LifeStar Holding p.l.c.

Annual Report and Consolidated Financial Statements

31 December 2021

Company Registration Number: C 19526

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Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2021.

Principal activities

LifeStar Holding p.l.c. (the "Company") together with its subsidiaries (the "Subsidiaries"), together hereinafter referred to as the "LifeStar Group" or "the Group", is involved in:

- the carrying on of long-term business of insurance under the Insurance Business Act (Cap. 403 of the Laws of Malta);

- acting as an agent for sickness and accident insurance in terms of the Insurance Distribution Act (Cap. 487 of the Laws of Malta);

- the provision of investment services and advice in terms of the Investment Services Act (Cap. 370 of the Laws of Malta); and

- the provision on behalf of Group undertakings of property management and consultancy services, including property acquisitions, disposals and development projects.

Review of business

Consolidated results

2021 proved to be another uncertain year as the Covid-19 pandemic has continued to impact businesses globally. While many hoped that the pandemic would come to an end, the development of new variants continued to impact all sectors globally. Like many businesses, the Group has learnt to operate within this reality and the circumstances obtained positive results. In fact, LifeStar Holding p.l.c. on a consolidated basis generated a total comprehensive profit of €0.7 million (2020: loss of €0.6 million). The pre-tax profit for the year amounted to €1.6 million (2020: loss of €1.1 million).

During the year, the Group continued to undertake restructuring and transformation activity to align the business operations with the Board's approved strategy and to strengthen its capital based. This was achieved by implementing a holistic strategic plan, designed to permanently resolve various legacy issues that continue to negatively impact the LifeStar Group and to support the consolidation and future growth of the Group. As part of this restructuring, Global Capital Holdings Limited merged with LifeStar Holding p.l.c., on 1 December 2020, effective from 1 January 2020. Furthermore, on 4 May 2021 the Malta Financial Services Authority approved an offer for sale of 18,518,519 ordinary shares in LifeStar Insurance p.l.c. at an offer price of €0.54 per share ('the Share Offer') and the offer of 6,570,000 ordinary shares in LifeStar Insurance p.l.c. to its shareholders in exchange for their ordinary shares in LifeStar Holding p.l.c. at an exchange ratio of 1 LifeStar Holding p.l.c. share to 1 share in LifeStar Insurance p.l.c. ('the Exchange Offer). From the Share Offer, 10,854,000 shares (for a total value of €5,861,160) were received by LifeStar Insurance p.l.c., whilst 5,897,951 shares from the Exchange Offer (for a total value of €3,184,894) were received by LifeStar Insurance p.l.c. The Group also redeemed in full the 5% Unsecured Bond in June 2021. Furthermore, on 6 May 2021, the Malta Financial Services Authority approved the issue of €10,000,000 4% Subordinated Bonds due 2026-2031 issued by LifeStar Insurance p.l.c. (the "Subordinated Bonds"). A total of 24,313 Subordinated Bonds (for a total value of €2,431,300) were received by LifeStar Insurance p.l.c.

Group assets increased by 2.6% (2020: increased by 8.2%) from €166.3 million as at 31 December 2020 to €170.6 million as at 31 December 2021, and shareholder funds also increased by 35.2% (2020: decreased by the company by reference to the stressed test scenarios in latest ORSA (Own Risk and Solvency Assessment) reports prepared by the entity.

Total assets of the LifeStar Insurance Group increased by 6.5% (2020: 6.2%) from €161.9 million to €171.9 million as at the end of the current reporting period. Technical provisions increased by 4.5% (2020: 10.6%) from € 124.4 million to €130.1 million. The company's Solvency II ratio was a healthy one and, as at 31 December 2021 amounting to 165%.

The Board of directors of LSI plc approved a 2021 bonus declaration of 3.5% for Money Plus policies (2020: 3.5%) and 1% (2020: 1.5%) for all other interest sensitive products. The company also announced a bonus rate of 0.5% (2020: 0.5%) for paid up policies.

LifeStar Health Limited

LifeStar Health Limited, registered a profit before tax of €0.6 million (FY2020: €1.0 million), as revenue decreased from €2.1 million in FY2020 to €1.8 million in FY2021. Net assets decreased from €2.1 million to €1.4 million, principally due to €1 million net dividends which were declared, subject to regulatory no objection, during the year (2020: Nil).

GlobalCapital Financial Management Limited ("GCFM")

GCFM sustained a loss before tax of €0.2 million (2020: €0.5 million). The improvement in results between FY2020 and FY2021 is principally due to an increase in other income which pertains to the profit on sale of book business and LifeStar Insurance p.l.c. outsources investment management agreement.

GCFM closed the current year in a net asset position of €0.3 million (2020: €0.4 million). During 2020, the shareholder contributed €1.2 million by means of a shareholder's loan and shareholder's contribution. The shareholder's loan is unsecured, interest free, repayable at the discretion of the company and has no fixed repayment date. This capitalisation contributed to the maintenance of own funds balance at the required level, however, the capital contribution is still subject to the Authority's approval.

Future outlook

Following the successful implementation of the Group's holistic strategic plan, the Group will continue exploring possible ways to strengthen its capital base, whilst focusing on achieving positive results for the years to come. It is also actively seeking new opportunities to further strengthen its revenue generating capacity which could also involve ventures beyond Malta's shores.

Principal risks and uncertainties

The Group's principal risks and uncertainties are further disclosed in Note 1 – Critical accounting estimates and judgements, Note 2 – Management of insurance and financial risk, Note 11 – Intangible assets covering details on the Group's goodwill and value of in-force business, Note 14 – Investment property disclosing the significant observable inputs, and Note 17 – Technical provisions which includes the valuation assumptions.

Financial risk management

Note 2 to the financial statements provides details in connection with the Group's use of financial instruments, its financial risk management objectives and policies and the financial risks to which it is exposed.

Results and dividends

The consolidated statement of comprehensive income sets out the results of the Group. The Group's total comprehensive profit amounted to €0.7 million (2020: loss of €0.6 million), whilst the pre-tax profit for the year amounted to €1.6 million (2020: loss of €1.1 million). The Directors do not recommend the declaration of a

Directors

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

Paolo Catalfamo (Chairman)
Joseph Schembri (Senior Independent Director)
Joseph Del Raso
Cinzia Catalfamo
Gregory Eugene McGowan

In terms of the Company's Articles of Association, Directors elected at an Annual General meeting shall hold office until the next subsequent Annual General Meeting, unless they resign or are removed from office. On the lapse of such term, a Director shall be eligible for re-appointment.

Remuneration Committee and Corporate Governance

The Board of Directors has set up an Audit and Risk Committee, as well as a Remuneration and Nominations Committee. The Board of the Company will be submitting to the Shareholders at the next Annual General Meeting the Remuneration Report for the financial year ending 31 December 2021 (the "Reporting Period"). The Remuneration Report is drawn up in accordance with, and in fulfilment of the provisions of Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority ("Capital Markets Rules") relating to the Remuneration Report and Section 8A of the Code of Principles of Good Corporate Governance (Appendix 5.1 of the Capital Market Rules) regarding the Remuneration Statement.

The Remuneration Report provides a comprehensive overview of the nature and quantum of remuneration paid to the individual Directors and members of Executive Management during the Reporting Period and details how this complies with the Company's Remuneration Policy. The Remuneration Report is intended to provide increased corporate transparency, increased accountability and a better shareholder oversight of the remuneration paid to Directors and members of Executive Management. The contents of the Remuneration Report have been reviewed by the Company's Auditors to ensure that the information required in terms of Appendix 12.1 of the Capital Market Rules has been included.

The Group's arrangements for corporate governance are reported in the 'Corporate Governance - Statement of Compliance' section.

Statement of Directors' responsibilities

The Directors are required by the Companies Act (Cap. 386 of the Laws of Malta) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Group at the end of each financial year and of the profit or loss of the Group for the year then ended.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS's) as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business as a going concern.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and which enable the Directors to ensure that the financial statements comply with the Companies Act (Cap. 386 of the Laws of Malta). This matters relating to the remuneration of the Board of Directors and senior management, in order to motivate and retain executives and ensure that the Company is able to attract the best talents in the market in order to maximise shareholder value.

The rules governing the appointment and replacement of the Company's Directors are contained in Articles 73 to 81 of the Company's Articles of Association. Directors of the Company shall be elected on an individual basis by ordinary resolution of the Company in general meeting. The said ordinary resolution shall be determined and decided by means of a poll. The Company may, by an ordinary resolution of the members entitled to vote at a general meeting of the Company, remove any Director before the expiration of his term of office.

The Directors can only issue and allot shares up to such maximum amount not exceeding the authorised share capital of the Company, as may be authorised by ordinary resolution of the general meeting in accordance with section 85 of the Companies Act. This and other powers vested in the Company's Directors are confirmed in Articles 82 to 99 of the Company's Articles of Association.

The Company is the holder of 19.7% of its own shares, which do not hold any voting rights.

It is hereby declared that as at 31 December 2021, the information required under Capital Markets Rules 5.64.4, 5.64.5, 5.64.7, 5.64.10 and 5.64.11 is not applicable to the Company.

Information pursuant to Capital Markets Rule 5.70.1

As at 31 December 2019, the Company had a loan from the ultimate parent company (Investar p.l.c.). This loan was repaid in full during FY2020. The Company made advances to Investar p.l.c. during the year which were still outstanding as at 31 December 2021. Other than this, there were no material contracts to which the Company, or its subsidiary was a party, and in which anyone of the Company's Directors was directly or indirectly interested.

Information pursuant to Capital Markets Rule 5.70.2

The Company Secretary is Dr Clinton Calleja and the registered office is LifeStar Holding p.l.c., Testaferrata Street, Ta' Xbiex, Malta.

Statement by the Directors pursuant to Capital Markets Rule 5.68

We, the undersigned, declare that to the best of our knowledge, the financial statements prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its subsidiaries included in the consolidation taken as a whole, and that this Director's Report includes a fair review of the performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board of Directors on 29 April 2022 by Prof. Paolo Cata lfamo (Chairman) and Joseph Schembri (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Corporate Governance – Statement of Compliance

Pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority, the Company whose equity securities are listed on a regulated market should endeavour to adopt the Code of Principles of Good Corporate Governance ("the Code") as contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules. In terms of the Capital Markets Rules, the Company is hereby reporting on the extent of its adoption of the Code.

The Company acknowledges that the Code does not prescribe mandatory rules but recommends principles

- Exercise prudent and effective controls which enable risk to be assessed and managed in order to achieve continued prosperity to the Company;
- Be accountable for all actions or non-actions arising from discussion and actions taken by them or their delegates;
- Determine the Company's strategic aims and the organisational structure;
- Regularly review management performance and ensure that the Company has the appropriate mix of financial and human resources to meet its objectives and improve the economic and commercial prosperity of the Company;
- Acquire a broad knowledge of the business of the Company;
- Be aware of and be conversant with the statutory and regulatory requirements connected to the business of the Company;
- Allocate sufficient time to perform their responsibilities; and
- Regularly attend meetings of the board.

The Board has established an Audit and Risk Committee in terms of the Capital Markets Rules 5.117 – 5.134A in order to assist with the monitoring of the Company's present and future operations, threats and risks in the external environment and current and future strengths and weaknesses. The Audit and Risk Committee ensures that the Company has the appropriate policies and procedures in place to ensure that the Company and its employees maintain the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards. The Audit and Risk Committee has a direct link to the Board and is represented by the Chairman of the Audit and Risk Committee in all Board meetings.

Principle two: Chairman and Chief Executive Officer

Due to the structure of the Company and the nature of its operations, the Company does not employ a Chief Executive Officer (CEO) at Company level

Prof. Paolo Catalfamo occupies the post of Chairman and is responsible to:

- Lead the board and set its agenda;
- Ensure that the directors of the board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the company;
- Ensure effective communication with shareholders; and
- Encourage active engagement by all members of the board for discussion of complex or contentious issues.

Joseph C. Schembri is appointed as the Senior Independent Director of the Company to act a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent.

The regulated operating subsidiaries of the Company, LifeStar Insurance plc, LifeStar Health Limited and GlobalCapital Financial Management Limited each have a CEO or Managing Director. The CEO of LifeStar Insurance plc is Cristina Casingena. The Managing Director of LifeStar Health Limited is Adriana Zarb Adami. In the case of GlobalCapital Financial Management Limited, the Managing Director is Konrad Camilleri.

Principle three: Composition of the Board

In accordance with the provisions of the Company's Articles of Association, the ap pointment of Directors to the Board is exclusively reserved to the Company's shareholders, except in so far as appointment is made to fill a casual vacancy on the Board, and which appointment would expire at the Company's Annual General Meeting following appointment. Any vacancy among the Directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the Board of Directors.

Company.

The Board of Directors is currently chaired by Prof. Paolo Catalfamo. Th e Company Secretary (Dr. Clinton Calleja) attends all meetings and takes minutes. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows between the Board of Directors and its Committees and between senior management and the Directors, as well as ensuring that the Board of Directors' procedures are followed. The Company's Articles of Association also provide for adequate controls and procedures in so far as the treatment of conflicts of interest during Board of Directors meetings is concerned.

The follow ing Directors served on the Board during the period under review:

Prof. Paolo Catalfamo	Non-executive Director and Chairman
Mr. Joseph Schembri	Senior, Independent, Non-executive Director
Mr Joseph Del Raso	Independent, Non-executive Director
Mr. Gregory Eugene McGowan	Independent, Non-executive Director
Ms. Cinzia Catalfamo	Non-executive Director

Principle Five: Board Meetings

The Directors meet regularly to dispatch the business of the Board. The Directors are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting Board papers, which are circulated in advance of the meeting. Minutes of Board meetings are taken, recording inter alia attendance, and resolutions taken at the meeting. The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all Directors every opportunity to contribute to relevant issues on the agenda. The agenda for the meeting seeks to achieve a balance between long-term strategic and short-term performance issues.

The Board of Directors meets in accordance with a regular schedule of meetings and reviews and evaluates the Group's strategy, major operational and financial plans, as well as new material initiatives to be undertaken by the Group. The Board of Directors meets formally at least once every quarter and at other times on an 'as and when' required basis.

During the period under review, the Board of Directors met fifteen (15) times. The following Directors attended Board meetings as follows:

	Meetings
Prof. Paolo Catalfamo	15
Mr. Joseph Schembri	13
Mr. Joseph Del Raso	14
Mr. Gregory Eugene McGowan	15
Ms. Cinzia Catalfamo	5

Principle Six: Information and Professional development

The Company ensures that it provides Directors with relevant information to enable them to effectively contribute to Board decisions. The Company Secretary advises the Board through the Chairman on governance matters.

Directors may, in the course of their duties, take independent professional advice on any matter at the Company's expense. The Company will provide for additional individual Directors' training on a requirements basis attend meetings of the Audit Committee to present their compliance reports. In addition, the Audit Committee invites the Chief Financial Officer and other members of management to attend Audit Committee meetings on a regular basis and as deemed appropriate.

The Audit Committee also approves and reviews the Group's Compliance Plan and Internal Audit Plan prior to the commencement of every financial year and monitors the implementation of these plans. The remit of the Audit Committee was also extended to include Group risk management, and it is also referred to as the Audit and Risk Committee.

During the financial year under review, the Audit Committee held twenty-one (21) meetings.

Members	Committee meetings attended
Joseph Schembri	20
Joseph Del Raso	21
Gregory Eugene McGowan	20

The Audit Committee was chaired by Joseph Schembri, who is an auditor by profession, and is considered to be an independent non-executive member possessing the necessary competence in auditing/accounting as required in terms of the Capital Markets Rules. All the members that served on the Audit Committee were deemed by the Board of Directors to be Independent Non-Executive Directors, and the Board of Directors felt that as a whole the Audit Committee had the necessary skills, qualifications and experience in satisfaction of the Capital Markets Rules.

The terms of reference of the Audit Committee include, *inter alia* , its support to the Board of the Company in its responsibilities in dealing with issues of risk management, control and governance and associated assurance. The Board has set formal terms that establish the composition, role, function, the parameters of the Audit Committee's remit as well as the basis for the processes that it is required to comply with.

The Audit Committee is expected to deal with and advise the Board on the following matters:

- its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- monitoring the performance of the entity or entities borrowing funds (the subsidiaries) from the Company;
- maintaining communications on such matters between the Board, management and the independent auditors;
- facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- preserving the Company's assets by understanding the risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction prior to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company. The Audit Committee oversees the financial reporting of the Company and ensures the process takes place in a timely manner. The Audit Committee is free to question any information that may seem unclear.

Nominations and Remuneration Committee the Group, as well as of the Chief Financial Officer, the Chief Information Officer, the Chief Operations Officer and Risk and the Head of Legal and Compliance.

Members		Role
Roberto Apap Bologna	-	Chief Financial Officer
Cristina Casingena	-	Chief Executive Officer LifeStar Insurance plc
Adriana Zarb Adami	-	Managing Director LifeStar Health Limited
Konrad Camilleri	-	Managing Director GlobalCapital Financial Management Limited
Adrian Mizzi	-	Chief Information Officer
Jonathan Camilleri	-	Chief Operations Officer
Michael Schembri	-	Head Legal and Compliance

Internal controls

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve its objectives.

LifeStar Holding p.l.c. encompasses different licensed activities regulated by the MFSA. These activities include the carrying on of long-term business of insurance under the Insurance Business Act (Cap. 403 of the Laws of Malta); acting as an agent for sickness and accident insurance in terms of the Insurance Distribution Act (Cap. 487 of the Laws of Malta); and the provision of investment services and advice in terms of the Investment Services Act (Cap. 370 of the Laws of Malta). The Board of Directors has continued to ensure that effective internal controls and processes are maintained to support sound operations. The regulated subsidiaries have also set up Committees to further enhance internal controls and processes. These include the setting up of an Asset and Liability Committee and the Risk Management Committee at life company level. Policies such as Risk Compliance Monitoring Programmes, Risk Management, Complaints, Data Protection, Internal Audit and Anti-Money Laundering Policies and Procedures as well as a Conflict of Interest Policy have been adopted.

The Directors are aware that internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against normal business risks. During the financial year under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Company.

The Company has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and reviews by management, internal audit and the external auditors. The Internal Audit Department monitors and reviews the Group's compliance with policies, standards and best practice in accordance with an Internal Audit Plan approved by the Audit Committee. KPMG fulfil the functions of internal auditors of the Company.

Principle Nine and Ten: Relations with Shareholders and with the Market, and Institutional Shareholders

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood. During the period under review, the Company has maintained an effective communication with the market through a number of channels including Company announcements and Circulars.

Directors' direct interest in the shareholding of the Company:

	Number of shares as at 31 December 2021
Prof. Paolo Catalfamo	Nil
Mr. Joseph Schembri	Nil
Mr. Gregory McGowan	Nil
Mr. Joseph Del Raso	Nil
Ms. Cinzia Catalfamo	Nil

With the exception of Paolo Catalfamo, none of the Directors of the Company have any direct interest in the shares of the Company's subsidiaries or investees or any disclosable interest in any contracts or arrangements either subsisting at the end of the last financial year or entered into during this financial year. No other changes in the Directors' interest in the shareholding of the Company between year-end and 29 April 2022.

Prof. Paolo Catalfamo holds shares in the Company indirectly through his shareholding in Investar plc, through GlobalCapital Financial Management Limited as nominee for client accounts and through the Company's own shares.

Principle Twelve: Corporate social responsibility

The Company seeks to adhere to sound Principles of Corporate Social Responsibility in its management practices, and is committed to enhance the quality of life of all stakeholders of the Company. The Board is mindful of the environment and its responsibility within the community in which it operates. In carrying on its business the Company is fully aware of and at the forefront in preserving the environment and continuously reviews its policies aimed at respecting the environment and encouraging social responsibility and accountability. During the financial year under review, the Group pursued its corporate social responsibility by supporting and contributing to a number of charitable causes.

Remuneration Report

Remuneration Committee

The remuneration functions of the Remuneration and Nominations Committee were performed by Joseph Del Raso, as Chairman, as well as Joseph Schembri and Gregory Eugene McGowan as members.

Remuneration policy

The Company's remuneration of its Directors and senior executives is based on the remuneration policy adopted and approved by the shareholders of the Company at the annual general meeting held on 9 October 2020 (the "Remuneration Policy"). The Remuneration Policy of the Company is available for inspection on the Company's website on https://lifestarholding.com/wp-content/uploads/2020/11/AGM-2020-Remuneration-Policy-15.09.2020-.pdf . During the latest annual general meeting of the Company held on 9 November 2021, the meeting approved the Remuneration Statement published as part of the Annual Report of the Company for the financial year ended 31 December 2020.

The Remuneration Policy of the Company is intended to provide an over-arching framework that establishes the principles and parameters to be applied in determining the remuneration to be paid to any member of the Board of Directors, and the senior executives. The policy describes the components of such remuneration and how this contributes to the Company's business strategy, in the context of its long term sustainable value creation. This Remuneration Policy is divided into five parts distinguishing between directors, senior management, employees, intermediaries and service providers.

will be at the sole discretion of the Chairman and submitted for approval of the Remuneration and Nominations Committee. The Chairman (directly or through the Chief Finance Officer) will forward any recommendations for any changes to the remuneration of the Chief Executive Officers for the consideration of the Remuneration and Nominations Committee which will in turn review any such request and forward any request to the Board for the Board's final approval.

- Head/Senior Manager: The remuneration of the Head / Senior Managers will be at the sole discretion of the Chairman and/or the Chief Executive Officer (where one is appointed) without the need to refer to the Remuneration and Nominations Committee or the Board of Directors subject that the remuneration does not exceed a yearly remuneration of Fifty Thousand Euros (€50,000). Any amount over this threshold will require the endorsement of the Remuneration Committee.

Senior executive service contracts

All senior executive contracts are of an indefinite duration and subject to the termination notice periods prescribed by law.

Remuneration Report

In terms of Capital Markets Rule 12.26K, the Company is also required to draw up an annual remuneration report (the "Remuneration Report"), which report is to:

I. provide an overview of the remuneration, including benefits in whatever form, awarded or due to members of the Board of Directors and the CEO during the financial year under review; and
II. explain whether any deviations have been made from the Remuneration Policy of the Company.

In this respect, the Company is hereby producing its remuneration report following the approval and entry into effectiveness, in October 2020, of the Remuneration Policy described in the preceding sections.

Remuneration paid to Directors

All remuneration for directors was in conformity with this policy. The remuneration paid to individual Directors during the year under review was as follows:

Name	Position	2021	2020
Paolo Catalfamo:	Non-Executive Director and Chairman	€100,000	€100,000
JosephSchembri:	Independent Non-Executive Director	€21,000	€21,000
Joseph Del Raso:	Independent Non-Executive Director	€21,000	€21,000
Cinzia Catalfamo	Non-Executive Director	€15,000	€15,000
Gregory Eugene McGowan	Independent Non-Executive Director	€18,000	€18,000

The Directors receive remuneration for their appointment to the Board, and remuneration for their role as members or chairpersons of any committees of the Board of the Company. The above-indicated remuneration is comprehensive also of their position as directors of any subsidiary forming part of the Group.

It is the shareholders, in terms of the Memorandum and Articles of Association of the Company, who determine the maximum annual aggregate emoluments of the directors by resolution at the annual general meeting of the Company. The aggregate amount fixed for this purpose during the last annual general meeting was €400,000.

The aggregate emoluments of the Directors in respect of their role as directors of the Company and, where applicable, as members of committees of the Board of Directors of the Company and non-executive directors of subsidiaries forming part of the Group, amounted to €175,000. The Directors do not expect the

In terms of the requirements within Appendix 12.1 of the Capital Market Rules, the following table presents the annual change of remuneration, of the company's performance, and of average remuneration on a full-time equivalent basis of the company's employees (other than directors) over the two most recent financial years. The Company's non-executive Directors, have been excluded from the table below since they have a fixed fee as described above.

	2021	**2020**	**Change**
	€	€	%
Annual aggregate employee remuneration	2,168,448	2,029,109	7
Company performance, profit after tax	6,067,452	(633,239)	1,058
Average employee remuneration (excluding CEO) –full-time equivalent	33,882	32,727	4

The contents of the Remuneration Report have been reviewed by the external auditor to ensure that the information required in terms of Appendix 12.1 to Chapter 12 of the Capital Markets rules have been included.

Statement of comprehensive income
Technical account – long term business of insurance

For the year ended 31 December	**Notes**	**2021**	2020
		€	€
Earned premiums, net of reinsurance			
Gross premiums written		**12,757,784**	13,196,197
Outward reinsurance premiums		**(1,785,759)**	(1,647,695)
Earned premiums, net of reinsurance		**10,972,025**	11,548,502
Investment income	6	**111,455**	1,524,080
Investment contract fee income		**1,804,755**	1,727,411
Total technical income		**12,888,235**	14,799,993
Benefits and claims incurred, net of reinsurance			
Benefits and claims paid			
- gross amount		**12,871,400**	11,309,114
- reinsurers' share		**(2,724,219)**	(955,621)
		10,147,181	10,353,493
Change in the provision for benefits and claims			
- gross amount		**16,747**	40,546
- reinsurers' share		**(12,116)**	(92,843)
	17	**4,631**	(52,297)
Benefits and claims incurred, net of reinsurance		**10,151,812**	10,301,196
Change in other technical provisions, net of reinsurance			
Insurance contracts			
- gross amount		**(4,399,921)**	2,064,389
- reinsurers' share		**1,106,303**	(3,204,311)
	17	**(3,293,618)**	(1,139,922)
Investment contracts with DPF - gross	17	**1,519,192**	2,417,954
Investment contracts without DPF - gross		**79,009**	90,047
Change in other technical provisions, net of reinsurance		**(1,695,417)**	1,368,079
Net operating expenses	4	**4,543,004**	4,213,998
Total technical charges		**12,999,399**	15,883,273
Balance on the long-term business of insurance technical account		**(111,164)**	(1,083,280)

Deferred tax on the revaluation of property, plant and equipment		**-**	(21,529)
		-	247,588
Items that will be reclassified subsequently to profit or loss			
Net loss on available-for-sale financial assets		**1,751**	(111,619)
Deferred tax on the revaluation of available-for-sale financial assets		**(613)**	39,067
		1,138	(72,552)
Other comprehensive income for the year, net of tax		**1,138**	175,036
Total comprehensive income/ (loss) for the year		**708,467**	(633,240)
Earnings/ (loss) per share (cents)	9	2.2	(2.7)
Total comprehensive income for the year attributable to:			
Non-controlling interest		817,400	-
Owners of the parent		(108,933)	(633,240)
		708,467	(633,240)

The accounting policies and explanatory notes form an integral part of the financial statements.

Statement of financial position

As at 31 December	**Notes**	**2021**	2020
		€	€
ASSETS			
Intangible assets	11	**14,153,312**	12,389,138
Right-of-use asset	27	**283,880**	533,170
Property, plant and equipment	13	**3,625,100**	2,081,241
Investment property	14	**24,430,683**	25,143,350
Other investments	16	**91,219,724**	83,632,062
Reinsurers' share of technical provisions	17	**20,004,452**	20,749,175
Deferred tax asset	12	**-**	(285)
Taxation receivable		**51,631**	11,282
Trade and other receivables	18	**3,975,197**	3,311,543
Cash and cash equivalents	24	**12,625,645**	18,263,331
Asset held-for-sale	14	**190,000**	200,000
Total assets		**170,559,624**	166,314,007
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	**8,735,160**	8,735,160
Own shares	6	**(1,717,318)**	-
Other reserves	20	**10,608,479**	10,731,697
Capital redemption reserve		**800,000**	800,000
Retained earnings		**(1,805,553)**	(1,819,838)
Non-controlling interest		**8,313,046**	-
Total equity		**24,933,814**	18,447,019
Technical provisions:			
Insurance contracts	17	**64,026,640**	68,426,561
Investment contracts with DPF	17	**30,213,806**	28,694,612
Investment contracts without DPF	17	**34,395,648**	26,247,639
Provision for claims outstanding	17	**1,423,495**	1,057,285

of investment property to PPE								
Exchange for own shares	-	(1,717,318)	-	-	-	(1,717,318)	-	(1
	-	(1,717,318)	(124,356)	-	124,356	(1,717,318)	7,495,646	
Balance as at 31 December 2021	**8,735,160**	**(1,717,318)**	**10,608,479**	**800,000**	**(1,805,553)**	**16,620,768**	**8,313,046**	**2**
Balance as at 1 January 2020	8,735,160	-	10,488,547	-	(143,448)	19,080,259	-	1
Loss for the financial year	-	-	-	-	(808,276)	(808,276)	-	
Other comprehensive gain for the year	-	-	175,036	-	-	175,036	-	
Total comprehensive gain/(loss) for the year	-	-	175,036	-	(808,276)	(633,240)	-	
Increment in value of in-force business, transferred to other reserves, net of deferred tax (Note 11)	-	-	68,114	-	(68,114)	-	-	
Capital redemption reserve	-	-	-	800,000	(800,000)	-	-	
	-	-	68,114	800,000	(868,114)	-	-	
Balance as at 31 December 2020	**8,735,160**	**-**	**10,731,697**	**800,000**	**(1,819,838)**	**18,447,019**	**-**	**1**

During the year, as a result of an exchange of shares process which took place at the time of listing of the shares of LifeStar Insurance p.l.c on the Malta Stock Exchange, LifeStar Holdings p.l.c. became the owner of 5,897,951 of its own shares. As at 31 December 2021, the amount of these shares is deducted from equity attributable to the owners of the Group until the shares are cancelled or reissued.

The accounting policies and explanatory notes form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December	**Notes**	**2021**	2020
		€	€
Cash flows (used in)/ generated from operations	24	**6,753,151**	1,053,881
Dividends received		**434,815**	255,018
Interest received		**1,147,588**	1,177,149
Interest paid		**-**	(501,588)
Tax refund on tax at source		**371,949**	680,889
Tax paid		**(103,445)**	(91,069)
Net cash flows generated from operating activities		**8,604,058**	2,574,280
Cash flows (used in)/ generated from investing activities			
Purchase of intangible assets	10	**(616,192)**	(345,977)
Purchase of property, plant and equipment	12	**(84,865)**	(73,409)

1. Basis of preparation

These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group"). The Group is primarily involved in the carrying on of long term business of insurance under the Insurance Business Act (Cap. 403 of the Laws of Malta), acting as an agent for sickness and accident insurance in terms of the Insurance Distribution Act (Cap. 487 of the Laws of Malta), the provision of investment services and advice in terms of the Investment Services Act (Cap. 370 of the Laws of Malta), and the provision on behalf of Group undertakings of property management and consultancy services, including property acquisitions, disposals and development projects.

These consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs), and with the Companies Act (Cap. 386 of the Laws of Malta). The consolidated financial statements include the financial statements of LifeStar Holding p.l.c. and its subsidiary undertakings. They also comply with the requirements of the Insurance Business Act (Cap. 403 of the Laws of Malta), the Investment Services Act (Cap. 370 of the Laws of Malta), and the Insurance Distribution Act (Cap. 487 of the Laws of Malta) in consolidating the results of LifeStar Insurance Limited, LifeStar Health, and GlobalCapital Financial Management where appropriate. The financial statements are prepared under the historical cost convention, as modified by the fair valuation of investment property, financial assets and financial liabilities at fair value through profit or loss, available for sale investments and the value of in-force business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

The preparation of financial statements in conformity with EU IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and estimates or complexity are disclosed in Note 1 to these financial statements.

The consolidated statement of financial position are presented in increasing order of liquidity, with additional disclosures on the current or non-current nature of the assets and liabilities provided within the notes to the financial statements.

Appropriateness of going concern assumption in the preparation of the financial statements

As explained in the Directors' report, the Group made a profit of €0.7m (2020: loss of €0.6m) for the year ended 31 December 2021 and, at balance sheet date, had net assets amounting to €24.9m (2020: €18.4m).

When assessing the going concern assumption, the Directors have made reference to the Group's performance as well as the impact that the COVID-19 pandemic had on the Group. The measures taken by Malta over the past year in an effort to curb the COVID-19 pandemic, including social distancing, has had an

The following accounting pronouncements became effective from 1 January 2021 and have therefore been adopted:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The adoption of these pronouncements did not result in substantial changes to the Group's accounting policies and did not have a significant impact on the Group's financial results or position and therefore no additional disclosures have not been made.

Standards, interpretations and amendments to published standards as endorsed by the EU that were effective before 2020 for which the Group elected for the temporary exemption

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 is generally effective for years beginning on or after 1 January 2018. However in September 2016, the IASB issued amendments to IFRS 4 which provide optional relief to eligible insurers in respect of IFRS 9. The options permit entities whose predominant activity is issuing insurance contracts within the scope of IFRS 4, a temporary exemption to defer the implementation of IFRS 9.

Entities that apply the optional temporary relief were initially required to adopt IFRS 9 on annual periods beginning on or after 1 January 2021. However on 14 November 2018, the IASB deferred both the effective date of IFRS 17 Insurance Contracts and the expiry date for the optional relief in respect of IFRS 9 by one year. On 17 March 2020, the IASB deferred again both the effective date of IFRS 17 Insurance Contracts and the expiry date for the optional relief in respect of IFRS 9 by a further 1 year. Therefore, entities that apply the optional temporary relief will be required to adopt IFRS 9 on 1 January 2023 which aligns with the new effective date of IFRS 17.

The Group evaluated its liabilities at 31 December 2015, the prescribed date of assessment under the optional temporary relief provisions and concluded that all of the liabilities are predominantly connected with insurance. More than 90% of the Group's liabilities at 31 December 2015 are liabilities arising from contracts within the scope of IFRS 4. As at the same date the Group's predominant activities were also established to be insurance related as evidenced through revenues reported in the Annual Report of that year.

Further to the above, the Group has not previously applied any version of IFRS 9. Therefore the Group is an eligible insurer that qualifies for optional relief from the application of IFRS 9. As at 1 January 2018, the Group has elected to apply the optional temporary relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. The Group will continue to apply IAS 39 until 1 January 2023.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

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 Group's accounting periods beginning on or after 1 January 2021. The Group has not early adopted these revisions to the requirements of IFRSs and the Group's Directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible significant impact on the Group's

(ii) the amount of any non-controlling interest in the acquiree; and

(iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree.

b. The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Any gain on a bargain purchase, after reassessment, is recognised immediat ely in profit or loss.

Inter-company transactions, balance s and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides
evidence of an impairment of the asset transfer red. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. A listing of the Group's principal subsidiaries is set out in Note 15.

3. Intangible assets

(a) Goodwill

Goodwill on acquisition of group undertakings is included in intangible assets. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(b) Value of in-force business

On acquisition of a portfolio of long term contracts, the net present value of the Shareholders' interest in the expected after-tax cash flows of the in-force business is capitalised in the statement of financial position as an asset. The value of in-force business is subsequently determined by the Directors on an annual basis, based on the advice of the approved actuary. The valuation represents the discounted value of projected future transfers to Shareholders from policies in force at the year-end, after making provision for taxation. In determining this valuation, assumptions relating to future mortality, persistence and levels of expenses are based on experience of the type of business concerned. Gross investment returns assumed vary depending on the mix of investments held and expected market conditions. All movements in the in-force business valuation are credited or debited to the profit or loss. They are subsequently transferred out of retained earnings to other reserves.

(c) Computer software

Acquired computer so ftware licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives (between five and thirteen years). Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

4. Deferred income tax

Deferred income tax is provided using the balance sheet liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates or those that are substantively enacted by the end of the reporting period are used in the determination of deferred income tax.

Deferred income tax related to the fair value re-measurement of investments is allocated between the technical and non-technical account depending on whether the temporary differences are attributed to policyholders or shareholders respectively.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

7. Investment properties

Freehold and leasehold properties treated as investments principally comprise buildings that are held for long term rental yields or capital appreciation or both, and that are not occupied by the Group. Investment properties are initially measured at cost including related transaction costs. Investment properties are subsequently carried at fair value, representing open market value determined annually by external valuers, or by virtue of a Directors' valuation. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

If this i nformation is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred. Unrealised gains and losses arising from changes in fair value (net of deferred taxation) are recognised in the profit or loss.

8. Investment in group undertakings

In the Company's financial statements, shares in group undertakings are accounted for at fair value through profit and loss (FVTPL). The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for it at fair value through other comprehensive income (FVOCI).

The dividend income from such investments is included in profit or loss in the accounting year in which the Company's right to receive payment of any dividend is established.

9. Other financial assets

Financial assets and financial liabilities are off-set and the net amount presented in the stat ement of financial position when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised w hen the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs whe n the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at t he proceeds received, net of direct issue costs.

(i) Trade receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that are held for trading or that are designated as at fair value through profit or loss or as available for sale or those for which the Group may not recover substantially all of its investment other than because of credit deterioration. They include, inter alia, receivables, interest bearing deposits and advances.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are either designated in this category by the Group or not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

All purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits t o purchase or sell the assets. All financial assets are initially recognised at fair value, plus in the case of financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where they have been transferred and the transfer qualifies for de-recognition.

Financial assets at fair value through profit or loss are subseque ntly re-measured at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in profit or loss.

Available-for-sale financial assets are measured at their f air value. Gains and losses arising from a change in fair value are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest calculated using the effective interest method is recognised in profit or loss.

The fair value of quoted financial assets is based on quoted marke t prices at the end of the reporting period. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

(e) Equity instruments that do not have a quoted market price

Investments in equity instruments tha t do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are not be designated as at fair value through profit or loss. The fair value of investments in equity instruments that do not have a quoted price in an active market for an identical instrument is reliably measurable if (a) the variability in the range of reasonable fair value measurements is not significant for that instrument; or (b) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value. Investments in equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured are measured at cost.

(iii) Trade payables

Trade payables are cl assified with current liabilities and are stated at their nominal value.

(iv) Shares issued by the Company

Ordinary shares issu ed by the Company are classified as equity instruments.

IFRS 9

payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

10. Impairment of assets

(a) Impairment of financial assets at amortised cost and available-for-sale investments

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset ("a loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includ es observable data that comes to the attention of the Group about the following events:

(i) significant financial difficulty of the issuer or debtor;
(ii) a breach of contract, such as a default or delinquency in payments;
(iii) If it's probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; and
(iv) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

In addition to the above loss events, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered and/or a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For financial assets at amortised cost, the Group first assesses whether objective evidence of impairment exists for financial assets that are indi vidually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

When a decline in the fair value of an availab le-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative impairment loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and is measured as the difference between the acquisition cost and current fair

Financial assets and liabilities are offset and the net amount report ed in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

12. Insurance contracts and investment contracts with DPF

(a) Classification

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

A number of insurance and investment contracts contain a DPF ("Discretionary participation feature"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group; and
- that are based on realised and/or unrealised investment returns on underlying assets held by the Group.

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus), and within which the Group may exercise its discretion as to the quantum and timing of their payment to contract holders, also considering the advice of the approved actuary.

(b) Recognition and measurement

Insurance contracts and investment contracts with DPF are categorised depending on the duration of risk and whether or not the terms and conditions are fixed.

Short term insurance contracts

These contracts are short duration life insurance contracts. They protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits under these insurance contracts.

Long-term contracts

Insurance contracts without DPF

These contracts insure events associated with human life (mainly for death) over a long and fixed duration. The guaranteed and fixed element for these contracts relates to the sum assured, i.e. the benefit payable on death.

Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission and are inclusive of policy fees receivable.

Investment contracts with DPF

A liability for long term contractual benefits that are expected to be incurred in the future is recorded when premiums are recognised. This liability is determined by the approved actuary following his annual investigation of the financial condition of the Group's long-term business as required under the Insurance Business Act (Cap. 403 of the Laws of Malta). It is calculated in accordance with the relevant legislation governing the determination of liabilities for the purposes of statutory solvency. The calculation uses a prospective valuation method, unless a retrospective calculation results in a higher liability, and makes explicit provision for vested reversionary bonuses. Provision is also made, explicitly or implicitly, for future reversionary bonuses. The prospective method is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used.

The liability is based on assumptions as to mortality, maintenance expenses and investment income that are established at the time the contract is issued, subject to solvency restrictions set out in the Insurance Business Act (Cap. 403 of the Laws of Malta). The retrospective method is based on the insurance premium credited to the policyholder's account, together with explicit provision for vested bonuses accruing as at the end of the reporting period, and adjustment for mortality risk and other benefits.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities, net of related DAC, are adequate by using an existing liability adequacy test performed in accordance with IFRS 4 requirements and the Insurance Business Act (Cap. 403 of the Laws of Malta). The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used.

Aggregation levels and the level of prudence applied in the test are consistent with IFRS 4 requirements and the Insurance Business Act (Cap. 403 of the Laws of Malta). To the extent that the test involves discounting of cash flows, the interest rate applied may be prescribed regulations by the Insurance Business Act (Cap. 403 of the Laws of Malta) or may be based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the statement of profit or loss, initially by impairing DAC and, subsequently, by establishing an additional insurance liability for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation. Impairment losses resulting from liability adequacy testing are reversed in future years if the impairment no longer exists.

This long-term liability is recalculated at the end of each reporting period. The above method of calculation satisfies the minimum liability adequacy test required by IFRS 4. The liability in respect of short-term insurance contracts is based on statistical analysis for the claims incurred but not reported, estimates of the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions), and further includes the portion of premiums received on in-force contracts that relate to unexpired risks at the end of the reporting period.

(c) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts in

14. Assets held for sale

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are pre sented separately as current items in the statement of financial position.

15. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and time deposits maturing within three months (unless these are held specifically for investment purposes) and are net of the bank overdraft, which is included with liabilities.

16. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Trade payables are stated at their nominal value unless the effect of discounting is material.

Borrowing co sts are capitalised within property held for development in so far as they relate to the specific external financing of assets under development. Such borrowing costs are capitalised during the development phase of the project. Other borrowing costs are recognised as an expense in the year to which they relate.

17. Share capital

Ordinary shares are classified as equity. Incremental costs directly att ributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

18. Dividend distribution

Dividend distribution to the Company's Shareholder s is recognised as a liability in the Company's financial statements in the period in which the dividends are declared.

19. Fiduciary activities

Client monies are held by the Group as a result of clients' trades that have not yet been fulfilled. They ar e not included in the financial statements as these assets are held in a fiduciary capacity.

20. Provisions

Provisions are reco gnised when the Group has a present legal or constructive obligation as a result of past consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

22. Foreign currencies

(a) Functional and presentation currency

It ems included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euro, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange ga ins and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was measured. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

23. Investment return

The total investment return in the notes includes dividend income, net fair value movements on financial assets at fair value through profit or loss (including interest income from financial assets classified as fair value through profit or loss), interest income from financial assets not classified as fair value through profit or loss, rental receivable and net fair value movements on investment property and is net of investment expenses, charges and interest.

The investment return is allocated between the insurance technical account and the non-technical account on the basis of the investment return as recommended by the approved actuary.

24. Leases

(i) Group as a lessor

Lessor accounting remains similar to treatment under IAS 17 meaning that lessors continue to classify leases as finance or operating leases.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including payments which are essentially fixed), minus any incentive to lease to be paid;
- the price for exercising a purchase option which the lessee is reasonably certain to exercise; and
- payments for early cancellation.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, if there is a change in the Group estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

25. Employee benefits

The Group contributes towards the state pension in accordance with local legislation. The only obligation is to make the required contributions. Costs are expensed in the period in which they are incurred.

26. Current tax

Current tax is charged or credited to profit or loss except when it relates to items recognised in other comprehensive income or directly in equity. The charge/credit for current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items which are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risk accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, resulting in earlier or more claims than expected.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. Investment contracts with DPF (“Discretionary participation feature”) carry negligible insurance risk.

The Group manages these risks through its underwriting strategy and reinsurance agreements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group’s underwriting procedures with premiums varied to reflect the health condition and lifestyle of the applicants.

The Group has retention limits on any single life assured for term business or risk premium business. The Group reinsures the excess of the insured benefits over approved retention limits under a treaty reinsurance arrangement. Short term insurance contracts are also protected through a combination of selective quota share and surplus reinsurance. Further, the Group has a “CAT XL” reinsurance arrangement to cover its exposure in the case of an event affecting more than three lives.

In general, all large sums assured are facultatively reinsured on terms that substantially limit the Group’s maximum net exposure. The Directors consider that all other business is adequately protected through treaty reinsurance with a reasonable spread of benefits payable according to the age of the insured, and the size of the sum assured. The Group is largely exposed to insurance risk in one geographical area, Malta. Single event exposure is capped through the “CAT XL” reinsurance arrangement as referred above.

(b) Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group’s experience and vary by product type, policy duration and sales of contract being written. The Group does not take credit for future lapses in determining the liability for long term contracts in accordance with the insurance rules regulating its calculation.

Financial risk

The Group is exposed to financial risk through its financial assets and liabilities, reinsurance assets, and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts with DPF. The Group is also exposed to significant liquidity risk in relation to obligations arising on the bonds issued in 2016. The most important components of financial risk are market risk (including currency risk, cash flow, fair value interest rate risk and price risk), credit risk and liquidity risk.

These risks partly arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Group manages these positions through adherence to an investment policy. The policy adopted is modelled to take into account actuarial recommendations and is developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts with DPF. The principal technique underlying the Group's framework is to broadly match assets to the liabilities arising from insurance and investment contracts with DPF by reference to the type of benefits payable to contract holders, and the recommended portfolio mix as advised by the approved actuary.

The Group's investment policy is formally approved by the Board of Directors. Portfolio review processes and investment decisions are generally delegated to a dedicated Sub-Investment Committee or the Chief Executive Officer. Transactions in excess of pre-established parameters are subject to Board of Directors approval. The procedures consider, inter alia, a recommended portfolio structure, authorisation parameters, asset and counterparty limits and currency restrictions. Management reports to the Investment Committee on a regular basis. The Committee meets to consider, inter alia, investment prospects, liquidity, and the performance of the portfolio and the overall framework of the Group's investment strategy. Solvency considerations as regulated by the relevant Authority are also taken into account as appropriate.

(a) Cash flow and fair value interest rate risk

The Group is exposed to the risk of fluctuating market interest rate. Assets/liabilities with variable rates expose the Group to cash flow interest risk. Assets/liabilities with fixed rates expose the Group to fair value interest rate risk to the extent that they are measured at fair value.

The total assets and liabilities subject to interest rate risk are the following:

	2021	2020
	€	€
Assets attributable to policyholders		
Assets at floating interest rates	**9,886,690**	14,946,802
Assets at fixed interest rates	**29,374,880**	30,404,165
	39,261,570	45,350,967
Liabilities		
Technical provisions	**94,240,446**	97,121,173

As disclosed in Note 21 the Company redeemed the bonds that matured in June 2021. It had also repaid in full, in 2021, a loan from its shareholder amounting to €36,541. In 2020 it also undertook a new loan from BOV under the COVID-19 schemes, of a nominal value of €3,000,000. This exposure does not give rise to fair value interest rate risk since the bond and the loans are carried at amortised cost in the financial statements.

Interest rate risk is monitored by the Board of Directors on an ongoing basis. This risk is mitigated through the would be +/- €2,937,488 (2020: +/- €3,040,416). The Group is not exposed to significant cash flow interest rate risk on assets at floating interest rates as a reasonably possible change would not result in a significant cash flow interest rate risk.

(b) Price risk

The Group is exposed to market price risk arising from the uncertainty about the future prices of investments held that are classified in the statement of financial position as at fair value through profit or loss or as available for sale. This risk is mitigated through the adherence to an investment policy geared towards diversification as described earlier. The Group is exposed to price risk in respect of listed equity investment. Approximately 26% (2020: 35%) of equity securities held at fair value through profit or loss in Note 16 relate to holdings in three local banks. The remaining equity securities held at fair value through profit or loss are mainly held in equities in the Telecommunication Services and Information Technology sectors.

The total assets subject to equity price risk are the following:

	2021	2020
	€	€
Other Investments (Note 15)	**26,322,906**	**22,832,018**

The sensitivity analysis for price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

The sensitivity analysis measures the change in the fair value of the instruments for a hypothetical change of 10% in the market price of financial assets at fair value through profit or loss. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets. Should market prices at the end of the reporting period increase/decrease by 10% (2020: 10%), with all other variables held constant, the impact on the Group's pre-tax profit would be +/- € 8,150,997 (2020: +/- €2,228,000). This sensitivity analysis is based on a change in an assumption while holding all assumptions constant and does not consider, for example, the mitigating impact of the DPF element on policyholder liabilities for contracts with a DPF.

(c) Currency risk

The Group's exposure to foreign exchange risk arises primarily from investments that are denominated in currencies other than the Euro. As at 31 December 2021, the Group's exposure to foreign currency investments (principally comprising a mix of US Dollar, UK Pound and Swiss Franc) represented 8.0% (2020: 6.9%) of the Group's total investments excluding the term deposits in Note 16. Approximately 6.8% (2020: 11.4%) of the Group's cash and cash equivalents and term deposits, are denominated in foreign currency (principally comprising a mix of US Dollar, UK Pound and Swiss Franc).

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

For financial instruments held or issued, a sensitivity analysis technique that measures the change in the fair value and the cash flows of the Group's financial instruments at the reporting date for hypothetical changes in exchange rates has been used. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets. The sensitivity analysis is for illustrative purposes only, as in practice market rates rarely change in isolation and are likely to be interdependent.

Should exchange rates at the end of the reporting period differ by +/-10% (2020: +/-10%), with all other variables held constant, the impact on the Company's pre-tax profit would be +/- €806,349 (2020: +/-

Credit risk in respect of the amounts due from subsidiary undertakings to the Company is closely monitored by the Company and is tested for impairment as disclosed in Note 15.

The following table illustrates the assets that expose the Group to credit risk as at the end of the reporting period and includes the Standard & Poor's, Moody's and ARC's composite rating for debt securities at fair value through profit or loss, when available, and the default rating for deposits with banks and cash and cash equivalents, when available.

Assets bearing credit risk at the end of the reporting period are analysed as follows:

	As at 31 December 2021				
	AAA to AA	**A**	**BBB to B**	**Below B to unrated**	**Total**
	€	**€**	**€**	**€**	**€**
Investments					
Debt securities at fair value through profit or loss	2,061,068	5,933,846	10,235,536	5,756,255	23,986,705
	2,061,068	5,933,846	10,235,536	5,756,255	23,986,705
Loans and receivables					
Loans secured on policies	-	-	-	36,295	36,295
Other loans and receivables	-	3,288,174	-	-	3,288,174
Trade and other receivables	-	-	-	3,672,964	3,672,964
Term Deposits	-	-	-	2,100,000	2,100,000
Cash and cash equivalents	-	-	11,812,965	812,680	12,625,645
	-	3,288,174	11,812,965	6,621,939	21,723,078
Reinsurance share of technical provisions	20,004,452	-	-	-	20,004,452
Total assets bearing credit risk	**22,065,520**	**9,222,020**	**22,048,501**	**12,378,194**	**65,714,235**

	As at 31 December 2020				
	AAA to AA	**A**	**BBB to B**	**Below B to unrated**	**Total**
	€	**€**	**€**	**€**	**€**
Investments					
Debt securities at fair value through profit or loss	2,164,582	6,263,730	18,024,340	941,285	27,393,937
	2,164,582	6,263,730	18,024,340	941,285	27,393,937
Loans and receivables					
Loans secured on policies	-	-	-	39,090	39,090
Other loans and receivables	-	3,084,845	-	-	3,084,845
Trade and other receivables	-	-	-	4,168,336	4,168,336
Term Deposits	-	-	-	3,010,223	3,010,223
Cash and cash equivalents	-	-	15,786,048	2,477,283	18,263,331
	-	3,084,845	15,786,048	9,694,932	28,565,825
Reinsurance share of technical provisions	20,749,175	-	-	-	20,749,175
Total assets bearing credit risk	**22,913,757**	**9,348,575**	**33,810,388**	**10,636,217**	**76,708,937**

Unrated financial assets principally comprise locally traded bonds on the Malta Stock Exchange, receivables and certain deposits with local bank institutions for which no credit rating is available.

As at 31 December 2021 and 2020 the Group had significant exposure with the Government of Malta liquidity risk mainly comprise the borrowings disclosed in Note 21 and trade and other payables disclosed in Note 22.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period between the end of the reporting period and the maturity date. The expected cash outflows for insurance and investment contracts do not consider the impact of early surrenders. Expected cash outflows on unit linked liabilities have been excluded since they are matched by expected inflows on backing assets.

As at 31 December 2021

	Contracted undiscounted cash outflows					
	Less than one year €	Between one and two years €	Between two and five years €	Over five years €	Total €	Carrying amount €
Interest bearing borrowings	624,936	537,885	1,640,382	2,105,257	4,908,460	4,730,586
Trade and other payables	7,989,447	-	-	-	7,989,447	7,989,447
	8,614,383	**537,885**	**1,640,382**	**2,105,257**	**12,897,907**	**12,720,033**

	Expected discounted cash outflows					
	Less than one year €	Between one and two years €	Between two and five years €	Over five years €	Total €	Carrying amount €
Technical provisions	**14,257,208**	**28,529,074**	**13,967,431**	**16,992,733**	**56,313,143**	**130,059,589**

As at 31 December 2020

	Contracted undiscounted cash outflows					
	Less than one year €	Between one and two years €	Between two and five years €	Over five years €	Total €	Carrying amount €
Interest bearing borrowings	11,084,933	587,674	1,771,242	295,207	13,739,056	13,009,058
Trade and other payables	7,726,514	-	-	-	7,726,514	7,726,514
	18,811,447	**587,674**	**1,771,242**	**295,207**	**21,465,570**	**20,735,572**

	Expected discounted cash outflows					
	Less than one year €	Between one and two years €	Between two and five years €	Over five years €	Total €	Carrying amount €
Technical provisions	**6,877,195**	**27,802,157**	**16,735,537**	**24,695,346**	**48,315,862**	**124,426,097**

Total expenses	1,125,659	13,568,047	1,256,119	615,141	(62,334)	16,502,632
Segment (loss)/profit	**(232,144)**	**448,453**	**572,846**	**224,859**	**(321,165)**	**1,692,849**
Unallocated items						
Finance costs	-	-	-	-	-	600,558
Administrative expenses	-	-	-	-	-	(661,738)
Total unallocated items	-	-	-	-	-	(61,180)
Group profit						**1,631,669**
Tax expense						(924,340)
Profit after tax						707,329
Segment assets	1,587,028	170,940,608	2,561,760	8,619,937	(14,638,799)	169,070,534
Unallocated assets						1,489,090
						170,559,624
Segment liabilities	,323,553	139,314,727	1,127,506	7,645,175	(5,822,209)	143,588,752
Unallocated liabilities						2,037,058
						145,625,810
Other segment items						
Capital expenditure	11,712	73,705	22,321	-	-	
Amortisation	-	217,492	-	-	-	
Depreciation	666	112,828	3,583	-	-	

The following is an analysis of the Group's revenue and result by reportable segment, assets, liabilities, and other information for 2020.

	Investment and advisory services	Business of insurance	Agency services	Property services	Eliminations	Group
	€	€	€	€	€	€
Year ended 31 December 2020						
Segment income						
Earned premiums, net of reinsurance	-	11,243,464	-	-	-	11,243,464
Commission and other fees receivable	718,439	305,038	2,144,636	-	-	3,168,113
Increment in the value of in-force business	-	104,791	-	-	-	104,791
Investment and other income	579,988	4,322,373	14,550	-	-	4,916,911
Net gains on investments at FVTPL	-	(2,394,511)	-	-	-	(2,394,511)
Net gains on investment property	-	2,055,651	-	10,000	-	2,065,651
Total revenue	**1,298,427**	**15,636,806**	**,159,186**	**10,000**	**-**	**19,104,419**

						166,314,007
Segment liabilities	191,439	131,218,316	120,097	61,614		131,591,466
Unallocated liabilities						16,275,523
						147,866,989
Other segment items						
Capital expenditure	974	63,523	1,946	-	-	
Amortisation	-	234,366	-	-	-	
Depreciation	527	64,154	6,899	-	\-	

The Group's reportable segments under IFRS 8 are identified as follows:

- Investment and advisory services - the provision of services in terms of the Investment Services Act (Cap. 370 of the Laws of Malta);
- Business of insurance - to carry on long-term business of insurance under the Insurance Business Act (Cap. 403 of the Laws of Malta);
- Agency and brokerage services - provision of agency or brokerage services for health or other general insurance in terms of the Insurance Distribution Act (Cap. 487 of the Laws of Malta); and
- Property services - to handle property acquisitions, disposals and development projects both long and short term.

The other operating segment includes corporate expenses and other activities which are not reportable segments due to their immateriality. Certain expenses, finance costs and taxes are not allocated across the segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit or loss represents the results generated by each segment without the allocation of certain finance costs, impairment of goodwill and taxation. This is the measure reported to the Group's chief executive officer for the purpose of resource allocation and assessment of segment performance.

All the Group's turnover is primarily generated in and from Malta.

Segment assets consist primarily of investments, receivables, intangible assets, property, plant and equipment and operating cash. Segment liabilities comprise insurance technical provisions and other operating liabilities. Capital expenditure comprises additions to computer software and to property, plant and equipment. Unallocated assets comprise investments that are not allocated to policyholders, taxation and intra group receivables. Unallocated liabilities mainly comprise borrowings, taxation and intra group payables.

All non-current assets (other than financial instruments, deferred tax assets and rights under insurance contracts) are held in Malta with the exception of investment property located in Italy amounting to €7,500,000 (2020: €6,700,000), in Croatia of €720,000 (2020: €680,000). The Group has reclassified investment property which has a book value of €190,000 (2020: €200,000) to assets held-for-sale in the statement of financial position. This consist of a property in Spain which relates to the property segment. This property is expected to be sold within 12 months from the date of classification as non-current assets held-for-sale.

Revisionary bonuses declared in the year amounted to €882,196 (2020: €980,789).

4. Expenses by nature

	2021	2020
	€	€
Staff costs (Note 5)	**2,402,971**	2,357,652
Commission and direct marketing costs	**2,158,054**	2,129,822
Amortisation of computer software (Note 11)	**217,492**	234,366
Depreciation of property, plant and machinery (Note 13)	**117,785**	72,319
Other provisions	**61,945**	182,305
Legal and professional fees	**1,096,165**	960,017
Insurance and licence costs	**243,749**	217,440
IT related expenses	**427,508**	325,495
Staff training and welfare costs	**10,427**	16,113
Lease expenses	**136,644**	138,122
Other expenses	**1,536,988**	1,044,657
	8,409,728	7,678,308
Allocated as follows:		
Long term business technical account		
- claims related expenses	**-**	125,733
- staff costs	**1,084,973**	987,144
- net operating expenses	**3,458,031**	3,101,121
Non-technical account		
- staff costs	**1,255,636**	1,317,531
- commission and direct marketing costs	**245,999**	325,879
- other provisions	**61,945**	182,305
- other administrative expenses	**2,303,144**	1,638,595
	8,409,728	7,678,308

Auditor's remuneration for the current financial year amounted to €123,000 (2020: €104,000) for the Group. Other fees payable to the auditor comprise €Nil (2020: €25,000) for other assurance services, €4,975 (2020: €5,700) for tax services and €39,500 (2020: €18,500) for other non-audit services.

Other provisions for the year under review represent the best estimate of the expected outflow of resources to settle a present obligation resulting from outstanding court and arbitration cases against the Group.

5. Staff costs

	2021	2020
	€	€

	2,402,971	2,357,652

The average number of persons employed by both the Group during the year are analysed below:

	2021 €	2020 €
Managerial	7	7
Sales	3	4
Administrative	54	51
	64	62

The table above represents salaried staff and does not include self-employed Tied Insurance Intermediaries.

6. Investment return and finance costs

	2021 **€**	2020 €
Investment income		
Rental income from investment property	**569,746**	709,092
Dividends received from investments at fair value through profit or loss	**431,598**	360,249
Dividends received from available-for-sale investments	**3,217**	18,254
Interest receivable from:		
- investments at fair value through profit or loss	**983,843**	1,096,271
- other loans and receivables	**316,481**	314,293
- available-for-sale investments	**-**	1,244
- related companies	**318,038**	-
Other income	**1,370,485**	685,581
	3,993,408	3,184,984
Investment charges and expenses		
Investment management charges	**(61,279)**	(55,373)
Reversal of impairment/ (impairment loss) on non-quoted equity	**-**	205,237
Interest payable on:		
- Interest-bearing borrowings	**(50,715)**	(39,792)
- Interest on bonds payable	**(265,279)**	(500,000)
Amortisation of bond issue costs	**(27,483)**	(64,304)
Impairment loss on equity measured at cost	**-**	(537,156)
Other finance costs	**(43,701)**	(28,736)
	(448,457)	(1,020,124)
Movement in fair value		
Net gains on investment property and assets held for sale	**30,000**	2,065,651
Net fair value gain/ (loss) on investment – bonds	**(664,335)**	(472,553)
Net fair value gain/ (loss) on investment – equity and collective investment schemes	**(1,390,881)**	(1,921,958)
	(2,025,216)	(328,860)
Realised gain on sale of investments	**82,833**	-
Total investment return	**1,602,568**	1,836,000
Allocated as follows:		
Long term business technical account	**111,455**	1,524,080
Statement of comprehensive income	**1,491,113**	311,920

7. Income tax

	2021 **€**	2020 €
Current tax (credit)/ charge	**(41,380)**	325,840
Deferred tax charge/ (credit)	**965,720**	(655,480)
	924,340	(329,640)

Income tax recognised in other comprehensive income is as follows:

	2021 **€**	2020 €
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Revaluation of PPE	**-**	(21,529)
Revaluations of available-for-sale financial assets	**613**	39,067
	613	17,538

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Tax on profit/(loss) at 35%	**(571,084)**	398,271
Tax effect of:		
Non-deductible expenditure	**(475,542)**	(459,462)
Exempt income and income subject to a reduced rate of tax	**101,620**	314,271
Unrelieved foreign tax	**(14,829)**	-
Other differences	**35,495**	76,560
Tax expense	**924,340**	329,640

8. Directors' emoluments

	2021	2020
	€	€
Directors' emoluments	**191,250**	**183,750**

The executive directors are entitled to participate in a health insurance scheme subsidised by the Group.

9. Earnings per share

Earnings per share is based on the net profit for the year divided by the weighted average number of ordinary shares in issue during the year.

	2021	2020
	€	€
Net profit/(loss) attributable to shareholders	707,329	(808,275)
Weighted average number of ordinary shares in issue	30,000,000	30,000,000
Earnings per share (cents)	2c2	(2c7)

There is no difference between basic and diluted earnings per share as the Company has no potential dilutive ordinary shares.

10. Dividends

The Directors of the Company do not recommend the payment of a dividend for 2021 as the Company had no distributable reserves at the end of the reporting period. No dividend was also paid in 2020.

11. Intangible assets

	Consolidated			
	Goodwill	**Value of in-force business**	**Computer software**	**Total**
	€	**€**	**€**	**€**
Year ended 31 December 2021				
Opening carrying amount	311,541	10,541,919	1,535,678	12,389,138
Increment in value in force business (Note 20)	-	1,387,795	-	1,387,795
Additions	-	-	593,871	593,871
Amortisation charge (Note 4)	-	-	(217,492)	(217,492)
Closing carrying amount	311,541	11,929,714	1,912,057	14,153,312
At 31 December 2021				
Cost or valuation	311,541	11,929,714	3,576,994	15,818,249
Accumulated amortisation	-	-	(1,664,937)	(1,664,937)
Carrying amount	**311,541**	**11,929,714**	**1,912,057**	**14,153,312**
Year ended 31 December 2020				
Opening carrying amount	311,541	10,473,805	1,424,067	12,209,413
Increment in value in force business (Note 20)	-	68,114	-	68,114
Additions	-	-	345,977	345,977
Amortisation charge (Note 4)	-	-	(234,366)	(234,366)
Closing carrying amount	311,541	10,541,919	1,535,678	12,389,138
At 31 December 2020				
Cost or valuation	311,541	10,541,919	2,983,123	13,836,583
Accumulated amortisation	-	-	(1,447,445)	(1,447,445)
Carrying amount	**311,541**	**10,541,919**	**1,535,678**	**12,389,138**

Amortisation of computer software amounting to €217,492 (2020: €234,366) is included in expenses by nature (Note 4).

Computer software relates to the Group's policy administration system. The carrying amount of the software is €1,912,057 (2020: €1,535,768) will be fully amortised in 8 years (2020: 9 years).

Impairment tests for goodwill

The goodwill component at the end of the reporting period relates to the Group's health insurance agency that was acquired as a result of the merger by acquisition of the local operations of BAI Co (Mtius) Ltd in 2004 . An impairment assessment was carried out in which the recoverable amount of the goodwill was determined based on its value in use. The value in use was determined by estimating the discounted future cash flows the Group expects to derive from this component over 10 years. Projected cash flows assumed an average growth rate of 3% per annum. A discount rate of 6% and a capitalisation rate of 10% were applied to determine value in use. From such assessment there was no indication of impairment on the remaining goodwill.

Value of in-force business – assumptions, changes in assumptions and sensitivity

The assumption parameters of the valuation are based on a combination of the company's experience and market data. Due to the long-term nature of the underlining business, the cash flow projection period for each policy is set to its maturity date. The valuation is based on a discount rate of 5.25% (2020: 5.25%) and a growth rate of 3.6% to 4.3% (2020: 3.2% to 4%) depending on the type of policy.

The valuation assumes a margin of 1% (2020: 1%) between the weighted average projected investment return and the discount factor applied. The calculation also assumes lapse rates varying from 0.5% to 20% (2020: 0% to 27%), and expenses are implicitly inflated.

Sensitivity of the main assumptions underlying the valuation is applied as follows:

- a 10% increase in the assumption for policy maintenance expenses reduces the VOIFB by €1,223,490 (2020: €1,183,686);
- a decrease in the projected investment return by 10% reduces the VOIFB by €949,524 (2020: €969,289); and
- an increase in the discount factor by 10% reduces the VOIFB by €679,973 (2020: €617,233).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

12. Deferred tax

Deferred taxes are calculated on temporary differences under the balance sheet liability method using a principal tax rate ranging between 8% and 35% (2020: 8% and 35%). In particular temporary differences on investment properties situated in Malta that have been owned by the Group since 1 January 2004 are calculated under the liability method using a principal tax rate of 8% of the carrying amount, while investment properties situated in Malta that had been acquired by the Group before 1 January 2004 are calculated under the liability method using a principal tax rate of 10% of the carrying amount. Deferred tax on temporary differences on investment properties situated outside Malta has been calculated based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off a current tax asset against a current tax liability and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The movement on the deferred tax asset account is as follows:

	2021	2020
	€	€
Year ended 31 December		
At beginning of year	**(285)**	129,815
Deferred tax (credit)/ charge	**285**	(130,100)
At end of year	**-**	(285)

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 35% (2020: 35%).

The movement in deferred tax asset/(liability) for the current period can be summarised as follows:

	At beginning of the year	**Charged to income statement**	**At end of year**
	€	**€**	**€**
Unabsorbed Group Loss Relief	-	-	-
Accelerated tax depreciation	(285)	285	-
	(285)	**285**	**-**

The movement in deferred tax asset/(liability) for the comparative period can be summarised as follows:

	At beginning of the year	**Charged to income statement**	**At end of year**
	€	**€**	**€**
Unabsorbed Group Loss Relief	129,990	(129,990)	-
Accelerated tax depreciation	(175)	(110)	(285)
	129,815	**(130,100)**	**(285)**

The movement on the deferred tax liability account is as follows:

Year ended 31 December	**2021**	**2020**
	€	**€**
At the beginning of the year	**2,107,168**	2,946,963
Credited to profit and loss account (Note 8)	**288,263**	(822,257)
Credited to other comprehensive income (Note 8)	**613**	(17,538)
At end of year	**2,396,044**	2,107,168

Fair value adjustments	**1,994,049**	3,087,254
Property taxable at 8% or 10%	**(124,357)**	-
Accelerated tax depreciation	**342,456**	405,686
Leases recognises under IFRS 16	**119**	(123)
Unutilised tax losses and capital allowances	**(10,126)**	(1,634,315)
Others	**193,903**	248,666
Net deferred income tax liability	**2,396,044**	2,107,168

The Directors consider that the above temporary differences are substantially non-current in nature.

13. Property, plant and equipment

	Land and building €	**Office furniture, fittings and equipment €**	**Total €**
Year ended 31 December 2021			
Opening carrying amount	2,023,020	58,221	2,081,241
Additions	26,100	81,088	107,188
Reclassification to investment property	1,554,456	-	1,554,456
Depreciation charge (Note 4)	(81,673)	(36,112)	(117,785)
Closing carrying amount	**3,521,903**	**103,197**	**3,625,100**
At 31 December 2021			
Cost	4,038,446	1,809,055	5,847,501
Accumulated depreciation	(516,543)	(1,705,858)	(2,222,401)
Carrying amount	**3,521,903**	**103,197**	**3,625,100**
Year ended 31 December 2020			
Opening carrying amount	1,935,654	45,329	1,980,983
Additions	26,056	47,353	73,409
Revaluation for the year	269,117	-	269,117
Reclassification to investment property	(169,949)	-	(169,949)
Depreciation charge (Note 4)	(37,858)	(34,461)	(72,319)
Closing carrying amount	**2,023,020**	**58,221**	**2,081,241**
At 31 December 2020			
Cost	2,457,890	1,727,967	4,185,857
Accumulated depreciation	(434,870)	(1,669,746)	(2,104,616)
Carrying amount	**2,023,020**	**58,221**	**2,081,241**

€1,486,911 (2020: €1,486,911) worth of office furniture, fittings and equipment assets are fully depreciated but still in use.

14. Investment property and assets held for sale

	2021 €	2020 €
Year ended 31 December		
Opening net book amount	**25,143,350**	22,907,750
Reclassification from/(to) property, plant and equipment	**(1,554,456)**	169,949
Net fair value gains	**841,789**	2,065,651
At end of year	**24,430,683**	25,143,350
At 31 December 2021		
Cost	**11,841,066**	11,490,583
Accumulated fair value gains	**12,589,617**	13,652,767
Net book amount	**24,430,683**	25,143,350

The Group has reclassified investment property which has a book value of €190,000 (2020: €200,000) to non-current assets held-for-sale in the statement of financial position. This consist of a property in Barcelona which relates to the property segment. This property is expected to be sold within 12 months from the date of classification as non-current assets held-for-sale.

Details about the Group's investment properties, including those classified as non-current assets held-for-sale, and information about the fair value hierarchy at 31 December 2021 and 2020 are as follows:

	Fair value measurement at end of the reporting period using:			
	Level 1 €	**Level 2 €**	**Level 3 €**	**Total €**
2021				
Investment property:				
Local property	-	-	16,208,894	16,208,894
Foreign property	-	-	8,411,791	8,411,791
Total	**-**	**-**	**24,620,685**	**24,620,685**

	Fair value measurement at end of the reporting period using:			
	Level 1 €	**Level 2 €**	**Level 3 €**	**Total €**
2020				
Investment property:				
Local property	-	-	17,763,350	17,763,350
Foreign property	-	-	7,580,000	7,580,000

During 2021, the Group revalu ed its investment property on the basis of valuations obtained from an independent professionally qualified valuer. The fair value movements in relation to investment property were credited to profit or loss and are presented within 'Investment return and finance costs' (refer Note 6). Fair value movements in relation to property classified for "own use" were credited to Other Comprehensive Income.

The fai r value of foreign properties was determined by reference to an independent professionally qualified valuer. The basis of valuation adopted by the independent qualified valuer is the 'Open Market Value' which gives an opinion of the best price at which the sale of the property would be completed unconditionally, for cash consideration, by a willing seller, assuming there had been a reasonable period for the proper marketing of the property, and for the agreement of the price and terms for the completion of the sale.

The table below includes further information about the Group's Level 3 fair value measurements (excluding the Rome property):

	Significant unobservable input **€**	**Narrative sensitivity** **€**
2021 / 2020		
Local properties	Rental value per square metre, ranging from €90 to €280	The higher the price per square metre, the higher the fair value
	Rent growth of 1.6% per annum	The higher the rent growth, the higher the fair value
	Discount rate of 5.55%	The higher the discount rate, the lower the fair value
Foreign property – Croatia	Value per square metre of €144 (2020: €136)	The higher the price per square metre, the higher the fair value

The Group's investment property portfolio also includes a property of an exceptional nature – a Baronial castle situated outside of Rome, which accounts for 4.0% (2020: 4.0%) of the Group's total assets. The specialised nature of this property makes such an assessment particularly judgmental. A professional valuation of the property was obtained in 2022 to provide the most probable market value of the asset on an 'as is' basis taking cognisance of the building's physical condition, facilities and components. The valuation is based on an average value per square metre of €3,404 (2020: €2,830 – valuation obtained in 2020) based on a sales comparison approach.

The values proposed by the various valuation experts over the last 9 years varied materiality from each other resulting in a wide range of possible estimates. This highlights the significance of the judgements involved in estimating the fair value of this property as well as the subjectivity of each valuation. The Directors resolved to maintain the carrying value of this property towards the lower end of this range.

Det ails about the Group's investment properties classified as Level 3 at 31 December 2021 and 2020 are as follows:

	Local property **€**	**Foreign property** **€**	**Total** **€**
Year ended 31 December 2021			
At the beginning of the year	17,763,350	7,380,000	25,143,350
Property reclassified to property, plant and equipment	(1,554,456)	-	(1,554,456)
Fair value gains	-	841,789	841,789
At end of year	**16,208,894**	**8,221,789**	**24,430,683**

	Local property **€**	**Foreign property** **€**	**Total** **€**
Year ended 31 December 2020			
At the beginning of the year	15,537,750	7,370,000	22,907,750
Property reclassified to assets held for sale	169,949	-	169,949
Fair value gains	2,055,651	10,000	2,065,651
At end of year	**17,763,350**	**7,380,000**	**25,143,350**

	Local property **€**	**Foreign property** **€**	**Total** **€**
Year ended 31 December 2020			
At the beginning of the year	15,537,750	7,370,000	22,907,750
Property reclassified to assets held for sale	169,949	-	169,949
Fair value gains	2,055,651	10,000	2,065,651
At end of year	**17,763,350**	**7,380,000**	**25,143,350**

15. Investment in group undertakings

The principal group undertakings at 31 December are shown below:

Group undertakings	**Registered Office**	**Principal place of business**	**Class of shares held**	**Percentage of shares held** **2021**	 2020

Global Properties Limited (Međunarodne Nekretnine d.o.o.)	26/A/3 Gunduliceva, Split Croatia	Croatia	Ordinary shares	**100%**	100%
GlobalCapital Financial Management Limited *	Testaferrata Street, Ta' Xbiex Malta	Malta	Ordinary shares	**100%**	100%
LifeStar Health * Insurance Agency Limited	Testaferrata Street, Ta' Xbiex Malta	Malta	Ordinary 'A' shares	**74%**	100%
LifeStar Life * Insurance Limited	Testaferrata Street, Ta' Xbiex Malta	Malta	Ordinary shares	**74%**	100%
Quadrant Italia S.R.L.	Via Bruxelles 34 Cap 00100 Rome RM Italy	Italy	Ordinary shares	**100%**	100%

* The distribution of dividends by these subsidiary undertakings may be restricted by the solvency requirements of relevant legislation, mainly the Insurance Business Act (Cap. 403 of the Laws of Malta), the Insurance Distribution Act (Cap. 487 of the Laws of Malta) and the Investment Services Act (Cap. 370 of the Laws of Malta) and any ad hoc specific notifications by the regulator to the marked regulated entities.

16. Other investments

The Group's other investments are summarised by measurement category in the table below:

	2021	2020
	€	€
Fair value through profit or loss	**82,499,812**	74,930,424
Available-for-sale investments	**1,838,107**	1,205,377
Investments in equity measured at cost	**1,457,336**	1,362,102
Loans and receivables	**3,324,469**	3,123,936
Term deposits	**2,100,000**	3,010,223
Total investments	**91,219,724**	83,632,062

Included in the Group total investments are €33,468,514 (2020: €25,399,514) of assets held to cover linked liabilities. These relate to collective investment schemes which are classified as investments at fair value through profit or loss as described in accounting policy 12. Their expected recovery is back to back with the respective technical provision for linked liabilities which maturity table is disclosed in Note 2.

(a) Investments at fair value through profit or loss

	2021	2020
	€	€
Equity securities and units in unit trusts:		
Listed shares	**19,033,513**	21,387,136
Collective investment schemes	**39,479,594**	26,149,351
	58,513,107	47,536,487
Debt securities - listed	**23,986,705**	27,393,937
Total investments at fair value through profit or loss	**82,499,812**	74,930,424

Maturity of debt securities classified as fair value through profit or loss.

	2021	2020
	€	€
Within 1 year	**844,139**	3,231,655
Between 1 and 2 years	**757,320**	778,711
Between 2 and 5 years	**9,336,814**	6,091,952
Over 5 years	**13,048,432**	17,291,619
	23,986,705	27,393,937

	%	%
Weighted average effective interest rate at the balance sheet date	**4**	5

There were no Group investments which were pledged in favour of third parties at the financial year-end (2020: none).

The movements in investments classified at fair value through profit or loss are summarised as follows:

	2021	2020
	€	€
Year ended 31 December		
At beginning of year	**74,930,424**	67,144,191
Additions	**16,710,558**	12,445,278
Disposals (sale and redemption)	**(8,126,304)**	(7,977,462)
Net fair value and foreign exchange movements	**(1,014,866)**	3,318,417
At end of year	**82,499,812**	74,930,424

The table below analyses debt securities classified at fair value through profit or loss by sector:

	2021	2020
	€	€
Banks	**1,566,991**	1,662,092
Energy	**803,342**	1,984,835
Government	**13,012,962**	16,220,768
Other	**8,603,410**	7,526,242
	23,986,705	27,393,937

(b) Available-for-sale investments

	2021	2020
	€	€
Equity securities	**1,838,107**	1,205,377
Total investments at available-for-sale	**1,838,107**	1,205,377

The movements in investments classified as available-for-sale are summarised as follows:

	2021	2020
	€	€
Year ended 31 December		
Balance at 1 January	**1,205,377**	1,489,946
Additions	**655,128**	322,795
Disposals	**(10,290)**	(473,818)
Foreign currency movement	**(12,108)**	(21,927)
Net fair value movement	**-**	(111,619)
Balance at 31 December	**1,838,107**	1,205,377
At 31 December		
Cost	**1,970,773**	1,325,935
Accumulated fair value and foreign currency movements	**(132,666)**	(120,558)
Net book amount	**1,838,107**	1,205,377

(c) Investments in equity measured at cost

	2021	2020
	€	€
Equity securities	**1,457,336**	1,362,102

The movements in investments classified as equity measured at cost are summarised as follows:

	2021	2020
	€	€
Year ended 31 December		
Balance at 1 January	**1,362,102**	1,222,445
Additions	**-**	-
Reversal of impairment loss	**-**	205,237
Foreign currency movement	**95,234**	(65,580)
Balance at 31 December	**1,457,336**	1,362,102

The ultimate shareholder of LifeStar Holding p.l.c is a director of the foreign investments classified as investment in equity measured at cost, with a carrying amount as at year end of €1,457,336 (2020: €1,362,102). This investment is in a start-up fintech company and given the embryonic stage of the company and of the industry itself, the Directors believe that the variability in the range of the reasonable fair value measurement is significant and the probabilities of the various estimates cannot be reasonably assessed. In view of this, the Company has not measured this investment at fair value and is carrying amount is equivalent to price paid at settlement date to acquire this instrument net of any impairment losses.

(d) Loans and receivables-

	2021	2020
	€	€
Loans secured on policies	**36,295**	39,090
Other loans and receivables	**3,288,174**	3,084,846
	3,324,469	3,123,936

Amortisation of premium	**-**	(6,164)
Reversal of the provision for impairment / (provision for impairment)	**192,179**	(194,620)
Balance at 31 December	**3,324,469**	3,123,936

Group

Loans secured on policies are substantially non-current in nature. They are charged interest at the rate of 12% (2020: 12%) per annum. Other loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group intends to sell in the short term.

(e) Term Deposits

Bank term deposits earn average interest of 1.3% per annum (2020: 1.3%). As at year end, their carrying amount approximated to their fair value.

	2021	2020
	€	€
Year ended 31 December		
Balance at 1 January	**3,502,448**	-
Additions	**-**	3,502,448
Disposals	**(1,402,448)**	-
Balance at 31 December	**2,100,000**	3,502,448

17. Technical provisions – insurance contracts and investment contracts

	2021	2020
	€	€
Insurance contracts	**65,327,606**	69,378,062
Investment contracts with DPF	**30,336,335**	28,800,396
	95,663,941	98,178,458
Investment contracts without DPF	**34,395,648**	26,247,639
Total gross technical provisions	**130,059,589**	124,426,097

Insurance contracts are further analysed as follows:

	2021	2020
	€	€
Gross technical provisions - insurance contracts		
Short term insurance contracts		
- claims outstanding	**-**	44,858
- other provisions	**182,024**	201,115
Long term insurance contracts		
- claims outstanding	**1,300,966**	906,643
- long term business provision	**63,844,616**	68,225,446
	65,327,606	69,378,062

	2021	2020
	€	€
Reinsurers' share of technical provisions - insurance contracts		
Short term insurance contracts		
- claims outstanding	**-**	(31,400)
- other provisions	**(98,652)**	(93,706)
Long term insurance contracts		
- claims outstanding	**(739,606)**	(346,624)
- long term business provision	**(19,166,194)**	(20,277,445)
	(20,004,452)	(20,749,175)

	2021	2020
	€	€
Net technical provisions - insurance contracts		
Short term insurance contracts		
claims outstanding	**-**	13,458
other provisions	**83,372**	107,409
Long term insurance contracts		

The movements in technical provisions relating to insurance contracts and investment contracts with DPF net of reinsurance are analysed below:

	Insurance contracts €	Investment contracts with DPF €	Total €
Year ended 31 December 2021			
At beginning of year	48,628,888	28,800,396	77,429,284
Charged to technical account			
- change in the provision for claims	(12,116)	16,747	4,631
- change in other technical provisions	(3,293,618)	1,519,192	(1,774,426)
At end of year	**45,323,154**	**30,336,335**	**75,659,489**

	Insurance contracts €	Investment contracts with DPF €	Total €
Year ended 31 December 2020			
At beginning of year	49,861,653	26,341,896	76,203,549
Charged to technical account			
- change in the provision for claims	(92,843)	40,546	(52,297)
- change in other technical provisions	(1,139,922)	2,417,954	1,278,032
At end of year	**48,628,888**	**28,800,396**	**77,429,284**

Claims outstanding are further analysed as follows:

	2021 €	2020 €
Claim outstanding		
Short term insurance contracts	**-**	44,858
Long term insurance contracts	**1,300,966**	906,643
Investment contracts with DPF	**122,529**	105,784
	1,423,495	1,057,285

Claims outstanding are expected to be settled within 12 months from the balance sheet date and therefore are current in nature.

Long term contracts – assumptions, changes in assumptions and sensitivity

(a) Assumptions

For long term contracts, estimates are determined by reference to a number of variables, including amongst others the expected future deaths (mortality), investment return, policy maintenance expenses, lapse and discount rate. The assumptions that have the greatest effect on the Statement of Financial Position and Statement of Comprehensive Income are Mortality and investment return.

Mortality estimates are based on standard mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience. A weighted average rate of investment return is applied, reflecting current investment yields, adjusted by a margin of contingency. Allowance is made for policy maintenance expenses at a rate determined by reference to the insurance company's cost base. The calculation assumes the continuation of existing tax legislation and rates.

(b) Changes in assumptions

During the year, there were no changes in mortality assumptions for interest sensitive or unit linked business; however, there was a slight reduction in mortality rates of permanent term assurances by 10% (2020: 10%) to be more in line with the reinsurance rates.

Sensitivity analysis

The following table presents the sensitivity of the value of liabilities variable that will trigger an adjustment and the liability disclosed in this note to movements in the assumptions used in the estimation of liabilities for long term contracts. The table below indicates the level of the respective adjustment that would be required.

	Increase in liability	
	2021 €	2020 €
10% loading applied to mortality assumptions - Gross	**5,560,836**	5,334,879
10% loading applied to mortality assumptions - Net	**786,990**	857,658
Lowering of investment return by 25 basis points	**631,237**	699,788

The above analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

18. Trade and other receivables

	2021 €	2020 €
Trade receivables – third parties (Note i and Note ii)	**777,526**	352,028

Other receivables (Note iii)	**802,204**	437,245
	3,975,197	3,311,543

Note i: No trade receivables were written off as bad debts in 2021 (2020: €Nil).

Note ii: As at 31 December 2021, trade receivables amounting to €390,512 (2020: €326,934) were fully performing and trade receivables amounting to €387,014 (2020: €750,508) were past due but not impaired. These dues related to a number of independent parties for whom there is no recent history of default. The ageing analysis of the trade receivables that are past due but not impaired is as follows:

	2021	2020
	€	€
Between 3 to 6 months	**297,858**	637,932
More than 6 months	**387,014**	112,576
	684,872	750,508

Note iii: Other receivables are unsecured, interest-free and repayable on demand. They are stated net of provision for impairment of €8,051 (2020: €11,631). The movement of €3,580 (2020: €75,843) is included in the statement of comprehensive income non-technical.

There are no other material past due amounts in trade and other receivables.

Interest-bearing automatic premium loans are classified as loans and receivables in Note 16 to the financial statements.

All of the above amounts are current in nature.

19. Share capital

	2021	2020
	€	€
Authorised:		
(2018: 200,000,000) ordinary shares of €0.291172 each		
(2018: 200,000,000) ordinary shares of €0.291172 each)	**58,234,400**	58,234,400

	2021	2020
	€	€
Issued and fully paid:		
(2018: 30,000,000) Ordinary shares of €0.291172 each		
(2018: 30,000,000) ordinary shares of €0.291172 each)	**8,735,160**	8,735,160

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or additional debt or sell assets to reduce debt.

Capital management

The Directors consider that capital management is of particular relevance in the areas of the Group that are subject to regulatory supervision.

LifeStar Insurance p.l.c., which is authorised by the Malta Financial Services Authority to carry out long term business of insurance, is required to hold regulatory capital to support its long-term insurance business as determined in accordance with Insurance Rule 5 issued by the Malta Financial Services Authority.

The capital of GlobalCapital Financial Management Limited is regulated by rules issued under the Investment Services Act and by the Financial Institutions Act.

The capital of LifeStar Health Limited is regulated by rules issued under the Insurance Distribution Act.

The above regulations set out the required minimum capital that must be maintained at all times throughout the year. Each company monitors capital on a regular basis through detailed reports compiled with management accounts. Such reports are circulated to senior management. Any transactions that may potentially affect a company's regulatory position are immediately reported to the Directors for resolution prior to notifying the Malta Financial Services Authority.

At both year-ends, LifeStar Health Limited satisfied the own funds requirements. Moreover, LifeStar Insurance p.l.c. is sufficiently capitalised and was compliant at all times in line with the Solvency II requirements.

With respect to GlobalCapital Financial Management Limited, the company is required to hold capital resource requirements in compliance with the rules issued by the Malta Financial Services Authority. These minimum capital requirements (defined as "the capital resource requirements") must always be maintained throughout the year. The company monitors its capital level on a quarterly basis through detailed reports compiled with management accounts. Any transactions that may potentially affect the company's regulatory position are immediately reported to the directors for resolution prior to notifying the Malta Financial Services Authority. During 2020 the shareholder contributed EUR 703,421 by means of a shareholder's loan and EUR 504,000 by means of a shareholder's contribution. The shareholder's loan is unsecured, interest free, repayable at the discretion of the company and has no fixed repayment date. These have not as yet been approved by the Malta Financial Services Authority (MFSA).

shareholders in exchange for their ordinary shares in LifeStar Holding p.l.c. at an exchange ratio of 1 LifeStar Holding p.l.c. share to 1 of its share ('the Exchange Offer). Of the Share Offer, 10,854,000 shares (for a total value of €5,861,160) were received by LifeStar Insurance p.l.c, whilst 5,897,951 shares from the Exchange offer (for a total value of €3,184,894) were received by the insurance company.

20. Other reserves

	Value of in-force business €	Other unrealised gains €	Property revaluation reserve €	Investment compensation scheme €	Total €
Year ended 31 December 2020	9,554,265	106,809	1,062,461	8,162	10,731,697
Deferred tax on the revaluation of property, plant and equipment	-	-	(124,356)	-	(124,356)
Net loss on available-for-sale financial assets	-	1,751	-	-	1,751
Deferred tax movement on available-for-sale financial assets	-	(613)	-	-	(613)
At end of year	**9,554,265**	**107,947**	**938,105**	**8,162**	**10,608,479**

	Value of in-force business €	Other unrealised gains €	Property revaluation reserve €	Investment compensation scheme €	Total €
Year ended 31 December 2019	9,486,151	(68,227)	1,062,461	8,162	10,488,547
Increase in value in-force business, transferred from profit and loss account	68,114	-	-	-	68,114
Revaluation of property, plant and equipment	-	269,117	-	-	269,117
Deferred tax on the revaluation of property, plant and equipment	-	(21,529)	-	-	(21,529)
Net loss on available-for-sale financial assets	-	(111,619)	-	-	(111,619)
Deferred tax movement on available-for-sale financial assets	-	39,067	-	-	39,067
At end of year	**9,554,265**	**106,809**	**1,062,461**	**8,162**	**10,731,697**

The above reserves are not distributable.

The value of in-force business represents the shareholders' value of the active portfolio of the insurance business as at year-end.

The other unrealised gains represent the difference between the fair value of the investments classified as available-for-sale assets and the amortised cost.

The property revaluation reserve represents the difference between the carrying amount of the property and its fair value at the date when the Directors has reassessed its used from an owner-occupied one to a property held to earn rentals or for capital appreciation.

The Investor Compensation scheme reserve represents to the required amount to be kept by the Group in relation to the Investor Compensation scheme regulations, 2013. Funds in this reserve were deposited in an interest-bearing bank account.

21. Interest-bearing borrowings

	2021 €	2020 €
5% bonds 2021 (Note i)	**61,099**	9,972,869
4% Unsecured Subordinated Bonds Due 2026 – 2031 (Note ii)	**2,105,257**	-
Bank loan	**2,525,633**	3,000,000
Loan from shareholder	**38,597**	36,189
Total borrowings	**4,730,586**	13,009,058

i.) During 2016, by virtue of the offering memorandum dated 12 May 2016, the Company issued for subscription to the general public €10,000,000 bonds. The bonds were unsecured and were effectively issued on 8 June 2016 at the bond offer price of €100 per bond.

The bonds were subject to a fixed interest rate of 5.0% per annum payable yearly on 2 June.

All bonds were redeemed at par during June 2021.

The bond is disclosed at the value of the proceeds less the net book amount of the issue costs as follows:

	2021	2020

	2021	2020
	10,000,000	27,131
Payment	**(9,938,901)**	-
	61,099	9,972,869

During 2020, the Company entered into a loan agreement with BOV, pursuant to which it borrowed an amount of €3 million from BOV. This loan benefits from the support of the Malta Development Bank through the provision of a bank guarantee under the COVID-19 Loan Guarantee Scheme.

The loan is subject to a fixed rate of 2.5% for the first two years, increasing to 3% over the Base Rate of the Bank for the following six years.

The loan is guaranteed by a general hypothec issued by the company, by a personal guarantee issued by Prof Paolo Catalfamo and by a corporate guarantee issued by LifeStar Insurance p.l.c..

The following table sets out a maturity analysis of loan payments, to be paid after the reporting date.

2020 – MDB/BOV loan

	2021	2020
	€	€
Less than one year	**587,674**	584,933
One to two years	**590,414**	587,674
Two to three years	**590,414**	590,414
Three to four years	**885,621**	590,414
Four to six years	**-**	885,621
	2,654,123	3,239,056

ii.) In May 2021, LifeStar Insurance p.l.c. issued 100,000 4% unsecured subordinated bonds of a nominal value of €100 per bond. A total of 24,313 Subordinated Bonds (for a total value of €2,431,300) were received by the Company.

The bonds are redeemable at their nominal value on 2 June 2031, unless redeemed early on any interest payment date in the year 2026 and 2031.

Interest on the bonds is due and payable annually on 2 June of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is net of direct issue costs of €345,453 (2020: nil) which are being amortised over the life of the bonds. The market value of debt securities on the last trading day before the statement of financial position date was €2,431,000 (2020: nil).

22. Trade and other payables

	2021	2020
	€	€
Trade payables	**6,222,789**	6,015,572
Accruals and deferred income	**1,077,215**	907,711
Accrued interest on 5% bonds payable	**115,418**	309,756
Other payables	**574,025**	493,475
	7,989,447	7,726,514

All of the above amounts are payable within one year.

Trade and other payables include outstanding court and arbitration cases against GlobalCapital Financial Management Limited . The provision as at the end of the reporting period amounts to €826,137 (2020: €813,229), which are shown net of amounts deposited at the Courts amounting to €394,747 (2020: €394,747).

23. Cash used in operations

Reconciliation of operating loss to cash used in operations:

	2021	2020
	€	€
Cash flows generated from/(used in) operating activities		
Profit/(loss) before tax	**1,631,669**	(1,137,915)
Adjustments for:		
Amortisation on computer software	**217,492**	234,366
Amortisation of bond issue costs	**27,483**	64,304
Net fair value & FX movement on FVTPL investments	**(357,041)**	(3,285,261)
Net fair value movement on investment property	**(840,000)**	(2,065,651)
Impairment on other equity measured at cost	**-**	(205,237)
Impairment of assets held for sale	**9,998**	-
Provision for impairment on receivables	**(3,580)**	(75,843)
Foreign exchange movement on AFS	**12,108**	21,927
Foreign exchange movement on other equity measured at cost	**(95,234)**	65,580
Amortisation of premium – Loans and receivables	**-**	6,164
Provision for impairment – Loans and receivables	**(192,179)**	194,620
Amortisation of bond issue costs	**19,402**	-
Increase in net technical provisions	**6,378,215**	8,710,796
Depreciation	**117,783**	72,319

	2021	2020
Interest expense	**319,486**	501,588
Finance costs	**232,818**	-
Net movement in provisions	**13,974**	-
Other fair value movements	**1,751**	-
Gain on lease modifications	**(73,901)**	
Operating profit/(loss) before working capital movements	**5,380,048**	1,464,228
Movement in trade and other receivables	**1,202,438**	(2,102,260)
Movement in trade and other payables	**170,665**	1,691,913
Net cash flow generated from/ (used in) operating activities	**6,753,151**	1,053,881

24. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, the year-end cash and cash equivalents comprise the following:

	2021	2020
	€	€
Cash at bank and in hand	**12,625,645**	18,263,331

Cash at bank earns interest on current deposits at floating rates.

25. Fair values

The following table presents the assets measured in the consolidated statement of financial position at fair value by level of the following fair value measurement hierarchy at 31 December 2021 and 31 December 2020:

- 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 liabilities, 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)

	Fair value measurement at end of the reporting period using:		
	Level 1	**Level 2**	**Total**
	€	**€**	**€**
2021			
Assets			
Other Investments:			
Financial assets at fair value through profit or loss	49,031,298	33,468,514	82,499,812
Available-for-sale investments	1,838,107	-	1,838,107
Total	**50,869,405**	**33,468,514**	**84,337,919**
Liabilities			
Financial liabilities at amortised cost			
- Other payables	-	574,025	574,025
2,525,633- MDB-BOV loan	-	2,525,633	2,525,633
- 4% Unsecured Subordinated Bonds Due 2026 - 2031		2,431,300	2,431,300
Unit linked financial instruments	-	34,395,648	34,395,648
Total	**-**	**39,926,606**	**39,926,606**

	Fair value measurement at end of the reporting period using:		
	Level 1	**Level 2**	**Total**
	€	**€**	**€**
2020			
Assets			
Other Investments:			
Financial assets at fair value through profit or loss	49,530,909	25,399,515	74,930,424
Available-for-sale investments	1,205,377	-	1,205,377
Total	**50,736,286**	**25,399,515**	**76,135,801**
Liabilities			
Financial liabilities at amortised cost			
- Other payables	-	493,474	493,474
- 5% bonds 2021	-	10,000,000	10,000,000
- MDB-BOV loan	-	3,000,000	3,000,000
- 4% Unsecured Subordinated Bonds Due 2026 - 2031	-	-	-
Unit linked financial instruments	-	26,247,659	26,247,659
Total	**-**	**39,741,133**	**39,741,133**

26. Related party transactions

Group

Transactions during the year with other related parties were as follows:

	2021	2020
	€	€
Loan to/ (from) shareholder	**45,135**	(100,000)

Investment Advisor and Fund Manager are included in turnover, and during the year amounted to €Nil (2020: €2,213). Global Funds SICAV p.l.c. is considered to be a related party by way of key management.

Interest receivable and payable from and to related parties is disclosed in Note 6. Amounts owed by or to related parties are disclosed in Notes 18 and 22 to these financial statements. No impairment loss has been recognised in 2021 and 2020 in respect of receivables from related parties. The terms and conditions of the related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received in relation to these balances.

Key management personnel during 2021 and 2020 comprised of the Board of Directors and the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technical Officer, Chief Compliance Office, Chief of Human Resources and Managing Directors of the Group. Total remuneration paid by the Group to its key management personnel amounted to €468,848 (2020: €748,150).

Also, the Group did not purchase any investment in which the main shareholder of LifeStar Insurance p.l.c. is also a director.

The following financial assets were held by the Group in related entities as at 31 December:

	2021	2020
	€	€
Taliti Sub Funds - SICAV PLC	**2,000,000**	-

27. Leases

(a) Leases as the lessee (IFRS 16)

The Group leases property which generally run for a period of two to five years with the option to renew, and leases motor vehicles for a period of three years. Lease payments are subsequently renegotiated to reflect market rates.

(i) Right-of-use assets

Right-of-use asset related to leased properties that do not meet the definition of investment property are presented as a separate line item on the face of the Statement of Financial Position.

	Property	**Motor Vehicles**	**Total**
	€	**€**	**€**
2021			
Balance on 1 January	488,570	44,600	533,170
Accumulated Depreciation	(84,969)	(27,230)	(112,199)
Balance on 31 December, pre-modification	403,601	17,370	420,971
Reduction on right-of-use assets	(137,091)	-	(137,091)
Balance on 31 December	266,510	17,370	283,880

	Property	**Motor Vehicles**	**Total**
	€	**€**	**€**
2020			
Balance on 1 January	573,823	72,555	646,378
Accumulated Depreciation	(85,253)	(27,955)	(113,208)
Balance on 31 December	488,570	44,600	533,170

(i) Amounts recognized in profit or loss

	Property	**Motor Vehicles**	**Total**
	€	**€**	**€**
2021			
Depreciation of right-of-use asset	84,969	27,230	112,199
Interest expense on lease liabilities	24,027	1,775	25,802
Gain on lease modification	73,901	-	73,901

	Property	**Motor Vehicles**	**Total**
	€	**€**	**€**
2020			
Depreciation of right-of-use asset	85,253	27,955	113,208
Interest expense on lease liabilities	28,154	2,982	31,136

(i) Amounts recognized in statement of cash flows

	2021	2020
	€	€
Year ended 31 December		
Total cash outflows for leases	**131,933**	131,679

(a) Leases as the lessor (IFRS 16)

The Group lease out certain property. Note 12 sets out information about investment property. The Group has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

	2021	2020
	€	€
Less than one year	**292,227**	650,016
One to two years	**-**	292,227
Two to three years	**-**	-
Three to four years	**-**	-
	292,227	942,243

28. Contingent liabilities

In addition to the court cases made against subsidiaries of the Group (refer to Note 22), the Board of Directors considered other complaints received in respect of past actions by the Group to determine whether there could be a possible obligation. The directors estimate that the cash outflow from the possible obligation which may transpire in due course from such complaints amounts to €45,638 (2020: €45,638).

29. Litigation and regulatory matters

Subsequent to the reporting period, on 4 April 2022, the Company instituted a lawsuit before the First Hall Civil Court against the Malta Financial Services Authority (the “Authority”), Mazars Consulting Limited (“Mazars”) and Mr Keith Cutajar, a sub-contractor of Mazars.

The Company has taken such judicial action to safeguard its legal right to communications which are privileged at law. This action follows the appointment of Mazars, on 26 November 2021, as an inspector in connection with an investigation by the Authority relating to the Company’s business and operations, and, inter alia, the powers conferred on Mazars by the Authority, on 25 January 2022, in relation to the Company’s information and documents, including its privileged communications.

While the Company continues to co-operate with the Authority and Mazars in relation to the investigation the Company, based on legal advice, considers its right to privileged communications to be significantly prejudiced by the Authority’s actions. Accordingly, the Company intends to pursue all remedies available to it at law in this regard.

The Authority’s investigation is still on-going and no findings have as yet been communicated to the Company. The Company considers that it has acted in compliance with its legal and regulatory obligations at all times and contests any inference of material breach of its compliance obligations.

Nevertheless, it remains inherently difficult to predict the outcome of any such judicial proceedings and regulatory investigation. There are many factors that may affect the range of outcomes, and the resulting impact, of these matters. As a result, it is not possible to predict or quantify a range of possible outcomes, or the timing thereof, at this early stage.

The Directors recognise the fact that the Company may be subject to reputational, legal and compliance risk due to the extent and complexity of its operations and its regulatory obligations. Given the increased levels of regulatory scrutiny experienced in recent years across the financial services industry, the level of inherent legal and compliance risk faced by the Company is expected to continue to remain high for the foreseeable future.

The Company employs a range of policies and practices to mitigate such inherent risks and ensure they remain within its risk tolerance limits. Furthermore, the Company remains committed to adhere to its legal and regulatory obligations to meet its compliance requirements on an on-going basis and at all times.

30. Statutory information

LifeStar Holding p.l.c. is a limited liability company incorporated in Malta with registration number C19526. The registered address of the company is Testaferrata Street, Ta’ Xbiex. On 3 November 2020, GlobalCapital p.l.c. was renamed and rebranded as LifeStar Holding p.l.c.

Consolidated financial statements prepared by LifeStar Holding p.l.c. may be obtained from the Company’s registered office.

GrantThornton

Independent auditor’s report

To the shareholders of Lifestar Holding p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Lifestar Holding p.l.c. and its subsidiaries (the “Group”), which comprise the consolidated statements of financial position as at 31 December 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant

International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) , and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In conducting our audit we have remained independent of the Group and have not provided any of the non-audit services prohibited by article 18A of the Accountancy Profession Act, Cap. 281. The non-audit services that we have provided to the Group during the year ended 31 December 2021 are disclosed in note 4 to the financial statements.

Emphasis of matter

We draw attention to note 29 of the financial statements, which makes reference to an ongoing investigation by the Malta Financial Services Authority relating to the business and operations of the Group's parent company and two subsidiaries. The outcome of the regulatory investigation cannot be predicted at this stage and there are many factors that may affect the range of outcomes, and the resulting impact, of these matters. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters, together with our response by way of the audit procedures we performed to address those matters in our audit.

Valuation of technical provisions and value of in-force business

Key audit matter

At 31 December 2021, the Group's technical provisions on insurance and investment contracts underwritten, amounted to €130.1 million and represented 89% of total liabilities at that date. These are described and disclosed in section 12 of the accounting policies and notes 2 and 17 to the financial statements.

The technical provisions comprise the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. These technical provisions are mainly based on assumptions with respect to mortality, maintenance expenses and investment income.

The Group's value of in-force business (VOIFB), detailed in section 3 of the accounting policies and notes 2 and 17 to the financial statements, amounted to € 11.9 million at balance sheet date.

The VOIFB represents the discounted value of projected future shareholders' profits expected from policies in force at the end of the reporting period, after providing for taxation, and is based on assumptions as to mortality, maintenance expenses and investment income.

The valuation of the technical provisions and VOIFB is determined by the Group's appointed actuary on an annual basis and is approved by the board of directors.

We focused on these areas because of the significance of the balances of technical provisions and VOIFB recognised at balance sheet date. Moreover, the measurement of these items is complex and involves significant judgement.

How the key audit matter was addressed in our audit

As part of our audit procedures over the valuation of technical provisions and VOIFB we obtained an understanding of the design and operation of the key controls over the Group's valuation of technical provisions and VOIFB and inspected relevant documentation including the actuarial function report. We assessed the competence, capability and objectivity of the actuaries appointed by the Group and obtained an understanding the work performed by the actuaries.

We reconciled the balances of technical provisions and VOIFB calculated by the actuaries to the respective amounts disclosed in the financial statements and performed test of details to assess the completeness and integrity of the data provided to the appointed actuary for the purpose of determining technical provisions and VOIFB by reconciling to the premiums and claims lists as extracted from the insurance system, and by inspecting a sample of underlying policy documentation. We also involved our actuarial specialist team to assist with evaluating the appropriateness of the assumptions applied by the Group's appointed actuary in the calculation of the VOIFB and independently recalculated the technical provisions as at year end with the assistance of our actuarial specialists to assess the reasonableness and adequacy of the balance of the reserves as at year end.

We have also assessed the relevance and adequacy of disclosures relating to the Group's valuation of technical

Key audit matter

The carrying amounts of the Group's investment properties carried at fair value as at 31 December 2021 amounts to € 24.4 million. Management determined the fair values through internal assessments made by the directors by reference to external independent valuations made during the period. The fair value of investment properties was significant in our audit because the amounts are material to the financial statements of the Group.

The method used to determine the fair value of investment properties is fully described in note 14 to the financial statements.

How the key audit matter was addressed in our audit

We evaluated the suitability and appropriateness of the valuation methodology applied by management and reviewed and challenged the methodology applied and the underlying assumptions used by the independent valuation expert. We also assessed the competency and objectivity of the independent valuation experts appointed by the directors. We also communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions.

We also assessed the adequacy of the disclosures made in note 14 to the financial statements relating to these properties.

We have no key observations to report, specific to this matter.

Valuation of investments

Key audit matter

The carrying amounts of the Group's investments at 31 December 2021 amounted to € 91.2 million. These are described and disclosed in section 9 of the accounting policies and note 16 to the financial statements. These investments represent 53% of the total assets of the Group, and include a number of holdings which are unlisted and which therefore require a degree of judgement to be exercised when assessing their valuation.

How the key audit matter was addressed in our audit

We ensured that the value of listed investments is based on quoted prices obtained from independent sources.

For unlisted investments we evaluated the appropriateness of the valuation methodology applied by management and reviewed and challenged the methodology applied and the underlying assumptions. Where applicable we also assessed the values of any assets underlying the investments. We also communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions.

We also assessed the adequacy of the disclosures made in note 15 to the financial statements relating to these investments.

We have no key observations to report, specific to this matter.

Other information

The directors are responsible for the other information. The other information comprises (i) the Director's Report, (ii) Statement of Directors' Responsibilities (iii) Corporate Governance – Statement of Compliance and (iv) the Remuneration Report, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, including the Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Act, and in the case of the Remuneration report, whether this has been prepared in accordance with Chapter 12 of the Capital Market Rules issued by the Malta Financial Services Authority (the "Capital Market Rules") .

Based on the work we have performed, in our opinion:

- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' report has been prepared in accordance with the Act, and

- The Remuneration report has been properly prepared in accordance with the requirements of the Capital Markets Rules.

In addition, in light of the knowledge and understanding of the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the directors those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act and the Insurance Business Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express and opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Reports on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Report and Consolidated Financial Statements of Harvest Technology p.l.c. for the year ended 31 December 2021, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Report and Consolidated Financial Statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Report and Consolidated Financial Statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Annual Report and Consolidated Financial Statements , in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Report and Consolidated Financial Statements and performing validations to determine whether the Annual Report and Consolidated Financial Statements have been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Report and Consolidated Financial Statements to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

In our opinion, the Annual Report and Consolidated Financial Statements for the year ended 31 December 2021 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Capital Market Rules require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Capital Market Rules also require us, as the auditor of the Group, to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance with the Code of Principles of Good Corporate Governance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance with the Code of Principles of Good Corporate Governance cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate governance statement has been properly prepared in accordance with the requirements of the Capital Market Rules.

Other matters on which we are required to report by exception

We also have responsibilities

- under the Companies Act, Cap 386 to report to you if, in our opinion:
  - adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us
  - the financial statements are not in agreement with the accounting records and returns
  - we have not received all the information and explanations we require for our audit
  - certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

- in terms of Capital Market Rules to review the statement made by the Directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

Auditor tenure

We were first appointed as auditors of the Group on 9 October 2020. Our appointment has been renewed annually by a shareholders' resolution representing a total period of uninterrupted engagement appointment of two years.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

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Mark Bugeja
Partner

29 April 2022

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