

COMPANY ANNOUNCEMENT

**UNITED FINANCE P.L.C
(THE "COMPANY")**

Approval of condensed Interim Financial Statements

Date of Announcement	22 August 2023
Reference	132/2023
Capital Market Rule	5.16.4

QUOTE

The Board of Directors of United Finance p.l.c (the "Company") hereby announces that today, the 22nd August 2023, it approved the Company's unaudited condensed Interim Financial Statements for the six-month period ended 30th June 2023. The condensed Interim Financial Statements are attached herewith and are also available for viewing at the Company's registered office or electronically at <http://www.unitedgroup.com.mt/financial-type/financial-reports/>.

UNQUOTE

Signed



Donald Vella
Company Secretary

UNITED FINANCE P.L.C.

Condensed Interim Financial Statements
30 June 2023

For the period 1 January 2023 to 30 June 2023

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Directors' report

The Directors present their report in terms of Chapter 5 of the Capital Markets Rule issued by the Malta Financial Services 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 2023, as approved by the Board of Directors on 22 August 2023 and are in accordance with accounting standards as adopted by the EU for interim financial statements.

Principal activities

The principal activity of the Company is to act as a finance company for the United Group of Companies (United Group), of which the Company is a member, principally by advancing amounts on loan to other Group companies for investments and working capital requirements. The Company also holds investment property which it leases out to third parties. There has been no change in activities since the previous reporting year.

Review of the business

During the period under review, the Company registered a loss amounting to €73,141 (2022: profit amounting to €66,212). Revenue was primarily generated from interest on loans and rental income and amounted to €355,556 (2022: €428,995).

The performance for the period under review was temporarily impacted by a change in tenant which resulted in a portion of the property being vacant for the first half of the year. A new tenant has since relocated into the premises and the property is once again fully occupied.

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

The Company's main objective, as a finance company for the United Group, is 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 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 impact Malta.

During 2020 and 2021 the board of directors embarked on a review of the Group's business model to ensure that the Group will be well positioned to continue in operation and will generate positive cashflows and results. To date such measures have been implemented successfully and have paved the way for the Group to streamline operations through retaining its more profitable ventures, enhance the Group's asset and equity base and align borrowings with the Group's revised operational model and forecasted cashflows.

In line with the Group's revised business model, on 19 June 2023, the Company issued an announcement that the Board of Directors has approved the sale and transfer of the G.B. Buildings property in Ta' Xbiex to a fellow subsidiary, United Estates Limited, for a consideration of €8,416,113. The Company intends to deploy the funds received from the sale of the property to redeem the €8,500,000 5.3% Unsecured Bonds 2023.

Management and the Board of Directors of the Company have prepared detailed base case projections for profitability and cashflows for the next 12 months from the date of reporting of these financial statements for the Company, taking into consideration the planned action points described above. The Company's profitability and cashflow projections indicate that enough resources are available for the Company to cover its commitments, including the final bond coupon due in November 2023 and to continue operating as a going-concern.

Directors' report - continued

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

Events subsequent to the end of the reporting period

As further disclosed in note 16, the Board of Directors has resolved to embark on a €10,000,000 bond issuance programme bearing interest at 6%, the proceeds of which will be utilised to fund various prospective investments in a number of tranches. The first tranche of €1,100,000 was drawn down in August 2023 and will be deployed to fund a number of investments undertaken by fellow subsidiaries.

Results and dividends

The condensed interim statement of comprehensive income is set out on page 7. 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:

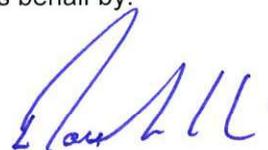
Joseph F.X. Zahra (appointed as Chairperson as from 24 May 2023)
Carmen Gatt Baldacchino (Chairperson) (resigned on 24 May 2023)
Edmund Gatt Baldacchino (Chief Executive Officer)
Simon Gatt Baldacchino
James Bonello
Helga Ellul (appointed on 8 June 2022 and resigned on 25 January 2023)
Mr Kevin Rapinett (appointed on 1 February 2023).

The Company's Articles of Association do not require any Directors to retire.

Approved by the Board of Directors on 22 August 2023 and signed on its behalf by:



Simon Gatt Baldacchino
Director



Edmund Gatt Baldacchino
Director

Registered office
United Group of Companies
Pinto Business Centre, Level 4
Triq il-Mithna,
Qormi, QRM 3104
Malta

Statement pursuant to Capital Markets Rule 5.75.3

We hereby confirm that to the best of our knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2023, as well as of the financial performance and cash flows for the six month period ending 30 June 2023, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34: 'Interim Financial Reporting'); and
- the Directors' Report includes a fair review of the information required in terms of Capital Markets Rule 5.81.



Simon Gatt Baldacchino
Director



Edmund Gatt Baldacchino
Director

22 August 2023



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 2023

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Finance p.l.c. as at 30 June 2023, the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the condensed notes, comprising a summary of significant accounting policies and other explanatory notes ('the condensed interim financial information'). The Directors are responsible for the preparation and fair presentation of this condensed 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 condensed interim financial information based on our review.

Scope of review

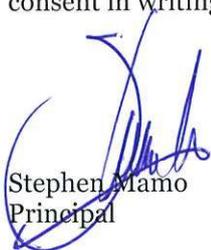
We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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.

A blue ink signature of Stephen Mamo, consisting of a large, stylized initial 'S' followed by the name 'Stephen Mamo' and 'Principal' written below it.

Stephen Mamo
Principal

For and on behalf of
PricewaterhouseCoopers

78, Mill Street
Zone 5, Central Business District
Qormi
Malta

22 August 2023

Condensed interim statement of financial position

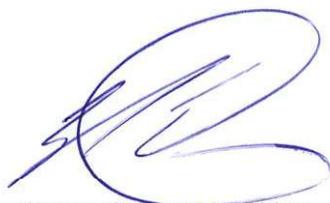
	Notes	As at 30 June 2023 €	As at 31 December 2022 €
ASSETS			
Non-current assets			
Investment property	8	-	8,416,113
Financial assets at amortised cost	9	962,642	100,000
Total non-current assets		962,642	8,516,113
Current assets			
Investment property	8	8,416,113	-
Financial assets at amortised cost	9	6,260,807	7,120,676
Trade and other receivables		1,981,115	1,314,695
Cash and cash equivalents	10	989,555	1,476,187
Total current assets		17,647,590	9,911,558
Total assets		18,610,232	18,427,671

Condensed interim statement of financial position - continued

	Note	As at 30 June 2023	As at 31 December 2022
		€	€
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,329,373	2,329,373
Other reserves		4,765,200	4,765,200
Retained earnings		770,685	843,826
Total equity		7,865,258	7,938,399
Non-current liabilities			
Deferred tax liabilities		823,818	823,818
Borrowings	11	748,590	839,948
Total non-current liabilities		1,572,408	1,663,766
Current liabilities			
Borrowings		8,491,226	8,478,225
Trade and other payables		681,340	347,281
Total current liabilities		9,172,556	8,825,506
Total liabilities		10,744,974	10,489,272
Total equity and liabilities		18,610,232	18,427,671

The notes on pages 10 to 16 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 5 to 16 were authorised for issue by the Board on 22 August 2023 and were signed on its behalf by:



Simon Gatt Baldacchino
Director



Edmund Gatt Baldacchino
Director

Condensed interim statement of comprehensive income

	Period from 1 January to 30 June 2023	Period from 1 January to 30 June 2022
	€	€
Investment and other related income	355,556	428,995
Interest payable and similar charges	(250,861)	(242,642)
Gross Profit	104,695	186,353
Administrative expenses	(177,836)	(120,141)
Fair value gains on investment property	-	-
Profit before tax	(73,141)	66,212
Tax charge	-	-
Total comprehensive income for the period	(73,141)	66,212

The notes on pages 10 to 16 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 as at 1 January 2022	2,329,373	4,765,200	707,050	7,801,623
Comprehensive income				
Profit for the period	-	-	66,212	66,212
Total comprehensive income	-	-	66,212	66,212
Balance at 30 June 2022	2,329,373	4,765,200	773,262	7,867,835
Balance as at 1 January 2023	2,329,373	4,765,200	843,826	7,938,399
Comprehensive income				
Profit for the period	-	-	(73,141)	-
Total comprehensive income	-	-	(73,141)	-
Balance at 30 June 2023	2,329,373	4,765,200	770,685	7,865,258

The notes on pages 10 to 16 are an integral part of these condensed interim financial statements.

Condensed interim statement of cash flows

	Period from 1 January to 30 June 2023	Period from 1 January to 30 June 2022
	€	€
Net cash generated from operating activities	(331,646)	247,709
Net cash used in investing activities	(63,628)	(70,302)
Net cash used in financing activities	(91,358)	1,478,563
Net movement in cash and cash equivalents	(486,632)	1,655,970
Cash and cash equivalents at beginning of the period	1,476,187	311,771
Cash and cash equivalents at end of the period	989,555	1,967,740

The notes on pages 10 to 16 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 2022 are available upon request from the Company's registered office at United Group of Companies, Pinto Business Centre, Level 4, Triq il-Mithna, Qormi QRM 3104, 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 22 August 2023.

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 2023 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 2022, which have been prepared in accordance with IFRSs as adopted by the EU.

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 2022.

3. Summary of significant accounting policies

(a) New and amended standards adopted by the Company

A number of amended standards became applicable for the current reporting period. There is no impact on the adoption of these revisions on the Company's accounting policies and on the Company's financial results.

(b) Impact of standards issued but not yet applied by the Company

Certain amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2023. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and 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 2022.

5. Critical accounting estimates and judgements

Estimates and judgments 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, aside from valuation of investment property (note 7), the accounting estimates and judgments 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, whilst rental income is derived from third party only.

7. Fair values of financial and non-financial instruments

Financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of non-current loans receivable and borrowings is based on amortised cost representing proceeds received net of transaction costs incurred. The amortisation of transaction costs is calculated using the effective yield method.

At 30 June 2023 and 31 December 2022 the carrying amounts of other financial instruments, comprising cash at bank, receivables, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

7. Fair values of financial and non-financial instruments - continued

Non-Financial instruments

During June 2021, the directors commissioned an independent firm of architects to carry out a market valuation of the Company's investment property as at that date, by considering the aggregate of the estimated cash flows expected to be received from renting out the property over a defined period. The directors have approved the valuation and used it as a basis in determining the fair value of the Company's immovable property as at 31 December 2021 and 31 December 2022.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Company and the lessee, and the remaining economic life of the property.

The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3) as described within this Note for financial instruments.

The Company's investment property comprises an office block and retail space leased out to third parties. All the recurring property fair value measurements at 30 June 2023 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 30 June 2023 and 31 December 2022.

A reconciliation from the opening balance to the closing balance of investment property for recurring fair value measurements categorised within Level 3 of the value hierarchy is presented in Note 8. Gains from changes in fair value have been recognised in the income statement.

Valuation processes

Valuation of the property is assessed regularly by management and at least every five years a valuation report is prepared by independent and qualified valuers. These reports are based on both:

- information provided by the Company which is derived from the Company's financial systems and is subject to the company's overall control environment; and
- assumptions and valuation models used by the valuers - the assumptions are typically market related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Executive Officer (CEO). This includes a review of fair value movements over the period. When the CEO considers that the valuation report is appropriate, the valuation report is recommended to the Audit Committee. The Audit Committee considers the valuation report as part of its overall responsibilities.

At the end of every reporting period, the CEO assesses whether any significant changes or developments have been experienced since the last external valuation and reports to the Audit Committee on the outcome of this assessment. Periodically, the CEO and the Board of Directors consider the market comparative approach to challenge and substantiate the value of the Company's investment property. The market comparative approach considered unobservable inputs relating to selling price per square metre ranging from €3,500/sqm to €4,000/sqm. The resultant valuation adequately supporting the fair value of €8,416,113.

7. Fair values of financial and non-financial instruments - continued

Non-Financial instruments - continued

In the opinion of the directors, as at 30 June 2023, no significant changes or developments have been experienced since the acquisition that impacted the property's fair value by giving rise to a material shift in its estimated market value.

Valuation techniques

The external valuations of the Level 3 property have been performed using projected rental streams. In view of a limited number of similar sales in the local market, the valuations have been performed using unobservable inputs. The significant input to this approach is the discounted cash flows of contracted and projected rental streams.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description by class based on highest and best use	Fair value at 30 June 2023 €	Valuation technique	Significant unobservable input	Range of Unobservable inputs €
Current use as office premises	8,416,113	Discounted cashflows - rental stream approach	Rental streams	Rental value p.a. of €500K and applying discount rates of 8.2%

8. Investment property

	30 June 2023 €	31 December 2022 €
Year ended 31 December		
As at 1 January	8,416,113	8,330,848
Additions	-	85,265
	8,416,113	8,416,113

As disclosed in Note 11, on 19 June 2023, the Company issued an announcement that the Board of Directors have approved the sale and transfer of the G.B. Buildings property in Ta' Xbiex to a fellow subsidiary, United Estates Limited, for a consideration of €8,416,113.

9. Financial assets at amortised cost

In the ordinary course of its business activities, the Company also advances funds to Group companies amounting to €7,263,449 (31 December 2022: €7,260,676). Such amounts are secured through pledges, guarantees and hypothecs on properties held by their respective companies. Financial assets at amortised cost are net of expected credit loss provisions of €140,000 (31 December 2022: €140,000).

Also included in financial assets at amortised costs are restricted cash amounting to € 100,000 (2021: €100,000) represents deposits pledged in favour of the Malta Development Bank loan (Note 11), and are therefore not available for general use.

10. Cash and cash equivalents

As at year-end the Company had a cash-sweep financing arrangement with its parent company, to transfer funds at end of day for the purposes of managing the Group's interest expense. Included in the cash and cash equivalents at period end, are amounts of €935,071, which as at 30 June 2023 were transferred in the bank accounts of the parent company for this purpose, and which on an ongoing basis get transferred back to the Company on a rolling basis as described above.

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. Interest on the Bonds is payable annually in arrears, on 6 November of each year. The next interest payment is due on 6 November 2023.

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.

On 19 June 2023, the Company issued an announcement that the Board of Directors have approved the sale and transfer of the G.B. Buildings property in Ta' Xbiex to a fellow subsidiary, United Estates Limited, for a consideration of €8,416,113. The Company intends to deploy the funds received from the sale of the property to redeem the €8,500,000 5.3% Unsecured Bonds 2023.

Furthermore, during 2020, the Company successfully applied for a loan through the COVID-19 Guarantee Scheme supported by the Malta Development Bank (MDB) amounting to €1,000,000 repayable within six years from initial drawdown and incurring an effective interest of 2.75% per annum. In line with the Malta Development Bank COVID-19 Guarantee Scheme, this loan will benefit from a subsidy of 2.5% per annum for the first two years.

The MDB loan was drawn down during 2021.

12. Taxation

In view of the tax losses available in other Group entities, which the Company expects to avail of for the year ending 31 December 2022, no tax charge has been accrued for as at 30 June 2023. At year-end, the Company will also determine the continued applicability of this assessment and determine whether to retain the current tax mechanism or apply the Final Withholding Tax on rental income.

13. Capital commitments

As at 30 June 2023, the Company did not have any capital commitments.

14. Contingent liabilities

No events occurred since 31 December 2022 that require disclosure of any contingent liabilities as at 30 June 2023.

15. 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 United Group of Companies, Pinto Business Centre, Level 4, Triq il-Mithna, Qormi ORM 3104, 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 2023	30 June 2022
	€	€
Income		
Interest receivable:		
Loans advanced to Group companies	192,842	199,780
	<hr/>	<hr/>
Expenditure		
Management fees charged by parent	74,697	72,333
	<hr/>	<hr/>

Financial assets at amortised cost at 30 June 2023 relate to loans advanced to related companies amounting to €7,263,449 (31 December 2022: €7,260,676). Such amounts are secured over assets of the respective Group companies.

Current assets also include current account balances with related parties at 30 June 2023 amounting to €1,867,692 (31 December 2022: €1,204,981). Such amounts are unsecured.

16. Events subsequent to the end of the reporting period

On 24 July 2023, the Company issued an announcement that a base prospectus dated 20 July 2023 ("Base Prospectus"), relating to the issue of up to €10,000,000 unlisted unsecured notes ("Notes") pursuant to a note issuance programme (the "Note Issuance Programme"), has been approved by the Malta Financial Services Authority, as the competent authority under the Prospectus Regulation (Regulation EU No. 2017/1129). The Notes are guaranteed by the Company's parent company, United Group Limited, on a joint and several basis.

The Base Prospectus sets out the terms under which the Notes are to be issued by the Company, in one or more tranches, in favour of the nominee and placement agent, MZ Investment Services Ltd (C23936) ("Nominee and Placement Agent"). All categories of investors may participate in the Note Issuance Programme through the subscription for participation notes to be issued by the Nominee and Placement Agent under the terms and conditions of the applicable final terms.

Full details of the Note Issuance Programme and the first tranche of Notes, consisting of up to a maximum of €1,100,000 participation notes of a nominal value of €1,000, redeemable at par on 26 July 2029 and bearing interest at the rate of 6% per annum, are set out in the Base Prospectus and the final terms relative to the first tranche of Notes.

Further to the closure, on 4 August 2023, of the offer period relative to the issue of an initial tranche of €1,100,000 6% Unsecured Notes 2029, the Company announced the basis of acceptance for the Tranche I Issue and the fact that the Tranche I Issue has been fully subscribed. Interest on the notes issued pursuant to the Tranche I issue will commence to run as from 4 August 2023. The proceeds from the first tranche, as stipulated in the Note Issuance Programme, will be mainly utilised for funding of investments undertaken by fellow subsidiaries.