

UNI-ASIA FINANCE CORPORATION

(Company Registration No. CR-72229)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2007**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF THIRD QUARTER RESULTS**

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

(i) Group Income Statement for third quarter ended 30 September 2007. These figures have not been audited.

	3 rd Quarter			9 Months		
	2007 US\$'000	2006 US\$'000	% Change	2007 US\$'000	2006 US\$'000	% Change
Fee income	2,222	2,240	(1)	8,705	5,898	48
Investment returns	911	1,805	(50)	7,255	5,336	36
Interest income	687	428	61	1,682	1,159	45
Other income	-	5	(100)	12	17	(29)
Total income	<u>3,820</u>	<u>4,478</u>	(15)	<u>17,654</u>	<u>12,410</u>	42
Employee benefits expense	(1,664)	(1,408)	18	(5,136)	(4,325)	19
Depreciation expense	(88)	(86)	2	(260)	(192)	35
Other expenses	(435)	(628)	(31)	(1,994)	(2,261)	(12)
Gain/ (loss) on disposal of fixed assets	-	-	-	12	(4)	N/M
	<u>(2,187)</u>	<u>(2,122)</u>	3	<u>(7,378)</u>	<u>(6,782)</u>	9
Operating profit	1,633	2,356	(31)	10,276	5,628	83
Finance costs - interest expense	(11)	(35)	(69)	(30)	(75)	(60)
Share of results associates after tax	(23)	24	N/M	619	2,166	(71)
Profit before income tax	<u>1,599</u>	<u>2,345</u>	(32)	<u>10,865</u>	<u>7,719</u>	41
Income tax expense	(87)	-	N/M	(317)	(631)	(50)
Profit for the year	<u>1,512</u>	<u>2,345</u>	(36)	<u>10,548</u>	<u>7,088</u>	49
Earnings per share - basic and diluted	<u>US\$0.007</u>	<u>US\$0.013</u>		<u>US\$0.057</u>	<u>US\$0.041</u>	

N/M: Not meaningful

(ii) Breakdown and explanatory notes to income statement

	3 rd Quarter			9 Months		
	2007 US\$'000	2006 US\$'000	% Change	2007 US\$'000	2006 US\$'000	% Change
Profit before tax is arrived at after (charging)/ crediting:						
Investment income	343	978	(65)	7,655	1,866	310
Net fair value gain/ (loss) on performance notes and investment in shipping business	568	827	(31)	(400)	3,470	N/M
Foreign exchange gain/ (loss)	211	(14)	N/M	90	(6)	N/M

N/M: Not meaningful

NOTES:

- [1] The increase in total income stems primarily from an increase in fee income and investment returns. The Group was able to close and complete more finance arrangement transactions compared to last year. During the 3rd Quarter, two container vessels held under our principal investments were sold to the Akebono Fund. In the first half of the year, two vessels held under our principal investments were disposed of and Searex Series II fund also disposed of the last remaining vessel under administration. The disposal of vessels brought about an increase in investment returns to the Group during the period ended September 2007.
- [2] The increase in operating expenses is due primarily to an increase in headcount from 31 at the end of September 2006 to 35 at the end of September 2007.

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

	30 September 2007 US\$'000	31 December 2006 US\$'000
ASSETS		
Non-current assets		
Investment property	2,861	-
Property, plant and equipment	510	652
Loans receivable	2,500	2,500
Investments	18,353	19,249
Investments in associates	9,395	8,472
Deposit for purchase of vessel	-	3,944
	<u>33,619</u>	<u>34,817</u>
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Current assets		
Loans receivable	4,000	3,050
Investment in vessel	9,000	-
Rental and utility deposits paid	404	375
Deposits pledged as collateral	5,254	5,053
Accounts receivable	2,906	1,491
Derivative financial instruments	-	163
Prepaid expenses	242	235
Interest receivable	186	74
Amount due from associates	5	4
Cash and bank balances	48,776	22,205
Tax receivable	-	105
	<u>70,773</u>	<u>32,755</u>
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Total assets	<u>104,392</u>	<u>67,572</u>
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EQUITY		
Capital and reserves attributable to equity holders of the company		
Share capital	39,709	28,000
Share premium	13,361	-
Other reserves	-	(223)
Exchange reserves	306	-
Retained earnings	40,857	31,989
	<u>94,233</u>	<u>59,766</u>
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LIABILITIES		
Non-current Liabilities		
Deferred tax liabilities	781	636
	<u>781</u>	<u>636</u>
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	30 September 2007 US\$'000	31 December 2006 US\$'000
Current Liabilities		
Amount due to associate	2	1
Borrowings	4,353	4,222
Accounts payable	1,330	278
Deferred Income	484	-
Derivative financial instruments	-	144
Accrued expenses	3,032	2,462
Tax payable	177	63
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Total current liabilities	9,378	7,170
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Total equity and liabilities	104,392	67,572
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NOTES:

- [1] The major movement in non current assets include the Group's direct investment in property project in China, offset by disposal of two vessels held directly by the Group and the transfer of a vessel/ Panmax directly held by the Group to the Akebono Fund.
- [2] The increase in current assets is due primarily to the direct investment in Ocean Rouge (investment in a vessel), the transfer of Panmax to the Akebono fund where the loan to Panmax for the deposit had been reclassified under loans receivable, increase in accounts receivables from arrangement and charter brokerage income and most importantly, the increase in cash and bank balances arising from the IPO.
- [3] The increase in shareholders' equity is due to the increase in share capital and share premium arising from the IPO.

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

Amount repayable in one year or less, or on demand

As at 30 September 2007		As at 31 December 2006	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
4,353	-	4,222	-

Details of any collateral

Included in borrowings is a secured loan of JPY502m (approximately US\$4,353k) collateralized by a cash deposit of US\$5,254k with the same financial institution (Dec 2006: a loan totaling JPY502m (approximately US\$4,222) collateralized by a cash deposit of approximately US\$5,053k with the same financial institution).

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

	9 Months	
	2007	2006
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before taxation	10,865	7,719
Adjustments for:		
Depreciation	261	192
Interest income	(1,682)	(1,159)
Interest expenses	30	75
Results of associates	(619)	(2,166)
Net foreign exchange (gain)/ loss	(90)	6
(Gain)/ Loss on disposal of fixed assets	(12)	4
Investment returns	(7,255)	(5,336)
(Increase)/ Decrease in rental and utility deposits paid	(29)	(13)
(Increase)/ Decrease in accounts receivable	(1,621)	193
(Increase)/ Decrease in prepaid expenses	(7)	63
(Increase)/ Decrease in other deposits	3,944	-
(Increase)/ Decrease in amount due from associates	(1)	752
Increase/ (Decrease) in amount due to associates	1	(10)
Increase/ (Decrease) in accounts payable	1,051	311
Increase/ (Decrease) in deferred income	484	-
Increase/ (Decrease) in accrued expenses	566	(179)
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Cash generated from Group's operations	5,886	452
Interest received on bank balances	1,156	945
Income tax (paid)/ reimbursement	42	(497)
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Net cash generated from operating activities	7,084	900
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	9 Months	
	2007	2006
	US\$'000	US\$'000
Cash flows from investing activities		
Cash flows from investments:		
Purchase of investments	(8,345)	(2,725)
Sales of investments	8,840	498
Cash flows from other investing activities:		
Purchase of investment property	(2,861)	-
Purchase of vessel	(9,000)	-
Purchase of fixed assets	(118)	(738)
Proceeds from disposal of fixed assets	12	1
Loans advanced	(4,363)	(17,023)
Loans repaid	3,413	11,573
Interest received from syndicated loans	415	196
(Increase)/ Decrease in deposits pledged as collateral	(201)	5,089
Proceeds received from interest on performance notes	1,770	1,628
Proceeds received from principal investment in ships	6,034	-
Proceeds from settlement of foreign exchange contracts	74	-
Net cash used in investing activities	(4,330)	(1,501)
Cash flows from financing activities		
Receipts from issuing shares	26,375	-
IPO expenses	(1,082)	-
Interest paid on borrowings	(25)	(72)
Repayment of borrowings	-	(5,005)
Dividend paid	(1,680)	(1,400)
Net cash generated from/ (used) in financing activities	23,588	(6,477)
Net increase/ (decrease) in cash and cash equivalents	26,342	(7,078)
Movements in cash and cash equivalents:		
Cash and cash equivalents at beginning of period	22,205	27,544
Net increase/ (decrease) in cash and cash equivalents	26,342	(7,078)
Effects of exchange rate changes	229	224
Cash and cash equivalents at end of period	48,776	20,690

NOTES:

- [1] Cash generated from operation improved primarily due to a stronger level of fee income from structured finance and charter brokerage arrangement which was booked during the period and the transfer of Panmax to the Akebono Fund. The rise in fee income offset changes in working capital including the increase in accounts receivable.
- [2] Cash generated from investing activities deteriorated due to an increase in purchase of investments including subscription of performance notes issued by Akebono Fund, purchase of investment property in China, purchase of a vessel and decrease in loans repaid, offset by an increase in sale of investments, decrease in loans advanced and proceeds received from principal investment in ships.
- [3] The increase in cash from financing activities is mainly due to cash proceeds received from the IPO during the period.

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

	Share capital US\$'000	Share Premium US\$'000	Retained earnings US\$'000	Exchange reserve US\$'000	Other reserve US\$'000	Total US\$'000
Balance at 1 January 2007	28,000	-	31,989	-	(223)	59,766
Issuance of shares - IPO	11,709	14,666	-	-	-	26,375
IPO expense	-	(1,305)	-	-	223	(1,082)
Exchange differences arising on translation of foreign operation	-	-	-	306	-	306
Profit for the period ended 30 September 2007	-	-	10,548	-	-	10,548
Dividend paid	-	-	(1,680)	-	-	(1,680)
Balance at 30 September 2007	<u>39,709</u>	<u>13,361</u>	<u>40,857</u>	<u>306</u>	<u>-</u>	<u>94,233</u>
Balance at 1 January 2006	28,000	-	21,956	-	-	49,956
Exchange differences arising on translation of foreign operation	-	-	-	(39)	-	(39)
Profit for the period ended 30 September 2006	-	-	7,088	-	-	7,088
Dividend	-	-	(1,400)	-	-	(1,400)
Balance at 30 September 2006	<u>28,000</u>	<u>-</u>	<u>27,644</u>	<u>(39)</u>	<u>-</u>	<u>55,605</u>

- 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 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.**

On 26 June 2007, the share capital of the company was enlarged to 175,000,000 ordinary shares with par value of US\$0.16 each after the company proposed to consolidate 16 ordinary shares with par value of US\$1.00 into one (1) ordinary share with par value of US\$16.00 each (the "Consolidation") and then to sub-divide every one (1) ordinary share with par value of US\$16.00 into 100 ordinary shares with par value of US\$0.16 each (the "Sub-division") (2006 : 28,000,000 shares at US\$1.0 per share).

On 17 August 2007, the Company issued 65,400,000 new shares by way of public offer and placement on the Singapore Stock Exchange which increased the number of ordinary shares issued from 175,000,000 to 240,400,000.

On 18 September 2007, the Company issued an additional 7,782,000 ordinary shares (the "Additional Shares") pursuant to the over-allotment option granted to DBS Bank Ltd in connection with the initial public offering of shares of the Company. Following the issue of the Additional Shares, the enlarged issued share capital of the Company increased to 248,182,000 shares.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2006.

- 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.**

Not applicable

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

	3 rd Quarter		9 Months	
	2007	2006	2007	2006
Profit attributable to equity holders (USD'000)	1,512	2,345	10,548	7,088
Weighted average number of ordinary shares in issue ('000)	208,089	*175,000	186,151	*175,000
Earnings per share (US\$ per share) - basic and diluted	0.007	0.013	0.057	0.041

* For comparative purposes, the number of ordinary shares outstanding as at 30 September 2006 is retrospectively adjusted & restated in accordance with consolidation & sub-division as mentioned in 1(d)(ii).

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

Diluted earnings per share is calculated by 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 an associate company. These share options are not considered to have a dilutive effect on the Group earnings per share.

7 Net asset value for the group per ordinary share based on issued share capital of the issuer at the end of the:

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

	30 September 2007	31 December 2006
Net asset value per ordinary share based on issued share capital at the end of (in US\$)	0.38	0.34

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

Overview

The Group's 3QFY2007 profit increased by 49% from \$7.1 million in 3QFY06 to \$10.6 million in 3QFY07 on the back of a 42% increase in total income from \$12.4 million to \$17.7 million. This is due primarily to an increase in fee income arising from our structured finance, investment management and chartering activities and an increase in contribution from our shipping activities brought about from

the disposal of two vessels held by the Group as well as the launch of the Akebono Shipping Fund during the first half of the year.

Fee Income

	9 Months				Change %
	2007 USD'000	%	2006 USD'000	%	
Corporate finance arrangement, brokerage, agency and charter income	6,917	80	4,761	80	45
Agency, advisory, administration and incentive fees from distressed loans	191	2	276	5	(31)
Administration and incentive fees from shipping investment management	1,597	18	861	15	85
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	<u>8,705</u>	100	<u>5,898</u>	100	48

The Group's fee income rose by 48% from \$5.9 million in 3QFY06 to \$8.7 million in 3QFY07 due primarily to a 45% increase in income from our structured finance and charter brokerage arrangement activities. This was partly due to the launch of the Akebono Fund as well as an increase in volume of finance arrangement and charter brokerage transactions arranged by the Group during the period.

Investment Returns

The Group's investment returns during the period rose by 36% from \$5.3million in 3QFY06 to \$7.3 million in 3QFY07 due primarily to an increased investment return arising from an active disposal schedule in the first nine months of the year. In the first half of the year, the Group disposed of two vessels held under our principal investments and one vessel held under Searex. Also, two container vessels held by the Group was sold to the Akebono Fund during the period. We don't expect any other disposal of vessels other than the last container vessels held by the Group to be sold to the Akebono Fund in the later half of 2007 of which we expect to realize investment returns of approximately US\$0.1 million.

Profitability

The Group's operating profit grew by 83% from \$5.6 million in 3QFY06 to \$10.3 million in 3QFY07. Contribution from our associated company dropped 71% from \$2.2 million in 3QFY06 to \$0.6 million in 3QFY07 due to the disposal of three hotels during the prior period in HY2006 which resulted in high investments returns/exceptional returns to Capital Advisers during the last interim period.

Profit for the nine-month period

Our profit for the nine-month period increased by 49% from \$7.1 million in 3QFY06 to US\$10.5 million in 3QFY07

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 container ship market continued to grow through the 3rd quarter of 2007 and the increase in newbuilding/ second hand vessel prices and charter hires was sustained as most of liner companies tried to secure necessary tonnage to meet the market demand. The bulk carrier and tanker market also remained firm because of continuous strong global trade growth.

While the sub-prime issue in the United States has had a negative impact and dampened sentiment on the banking industry, the banks in which the Group has close working relationships are still keen on the shipping market and to continue to work and cooperate with the Group in our syndicated transactions. The appetite from fund providers for debt finance and investors for tax enhanced leasing has continued to be strong and the pricing has stayed competitive in the market. Meanwhile, the shipping operators/owners demand for structured finance arrangement has remained steady due to a large supply of newbuilding vessels.

As a number of shipping operators/owners have looked to refinance vessels by sale and charter back, there has been a steady deal flow for ship investment in the market.

The property market in Japan and China remained firm in terms of the property prices as well as the rentals through the 3rd quarter of 2007 due to sustainable economic growth in these areas.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding period of the Immediately Preceding Financial Year

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

No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared / recommended by the Directors for the third quarter ended 30 September 2007.

BY THE ORDER OF THE BOARD

Kazuhiko Yoshida
CEO, Executive Director
9th November 2007

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter ended 30 September 2007 to be false or misleading.

For and on behalf of the Board of Directors
of Uni-Asia Finance Corporation

(signed)

Kazuhiko Yoshida
CEO and Executive Director

Date: 9 November 2007

(signed)

Michio Tanamoto
COO and Executive Director

The initial public offering of shares of Uni-Asia Finance Corporation (the "Offering") commenced on 8 August 2007 and closed on 15 August 2007. In the Offering, DBS Bank Ltd was the Manager, Underwriter and Placement Agent.