

UNITED FINANCE P.L.C.

Condensed Interim Financial Statements
30 June 2015

For the period 1 January 2015 to 30 June 2015

Company Registration Number: C 26598

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Directors' report - continued

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

In preparing these financial statements the directors of the Company have made reference to the cash flow forecast of the Group covering the years 2015 to 2017. 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.

In view of the fact that activities are monitored closely and that costs are in line with budgets, the directors believe that it remains appropriate to prepare the interim financial statements on a going concern basis. The financial statements however do not include any adjustments in the event that the forecast and assumptions 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:

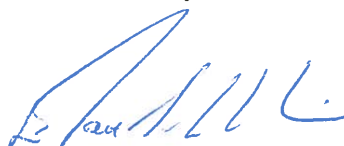
Carmen Gatt Baldacchino (Chairperson)
Edmund Gatt Baldacchino (Chief Executive Officer)
Simon Gatt Baldacchino
James Bonello
Joseph F.X. Zahra

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

Approved by the Board of Directors on 28 August 2015 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

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 2015, as approved by the Board of Directors on 28 August 2015 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 gross profit amounting to €174,485 (2014: €84,423). Revenue was primarily generated from interest on loans, bills of exchange and rental income, and amounted to €405,020 (2014: €492,734).

During the period, the Company registered a profit before tax amounting to €130,546 (2014: €6,756). The carrying amount of the equity investments held by the Company increased by €26,804 (2014: decrease of €25,989). After recognising change in fair value of investments in other comprehensive income, the total comprehensive profit for the period amounts to €315,932 (2014: loss of €19,292).

During October 2014, the Company embarked on a bond exchange programme for the issue of €8,500,000 5.3% Bonds redeemable on 7 November 2023. The new Bond issue was fully subscribed from existing bondholders of the 6.75% Bonds 2015-2016 who either exchanged, or increased their holding in the 6.75% Bonds 2014-2016 for the new 5.3% Bond 2023 issue. The remaining 6.75% Bonds 2014-2016 were fully redeemed on the 7 November 2014.

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 of negative economic trends that may from time to time impact Malta.

Statement pursuant to listing rule 5.75.3

I hereby confirm that to the best of my knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2015, 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

28 August, 2015



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 2015

Introduction

We have reviewed the accompanying condensed statement of financial position of United Finance p.l.c. as at 30 June 2015, 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 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

28 August, 2015

- 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 2015	As at 31 December 2014
	€	€
ASSETS		
Non-current assets	11,432,502	10,975,730
Deferred tax asset	81,911	-
Current assets	2,249,443	2,249,925
Total assets	13,763,856	13,225,655
EQUITY AND LIABILITIES		
Total equity	4,460,564	4,144,632
Non-current liabilities		
Interest bearing borrowings	8,323,076	8,314,704
Deferred tax liability	469,326	545,997
	8,792,402	8,860,701
Current liabilities	510,890	220,322
Total liabilities	9,379,963	9,081,023
Total equity and liabilities	13,763,856	13,225,655

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 28 August, 2015 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 2015	Period from 1 January to 30 June 2014
	€	€
Investment and other related income	405,020	492,734
Interest payable and similar charges	(230,535)	(408,311)
Gross Profit	174,485	84,423
Administrative expenses	(43,939)	(41,966)
Impairment of available-for-sale financial assets	-	(35,701)
Profit before tax	130,546	6,756
Tax income/(expense)	158,582	(59)
Profit for the period	289,128	6,697
Other comprehensive income		
Net change in fair value of available-for sale financial assets	26,804	(25,989)
Total comprehensive Income/(loss) for the period	315,932	(19,292)
Earnings per share	0.13	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 2014	2,329,373	1,670,942	342,769	4,343,084
Comprehensive income				
Profit for the period	-	-	6,697	6,697
Other comprehensive income:				
Loss from change in fair value of available-for-sale financial assets	-	(25,989)	-	(25,989)
Total comprehensive income	-	(25,989)	6,697	(19,292)
Transactions with owners				
Dividend paid - total transactions with owners	-	-	(75,000)	(75,000)
Balance at 30 June 2014	2,329,373	1,644,953	274,466	4,248,792
Balance at 1 January 2015	2,329,373	1,658,304	156,955	4,144,632
Comprehensive income				
Profit for the period	-	-	289,128	289,128
Other comprehensive income:				
Profit from change in fair value of available-for-sale financial assets	-	26,804	-	26,804
Impact of changes to deferred tax liability in respect of investment property	-	76,671	(76,671)	-
Total comprehensive income	-	103,475	212,457	315,932
Balance at 30 June 2015	2,329,373	1,761,779	369,412	4,460,564

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 2015	Period from 1 January to 30 June 2014
	€	€
Net cash generated from/(used in) operating activities	336,136	(657,969)
Net cash generated from/(used in) investing activities	(13,915)	723,452
Net cash generated from financing activities	374,987	1,025,104
Net movement in cash and cash equivalents	697,208	1,090,587
Cash and cash equivalents at the beginning of the period	550,535	1,400,951
Cash and cash equivalents at the end of the period	1,247,743	2,491,538

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 2014 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 28 August 2015.

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 2015 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 2014, 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 2014.

(a) Standards, interpretations and amendments to published standards effective in 2014

In 2014, the company adopted revised standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2014. 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 2015 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 2014.

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. Taxation

The tax credit for the period, amounting to €158,582, comprises:

- (a) With effect from 1 January 2015, the final tax on transfers of immovable property acquired after 1 January 2004 was reduced to 8% of the transfer value, while the rate in respect of transfers of immovable property acquired before 1 January 2004 is 10%. Accordingly, the Company has recognised the net impact of the application of the changed tax regime on the deferred tax liability attributable to the fair valuation of the company's property, which amounts to a decrease of €76,671 as at 30 June 2015; and
- (b) The net impact of a deferred tax charge of €33,489 arising from the taxable profit for the period and the recognition of an unrecognised deferred tax asset on tax losses and unutilised group relief brought forward from prior years amounting to €115,400.

8. 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.

9. 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 2015, these investments registered an increase in their fair value amounting to €26,804 registered in the fair value reserve.

10. Capital commitments

As at 30 June 2015, the Company did not have any capital commitments.

11. Interest-bearing borrowings

During October 2014, the Company embarked on a bond exchange programme for the issue of €8,500,000 5.3% Bonds redeemable on 7 November 2023. The new Bond issue was fully subscribed from existing bondholders of the 6.75% Bonds 2015-2016 who either exchanged, or increased their holding in the 6.75% Bonds 2014-2016 for the new 5.3% Bond 2023 issue. The remaining amount of 6.75% Bonds 2014-2016 were fully redeemed on the 7 November 2014.

Interest on the new Bonds is payable annually in arrears, on 6 November of each year, the first payment falling due on 6 November 2015.

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.

12. Contingent liabilities

No events occurred since 31 December 2014 that require disclosure of any contingent liabilities as at 30 June 2015.

13. 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 Group Limited, the registered office of which is situated at GB Buildings, Watar 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 2015	30 June 2014
	€	€
Income		
Interest receivable:		
Bills of exchange due from group company	-	3,780
Loans advanced to group companies	198,036	302,172
Rental income from operating lease to group company	16,000	15,000
	35,000	20,574
Expenditure		
Management fee charged by group company	35,000	20,574
	35,000	20,574

Non-current receivables at 30 June 2015 include loans advanced to related companies amounting to €6,095,439 (31 December 2014: €5,632,505). Such amounts are secured over assets of the respective group companies. Current assets at 30 June 2015 include loans advanced to related companies falling due in less than one year amounting to €605,015 (31 December 2014: €383,918). Such amounts are secured over assets of the respective group companies.

13. Related parties - continued

Current assets also include current account balances with related parties at 30 June 2015 amounting to €8,000 (31 December 2014: €798,654). Such amounts are unsecured.

14. Subsequent events

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