

UNITED FINANCE P.L.C.

Condensed Interim Financial Statements
30 June 2013

For the period 1 January 2013 to 30 June 2013

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Directors' report

The directors present their report in terms of Chapter 5 of the Listing Rules issued by The Listing Authority, and in terms of the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by United Finance p.l.c. (the 'Company') in its published annual report. The published figures have been extracted from the Company's unaudited accounts for the six months ended 30 June 2013, as approved by the Board of Directors on 8 August 2013 and are in accordance with accounting standards as adopted by the EU for interim financial statements.

Principal activities

The company's principal activity is to act as a finance company for the United Group of Companies, of which the Company is a member, principally by assuming the credit risk evaluation of accounts receivable, besides advancing amounts on loan, to other group companies.

Review of the business

During the period under review, the Company registered a profit before taxation amounting to €23,580 (2012: loss €353). Revenue was primarily generated from interest on loans, bills of exchange and rental income, and amounted to €489,086 (2012: €469,375). The increase in revenue is attributable to the increase in rental income earned due to part of the investment property being rented. The total amount of operating expenses, including the interest on the bond, amounted to €465,506 (2012: €469,728)

During the period, the carrying amount of the equity investments held by the Company decreased by €4,694 (2012: loss €43,631). At the date of this report, the directors do not consider such a decline to represent an impairment, but a temporary change in their fair value. After recognising the net change in fair value of available for sale financial assets, total comprehensive income for the period amounted to a profit of € 18,886 (2012: loss of €44,526).

Following the transfer of the automotive business to a new joint-venture, United Finance p.l.c. did not factor any new bills of exchange with United Automobile Limited with effect from 1 July 2011. The company continues however to recognise on its statement of financial position any bills of exchange factored with right of recourse to United Automobile Limited before this date. While as from this date finance service fees will no longer be received by the company, any interest accruing on bills of exchange factored before 1 July 2011 will continue to be received by the company.

Principal risks and uncertainties for the remaining six months of the financial year

The Company's principal activity is to act as a finance company for the United Group and to effectively and efficiently manage the financing requirements of the Group's working capital. In this context, the Company's trading prospects are dependent on the performance of the companies within the Group to which amounts have been advanced by the Company by way of loan. The business activities of the companies forming part of the United Group, of which the Company forms part, are all concentrated in and aimed at the Maltese market. While the business activities of such companies are diversified, the companies are exposed to risks where negative economic trends may from time to time be felt in Malta. In particular, the Group has a number of investments in the property market, and the current negative climate may impact on the Group's ability to liquidate these assets on a timely basis.

Directors' report - continued

Principal risks and uncertainties for the remaining six months of the financial year - continued

In preparing these condensed interim financial statements the directors of the Company have made reference to the cash flow forecast of the Group covering the years 2012 to 2016. The cash flow forecast assumes that the Group will continue to generate the required cash flows from its trading activities in the automotive, retail and property rental sectors, but it is also necessary that Group review its funding strategy to raise additional funds in view of its commitments. This can be achieved through the liquidation of certain assets in the property sector, the raising of new finance or a combination of these alternatives. The Group is actively considering all options available to it to ensure that it meets the requirements of the bond.

On the basis of this analysis, the directors are of the view that all the amounts receivable by the company are recoverable.

In case of default, the Company would exercise its rights vis-a-vis the various pledges it holds over assets of the respective group companies.

Based on the foregoing, the directors believe that it remains appropriate to prepare financial statements on a going concern basis. The financial statements however, do not include any adjustments in the event that the forecast and assumptions as set out above do not materialise as planned.

Results and dividends

The condensed interim statement of comprehensive income is set out on page 6. The directors do not recommend the payment of an interim dividend for the period under review.

Directors

The directors of the company who held office during the period were:

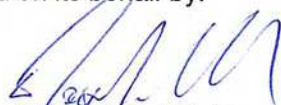
Carmen Gatt Baldacchino (Chairperson)
Edmund Gatt Baldacchino (Chief executive)
Simon Gatt Baldacchino
James Bonello
Joseph F.X. Zahra

The company's Articles of Association do not require any directors to retire.

Approved by the Board of Directors on 8 August 2013 and signed on its behalf by:



Carmen Gatt Baldacchino
Director



Edmund Gatt Baldacchino
Director

Registered office
GB Buildings
2nd Floor
28, Watar Street
Ta' Xbiex, XBX 1310
Malta

Statement pursuant to listing rule 5.75.3

I hereby confirm that to the best of my knowledge:

- the condensed interim financial information give a true and fair view of the financial position of the Company as at 30 June 2013, as well as of the financial performance and cash flows for the said period, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34: 'Interim Financial Reporting'); and
- the Interim Directors' Report includes a fair review of the information required in terms of Listing Rule 5.81.



Carmen Gatt Baldacchino
Director



Edmund Gatt Baldacchino
Director

8 August 2013



Independent auditor's report

To the Board of Directors of United Finance p.l.c

Report on the Review of Condensed Interim Financial Statements for the period ended 30 June 2013

Introduction

We have reviewed the accompanying condensed statement of financial position of United Finance p.l.c. as at 30 June 2013, the related condensed income statement and statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the explanatory notes ('the interim financial information'). The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

Other matters

This report, including the conclusion, has been prepared for and only for the Company and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

78 Mill Street
Qormi
Malta


David Valenzia
Partner

8 August 2013

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- a) The maintenance and integrity of the United Finance p.l.c. website is the responsibility of the directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed interim financial information since this was initially presented on the website.
- b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Condensed interim statement of financial position

	As at 30 June 2013	As at 31 December 2012
	€	€
ASSETS		
Non-current assets	12,272,288	12,299,141
Current assets	3,468,079	3,769,638
Total assets	15,740,367	16,068,779
EQUITY AND LIABILITIES		
Total equity	3,624,482	3,605,596
Non-current liabilities		
Interest bearing borrowings	11,507,149	11,544,450
Deferred tax liability	461,700	461,700
	11,968,849	12,006,150
Current liabilities	147,036	457,033
Total liabilities	12,115,885	12,463,183
Total equity and liabilities	15,740,367	16,068,779

The notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 5 to 12 were authorised for issue by the board on 8 August 2013 and were signed on its behalf by:


Carmen Gatt Baldacchino
Director


Edmund Gatt Baldacchino
Director

Condensed interim statement of comprehensive income

	Period from 1 January to 30 June 2013	Period from 1 January to 30 June 2012
	€	€
Investment and other related income	489,086	469,375
Interest payable and similar charges	(407,959)	(410,787)
Gross Profit	81,127	58,588
Administrative expenses	(57,547)	(58,941)
Profit/(loss) before tax	23,580	(353)
Tax expense	-	(542)
Profit/(loss) for the period	23,580	(895)
Other comprehensive income		
Net change in fair value of available-for sale financial assets	(4,694)	(43,631)
Total comprehensive income for the period	18,886	(44,526)
Earnings/(loss) per share	0.01	(0.00)

The notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

Condensed interim statement of changes in equity

	Share capital	Other reserves	Retained Earnings	Total
	€	€	€	€
Balance at 1 January 2012	2,329,373	996,586	244,749	3,570,708
Comprehensive income				
Loss for the period	-	-	(895)	(895)
Other comprehensive income:				
Losses from change in fair value of available-for-sale financial assets	-	(43,631)	-	(43,631)
Total comprehensive income	-	(43,631)	(895)	(44,526)
Balance at 30 June 2012	2,329,373	952,955	243,854	3,526,182
Balance at 1 January 2013	2,329,373	1,025,053	251,170	3,605,596
Comprehensive income				
Profit for the period	-	-	23,580	23,580
Other comprehensive income:				
Losses from change in fair value of available-for-sale financial assets	-	(4,694)	-	(4,694)
Total comprehensive income	-	(4,694)	23,580	18,886
Balance at 30 June 2013	2,329,373	1,020,359	274,750	3,624,482

The notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

Condensed interim statement of cash flows

	Period from 1 January to 30 June 2013	Period from 1 January to 30 June 2012
	€	€
Net cash used in operating activities	(534,825)	(714,588)
Net cash used in investing activities	(362,816)	-
Net cash generated from financing activities	162,208	927,012
Net movement in cash and cash equivalents	(735,433)	212,424
Cash and cash equivalents at the beginning of the period	1,190,532	737,429
Cash and cash equivalents at the end of the period	455,099	949,853

The notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

Notes to the condensed interim financial statements

1. General information

United Finance p.l.c. ("the Company") is a limited liability company domiciled and incorporated in Malta.

The financial statements for the year ended 31 December 2012 are available upon request from the company's registered office at GB Buildings, 2nd Floor, 28, Watar Street, Ta' Xbiex, XBX1310, Malta. They are also available for viewing on its website at www.unitedgroup.com.mt

This condensed interim financial information was approved for issue by the Board of Directors on 8 August 2013.

This condensed interim financial information has been reviewed, not audited, in accordance with the requirements of ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

2. Basis of preparation

The condensed interim financial information for the six-month period ended 30 June 2013 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (international Accounting Standard 34, 'Interim Financial Reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRSs as adopted by the EU.

3. Summary of significant accounting policies

The accounting policies applied in the preparation of the condensed interim financial information are the same as those applied in the financial statements for the year ended 31 December 2012.

(a) Standards, interpretations and amendments to published standards effective in 2013

In 2013, the company adopted revised standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2013. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the company's accounting policies.

(b) Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning after 1 January 2013 have been published by the date of authorisation for issue of this financial information. The company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

4. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2012.

5. Critical accounting estimates and judgements

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

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

6. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the board of directors that makes strategic decisions. The board of directors considers the Company to be made up of one segment, that is raising financial resources from capital markets to finance the operations and capital projects of the Company and the United Group. All the Company's revenue and expenses are generated in Malta and revenue is mainly earned from other companies forming part of the United Group.

7. Loans receivable

In the ordinary course of its business activities, the Company also advances funds to group companies. Such amounts are secured through pledges, guarantees and hypothecs on properties held by their respective companies.

8. Available-for-sale financial assets

The Company holds investments in equities that are quoted on the local stock exchange. During the period ended 30 June 2013, these investments registered a decline in their fair value, which was transferred to fair value reserve.

9. Capital commitments

As at 30 June 2013, the Company did not have any capital commitments.

10. Interest-bearing borrowings

On the 27 June 2008, the Company issued a prospectus for the issue of 100,000 6.75% bonds having a nominal value of €100 each, with an over-allotment option for a further 20,000 bonds. The issue was fully subscribed and the over-allotment option exercised. The issue is redeemable on any date between 30 June 2014 and 30 June 2016. The purpose of the issue was the re-financing of the 40,000 6.75% bonds of €232.94 each that was due for redemption on 31 October 2008, as well as corporate funding of the United Group.

Interest on the bonds is payable annually in arrears, on 30 June of each year. The bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank equally without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Company.

10. Interest-bearing borrowings - continued

In accordance with paragraph 29.10 of the Company's Prospectus dated 27 June 2008, the Company undertook that as from the financial year ended 31 December 2010 it shall over a period of six years therefrom, build a sinking fund equivalent to fifty per cent of the value of the outstanding bonds in issue as at the redemption date, thus creating a cash reserve from its annual surpluses and repayments of outstanding intra-group loans, bills of exchange and lease repayments, sufficient to meet part of the redemption proceeds. To 30 June 2013, an amount of €2.07 million (31 December 2012: €1.67 million) which includes financial investments and repurchased bonds has been allocated to the sinking fund.

11. Contingent liabilities

No events occurred since 31 December 2012 that require disclosure of any contingent liabilities as at 30 June 2013.

12. Related parties

The companies forming part of the United Group are considered by the directors to be related parties as these companies are ultimately owned by the Gatt Baldacchino Family.

The Company is a subsidiary of United Automobile Limited. The Company's ultimate parent company is United Group Limited. The registered office of both companies is situated at GB Buildings, Water Street, Ta' Xbiex, Malta.

United Group Limited prepares the consolidated financial statements of the Group, of which United Finance p.l.c. forms part. These financial statements are filed and available for public inspection at the Registrar of Companies in Malta.

The following transactions were carried out with related parties:

	30 June 2013	30 June 2012
	€	€
Income		
Interest receivable:		
Bills of exchange due from group company	1,526	4,175
Loans advanced to group companies	318,660	301,445
Rental income from operating lease to group company	15,000	15,000
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Expenditure		
Management fee charged by group company	20,574	20,574
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Non-current receivables at 30 June 2013 include loans advanced to related companies amounting to €6,717,030 (31 December 2012: €6,961,616). Such amounts are secured over assets of the respective group companies. During the six months ended 30 June 2013, the company advanced an additional loan amounting to €35,000 to a group company, such amounts are secured over the company's assets. Current assets at 30 June 2013 include loans advanced to related companies falling due in less than one year amounting to €624,660 (31 December 2012: €597,432). Such amounts are secured over assets of the respective group companies.

12. Related parties - continued

Current assets also include current account balances with related parties at 30 June 2013 amounting to €1,228,411 (31 December 2012: €942,599). Such amounts are unsecured. During the six months ended 30 June 2013, the company advanced €758,941 by way of short term loans to group companies, € 334,113 of which have been re-paid by 30 June 2013.

13. Subsequent events

There were no material events which occurred subsequent to the balance sheet date.