million and
(3) offset by a drop in other payables of $0.7 million arising from Capital Advisers.

The major movements in current liabilities of $16.0 million during the year consisted primarily of:

(1) an increase in the Group consolidated borrowings by $12.9 million;
(2) an increase in accounts payable of $0.7 million;
(3) an increase in other payables and accruals of $1.4 million from Capital Advisers;
(4) an increase in derivative financial instrument of $0.8 million arising from foreign exchange contracts entered into on behalf of a shipping investment and
(5) an increase in income tax payable of $0.2 million arising mainly from Capital Advisers.

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

	As at 31 December 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	US$'000	US$'000	US$'000	US$'000
Amount repayable in one year or less, or on demand	38,745	8,393	33,186	1,032
Amount repayable after one year	1,500	245	-	600
Total	40,245	8,638	33,186	1,632

Details of any collateral

The Group's borrowings are secured by means of:

> a legal mortgage over a cash deposit of the holding company

> a legal mortgage over a cash deposit of a subsidiary

> legal mortgages over freehold properties under the category of "Property, plant and equipment" of subsidiaries

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

	Note	Full year 2010 US$'000	Full year 2009 US$'000
Cash flow from operating activities			
Profit/ (loss) before tax		2,706	(13,889)
Adjustments for:			
Investment returns		(232)	(3,602)
Amortization and depreciation		924	4,687
Write-back on impairment of property, plant and equipment		(1,962)	-
Impairment of property, plant and equipment		-	2,166
Loss on disposal of property, plant and equipment		1	192
Write-back on provision of onerous contracts		(1,554)	-
Provision of onerous contracts		734	1,844
Impairment of goodwill		-	411
Net foreign exchange (gain)/ loss		(2,498)	3,793
Gain on liquidation of subsidiaries		(5)	(2)
Interest income		(522)	(1,549)
Finance costs – interest expense		1,198	9,766
Finance costs – others		81	69
Share of results of associates		21	157
Allocation to Tokumei Kumiai investors		996	(1,383)
		(112)	2,660
Changes in working capital:			
Net change in accounts receivable		186	1,213
Net change in prepayments, deposits and other receivables		(177)	410
Net change in retirement benefit allowance		(2)	(399)
Net change in accounts payable		281	(398)
Net change in other payables and accruals		342	(2,911)
Cash generated from operations		518	575
Interest received on bank balances		58	223
Tax (paid)/ reimbursed		(285)	88
Net cash generated from operating activities	[1]	291	886

	Note	Full year 2010 US$'000	Full year 2009 US$'000
Cash flow from investing activities			
Deemed disposal of subsidiaries		-	(4,661)
Deconsolidation of a subsidiary		(160)	(73)
Purchase of investments		(6,751)	(929)
Proceeds from redemption/ sale of investments		1,417	4,454
Deposits (paid)/ refunded for purchase of vessels		(17,968)	13,357
Purchase of property, plant and equipment		(49)	(72,094)
Proceeds from disposal of property, plant and equipment		-	9
Proceeds from sale of properties for sale		-	6,989
Loan advanced		(6,981)	(250)
Loan repaid		306	-
Interest received from loans		423	1,342
Net increase in deposits pledged as collateral		(8,737)	(2,441)
Proceeds from investments		1,268	836
Settlement of forward currency contracts		-	(307)
Proceeds from property rental		641	684
Net cash used in investing activities	[2]	(36,591)	(53,084)
Cash flow from financing activities			
Proceeds from issuing shares		-	17,772
Placement expenses		-	(90)
New borrowings		29,634	89,899
Repayment of borrowings		(22,171)	(28,491)
Interest paid on borrowings		(692)	(2,561)
Payment of lease obligation		(9)	(72)
Capital contributed by non-controlling interests of a subsidiary		1	-
Net cash generated from financing activities	[3]	6,763	76,457
Net (decrease)/ increase in cash and cash equivalents		(29,537)	24,259
Movements in cash and cash equivalents:			
Cash and cash equivalents at beginning of the year		53,318	28,797
Net (decrease)/ increase in cash and cash equivalents		(29,537)	24,259
Effects of foreign exchange rate changes, net		2,747	262
Cash and cash equivalents at end of the year		26,528	53,318
Analysis of cash and cash equivalents:			
Cash and bank balances		26,528	53,318

NOTES:

On 1 December 2009, the Group disposed of a 50% interest in Prosperity Containership S.A. ("Prosperity"), a wholly owned shipping subsidiary with direct interest in a 4,300 TEU container vessel. Subsequent to the disposal, Prosperity was accounted for as an investment rather than a subsidiary and the Group no longer consolidated the assets and liabilities of the vessel owning company under its financial statements.

[1] Cash flow generated from operating activities totalled $0.3 million (FY2009: $0.9 million). The more notable transactions on the cashflow during this year include the writeback on impairment on Capital Advisers' property, plant and equipment arising from a hotel investment, the writeback on provision of onerous contract related to a provision made on hotel leases entered into by Capital Advisers and the reversal of foreign exchange gain stemming primarily from the Group's JPY and SGD deposits and loan exposures.

[2] Cash flow used in investing activities totalled ($36.6 million) compared to ($53.1 million) in FY2009. The two years cannot be directly compared due to the consolidation of a vessel owning subsidiary in 2009 where the acquisition/ delivery of vessels of $72.0 million was recognized under purchase of property, plant and equipment. During FY2010, the Group made $2.0 million investment into a property development project in Hong Kong, $4.0 million additional investment into the Akebono shipping fund, $18.0 million deposit for vessels held by a shipping subsidiary, JPY300 million ($3.5 million) loan investments into two hotels operated by Capital Advisers, $3.0 million loan advanced to shipping fund and $8.7 million additional pledged deposits as collateral to hedge the Group's additional shareholders' loan to Capital Advisers.

[3] Cash flow generated from financing activities totalled $6.8 million (FY2009: $76.5 million) due to the consolidation/ acquisition of the vessel owning subsidiary where the Group recognized an increase in bank borrowings from the drawdown of the loan for the bulk carrier. The Group made net new borrowings of $7.5 million during the year.

1 (d) (i) A statement for the group and the issuer showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Exchange reserve US$'000	Total equity attributable to owners of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2010	50,111	30,732	19,812	(57)	-	3,841	104,439	-	104,439
Profit for the year	-	-	2,412	-	-	-	2,412	(67)	2,345
Other comprehensive income/ (expense) for the year	-	-	-	66	-	134	200	(25)	175
Total comprehensive income/ (expense) for the year	-	-	2,412	66	-	134	2,612	(92)	2,520
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	17	17
Capital contributed by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	1	1
At 31 December 2010	50,111	30,732	22,224	9	-	3,975	107,051	(74)	106,977
At 1 January 2009	41,759	21,402	34,332	322	(10,201)	4,940	92,554	1,187	93,741
Loss for the year	-	-	(14,520)	-	-	-	(14,520)	(1,163)	(15,683)
Other comprehensive income/ (expense) for the year	-	-	-	(379)	4,891	(1,099)	3,413	(35)	3,378
Total comprehensive income/ (expense) for the year	-	-	(14,520)	(379)	4,891	(1,099)	(11,107)	(1,198)	(12,305)
Issuance of shares	8,352	9,330	-	-	-	-	17,682	-	17,682
Deemed disposal of subsidiaries	-	-	-	-	5,310	-	5,310	11	5,321
At 31 December 2009	50,111	30,732	19,812	(57)	-	3,841	104,439	-	104,439

Company	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Exchange reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2010	50,111	30,732	22,021	-	-	-	102,864	-	102,864
Profit for the year	-	-	3,027	-	-	-	3,027	-	3,027
Total comprehensive income for the year	-	-	3,027	-	-	-	3,027	-	3,027
At 31 December 2010	50,111	30,732	25,048	-	-	-	105,891	-	105,891
At 1 January 2009	41,759	21,402	36,376	-	-	609	100,146	-	100,146
Loss for the year	-	-	(14,355)	-	-	-	(14,355)	-	(14,355)
Other comprehensive expense for the year	-	-	-	-	-	(609)	(609)	-	(609)
Total comprehensive expense for the year	-	-	(14,355)	-	-	(609)	(14,964)	-	(14,964)
Issuance of shares	8,352	9,330	-	-	-	-	17,682	-	17,682
At 31 December 2009	50,111	30,732	22,021	-	-	-	102,864	-	102,864

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the year ended 31 December 2010, there was no change in share capital.

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares was 313,195,200 as at 31 December 2010 and 31 December 2009.

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard of practice.

The figures are being audited in accordance with International Standards on Auditing.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

The figures are being audited. Up to the date of this announcement, auditors do not intend to issue any qualified opinion.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 31 December 2009.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the same accounting policies and method of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 31 December 2009. The adoptions of the other new or revised IFRSs do not have a significant impact on the Group's results of operations and financial position.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	4th Quarter		Full year	
	2010	2009	2010	2009
Profit/ (loss) attributable to owners of the parent (US$'000)	(1,147)	(3,794)	2,412	(14,520)
Weighted average number of ordinary shares in issue ('000)	313,195	313,195	313,195	281,447
Earnings/ (loss) per share (US cent per share) - basic and diluted	(0.37)	(1.21)	0.77	(5.16)

Basic earnings/ (loss) per share is calculated by dividing the profit/ (loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period/ year.

Diluted earnings/ (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the conversion of all dilutive ordinary shares during the period/ year.

7 **Net asset value for the group per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

(a) current financial period reported on; and
(b) immediately preceding financial year.

	31 December 2010	31 December 2009
Net asset value per ordinary share based on issued share capital at the end of (in US$)	0.34	0.33

8 **A review of the group performance, to the extent necessary for a reasonable understanding of the group's business. It must include discussion of any significant factors that affected the turnover, costs, and earnings for the current financial period report on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the group during current financial period reported on:**

Major highlights of the year

- On 1 December 2009, the Group reduced its equity interest in Prosperity Containership S.A. ("Prosperity") from 100% to 50%. Subsequently, the Group no longer consolidated the assets and liabilities of Prosperity under its financial statements and accounted for Prosperity as an investment in accordance with IAS39.
- On 11 December 2009, the Group reduced its equity interest in Glory Bulkship S.A. ("Glory") from 80% to 45%. From the day of the partial interest disposal, the Group no longer consolidated the assets and liabilities of Glory under its financial statements. Glory is accounted for as an investment in accordance with IAS39.
- The Group's shipping subsidiary invested into a 29,000 DWT bulk carrier with delivery in the second quarter of 2011 at a gross consideration of $21.0 million. The vessel will be chartered out to a third party for 5 years on delivery.
- The Group's shipping subsidiary invested into second 29,100 DWT bulk carrier with delivery in the first half of 2012 at a gross consideration of US$23.5 million.
- The Group is part of a consortium winning the tender for an industrial project in 35 Hung To Road, Kwun Tong. The Group has a 10.2% interest in the industrial/office development project and also acts as the administrator for one Japanese investor, with a 9.8% interest in the

project. The site is close to 10,000 square feet ("sf") with developable gross floor area ("GFA") of close to 120,000 sf and completion at the end of 2012.

- Capital Advisers' total income, operating profit and net loss totalled $40.1 million, $1.0 million and ($1.9 million), respectively. Total income, operating loss and net loss totaled $29.7 million, 15.0 million and $15.5 million in FY2009.
- Capital Advisers recognized fair value losses of close to $1.4 million arising primarily from the disposal of a residential project and revaluation of residential properties. On the other hand, hotel valuations improved. Capital Advisers recognized a writeback on impairment of property, plant and equipment, on one of its hotels, totaling $2.0 million.
- Capital Advisers secured new businesses including an asset management contract for a hotel and commercial building as well as the brokerage for a sale of a property.
- The average occupancy of Capital Advisers' hotels recovered to 76.5% compared to 66.9% in FY2009.
- In April 2010, the Group increased its interest in Capital Advisers from 92.7% to 96.9% after purchasing an additional 750 shares at the price of JPY100/share (US$1.1/share) from independent investment funds.

Review of Income Statement

When comparing the results of FY2010 against FY2009, it should be noted that the FY2009 results have included the consolidated income statement of a shipping subsidiary, Prosperity. The Group recorded net profit of $2.3 million in FY2010, against net loss of ($15.7 million) in FY2009. Total income totaled $48.2 million compared to $55.1 million in FY2009.

The Group's income is classified as fee income, hotel income, investment returns, interest income and other income. Fee income dropped from $17.7 million to $9.8 million due to the deconsolidation of the vessel owning subsidiary. Charter income from the vessel owning subsidiary totalled $8.9 million in FY2009 (*Refer to 1(a) NOTE [1] for breakdown of fee income).*

Hotel income refers to all income related to Capital Advisers' hotel business. Capital Advisers currently operates thirteen limited service hotels through their hotel management subsidiaries with close to 2,000 rooms. Hotel income, including hotel operator fee income (operator of the hotel) and all income received from hotels owned and leased by the Group, totalled $35.7 million (FY2009: $31.8 million).

Investment returns dropped to $0.2 million from $3.6 million (*Refer to 1a NOTE [2] for breakdown of investment returns*). During the year, the Group recognized gain on derivative financial instrument of $0.1 million from hedging contracts by a shipping investment, $0.3 million interest on performance notes, realized gain on investment of $0.7 million, rental income of $0.6 million, offset by fair value loss of ($1.5 million) from shipping fund and Japanese residential properties.

Employee benefits expenses ("EBE"/ staff cost) dropped by 16% to $14.0 million. Capital Advisers' staff cost represented close to 74% of the Group's EBE. Amortization and depreciation dropped by over 80% to $0.9 million due to the deconsolidation of the shipping subsidiary. Depreciation expenses from the vessel owning subsidiary represented over 77% of the Group's total depreciation charges for FY2009. Other expenses totalled $33.6 million. Capital Advisers' other expenses represented over 93% of the Group's other expenses. Hotel leases, hotel sub-operator fee and hotel operating expenses represented 78% of the Group's other expenses.

Finance cost dropped to $1.3 million as a result of the deconsolidation of the vessel owning subsidiary. Profit allocation to TK investors from Capital Advisers totalled $1.0 million as compared to loss allocation to TK investors of $1.4 million in FY2009. Tax expenses decreased to $0.4 million. In summary, the Group's net profit totalled $2.3 million.

Refer to 1(b)(i) NOTES for details of balance sheet and 1(c) NOTES for details of cash flow statement.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results.

Not applicable. The Group has not provided a forecast.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operated and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The shipping industry continued to contract in 2010. Not only did banks' lending policy remain strict but the banks focused primarily on lending to domestic clients. Whilst the PRC banks had been actively seeking business outside of China, the loan transactions were mostly RMB denominated. Although Taiwanese banks have been more willing to consider the shipping sector, they have been very selective in granting shipping loans. More recently, the European shipping banks appear to be slowly returning to the ship financing arena. The outlook of our structured finance business would highly depend on the availability of credit, banks' pricing trend and the overall shipping environment.

The charter hire of product tankers lost its momentum towards the end of the year. The Baltic Clean Tankers Index (BCTI) marked 817 points at the beginning of 2010 and fell to 635 points on 4 Jan 2011 after a roller coaster spiral in 2010. The containership sector appears to have bottomed out. The Howe Robinson Containership Index (HRCI) rose from 336 points on 6 Jan 2010 to 695 points on 5 Jan 2011 after a lengthy downward spiral. Bulker rates also lost their momentum. The Baltic Handysize Index (BHSI) fell from 1,159 points on 4 Jan 2010 to 807 points on 4 Jan 2011. The fair value of our ships would depend on the charterhire market and the capital value of the vessels.

During the year, the Group and its consortium successfully won the tender for an industrial/office property located in 35 Hung To Road, Kwun Tong. The Group has an attributable 10.2% interest in the development project. The site is close to 10,000 sf with developable GFA of close to 120,000 sf. Demolition work has started and the project is estimated to be completed in 4Q2012.

The Guangzhou office sector in the Tianhe district, where the Group has invested in, remained strong with low vacancy rates. The Group's offices are currently fully leased. The Group's fair value adjustment on office properties in China is dependent on the outlook of the Guangzhou office market with anticipated new office supply coming up in the Pearl River New City area, the direction of the RMB and the outcome of the anti-speculation measures imposed by the PRC government.

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

The tourism industry in Japan has been affected by the weak Japanese economy and the strong yen. Overall, hotel occupancy rates have recovered modestly compared to 2009. The Group's hotel operation and fair value adjustment on hotel investments is dependent on the outlook of the economy and the tourism industry in Japan.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/ recommended, a statement to that effect.

No dividend has been declared/ recommended by the Directors for the year ended 31 December 2010.

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments

The segment results for the year ended 31 December 2010 are as follows:

	Structured finance US$'000	Maritime investment/ management US$'000	Distressed assets investment US$'000	Hotel/ Property investment/ management US$'000	Others US$'000	Eliminations US$'000	Group US$'000
Total income							
External customers	2,692	2,477	399	41,417	717	-	47,702
Interest income	-	-	-	-	522	-	522
Inter-segment	-	-	-	-	611	(611)	-
	2,692	2,477	399	41,417	1,850	(611)	48,224
Results							
Depreciation and amortization	(17)	(21)	-	(886)	-	-	(924)
Wrtire-back on impairment of property, plant and equipment	-	-	-	1,962	-	-	1,962
Finance costs - interest expense	-	-	-	(1,612)	(197)	611	(1,198)
Finance costs - others	-	-	-	(81)	-	-	(81)
Share of results of associates	-	-	-	(21)	-	-	(21)
Allocation to Tokumei Kumiai investors	-	-	-	(996)	-	-	(996)
Profit/ (loss) before tax	1,400	842	397	(1,585)	1,652	-	2,706
Other segment items are as follows:							
Capital expenditure	3	9	-	84	-	-	96

The segment results for the year ended 31 December 2009 are as follows:

	Structured finance US$'000	Maritime investment/ management US$'000	Distressed assets investment US$'000	Hotel/ Property investment/ management US$'000	Others US$'000	Eliminations US$'000	Group US$'000
Total income							
External customers	(252)	23,669	(148)	30,017	264	-	53,550
Interest income	-	-	-	-	1,549	-	1,549
Inter-segment	-	-	-	-	362	(362)	-
	(252)	23,669	(148)	30,017	2,175	(362)	55,099
Results							
Depreciation and amortization	(46)	(3,626)	-	(1,015)	-	-	(4,687)
Impairment of property, plant and equipment	-	-	-	(2,166)	-	-	(2,166)
Impairment of goodwill	-	-	-	(411)	-	-	(411)
Finance costs - interest expense	-	(8,525)	-	(1,310)	(293)	362	(9,766)
Finance costs - others	-	(43)	-	(26)	-	-	(69)
Share of results of associates	-	-	-	(157)	-	-	(157)
Allocation to Tokumei Kumiai investors	-	-	-	1,383	-	-	1,383
(Loss)/ profit before tax	(2,342)	2,864	(158)	(16,134)	1,881	-	(13,889)
Other segment items are as follows:							
Capital expenditure	3	98,653	-	367	-	-	99,023

The segment assets and liabilities as at 31 December 2010 are as follows:

	Structured finance US$'000	Maritime investment/ management US$'000	Distressed assets investment US$'000	Hotel/ Property investment/ management US$'000	Others US$'000	Eliminations US$'000	Group US$'000
Segment assets	2,406	49,428	123	56,020	-	(40)	107,937
Investment in associates	-	-	-	66	-	-	66
Unallocated assets							
Loans receivable	-	-	-	-	34,384	(23,712)	10,672
Deferred tax assets	-	-	-	-	105	-	105
Prepayments, deposits and other receivables	-	-	-	-	4	-	4
Deposits pledged as collateral	-	-	-	-	22,741	-	22,741
Cash and bank balances	-	-	-	-	26,528	-	26,528
Total assets	2,406	49,428	123	56,086	83,762	(23,752)	168,053
Segment liabilities	1,274	790	-	8,949	-	-	11,013
Unallocated liabilities							
Borrowings	-	-	-	-	72,595	(23,712)	48,883
Other payables and accruals	-	-	-	-	857	(55)	802
Income tax payable	-	-	-	-	378	-	378
Total liabilities	1,274	790	-	8,949	73,830	(23,767)	61,076

The segment assets and liabilities as at 31 December 2009 are as follows:

	Structured finance US$'000	Maritime investment/ management US$'000	Distressed assets investment US$'000	Hotel/ Property investment/ management US$'000	Others US$'000	Eliminations US$'000	Group US$'000
Segment assets	1,031	32,054	283	47,862	-	-	81,230
Investment in associates				77	-	-	77
Unallocated assets							
Loans receivable	-	-	-	-	14,628	(14,628)	-
Deferred tax assets	-	-	-	-	40	-	40
Prepayments, deposits and other receivables	-	-	-	-	76	-	76
Deposits pledged as collateral	-	-	-	-	13,100	-	13,100
Cash and bank balances	-	-	-	-	53,318	-	53,318
Total assets	1,031	32,054	283	47,939	81,162	(14,628)	147,841
Segment liabilities	174	551	-	45,960	-	(14,628)	32,057
Unallocated liabilities							
Borrowings	-	-	-	-	10,772	-	10,772
Other payables and accruals	-	-	-	-	397	-	397
Income tax payable	-	-	-	-	176	-	176
Total liabilities	174	551	-	45,960	11,345	(14,628)	43,402

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

For review of performance, please refer to item 8.

15 A breakdown of sales as follows:-

	2010 US$'000	2009 US$'000	% Change
Total income reported for first half year	23,154	21,558	7%
Profit/ (loss) after tax for first half year	1,055	(6,915)	N/M
Total income reported for second half year	25,070	33,541	(25%)
Profit/ (loss) after tax for second half year	1,290	(8,768)	N/M

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	31 December 2010 US$'000	31 December 2009 US$'000
Ordinary	-	-
Preference	-	-
Total	-	-

BY THE ORDER OF THE BOARD
Kazuhiko Yoshida
Chairman, CEO
28 February 2011