United Finance p.l.c.

Financial Analysis Summary

6 October 2014

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

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

6 October 2014

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 2011, 31 December 2012 and 31 December 2013 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 2011, 31 December 2012 and 31 December 2013 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 two years ending 31 December 2014 and 31 December 2015 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.
(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

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 the United Motor Company, a transportation company engaged in the field of bus service and chauffeur-driven vehicle services. With the rapid growth of the tourism industry in Malta in the 1960's, the company, under the leadership of Carmelo's son, Charles Gatt Baldacchino, diversified its business activities by establishing operations in destination management services, including leisure and excursion services for leading international tour operators. With the continued growth of the tourism industry in Malta and the lack of proper transportation facilities and infrastructure to handle such growth, Charles Gatt Baldacchino ventured into car rental services. This business performed well over the years and in 1961 was granted the Hertz franchise for Malta, a franchise still held today. The United Group operates the car rental business through United Garage Limited. In 1992, the company expanded its services by setting up a vehicle leasing division with the backing of Hertz Leasing.

In 1982, United Automobile Limited was appointed sole representative in Malta of the renowned car manufacturer Adam Opel A.G., and in 1991 was granted the sole distribution rights for the Saab brand. On 1 July 2011, United Automobile Limited agreed to merge its car dealership operations with the business of Easysell Kia (Malta) Limited through the setting up of a new company – Cars International Limited. The latter company is equally owned by the United Group and the Tumas Group and represents Kia, Opel, and DFM automotive brands in Malta. In 2006 the Group branched out in vehicle recovery and towing services through the acquisition of the CAA business.

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 operating two Debenhams department stores in Malta and three female fashion outlets, two in Sliema and the other 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 its 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

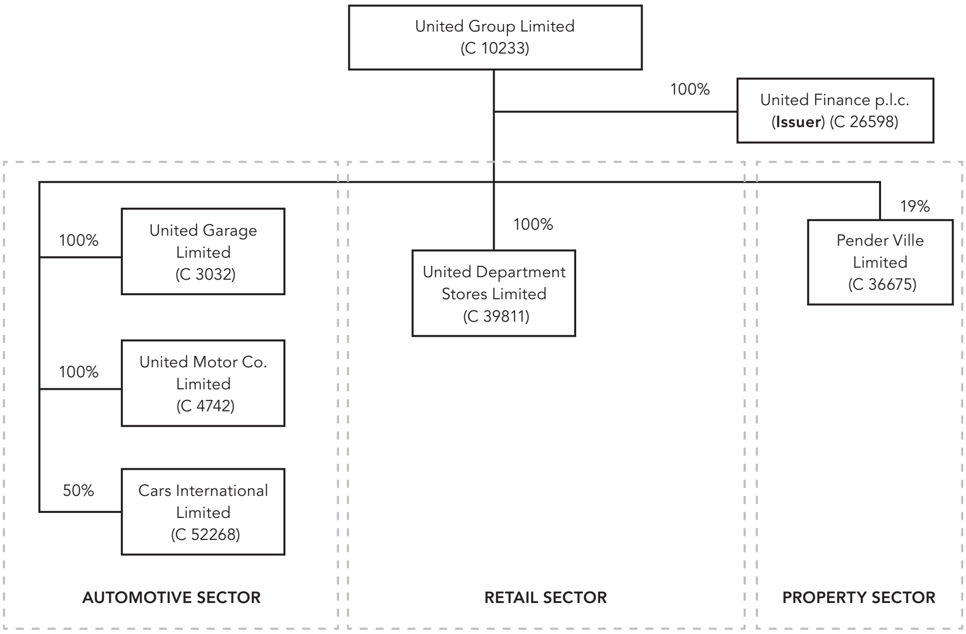
The parent company of the United Group is United Group Limited, and is managed by a Board consisting of seven directors who are responsible for the day-to-day management of the Group.

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 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. During the current financial year ending 31 December 2014, the Group initiated a corporate restructuring exercise as follows:

- United Automobile Limited (C 5845), G&G Automobile Limited (C 29084) and Gatt Estates Limited (C 4171) are non-operating companies and will be merged with UGL;
- United Retail Limited (C 36776), the operator of fashion retail outlets, was merged on 26 June 2014 with United Department Stores Limited (C 39811), the franchisee for the Debenhams brand. The brands will now be marketed through the latter company;
- United Assets and Management Services Limited (C 27053) is principally engaged in providing management services and support to Group companies. This company will be merged with UGL in the last quarter of 2014.

The aforementioned companies have been excluded from the Group organisational chart to reflect the position of the Group after the restructuring is completed.

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 €'000	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**
Fashion retail	6,814	6,197	5,872
Automotive[1]	2,404	2,392	4,104
Property	203	128	132
Total Revenue	**9,421**	**8,717**	**10,108**

[1] On 1 July 2011, the car importation business was transferred from United Automobile Limited (a wholly owned subsidiary of United Group Limited) to Cars International Limited, a jointly controlled entity owned by the United Group and the Tumas Group.

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 two other female fashion brands. The latter two brands are marketed through two outlets located in Tower Road, Sliema and Zachary Street, Valletta and offer a range of women's fashion clothing and accessories.

In the first quarter of 2010, United Department Stores Limited opened the Debenhams department store at The Point Shopping Centre in Sliema, Malta and covers over 2,500m^2 of shop floor. Debenhams' key product categories include womenswear, menswear, childrenswear and homeware. Since introducing Debenhams to the local market four years ago the Group has experienced encouraging year-on-year sales growth, which instigated the Group to open, in November 2012, a second 930m^2 Debenhams store at the Main Street Shopping Complex in Paola, Malta.

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 strengthen recognition of each of its brands, in particular Debenhams, 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 2012. 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.

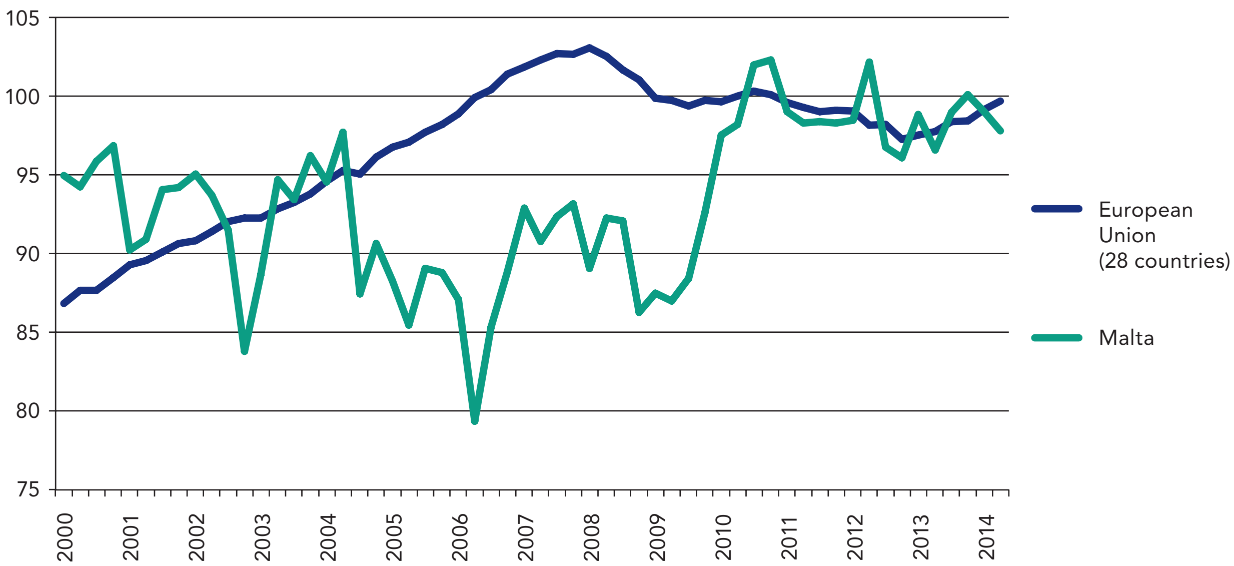
Turnover of Apparel Retail Stores in Malta	**2008**	**2009**	**2010**	**2011**	**2012**	**CAGR 2008-12**
0 – 9 employees						
Total turnover (€' million)	73	64	53	54	60	**-4.8%**
No. of outlets (units)	700	701	663	670	687	
Average turnover (€' million)	0.10	0.09	0.08	0.08	0.09	
Year-on-year growth		-12%	-13%	0%	9%	
10 – 49 employees						
Total turnover (€' million)	36	34	50	50	46	**6.4%**
No. of outlets (units)	18	17	29	29	28	
Average turnover (€' million)	1.98	2.02	1.71	1.74	1.64	
Year-on-year growth		2%	-15%	2%	-6%	
50 – 249 employees						
Total turnover (€' million)	46	52	68	64	77	**13.8%**
No. of outlets (units)	7	8	12	13	14	
Average turnover (€' million)	6.59	6.51	5.64	4.92	5.53	
Year-on-year growth		-1%	-13%	-13%	12%	
Total Turnover (€' million)	**155**	**151**	**170**	**168**	**183**	**4.29%**
Year-on-year growth		-2%	13%	-1%	9%	

Source: National Statistics Office Malta (NACE 47.71 data)

Chart III: Retail Apparel Market in Malta

Over the five year period to 2012, the total number of outlets remained relatively unchanged (2008: 725 units; 2012: 729 units). However there has been a shift from smaller stores (a decrease of 13 units in 5 years) to larger ones (+17 from 25 stores in 2008 to 42 stores in 2012). Furthermore, consumer spending has also changed and shows a preference towards the larger stores. In fact, in the period 2008 to 2012, smaller outlets registered a compounded annual decrease in turnover of 4.8%, while the larger outlets recorded a compounded annual growth rate in turnover of 13.8%. It is estimated that the retail arm of the United Group had a market share of 3.4% in 2012, which is based on the annual sales figure of €6.2 million. The market share is likely to have increased in 2013 further to the opening of the Paola outlet.

Chart IV: Retail Trade (2010 = 100)



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

Chart IV 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 Q2 2014, revenue generated from retail sales in Malta and the EU (average) has been broadly stable but marginally in decline. 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

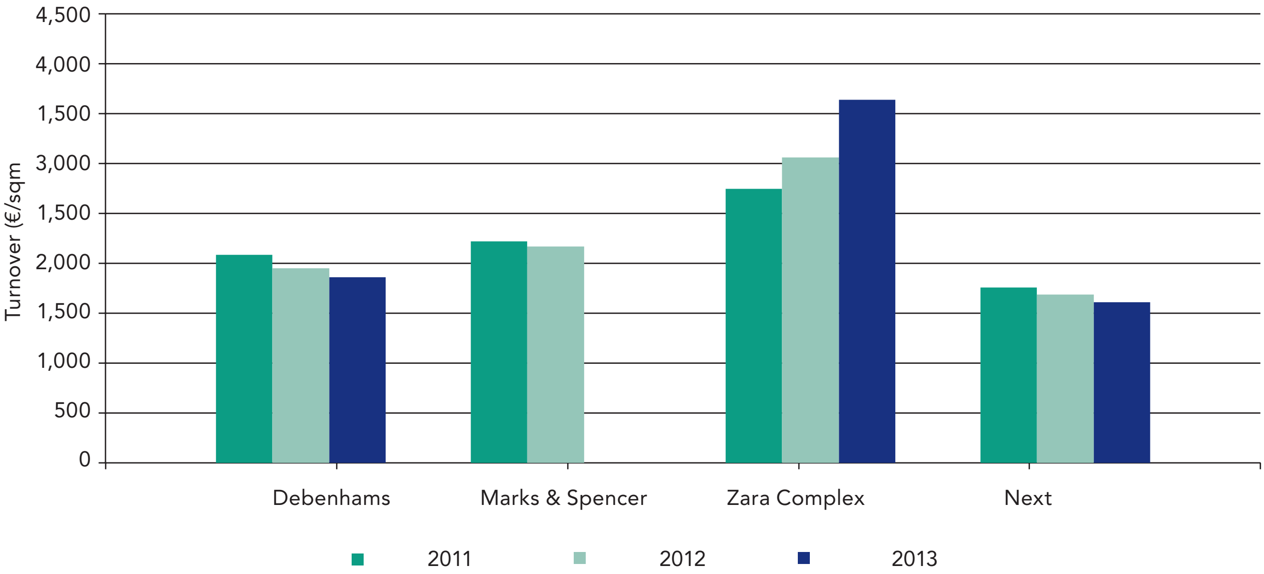
	2011	2012	2013
Debenhams			
Revenue (€' 000)	**5,000**	**5,490**	**6,028**
Y-o-y growth		***9.8%***	***9.8%***
Gross Profit (€' 000)	**2,445**	**2,691**	**3,030**
Gross profit margin	***48.9%***	***49.0%***	***50.3%***
Sales area in sqm[1]	**2,142**	**2,516**	**2,889**
Sales per sqm (€/sqm)	**2,334**	**2,183**	**2,087**
Marks and Spencer			
Revenue (€' 000)	9,952	9,718	n/a
Y-o-y growth		*-2.4%*	
Gross Profit (€' 000)	4,567	4,523	n/a
Gross profit margin	*45.9%*	*46.5%*	
Sales area in sqm[1]	4,000	4,000	4,000
Sales per sqm (€/sqm)	2,488	2,429	n/a
Zara Complex			
Revenue (€' 000)	6,148	6,859	8,149
Y-o-y growth		*11.6%*	*18.8%*
Gross Profit (€' 000)	2,750	3,061	3,639
Gross profit margin	*44.7%*	*44.6%*	*44.7%*
Sales area in sqm[1]	2,000	2,000	2,000
Sales per sqm (€/sqm)	3,074	3,429	4,074
Next			
Revenue (€' 000)	4,916	4,722	4,511
Y-o-y growth		*-4.0%*	*-4.5%*
Gross Profit (€' 000)	2,415	2,189	2,223
Gross profit margin	*49.1%*	*46.4%*	*49.3%*
Sales area in sqm[1]	2,500	2,500	2,500
Sales per sqm (€/sqm)	1,966	1,889	1,804

[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. BHS also operates a retail outlet of a similar size to that of Debenhams in Malta, but since the results of BHS incorporate its operations in North Africa it has been excluded from the analysis.

Chart V: Sales per sqm (2011 - 2013)



In the period under review, Debenhams increased total revenue by 21% from €5.0 million in FY2011 to €6.03 million in FY2013, fuelled in particular by the opening of the new Debenhams outlet in Paola in the last quarter of 2012. All other competitors performed at lower levels than Debenhams, except for Zara Complex which registered an increase of 33% from €6.1 million in FY2011 to €8.1 million in FY2013. Chart V above also sets out the revenue generated per sqm and shows that during the three year period, Debenhams recorded a decline in turnover per sqm. The primary reason for the decrease was due to the opening of a new store in Paola, which reduced the company's overall sales per sqm as this outlet is still in the process of establishing its market presence. As to gross profit, Debenhams has a superior margin (average gross profit margin of 49.4%) when compared to its peers (Marks and Spencer: 46.2%, Zara Complex: 44.7%; and Next: 48.3%).

5.1.4 Trend Analysis

The retail market in Malta grew at a compounded annual growth rate of 4.3% in the period 2008 to 2012, which is well above the European growth rate of 1.3% for the same period. Albeit, 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.

Prior to 2011, Opel vehicles were distributed in Malta by United Automobile Limited. As a result of increased competition over the years in the local market, both from new motor vehicle franchises and used cars imported at competitive prices, the United Group agreed on 1 July 2011 to merge its car dealership business with the operations of Easysell Kia (Malta) Limited. The newly formed company, Cars International Limited, is equally owned by the United Group and the Tumas Group and represents Kia, Opel and DFM automotive brands in Malta.

The principal objectives supporting this transaction included:

- Substantial cost savings through the consolidation of human resources, property costs and selling, general and administrative overheads of both companies; and
- The newly merged operation is in a position to offer a wider variety of models in different segments and at various price levels, since it represents three car dealership franchises. This allows the company to have a superior presence across all market segments in the private vehicle classes in Malta, and also lessens its dependence on any particular model.

Cars International Limited operates from premises owned by Easysell Kia (Malta) Limited in Mdina Road, Qormi, Malta and includes a showroom and delivery area measuring 702m^2 and 435m^2 respectively. The after-sales and service centre is located in Pantar Road, Lija, Malta and measures *circa* 2,000m^2, with an additional 2,000m^2 reserved for customer parking. The property is leased from a third party company.

The United Group operates the car rental business under the Hertz brand through United Garage Limited. The company has been operating the Hertz brand in Malta since 1961, and owns a fleet of *circa* 240 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.

United Garage Limited has recently launched a new brand in Malta, namely Firefly, also owned by Hertz. Firefly addresses the budget value segment of the car rental market. In this respect, United Garage Limited plans to price the Firefly fleet of vehicles at highly competitive rates. This will enable the company to increase its market spread and maintain a better pricing and yield model for its branded fleet.

In the early 1990s United Garage Limited also diversified its activities into car leasing, which it operates under the Hertz Leasing brand. This was a natural extension of the company's rent-a-car activities. 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.

In January 2006 the Group through its subsidiary United Motor Company Limited (UMCL) acquired the business of CAA road towing and road assistance service. Despite the acquisition being a new venture for the Group, the Group's experience acquired throughout the years in the automotive services sector and the greater synergy within the Group's automotive division ensures that UMCL's customers are provided with the best possible service. Subscription to the service is obtained either directly by individuals or through agreements with insurance companies that offer CAA membership as part of their insurance package. The market has evolved in such manner that more than 80% of the company's current revenue is procured from insurance companies.

5.2.2 Market Overview – Vehicle Rental

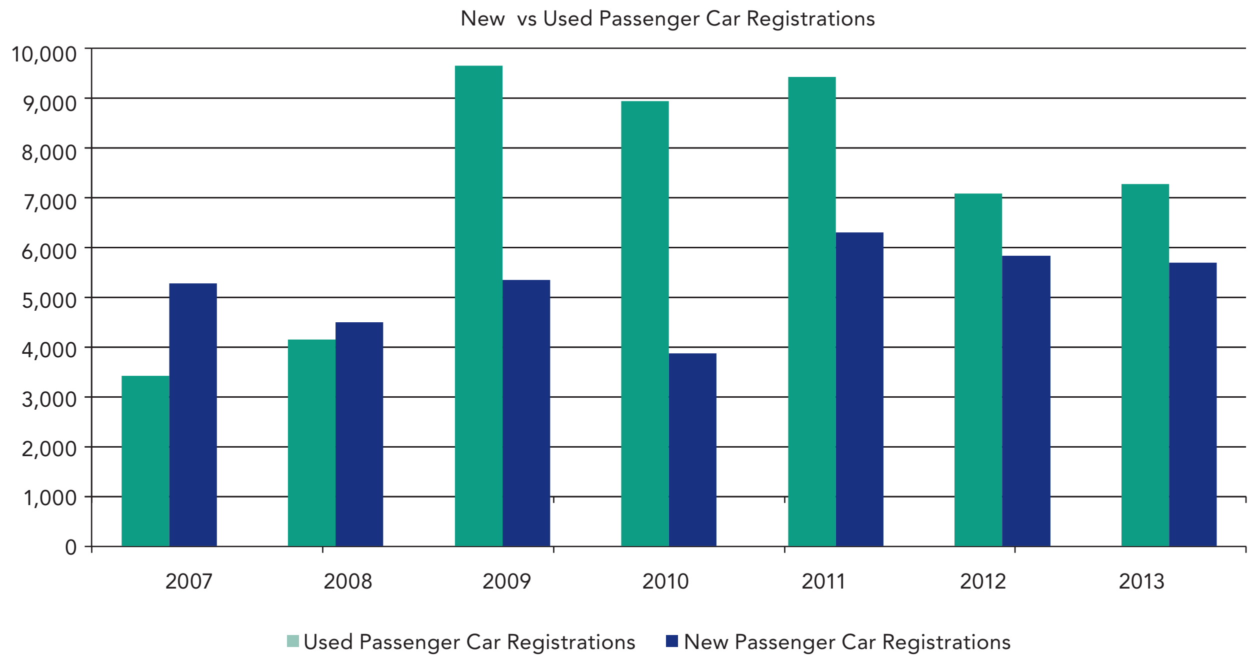
Competition among car rental industry participants is intense and is primarily based on price, vehicle availability and quality, service, reliability, rental locations and product innovation. Price has become more important in recent years due to two factors: (i) tourists visiting Malta are increasingly more price sensitive; and (ii) Malta has seen the emergence of small unbranded operators offering lower quality cars.

The local car rental industry has experienced increased demand in recent years primarily due to the growth in tourists visiting Malta (+18% since 2010 to 1.58 million visitors in 2013). On the other hand, available inventory of registered self drive and leased cars remained broadly stable at approximately 6,500 vehicles, and thus car rental operators were able to maintain or marginally increase car rental prices. The Group currently operates a fleet of *circa* 240 cars, which represents *circa* 3.7% of registered vehicles. 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

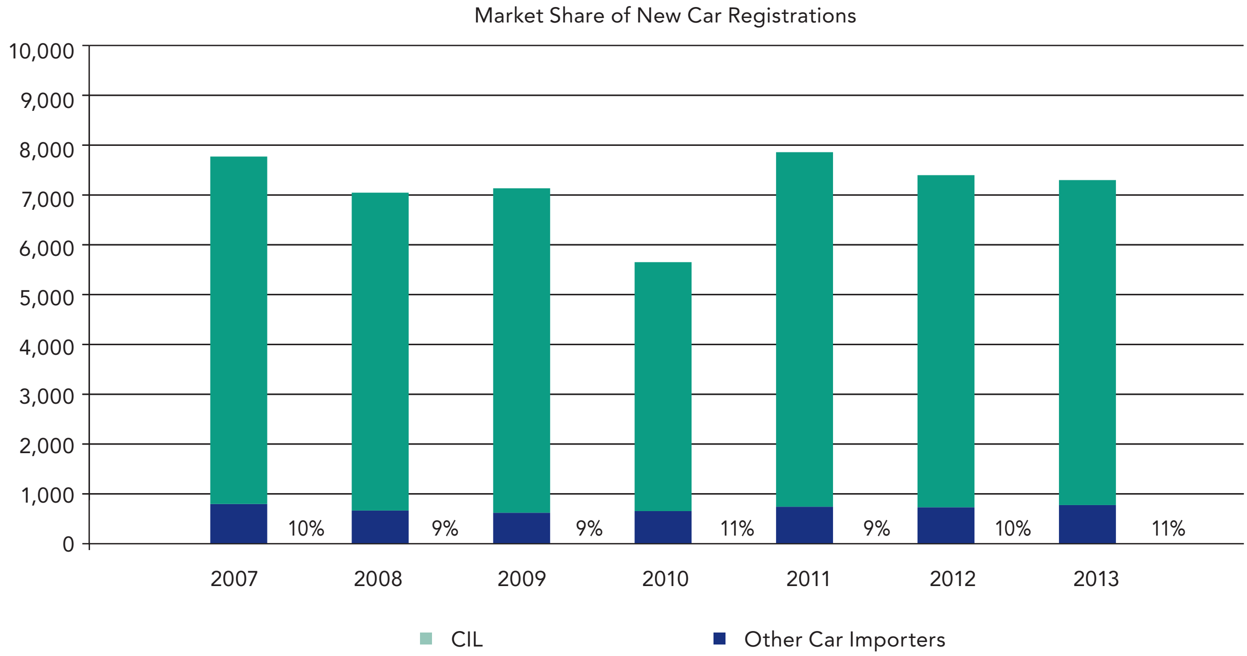
Over the years the automotive sector in Malta has become highly competitive with a wider range of new motor vehicle franchises and models imported at competitive prices. In addition, the used car import market has grown substantially in the last few years as evidenced by statistics published by the National Statistics Office Malta and which are included in the table below. During the past decade, registered passenger cars in Malta increased by more than 57,000 vehicles, from 190,722 in 2004 to 248,245 in 2013, which is equivalent to a compound annual growth rate of 3%.



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. However in the last two years the importation of used cars and new vehicles has been fairly stable at *circa* 7,000 and 6,000 passenger cars respectively.

Market share of Cars International Limited

As indicated below, the market share of Cars International Limited has been broadly maintained over the years. 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 2013 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 are satisfactory and Cars International Limited is well positioned to at least maintain its market share. The company represents well regarded automobile brands locally and in particular, Opel and Kia are among the top selling brands in Malta. New vehicle model launches by the brand companies augur well for the future trading prospects of Cars International Limited. Such prospects, together with increased marketing and new services being offered, including the option for clients to purchase vehicles on hire purchase terms, should maintain the company's competitive edge in the local market.

In the towing and roadside assistance sector, the Group will continue to consolidate its market share and its business relationships with top local corporate clients, having regard to emerging industry trends and service quality levels.

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 2013 was €4.55 million (FY2012: €3.85 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. The Pendergardens Group 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"). Out of available inventory, 149 apartments and 183 car park spaces have been sold over a six-year period to a mix of Maltese residents (46%) and foreigners (EU nationals – 43%, non-EU nationals – 11%). Construction of Phase II commenced in 2012 and includes the development of (i) Block 16 having a gross floor area measuring *circa* 16,404m^2 and consisting of 46 residential apartments, double height commercial space (1,336m^2) and four levels of underlying car park; (ii) Block 17 having a gross floor area measuring *circa* 20,771m^2 and consisting of 43 residential apartments, commercial space (5,853m^2) and underlying car park; and (iii) Towers I & II comprising a gross floor area measuring *circa* 22,684m^2, and which will offer 30 residential apartments and 8,784m^2 of 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.

The Exchange is earmarked for commercial use and will be promoted as a financial and business centre. It will consist of 16,700m^2 of office space within two towers and 10,800m^2 of retail and leisure outlets fronting a large public piazza. Car park spaces, numbering *circa* 476, will be available in the underground levels with direct vertical access to the offices and outlets. In 2009, an area measuring 950m^2 was sold to FIMBank plc, an international trade finance bank listed on the Malta Stock Exchange. Construction works were completed in September 2011 and the bank transferred its operations to the new premises in June 2012.

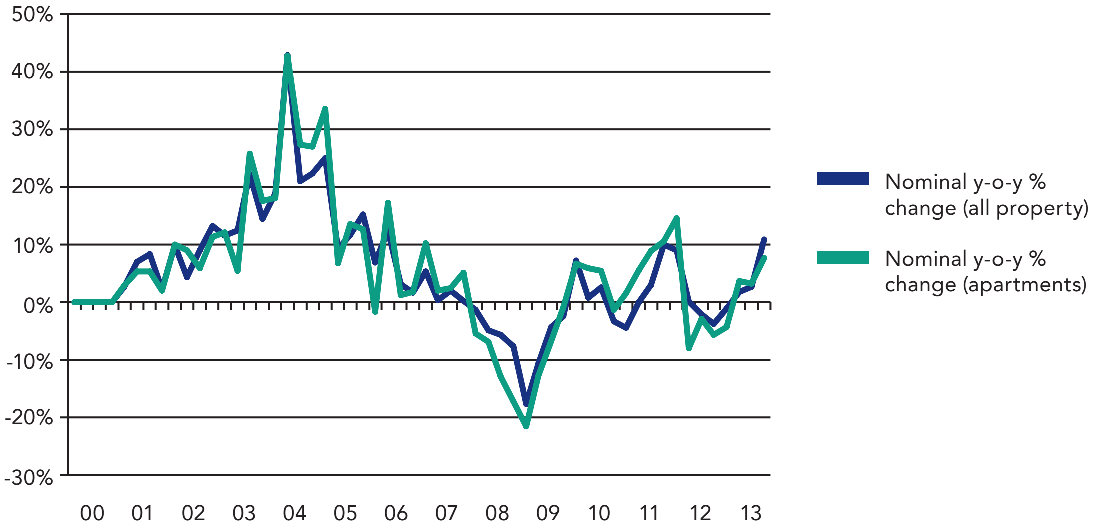
5.3.2 Market Overview

Performance of the property market in Malta has been modest in the past few years and has not fully recovered from the sharp fall registered in 2009. However, certain niche areas such as higher quality properties were more resilient and continue to perform reasonably well, partly due to various incentives implemented by Government to encourage purchases by foreign investors.

Malta experienced a brief housing boom between 2002 and 2005, and continued to grow at a more normalised rate from 2005 to 2007. Similar to other European countries, the Maltese property market declined considerably in the following two years as a result of the global financial crisis. Performance in the years 2010 to 2013 was relatively stable but still significantly below activity levels registered in 2007.

An analysis of property price movements is shown in Chart VI below and is based on the Central Bank of Malta's residential property price index, which tracks movements in advertised residential property prices. From 2000 to 2007, the Maltese property market enjoyed strong growth, with the overall house price index rising by 78.9%. Over the same period, apartment prices rose by 83.3%. By 2009, the house price index retracted 7.6% and apartment prices declined by 11.5%. Since 2010, property prices have recovered 10.9% and that of apartments improved by 7.7%.

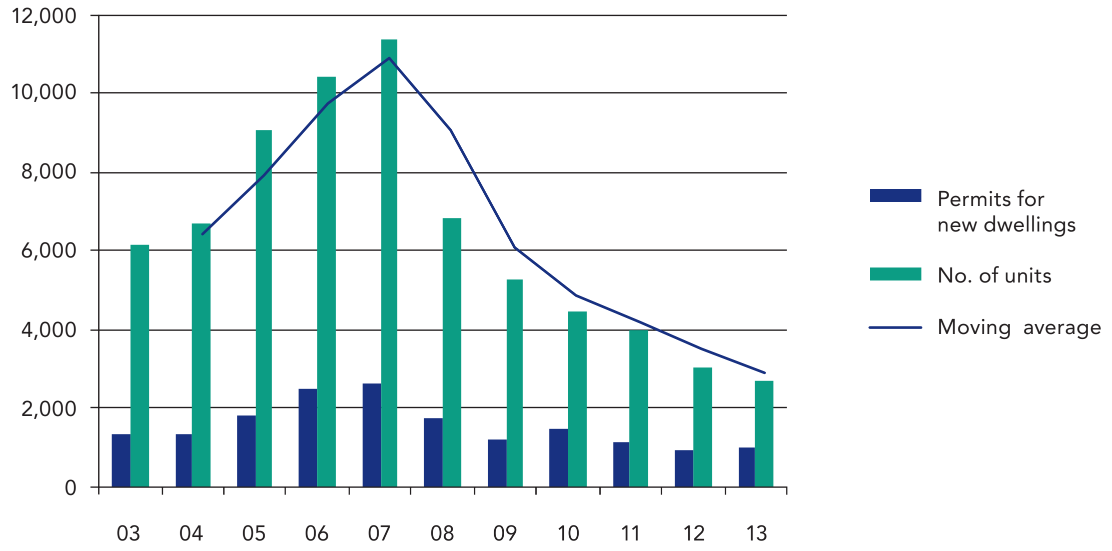
Chart VI: Change in property prices



Source: Central Bank of Malta

New dwelling permits peaked in 2007, as depicted in Chart VII below, with 2,636 permits issued during the said year, but declined thereafter at a constant rate to a ten-year low of 958 permits in 2012. With respect to 2013, issuance of permits recovered marginally to 1,004. The total number of new dwelling permits is an indicator of the health of the construction sector, which is expected to remain weak at least in the near term.

Chart VII: Development permits for dwellings



Source: Malta Environment & Planning Authority

National statistics relating to commercial property in Malta is currently not captured and therefore is more difficult to gauge the health of this sector. Notwithstanding the lack of such data, it can be deduced that since Malta has progressed towards a services oriented economy, the requirement for commercial property, in particular office space, has gained in demand. Moreover, in addition to the needs of local businesses, Malta has experienced in recent years an influx of foreign entities setting up operations in the country, such as remote gaming companies and financial services companies, which have further increased the demand for commercial premises and maintained a buoyant rental market. The positive view of this sector is further substantiated when assessing the supply side as a number of development projects earmarked for office and retail space are planned to commence in the coming years in response to such requirements.

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, albeit at lower levels than at the height of the property market in 2007. Management is confident that the sales tempo for the remaining apartments in Phase II of the project will be in line 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, including those to be developed at The Exchange Financial and Business Centre, 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 is restructuring its borrowings to better match the funding requirements of its operations and manage debt repayment programmes, which concurrently should result in a reduction in Group finance costs.

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:

Major assets	**FY2013 €'000**	**FY2012 €'000**	**FY2011 €'000**
GB Buildings[1]	4,550[2]	3,848	3,848
Ex-Hertz premises Gzira[3]	1,920	1,927	1,919
Other immovable properties	539	535	1,109
Available-for-sale equity and debt securities	1,327	1,006	424
	8,336	**7,316**	**7,300**

[1]Property is held directly by United Finance p.l.c.
[2]Year-on-year movements mainly relate to an uplift in valuation of the respective properties.
[3]Property was sold in FY2014.

Source: Consolidated audited financial statements of United Group Limited for the years ended 31 December 2011, 2012 and 2013.

PART 2

8 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.

8.1 FINANCIAL INFORMATION – THE ISSUER

The following financial information is extracted from the audited financial statements of United Finance p.l.c. (the "**Issuer**") for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013. The financial information for the years ending 31 December 2014 and 31 December 2015 has been provided by Group management.

Income Statement (€'000)	**FY2015 Projection**	**FY2014 Forecast**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**
Rental income from GB Buildings	360	290	224	147	178
Dividends & interest receivable from available-for-sale investments	23	23	87	32	25
Interest receivable from Group companies	437	592	637	652	639
Bank and bills of exchange interest receivable	38	56	71	106	149
Total revenue	**858**	**961**	**1,019**	**937**	**991**
Interest payable and similar charges	(452)	(820)	(816)	(824)	(840)
Gross profit	**406**	**141**	**203**	**113**	**151**
Administrative expenses	(152)	(162)	(105)	(107)	(133)
Fair value gains on GB Buildings	-	-	702	-	-
Profit/(loss) before tax	**254**	**(21)**	**800**	**6**	**18**
Taxation	-	9	(90)	-	(1)
Profit/(loss) after tax	**254**	**(12)**	**710**	**6**	**17**

Balance Sheet (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual
ASSETS					
Non-current assets	10,577	11,324	12,695	12,299	12,997
Current assets	2,804	1,818	4,239	3,770	3,173
Total assets	**13,381**	**13,142**	**16,934**	**16,069**	**16,170**
EQUITY AND LIABILITIES					
Equity	**4,485**	**4,230**	**4,343**	**3,606**	**3,571**
Liabilities					
Non-current liabilities	8,768	8,741	12,069	12,006	12,135
Current liabilities	128	171	522	457	464
Total liabilities	**8,896**	**8,912**	**12,591**	**12,463**	**12,599**
Total equity and liabilities	**13,381**	**13,142**	**16,934**	**16,069**	**16,170**

Cash Flow Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual
Net cash from operating activities	(220)	(734)	(182)	(48)	(575)
Net cash from investing activities	23	1,273	(546)	(529)	20
Net cash from financing activities	144	(813)	605	1,030	939
Net movement in cash and cash equivalents	**(53)**	**(274)**	**(123)**	**453**	**384**
Cash and cash equivalents at beginning of year	793	1,067	1,190	737	353
Cash and cash equivalents at end of year	**740**	**793**	**1,067**	**1,190**	**737**

In the three historical financial years rental income increased from €178,000 in FY2011 to €224,000 in FY2013, primarily due to: (i) a change in tenants in 2012 occupying level 1 and level 3 of GB Buildings which gave the Issuer the opportunity to negotiate higher rental rates; and (ii) the leasing out of the showroom at ground floor level in 2013, which area was vacant for a period of time. The property is fully occupied and rental income is projected to increase from €224,000 in FY2013 to €360,000 in FY2015 reflecting increments in rents negotiated with respective tenants.

Loans and advances to Group companies amounted to €8.5 million in FY2011 and progressively decreased to €7.5 million in FY2013. It is projected that said loans will amount to €6.7 million and €7.1 million as at 31 December 2014 and 31 December 2015 respectively. Interest earned on advances to Group companies averaged €643,000 in FY2011 – FY2013, but should decrease to €437,000 by FY2015, primarily as a result of lower interest rates that will be charged on such loans further to the proposed issue of the new bond.

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.

Interest payable primarily reflects interest paid by the Company on the €12 million 6.75% bonds 2014 - 2016 which bond will be redeemed in FY2014. Interest expense is expected to decrease significantly in FY2015 as the Issuer is set to replace the existing bond with a new €8.5 million bond (that is €3.5 million less than the current outstanding bond) at a lower coupon rate.

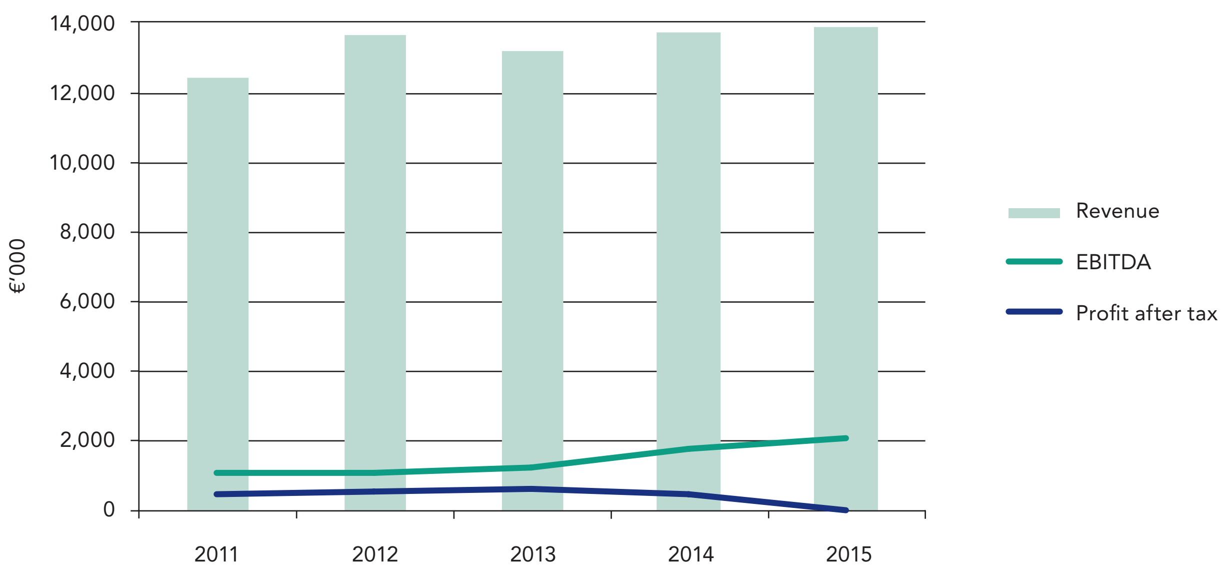
For the financial year ended 31 December 2013, the Issuer registered an increase of €0.7 million in the fair value of its property (GB Buildings) to €4.5 million. Apart from the said property, total assets of the Issuer primarily comprise loans and receivables due from Group companies (FY2013: €7.4 million), available-for-sale financial assets (FY2013: €1.3 million) and cash and cash equivalents (FY2013: €1.1 million). Liabilities of the Issuer principally include €11.6 million in bonds as at the end of FY2013, which will be reduced to €8.5 million through the issuance of a new bond as from FY2014.

8.2 INCOME STATEMENT - 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 2011, 31 December 2012 and 31 December 2013. The financial information for the years ending 31 December 2014 and 31 December 2015 has been provided by Group management.

United Group Income Statement (€'000)	**FY2015 Projection**	**FY2014 Forecast**	**FY2013 Actual**	**FY2012 Actual**	**FY2011 Actual**
Revenue					
Fashion retail	7,481	7,133	6,814	6,197	5,872
Automotive	2,599	2,381	2,404	2,392	4,104
Property	329	258	203	128	132
Total revenue	**10,553**	**9,917**	**9,421**	**8,717**	**10,108**
Other income	144	145	46	215	129
Direct costs and administrative expenses	(9,037)	(8,594)	(7,996)	(7,779)	(9,239)
EBITDA	**1,516**	**1,323**	**1,471**	**1,153**	**998**
Depreciation and amortisation	(991)	(959)	(801)	(639)	(710)
Share of results of associates and jointly controlled entities	109	(87)	27	146	455
Impairment of financial assets	-	(36)	-	-	-
Fair value gains on investment property	-	-	702	-	-
Profit on disposal of properties	-	2,772	-	-	-
Profit on disposal of other assets	-	42	-	-	-
Gain on transfer of business	-	-	-	-	12
EBIT	**634**	**3,055**	**1,399**	**660**	**755**
Net finance costs	(542)	(832)	(784)	(871)	(886)
Profit before tax	**92**	**2,223**	**615**	**(211)**	**(131)**
Taxation	-	(201)	(85)	93	50
Profit after tax	**92**	**2,022**	**530**	**(118)**	**(81)**

Chart VIII: Revenue, EBITDA & Profit after tax



The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011
Operating profit margin *(EBITDA/revenue)*	14%	13%	16%	13%	10%
Interest cover (times) *(EBITDA/net finance cost)*	2.8	1.6	1.9	1.3	1.1
Net profit margin *(Profit after tax/revenue)*	1%	20%	6%	-1%	-1%
Earnings per share (€)[1] *(Profit after tax/number of shares)*	3.73	82.02	21.50	-4.79	-3.29
Return on equity *(Profit after tax/shareholders' equity)*	3%	65%	20%	-6%	-4%
Return on capital employed *(EBITDA/total assets less current liabilities)*	12%	11%	9%	8%	7%
Return on assets *(Profit after tax/total assets)*	1%	11%	2%	-1%	-1%

[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 contracted from €10.1 million in FY2011 to €9.4 million in FY2013. The overall reduction reflects the transfer effected in FY2011 of the car dealership operation to Cars International Limited, a jointly controlled entity. Revenue generated from the retail division improved by €0.9 million from €5.9 million in FY2011 to €6.8 million in FY2013. It is projected that Group revenue will increase by €1.1 million over a two-year period to surpass €10.6 million by FY2015. Such increase is principally expected from further improvements in performance of the Group's retail stores.

During the three historical years under review, EBITDA increased from €1 million in FY2011 to €1.5 million in FY2013, which reflects a progressive increase in the EBITDA margin of the Group from 10% in FY2011 to 13% in FY2012 and 16% in FY2013. EBITDA margin is projected to remain broadly stable at *circa* 14%. In FY2013, the Issuer registered an increase of €702,000 in the fair value of GB Buildings, which enabled the Group to register a net profit of €530,000.

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 will be utilised to reduce the Group's debt balances. During the current financial year, 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, the Group concluded other property sales for an aggregate consideration of €1.37 million, of which a property valued at €0.5 million is still at preliminary agreement stage. The final sale contract is expected to the signed by the end of the year. The Group is forecasting for FY2014 a profit of €2.8 million on the disposal of the properties referred to above.

8.3 BALANCE SHEET – THE GROUP

United Group Balance Sheet (€'000)	**31 Dec'15 Projection**	**31 Dec'14 Forecast**	**31 Dec'13 Actual**	**31 Dec'12 Actual**	**31 Dec'11 Actual**
ASSETS					
Non-current assets	13,992	13,863	16,025	14,931	14,570
Current assets	3,576	3,807	5,660	5,296	5,130
Total assets	**17,568**	**17,669**	**21,685**	**20,227**	**19,700**
EQUITY AND LIABILITIES					
Equity	**3,199**	**3,106**	**2,685**	**2,128**	**2,209**
Liabilities					
Non-current liabilities	8,996	9,067	12,296	12,238	12,429
Current liabilities	5,373	5,496	6,704	5,861	5,062
Total liabilities	**14,369**	**14,563**	**19,000**	**18,099**	**17,491**
Total equity and liabilities	**17,568**	**17,669**	**21,685**	**20,227**	**19,700**

Total assets of the Group as at 31 December 2013 amounted to €21.7 million (FY2012: €20.2 million) and primarily comprise:

- Property, motor vehicles and other tangible assets amounting to €5.9 million (FY2012: €5.9 million);
- GB Buildings valued at €4.5 million (FY2012: €3.8 million);
- Investments in Cars International Limited and Pender Ville Limited, including amounts receivable from Pender Ville Limited totalling €3.8 million (FY2012: €3.7 million);
- Available-for-sale investments of €1.3 million (FY2012: €1.0 million);
- Inventories, trade and other receivables amounting to €3.1 million (FY2012: €3.2 million); and
- Cash and cash equivalents of €2.9 million (FY2012: €2.4 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, total assets as at 31 December 2014 are projected at €17.7 million, being a reduction of €4.0 million from 31 December 2013. Similarly, total liabilities are expected to decrease by €4.4 million to €14.6 million as at 31 December 2014.

Total liabilities of the Group include trade and other payables totalling €4.1 million (FY2012: €3.5 million), deferred tax liabilities of €0.8 million (FY2012: €0.7 million) and borrowings as detailed below:

United Group Borrowings & Bonds (€'000)	**31 Dec'15 Projection**	**31 Dec'14 Forecast**	**31 Dec'13 Actual**	**31 Dec'12 Actual**	**31 Dec'11 Actual**
Borrowings					
Bank overdrafts	3,450	3,450	2,372	1,632	2,100
Bank loans	291	384	-	-	-
Other loans	-	-	200	775	-
	3,741	**3,834**	**2,572**	**2,407**	**2,100**
Bonds					
6.75% Bonds 2014-2016			11,523	11,544	11,673
5.3% Unsecured Bonds 2023	8,231	8,204			
	8,231	**8,204**	**11,523**	**11,544**	**11,673**
Total borrowings and bonds	**11,972**	**12,038**	**14,095**	**13,951**	**13,773**

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 unsecured obligations of the Issuer, and rank equally without priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer. Although the Issuer has no secured debt, its property ('GB Buildings') is hypothecated in favour of a bank, up to a value of €2.8 million, to secure overdraft facilities of the Group.

The key accounting ratios are set out below:

	FY2015	**FY2014**	**FY2013**	**FY2012**	**FY2011**
Net assets per share (€)[1]	129.76	125.99	108.91	86.32	89.60
(Net asset value/number of shares)					
Liquidity ratio (times)	0.67	0.69	0.84	0.90	1.01
(Current assets/current liabilities)					
Gearing ratio	76%	77%	81%	84%	84%
(Net debt/net debt + shareholders' equity)					

[1]*Net assets 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

Gearing (financial leverage) of the United Group has decreased marginally during the three financial years FY2011 – FY2013 from 84% to 81%, and is expected to continue to decline to 77% in FY2014 due to the disposal of a number of Group properties and the resultant decrease in outstanding bonds from €11.6 million to €8.5 million. The Group's gearing level is projected to decrease gradually through the term of the Bond as operational performance improves and cash reserves are accumulated by the Group.

8.4 CASH FLOW STATEMENT - THE GROUP

United Group Cash Flow Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual
Net cash from operating activities	1,993	670	1,384	1,710	798
Net cash from investing activities	(929)	2,275	(1,087)	(1,268)	(263)
Net cash from financing activities	(728)	(4,242)	(538)	617	(186)
Net movement in cash and cash equivalents	**336**	**(1,297)**	**(241)**	**1,059**	**349**
Cash and cash equivalents at beginning of year	(738)	559	800	(259)	(608)
Cash and cash equivalents at end of year	**(402)**	**(738)**	**559**	**800**	**(259)**

Net cash from operating activities during the three years under review increased by 73% (from €0.8 million in FY2011 to €1.4 million in FY2013), primarily due to the positive performance of the Group's fashion retail operations. This trend is expected to continue in FY2014 and FY2015 as the Group's retail stores are forecasting further growth in EBITDA. During FY2014, Group is expected to settle a number of overdue creditor balances which is reflected in the forecast decrease in net cash inflows from operating activities.

Cash used in investing activities between FY2011 and FY2013 amounted to €2.6 million and mainly represented the continued investment in the Group's car hire and leasing fleet and the expenditure relating to the new Debenhams store in Paola. In the projected period, such expenditure in the car hire and leasing fleet is expected to be maintained. In FY2014, the Group will dispose of various properties, mainly the previous Hertz office in Gzira, and it is anticipated that cash inflows from such transactions will total €2.3 million.

The principal movement in financing activities over the three financial years (FY2011 – FY2013) related to the repurchase of bonds which amounted to €0.4 million. Apart from interest payments on outstanding bank borrowings and bonds, net cash from financing activities in FY2014 will include the redemption of outstanding bonds estimated at €3.1 million (cash outflow) and a drawdown of €1.5 million (cash inflow) from new bank facilities. In FY2015, cash movements in financing activities will predominantly represent bank and bond interest payments.

8.5 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[1]	EUR
MT0000791211	27,000,000	6.00% Pendergardens Dev. Plc Secured Bonds 2022[1]	EUR
	5,000,000	5.85% Cars Int. Finance plc Notes 2015-2017[2]	EUR

[1]*Debt securities listed on the Malta Stock Exchange.*

[2]*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.*

9 COMPARABLES

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

Comparative Analysis	Nominal Value (€'000)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'million)	Net Asset Value (€'million)	Debt/ Equity (%)
7.0% GH Marina plc 2017/20	11,659	5.65	n/a	47.03	24.90	37
6.8% Premier Cap. plc 2017/20	24,656	5.60	3.38	69.58	16.17	67
6.0% S. Farsons Cisk plc 2017/20	15,000	4.89	8.59	151.53	91.93	24
6.6% Eden Finance plc 2017/20	14,133	5.85	3.01	100.23	43.69	46
6.2% Tumas Investments plc 2017/20	25,000	4.89	3.74	286.00	93.60	55
4.9% Gasan Finance plc 2019/21	25,000	4.53	3.27	185.34	81.68	38
6.0% Corinthia Fin. plc 2019/22	7,500	5.41	2.09	1,299.87	677.82	39
6.0% Medserv plc 2020/23	20,000	5.28	3.38	22.46	8.16	49
5.5% Pendergardens Dev plc 2020	15,000	4.68	n/a	18.74	3.27	53
6.0% MIH plc 2021	12,000	6.27	3.40	350.91	166.14	39
6.0% Pendergardens Dev plc 2022	27,000	5.05	n/a	18.74	3.27	53
5.8% IHI plc 2023	10,000	5.51	2.54	1,092.67	626.49	33
6.0% AXI plc 2024	40,000	5.18	2.89	157.01	88.03	54
6.0% IHG plc 2024	35,000	5.06	2.29	141.14	36.20	65
5.3% Mariner Finance plc 2024	35,000	4.96	61.5	55.14	15.70	68
5.0% Tumas Investments plc 2024	25,000	4.22	3.74	286.00	93.60	55
5.3% United Finance plc 2023	**8,500**	**5.30**	**1.52**	**21.69**	**2.69**	**81**

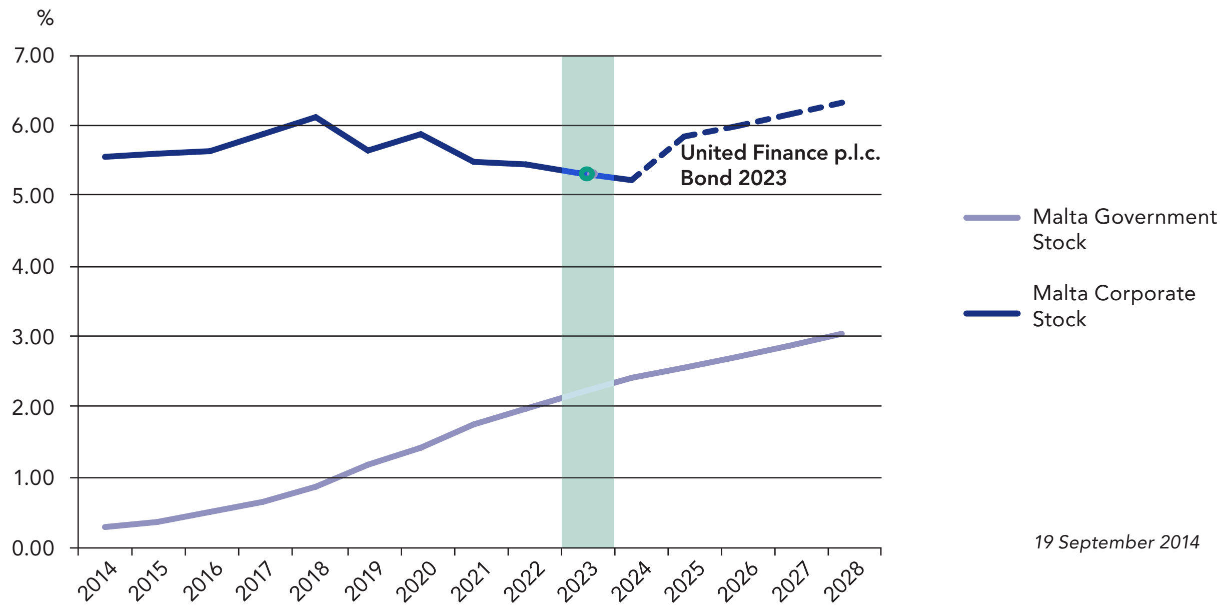
19 September 2014

Source: *Malta Stock Exchange, Charts Investment Management Service Limited*
Annual Accounts: For the year ended 31 December 2013, except for Island Hotels Group Holdings plc (YE 31/10/2013), Simonds Farsons Cisk plc (YE 31/01/2013), Tumas Investments plc (YE 31/12/2012) and AX Investments plc (YE 31/10/2013).

The interest cover ratio determines the ability of a company to pay interest on its outstanding borrowings. For the financial year ended 31 December 2013, the United Group's EBITDA was 1.52 times higher than interest expenses for the year. This indicates that the Group is generating sufficient earnings to service its outstanding debt.

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. The debt to equity ratio of the United Group is at 81%, which is relatively high. The Group has in recent years been active in reducing its level of debt. More importantly, in the current financial year, the Group has disposed of a number of properties in order to hasten this process. Notwithstanding, the leverage of the Group will remain in the high 70s in FY2014 and FY2015.

Chart IX: Bond Yield to Maturity



The above chart illustrates the yield to maturity of the proposed United Finance bond as compared to other corporate bonds listed on the Malta Stock Exchange. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta. To date, there are no corporate bonds which have a redemption date beyond 2024 and therefore a trend line has been plotted. The premium over Malta Government Stock has been assumed at 334 basis points, which is the average premium for medium term corporate bonds. The United Finance Bond has been priced at 196 basis points above Malta Government Stock and equal to listed corporate bonds.

PART 4

10 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, car towing services, 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 total debt by shareholders' equity.