UNITED FINANCE P.L.C.

Condensed Interim Financial Statements
30 June 2021

For the period 1 January 2021 to 30 June 2021

Company Registration Number: C 26598

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 2021, as approved by the Board of Directors on 23 August 2021 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 €186,219 (2020: €184,510). Revenue was primarily generated from interest on loans and rental income, and amounted to €435,030 (2020: €420,116).

Furthermore, in June 2021, the directors commissioned an independent firm of architects to carry out a market valuation of the Company's investment property as at that date. The directors have approved the valuation and used it as a basis in determining the fair value of the Company's immovable property which resulted in an increase in fair value of €2,432,018 at 30 June 2021. As a result, the Company registered a profit before tax for the year amounting to €2,497,685 (2020: €108,090).

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, following the outbreak of COVID-19 in early 2020, the Group has undertaken cashflow containment measures such as, availing of the COVID-19 wage supplement, negotiation of lease concessions with landlords and negotiations of moratoria on loans and hire-purchase commitments. In addition, as further detailed in note 2, during 2020 the board of directors embarked on a review of the Group's business model to ensure that post the COVID-19 pandemic, the Group will be well positioned to ensure that it will continue in operation and will generate positive cashflows and results.

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.

Directors' report - continued

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

Management and the Board of Directors of the Company have prepared detailed base case projections for profitability and cashflows extending beyond the 12 months from the date of reporting of these financial statements for the Company, taking into consideration the planned action points described in Note 2 of these financial statements. The Company's profitability and cashflow projections indicate that enough resources are available for the Company to cover its commitments, including the bond coupon for the next 12 months and to continue operating as a going-concern.

At Group level, on the basis of cash flow and profitability projections and the remedial actions described above, management and the board of directors remain confident that the Company will remain operating as a going concern and will continue to honour liabilities as and when they fall due. Notwithstanding this, the directors note the possibility of deviations, on a needs basis, from the business plan or the possibility of elements of the business plan not materialising as planned. In this regard, the Board of Directors is committed to pursue changes to the business plan and to obtain alternative liquidity, such as through disposal of property held in the Company or in the Group to third parties to ensure that commitments at Group and Company level are met as and when they fall due.

Results and dividends

The condensed interim statement of comprehensive income is set out on page 8. The Directors do not recommend the payment of an interim dividend for the period under review.

Directors

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

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

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

Approved by the Board of Directors on 23 August 2021 and signed on its behalf by:

C. Gatt Baldacchino

Carmen Gatt Baldacchino
Director

Edmund Gatt Baldacchino
Director

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

Statement pursuant to 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 2021, as well as of the financial performance and cash flows for the six month period ending 30 June 2021, 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.

C. Gatt Baldacchino

Carmen Gatt Baldacchino Director	Edmund Gatt Baldacchino Director

23 August 2021

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 2021

Introduction
We have reviewed the accompanying condensed interim statement of financial position of United Finance p.l.c. as at 30 June 2021, the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the condensed notes, comprising a summary of significant accounting policies and other explanatory notes ('the condensed interim financial information'). The Directors are responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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

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

Emphasis of matter
We draw attention to Note 2 in relation to the basis of preparation of these condensed interim financial statements, which addresses the impact of the outbreak of COVID-19 on the financial and operational performance on the Company. This matter is considered to be of fundamental importance to the users' understanding of the condensed interim financial statements because of the potentially unfavourable nature of these developments. Our opinion 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

23 August 2021

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 2021	As at 31 December 2020
	€	€
ASSETS		
Non-current assets		
Investment property	**8,300,000**	5,840,521
Financial assets at amortised cost	**8,439,044**	7,848,052
Total non-current assets	**16,739,044**	13,688,573
Current assets		
Financial assets at amortised cost	**159,661**	39,654
Trade and other receivables	**397,617**	351,182
Current tax asset	**1,210**	-
Cash and cash equivalents	**1,157,232**	798,549
Total current assets	**1,715,720**	1,189,385
Total assets	**18,454,764**	14,877,958
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**2,329,373**	2,329,373
Other reserves	**4,760,799**	2,577,987
Retained earnings	**610,145**	544,478
Total equity	**7,700,317**	5,451,838

Condensed interim statement of financial position - continued

	As at 30 June 2021	As at 31 December 2020
	€	€
LIABILITIES		
Non-current liabilities		
Interest bearing borrowings	**9,341,960**	8,430,435
Deferred tax liability	**830,000**	580,794
Total non-current liabilities	**10,171,960**	9,011,229
Current liabilities		
Trade and other payables	**582,487**	414,891
Total current liabilities	**582,487**	414,891
Total liabilities	**10,754,447**	9,426,120
Total equity and liabilities	**18,454,764**	14,877,958

The notes on pages 11 to 18 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 6 to 18 were authorised for issue by the Board on 23 August 2021 and were signed on its behalf by:

C. Gatt Baldacchino

Carmen Gatt Baldacchino
Director

Edmund Gatt Baldacchino
Director

Condensed interim statement of comprehensive income

	Period from 1 January to 30 June 2021	Period from 1 January to 30 June 2020
	€	€
Investment and other related income	**435,030**	420,116
Interest payable and similar charges	**(248,811)**	(235,606)
Gross Profit	**186,219**	184,510
Administrative expenses	**(120,552)**	(76,420)
Fair value gains on investment property	**2,432,018**	-
Profit before tax	**2,497,685**	108,090
Tax charge	**(249,206)**	-
Profit for the period	**2,248,479**	108,090
Other comprehensive income		
Net change in fair value of available-for sale financial assets	**-**	(44,557)
Total comprehensive income for the period	**2,248,479**	63,533
Earnings per share	**0.97**	0.03

The notes on pages 11 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 as at 1 January 2020	2,329,373	2,539,547	545,091	5,414,011
Comprehensive income				
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)
Total comprehensive income	-	(44,557)	108,090	63,533
Balance at 30 June 2020	**2,329,373**	**2,494,990**	**653,181**	**5,477,544**
Balance as at 1 January 2021	2,329,373	2,577,987	544,478	5,451,838
Comprehensive income				
Profit for the period			2,248,479	2,248,479
Other comprehensive income:				
Loss from change in fair value of available-for-sale financial assets				
Transfer of gains on revaluation of investment property – net of deferred tax		2,182,812	(2,182,812)	-
Total comprehensive income	-	2,182,812	65,667	2,248,479
Balance at 30 June 2021	**2,329,373**	**4,760,799**	**610,145**	**7,700,317**

The notes on pages 11 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 2021	Period from 1 January to 30 June 2020
	€	€
Net cash generated from operating activities	**247,143**	448,189
Net cash used in investing activities	**(27,461)**	(13,918)
Net cash used in financing activities	**139,001**	(667,221)
Net movement in cash and cash equivalents	**358,683**	(232,950)
Cash and cash equivalents at the beginning of the period	**798,549**	1,069,091
Cash and cash equivalents at the end of the period	**1,157,232**	836,141

The notes on pages 11 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 2020 are available upon request from the Company's registered office at United Group of Companies, Pinto Business Centre, Level 4, Triq il-Mithna, Qormi QRM 3104, Malta. They are also available for viewing on its website at www.unitedgroup.com.mt.

This condensed interim financial information was approved for issue by the Board of Directors on 23 August 2021.

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 2021 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 2020, which have been prepared in accordance with IFRSs as adopted by the EU.

Covid-19 and the impact on financial and operational performance and going-concern

The business activities of the companies forming part of the United Group are all concentrated in and aimed at the Maltese market. While the business activities of such companies are diversified, the companies are exposed to risks where negative economic trends may from time to time impact Malta.

The majority of United Group's operations have been affected by the COVID-19 pandemic which impacted the general economic and consumer trends worldwide. The outbreak of the pandemic in early 2020 has caused disruption to businesses and economic activity.

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 2021 to assist them with their liquidity requirements.

The Group derives its revenues from the fashion retail industry, motor vehicles rental and leasing activities and from property rentals, catering operations and other investments.

In line with directives issued by the health authorities, during the year the Group had to abide with lock-down in all of its retail and catering outlets. The Group has, in the respective operations, taken action to control expenditure and cash outflows.

2. Basis of preparation - continued

Covid-19 and the impact on financial and operational performance and going-concern - continued

Whilst motor vehicle leasing activities have been relatively unscathed due to the long-term nature of such agreements, the Group experienced significant decline in demand in the vehicle rental division following closure of the airports. To date, despite gradual easing of travel restrictions, the tourism sector remains weak and cashflows from vehicle rentals continues to recover at a slow pace. During 2020, the Group has taken measures to contain costs, cash outflows and right-sizing of fleet.

Property rentals remained consistent due to the long-term nature of such agreements and also due to the fact that space made available to tenants is mainly in the form of office units which were impacted in relatively milder manners compared to units occupied by businesses operating in the retail and tourism industries.

Furthermore, the Group has undertaken further cashflow containment measures such as, availing of the COVID-19 wage supplement, negotiation of lease concessions with landlords and negotiations of moratoria on loans and hire-purchase commitments.

During 2020 the board of directors embarked on a review of the Group's business model to ensure that post the COVID-19 pandemic, the Group will be well positioned to ensure that it will continue in operation and will generate positive cashflows and results.
As part of this business model review, the Group has already put in place the below remedial action points:

- Discontinuation of the catering operation from September 2020;
- Discontinuation of the Group's retail operations during Q2 of 2021 as a result of the foreign principal's (Debenhams brand) shift to administration and liquidation;
- Leasing out of property previously used by the catering operation to third parties;
- Successful application for Malta Development Bank loan for €1m in United Finance p.l.c. to support working capital commitments. Funds were made available in 2021.

To date, various of the Group's subsidiaries operating in the industries described above have not reached pre-COVID performance and profitability and despite the vaccine roll-out in early 2021, it is unclear when tourism and retail will be back to a relative norm. As part of the business review plan described above, the Board of Directors of the Group are also exploring additional measures as explained below to mitigate the impact of COVID-19 and to re-strategise the Group into the future:

- Monitoring and further containment of the Group's operating costs as a result of the changes in strategy and operations throughout the respective subsidiaries. The latter also being addressed as mitigating factors to government measures as a response to further waves of the pandemic;
- Revisiting and consolidating the Group's borrowings as part of the restructuring exercise described above. In this regard the Group is in an advanced stage to refinance its current facilities to align its borrowings with the Group's revised operational model and forecasted cashflows.

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

2. Basis of preparation - continued

Covid-19 and the impact on financial and operational performance and going-concern - continued

At Group level, on the basis of cash flow and profitability projections and the remedial actions described above, management and the board of directors remain confident that the Group will remain operating as a going concern and will continue to honour liabilities as and when they fall due. Notwithstanding this, the directors note the possibility of deviations, on a needs basis, from the business plan or the possibility of elements of the business plan not materialising as planned. In this regard, the Board of Directors is committed to pursue changes to the business plan and to obtain alternative liquidity, such as through disposal of property held in the Company or in the Group to third parties to ensure that commitments at Group level are met as and when they fall due.

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 2020.

(a) New and amended standards adopted by the Company

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

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

Certain amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2021. 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 2020.

5. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the directors, aside from valuation of investment property (note 4), 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 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 2021 and 31 December 2020 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 June 2021, the directors commissioned an independent firm of architects to carry out a market valuation of the Company's investment property as at that date, by considering the aggregate of the estimated cash flows expected to be received from renting out the property over a defined period. The directors have approved the valuation and used it as a basis in determining the fair value of the Company's immovable property at 30 June 2021.

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.

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

Non-Financial instruments - continued

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 2021 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 2021 and 31 December 2020.

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

Valuation processes

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

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

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

At the end of every reporting period, the CEO assesses whether any significant changes or developments have been experienced since the last external valuation and reports to the Audit Committee on the outcome of this assessment.

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

Non-Financial instruments - continued

Valuation techniques

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

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

Description by class based on highest and best use	Fair value at 30 June 2021 €	Valuation technique	Significant unobservable input	Range of Unobservable inputs
Current use as office premises	8,300,000	Discounted cashflows Rental stream approach	Rental streams	Rental value p.a. of €500K and applying discount rates of 8%

Management has determined that the fair value of investment property involves critical accounting estimates. As at reporting date a reasonable shift of +/-0.5% of the discount rate and +/-5% in projected rental streams would have resulted in a fair value of, in the worst case scenario of €7,450,000 or in a favourable scenario €9,250,000.

8. Investment property

	30 June 2021	31 December 2020
	€	€
Year ended 31 December		
As at 1 January	**5,840,521**	5,822,848
Increase in fair value	**2,432,018**	-
Additions	**27,461**	17,673
As at 31 December	**8,300,000**	5,840,521

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. Cash and cash equivalents

As at year-end the Company had a cash-sweep financing arrangement with its parent company, to transfer funds at end of day for the purposes of managing the Group's interest expense. Included in the cash and cash equivalents at period end, are amounts of €1,070,614, which as at 30 June 2021 were transferred in the bank accounts of the parent company for this purpose, and which on an ongoing basis get transferred back to the Company on a rolling basis as described above.

11. Interest-bearing borrowings

During October 2014, the Company embarked on a bond exchange programme for the issue of €8,500,000 5.3% Bonds redeemable on 7 November 2023. Interest on the Bonds is payable annually in arrears, on 6 November of each year. The next interest payment is due on 6 November 2021.

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.

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

The MDB loan was drawn down during 2021.

12. Taxation

In view of the tax losses available in other Group entities, which the Company expects to avail of for the year ending 31 December 2020, no tax charge has been accrued for as at 30 June 2021. At year-end, the Company will also determine the continued applicability of this assessment and determine whether to retain the current tax mechanism or apply the Final Withholding Tax on rental income.

13. Capital commitments

As at 30 June 2021, the Company did not have any capital commitments.

14. Contingent liabilities

No events occurred since 31 December 2020 that require disclosure of any contingent liabilities as at 30 June 2021.

15. Related parties

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

The Company is a subsidiary of United Group Limited, the registered office of which is situated at United Group of Companies, Pinto Business Centre, Level 4, Triq il-Mithna, Qormi QRM 3104, Malta.

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

The following transactions were carried out with related parties:

	30 June 2021	30 June 2020
	€	€
Income		
Interest receivable:		
Loans advanced to Group companies	**220,244**	230,732
Rental income from operating lease to parent	-	16,800
Expenditure		
Management fee charged by parent	**66,205**	39,847

Financial assets at amortised cost at 30 June 2021 relate to loans advanced to related companies amounting to €8,598,705 (31 December 2020: €7,887,706) Such amounts are secured over assets of the respective Group companies.

Current assets also include current account balances with related parties at 30 June 2021 amounting to €360,434 (31 December 2020: €4,047). Such amounts are unsecured.

16. Subsequent events

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