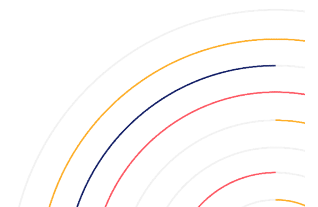


LifeStar Holding plc

Interim Report and Interim Condensed Consolidated Financial Statements (unaudited)

30 June 2021



Interim Directors' Report

LifeStar Holding p.l.c. ('the Company') saw its loss after tax reduce by €1.2 million or 34% when compared to the same period last year. On a consolidated basis for the six months ended 30 June 2021 the loss after tax totalled €2,422,240 compared to the prior period loss after taxation of €3,576,117.

LifeStar Insurance p.l.c. saw its gross written premium increase by 5% when compared to the same period last year, closing off the half year at €6.6 million. The total income on the technical account saw a marginal uplift on the previous year after taking into account the adverse unrealised movement in investments of €2.6 million that was mainly driven through local equities and government bonds. Value of In-Force business also grew during these six months by €704,000, meaning that the group's life insurance company has continued to write very profitable business.

LifeStar Health Limited's commission income from normal operations decreased by 6% when compared to the first six months of 2020 due to the contraction in business in certain sectors. Profit commission reduced as a result of an increase in claims experienced consequent to the postponement of a number of interventions during 2020. Costs, excluding group recharges, remained flat on last year. Group recharges decreased by 13% when compared to the same period last year. The composite effect was that the health business registered a profit before tax of €412,432 during this period, compared to a profit of €567,290 in 2020.

During the current period, GlobalCapital Financial Management Limited sustained a marginal loss of €21,358 (six months period ended 30 June 2020 loss of €236,147). The investment company's strategy has continued to bear fruit seeing the loss for the six months reduce considerably when compared to the same period last year.

These first six months were once again impacted by COVID-19 and its variant. Malta undertook a co-ordinated intense drive to vaccinate as many people as possible. The population was largely very responsive with the vast majority being vaccinated.

Achieving long term financial stability

During the period under review, the Company has successfully redeemed the €10,000,000 5% LifeStar Holding plc Bond 2021. This was partly financed through the partial sale of the Company's equity holding in LifeStar Insurance plc. During these six months, the shares of LifeStar Insurance plc were admitted to the official list of the Malta Stock Exchange, effectively meaning that there are now two listed entities within the group.

Despite the challenges of COVID-19, business continued to increase, although at a slightly lower rate. The Directors are confident that the Group has sufficient resources and has implemented the necessary mitigating measures to continue improving its results in the current market conditions.

The Directors do not recommend the payment of an interim dividend.

By order of the Board.



Paolo Catalfamo
Chairman



Joseph C. Schembri
Director

We confirm that to the best of our knowledge:

- The condensed interim financial information give a true and fair view of the financial position of the Group as at 30 June 2021 and of its financial performance and its cash flows for the period ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).
- The Interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

Signed on behalf of the Board by:



Paolo Catalfamo
Chairman

30 August 2021



Joseph C. Schembri
Director

Condensed Consolidated Statement of Comprehensive income
for the period ended 30 June 2021



Commission and fees receivable
Balance on the long term business of insurance technical account before tax
Increment in the value of in-force business
Administrative expenses
Commission payable and direct marketing costs

Operating loss

Net investment return, net of allocation to the insurance technical account

Loss for the period before tax

Tax credit/(expense)

Loss for the period

Other comprehensive income

Items that may be reclassified subsequently to profit or loss

Net loss on available-for-sale financial assets, net of tax

Total comprehensive loss for the period

Loss per share (cents)

Group	
01 January to 30 June 2021	01 January to 30 June 2020
(unaudited)	(unaudited)
€	€
1,066,334	1,302,695
(1,050,627)	(3,043,544)
704,475	463,102
(1,810,779)	(2,169,710)
(57,690)	(98,514)
(1,148,287)	(3,545,971)
(1,064,674)	(370,615)
(2,212,961)	(3,916,586)
(199,978)	349,804
(2,412,939)	(3,566,782)
(9,301)	(9,335)
(2,422,240)	(3,576,117)
(8c1)	(11c9)

**Condensed Consolidated Statement of Financial Position
at 30 June 2021**



ASSETS

Intangible assets
Right of use asset
Property, plant and equipment
Investment property
Other investments
Reinsurer's share of technical provisions
Deferred tax asset
Taxation receivable
Trade and other receivables
Deposits with banks and credit institution
Cash and cash equivalents
Asset held for sale

Total assets

EQUITY AND LIABILITIES

Capital and reserves
Technical provisions
Interest-bearing borrowings
Lease Liability
Taxation payable
Deferred tax liability
Trade and other payables

Total equity and liabilities

Group	
30 June 2021	31 December 2020
(unaudited)	(audited)
€	€
13,578,476	12,389,138
478,605	533,170
2,093,781	2,081,241
25,145,140	25,143,350
86,806,942	80,621,833
25,597,135	20,749,175
1,320	(285)
-	11,282
3,869,134	3,311,543
2,000,000	3,010,228
13,273,100	18,263,331
200,000	200,000
173,043,633	166,314,007
16,024,778	18,447,019
134,129,619	124,426,097
5,543,773	13,009,058
522,388	567,580
174,687	30,571
2,157,667	2,107,168
14,490,721	7,726,513
173,043,633	166,314,007

These unaudited interim condensed consolidated financial statements have been approved by the Board of Directors on 30 August 2020, and signed on its behalf by:

Paolo Catalfamo
Chairman

Joseph C. Schembri
Director

Condensed Consolidated Statement of Cash Flows
for the period ended 30 June 2021



	Group	
	01 January to 30 June 2021 (unaudited) €	01 January to 30 June 2020 (unaudited) €
Net cash (used in)/from operating activities	4,870,131	(1,529,013)
Net cash from/(used in) investing activities	(2,607,718)	1,101,270
Net cash from financing activities	(7,252,645)	2,900,000
Movement in cash and cash equivalents	(4,990,232)	2,472,257
Cash and cash equivalents at beginning of period	18,263,331	15,791,074
Decrease in cash and cash equivalents	(4,990,232)	2,472,257
Cash and cash equivalents at end of period	13,273,100	18,263,331

Condensed Consolidated Statement of Changes in Equity
for the period ended 30 June 2021
(unaudited)

for the period ended 30 June 2021
(unaudited)

	Group					
	Share capital	Share premium account	Other reserves	Capital Redemption reserve	Accumulated losses	Total
	€	€	€	€	€	€
Balance at 1 January 2021	8,735,160	-	10,731,697	800,000	(1,819,838)	18,447,019
Loss for the financial period	-	-	-	-	(2,412,939)	(2,412,939)
Net movement in available-for-sale investments	-	-	(9,301)	-	-	(9,301)
Total comprehensive loss for the period	-	-	(9,301)	-	(2,412,939)	(2,422,240)
Increase in value of in-force business, transferred to other reserves	-	-	704,475	-	(704,475)	-
Balance at 30 June 2021	8,735,160	-	11,426,871	800,000	(4,937,252)	16,024,779
Balance at 1 January 2020	8,735,160	-	10,488,547	-	325,920	19,549,627
Profit for the financial period	-	-	-	-	(3,566,782)	(3,566,782)
Net movement in available-for-sale investments	-	-	(9,335)	-	-	(9,335)
Total comprehensive income for the period	-	-	(9,335)	-	(3,566,782)	(3,576,117)
Increase in value of in-force business, transferred to other reserves	-	-	301,016	-	(301,016)	-
Balance at 30 June 2020	8,735,160	-	10,780,228	-	(3,541,878)	15,973,510

Segmental Information
for the period ended 30 June 2021
(unaudited)

	Group					
	Investment and advisory services	Business of insurance	Agency and brokerage services	Property services	Adjustments	Group
	€	€	€	€	€	€
Period ended 30 June 2021						
Revenue from external customers	193,286	6,886,698	773,343	-	-	7,853,327
Intersegment revenues	-	-	-	-	-	-
Segment profit/(loss)	(21,358)	(1,235,456)	412,432	(192,328)	701,293	(335,417)
Net investment loss						(1,064,674)
Other corporate expenses						(812,869)
Loss before tax						(2,212,961)
As at 30 June 2021						
Total assets	1,498,488	172,569,307	2,584,162	7,384,799	(1,641,626)	182,395,130
Unallocated assets						(9,351,497)
						173,043,633
Total liabilities	1,094,939	145,119,831	246,457	7,159,884	(10,441,231)	143,179,880
Unallocated liabilities						11,407,675
						154,587,555
Period ended 30 June 2020						
Revenue from external customers	203,668	6,576,786	801,754	-	-	7,582,208
Intersegment revenues	-	-	-	-	-	-
Segment profit/(loss)	(236,147)	(3,793,860)	567,290	(54,470)	361,966	(3,155,221)
Net investment income						(370,615)
Other corporate expenses						(390,750)
Profit before tax						(3,916,586)
As at 30 June 2020						
Total assets	1,042,992	152,010,406	2,180,151	7,372,742	(21,338,878)	141,267,413
Unallocated assets						16,869,323
						158,136,736
Total liabilities	894,065	126,300,813	346,055	7,074,318	(6,957,005)	127,658,246
Unallocated liabilities						14,504,980
						142,163,226

Financial assets

	Level 1	Level 2	Level 3	Total
	€	€	€	€
Fair value through profit or loss				
Debt securities	27,404,319	-	-	27,404,319
Equities	17,659,515	-	-	17,659,515
Collective investment schemes	2,831,201	-	-	2,831,201
Available for sale				
Equities	1,744,792	-	-	1,744,792
Collective investment schemes held to cover linked liabilities	-	29,685,176	-	29,685,176
Investment property	-	-	25,143,350	25,143,350
Financial liabilities at amortised cost				
Amounts due to shareholders	-	-	-	-
4% LSI Subordinated Bond and outstanding on the redeemed bond	-	(2,742,705)	-	(2,742,705)
Bank loan	-	(2,783,896)	-	(2,783,896)
Unit linked financial instruments	-	(30,559,601)	-	(30,559,601)
Balance at 30 June 2021	49,639,827	(6,401,026)	25,143,350	68,382,151

(audited)

	Level 1	Level 2	Level 3	Total
	€	€	€	€
Fair value through profit or loss				
Debt securities	27,393,937	-	-	27,393,937
Equities	21,387,136	-	-	21,387,136
Collective investment schemes	749,836	-	-	749,836
Available for sale				
Equities	1,205,377	-	-	1,205,377
Collective investment schemes held to cover linked liabilities	-	25,399,515	-	25,399,515
Investment property	-	-	25,343,350	25,343,350
Financial liabilities at amortised cost				
Amounts due to shareholders	-	(36,189)	-	(36,189)
5% bonds 2021	-	(9,972,869)	-	(9,972,869)
Bank loan	-	(3,000,000)	-	(3,000,000)
Unit linked financial instruments	-	(26,247,639)	-	(26,247,639)
Balance at 31 December 2020	50,736,286	(13,857,182)	25,343,350	62,222,454

Level 2 collective investment schemes are valued using the realisable net asset value per share of the fund as published by the fund administrator on the Malta Stock Exchange or website of the fund administrator as applicable.

For recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the Group uses the valuation processes to decide its valuation policies and procedures and analyse changes in fair value measurements from period to period. The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The responsibility of ongoing measurement resides with management. Management validates fair value estimates by benchmarking prices against observable market prices or other independent sources, re-performing model calculations and evaluating and validating input parameters. Management also challenges the valuation model on at least an annual basis or when significant events in the relevant markets occur.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six-month period ended 30 June 2021.

At 30 June 2021 and 31 December 2020 the carrying amounts of financial assets and current financial liabilities approximated their fair values except for investment contracts with DPF and unlisted equity financial instruments classified as available-for-sale amounting to €1,744,792 (31 December 2020: €1,205,377). The aforementioned equity instruments are measured at cost as it is impracticable to determine the fair value given the nature of such investments. Moreover, for the investment contracts with DPF there is no reliable basis to measure the future discretionary term which is a material feature of these contracts.

The financial liabilities for unit link contracts were classified as Level 2. The fair value of these contracts is determined using the current unit value that reflect the fair values of the financial asset (classified as Level 2) linked to the financial liability.

Other Considerations on Financial Assets

Unrealised fair value movements during the period under review resulted in and adverse movement of €2,606,386. The following are the main classes of investments leading to this movement:

Adverse movement in equities € 1,986,303

Adverse movements in fixed income securities €685,211

Favourable movement in funds and unquoted investments €65,128

Investment property

There were no additions or disposals during the current reporting period. As at period end, the value of investment property is stated as disclosed in the 31 December 2020 annual financial statements. Details about the fair valuation of investment property are provided in Note 14 to the audited annual financial statements for the year ended 31 December 2020.

Notes to the Condensed Consolidated Financial Statements

- a) This half-yearly report is published pursuant to chapter 5 of the Malta Financial Services Authority Capital Markets Rules and the Prevention of Financial Markets Abuse Act, 2005. The condensed set of consolidated interim financial statements attached to this report has been extracted from LifeStar Holding p.l.c.'s unaudited Group financial statements for the six months ended 30 June 2021.
- b) The condensed interim financial statements for the half year ended 30 June 2021 have been extracted from the unaudited management accounts of the Group and have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting. These financial statements have not been audited nor reviewed by the Group's independent auditors. The consolidated condensed financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.
- c) Over the past months the Directors have given special attention to alternative strategies to permanently resolve various legacy issues which continue to negatively impact the Group and Company together with their stakeholders. In this regard between January and June 2021 the Directors have successfully completed the partial sale of the equity holding held by the Company in LifeStar Insurance plc. Through the partial sale of equity and also through an issue of 24,313 4% Subordinated Bonds of a nominal value of €100 at LifeStar Insurance plc level, the Company successfully redeemed its €10,000,000 5% 2021 bond that matured in 2 June 2021. COVID-19 has also proved a challenge for the Directors, business has continued to increase though at a slightly lower rate as Malta passed through a second semi-lockdown. The Directors are confident that the Group has sufficient resources and skills to weather this storm.
- d) The interim financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties, financial assets classified at fair value through profit and loss, available-for-sale investments, value of in-force business and investment contracts without DPF. The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2020.
- e) The Group's operations consist of the provision of investments, advisory and insurance intermediary services in terms of the Investment Services Act, 1994 and the Insurance Intermediaries Act, 2006, the carrying on of long term business of insurance under the Insurance Business Act, 1998. The Group's turnover is primarily generated in and from Malta.
- f) The Group had no commitments for capital related expenditure as at 30 June 2021 and 31 December 2020.
- g) The net unrealised loss on financial instruments recognised in the interim condensed consolidated statement of comprehensive income for the period ended 30 June 2021 amounted to €2,606,386 (30 June 2020: loss of €2,332,240).
- h) Earnings per share is based on the net result for the period divided by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue during the period amounted to 30,000,000 shares (2020: 30,000,000 shares).
- i) Considering the operational challenges posed by COVID-19, in June 2020, the Company availed itself of the MDB assist credit line through one of the leading banks in Malta. The loan advanced is of €3,000,000 and repayable over six years with a moratorium of the first six months.
- j) During the six months ended 30 June 2021, property, plant and equipment include additions of €12,540 (year ended 31 December 2020: €73,409) and disposals of nil (2020: nil) and intangible assets include additions of €173,325 (year ended 31 December 2020: €345,977) and disposals of nil (2020: nil).
- k) Included in the 'Balance on the long term business of insurance technical account before tax' of the condensed statement of comprehensive income is the net movement in the life reserve amounting to a decrease of €255,795 (30 June 2020 an increase of €1,514,771) and the net movement in the claims outstanding amounting to an increase of €946,294 (30 June 2020 an increase of €414,973). The estimates and key assumptions used to arrive at the value of the Life Reserve and the Value of In-Force Business remained the same as those applied as at 31 December 2020.