Financial Analysis Summary

15 June 2016

Issuer

United Finance p.l.c.

(C 26598)

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

United Finance p.l.c.
GB Buildings 2nd Floor,
28, Watar Street,
Ta'Xbiex XBX 1310
Malta

15 June 2016

Dear Sirs

United Finance p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to United Finance p.l.c. (the "**Company**") and United Group Limited (the "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2013 to 31 December 2015 has been extracted from audited financial statements of the Company for the three years in question.

(b) Historical financial data for the three years ended 31 December 2013 to 31 December 2015 has been extracted from audited consolidated financial statements of the Group for the three years in question.

(c) The forecast data of the Group for the year ending 31 December 2016 has been provided by management of the Company.

(d) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.

(e) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

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(f) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Company's securities and potential investors by summarising the more important financial data of the Company and the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,

Wilfred Mallia
Director

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PART 1 – INFORMATION ABOUT THE ISSUER AND GROUP

1. KEY ACTIVITIES OF THE COMPANY

The principal activity of the Company is to carry on the business of a finance and investment company within the United Group.

The Company does not itself carry on any trading activities apart from: (i) leasing to third parties and a Group company commercial space in a property located in Ta'Xbiex; and (ii) the raising of capital and advancing thereof to members of the United Group. Accordingly, the Company is economically dependent on the operations and performance of the United Group.

2. KEY ACTIVITIES OF THE GROUP

The United Group was established some 90 years ago by the late Carmelo Gatt Baldacchino with the formation of United Motor Company, a transportation company engaged in the field of bus service and chauffeur-driven vehicle services. In 1961 the Group acquired the Hertz franchise for Malta and has since been representing the brand successfully in the local market by offering car rental and car leasing services. Since 1982, the Group has also been involved in the automotive industry representing the Opel and Saab brands.

On 1 July 2011, the car dealership operations were merged with the business of Easysell Kia (Malta) Limited by forming Cars International Limited ('CIL') in equal partnership with the Tumas Group (Tumas Group's share in CIL was taken over by Tum Invest Limited in FY2015). Today, CIL represents Kia, Opel, and DFM automotive brands in Malta.

Continuing on the success of the car dealership merger with Tum Invest, during the current financial year (2016), CIL will be merging its operations with that of the Pater Group, subject to authorisation from the Office of Fair Competition. This will mean that the newly merged entity, Motors Inc. Ltd., will be retailing locally a much larger portfolio of brands (Kia, Opel, FIAT, Alfa Romeo, Hyundai, Iveco and Jeep). United Group will hold a 33.33% interest in Motors Inc. Ltd. This merger will provide significant synergies which should lead to higher financial results and return on investment. The consolidation of a larger number of brands will also allow for a better positioning in the market and position the joint venture as one of the top two car importers on the island.

During the past few years, the United Group implemented a revised strategy to enhance diversification of the Group's activities. The Group ventured in the retail sector and now operates two Debenhams department stores in Malta, two MAC cosmetic outlets in Sliema and two Oasis fashion outlets, one in Sliema and one in Valletta. In addition, the United Group has an interest in a major property development project through the acquisition of 19.23% of the equity capital of Pender Ville Limited.

3. DIRECTORS

United Finance p.l.c. is managed by a Board consisting of five directors entrusted with the overall direction and management of the Company.

Board of Directors

Carmen Gatt Baldacchino	Chairperson
Edmund Gatt Baldacchino	Chief Executive Officer
Simon Gatt Baldacchino	Non-Executive Director
James Bonello	Independent Non-Executive Director
Joseph F.X. Zahra	Independent Non-Executive Director

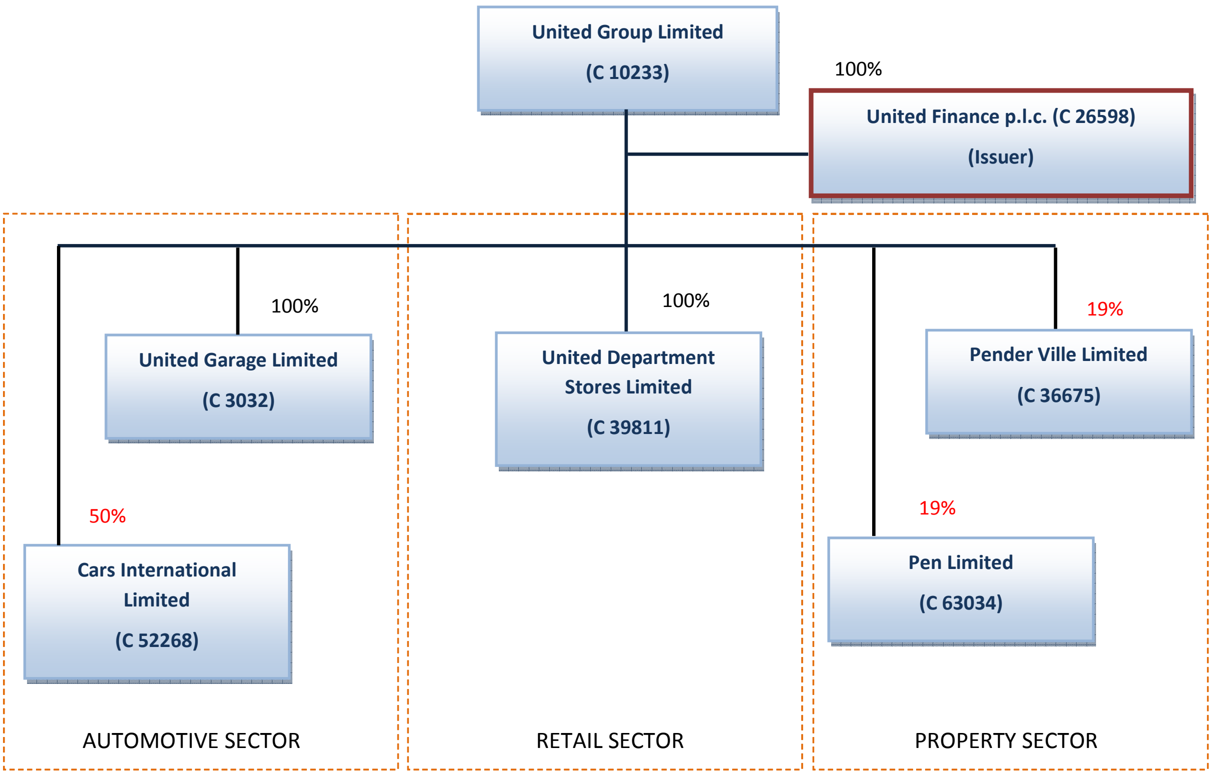
The parent company of the United Group is United Group Limited, and is managed by a Board consisting of seven directors who are responsible for the day-to-day management of the Group.

Board of Directors

Carmen Gatt Baldacchino	Chairperson
Edmund Gatt Baldacchino	Executive Director
Simon Gatt Baldacchino	Executive Director
Josianne Tonna	Non-Executive Director
Dolores Gatt Baldacchino	Non-Executive Director
Helga Ellul	Independent Non-Executive Director
Joseph F.X. Zahra	Independent Non-Executive Director

4. GROUP ORGANISATIONAL STRUCTURE

The current organisational structure of the Group is illustrated in the diagram below:



United Group Limited is the parent company of the United Group and is primarily focused on establishing and monitoring strategic direction and development of the Group. In FY2014/FY2015, the Group embarked on a corporate restructuring exercise involving the consolidation of a number of group companies, resulting in a much leaner corporate structure. The final phase of this restructuring process was carried out in June 2015 by disposing of United Motor Company Limited's (C 4742) towing fleet and customer base to third parties and consequently merging the non-operational company in United Garage Limited on 1 January 2016.

5. GROUP OPERATIONAL DEVELOPMENT

The United Group is organised into three distinct business units: automotive, fashion retail and property. An analysis of revenue, extracted from the consolidated audited financial statements of United Group Limited, is provided below.

United Group Revenue Analysis	FY2013 €'000	FY2014 €'000	FY2015 €'000
Fashion retail	6,814	6,965	7,256
Automotive	2,404	2,518	2,472
Property	9	-	-
Total revenue	**9,227**	**9,483**	**9,728**

Note: Rental income from third party rentals of the G.B. Buildings amounting to €0.4 million (FY2015) is not reported as part of 'Revenue' in the audited financial statements, but is included in 'Other Income', and therefore is not included in the above table.

Source: Consolidated audited financial statements of the United Group for the years ended 31 December 2013 to 2015.

Turnover generated by each of Cars International Limited and Pender Ville Limited, of which the Group has a shareholding of 50% and 19.23% respectively, is not consolidated on a line by line basis and therefore has not been included in the above analysis. Results of companies that are not subsidiaries of the Group are accounted for in the income statement below the operating profit line as 'share of results of associates and jointly controlled entities'.

5.1 FASHION RETAIL

5.1.1 History and Business

The United Group is the appointed franchisee in Malta of Debenhams and one other female fashion brand. The latter brand is retailed through two outlets located in Tower Road, Sliema and Zachary Street, Valletta and offer a range of women's fashion clothing and accessories.

The Debenhams franchise is marketed through a department store at The Point Shopping Centre in Sliema, covering over 2,500m^2 of shop floor and another 930m^2 store at the Main Street Shopping Complex, in Paola. Debenhams' key product categories include womenswear, menswear, childrenswear, homeware, fragrance and cosmetics.

The Group also represents the Warehouse brand in Malta, a brand which is retailed as a concession within Debenhams. The Group launched MAC Cosmetics in July 2015, operating two stores, one through a concession in Debenhams and another situated in a prominent location in Sliema. MAC Cosmetics are recognised as one of the most influential companies in the global cosmetics industry.

MAC's ability to create innovative products and cultivate new markets has led to its unparalleled global growth.

The Directors are of the view that the Debenhams brand, with its reputation for quality apparel at reasonable prices, has carved a competitive position in the apparel market in Malta. With an experienced Board and management team, the Group has the necessary expertise to further develop the Debenhams brand in Malta and fulfil its potential for future growth.

The key objective of the Group for its retail operations is to continue strengthening recognition of each of its brands, in particular Debenhams, Oasis and MAC cosmetics, within their respective target markets, enhance revenue growth and maintain efficiency at the operational level. At the same time, the Directors will continue to explore opportunities to invest in other retail concepts that offer features that are attractive to the Group in terms of benefits from possible synergies and revenue expansion.

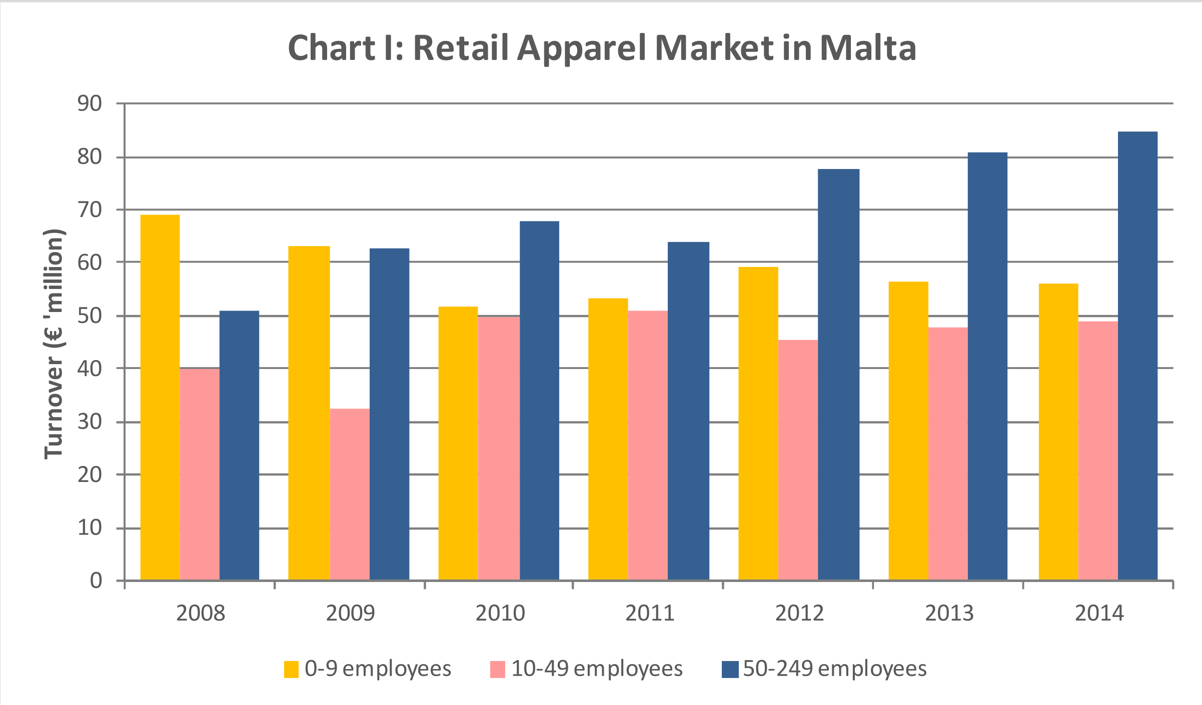
5.1.2 Market Overview

Data in relation to the size of the apparel market in Malta is not published. Notwithstanding, an estimate of the market has been derived from data obtained from the National Statistics Office of Malta. The latest available information relates to calendar year 2014. Data relating to online sales is excluded from the analysis below, since such information is not available from the National Statistics Office of Malta.

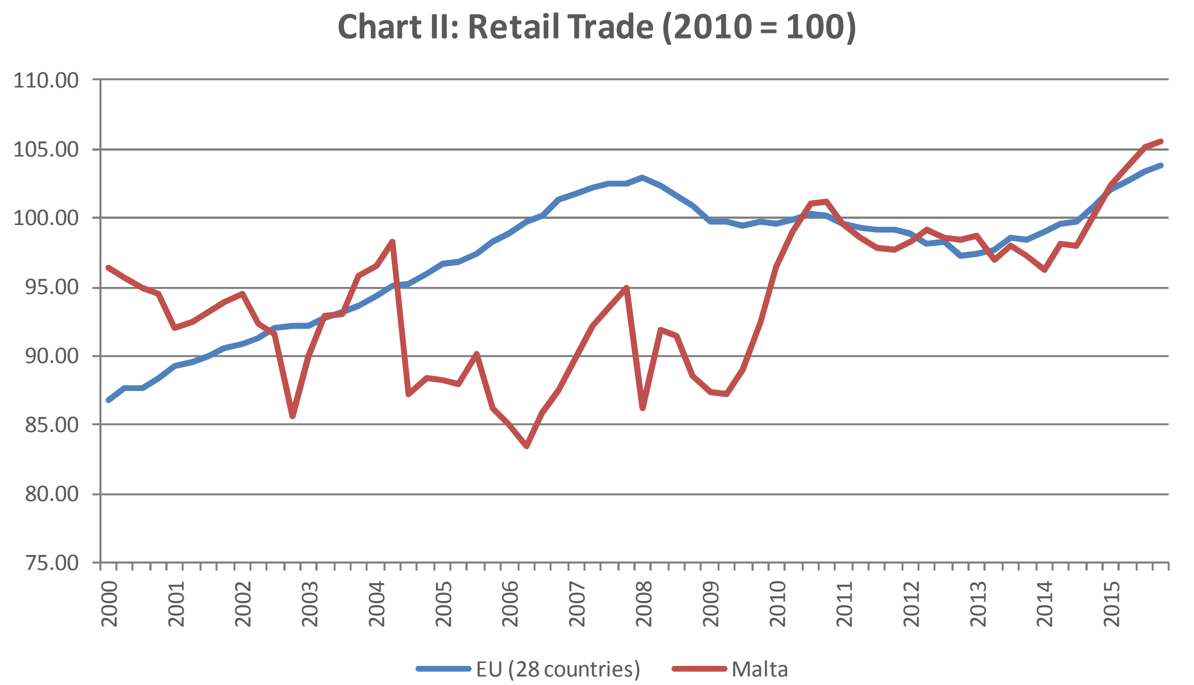
The table below sets out statistics in relation to sales of apparel (excluding textiles, footwear and leather goods) by retail outlets in Malta. The information has been analysed by size of outlet on the basis of the number of staff employed by a retail store.

Turnover of Apparel Retail Stores in Malta								
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2008-14**
0-9 employees								
Total turnover (€' million)	69	63	52	53	59	56	56	**-3.4%**
No. of outlets (units)	701	702	665	673	680	660	682	
Average turnover (€' million)	0.10	0.09	0.08	0.08	0.09	0.09	0.08	
Year-on-year growth		-8%	-14%	2%	10%	-2%	-4%	
10-49 employees								
Total turnover (€' million)	40	33	50	51	45	48	49	**3.4%**
No. of outlets (units)	19	17	28	29	28	28	27	
Average turnover (€' million)	2.11	1.92	1.77	1.76	1.62	1.70	1.81	
Year-on-year growth		-9%	-8%	-1%	-8%	5%	6%	
50-249 employees								
Total turnover (€' million)	51	63	68	64	78	81	85	**8.8%**
No. of outlets (units)	8	11	12	13	14	14	13	
Average turnover (€' million)	6.38	5.69	5.64	4.92	5.55	5.78	6.51	
Year-on-year growth		-11%	-1%	-13%	13%	4%	13%	
Total Turnover (€' million)	160	159	169	168	182	185	190	**2.9%**
Year-on-year growth		-1%	7%	0%	8%	1%	3%	

Source: National Statistics Office Malta (NACE 47.71 data)



Over the seven year period to 2014, the total number of outlets remained relatively unchanged (2008: 728 units; 2013: 702 units, 2014: 722 units). However there has been a shift from smaller stores (a decrease of 19 units in 7 years) to larger ones (+13 from 27 stores in 2008 to 40 stores in 2014). Furthermore, consumer spending has also changed and shows a preference towards the larger stores. In fact, in the period 2008 to 2014, smaller outlets registered a compounded annual decrease in turnover of 3.4%, while the larger outlets recorded a compounded annual growth rate in turnover of 12.2%. It is estimated that the retail arm of the United Group had a market share of 3.7% in 2014 (2013: 3.7%), which is based on the annual sales figure of €7.0 million (2013: €6.8 million). The market share is likely to increase further in the coming years due to the Group's development in the retail industry.



Source: Eurostat (retail trade except motor vehicles and motor cycles quarterly data)

Chart II above provides an indication of the trend in performance of the overall retail sector generally in Malta as compared to same activity in the EU (2010 being the base year = 100). It is observed that in the years 2004 to 2009, retail activity in Malta lagged behind the EU average. Post 2009 to 2015, revenue generated from retail sales in Malta and the EU (average) has been broadly stable. It would appear that the narrowing of the difference between Malta and the EU average after 2009 reflects the lower activity levels registered within the EU as opposed to a recovery in retail sales generated in Malta.

5.1.3 Market Positioning

Performance of Key Competitors

	2012	2013	2014	2015
Debenhams				
Revenue (€' 000)	5,490	6,028	6,965	7,256
Y-o-y growth	*9.8%*	*9.8%*	*15.5%*	*4.2%*
Gross Profit (€' 000)	2,691	3,293	3,524	3,442
Gross profit margin	*49.0%*	*54.6%*	*50.6%*	*47.4%*
Sales area in sqm[1]	2,516	2,889	2,889	2,889
Sales per sqm (€/sqm)	2,182	2,087	2,411	2,512
Marks and Spencer				
Revenue (€' 000)	9,718	9,616	9,296	
Y-o-y growth	*-2.4%*	*-1.0%*	*-3.3%*	
Gross Profit (€' 000)	4,513	4,596	4,507	
Gross profit margin	*46.4%*	*47.8%*	*48.5%*	
Sales area in sqm[1]	4,000	4,000	4,000	Not yet published
Sales per sqm (€/sqm)	2,430	2,404	2,324	
Zara Complex				
Revenue (€' 000)	6,859	8,149	9,217	
Y-o-y growth	*11.6%*	*18.8%*	*13.1%*	
Gross Profit (€' 000)	3,061	3,639	4,042	
Gross profit margin	*44.6%*	*44.7%*	*43.9%*	
Sales area in sqm[1]	2,000	2,000	2,000	
Sales per sqm (€/sqm)	3,430	4,075	4,609	
Next				
Revenue (€' 000)	4,722	4,511	4,482	
Y-o-y growth	*-3.9%*	*-4.5%*	*-0.6%*	
Gross Profit (€' 000)	2,189	2,223	2,151	
Gross profit margin	*46.4%*	*49.3%*	*48.0%*	
Sales area in sqm[1]	2,500	2,500	2,500	
Sales per sqm (€/sqm)	1,889	1,804	1,793	

[1] *Estimated sales area represents the net area excluding the cash points and circulation space and are based on management's estimates*

Source: Audited financial statements of the respective companies

The above table outlines the historical performance of the Debenhams store in Malta and its peer group, which includes Marks & Spencer, Zara Complex and Next which has been extracted from the published audited accounts of each operator.

During the period FY2012 to FY2014, UDSL increased total revenue by 27% from €5.5 million in FY2012 to €7.0 million, fuelled in particular by the opening of the new Debenhams outlet in Paola in the last quarter of 2012 and the launch of the Warehouse brand in FY2014. All other competitors performed at lower levels than Debenhams, except for Zara Complex which registered an increase of 34% from €6.9 million in FY2012 to €9.2 million in FY2014. As to gross profit, Debenhams had a superior margin (FY2014 gross profit margin of 50.6%) when compared to its peers (Marks and Spencer: 48.5%, Zara Complex: 43.9%; and Next: 48.0%). In FY2015, the Group launched the MAC brand and registered a revenue growth of 4.2% to €7.3 million.

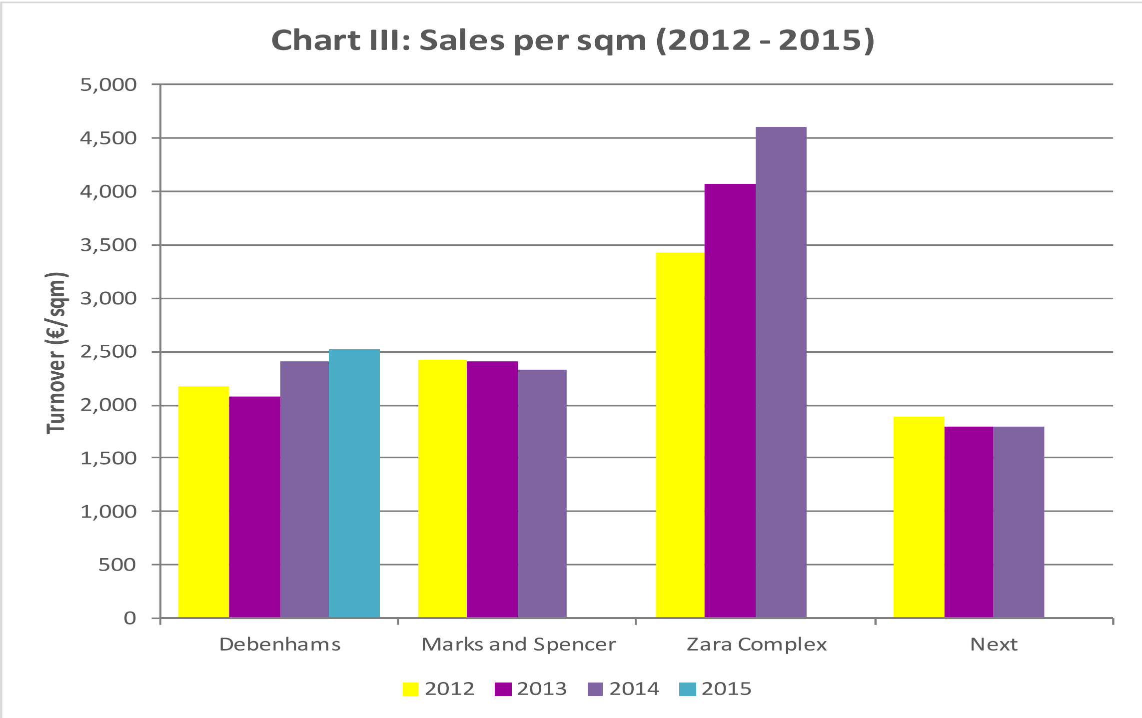


Chart III above sets out the revenue generated per sqm and shows that during the four year period FY2012 – FY2015, UDSL recorded a consistent increase in turnover per sqm. The primary reason for this increase was the opening of a new store in Paola and the introduction of the MAC brand in FY2015.

5.1.4 Trend Analysis

Stiff competition is prevalent in the local market, both from local retailers as well as from online sales (through the internet). Given that the Group's brands, particularly Debenhams, are top international brands in the fashion retail sector, the Directors are confident that the Group's outlets can compete well for market share in Malta.

5.2 AUTOMOTIVE

5.2.1 History and Business

The companies forming part of this segment are primarily engaged in: (i) the importation and servicing of motor vehicles and the sale of parts and accessories; (ii) car rental and leasing service; and (iii) vehicle recovery and towing service, with the latter being disposed of in FY2015.

The Group has been active in the car dealership business since 1982 representing Opel and Saab brands locally, and in 2011 the Group merged its car dealership with the operations of Easysell Kia (Malta) Limited. Cars International Limited, equally owned by the United Group and Tum Invest Limited was formed, and represents Kia, Opel and DFM automotive brands in Malta.

Cars International Limited operates from premises owned by third parties in Mdina Road, Qormi, Malta and includes a showroom and delivery area. The after-sales and service centre, which is leased from a third party, is located in Pantar Road, Lija, Malta.

As highlighted earlier, in 2016, CIL will be merging its operations with that of the Pater Group. Once this merger is finalised, the newly merged entity will be representing the Kia, Opel, FIAT, Alfa Romeo, Hyundai, Iveco and Jeep brands, allowing for a better positioning in the market and establish the joint venture as one of the top two car importers on the island. Customers will benefit not only in terms of greater choice of brands, but also in terms of customer service.

The United Group operates the car rental business under the Hertz and Firefly brands through United Garage Limited. The Company has been operating the Hertz brand in Malta since 1961, and owns a fleet of *circa* 260 self-drive and leasing vehicles. It has over the years established a network of strategically located Hertz branded retail outlets at vantage points around Malta, including Malta International Airport and the main tourist resort areas. In FY2015, the Hertz Head offices were relocated to a new centre in Luqa so as to offer better customer service through enhanced facilities and access.

United Garage Limited also provides car leasing services, which it operates under the Hertz Leasing brand. Hertz Leasing is able to provide customers with a complete fleet management package from fleet planning to its financing, administration, maintenance, insurance and eventual replacement.

5.2.2 Market Overview – Vehicle Rental

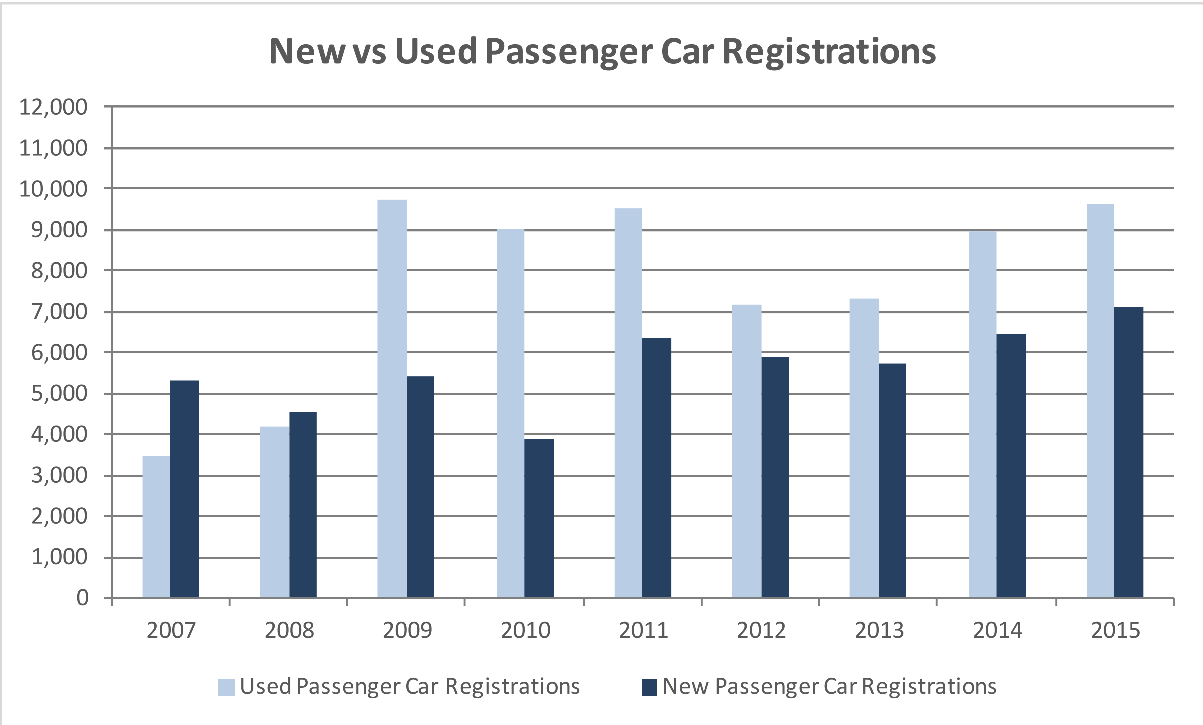
Competition among car rental industry participants is intense and is primarily based on price, vehicle availability and quality, service, reliability, rental locations and product innovation. Price has become more important in recent years since tourists visiting Malta are increasingly more independent in decision-making and are price sensitive.

The Directors believe that the reputation of the Hertz brand and the recent introduction to the local market of the Firefly brand will enable the Group to better compete across multiple market segments and thereby improve its market share.

5.2.3 Market Overview – Importation of Vehicles

Local market

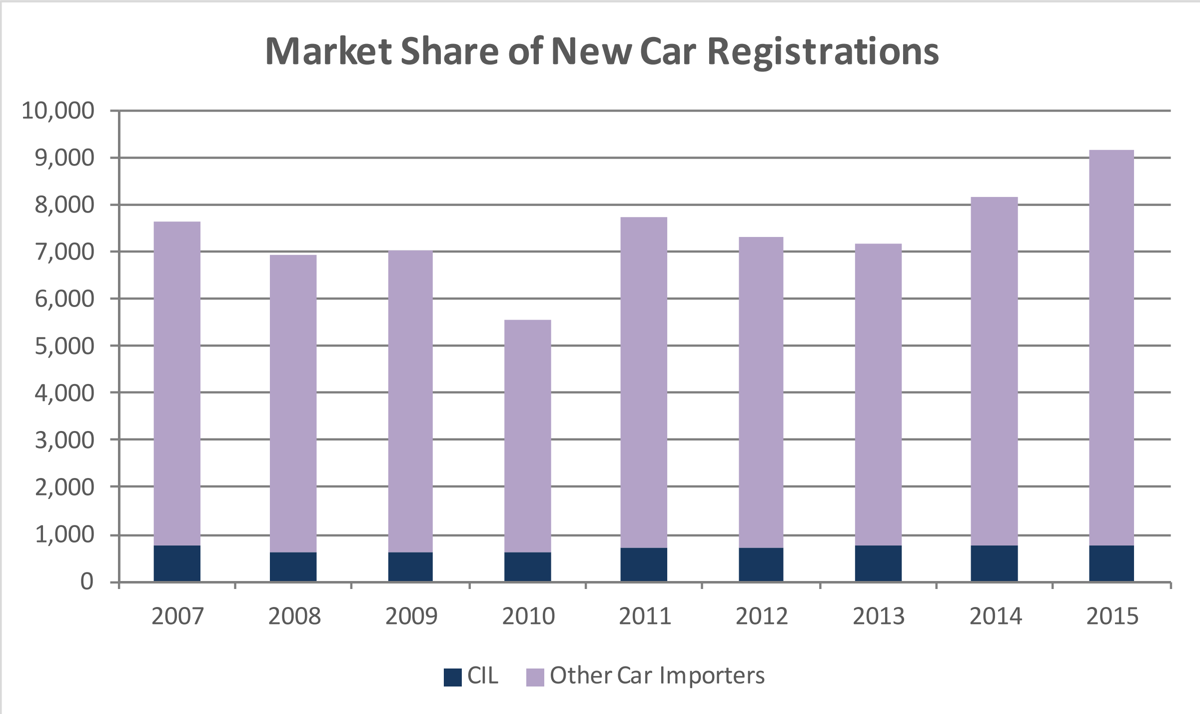
Over the years the automotive sector in Malta has become highly competitive with a wider range of new motor vehicle franchises and models imported at competitive prices. In addition, the used car import market has grown substantially as evidenced by statistics published by the National Statistics Office Malta and which are included in the table below. During the past decade, registered passenger cars in Malta increased by 60,116 vehicles, from 206,148 in 2005 to 266,264 in 2015, which is equivalent to a compound annual growth rate of 2.6%.



As indicated in the chart above the market has been inundated with substantial imports, particularly in terms of used cars from the United Kingdom, at the expense of imports of new cars. In 2015, the registration of used cars amounted to 9,656, an increase of 7.4% over 2014. In comparison, 7,121 new vehicles were registered in 2015, an increase of 10.4% from a year earlier.

Market share of Cars International Limited

As indicated below, the market share of Cars International Limited has been broadly maintained over the years (*circa* 9% to 10%). Whilst the market share of any particular brand may be expected to vary from year to year, due to factors such as the quality of the current models, pricing competitiveness and exchange rates, on a combined basis the varied mix retailed by the company has enabled it to maintain a consistent overall market share.



The market share values indicated above have been extracted from the records of each of the automotive companies of the United Group and the Tumas Group for the period 1 January 2007 to 30 June 2011, combined accordingly to reflect the merger which took effect as from 1 July 2011. The market share values for the period 1 July 2011 to 31 December 2015 have been extracted from the records of Cars International Limited.

5.2.4 Trend Analysis

In the car hire and leasing market the United Group will continue to leverage its experience as franchisee of Hertz for more than 50 years in order to exploit further opportunities arising from the tourism market, evolving requirements from holiday makers and corporate client requirements. The local tourism sector is currently performing at record levels and as such the Group is focused to reflect same in its car rental business.

Trends in vehicle sales in Malta have been fairly consistent over the past few years and with the merger between Cars International Limited and Pater Group in FY2016, the newly merged entity will be one of the two main car importers on the island, representing well regarded and top selling brands in Malta. New vehicle model launches by the brand companies augur well for the future trading prospects. Such prospects, together with increased marketing and new services being offered, including the option for clients to purchase vehicles on hire purchase terms, should significantly improve the company's competitive edge in the local market.

5.3 PROPERTY

5.3.1 History and Business

The United Group owns a six storey commercial building known as GB Buildings and located at Ta'Xbiex, Malta. The site fronts Abate Rigord Street along its major facade facing East, Watar Street bounds the Northwest facade, while the Southwest parameter is bound by third party property. The property has a net floor area of 2,510m^2 and comprises of a showroom at the ground floor and basement levels, and offices in the overlying four floors.

GB Buildings is fully leased to third parties, except for one floor which is occupied by the Group. Other than the lease contract for the ground floor showroom which expires in 2035, the lease agreements are for terms which expire between 2016 and 2017, but are automatically renewed for further periods unless otherwise advised by the respective lessees. The carrying value of the property as at 31 December 2015 was €4.69million (FY2014: €4.68 million).

The United Group has an interest in Pendergardens located in St Julians, Malta through the ownership of 19.23% of the equity capital of Pender Ville Limited. Pender Ville Limited was set up in July 2005 to acquire and develop the Pender Place site which covers an area of 18,500m^2 (known as 'Pendergardens') and the Mercury House site having a footprint of 8,500m^2 (known as 'The Exchange').

Pendergardens, which has a Special Designated Area status, is being developed in two phases. The first phase has been completed and includes 150 residential apartments spread over 6 blocks (Blocks 10 to 15) together with 406 car park spaces ("Phase I"). All apartments were sold over a 6-year period, except for one apartment which is being used by the Pendergardens Group as an office.

Construction of Phase II commenced in 2012 and includes the development of (i) Block 16 consisting of 46 residential apartments, double height commercial space and four levels of underlying car park; (ii) Block 17 consisting of 47 residential apartments, commercial space and underlying car park; and (iii) Towers I & II which will offer 30 residential apartments and office and retail space. It is projected that Phase II will be completed by mid-2018 and all units should be sold by the end of 2022.

In 2009, Pender Ville Limited sold an area measuring 950m^2 to FIMBank plc. The Pendergardens Group was entrusted with the construction of the FimBank plc property which was completed in 2012.

In December 2015, Pender Ville Limited entered into a preliminary sale agreement to dispose of the site known as The Exchange to a third party by December 2016.

Pendergardens launched on the market apartments in Block 17 in the beginning of May 2016 with resounding success. Up to the date of this report no less than 39 out of the 47 apartments have been 'Reserved' against a non-refundable fee. Furthermore, a promise of sale agreement has been entered for the sale of an area at ground floor level earmarked to be opened as a GS supermarket.

5.3.2 Market Overview

The recovery that began in the construction sector in 2013 extended into 2015. This was reflected in increases in the number of permits issued for the construction of residential dwellings, as well as in the value added and investment generated by the sector. This expansion in activity, in turn, has positive effects on employment income.

The improved performance in the construction sector in 2015 was supported by measures aimed at streamlining the issue of permits. The low interest rate environment, the extension of fiscal incentives for first-time buyers, the Individual Investor Programme (IIP) which fuelled demand for top-end properties, and an inflow of foreign workers have also spurred demand for dwellings.

Over €2 billion worth of property was registered in 15,557 contracts of sale concluded in 2015, a 35% increase over 2013 figures when 12,272 contracts, worth €1.3 billion, were concluded. A total 73,402 promises of sales have been registered since 2008 with an indicated value of close to €11 billion. The lowest number of promises of sale was 7,841 in 2011 with €1.074 billion worth of property.

Almost 1,000 properties, worth €400 million, were sold to foreigners (having obtained an Acquisition of Immovable Property Permit (AIP)) over the last four years (2012 – 2015). In 2015, foreigners acquired 280 properties for an aggregate value of €189.5 million (2014: 208 properties, €70.7 million).

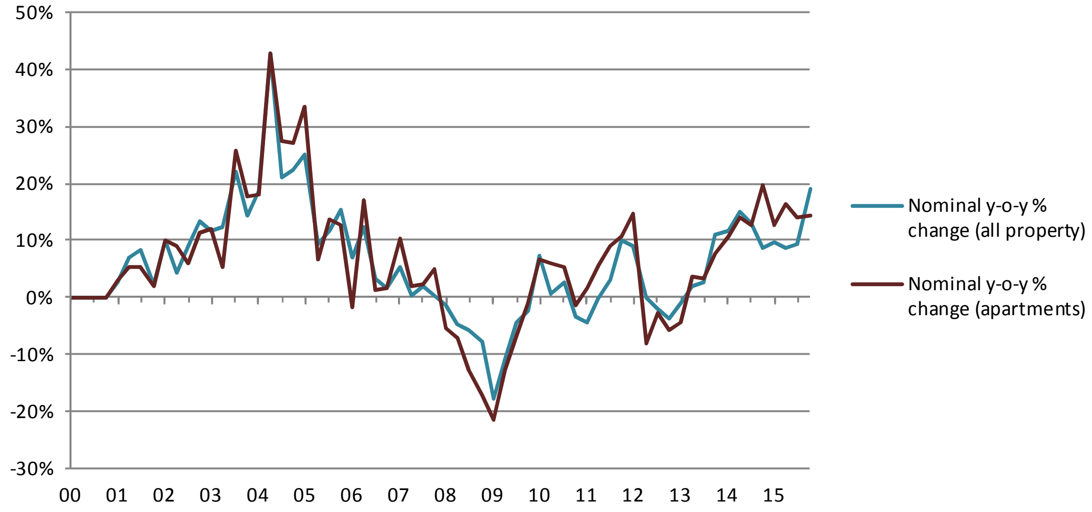
Properties Sold to Foreigners	2012	2013	2014	2015	Total
Southern harbour					
Number of units	11	20	21	29	81
Value (€)	3,020,121	3,224,753	5,737,720	24,534,356	36,516,950
Average price (€)	274,556	161,238	273,225	846,012	450,827
Northern harbour					
Number of units	112	111	111	148	482
Value (€)	36,260,476	25,972,957	40,628,063	72,529,586	175,391,082
Average price (€)	323,754	233,991	366,019	490,065	363,882
Northern					
Number of units	61	36	36	42	175
Value (€)	31,253,259	13,699,353	7,139,338	81,913,504	134,005,454
Average price (€)	512,349	380,538	198,315	1,950,322	765,745
Other					
Number of units	62	40	40	61	203
Value (€)	16,510,623	9,970,050	17,214,324	10,489,188	54,184,185
Average price (€)	266,300	249,251	430,358	171,954	266,917

Source: Parliamentary Question 23925

It is to be noted that the above data excludes any foreigners in Malta who have bought immovable property without the need of an "AIP", which would include those properties sold in Special Designated Areas.

The aforementioned factors also supported the pick-up in house prices (see Chart I below). Residential property prices continued to rise during the fourth quarter of 2015. The Central Bank of Malta's advertised property price index shows that house prices rose at an annual rate of 10.0% in the last quarter of 2015, following a 5.0% increase in the previous quarter. Prices of apartments – the major component – continued to grow strongly in Q4 2015, though at a similar pace as in the previous quarter. Although they indicate trends, advertised property prices may not accurately reflect the prices at which sales actually take place.

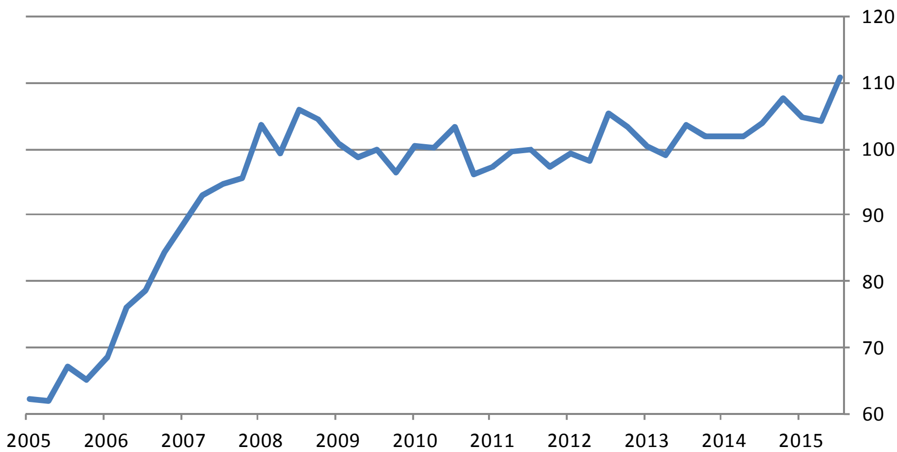
CHART I: CHANGE IN PROPERTY PRICES



Source: Central Bank of Malta

Eurostat's House Price Index for Malta – which is based on transactions covering terraced houses, apartments and maisonettes – also indicates that residential property prices increased. The latest data available refers to Q3 2015 and shows that said prices increased by 6.7% compared with the same quarter of 2014 (*vide* Charts II below).

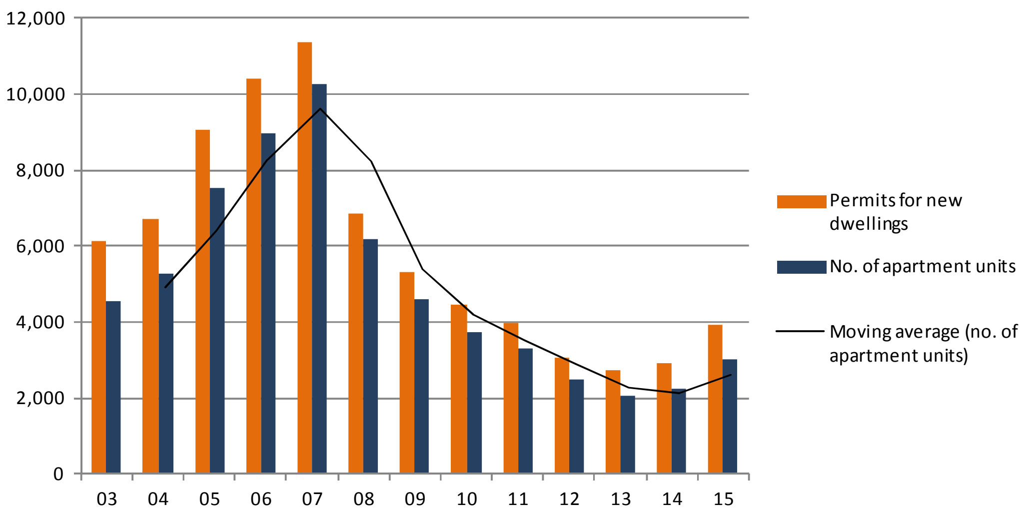
CHART II: MALTA HOUSE PRICE INDEX



Source: Eurostat

With regard to the number of permits, the Malta Environment and Planning Authority issued 3,947 permits during 2015, over one-third more than in 2014. This followed growth of 8.6% in 2014, marking two consecutive years of growth following a period of decline. The increase in permits issued in 2015 was mostly driven by the largest residential category, namely apartments, which accounted for just over three-fourths of total permits granted.

CHART III: DEVELOPMENT PERMITS FOR DWELLINGS



Source: Malta Environment & Planning Authority

The gross value added of the construction industry rose significantly, going up by 9.0% in nominal terms during 2015 (from €296 million to €322 million), following an increase of just 0.9% in 2014. This reflected robust growth in the output of the construction sector.

As a consequence, the expansion in output in the sector was mirrored in employment data. In the first nine months of 2015, total employment in the construction sector rose compared with the corresponding period average in 2014. As a result, the industry's share in the total gainfully occupied population rose to 6.1% from 5.7% in 2014. Employee compensation in the construction sector rose by 2.5% in 2015, when compared with growth of 1.1% in 2014. Notwithstanding this, the construction sector recorded improved profitability.

Construction Activity Indicators[1]	2013	2014	2015
Gross value added (€'million)	**293**	**296**	**322**
Share of gross value added in GDP (%)	3.8	3.7	3.7
Total employment[2]	**11,488**	**9,263**	**10,376**
of which private employment	8,807	8,962	9,250
Share of total gainfully occupied population (%)	7.3	5.7	6.1

[1] Employment data are averages for the first nine months of the year, and are sourced from administrative records.

[2] The decline in total employment in the construction sector in 2014 reflects the reclassification of employeess within the public sector following changes in ministerial responsibilities.

Source: NSO

National statistics relating to commercial property in Malta are currently not captured and therefore it is more difficult to gauge the health of this sector. Notwithstanding the lack of such data, general business sentiment and the continued drive to promote Malta as a regional hub for the provision of business related services, notably in the financial, i-gaming, back-office services, information technology, aircraft registration and maritime has continued to generate a positive trend in the commercial property sector, in particular office space. In addition, Malta's highly skilled and competitive labour costs have also been vital in sustaining this success. This view is substantiated when assessing the lack of availability of large office and commercial space, as well as, the number of projects earmarked for development and set to commence in the near future.

5.3.3 Trend Analysis

GB Buildings is at present fully occupied. As a result, management is primarily involved in its upkeep in order to retain current tenants and attract prospective clients at better rates in the eventuality of expiring lease agreements. Due to its ideal location and good demand for commercial space in the Sliema – Ta'Xbiex area, management is optimistic that full occupancy can be retained in the foreseeable future.

With respect to operations at Pendergardens, there is active demand for the various units on offer. To date, sales tempo for the available apartments in Phase II of the project is in line with budgeted figures and expectations, and management is confident that sales will progress in accordance with projected targets.

The commercial element of Phase II (commercial/retail/office area) is also expected to be appealing to prospective tenants and investors, given that the frontage will be situated on a main arterial road and thereby offering maximum exposure. Moreover, the area enjoys a high level of activity as it is surrounded by a number of hotels (mostly in the five-star category), office blocks and various retail, food and beverage outlets.

6. BUSINESS DEVELOPMENT STRATEGY

The United Group believes in diversification not only by way of a business strategy but also as a risk management policy for the benefit of all its stakeholders. The Group has evolved at a relatively rapid pace over the last four to five years and has diversified its operations from its core automotive business to investments in fashion retail and property. Such investments were executed through the acquisition of new operations as well as through strategic joint ventures with well-established business partners that share and complement the Group's core business values. The Group's strategy is to consolidate and grow market share of its current business portfolio, and shall maintain its on-going pursuit for new, prudent and sustainable investment and business opportunities.

To sustain business growth and competitiveness the Group is streamlining its organisational structure to improve efficiency and enhance through the recruitment of professional management and strict cooperate governance, its strategic focus at operational level. Furthermore, the Group has restructured its borrowings to better match the funding requirements of its operations and manage debt repayment programmes.

7. MAJOR ASSETS OWNED BY THE GROUP

The United Group is the owner of a number of properties and financial assets which are included in the consolidated balance sheet under the headings: 'property, plant & equipment', 'investment property', 'trade & other receivables' and 'available-for-sale financial assets' as follows:

United Group Major Assets	**FY2013 €'000**	**FY2014 €'000**	**FY2015 €'000**
GB Buildings (*note 1*)	4,550	4,679	4,685
Ex-Hertz premises Gzira (*note 2*)	1,920	-	-
Other immovable properties (*note 3*)	539	1,237	582
Available-for-sale financial assets	1,327	617	645
	8,336	**6,533**	**5,912**

Note 1: Property is held directly by United Finance p.l.c.

Note 2: Property was sold in FY2014, for a cash consideration of €1.5 million and the remaining balance being settled through the transfer of a number of properties to the Group.

Note 3: A property was sold in FY2015 for a cash consideration of €0.5 million.

Source: Consolidated audited financial statements of the United Group for the years ended 31 December 2013 to 2015.

PART 2 – GROUP PERFORMANCE REVIEW

The projected financial statements detailed below relate to events in the future and are based on assumptions which the United Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

8. FINANCIAL INFORMATION – THE ISSUER

The following financial information is extracted from the audited financial statements of the Issuer for each of the years ended 31 December 2013 to 31 December 2015. The forecasted financial information for the year ending 31 December 2016 has been provided by management of the Issuer.

United Finance p.l.c. Income Statement	**FY2013**	**FY2014**	**FY2015**	**FY2016**
€'000	**Actual**	**Actual**	**Actual**	**Forecast**
Rental income from GB Buildings	224	331	360	370
Income receivable from financial assets	87	53	28	26
Interest receivable from Group companies	638	479	395	414
Bank and bills of exchange interest receivable	71	29	34	25
Total revenue	1,020	892	817	835
Interest payable and similar charges	(816)	(846)	(467)	(468)
Gross profit	**204**	**46**	**350**	**367**
Administrative expenses	(106)	(121)	(135)	(126)
Movement in fair value of financial assets	-	(36)	-	-
Revaluation to fair value of GB Buildings	702	-	-	-
Profit/(loss) before tax	**800**	**(111)**	**215**	**241**
Taxation	(90)	-	77	-
Profit/(loss) for the year	**710**	**(111)**	**292**	**241**
Other comprehensive income:				
Movement in fair value of financial assets	27	(12)	28	-
Total comprehensive income/(loss) for the year	**737**	**(123)**	**320**	**241**

United Finance p.l.c. Cash Flow Statement	**FY2013**	**FY2014**	**FY2015**	**FY2016**
€'000	**Actual**	**Actual**	**Actual**	**Forecast**
Net cash from operating activities	(183)	78	221	276
Net cash from investing activities	(546)	1,255	14	26
Net cash from financing activities	605	(1,849)	(319)	282
Net movement in cash and cash equivalents	**(124)**	**(516)**	**(84)**	**584**
Cash and cash equivalents at beginning of year	1,191	1,067	551	467
Cash and cash equivalents at end of year	**1,067**	**551**	**467**	**1,051**

United Finance p.l.c. Balance Sheet	**31 Dec'13**	**31 Dec'14**	**31 Dec'15**	**31 Dec'16**
€'000	**Actual**	**Actual**	**Actual**	**Forecast**
Assets				
Non-current	12,695	10,976	11,135	11,249
Current	4,239	2,250	2,433	2,452
Total assets	**16,934**	**13,226**	**13,568**	**13,701**
Equity and liabilities				
Equity	**4,343**	**4,145**	**4,464**	**4,555**
Liabilities				
Non-current	12,069	8,861	8,801	8,893
Current	522	220	303	253
Total liabilities	**12,591**	**9,081**	**9,104**	**9,146**
Total equity and liabilities	**16,934**	**13,226**	**13,568**	**13,701**

Revenue principally comprises income from rental of commercial space in GB Buildings, which is currently fully occupied, and interest receivable from Group companies on amounts due to the Issuer. In FY2015, total revenue amounted to *circa* €817,000 (FY2014: €892,000). After deducting interest payable of *circa* €467,000 (FY2014: €846,000), the Issuer generated a gross profit of *circa* €350,000 (FY2014: €46,000) and net profit of *circa* €292,000 (FY2014: loss of €111,000). It is expected that performance in FY2016 will be broadly similar to FY2015, and management expects the Issuer to register a profit of *circa* €241,000.

As at 31 December 2015, apart from the property (GB Buildings), total assets of the Issuer primarily comprised of loans and receivables due from Group companies of €5.8 million (FY2014: €5.6 million), available-for-sale financial assets of €0.6 million (FY2014: €0.6 million) and trade and other receivables totalling €2.0 million (FY2014: €1.7 million). Trade and other receivables include *circa* €118,000 (FY2014: *circa* €419,000) in bills of exchange. Further to the transfer of the automotive business to Cars International Limited in June 2011, the United Group did not factor any bills of exchange, and therefore interest earned on bills of exchange has gradually decreased over the period under review. This income will cease in 2017 when the remaining bills of exchange are fully repaid. Liabilities of the Issuer as at the end of FY2015 and FY2014 principally include €8.5 million in bonds.

9. FINANCIAL INFORMATION – THE GROUP

The following financial information is extracted from the audited consolidated financial statements of United Group Limited (the "**Group**") for the three years ended 31 December 2013 to 31 December 2015. The financial information for the year ending 31 December 2016 has been provided by Group management.

United Group Income Statement (€'000)	**FY2013 Actual**	**FY2014 Actual**	**FY2015 Actual**	**FY2016 Forecast**
Fashion retail	6,814	6,965	7,256	8,167
Automotive	2,404	2,518	2,472	2,236
Property	9	-	-	43
Revenue	**9,227**	**9,483**	**9,728**	**10,446**
Other income	240	348	374	341
Direct costs and administrative expenses	(7,996)	(8,786)	(9,053)	(9,648)
EBITDA	**1,471**	**1,045**	**1,049**	**1,139**
Depreciation and amortisation	(801)	(791)	(774)	(862)
Share of results of associate companies	27	(624)	643	72
Dividends receivable	-	-	-	2,268
Movement in fair value of financial assets	-	(36)	-	-
Fair value gains on investment property	703	-	-	-
Profit on disposal of properties	-	788	269	-
Profit/(loss) on disposal on other assets	-	-	-	38
EBIT	**1,400**	**382**	**1,187**	**2,655**
Net finance costs	(785)	(915)	(601)	(594)
Profit before tax	**615**	**(533)**	**586**	**2,061**
Taxation	(85)	(50)	64	(157)
Profit for the year	**530**	**(583)**	**650**	**1,904**
Release of reserves	-	1,430	167	-
Total profit for the year	**530**	**847**	**817**	**1,904**
Other comprehensive income				
Movement in fair value of financial assets & reserve movements	27	(1,010)	(508)	-
Total comprehensive income/(loss) for the year	**557**	**(163)**	**309**	**1,904**

United Group Balance Sheet (€'000)	31 Dec'13 Actual	31 Dec'14 Actual	31 Dec'15 Actual	31 Dec'16 Forecast
Assets				
Non-current				
Property, plant and equipment	5,938	3,632	3,714	4,076
Investment property	4,719	4,910	4,726	5,986
Investments in associates & joint ventures	2,826	2,616	2,861	2,216
Available-for-sale financial assets	1,327	617	645	395
Trade and other receivables	1,215	1,530	1,319	173
	16,025	13,305	13,265	12,846
Current				
Inventories	933	1,939	1,572	1,160
Trade and other receivables	1,788	1,342	1,210	1,234
Taxation	8	-	-	-
Cash and cash equivalents	2,931	865	1,060	1,958
	5,660	4,146	3,842	4,352
Total assets	**21,685**	**17,451**	**17,107**	**17,198**
Equity and liabilities				
Equity				
Called up share capital	25	25	25	25
Other reserves	4,379	3,369	2,862	2,862
Retained earnings	(1,719)	(872)	(156)	1,748
	2,685	**2,522**	**2,731**	**4,635**
Liabilities				
Non-current				
Borrowings and bonds	11,523	8,605	8,524	9,069
Other non-current liabilities	773	523	399	442
	12,296	9,128	8,923	9,511
Current				
Borrowings and bonds	2,572	2,263	2,377	-
Other current liabilities	4,132	3,538	3,076	3,052
	6,704	5,801	5,453	3,052
	19,000	**14,929**	**14,376**	**12,563**
Total equity and liabilities	**21,685**	**17,451**	**17,107**	**17,198**

United Group Cash Flow Statement (€'000)	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Forecast
Net cash from operating activities	1,384	(2,372)	655	1,652
Net cash from investing activities	(1,087)	3,592	(523)	1,751
Net cash from financing activities	(538)	(3,083)	(47)	(227)
Net movement in cash and cash equivalents	**(241)**	**(1,863)**	**85**	**3,176**
Cash and cash equivalents at beginning of year	800	559	(1,304)	(1,219)
Cash and cash equivalents at end of year	**559**	**(1,304)**	**(1,219)**	**1,957**

Key Accounting Ratios	FY2013	FY2014	FY2015	FY2016
Operating profit margin *(EBITDA/revenue)*	16%	11%	11%	11%
Interest cover (times) *(EBITDA/net finance cost)*	1.87	1.14	1.75	1.92
Net profit margin *(Profit after tax/revenue)*	6%	-6%	7%	18%
Earnings per share (€)[1] *(Profit after tax/number of shares)*	21.50	-23.65	26.37	77.23
Return on equity *(Profit after tax/shareholders' equity)*	20%	-23%	24%	41%
Return on capital employed *(Operating profit/total assets less current liabilities)*	10%	9%	9%	8%
Return on assets *(Profit after tax/total assets)*	2%	-3%	4%	11%

[1] Earnings per share calculation set out above has been based on the current number of shares in issue of United Group Limited of 24,653 shares of €1 each.

Source: Charts Investment Management Service Limited

The Group's total revenue increased by an annual growth rate of 2.6% from €9.2 million in FY2013 to €9.7 million in FY2015. Revenue generated from the retail division improved by €0.4 million (+6.5%) from €6.8 million in FY2013 to €7.3 million in FY2015, whilst revenue from the automotive sector remained consistent throughout the period. It is projected that Group revenue will increase by €0.7 million in FY2016 to €10.4 million when compared to the previous year, principally in consequence of expected improvements in the performance of the Group's retail stores.

EBITDA had decreased from €1.5 million in FY2013 to €1.0 million in FY2014 as a result of a substantial increase of €0.8 million in direct costs and administrative expenses (mainly in the purchase of goods and property development costs, operating lease rental charges relating to property and other various expenses). In FY2015, EBITDA remained stable at €1.0 million level. The Group is projecting EBITDA in FY2016 to increase to €1.1 million (+8.6%), primarily due to the anticipated increase in fashion retail revenue.

The Group's EBITDA margin in fact relatively consistent, mainly as a result of a relatively stable and solid performance of the Group's core operations (retail and automotive segments) and containment of direct costs and administrative expenses.

As part of the Group's refinancing programme, the directors resolved in FY2014 to dispose of a number of real estate assets, the proceeds of which are being utilised to reduce the Group's debt balances. During FY2014, the Group disposed of the former Hertz operating base in Gzira for €2.85 million, comprising of a cash consideration of €1.5 million and the remaining balance being settled through the transfer of a number of properties from the purchaser to the Group. In addition, during FY2014, the Group concluded other property sales for an aggregate consideration of €1.37 million of which two properties valued at €0.6 million were, at the end of FY2014, still at preliminary agreement stage. The final sale contract of one of these properties has been signed in FY2015 whilst the second one concluded in FY 2016.

Overall, the Group registered a net profit for the year of €650,000 as compared to a loss in FY2014 of €583,000. After accounting for release of reserves total profit for FY2015 amounted to €817,000 (FY2014: €847,000). The Group expects profit after tax for FY2016 to increase by €1.3 million to €1.9 million, reflecting the expected receipt of a dividend from its investments.

Total capital employed of the Group as at 31 December 2015 amounted to €12.5 million (FY2014: €12.5 million) and primarily comprises of:

1. Property, motor vehicles and other tangible assets amounting to €3.7 million (FY2014: €3.6 million);
2. GB Buildings valued at *circa* €4.7 million (FY2014: €4.7 million);
3. Investments in Cars International Limited and Pender Ville Limited, including amounts receivable from Pender Ville Limited totalling €4.2 million (FY2014: €4.1 million);
4. Available-for-sale investments of €0.6 million (FY2014: €0.6 million);
5. Inventories, trade and other receivables amounting to €2.8 million (FY2014: €3.3 million); and
6. Trade and other payables of €3.5 million (FY2014: €4.0 million).

During 2014, the Group resolved to dispose of some of its real estate assets to finance the reduction in the Group's debt capital. As a result, property, plant and equipment at 31 December 2014 declined by *circa* €2.3 million, from €5.9 million in FY2013 to €3.6 million. In FY2015, a further property was disposed-off (it was originally planned to dispose of this property in FY2014), however further investment in PPE in relation to the Group's retail and automotive arms resulted in a FY2015 PPE value remaining fairly consistent with that of FY2014 at €3.7 million.

The net working capital has improved from a negative €1.2 million in FY2013 to negative €0.3 million in FY2015, resulting from an increase of €0.4 million in property held of resale, an increase in retail inventory value and a decrease of €0.5 million in accruals and deferred income. As the end of FY2015, deferred tax liabilities amounted to €0.4 million and borrowings as detailed below:

United Group Net Borrowings (€'000)	**31 Dec'13 Actual**	**31 Dec'14 Actual**	**31 Dec'15 Actual**	**31 Dec'16 Forecast**
Net Borrowings				
Bank overdrafts (net of cash balances)	(559)	1,304	1,219	(1,957)
Bank loans	-	384	290	720
Other loans	200	-	-	-
	(359)	**1,688**	**1,509**	**(1,237)**
Bonds				
6.75% Bonds 2014 - 2016	11,523			
5.3% Unsecured Bonds 2023	-	8,315	8,332	8,348
	11,523	**8,315**	**8,332**	**8,348**
Net Borrowings	**11,164**	**10,003**	**9,841**	**7,111**

The Group's bank borrowings are secured by a first general and special hypothec on the Group's property and assets, by pledges on the insurance policies of the Group companies and on trade bills. The other loans of the Group are unsecured and interest free.

The Bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Group, and rank equally without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Group.

	31 Dec'13	**31 Dec'14**	**31 Dec'15**	**31 Dec'16**
Gearing ratio *(Net debt/net debt and shareholders' equity)*	81%	80%	78%	61%

Source: Charts Investment Management Service Limited

Gearing (financial leverage) of the United Group has improved marginally during the three financial years FY2013 – FY2015 from 81% to 78%. In FY2016, following the expected dividend distribution and loan repayment by Pender to United Group following the receipt of dividends from investments, the Group's gearing position is expected to improve significantly and reduce to 61% (prior to any eventual dividend distributions). The Group's gearing level is thereafter projected to decrease gradually through the term of the Bond as operational performance improves and cash reserves are accumulated by the Group.

Management do not expect any other material changes in the Group's financial position as at the end of FY2016.

Variance Analysis

United Group Income Statement (€'000)	**FY2015 Actual**	**FY2015 Forecast**	**Variance**
Fashion retail	7,256	7,395	(139)
Automotive	2,472	2,205	267
Property	-	347	(347)
Revenue	**9,728**	**9,947**	**(219)**
Other income	374	145	229
Direct costs and administrative expenses	(9,053)	(8,768)	(285)
EBITDA	**1,049**	**1,324**	**(275)**
Depreciation and amortisation	(774)	(865)	91
Share of results of associate companies	643	398	245
Dividends receivable	-	-	-
Movement in fair value of financial assets	-	27	(27)
Fair value gains on investment property	-	289	(289)
Profit on disposal of properties	269	-	269
Profit/(loss) on disposal on other assets	-	(7)	7
EBIT	**1,187**	**1,166**	**21**
Net finance costs	(601)	(601)	-
Profit before tax	**586**	**565**	**21**
Taxation	64	(126)	190
Profit for the year	**650**	**439**	**211**
Other comprehensive income			
Movement in fair value of financial assets	(341)	-	(341)
Total comprehensive income/(loss) for the year	**309**	**439**	**(130)**

As presented in the above table, in FY2015, the Group's profit for the year amounted to €650,000, an increase of €211,000 over the projected amount.

EBITDA was *circa* €0.3 million lower than forecasted, mainly due to an increase of €0.3 million in direct costs. These cost overruns were the result of strategic decisions taken by the Directors in FY2015 which included the temporary closure of certain locations and redistribution of floor area between brands for the purpose of implementing new retailing concepts and introducing new brands. This resulted in lower margins for the Group but which were necessary to attract and retain customers to the stores. This exercise is now complete and the Group is confident that these decisions will improve the Group's product offering and market positioning.

In FY2015, the share of results from associates and jointly controlled entities amounted to a profit of €0.6 million as compared to the projected profit of €0.4 million. Approximately €0.5 million of actual profit was derived from the positive results generated in FY2015 by Pendergardens (the Group's principal associate involved in the property division). In FY2015, Pendergardens completed Block 16 and concluded a number of sale contracts for units in the said block. This enabled the company to register a profit in FY2015 of €2.7 million as compared to a loss of *circa* €2.2 million in FY2014.

In FY2015, a profit of €0.4 million was realised on the disposal of a property. In contrast, an expected revaluation of the Group's investment property (GB Buildings) was not carried out in FY2015, and as such the forecasted gain on fair value of €0.3 million was not reflected in the actual results. A property revaluation is only required every five years and the last revaluation was done in FY2013. IN any case, management is of the opinion that the value of the aforesaid property has not materially changed since FY2013.

10. RELATED PARTY DEBT SECURITIES

United Group Limited owns 50% of Cars International Limited and 19.23% of Pender Ville Limited. Through their respective finance companies, Cars International Limited and Pender Ville Limited have the following outstanding debt securities:

Security ISIN	Amount Listed	Security Name	Currency
MT0000791203	15,000,000	5.50% Pendergardens Dev. Plc Secured Bonds 2020*	EUR
MT0000791211	27,000,000	6.00% Pendergardens Dev. Plc Secured Bonds 2022*	EUR
Unlisted Notes	4,622,000	5.85% Cars Int. Finance Plc Notes 2015-2017^	EUR

**Debt securities listed on the Malta Stock Exchange.*

^The Notes are not listed on a regulated market. United Group Limited has undertaken to guarantee 50% of all outstanding amounts of principal and interest due under the Notes.

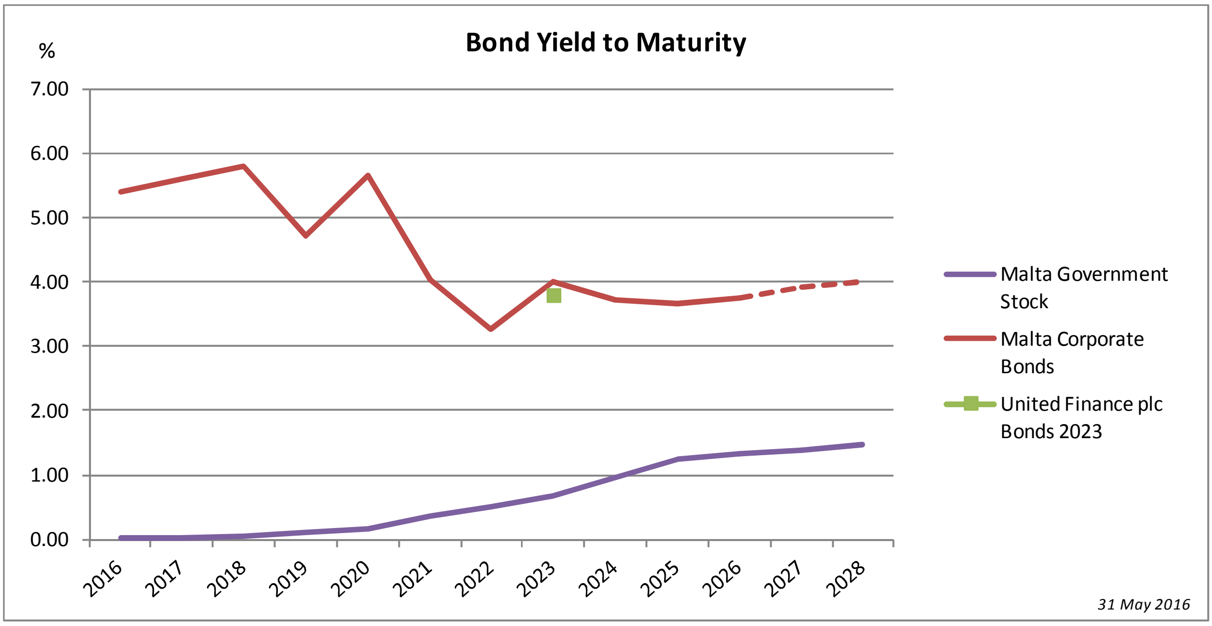
PART 3 - COMPARABLES

The table below compares the United Group and the Issuer's bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds maturing in the medium term. Although there are significant variances between the activities of the United Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the United Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the United Group.

Comparative Analysis	**Nominal Value (€)**	**Yield to Maturity (%)**	**Interest Cover (times)**	**Total Assets (€'000)**	**Net Asset Value (€'000)**	**Gearing Ratio (%)**
6.8% Premier Capital plc € Bond 2017-2020	24,641,000	5.59	4.58	72,208	17,739	64.59
6.6% Eden Finance plc 2017-2020	13,984,000	5.67	3.10	145,427	76,648	38.42
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.27	n/a	58,098	11,734	61.87
5.3% United Finance Plc Unsecured € Bonds 2023	**8,500,000**	**3.80**	**1.75**	**17,107**	**2,731**	**78.28**
6% AX Investments Plc € 2024	40,000,000	4.08	2.88	206,038	111,482	36.65
6% Island Hotels Group Holdings plc € 2024	35,000,000	3.78	0.58	145,140	54,053	53.19
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.75	3.49	67,669	25,823	57.66
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.73	0.05	81,842	31,150	55.46
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.10	2.32	70,543	6,592	86.78
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.42	1.50	90,867	26,315	71.30
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.76	1.13	1,357,869	641,031	41.81

31 May'16

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited



To date, there are no corporate bonds which have a redemption date beyond 2026 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 4 - EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including apparel retail, cash hire & leasing and rental income.
Direct costs	Direct costs include inventory, labour expenses and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of associates and jointly controlled entities	The United Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of associates and jointly controlled entities'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include investment properties; property, plant & equipment; and investments accounted for using the equity method.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory, and cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.

Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.