

UNITED FINANCE P.L.C.

Condensed Interim Financial Statements  
30 June 2020

For the period 1 January 2020 to 30 June 2020

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## Directors' report

The Directors present their report in terms of Chapter 5 of the Listing Rules issued by The Listing Authority, and in terms of the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by United Finance p.l.c. (the 'Company') in its published annual report. The published figures have been extracted from the Company's unaudited accounts for the six months ended 30 June 2020, as approved by the Board of Directors on 24 August 2020 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 related and non-related 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 gross profit amounting to €184,510 (2019: €156,957). Revenue was primarily generated from interest on loans and rental income, and amounted to €420,116 (2019: €390,688).

During the period, the Company registered a profit before tax amounting to €108,090 (2019: €66,305). The carrying amount of the equity investments held by the Company decreased by €44,557 (2019: €19,753 decrease). After recognising change in fair value of investments in other comprehensive income, the total comprehensive income for the period amounts to €63,533 (2019: €65,489).

## 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 Group's business activities are all concentrated in and aimed at the Maltese market. Accordingly, the Group is highly susceptible to the negative economic trends that may from time to time be felt in Malta.

Within this context, the Directors have evaluated the risks faced by the various companies to which funds have been advanced, and continue to monitor closely the impact of events as they take place in the local and global economy and how these impact the ability of the various companies within the Group so as to honour their financial commitments. The majority of United Group's operations have been affected by the COVID-19 pandemic which affected the general economic and consumer trends worldwide. The outbreak of the pandemic in early 2020 has caused disruption to businesses and economic activity, which has also been reflected in recent fluctuations in global stock markets.

United Finance p.l.c. is not directly dependent on industries that have been directly impacted by COVID-19 and it continues to register profitability and positive cashflows from the raising of interest and rental income. However, recoverability of amounts loaned to the parent and subsidiaries of the Group is dependent on the performance of the respective Group entities some of which are involved in industries that have been impacted by the pandemic. In this regard, United Finance p.l.c provided moratoria of capital repayments to its intercompany borrowers for 2020 to assist them with their liquidity requirements.

## **Directors' report - continued**

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

Management are continuously monitoring the revised cash flow and profitability projections of both United Finance p.l.c. and the other entities of United Group that were prepared following the COVID-19 outbreak as further detailed in Note 1.1 of the annual financial statements for the year ended 31 December 2019. The gradual pick-up of revenues of fellow subsidiaries for June and July 2020 are better than forecasted albeit not at the pre-pandemic levels.

Management has also assessed the impact of COVID-19 on the fair value model of the investment property and based on consistent contractual rental streams, the fact that tenants operate in industries that have not been impacted significantly by the pandemic, together with a low risk of tenants moving out of the lease, the value of investment property is not considered to be impacted by events brought about by the pandemic. Slight adjustments to rental rates or short periods of vacant property space is not expected to erode the headroom in the fair value model. Management will continue to monitor the situation and assess the fair value of investment property in the coming months.

On the basis of these projections and the remedial actions that are detailed further in Note 1.1 of the annual financial statements for the year ended 31 December 2019, management and the Board of Directors remain confident that the Company will remain operating as a going concern and will continue to honour its liabilities as and when they fall due. Should the market not recover as anticipated by management and by the Board of Directors, and therefore should profitability and cashflow projections not materialise as planned, the Board remains committed to explore mechanisms of financing for the business to honour its commitments. Furthermore, based on projections prepared by the Directors, the Directors are confident that the loans due from parent and fellow subsidiaries are recoverable and therefore no impairments are required on these balances.

In view of the above, the Directors believe that it remains appropriate to prepare the condensed interim financial statements on a going concern basis. The financial statements however do not include any adjustments in the event that the forecast and assumptions do not materialise as planned.

### **Results and dividends**

The condensed interim statement of comprehensive income is set out on page 9. The Directors do not recommend the payment of an interim dividend for the period under review.

**Directors' report** - continued

**Directors**

The Directors of the Company who held office during the period were:

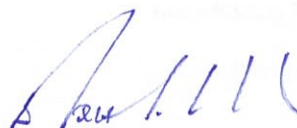
Carmen Gatt Baldacchino (Chairperson)  
Edmund Gatt Baldacchino (Chief Executive Officer)  
Simon Gatt Baldacchino  
James Bonello  
Joseph F.X. Zahra

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

Approved by the Board of Directors on 24 August 2020 and signed on its behalf by:



Carmen Gatt Baldacchino  
Director



Edmund Gatt Baldacchino  
Director

Registered office  
GB Buildings  
2<sup>nd</sup> Floor  
28, Water Street  
Ta' Xbiex, XBX 1310  
Malta

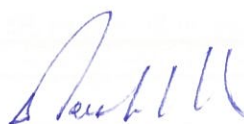
### Statement pursuant to listing rule 5.75.3

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 2020, as well as of the financial performance and cash flows for the six month period ending 30 June 2020, 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 Listing Rule 5.81.



Carmen Gatt Baldacchino  
Director



Edmund Gatt Baldacchino  
Director

24 August 2020



## **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 2020**

#### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of United Finance p.l.c. as at 30 June 2020, the related interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the notes, comprising a summary of significant accounting policies and other explanatory notes ('the interim financial information'). The Directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this interim financial information based on our review.

#### *Scope of review*

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

#### *Conclusion*

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

#### *Emphasis of matter*

We draw attention to Note 2 in relation to the basis of preparation of these financial statements, which addresses developments in connection with COVID-19, and the impact on financial and operational performance. This matter is considered to be of fundamental importance to the users' understanding of the financial statements because of the potentially unfavourable nature of these developments. Our conclusion is not modified in respect of this matter.



## Independent auditor's report - continued

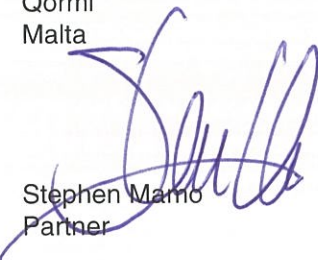
To the Board of Directors of United Finance p.l.c.

### *Other matters*

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

### **PricewaterhouseCoopers**

78 Mill Street  
Zone 5, Central Business District  
Qormi  
Malta



Stephen Mamo  
Partner

24 August 2020

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



## Condensed interim statement of financial position


	As at 30 June 2020	As at 31 December 2019
	€	€
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	5,836,766	5,822,848
Equity investments at fair value through other comprehensive income	260,314	304,871
Financial assets at amortised cost	7,542,513	7,427,909
<b>Total non-current assets</b>	<b>13,639,593</b>	<b>13,555,628</b>
<b>Current assets</b>		
Financial assets at amortised cost	356,664	87,000
Trade and other receivables	209,578	75,934
Current tax asset	1,210	11,117
Cash and cash equivalents	836,141	1,069,091
<b>Total current assets</b>	<b>1,403,593</b>	<b>1,243,142</b>
<b>Total assets</b>	<b>15,043,186</b>	<b>14,798,770</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	2,329,373	2,329,373
Other reserves	2,494,990	2,539,547
Retained earnings	653,181	545,091
<b>Total equity</b>	<b>5,477,544</b>	<b>5,414,011</b>

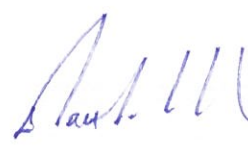
**Condensed interim statement of financial position - continued**

	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
	€	€
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Trade and other payables	70,000	70,000
Interest bearing borrowings	8,419,342	8,408,369
Deferred tax liability	580,794	580,794
<b>Total non-current liabilities</b>	<b>9,070,136</b>	<b>9,059,163</b>
<b>Current liabilities</b>		
Trade and other payables	495,506	325,596
<b>Total current liabilities</b>	<b>495,506</b>	<b>325,596</b>
<b>Total liabilities</b>	<b>9,565,642</b>	<b>9,384,759</b>
<b>Total equity and liabilities</b>	<b>15,043,186</b>	<b>14,798,770</b>

The notes on pages 12 to 18 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 7 to 18 were authorised for issue by the Board on 24 August 2020 and were signed on its behalf by:

  
Carmen Gatt Baldacchino  
Director

  
Edmund Gatt Baldacchino  
Director

**Condensed interim statement of comprehensive income**

	<b>Period from 1 January to 30 June 2020</b>	<b>Period from 1 January to 30 June 2019</b>
	€	€
Investment and other related income	420,116	390,688
Interest payable and similar charges	(235,606)	(233,731)
<b>Gross Profit</b>	<b>184,510</b>	<b>156,957</b>
Administrative expenses	(76,420)	(90,652)
<b>Profit before tax</b>	<b>108,090</b>	<b>66,305</b>
Tax credit	-	18,937
<b>Profit for the period</b>	<b>108,090</b>	<b>85,242</b>
 <b>Other comprehensive income</b>		
Net change in fair value of available-for sale financial assets	(44,557)	(19,753)
<b>Total comprehensive income for the period</b>	<b>63,533</b>	<b>65,489</b>
 <b>Earnings per share</b>	<b>0.03</b>	<b>0.04</b>

The notes on pages 12 to 18 are an integral part of these condensed interim financial statements.

**Condensed interim statement of changes in equity**

	Share capital	Other reserves	Retained earnings	Total
	€	€	€	€
Balance at 1 January 2019	2,329,373	2,613,226	498,617	5,441,216
<b>Comprehensive income</b>				
Profit for the period	-	-	85,242	85,242
Other comprehensive income:				
Loss from change in fair value of available-for-sale financial assets	-	(19,753)	-	(19,753)
<b>Total comprehensive income</b>	-	(19,753)	85,242	65,489
<b>Balance at 30 June 2019</b>	<b>2,329,373</b>	<b>2,593,473</b>	<b>583,859</b>	<b>5,506,705</b>
Balance as at 1 January 2020	2,329,373	2,539,547	545,091	5,414,011
<b>Comprehensive income</b>				
Profit for the period	-	-	108,090	108,090
Other comprehensive income:				
Loss from change in fair value of available-for-sale financial assets	-	(44,557)	-	(44,557)
<b>Total comprehensive income</b>	-	(44,557)	108,090	63,533
<b>Balance at 30 June 2020</b>	<b>2,329,373</b>	<b>2,494,990</b>	<b>653,181</b>	<b>5,477,544</b>

The notes on pages 12 to 18 are an integral part of these condensed interim financial statements.

### Condensed interim statement of cash flows

	Period from 1 January to 30 June 2020	Period from 1 January to 30 June 2019
	€	€
Net cash generated from operating activities	448,189	323,422
Net cash used in investing activities	(13,918)	(21,070)
Net cash used in financing activities	(667,221)	(486,770)
Net movement in cash and cash equivalents	(232,950)	(184,418)
Cash and cash equivalents at the beginning of the period	1,069,091	987,988
<b>Cash and cash equivalents at the end of the period</b>	<b>836,141</b>	<b>803,570</b>

The notes on pages 12 to 18 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 2019 are available upon request from the Company's registered office at GB Buildings, 2nd Floor, 28, Watar Street, Ta' Xbiex, XBX1310, Malta. They are also available for viewing on its website at [www.unitedgroup.com.mt](http://www.unitedgroup.com.mt).

This condensed interim financial information was approved for issue by the Board of Directors on 24 August 2020.

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 2020 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 2019, which have been prepared in accordance with IFRSs as adopted by the EU.

#### *Impact of COVID-19*

The majority of United Group's operations have been affected by the COVID-19 pandemic which affected the general economic and consumer trends worldwide. The outbreak of the pandemic in early 2020 has caused disruption to businesses and economic activity, which has also been reflected in recent fluctuations in global stock markets.

United Finance p.l.c. is not directly dependent on industries that have been directly impacted by COVID-19 and it continues to register profitability and positive cashflows from the raising of interest and rental income. However, recoverability of amounts loaned to the parent and subsidiaries of the Group is dependent on the performance of the respective Group entities some of which are involved in industries that have been impacted by the pandemic. In this regard, United Finance p.l.c provided moratoria of capital repayments to its intercompany borrowers for 2020 to assist them with their liquidity requirements.

Management are continuously monitoring the revised cash flow and profitability projections of both United Finance p.l.c. and the other entities of United Group that were prepared following the COVID-19 outbreak as further detailed in Note 1.1 of the annual financial statements for the year ended 31 December 2019. The gradual pick-up of revenues of fellow subsidiaries for June and July 2020 are better than forecasted albeit not at the pre-pandemic levels.

## 2. Basis of preparation - continued

On the basis of these projections and the remedial actions that are detailed further in Note 1.1 of the annual financial statements for the year ended 31 December 2019, management and the Board of Directors remain confident that the Company will remain operating as a going concern and will continue to honour its liabilities as and when they fall due. Should the market not recover as anticipated by management and by the Board of Directors, and therefore should profitability and cashflow projections not materialise as planned, the Board remains committed to explore mechanisms of financing for the business to honour its commitments. Furthermore, based on projections prepared by the Directors, the Directors are confident that the loans due from parent and fellow subsidiaries are recoverable and therefore no impairments are required on these balances.

Management has also assessed the impact of COVID-19 on the fair value model of the investment property and based on consistent contractual rental streams, the fact that tenants operate in industries that have not been impacted significantly by the pandemic, together with a low risk of tenants moving out of the lease, the value of investment property is not considered to be impacted by events brought about by the pandemic. Slight adjustments to rental rates or short periods of vacant property space is not expected to erode the headroom in the fair value model. Management will continue to monitor the situation and assess the fair value of investment property in the coming months.

In view of the above, the Directors believe that it remains appropriate to prepare the condensed interim financial statements on a going concern basis. The financial statements however do not include any adjustments in the event that the forecast and assumptions do not materialise as planned.

## 3. Summary of significant accounting policies

The accounting policies applied in the preparation of the condensed interim financial information are the same as those applied in the financial statements for the year ended 31 December 2019.

### (a) New and amended standards adopted by the Company

A number of amended standards became applicable for the current reporting period. The impact of the adoption of these revisions on the Company's accounting policies and on the Company's financial results is insignificant.

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

Certain new standards, 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 2020. 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 2019.

## 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, 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 a mix of third party and Group entity tenants.

## 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 following table presents the Company's assets and liabilities that are measured at fair value at 30 June 2020 and 31 December 2019.

	<b>30 June 2020</b>	<b>Level 1 31 December 2019</b>
	€	€
<b>Assets</b>		
Equity investments at fair value through other comprehensive income		
- Equity securities	<b>260,314</b>	<b>304,871</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise investments classified as equity investments at fair value through other comprehensive income.



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

### Financial instruments - continued

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 2020 and 31 December 2019 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.

### Non-Financial instruments

During the financial year ended 31 December 2018, 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 residual value of the building following lapse of the rental period and value of the land. The directors have approved the valuation and used it as a basis in determining the fair value of the Company's immovable property at 30 June 2020.

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). The different levels of the fair value hierarchy have been defined as fair value measurements using:

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

The Company's investment property comprises an office block and retail space leased out to third parties and also includes the Company's head office. All the recurring property fair value measurements at 30 June 2020 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 2020 and 31 December 2019.

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 the table above. Gains from changes in fair value have been recognised in the income statement.

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

Non-Financial instruments - continued

*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.

*Valuation techniques*

The external valuations of the Level 3 property have been performed using projected rental streams, residual value of the building following lapse of the rental period, and an estimated sales approach for the value of the land on the basis of market values of other areas close to the site. 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 generally a price per square metre related to transactions in comparable properties located in proximity to the Company's property, with adjustments for differences in the size, age, exact location and condition of the property.

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 2020	Valuation technique	Significant unobservable input	Range of Unobservable inputs
	€			€
Current use as office premises	3,400,000	Capitalised rentals approach	Rental streams	Rental value p.a. of €400K and applying discount rates of 7%
	900,000	Replacement cost approach	Development cost per square metre	€350
	1,500,000	Sales comparison approach	Sales price per sq. mtr	€3,000

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

Non-Financial instruments - continued

*Valuation techniques* - continued

Subsequent to the market valuation obtained in 2018, there were €36,766 further additions in 2020 and 2019 enhancing the value of the investment property. The current use of the investment property of the Company is deemed to constitute the highest and best use taking cognisance of the size and location of such property.

**8. Taxation**

The tax credit for the period ended 30 June 2019 amounting to €18,937 (2020: €Nil) reflects prior year tax adjustments. In view of the tax losses available in other Group entities, which the Company expects to avail of for the year ending 31 December 2020, no tax charge has been accrued for as at 30 June 2020. 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.

**9. Loans receivable**

In the ordinary course of its business activities, the Company also advances funds to Group companies. Such amounts are secured through pledges, guarantees and hypothecs on properties held by their respective companies. Refer to note 2 for further details covering the impairment assessment of such receivables, with specific focus on the impact of COVID-19.

**10. Available-for-sale financial assets**

The Company holds investments in equities that are quoted on the local stock exchange. During the period ended 30 June 2020, these investments registered a decrease in their fair value amounting to €44,557 which has been reflected as a movement in the fair value reserve.

**11. Capital commitments**

As at 30 June 2020, the Company did not have any capital commitments.

**12. 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 2020.

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.

**13. Contingent liabilities**

No events occurred since 31 December 2019 that require disclosure of any contingent liabilities as at 30 June 2020.

**14. Related parties**

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

The Company is a subsidiary of United Group Limited, the registered office of which is situated at GB Buildings, Water Street, Ta' Xbiex, Malta.

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

The following transactions were carried out with related parties:

	<b>30 June 2020</b>	30 June 2019
	€	€
<b>Income</b>		
Interest receivable:		
Loans advanced to Group companies	230,732	192,778
Rental income from operating lease to parent	16,800	16,800
	<b>39,847</b>	<b>35,000</b>
<b>Expenditure</b>		
Management fee charged by parent	39,847	35,000
	<b>39,847</b>	<b>35,000</b>

Non-current receivables at 30 June 2020 include loans advanced to related companies amounting to €7,542,513 (31 December 2019: €7,427,909). Such amounts are secured over assets of the respective Group companies. Current assets at 30 June 2020 include loans advanced to related companies falling due in less than one year amounting to €552,617 (31 December 2019: €87,000). Such amounts are secured over assets of the respective Group companies.

Current assets also include current account balances with related parties at 30 June 2020 amounting to €4,047 (31 December 2019: €4,047). Such amounts are unsecured.

**15. Subsequent events**

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