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ANNUAL REPORT AND
FINANCIAL STATEMENTS

24



Gasamamo
INSURANCE

we're always there

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mission statement



OUR VISION

To set the standard for the insurance industry by providing innovative, value added solutions and unparalleled service to our customer, while positively impacting our employees and partners, society and the environment.

OUR MISSION

To provide assurance to our clients, employees, partners, shareholders and the wider community.

OUR VALUES

FRIENDLY AND PROFESSIONAL

We are a “people” company that has a direct impact on people’s lives at every point of contact. This impact is made positive through recognising individuals as people and doing so in a friendly manner, making everyone feel valued. Given the serious nature of our work, we are professional in all our dealings. We will communicate clearly and in a timely manner, providing appropriate information empathetically.

ETHICAL AND FORWARD LOOKING

We are a business that is built on trust, we are very aware that trust is earned and is fragile. We hold ourselves to the highest ethical standards, and we are committed to delivering this.

COMMUNITY FOCUSED AND ENVIRONMENTALLY CONSCIOUS

We are aware of our role in the community and will act responsibly, contributing positively to the lives of those around us sensitively. The environmental challenges, both local and global, are intrinsically connected to our lives and future generations. We are committed to push for positive change in all that we do.



our
VISION
MISSION
VALUES



chairman's statement

“OUR COMMITMENT TO CREATING VALUE FOR ALL STAKEHOLDERS REMAINS AT THE HEART OF OUR MISSION, AND WE CONTINUE TO BUILD ON A SUCCESSFUL LEGACY THAT SPANS MANY YEARS.”



IT IS MY PRIVILEGE TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR 2024.

I continue to be proud that the vision we set for ourselves as a company has remained a solid foundation for our progress and, as outlined in the following pages, we continue to move forward with determination.

The achievements highlighted in this year's report reflect the dedication and hard work of our entire team, supported by the ongoing trust and collaboration from our intermediaries and partners. Our commitment to creating value for all stakeholders remains at the heart of our mission, and we continue to build on a successful legacy that spans many years. We have consistently nurtured lasting, meaningful relationships with our clients, brokers, staff, intermediaries, and reinsurers. The results presented in this report reinforce that we are heading in the right direction and that our efforts are being recognized and rewarded.

The global economic landscape has remained uncertain, with geopolitical tensions continuing to shape the environment in 2024. These challenges were compounded by ongoing conflicts, including the continued unrest in certain regions. Despite these pressures, financial markets showed resilience, maintaining the positive trajectory for the year under review with inflation remaining under control and a recession being averted.

In terms of our performance, we projected modest growth in gross written premium and I am pleased to report that we exceeded expectations. Our top-line growth for 2024 reached €77.45 million, compared to €72.03 million in 2023, marking a 7.5% year-on-year increase. This growth was driven by our operations across Malta, Cyprus, and in all of our key business segments.

The company's positive operating performance was supported by a favourable claims environment, where large claims were fewer than anticipated. This, combined with the positive conditions in the financial markets, resulted in a strong financial outcome for the year. Investment returns for 2024 stood at 4.99%, a notable contribution to our success.

The Board and Management have maintained a disciplined approach to managing expenses, particularly given the ongoing inflationary pressures. These efforts have contributed to an excellent financial position, with GasanMamo reporting a profit before tax of €20.45 million for 2024, compared to €18.89 million in 2023. This marks a stronger-than-expected result on the back of 2023, which was also very good.

Our balance sheet has been further reinforced, with Capital and Reserves reaching €63.78 million at year-end 2024, up from €58.48 million at the close of 2023. This remarkable performance is the result of the collective effort of our Board, Management, staff, and intermediaries. As I have highlighted in previous reports, GasanMamo remains dedicated to its core strategic objective: prudent growth, while consistently delivering high-quality products and services to our loyal and expanding

client base. The focus on our clients, ingrained in every level of the organization, continues to be a central pillar of our success. Furthermore, we recognize the responsibility we bear as corporate citizens, mindful of the impact we have on the environment and society. We remain dedicated to supporting initiatives that focus on Environment, Youth & Sport, and Culture, contributing meaningfully to these causes through a variety of targeted programs.

The growing emphasis on Environmental, Social, and Governance (ESG) regulations in our industry reflects the broader efforts by European regulators to address the urgent challenges of climate change. This shift is fully aligned with GasanMamo Insurance's values, as we have long embraced principles that promote sustainability and corporate responsibility. We are fully committed to playing an active role in supporting these efforts.

In closing, I would like to extend my sincere thanks to all our stakeholders, and particularly our clients, for their trust and confidence in us. We look forward to continuing our journey, navigating the challenges ahead, and seizing the opportunities that will arise.


Joseph A. Gasan
Chairman

managing director's review

GASANMAMO INSURANCE MAINTAINED STRONG DEMAND FOR ITS INSURANCE PRODUCTS ACROSS ALL SECTORS. THE COMPANY'S WELL-ESTABLISHED REPUTATION AND DIVERSIFIED PRODUCT OFFERING CONTRIBUTED TO ACHIEVING THE EXPECTED GROWTH."



I AM PLEASED TO PRESENT THE 2024 ANNUAL REPORT AND ACCOUNTS.

Geopolitical tensions and economic challenges continued to shape the global landscape throughout 2024. The ongoing conflict in Ukraine, alongside escalating instability in the Middle East, has added to global uncertainties. Despite these headwinds, the global economy demonstrated resilience, adjusting to previous economic turbulence. Financial markets maintained their positive trajectory, providing a stable environment for growth.

In Malta, the economy continued to perform robustly. Tourism and property remained key drivers of economic activity, supported by a labour market increasingly reliant on workers from both the EU and Third Countries. The nation's 4.9% GDP growth highlights its economic vibrancy.

Within this environment, GasanMamo Insurance maintained strong demand for its insurance products across all sectors. The company's well-established reputation and diversified product offering contributed to achieving the expected growth. Strict adherence to sound underwriting principles has remained central to our strategy for sustainable, profitable growth.

Financial market improvements positively influenced our performance, with investment returns exceeding expectations. Prudent management of claims and operational costs was essential in countering inflationary pressures, preserving profitability and delivering value.

The company's financial position was further strengthened, demonstrating resilience and adherence to our strategic objectives. Our solvency position improved, reflecting the prudent approach adopted by the Board and the Investment Committee, consistently aligning with our risk appetite and growth objectives.

Operations beyond Malta's shores continued to play an important role in the company's performance. Our business in Cyprus expanded through strong partnerships, while the GMI Insurance brand in Greece remained focused on enhancing profitability in a challenging market. We are committed to pursuing long-term growth alongside our valued partners.

Operational metrics, including the Combined Operating Ratio, remained well within target ranges, reflecting our commitment to efficiency and sound management practices.

The company's office redevelopment project stands, with temporary offices expected to be fully operational by the latter part of 2025. This initiative is part of our ongoing commitment to improving our infrastructure to support future growth.

I would like to thank our loyal customers, dedicated staff,

management, and the Board for their continued support and guidance. We also extend our appreciation to our intermediaries, including Tied Insurance Intermediaries, Agents, Brokers, and our reinsurers, for their invaluable collaboration.

GasanMamo Insurance remains well-positioned to continue delivering value to all stakeholders as we pursue further growth and strengthen our relationships with our partners. We are optimistic about the future and remain committed to our journey of excellence.



Julian J. Mamo
Director

the board of directors

GASANMAMO INSURANCE LIMITED HAS A BOARD OF DIRECTORS WHOSE MEMBERS HAVE A WEALTH OF EXPERIENCE IN THE WORLD OF BUSINESS, INSURANCE AND FINANCIAL SERVICES BOTH IN MALTA AND ABROAD.



Joseph A. Gasan
CHAIRMAN

Joseph A. Gasan is the chairman of Gasan Group Limited, GasanMamo Insurance Limited and several other companies constituting the Gasan group of companies. He is also a director of several other companies including MIDI plc, The Quad Ltd, Embassy Ltd, and Main Street Complex Ltd. Mr. Gasan assumed the running of the family business in 1971 and in the mid-70s initiated and directed an expansion and diversification programme which resulted in the development of the Gasan group of companies to its present level of development. The result has been the creation of a dynamic enterprise with the necessary human and financial resources to continue to seek fresh opportunities at home and abroad.



Julian J. Mamo
MANAGING DIRECTOR

Julian Mamo, a graduate in Business Management, has been active in the insurance industry for over 30 years. He served as a Director of Galdes & Mamo Ltd, where he played an instrumental role in the company's development, witnessing the evolution of the insurance sector first-hand. Mr. Mamo, Managing Director of GasanMamo Insurance since 2013, has led the company on a steady path of profitable growth and delivering solid returns to stakeholders year on year.

He is also a Non-Executive Director on several boards of companies operating across diverse industries and currently serves as President of the Insurance Association Malta.



Mark Mamo
DIRECTOR

Mark Mamo B.Sc. (Hons.), Dip CII, graduated from CASS Business School in London in 2002 and soon after joined the GasanMamo team. Mark's first role within the company was that of project development and in 2006 participated in the launch of the medical insurance products. In 2013, Mark joined the senior management team and is today responsible for the health insurance department as well as heading the marketing, sales, network, and ICT teams. He also sits on several committees at GasanMamo. Mark joined the GasanMamo board as a director in 2022.

Baudouin Deschamps
DIRECTOR

Baudouin Deschamps has 40 years of insurance experience including almost 25 years with the Aviva Group where he served in Senior Management in various parts of the group including as CEO. His involvement with Malta started in 2001, when he was Director Europe for Aviva. Today he is an independent consultant in Risk Management and Governance and sits on several boards in the insurance industry.

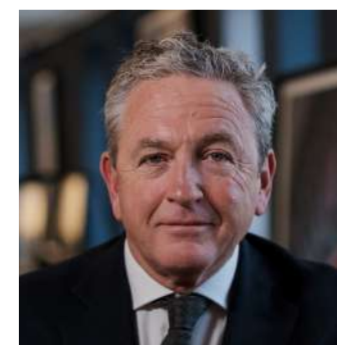


Mark Gasan
DIRECTOR

Mark Gasan is the CEO of Gasan Group and a director of several other companies. Mr. Gasan assumed the Chief Executive position of the group in 2014 and has led the group on a strong growth path ever since. His leadership has seen the business strengthen its focus on its four key pillars whilst still delivering solid growth across all the sectors that the group operates in. Mr. Gasan brings a distinct area of expertise in leading and developing various group interests in the property, building services solutions, automotive and insurance sectors.

Robert Rogers
DIRECTOR

Robert Rogers has 35 years experience as a reinsurance underwriter and broker, latterly at Willis Towers Watson where he was Regional Director with particular responsibility for UK and Irish clients. Having advised insurance companies in many geographies and with very different business approaches, he brings a broad experience and understanding of the insurance industry, particularly focused on reinsurance, to the GasanMamo Insurance Board.



Nicholas Bell
DIRECTOR

Nicholas Bell has a Masters degree in economics and an MBA from INSEAD. He has held a variety of senior roles within investment banking both in Europe and the US spanning fixed income, equities, venture capital and corporate finance. In terms of advisory work, his focus has been on fast growing technology-enabled businesses within the consumer and financial services sectors.

Vanessa Portelli
COMPANY SECRETARY

Vanessa Portelli, a lawyer by profession joined GasanMamo Insurance as Legal Officer in 2002. She served as Board Secretary from 2005 and was appointed Company Secretary in 2008. In 2011, Dr Portelli was appointed Compliance Officer of the Company and in 2015 she joined the management team as General Manager responsible for Operations, Risk and Compliance.



the senior management team



Julian J. Mamo
MANAGING DIRECTOR



Mark Mamo
GENERAL
MANAGER
NETWORK,
HEALTH & IT



Michael Farrugia
FINANCIAL
CONTROLLER



Leslie Causon
GENERAL MANAGER
PERSONAL &
COMMERCIAL,
REINSURANCE
AND OVERSEAS
MARKETS



Vanessa Portelli
GENERAL MANAGER
OPERATIONS, RISK &
COMPLIANCE



Francis Valletta
GENERAL MANAGER
MOTOR



HEAD OFFICE
Gżira, Msida Road

BRANCH OFFICES

Birkirkara • Ħal Qormi
Mellieħa • Mosta • Mrieħel
Paola • Rabat
Tas-Sliema • Valletta

AGENTS

Thomas Smith Insurance Agency Limited
Malta

Prodromou & Makriyiannis Insurance
Underwriting Agents & Consultants Limited
Cyprus

ELPA Insurance Agents S.A.
Greece

TCA Assurances
France

At GasanMamo Insurance we feel that clients should choose how they wish to deal with us. To cater for this, a strategy has been developed that ensures that we are accessible to all clients.

GasanMamo Insurance has a distribution network that is unparalleled in Malta with a large centrally located Head Office and strategically located branches. In General Insurance, GasanMamo has Malta's largest network of Tied Insurance Intermediaries. These are located throughout Malta and Gozo and provide a very personalised level of service to their customers. Brokers are seen as an essential source of business and GasanMamo Insurance has excellent relationships with all leading brokers and provides market-leading support.

Four excellent agency appointments are in place: Thomas Smith Insurance Agency Limited in Malta and Prodromou & Makriyiannis Insurance Underwriting Agents & Consultants Limited in Cyprus and ELPA Insurance Brokers in Greece and TCA Assurance in France. The company is pleased with their performance and confident of their continued growth.

GASANMAMO INSURANCE LIMITED

Annual Report and Financial Statements
31 December 2024

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Directors' report

The directors present their report and the audited financial statements of Gasamamo Insurance Limited (the 'Company') for the year ended 31 December 2024.

Principal activities

The principal activities of the Company are that of an insurance company licensed by the Malta Financial Services Authority to write general insurance business in Malta in terms of section 7 of the Insurance Business Act 1998.

Review of the business

During 2024, geopolitical instability persisted with several major ongoing conflicts. This notwithstanding, markets remained buoyant, and the steady rise of most indices was maintained. This upswing continued throughout 2024 with some periods of volatility. The Company benefited from robust investment return of 4.99% amounting to €4.21M.

In Malta, the economy remained strong with 4.9% growth in GDP. The labour market continues to be tight, with large numbers of economic migrants joining the workforce. Inflation is now under control ending the year at 1.2%.

It is in this environment that the Company has once again performed well, registering positive results in all areas of its core technical operations. Gross Written Premium (GWP) for the full year grew by 7.5% closing at €77.45M compared to €72.03M in 2023. The technical performance benefited from the absence of weather-related claims and a relatively benign claims environment.

As anticipated, inflationary pressure on operational and claims costs was felt and managed tightly to keep within budget while simultaneously achieving all objectives and maintaining the highest possible standards.

The Profit Before Tax for 2024 is €20.45M which is significantly higher than that achieved in 2023 and higher than the budget for the year. It is clear that the Company has benefited from the favourable financial market performance as well as a good claims experience during the period under review.

The Gasamamo journey continues to be an exciting one, delivering value to all stakeholders. Success is achieved thanks to all our customers and their continued loyal support and our staffs and management's tireless efforts in meeting the highest possible standards in all that we do. The Gasamamo model is tried and tested, yet constantly open to evolve and adapt as required. We are confident in our ability to continue delivering value as we grow and expand.

In line with our strategy, operations beyond Malta's shores have continued to grow and impact the performance of the Company. Under our Lumen brand, Cyprus business has once again registered growth. Our activity in Greece has contracted slightly as we push to improve loss ratios in a competitive and challenging market.

The solvency position remained strong with a solvency ratio of 276% and MCR ratio of 714%. The Company is well placed to pursue its mission of achieving profitable growth in line with its strategy.

Directors' report – CONTINUED

Risks and uncertainty

The top of the list of issues triggering uncertainty are the geopolitical tensions and the rapidly changing global economy.

In addition, 2025 is a year where there is economic uncertainty as the world order is making seismic shifts in terms of global trade and political and military alliances that have been in place for decades are being upended.

The main risk that affects an insurance company is insurance risk. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Board is confident that the reinsurance that is in place coupled with the experience in all areas of operation renders the risk manageable and in line with the risk appetite.

Our attention to detail with respect to underwriting remains a critical part of our operation, using processes and technology to ensure that we remain vigilant. Regular training is key in our effort to underwrite all lines of business correctly. In addition, every effort is made to ensure seamless dovetailing between the policies sold and the reinsurance that is in place.

Operational

The operations are steady and clearly defined where all staff are aware of their important role in the context of the grander scheme of things. The focus on collective effort, with clear accountability and coupled with procedures and practices that ensure good governance as well as appropriate technical expertise are maintained at all times.

Economic

Inflation has largely been brought under control however uncertainty is escalated due to tariffs and trade wars that have evolved beyond posturing. This is likely to have an inflationary impact on many economies. In Malta the situation remains positive as the economy steams ahead registering another year of strong growth and a stable outlook.

Financial risk management

Information pertaining to the Company's insurance and financial risk management is included in Note 2.2 of these financial statements.

Future developments

The directors intend to continue to operate in line with the Company's current business plan.

Directors' report – CONTINUED

Results and dividends

The statement of comprehensive income is set out on pages 19 and 20. The interim net ordinary dividends of €7,500,000 (2023: €5,500,000) were declared and paid out in 2024.

Reserves

The directors propose that the balance of retained earnings amounting to €48,558,788 (2023: €42,034,981) be carried forward to the next financial year.

External actuarial function holder

The Company's external actuarial function holder is Mr Dimitris Dimitrou, fellow of the Institute of Actuaries, partner of Deloitte Actuarial Services Ltd (Cyprus).

Directors

Joseph A Gasan - *Chairman*
Julian J Mamo - *Managing Director*
Mark Gasan
Mark M Mamo
Baudouin Deschamps
Robert Rogers
Nicholas Bell

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

Statement of Directors' responsibilities for the financial statements

The directors are required by the Insurance Business Act, 1998 and the Maltese Companies Act, (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and the profit and loss for the period.

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

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

The directors are also responsible for designing, implementing and maintaining internal controls as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, (Cap. 386). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Gasamamo Insurance Limited for the year ended 31 December 2024 are included in the Annual Report 2024, which is published in hard copy printed form and may be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of the website. Access to information published on the Company's website is available in other countries and jurisdictions where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Directors' report – CONTINUED

Company Secretary

Vanessa Portelli B.A., LL.D.

Auditors

Ernst & Young Malta Limited have indicated their willingness to continue in office and a resolution for their reappointment will be proposed.

Corporate Governance

The Company continues to make endeavours to ensure that it complies with the requirements of the Malta Financial Services Authority guidelines and to exceed these where it deems necessary so as to ensure that high standards are met in this area.

Corporate Social Responsibility

The Company acknowledges its responsibility as a corporate citizen and hence its obligations toward society at large. It complies with the applicable laws of the country as befits a good corporate citizen company. Furthermore, the Company supports various entities in the sphere of national heritage, culture, sport as well as initiatives of a social nature that benefit the country as well as overseas.

The Board of Directors

The Board meets regularly, at least on a quarterly basis to review the performance to date and to assess the position of the Company at that time. The members are a mix of appointees of the shareholders, together with independent members who bring with them international experience in various areas of the business. During the quarterly meetings senior officials of the Company make detailed presentations to the board members for their evaluation and assessment of performance and progress.

The Board also meets once a year for a separate and specific meeting to discuss strategy and set strategic direction for the Company.

An Executive Committee of the Board consisting of all local directors together with five senior members of management meets on a monthly basis to review the management accounts of the previous month. All members of the Board are circulated with the same level of management information including detailed monthly financial performance reports, investment reports, as well as other key performance indicators, together with the minutes of meetings.

Board and Executive Committees

The following committees are appointed by and report to the Board of Directors.

Audit Committee

The committee meets regularly to review processes connected with internal controls, to review reports prepared by the internal auditor, to coordinate the work of the external auditors and the internal auditor, and to make any recommendations that it deems necessary for the better performance and governance of the Company. The audit committee is made up of:

Baudouin Deschamps – *Chairman*
Robert Rogers – *Director*
Nicholas Bell – *Director*

Directors’ report – CONTINUED

Audit Committee – continued

The following are normally invited to attend these meetings:

Julian J Mamo – *Managing Director*
Vanessa Portelli – *Company Secretary*
Michael Farrugia – *Financial Controller*
KPMG as the Company’s internal auditor

Investment Committee

The Committee has the function to consider and propose to the Board the asset allocation policy of the Company and to monitor the performance of the portfolio managers. The Investment Committee is made up of:

Joseph A Gasan - *Chairman*
Julian J Mamo
Mark Gasan
Mark M Mamo
Baudouin Deschamps
Robert Rogers
Nicholas Bell
Michael Farrugia
Ian Sultana
Vanessa Portelli - *Member & Secretary*

Property Investment Sub-Committee

The investment Committee has appointed this sub-Committee to consider and propose investment in immovable property and to subsequently manage any rental property the Company may own. The Property Investment Committee is made up of:

Julian J Mamo - *Chairman*
Mark M Mamo
Mark Gasan
Eliseo Fenech
Steve Bilocca
Vanessa Portelli - *Member & Secretary*

Governance, Risk and Compliance Committee

This Committee is responsible for defining and revising the corporate governance as well as overseeing arrangements of the Company in order to ensure the sound and prudent management of the business. The Committee, as an advisory Committee to the Board, assists the Board to actively promote ethical and responsible decision-making and ensures that the Company recognises legal and other obligations to all legitimate stakeholders.

Moreover, the Committee contributes in the formulation of the Company’s overall risk strategies and policies for managing significant business risks, and is responsible for designing and implementing the Company’s Risk Management Framework. Finally, it ensures that the Company’s overall system of internal control operates effectively, monitors risk exposures and breaches. The Governance, Risk and Compliance Committee is made up of:

Directors’ report – CONTINUED

Governance, Risk and Compliance Committee - continued

Julian J Mamo - *Chairman*
Vanessa Portelli
Leslie Causon
Baudouin Deschamps
Mark M Mamo
Marcon Agius

Product Oversight and Governance Sub-Committee

This sub-Committee has been appointed by the Governance, Risk and Compliance Committee to execute the Product Oversight and Governance (POG) process of the Company in relation to products manufactured and distributed to ensure the on-going compliance with the requirements of the Conduct of Business Rulebook.

The sub-Committee implements the product approval process as outlined in the Product Oversight and Governance Policy and shall ensure that there is a sound product governance for the protection of consumers. The Committee is made up of:

Vanessa Portelli – *Chairman*
Marcon Agius
Lucas Farrugia
Donna Micallef Briggs
Steve Mizzi
Shawn O’Dea
Petra Satariano
Olivia Sciberras
Jonathan Grech – *Member & Secretary*

IT Steering Committee

The IT Steering Committee provides guidance and strategic advice in relation to the Company’s IT requirements. The Committee assesses the needs and technological opportunities of the Company and evaluates the direction and progress of technological initiatives. The Committee is made up of:

Mark M Mamo – *Chairman*
Matthew Agius
Steve Bilocca
Bernard Buhagiar
Nicholas Buttigieg
Steve Mizzi
Francis Valletta
Marcon Agius – *Member & Secretary*

Remuneration Committee

This Committee, as an advisory Committee to the Board of Directors, assists with the formulation of Gasamamo’s overall remuneration policy for defining remuneration practices. In addition, the Committee ensures that these policies promote an effective system of internal control and makes recommendations to the Board of Directors for improvements. The Committee is made up of Non-Executive Directors and invites the Managing Director to attend the meetings as required. Meetings are held at least annually and are minuted. The Remuneration Committee is made up of:

Directors' report - CONTINUED

Remuneration Committee - continued

Joseph A Gasan - *Chairman*
Robert Rogers
Nicholas Bell
Mark Gasan

Reinsurance Committee

This Committee is representative of the various areas of operation of the Company and meets regularly towards the end of the year to assess and propose to the Board any changes that may be considered for the reinsurance programme of the company for the following year. It also meets as and when required during the course of the year to consider particular issues that affect the reinsurance programme and which may require ad-hoc solutions. The Reinsurance Committee is made up of:

Julian J Mamo - *Chairman*
Leslie Causon
Robert Rogers
Francis Valletta
Vanessa Portelli
Mark M Mamo
Michael A Farrugia
Shawn O'Dea - *Member & Secretary*

Other Committees

Health & Safety Committee

The Health & Safety Committee is composed of representatives of the company as well as representatives of the staff. This Committee's role is to ensure that the premises and work environment in general complies with legal requirements and is of an acceptable level, as well as to make any related recommendations in this regard. The Health & Safety Committee is made up of:

Vanessa Portelli – *Chairman*
Gordon Axiak
Mario Farrugia
Marcel Bonaci
Petra Satariano - *Staff Representative*
Kurt Caruana - *Staff Representative*
Lucas Farrugia - *Staff Representative*
Maria Grech Gerada – *Member & Secretary*

Debtors Review Committee

The Committee meets on a monthly basis, to oversee the management of the debtors of the company. It also takes cognisance of debtors and any related action required, legal or otherwise, and recommends any required bad debt write-offs. The Company recognises that it manages to retain a very positive time-frame for debt collection through the collective efforts of this Committee. The Debtors Review Committee is made up of:

Julian J Mamo - *Chairman*
Leslie Causon
Eliseo Fenech
Mark M Mamo
Mary Grace Tibay – *Member & Secretary*

Directors' report - CONTINUED

Going Concern

The directors are satisfied that taking into account the financial position of the Company it is reasonable to assume that there are adequate resources to enable the Company to continue its operations in the foreseeable future. Therefore, the directors have adopted this position as a basis for the preparation of these accounts.

On behalf of the Board



Joseph A Gasan
Chairman



Julian J Mamo
Director

Registered office
Gasamamo Insurance Limited
Msida Road
Gzira GZR 1405
Malta

3rd April 2025

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of GasanMamo Insurance Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of GasanMamo Insurance Limited (the "Company") set on pages 18 to 83, which comprise the Statement of Financial Position as at 31 December 2024, and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act"), and the Insurance Business Act, Cap. 403 of the Laws of Malta (the "Insurance Business Act").

Basis for opinion

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

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of GasanMamo Insurance Limited - continued

Report on the audit of the financial statements - continued

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement of the liability for incurred claims

Description of KAM

The Company's Liability for Incurred Claims ("LIC") is described in accounting policy 1.4 and disclosed in notes 12 and 13 to these financial statements. The LIC comprises of two components which are the estimated present value of future cash flows and the risk adjustment. The estimated present value of future cash flows represents the fulfilment of expected cash outflows, after taking into consideration the time value of money, related to past service for claims and expenses already incurred, including events that have occurred but not yet reported. The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash outflows in relation to the insurance contracts. As at 31 December 2024, the LIC represented 53% of the Company's total liabilities.

The Company estimates the amount, timing and uncertainty of the future cash outflows related to incurred claims by taking into consideration all reasonable and supportable information available. The incurred claims incorporate expected losses that have been reported to the Company but not yet settled and losses incurred that have not yet been reported. Included within the estimated future cash outflows, the Company estimates a provision for the expenses expected to be borne in processing and resolving all outstanding and IBNR claims.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of GasanMamo Insurance Limited - continued

Report on the audit of the financial statements - continued

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud - continued

Measurement of the liability for incurred claims - continued

Estimated future cash outflows on losses that have been reported to the Company but not yet settled is done on a case by base estimate based on updated information the entity has on such case. This is supplemented by actuarial models, mainly the triangulation techniques, to cover the incurred claims but not yet reported.

The Company accounts for the time value of money by discounting the estimated future cash outflows in relation to the liability for incurred claims. The Company uses the bottom-up approach using the risk-free rates with volatility adjustment as published by EIOPA. The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year from being incurred.

The Company calculates the risk adjustment in relation to the uncertainty arising from non-financial risk using the Value at Risk methodology calibrated by the Standard Capital Required. The Company has applied a confidence level of 75% in line with the risk appetite of the Company.

Reasons for the designation as a key audit matter

The significance of the LIC balance as at reporting date together with the uncertainty and the use of judgement applied by the Company in the estimating future cash flows, determination of discount rates as well as the risk adjustment for non-financial risk, we have designated the measurement of the LIC as a key audit matter.

Auditor's response

Our audit procedures over the liability for incurred claims included amongst others:

- Evaluated the design and implementation of key controls over the estimation process through inquiries with the process owners and review of process documents;
- Reconciled the liability for incurred claims to its different components, namely the undiscounted claims reported but not yet settled, undiscounted claims incurred but not reported, the expense provision, discounting effect and the risk adjustment;

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of GasanMamo Insurance Limited - continued

Report on the audit of the financial statements - continued

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud - continued

Measurement of the liability for incurred claims – continued

Auditor's response - continued

- Reconciled the list of claims reported but not yet settled to the sub-total component amount making up the liability for incurred claims;
- For the claims reported but not yet settled, carried out a run-off analysis factoring the claims paid and the opening and closing balance of the undiscounted estimated future cash flows and tested on a sample basis such run-offs to supporting documentation, including reports and correspondence from the loss adjustors;
- Involved our actuarial specialists to assist us in carrying out independent projections using standard actuarial models for the main insurance portfolios to derive the estimated undiscounted future estimated cash outflows in relation to the liability of incurred claims;
- Obtained an understanding of the methodology used to derive the discount rates to assess its suitability;
- Analyzed with the assistance of our actuarial specialists the appropriateness and adequacy of the EIOPA yield curves and any illiquidity premium applied and such methodology compliance with the requirement of IFRS 17;
- Assessed the patterns of the expected future cash outflows by comparing to those applied for the calculation of the technical provisions under the Solvency II regime and, with the assistance of the actuarial specialists, recomputed the effect of discounting; and
- Assessing the appropriateness of the methodology used for the Company's risk adjustment to determine the LIC and, with the assistance of our actuarial specialists, carried an independent calculation thereof.

We have assessed the relevance and adequacy of disclosures relating to the Company's LIC presented in Notes 1.4, 2.1, 3, 12 and 13 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders GasanMamo Insurance Limited - continued

Report on the audit of the financial statements - continued

Other information

The Directors are responsible for the other information.

The other information comprises the Directors' Report which we obtained up to the date of this auditor's report; and the Chairman's Statement, the Managing Director's Report and other related information which are expected to be made available to us after the date of this audit report. However, the other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with governance for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of GasanMamo Insurance Limited - continued

Report on the audit of the financial statements - continued

Auditor's responsibilities for the audit of the financial statements

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 ISAs, we exercise professional judgment and maintain professional skepticism 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- 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 Company'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, future events or conditions may cause the Company to cease 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.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of GasanMamo Insurance Limited - continued

Report on the audit of the financial statements - continued

Auditor's responsibilities for the audit of the financial statements - continued

We communicate with the Directors 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 the Directors with a statement that we have complied with 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, 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 benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of GasanMamo Insurance Limited - continued

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act

Directors' Report

We are required to express an opinion as to whether the Directors' Report has been prepared in accordance with the applicable legal requirements. In our opinion the Directors' Report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report. We have not nothing to report in this regard.

Other requirements

We also have responsibilities under the Companies Act to report if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

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

Appointment

We were appointed as the statutory auditor of the Company on 11 October 2021, and subsequently reappointed at the Company's general meetings for each financial year thereafter. The total uninterrupted engagement period as statutory auditor, including previous renewals and reappointments, amounts to 4 years.

Consistency with the additional report to the audit committee

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which was issued on the same date as this report.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of GasanMamo Insurance Limited - continued

Report on other legal and regulatory requirements

Matters on which we are required to report by the Companies Act - continued

Non-audit services

No prohibited non-audit services referred to in Article 18A(1) of the Accountancy Profession Act, Cap. 281 of the Laws of Malta were provided by us to the Company and we remain independent of the Company as described in the *Basis for opinion* section of our report.

No other services, besides statutory audit services and services disclosed in the annual report and in the financial statements, were provided by us to the Company and its controlled undertakings.



The partner in charge of the audit resulting in this independent auditor's report is Christopher Balzan for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants
3 April 2025

Statement of financial position

		As at 31 December	
	Notes	2024 €	2023 €
ASSETS			
Property, plant and equipment:			
- land and buildings	4	8,972,462	10,043,086
- plant and equipment	4	708,978	476,370
Right of use assets	25	587,319	606,241
Investment property	5	17,020,424	17,752,399
Investments	6	82,228,121	68,923,055
Reinsurance contract assets	12	10,368,146	11,105,607
Receivables:			
- other receivables	7	205,029	385,168
- prepayments and accrued income	7	870,051	831,841
Cash and cash equivalents	9	7,583,573	9,183,066
Total assets		128,544,103	119,306,833
EQUITY			
Capital and reserves			
Share capital	10	12,000,000	12,000,000
Retained earnings	11	48,558,788	42,034,981
Revaluation reserve	15	3,216,821	4,441,227
Total equity		63,775,609	58,476,208
LIABILITIES			
Insurance contract liabilities	12	55,742,486	52,798,972
Reinsurance contract liabilities	12	827,911	1,445,945
Payables:			
- other payables	14	1,816,673	1,569,608
- accruals and deferred income	14	1,294,073	1,225,687
Lease liability	25	613,484	652,331
Current taxation		2,680,419	1,016,911
Deferred taxation	8	1,793,448	2,121,171
Total liabilities		64,768,494	60,830,625
Total equity and liabilities		128,544,103	119,306,833

The notes on pages 24 to 83 are an integral part of these financial statements.

The financial statements on pages 18 to 83 were authorised by the Board on 3rd April 2025 and were signed on its behalf by:



Joseph A Gasan
Chairman



Julian J Mamo
Director

Statement of comprehensive income

	Notes	Year ended 31 December	
		2024	2023
		€	€
Insurance revenue	12	74,995,991	68,824,338
Insurance service expense	12	(43,766,360)	(36,221,714)
Insurance service result before reinsurance contracts held		31,229,631	32,602,624
Allocation of reinsurance premiums	12	(13,021,734)	(13,101,234)
Amounts recoverable from reinsurers for incurred claims	12	2,840,323	(244,372)
Net expense from reinsurance contracts held		(10,181,411)	(13,345,606)
Insurance service result		21,048,220	19,257,018
Investment return	17	4,209,611	4,636,230
Insurance finance expenses for insurance contracts issued	12, 17	(753,947)	(1,950,255)
Reinsurance finance income for reinsurance contracts held	12, 17	235,230	622,536
Net insurance financial result	17	(518,717)	(1,327,719)
Other expenses	16	(4,290,316)	(3,677,325)
Profit before taxation		20,448,798	18,888,204
Income tax expense	19	(6,424,991)	(5,483,707)
Profit for the year		14,023,807	13,404,497
Earnings per share		1.17	1.12

Statement of comprehensive income - CONTINUED

	Notes	Year ended 31 December	
		2024	2023
		€	€
Profit for the year		14,023,807	13,404,497
Other comprehensive income: items that will not be reclassified to profit or loss			
Revaluation movement on land and buildings	4, 15	(1,566,505)	18,700
Movement in deferred tax relating to land and buildings	8, 15	342,099	(1,496)
Total other comprehensive (loss) / income, net of tax		(1,224,406)	17,204
Total comprehensive income for the year		12,799,401	13,421,701

The notes on pages 24 to 83 are an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital €	Retained earnings €	Revaluation reserve €	Total €
Balance of 1 January 2023		12,000,000	34,130,484	4,424,023	50,554,507
Comprehensive income					
Profit for the year - total comprehensive income		-	13,404,497	-	13,404,497
Other comprehensive income					
Revaluation movement on land and buildings		-	-	18,700	18,700
Movement in deferred tax relating to land and buildings		-	-	(1,496)	(1,496)
Total comprehensive income for the year		-	13,404,497	17,204	13,421,701
Transactions with owners					
Dividends - total transactions with owners	22	-	(5,500,000)	-	(5,500,000)
Balance at 31 December 2023		12,000,000	42,034,981	4,441,227	58,476,208

Statement of changes in equity - CONTINUED

	Note	Share capital €	Retained earnings €	Revaluation reserve €	Total €
Balance of 1 January 2024		12,000,000	42,034,981	4,441,227	58,476,208
Comprehensive income					
Profit for the year - total comprehensive income		-	14,023,807	-	14,023,807
Other comprehensive income					
Revaluation movement on land and buildings		-		(1,566,505)	(1,566,505)
Movement in deferred tax relating to land and buildings		-	-	342,099	342,099
Total comprehensive income for the year		-	14,023,807	(1,224,406)	12,799,401
Transactions with owners					
Dividends - total transactions with owners	22	-	(7,500,000)	-	(7,500,000)
Balance at 31 December 2024		12,000,000	48,558,788	3,216,821	63,775,609

The notes on pages 24 to 83 are an integral part of these financial statements.

Statement of cash flows

		Year ended 31 December	
	Notes	2024 €	2023 €
Cash flows from operating activities			
Cash generated from operations	23	20,776,588	16,153,811
Dividends received	17	574,426	579,932
Interest received	17	774,809	550,239
Rental income	17	560,307	479,218
Tax paid		(4,747,107)	(3,933,006)
Net cash generated from operating activities		17,939,023	13,830,194
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1,469,942)	(4,015,741)
Proceeds from disposal of property, plant and equipment		12,451	1,500
Purchase of investment property, net of deposits	5	-	(27,791)
Purchase of investments - fair value through profit or loss	6	(25,299,761)	(40,056,139)
Disposal of investments - fair value through profit or loss	6	13,541,338	38,055,582
Investment in associates	6	(1,000,000)	(500,000)
Net movement of deposits with banks or financial institutions	6	2,375,544	(7,965,705)
Net cash used in investing activities		(11,840,370)	(14,508,294)
Cash flows from financing activities			
Lease payments	25	(198,146)	(203,362)
Dividends paid	22	(7,500,000)	(5,500,000)
Net cash used in financing activities		(7,698,146)	(5,703,362)
Net movement in cash and cash equivalents		(1,599,493)	(6,381,462)
Cash and cash equivalents at beginning of year		9,183,066	15,564,528
Cash and cash equivalents at end of year	9	7,583,573	9,183,066

The notes on pages 24 to 83 are an integral part of these financial statements.

Notes to the financial statements

1. Basis of preparation and material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, (Cap. 386) and the Insurance Business Act (Cap. 403).

The financial statements are prepared under the historical cost convention as modified by the fair valuation of financial assets at fair value through profit or loss, land and buildings and investment properties.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The statement of financial position is organised in increasing order of liquidity, with additional disclosures on the current or non-current nature of the Company's assets and liabilities provided within the notes to the financial statements. These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in existence for the foreseeable future.

Foreign currency translation

(a) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The euro is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains 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 profit or loss.

All foreign exchange gains and losses are presented in profit or loss.

1.2 Standards, interpretations and amendments to published standards that are not yet effective in 2024

A number of amendments to existing standards are effective for annual periods beginning on or after 1 January 2025. However, the Company has not early adopted these amendments in preparing these financial statements and management are of the opinion that there are no requirements that are expected to have a material impact on the Company's financial statements in the period of initial application.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.3 Standards, interpretations and amendments to published standards effective in 2024

In 2024, the Company adopted new standards, amendments to new standards and interpretations that are mandatory for the Company's accounting period beginning on or after 1 January 2024. The adoption of these new and amended standards and interpretations of IFRSs as adopted by the EU did not result in any changes to the Company's accounting policies and financial statements, including the Company's financial results and position.

1.4 Insurance and reinsurance contracts

Classification

Products sold by the Company will be classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

The Company buys reinsurance to mitigate its risk exposures. A contract is classified as a reinsurance contract if it transfers all or part of a risk to another insurer to provide protection against the risk of the first insurance.

Aggregation

Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines may be in different portfolios.

Each portfolio is then divided into annual cohorts (i.e., by year of inception) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

For the Company's contracts accounted for applying the Premium Allocation Approach ('PAA'), it would determine that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Company will assess the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future. The Company will use its judgement to determine the facts and circumstances that would indicate that a group of contracts is onerous either on initial recognition or subsequent measurement.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.4 Insurance and reinsurance contracts - continued

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group. The Company does not expect the IFRS 17 contract boundary requirements to significantly change the scope of cash flows to be included in the measurement of existing and future recognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17. Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage). A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policy holder and, as a result, can set a price or level of benefits that fully reflects those risks;

Or both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risks of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

The cash flows within the contract boundary includes amounts due from insurance intermediaries given that the Company has elected to increase its liability for remaining coverage (LRC) only when it recovers the premium in cash from the intermediary, thus, receivables from policyholders and insurance intermediaries in relation to premium is considered as part of the LRC.

The Company's insurance contracts largely cover a period not extending beyond one year.

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.4 Insurance and reinsurance contracts – continued

Recognition - continued

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held.
- And
- The date that the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set above.

Measurement

Premium Allocation Approach (PAA) Eligibility – Adopted Approach

IFRS 17 Standard uses three measurement approaches:

- General Measurement Model / Building Block Approach (GMM / BBA) — used for long-term contracts
- Variable Fee Approach (VFA) — used for contracts with direct participation features
- Premium Allocation Approach (PAA) — used for short-term contracts

Most enforced policies of Gasamamo have a coverage period of one year or less. Groups of contracts with a coverage period of one year or less automatically meet the PAA eligibility criteria, even if the claims settlement period is longer than one year. The other groups containing contracts with a coverage period longer than one year have been subject to the PAA eligibility based on an assessment of the expected variability of cash flows.

After taking into consideration the assessments carried out by the Company, it was concluded that the Gasamamo can make use of the PAA to calculate the liability for remaining coverage (LRC) since there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model. The liability for incurred claims (LIC) should be measured using the fulfilment cash flow (FCF) requirements of the GMM.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.4 Insurance and reinsurance contracts – continued

Measurement – continued

Insurance contracts – initial measurement

The PAA is a simplification approach of the GMM for contracts with a coverage period of one year or less or where it is reasonable approximation to the GMM. The measurement of liability for remaining coverage (LRC) can be simplified for some contracts under the PAA. Under the PAA, the liability for remaining coverage is calculated as the amount of premiums net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. The assumption under the PAA is that this simplified model gives similar information and profit patterns to those given by recognising insurance contract revenue measured using the GMM. The PAA can be applied to a group of insurance contracts if, at inception:

- The coverage period of each contract in the group of insurance contracts is one year or less
- For contracts greater than a year, the Company can apply the PAA if it would produce a measurement of the liability for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the GMM requirements.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. During the reporting period the Company had no groups of contracts that were deemed to be onerous at initial recognition, and accordingly, there is no loss component in the measurement of the liability for remaining coverage.

Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.4 Insurance and reinsurance contracts – continued

Reinsurance contracts held – initial measurement

Reinsurance contracts held shall be assessed separately from the underlying insurance contracts issued. The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. The same accounting policies will also be applied as for insurance contracts issued to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts. The Company will apply the PAA to groups of reinsurance contracts that it holds which at the inception of the group the effective coverage period of each contract in the group of reinsurance contracts held is one year or less. Under the PAA, the initial measurement of the asset equals the reinsurance premium paid. The Company will measure the amount relating to remaining service by allocating the amount of expected reinsurance premium payments over the coverage period of receiving services for the group. For all reinsurance contracts held the allocation will be based on the passage of time. On initial recognition of each group of reinsurance contracts held, the Company expects that the time between receiving each part of the services and the related reinsurance premium due date is no more than a year. Accordingly, the Company will not adjust the asset for remaining coverage to reflect the time value of money and the effect of financial risk.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for the remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

The assets for incurred claims ('AIC') will be estimated based on the fulfilment cash flows related to incurred claims and shall also include an estimate for the effect of any risk of non-performance by the issuers of the reinsurance contract, including the effects of collateral and losses from disputes.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period plus premiums received in the period less insurance acquisitions cash flow, plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group plus any adjustments to the financing component, less the amount recognised as insurance revenue for the services provided in the period.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.4 Insurance and reinsurance contracts – continued

Measurement – continued

Insurance contracts – subsequent measurement - continued

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. They include current estimates from the perspective of the Company and include an explicit adjustment for the risk adjustment. The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year from being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

Acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling and underwriting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company allocates its insurance acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.4 Insurance and reinsurance contracts – continued

Measurement – continued

Acquisition cash flows - continued

For contracts measured under the PAA, if the coverage period for each contract in the group is one year or less, the Company may choose to expense insurance acquisition cash flows when they are incurred, instead of including them in the measurement of the LRC. The Company did not elect to recognize insurance acquisition cash flows as incurred for any groups of contracts but will defer all insurance acquisition cash flows.

Liability for Remaining Coverage (LRC), adjusted for financial risk and time value of money

There is no allowance for financial risk and time value of money as the premiums are received within one year of the coverage period.

Liability for Incurred Claims (LIC), adjusted for time value of money

The Company calculates its LICs by applying generally accepted actuarial methodologies. Expert actuarial judgement is applied in the choice of methodology and the choice of underlying valuation assumptions for groups of insurance contracts.

The components of the LIC under IFRS are the case-by-case Estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the reserve for Claims Handling Expenses. The methods applied to estimate the LIC, capture both the IBNR and IBNER reserves. The IBNER is then determined by subtracting the IBNR calculation from the total reserve. The Delay Method (average Cost per Claim) was applied to calculate the IBNR.

In addition to the IBNR and IBNER, the Company makes a provision for the expenses to be borne in processing and resolving all outstanding and IBNR claims. This reserve provides for the cost of processing and settling outstanding and IBNR claims. To calculate the ULAE reserve the Company used a generally accepted actuarial technique called Classical Paid-to-Paid.

Gasamamo recognises and measures liabilities for groups of insurance contracts at a risk-adjusted present value of the expected future cash flows. An adjustment for discounting is required to the estimates of future cash flows to reflect the time value of money. A significant proportion of the Company's claims is settled beyond 12 months from the date they are incurred, and therefore discounting was applied. For discounting, the Company used the bottom-up approach using the risk-free rates with volatility adjustment as published by EIOPA. Same rate was applied for all groups of insurance contracts.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.4 Insurance and reinsurance contracts – continued

Measurement – continued

Liability for Incurred Claims (LIC), adjusted for time value of money - continued

One of the key principles in IFRS 17 is that an entity recognises and measures liabilities for groups of insurance contracts at a risk-adjusted present value of the expected future cash flows. The Company adjusts the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The purpose of the risk adjustment is to measure the effect of uncertainty in the cash flows that arise from insurance contracts, other than uncertainty arising from financial risk. This is calculated using the VaR Method calibrated using the Solvency II Standard Formula. The Company has selected a confidence level of 75% as this is considered to be reflective of the risk appetite of the Company.

Insurance and reinsurance finance income and expense

Under IFRS 17, finance income or expenses from insurance and reinsurance contracts issued refer to the costs associated with the financial aspects of insurance and reinsurance contracts. These expenses primarily arise from the time value of money (unwinding of the discounting) and financial risks, such as changes in market interest rates, credit risk, and liquidity risk.

For all lines of business, the impact on the LIC of Interest and Changes in Yield Curve was captured within the profit or loss.

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss into an insurance service result, comprising insurance revenue and insurance service expense, net expense from reinsurance contracts held, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.4 Insurance and reinsurance contracts – continued

Presentation – continued

Insurance Revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Net income or expense from reinsurance contract held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

1.5 Investment property

Property held for long term rental yields or for capital appreciation or both and which is not occupied by the Company is classified as investment property. Investment property comprises land and buildings and is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. 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 information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Investment property being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The fair value of investment property 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 added to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Changes in fair values are recorded in profit or loss.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information - continued

1.6 Property, plant and equipment

Property, plant and equipment (except for land and buildings) are recorded at historical cost less depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Company's land and buildings held for own use are carried at revalued amount. The revalued amount is the fair value of the assets at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in 'Revaluation reserve' in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, as follows:

	%
Buildings	2
Leasehold improvements, office furniture and equipment	10 - 20
Computer equipment	20
Motor vehicles	20 - 25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The asset's recoverable amount is the higher between its fair value less cost to sell and value-in-use. Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

1.7 Financial assets

Classification

The Company classifies its financial assets as "financial assets at fair value through profit or loss" and "financial assets at amortized cost". The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of the Company's financial assets at initial recognition.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information – continued

1.7 Financial assets - continued

Classification - continued

(a) Financial assets at fair value through profit or loss

The Company classifies debt instruments at fair value through profit or loss because the assets are managed on a fair value basis. In fact, the Company manages the financial assets with the objective of realizing cashflows through the sale of the assets. The Company makes decisions based on the asset's fair value and manages these assets to realize such gains.

Investments in equity do not meet the SPPI test nor are they held for trading. The Company has not elected to apply the fair value through OCI option and therefore, these are measured at fair value through profit or loss.

Derivatives are also categorised as held for trading unless they are designated as hedges. A financial asset is classified in this category on initial recognition if, as the Company's business model, it is part of a portfolio of identified financial instruments that are managed together in the above manner.

Financial assets in this category are considered as current assets if expected to be settled within twelve months; otherwise, they are considered as non-current. The Company's financial assets at fair value through profit or loss are disclosed in Note 6.

(b) Financial assets at amortised cost

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows,
- and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets in this category are considered as current assets if expected to be settled within twelve months or within normal operating cycle; otherwise, they are considered as non-current.

The Company's deposits with banks or financial institutions, receivable from group undertakings, cash and cash equivalents, other receivables and accrued income are classified under this category (Notes 6, 7, and 9).

Initial measurement

All purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase and sell the asset. Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value which movement in fair value is included in profit or loss in the period in which such movements arise.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information – continued

1.7 Financial assets - continued

Subsequent measurement - continued

The fair values of quoted investments and units in collective investment schemes are based on quoted market prices at the end of the reporting period. If the market for an investment is not active, the Company establishes its fair value by using valuation techniques. Equity securities for which the fair value cannot be measured reliably are recognised at cost less impairment. On disposal, the difference between the net disposal proceeds and the carrying amount is included in the net profit or loss for the period.

Financial assets at amortised cost are subsequently measured using the effective interest method, less any provision for impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the assets have expired;

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement' and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for financial assets at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information – continued

1.7 Financial assets - continued

Impairment - continued

The 12-month ECL is calculated by multiplying the 12-month Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Lifetime ECL is calculated on a similar basis for the residual life of the exposure.

For other receivables, accrued income and cash and cash equivalents, the Company applies a simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, specifically the rating of the country in which the Company principally operates which in itself is based on variables such as expected future GDP growth, inflation and unemployment.

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Company.

Any impairment is recognised directly in statement of comprehensive income. If in a subsequent period, the amount of expected credit loss decreased, the previously recognised loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in statement of comprehensive income.

1.8 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost. Such liabilities are categorised as other payables.

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

Subsequent measurement

After initial recognition other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information – continued

1.8 Financial liabilities - continued

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.9 Offsetting financial instruments

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

1.10 Associated companies and joint ventures

Joint ventures are entities over which the Company has joint control and associates are entities over which the Company has significant influence as a result of contractual arrangements, and rights to the net assets of the entities. Investments in associated companies and joint ventures are accounted for in the financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Acquisitions of investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Company's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method

Investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Company's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Company does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Notes to the financial statements - CONTINUED

1. Basis of preparation and material accounting policy information – continued

1.10 Associated companies and joint ventures - continued

(iii) Unrealised gains

Unrealised gains on transactions between the Company and its associated companies or joint ventures are eliminated to the extent of the Company's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Company.

(iv) Disposals

Investments in associated companies or joint ventures are derecognised when the Company loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

1.11 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. A deferred tax liability is not recognised when the deferred tax liability arises from the initial recognition of an asset in a transaction which is not a business combination and at the time of the transaction effects neither accounting profit nor taxable profit. Deferred income taxes and liabilities are offset when there is a legally enforceable right to set-off under the Malta Income Tax regime.

1.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

1.13 Share capital

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

1.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Notes to the financial statements - CONTINUED

1 Basis of preparation and material accounting policy information – continued

1.15 Revenue recognition

Revenue comprises the fair value for services and is recognised as follows:

- (a) *Rendering of services*
Premium recognition is described in accounting policy 1.4 dealing with insurance contracts.
- (b) *Interest income*
Interest income from financial assets not classified as fair value through profit or loss is recognised using the effective interest method. When an insurance receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.
- (c) *Dividend income*
Dividend income is recognised when the right to receive payment is established.
- (d) *Rental income*
Rent receivable from investment property is accounted for on an accruals basis in accordance with the substance of the relative lease agreements.

1.16 Investment return

Investment return comprises investment income including fair value movements, interest income, dividends, rental income, and is net of investment expenses, charges and interest.

1.17 Leases

Company as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of lease payments which include, among other, fixed payments and payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses as a starting point third-party financing rate applicable had the Company received financing and makes adjustments specific to the lease such as the lease term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the financial statements - CONTINUED

1 Basis of preparation and material accounting policy information – continued

1.17 Leases – continued

Company as a lessee - continued

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received (if any), any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are depreciated over terms ranging from 3 to 16 years.

While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Company as a lessor

The Company has entered into property leases on its investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

1.18 Dividend distribution

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

2. Management of insurance and financial risk

The Company is exposed to insurance risk and financial risk. This section summarises these risks and the way the Company manages them.

2.1 Insurance risk

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

The terms and conditions of the contracts set out the basis for the determination of the Company's liability should the insured event occur. The risks underwritten include accident and health, motor (including third party liability), marine and transport, fire and other damage to property and liability.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company 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 are greater than estimated. Insurance events are random and the actual number and amount of claims may vary from year to year from the estimate established using statistical techniques.

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.1 Insurance risk - continued

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the 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 Company writes business in a number of classes and assesses its exposure at individual class level but it places more emphasis on assessing class groups. The Company's underwriting strategy is to diversify the type of insurance risks 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 risks include the lack of risk diversification in terms of type and amount and the concentration in the portfolio on a few large risks.

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors, but primarily by the types of risks that the Company accepts to insure. Risk can be significantly affected by a single event such as a severe storm or a drastic change in the methods of compensation awarded by courts.

The Company mainly writes annual policies and therefore has the ability to rate risks individually and to impose conditions in accordance with the risk under consideration. For property insurance contracts there is no distinct seasonality in claims patterns except storm-related claims which may occur at periodic intervals in certain months of the year. The Company purchases adequate Catastrophe reinsurance cover to protect against this eventuality.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting

The underwriting strategy attempts to ensure that the underwritten risks limit the Company's exposure to large commercial and industrial risks and to risks with a high probability of causing a severe claim. Internal underwriting guidelines and limits are in place to enforce appropriate risk selection criteria and are reinforced by the proper IT driven controls. Thus intermediaries and branches are unable to give quotations unless these are within their underwriting limits or through direct computer links. Head Office underwriters handle all referrals on risks exceeding such limits. Insurance risks are contracted on the basis of the legal principle of "utmost good faith" and thus the Company is able to refuse to settle claims where it can prove that there was non-disclosure or misrepresentation of a material fact at underwriting stage with the aim of circumventing such limits. The Company also has systems in place that ensure that certain risks are reviewed prior to renewal terms being offered. As a licensed motor insurer the Company is obliged to observe the terms, conditions and limitations of compulsory motor insurance legislation currently in force.

The risks underwritten by the Company may also be in the form of reinsurance contracts issued on a one-off facultative basis with other direct re-insurers whereby it assumes a portion of the risk which such insurers undertake with their direct clients.

Reinsurance arrangements

The Company has reinsurance protection in place substantially for all classes of business. The reinsurance arrangements consist mainly of a variety of non-proportional programs, with deductibles that are commensurate with the Company's financial standing. In certain specific cases, proportional protection is purchased, especially in the case of new areas/ lines of business. This is done to afford increased protection against volatility which can occur in such cases. The Company

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.1 Insurance risk – continued

(a) Frequency and severity of claims - continued

Reinsurance arrangements - continued

purchases adequate reinsurance cover to protect against the eventuality of a single event such as a storm.

The Company's policy is to only utilise reinsurers with a minimum Standard & Poor's rating (or equivalent when not available) of "A minus".

Claims handling

The Company's Head Office claims handling departments process, oversee and/or investigate as necessary all claims. Reserves are set in accordance with the Company's reserving policy and these are reviewed individually on a regular basis. These limits vary in accordance with the individual's experience and seniority in a manner that ensures that the potentially serious claims are handled by senior and experienced personnel.

The Company limits its delegation of claims handling authority to one agent in Malta and to two overseas agents, all of which are monitored by appropriate auditing processes carried out by Head Office personnel. Authority limits in relation to the handling and the settlement of claims are in place.

The Company aims to achieve as short a settlement period as possible that allows it to achieve a higher degree of certainty with regard to the estimated cost of claims.

Concentration of insurance risk

The portfolio is diversified in terms of type of business written, with motor business comprising 58% (2023: 57%) and health comprising 8% (2023: 9%) and fire and other property damage 27% (2023: 27%) of the total portfolio. The remaining 7% (2023: 7%) of premium revenue is generated from marine and travel portfolios.

The Company derives 84% (2023: 82%) of its premium income from risks written in Malta whilst the other 16% (2023: 18%) is derived from risks written in Cyprus, France and Greece.

Property risks underwritten by the Company are mainly geographically situated on the Maltese Islands with some exposure in Cyprus, and limited exposure in Greece and France. The nature of some policies underwritten by the Company in Malta, such as Motor Third Party Liability, Marine Cargo, Travel Insurance and Liability expose the Company to claims relating to incidents occurring outside the Maltese Islands, in spite of the fact that the risks are based within them.

In the Company's portfolio there is no undue concentration of risk or of policy holders or of business sectors, with a healthy balance between Personal Lines risks and Commercial risks.

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.1 Insurance risk - continued

(b) Sources of uncertainty in the estimation of future claim payments

The most significant risks are changes in the pattern of awards for bodily injury and fatality claims, and inflationary trends. Claims on casualty contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract period.

Some liability claims tend to be settled over a longer period and in addition to case estimates, an element of the LIC at year-end relates to incurred but not reported claims. The compensation paid on these contracts is the monetary award granted for bodily injury suffered. Such awards are lump sum payments that are calculated as the present value of the lost earnings and actual related costs incurred that the injured party suffers as a result of the accident. For fatalities the amount of compensation is also a monetary amount paid as a lump sum to heirs relating to the lost future earnings of the deceased plus actual costs incurred as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims gross of expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. An initial reserve based on average claims cost is attributed to each reported incident where insufficient information is available at that time. Analysis of the development of past claims has shown that reserves have in overall terms proven to be sufficient to meet the ultimate cost. In calculating the estimated cost of notified but unpaid claims, the Company's estimation techniques include a combination of past experience, medical assessments, legal precedent and current trends in compensation awards.

The components of the LIC under IFRS are the case-by-case Estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the reserve for Claims Handling Expenses (ULAE). The Company calculates its LIC by applying generally accepted actuarial methodologies. Expert actuarial judgement is applied in the choice of methodology and the choice of underlying valuation assumptions. As required by IFRS 17, in setting the LIC, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. An adjustment for discounting was also included to the estimates of future cash flows to reflect the time value of money.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. Claims IBNR may often not be apparent to the insured until several years after the event giving rise to the claims would have happened. The delay method was applied, whereby the expected number of claims that will be reported late were projected and multiplied by the average cost of claim. Adequacy tests are carried out annually. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcome because of the greater degree of difficulty in estimating these reserves. The IBNER is then determined by subtracting the IBNR calculation from the total reserve. The Delay Method (average cost per claim) was applied to calculate the IBNR.

In addition to the IBNR and IBNER, the Company makes a provision for the expenses to be borne in processing and resolving all outstanding and IBNR claims. To calculate the ULAE reserve the Company uses a generally accepted actuarial technique called Classical Paid-to-Paid. The purpose of the risk adjustment is to measure the effect of uncertainty in the cash flows that arise from insurance contracts, other than uncertainty arising from financial risk.

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.1 Insurance risk - continued

(b) Sources of uncertainty in the estimation of future claim payments - continued

This is calculated using the VaR Method calibrated using the Solvency II Standard Formula. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility. Note 13 presents the development of the estimate of the liability for incurred claims for claims notified in a given year. This gives an indication of the accuracy of the Company's estimation techniques for claims payments.

2.1.1 Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity.

2024	Change in assumptions	Impact on profit before tax (Gross) €	Impact on profit before tax (Net) €	Impact Equity (Gross) €	Impact on Equity (Net) €
Weighted average term to settlement	10%	133,011	98,469	86,457	64,005
Expected loss	10%	(3,451,337)	(2,727,976)	(2,243,369)	(1,773,184)
Inflation rate	1%	(429,464)	(373,696)	(344,151)	(242,902)
Weighted average term to settlement	-10%	(133,582)	(98,893)	(86,829)	(64,280)
Expected loss	-10%	3,451,337	2,727,976	2,243,369	1,773,184
Inflation rate	-1%	504,855	356,681	328,156	231,843

2023	Change in assumptions	Impact on profit before tax (Gross) €	Impact on profit before tax (Net) €	Impact Equity (Gross) €	Impact on Equity (Net) €
Weighted average term to settlement	10%	157,392	115,012	102,305	74,758
Expected loss	10%	(3,290,862)	(2,549,210)	(2,139,060)	(1,656,986)
Inflation rate	1%	(469,764)	(326,765)	(305,347)	(212,397)
Weighted average term to settlement	-10%	(158,243)	(115,637)	(102,858)	(75,164)
Expected loss	-10%	3,290,862	2,549,210	2,139,060	1,656,986
Inflation rate	-1%	448,433	312,199	291,482	202,929

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management

The Company is exposed to financial risk through its financial assets, financial liabilities, and insurance and reinsurance assets and liabilities. The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance risk. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk. These risks arise from open positions in interest rate, currency and equity positions, all of which are exposed to general and specific market movements. The risk management policies employed by the Company to manage these risks are discussed below.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates. Assets issued at variable rates expose the Company to cash flow interest rate risk. Assets issued at fixed rates expose the Company to fair value interest rate risk. The Company holds investments mostly in equity and debt securities. Debt securities are subject to interest rate risk.

Fair value interest rate risk is the risk that the relative value of a security will worsen due to an interest rate increase. Interest rate risk is mitigated through the distribution of fixed interest investments over a range of maturity dates. Moreover, the Company's asset allocation policy limits the amount of investment in any one asset or towards any one counterparty. The exposure to interest rate risk in respect of borrowings is not material considering the short-term nature of the Company's external borrowings. Notes 6, 9 and 12 incorporate interest rate and maturity information with respect to the Company's assets and liabilities.

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

	2024 €	2023 €
Assets at floating interest rates (Notes 6 and 9)	12,334,157	12,933,285
Assets at fixed interest rates (Note 6)	38,562,959	35,681,631
	50,897,116	48,614,916

At 31 December 2024 and 2023 the Company was mainly exposed to fair value interest rate risk on listed fixed interest rate debt securities. If interest rates at that date would have been 150 basis points lower with all other variables held constant, the increase in pre-tax profit for the year would have been €1,354,675 (2023: €1,263,200) higher. An increase of 150 basis points, with all other variables held constant, would have resulted in pre-tax profit being €1,237,753 (2023: €1,169,123) lower. The Company's financial instruments subject to cash flow interest rate risk are short-term in nature and accordingly the level of interest rate risk is contained.

	2024 €	2023 €
Estimate of the present value of future cashflows (Note 12) – Insurance contract liabilities	32,817,119	31,317,434
Estimate of the present value of future cashflows (Note 12) – Reinsurance contract assets	9,755,705	10,551,116

Notes to the financial statements – CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management - continued

(a) Market risk – continued

(i) Interest rate risk - continued

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non-linear.

		2024		2023	
	Change in interest rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		€	€	€	€
Insurance and reinsurance contracts	+150 bps	556,599	361,789	486,644	316,319
Insurance and reinsurance contracts	-150 bps	(596,820)	(387,933)	(521,097)	(338,713)

Up to the end of the reporting period the Company did not have any hedging policy with respect to interest rate risk as exposure to such risks was not deemed to be significant by the directors.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the end of the reporting period.

(ii) Price risk

The Company is exposed to market price risk on its financial assets, particularly on its equity investments. These investments are subject to stock market volatility and the value can decline significantly in response to adverse political, market or economic developments.

The Company reduces this risk by diversifying its investments in different countries and in different sectors. The Company also operates a number of investment portfolios in order to spread risk. These investment portfolios are administered by different investment managers.

The Company's investment portfolio is overseen by the Investment Committee that meets on a regular basis in order to review the position of its investments and to plan its investment strategy in accordance with established guidelines. Investment decisions are taken on the basis of an Asset Allocation Policy approved by the Board. The Asset Allocation Policy includes benchmarks and guidelines on various aspects of portfolio management, including currency, instrument, rating, localization, concentration and maturity. It is periodically reviewed by the Investment Committee and, subject to Board approval, amended as necessary so as to reflect the Company's overall investment objective, which is principally the preservation of capital and the ability to meet claim liabilities.

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management - continued

(a) Market risk - continued

(ii) Price risk - continued

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

	2024 €	2023 €
Assets subject to equity price risk (Note 6)	35,118,623	26,800,306

The sensitivity for equity 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 for equity price risk is derived based on global equity returns, assuming that currency exposures are hedged.

Given the investment strategy of the Company, a 10% positive or negative movement in equity prices is considered to be an appropriate benchmark for sensitivity purposes. A 10% increase/decrease in equity prices, with all other variables held constant, would result in an impact on the pre-tax profit for the year of €3,511,862 (2023: €2,680,031).

(iii) Currency risk

Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact on the amounts that are paid to settle liabilities and on the amounts that are realised from the Company's assets. Most of the Company's liabilities are in local currency and are therefore not subject to currency risk. On the other hand, the Company's exposure to foreign exchange risk arises primarily from investments that are denominated in currencies other than the Euro. The Company's Investment Committee establishes allowable thresholds with regards to the Company's exposure to foreign exchange risk.

As at 31 December 2024, the Company's exposure to foreign currency investments, principally comprising a mix of US Dollar and UK Pound, represented 14% of the Company's total investments (2023: 13%). The directors do not consider the Company's exposure to exchange risk to be significant.

Insurance contract assets and insurance contract liabilities, as well as reinsurance contract assets and reinsurance contract liabilities are all denominated in Euro.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's exposure to credit risk can arise mainly from the following sources:

1. Reinsurers' share of insurance liabilities
2. Intercompany/related party borrowings
3. Investments and cash and cash equivalents

As a general rule the Company transacts its business on a cash basis. The Company has in place internal control structures to assess and monitor credit exposures and risk thresholds. Normal credit terms provided by the Company range from 1 to 3 months. Credit risk with respect to debts is limited due to the large number of customers comprising the Company's debtor base.

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management - continued

(b) Credit risk - continued

In view of the nature of the Company's activities, its receivables include amounts due from group and related undertakings. The Company's management monitors credit exposures with related parties at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall liquidity management. The Company assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Company takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

Reinsurance is used to manage insurance risks. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by the Company's Reinsurance Committee that reviews their financial strength in accordance with MFSA guidelines prior to finalisation of any contract. The Company's policy is to only contract Reinsurers with a minimum Standard & Poor's rating (or equivalent when not available) of "A minus".

The Company is also exposed to credit risk on its cash at bank and investments. The Company's cash is placed with quality financial institutions. The Company has no significant exposure to credit risk with respect to investments since such assets exposing the Company to credit risk mainly consist of investments in government bonds and corporate bonds quoted on a reputable stock exchange. Credit risk in respect of concentration of investments is not considered by the directors to be significant in view of the credit standing of the issuers.

The following table illustrates the assets that expose the Company to credit risk as at the end of the reporting period and includes the Standard & Poor's composite rating (or equivalent), when available. Unrated financial assets principally comprise locally traded bonds on the Malta Stock Exchange, receivables and certain deposits with local bank institutions for which no recognised rating is available.

Financial assets bearing credit risk at the end of the reporting period are analysed in the following tables. Deposits with banks or financial institutions, and cash and cash equivalents classified as unrated are held with reputable local banks or an unrated local subsidiary of a financial institution with a credit rating of A. At 31 December 2024 and 2023, significantly all of the Company's receivables classified as unrated were not past due or impaired.

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management - continued

(b) Credit risk - continued

As at 31 December 2024						
	AAA to AA- €	A+ to A- €	B to BB- €	BBB+ to BBB- €	Unrated €	Total €
Investments						
Fair value through profit or loss financial assets excluding equities	6,895,506	10,112,356	-	8,517,688	6,581,753	32,107,303
Loan to group undertaking	-	-	-	-	1,500,000	1,500,000
Deposits with banks or financial institutions	-	-	-	-	10,590,161	10,590,161
	6,895,506	10,112,356	-	8,517,688	18,671,914	44,197,464
Loans and receivables						
Receivables and accrued income	-	-	-	-	676,608	676,608
Cash and cash equivalents	-	-	-	4,059,998	3,523,575	7,583,573
	-	-	-	4,059,998	4,200,183	8,260,181
Total	6,895,506	10,112,356	-	12,577,686	22,872,097	52,457,645
Amounts recoverable on incurred claims						10,245,524
Total assets bearing credit risk						62,703,169

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management - continued

(b) Credit risk - continued

As at 31 December 2023						
	AAA to AA- €	A+ to A- €	B to BB- €	BBB+ to BBB- €	Unrated €	Total €
Investments						
Fair value through profit or loss financial assets excluding equities	3,442,001	8,502,214	-	7,209,110	6,798,622	25,951,947
Loan to group undertaking	-	-	-	-	1,500,000	1,500,000
Deposits with banks or financial institutions		-	-	1,000,000	11,965,705	12,965,705
	3,442,001	8,502,214	-	8,209,110	20,264,327	40,417,652
Loans and receivables						
Receivables and accrued income	-	-	-	-	777,415	777,415
Cash and cash equivalents	-	-	823,973	4,506,806	3,852,287	9,183,066
	-	-	823,973	4,506,806	4,629,702	9,960,481
Total	3,442,001	8,502,214	823,973	12,715,916	24,894,029	50,378,133
Amounts recoverable on incurred claims						11,035,840
Total assets bearing credit risk						61,413,973

(c) Liquidity risk

The Company's exposure to liquidity risk arises from the eventuality that the frequency or severity of claims are greater than estimated. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The directors do not consider this risk as significant given the nature of the Company's financial assets and liabilities. The Company's financial assets are considered to be in their greater part readily realisable as they consist of local and foreign securities listed on recognised stock markets and deposits held with reputable credit institutions. Moreover, the Company ensures that a reasonable level of funds is available at any point in time for unexpected large claims and the Company may also resort to overdraft facilities as a means of finance.

The following tables summarises the maturity profile of portfolios of insurance contracts issued that are liabilities of the Company based on the present value of future cashflows expected to be paid in the periods presented below. The presented value of future cashflows include the undiscounted liability for incurred claims excluding the risk adjustment.

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management - continued

(c) Liquidity risk - continued

2024						
	Up to 1 year €	1 – 2 years €	2 – 3 years €	3 – 4 years €	4 – 5 years €	>5 years €
Gross RI	19,028,772 (4,465,746)	5,165,727 (1,443,789)	3,217,016 (954,341)	2,128,235 (642,260)	1,566,016 (495,522)	3,095,926 (998,893)
Net	14,563,026	3,721,938	2,262,675	1,485,975	1,070,494	2,097,033
2023						
	Up to 1 year €	1 – 2 years €	2 – 3 years €	3 – 4 years €	4 – 5 years €	>5 years €
Gross RI	19,657,892 (4,956,807)	4,485,365 (1,343,648)	2,573,963 (801,309)	2,129,468 (674,550)	913,916 (292,852)	2,990,965 (987,922)
Net	14,701,085	3,141,717	1,772,654	1,454,918	621,064	2,003,043

The following table summarises the maturity profile of financial assets of the Company based on remaining undiscounted contractual cash flows, including interest receivable:

2024						
Financial Assets	Up to 1 year €	1 – 2 years €	2 – 3 years €	3 – 4 years €	4 – 5 years €	>5 years €
Cash & cash equivalents	-	-	-	-	-	- 7,583,573
Debt instruments at FVPL	5,047,091	9,766,844	8,720,996	4,034,985	2,652,881	1,884,506
Financial assets at amortised cost	11,090,161	1,000,000	-	-	-	-
	16,137,252	10,766,844	8,720,996	4,034,985	2,652,881	1,884,506

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management - continued

(c) Liquidity risk - continued

2024								
Liabilities	Up to 1 year €	1 – 2 years	2 – 3 years €	3 – 4 years €	4 – 5 years €	>5 years €	Total €	
Other payables	1,816,673	-	-	-	-	-	1,816,673	
	1,816,673	-	-	-	-	-	1,816,673	
2023								
Financial Assets	Up to 1 year €	1 – 2 years	2 – 3 years €	3 – 4 years €	4 – 5 years €	>5 years €	No maturity €	Total €
Cash & cash equivalents	-	-	-	-	-	-	9,183,066	9,183,066
Debt instruments at FVPL	2,183,001	5,328,171	9,613,308	3,259,657	2,608,245	2,959,565	-	25,951,947
Financial assets at amortised cost	13,465,705	1,000,000	-	-	-	-	-	14,465,705
	15,648,706	6,328,171	9,613,308	3,259,657	2,608,245	2,959,565	9,183,066	49,600,718
2023								
Liabilities	Up to 1 year €	1 – 2 years	2 – 3 years €	3 – 4 years €	4 – 5 years €	>5 years €	Total €	
Other payables	1,569,608	-	-	-	-	-	1,569,608	
	1,569,608	-	-	-	-	-	1,569,608	

Liquidity risk for lease liabilities is contemplated in note 25.

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.2 Financial risk management - continued

(c) Liquidity risk - continued

The table below summarises the expected utilisation or settlement of assets and liabilities:

Year ended 31 December	2024			2023		
	No more than 12 months	More than 12 months	Total	No more than 12 months	More than 12 months	Total
Financial assets	23,720,825	28,060,212	51,781,037	24,831,772	24,768,946	49,600,718
Cash & cash equivalents	7,583,573	-	7,583,573	9,183,066	-	9,183,066
Debt instruments at FVPL	5,047,091	27,060,212	32,107,303	2,183,001	23,768,946	25,951,947
Financial assets at amortised cost	11,090,161	1,000,000	12,090,161	13,465,705	1,000,000	14,465,705
Financial liabilities	1,816,673	-	1,816,673	1,569,608	-	1,569,608
Other payables	1,816,673	-	1,816,673	1,569,608	-	1,569,608
Insurance contract assets	5,245,381	5,122,762	10,368,143	4,495,025	6,610,582	11,105,607
Insurance issued	-	-	-	-	-	-
Reinsurance held	5,245,381	5,122,762	10,368,143	4,495,025	6,610,582	11,105,607
Insurance contract liabilities	41,384,515	15,185,883	56,570,398	36,276,453	17,968,464	54,244,917
Insurance issued	40,556,604	15,185,883	55,742,487	34,830,508	17,968,464	52,798,972
Reinsurance held	827,911	-	827,911	1,445,945	-	1,445,945

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.3 Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by the Malta Financial Services Authority ("MFSA");
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and,
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its shareholders.

The Company is required to hold regulatory capital for its general insurance business in compliance with the rules issued by the MFSA. The minimum capital requirement (defined as 'the required minimum margin') must be maintained at all times throughout the year. The Company monitors its capital level on a regular basis at least once a month through detailed reports compiled with the management accounts. Such reports are circulated to the Board and senior management. Any transactions that may potentially affect the Company's solvency position are immediately reported to the directors and shareholders for resolution prior to notifying the MFSA.

The Company is subject to the requirements of the EU Solvency II directive. The Solvency II regime establishes a new set of EU-wide capital requirements, risk management and disclosure standards. The Company must hold eligible own funds to cover the solvency capital requirement (SCR) and eligible basic own funds to cover the minimum capital requirement (MCR). The SCR shall be calculated either in accordance with the standard formula or using a full or partial internal model (PIM) as approved by the Regulator. The Company must immediately inform the Regulator where it observes that its SCR or MCR are no longer complied with or where there is risk of non-compliance in the following six months for SCR and three months for MCR.

The Company opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile.

The Company was in full compliance with its regulatory capital requirements throughout the financial year and at 31 December 2024, the Company's eligible own funds amounting to €66.7 million (2023: €58.1 million) were in excess of the required SCR.

2.4 Fair value estimation

The fair value of publicly traded investments classified as financial assets at fair value through profit or loss is based on quoted market prices at the end of the reporting period. At 31 December 2024 and 2023, the carrying amount of the Company's other financial assets and liabilities approximate their fair value due to their short-term nature. IFRS 13 requires disclosure for fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value:

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

Notes to the financial statements - CONTINUED

2. Management of insurance and financial risk - continued

2.4 Fair value estimation - continued

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December.

	2024 €	2023 €
Assets		
Financial assets at fair value through profit or loss:		
Investments - Level 1	66,188,396	50,893,903
Investments - Level 3	1,037,530	1,858,350

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The fair value of financial assets classified as Level 3 was determined by reference to the net asset value of the Company. The following table presents the Company's investments measured at level 3 fair value at 31 December:

	2024 €	2023 €
Year ended 31 December		
At beginning of year	1,858,350	1,629,028
Fair value movements	(891,129)	(243,248)
Additions	70,309	472,570
	<hr/>	<hr/>
At end of year	1,037,530	1,858,350

Properties are fair value measured at Level 3 and are disclosed in Note 4 and 5. For assets that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between fair value hierarchies during the current or previous year.

Notes to the financial statements - CONTINUED

3. Critical accounting estimates and judgements in applying accounting policies

Liability for incurred claims (LIC)

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimate and assumptions that have a significant risk of affecting the reported amount of assets and liabilities within the next financial year are discussed below. The estimation of the liability for incurred claims under insurance contracts is the Company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. As disclosed in Note 2.1 the estimated cost of unpaid claims, both reported and not, is calculated on a case by case basis using a combination of past experience, medical assessments, legal precedent and current trends in compensation awards. The Company believes that the liability arising from claims under insurance contracts is adequately reserved as at the financial year end. Further detail about the development of claims is provided in Note 13 to these financial statements. Claims reserves are calculated utilising a combination of internal and market data and are made up of the sum of individual case estimates.

In the case of property damage claims estimates are based on expert reports, while those for injury or fatality claims are calculated using formulas established by jurisprudence to which legal costs are added on. Based on this process, no key variable has been identified for which a change would have a material impact on the profit or loss for the year. Such an assessment and the relative materiality of the key variables may change in the future. Statistical analyses on the adequacy of claims reserves are regularly carried out and these consistently show that the reserves are reliable and adequate. The incurred but not enough reported (IBNER) reserve includes both the recoveries and the movement of known claims. This reserve captures the expected inadequacy of case estimates of outstanding claims. Variations occur when compared to prior year claims estimates due to a combination of factors including claims being settled for different amounts than estimated, and changes made to reserve estimates as more information becomes available. Favourable movements are indicative of an adequate reserving methodology in prior years.

Discount Rates

The Company recognises and measures liabilities for groups of insurance contracts at a risk-adjusted present value of the expected future cash flows. An adjustment for discounting is required to the estimates of future cash flows to reflect the time value of money. A significant proportion of the Company's claims is settled beyond 12 months from the date they are incurred, and therefore discounting was applied. For discounting, the Company uses the bottom-up approach using the risk-free rates with volatility adjustment as published by EIOPA. Discount rates applied for discounting for future cash flows are listed below:

Notes to the financial statements - CONTINUED

3. Critical accounting estimates and judgements in applying accounting policies

Discount Rates - continued

Years	Euro spot rate
1	2.47%
2	2.32%
3	2.32%
4	2.35%
5	2.37%
6	2.40%
7	2.43%
8	2.45%
9	2.47%
10	2.50%
11	2.52%
12	2.54%
13	2.56%
14	2.56%
15	2.56%

Same rate was applied for all groups of insurance contracts.

Risk Adjustment

The Company adjusts the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The purpose of the risk adjustment is to measure the effect of uncertainty in the cash flows that arise from insurance contracts, other than uncertainty arising from financial risk. This is calculated using the VaR Method calibrated using the Solvency II Standard Formula. The Company has selected a confidence level of 75% as this is considered to be reflective of the risk appetite of the Company.

Notes to the financial statements - CONTINUED

4. Property, plant and equipment

	Land and buildings including leasehold improvements €	Office furniture and equipment €	Computer equipment €	Motor vehicles €	Total €
At 1 January 2023					
Cost	7,947,331	1,756,574	3,486,261	596,229	13,786,395
Accumulated Depreciation	(1,623,296)	(1,624,126)	(3,231,718)	(456,940)	(6,936,080)
Net book amount	6,324,035	132,448	254,543	139,289	6,850,315
Year ended 31 December 2023					
Opening net book amount	6,324,035	132,448	254,543	139,289	6,850,315
Additions	3,987,814	26,970	122,897	19,000	4,156,681
Disposals	(7,216)	-	-	-	(7,216)
Revaluations (Note 15)	18,700	-	-	-	18,700
Depreciation charge	(287,463)	(35,260)	(79,184)	(45,628)	(447,535)
Depreciation released on disposals	7,216	-	-	-	7,216
Transfer	-	-	(58,705)	-	(58,705)
Closing net book amount	10,043,086	124,158	239,551	112,661	10,519,456
At 31 December 2023					
Revalued amount / cost	11,946,629	1,783,544	3,550,453	615,229	17,895,855
Accumulated depreciation	(1,903,543)	(1,659,386)	(3,310,902)	(502,568)	(7,376,399)
Net book amount	10,043,086	124,158	239,551	112,661	10,519,456
Year ended 31 December 2024					
Opening net book amount	10,043,086	124,158	239,551	112,661	10,519,456
Additions	1,019,204	145,225	137,414	168,099	1,469,942
Disposals	-	-	(2,151)	(21,165)	(23,316)
Revaluations (Note 15)	(1,566,505)	-	-	-	(1,566,505)
Depreciation charge	(523,323)	(32,485)	(104,676)	(79,248)	(739,732)
Depreciation released on disposals	-	-	430	21,165	21,595
Closing net book amount	8,972,462	236,898	270,568	201,512	9,681,440
At 31 December 2024					
Revalued amount / cost	11,399,328	1,928,769	3,685,716	762,163	17,775,976
Accumulated depreciation	(2,426,866)	(1,691,871)	(3,415,148)	(560,651)	(8,094,536)
Net book amount	8,972,462	236,898	270,568	201,512	9,681,440

Notes to the financial statements - CONTINUED

4. Property, plant and equipment - continued

The above assets are considered non-current in nature.

Land and buildings

Land and buildings for own use were revalued in December 2024 and in December 2023 based on professional independent valuations.

Fair valuation adjustments from the net book value of land and buildings is adjusted to revaluation reserve, net of consequential deferred tax impact (Note 8).

The Company is required to disclose fair values by level of the fair value measurement hierarchy. The recurring property fair value measurements at 31 December 2024 and at 31 December 2023 use significant unobservable inputs and is accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company decided to redevelop its current offices classified as property, plant and equipment and a few neighbouring properties classified as either property, plant and equipment or investment property. A permit is in hand for this to take place.

Had the cost model been used, the carrying amount as at 31 December would have been as follows:

	2024 €	2023 €
Historical cost	8,640,244	7,621,040
Accumulated depreciation	(3,071,516)	(2,619,354)
	5,568,728	5,001,686

Valuation processes, valuation techniques and information about fair value measurements using significant unobservable inputs (Level 3)

The Company's policy is to value property on periodic valuation by the directors after seeking professional advice from independent professionally qualified valuers who hold a recognised relevant professional qualification and have the necessary experience in the location and segments of the property being valued. Since external valuations are carried out in accordance with this policy, the valuer reports directly to the board of directors and discussions on the valuation techniques and its results, including an evaluation of the inputs to the valuation, are held between these parties.

The valuation was determined using the sales comparison approach. Properties valued using this approach take into consideration comparable properties in proximity. These values are adjusted for differences in key attributes such as property size and quality of interior fittings. The most significant input into this valuation is price per square metre. The average price per square metre as at December 2024 was circa €1,094 (2023: €1,402) in the case of properties used in operations. An increase in the adjusted sales price per square metre would result in a higher value.

For all properties, their current use equates to the highest and best use.

Notes to the financial statements - CONTINUED

5. Investment property

	2024 €	2023 €
Year ended 31 December		
At beginning of year	17,752,399	17,626,597
Transfers	-	(140,940)
Additions	-	27,791
Fair value (loss) / gain on revaluation (Note 17)	(731,975)	238,951
At end of year	17,020,424	17,752,399
At 31 December		
Cost	13,888,832	13,888,832

The above assets are considered non-current in nature. As at 31 December 2024, the fair value of investment property available for rent and for capital appreciation totalled €13,814,660 (2023: €13,179,204) and €3,205,764 (2023: €4,573,195), respectively.

For all properties, their current use equates to the highest and best use.

The Company decided to redevelop its current offices classified as property, plant and equipment and a few neighbouring properties classified as either property, plant and equipment or investment property. A permit is in hand for this to take place.

An internal valuation of the Company's investment property was performed to determine the fair value as at 31 December 2024. The directors are of the opinion that the carrying amount of the investment property as at 31 December 2024 is not materially different from its fair value. The Company is required to disclose fair values by level of the fair value measurement hierarchy as described in Note 2.4.

The Company's recurring fair value measurements of investment property are categorised as Level 3 as they are based on significant unobservable inputs.

The fair value movement is accounted for in the statement of comprehensive income.

Valuation processes

The valuations of the properties are performed annually by the directors on the basis of information such as current rents, terms and conditions of lease agreements, capital expenditure, etc. The information used to value the properties and the valuation models used - are reviewed by the Property Investment Committee. This includes a review of fair value movements over the period.

The Property Investment Committee is a sub-committee of the Investment Committee and when the Investment Committee considers that the valuation report is appropriate, the valuation report is recommended to the audit committee. The audit committee considers the valuation report as part of its overall responsibilities.

Notes to the financial statements - CONTINUED

5. Investment property - continued

Valuation technique

The valuation was determined by capitalising future net income streams based on significant unobservable inputs. These inputs include:

Future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date.

The Company also makes reference to professional independent valuations based on the market comparable approach, that reflects recent transaction prices for similar properties, as necessary.

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

At 31 December 2024			Range of significant unobservable inputs	
Description	Fair value €	Valuation technique	Rental value €	Capitalisation rate %
Residential and Commercial property	13.8m	Capitalisation of future net income streams	0.6m	3.75 – 5.50

Other properties valued at €3,205,764 were measured using the residual value. The average price per square metre as at December 2024 was circa €796 for these properties.

At 31 December 2023			Range of significant unobservable inputs	
Description	Fair value €	Valuation technique	Rental value €	Capitalisation rate %
Residential and Commercial property	13.2m	Capitalisation of future net income streams	0.5m	3.75 – 5.00

Other properties valued at €4,573,194 were measured using the residual value. The average price per square metre as at December 2023 was circa €1,136 for these properties.

For each valuation for which rental value and capitalisation rate have been determined to be the significant unobservable inputs, the higher the rental value and the lower the capitalisation rate, the higher the fair value. Conversely, the lower the rental value and the higher the capitalisation rate, the lower the fair value.

As at 31 December 2024, the Company is committed to further additions to investment property of €2,200,000, in respect of which an amount of €220,000 has already been deposited.

Notes to the financial statements – CONTINUED

6. Investments

The investments are summarised by measurement category in the table below.

	2024 €	2023 €
Investments at fair value through profit or loss (Note a)	67,225,926	52,752,253
Financial assets at amortised cost (Note b)	12,090,161	14,465,705
Investment in joint venture and associate (Note c)	2,912,034	1,705,097
	82,228,121	68,923,055

(a) Investment at fair value through profit or loss

	2024 €	2023 €
Equity securities, other variable yield securities and units in collective investment schemes	35,118,623	26,800,306
Debt securities - listed fixed interest rate	26,472,798	21,215,926
Debt securities - listed floating interest rate	5,634,505	4,736,021
	32,107,303	25,951,947
Total investments at fair value through profit or loss	67,225,926	52,752,253

Equity securities, other variable yield securities and units in collective investment schemes are classified as non-current.

Maturity of debt securities and treasury bills:

	2024 €	2023 €
Within 1 year	5,047,091	2,183,001
Between 1 and 2 years	9,766,844	5,328,171
Between 2 and 5 years	15,408,862	15,481,210
Over 5 years	1,884,506	2,959,565
	32,107,303	25,951,947

	2024	2023
Weighted average effective interest rate	1.91%	1.91%

An investment in an unrated collective investment scheme has a commitments balance of €308,374 as at 31st December 2024 (€326,047 as at 31st December 2023).

Notes to the financial statements – CONTINUED

6. Investments - continued

The movements for the year are summarised as follows:

	2024 €	2023 €
Year ended 31 December		
At beginning of year	52,752,253	47,724,108
Additions	25,299,761	40,056,139
Disposals (sale and redemptions)	(13,541,338)	(38,055,582)
Net unrealised fair value gains	2,715,250	3,027,588
At end of year	67,225,926	52,752,253
As at 31 December		
Cost	63,988,015	51,557,835
Accumulated net fair value gains	3,237,911	1,194,418
	67,225,926	52,752,253

(b) Financial assets at amortised cost

	2024 €	2023 €
At 31 December		
Deposits with banks or financial institutions	10,590,161	12,965,705
Loan to group undertaking	1,500,000	1,500,000
	12,090,161	14,465,705

Maturity of deposits with banks or financial institutions and loans:

	2024 €	2023 €
Within 1 year	11,090,161	13,465,705
Between 1 and 5 years	1,000,000	1,000,000
	12,090,161	14,465,705

The deposits with banks or financial institutions earn interest as follows:

	2024 €	2023 €
At fixed rates	12,090,161	14,465,705

Investments amounting to €2,109,500 (2023: €2,109,500) are pledged with banks or financial institutions against borrowings.

In 2024 the loan to group undertaking was unsecured, bore interest at a weighted average rate of 3.4% (2023: 3%) and was repayable on demand.

Notes to the financial statements – CONTINUED

6. Investments - continued

(c) Investment in joint venture and associate

	2024 €	2023 €
CCGM Pension Administrators Limited	108,609	86,741
IVALIFE Insurance Limited	2,803,425	1,618,356
	2,912,034	1,705,097

CCGM Pension Administrators Limited's share capital is made up as follow:

	2024 €	2023 €
Issued and fully paid up		
200,000 Ordinary 'A' shares of €1 each	200,000	200,000
200,000 Ordinary 'B' shares of €1 each	200,000	200,000
	400,000	400,000

Shares carry equal voting rights, and rights to dividends and rank pari-passu. The Company has 50% interest in the equity of CCGM. The investment's carrying value is determined by reference to the Company's share of the net asset value of CCGM. Unrealised gain on this investment in 2024 amounted to €21,868 (2023: loss of €7,376).

IVALIFE Insurance Limited's share capital is made up as follow:

	2024 €	2023 €
Issued and fully paid up		
Ordinary shares of €1 each	15,500,000	11,500,000
	15,500,000	11,500,000

Shares carry equal voting rights, and rights to dividends and rank pari-passu. The Company has 25% interest in the equity of IVALIFE Insurance Limited. The investment's carrying value is determined by reference to the Company's share of the net asset value of IVALIFE Insurance Limited. In 2024, the net upward movement of €1,185,069 was the net result of both a shareholder contribution of €1,000,000 and an unrealised gain on this investment amounting to €185,069. In 2023, the net upward movement of €74,227 was the net result of both a shareholder contribution of €500,000 and an unrealised loss on this investment amounting to €425,773.

Notes to the financial statements – CONTINUED

7. Receivables, prepayments, accrued income and other assets

	2024 €	2023 €
Other receivables		
- other receivables	205,029	385,168
	205,029	385,168
Prepayments and accrued income		
- prepayments	398,472	439,594
- accrued interest	471,579	392,247
	870,051	831,841
Total receivables, prepayments, accrued income and other assets	1,075,080	1,217,009
Current portion	1,075,080	1,217,009

8. Deferred taxation

	2024 €	2023 €
Year ended 31 December		
At beginning of year	(2,121,171)	(2,052,440)
Charged to profit or loss (Note 19)	(14,376)	(67,235)
Credited / (charged) to other comprehensive income (Note 15)	342,099	(1,496)
At end of year	(1,793,448)	(2,121,171)

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2023: 35%), with the exception of investment property and freehold and other property, for which deferred income taxes are calculated using a principal tax rate of 8% or 10% of the carrying amount depending on the acquisition date. The directors consider the deferred taxation as at the end of the reporting period to be of a non-current nature.

Notes to the financial statements – CONTINUED

8. Deferred taxation - continued

The balance at 31 December represents:

	2024 €	2023 €
Temporary difference on fixed assets	(43,140)	(24,352)
Temporary differences attributable to unrealised foreign exchange differences	(1,150)	-
Temporary differences on impairment of receivables	26,386	27,979
Temporary difference on revaluation on land and buildings	(495,550)	(837,650)
Temporary differences on investment property	(1,226,117)	(1,280,897)
Temporary differences on unrealised capital gains	(53,877)	(6,251)
	<u>(1,793,448)</u>	<u>(2,121,171)</u>

Movements in deferred tax arising on revaluation of land and buildings are accounted for in other comprehensive income. All other temporary differences are accounted for in the profit and loss account. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set-off under the Malta Income Tax regime.

9. Cash and cash equivalents

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

	2024 €	2023 €
Cash at bank and in hand	<u>7,583,573</u>	<u>9,183,066</u>

Cash at bank and in hand includes amounts held with investment managers amounting to €880,344 (2023: €1,051,299). Cash and cash equivalents are stated net of an allowance for expected credit losses amounting to €37,156 (2023: €42,777).

The deposits held with banks earn interest as follows:

	2024 €	2023 €
At floating rates	<u>6,699,652</u>	<u>8,197,265</u>

Notes to the financial statements – CONTINUED

10. Share capital

	2024 €	2023 €
Authorised		
15,000,000 Ordinary shares of €1 each	<u>15,000,000</u>	<u>15,000,000</u>
Issued and fully paid up		
6,750,000 Ordinary 'A' shares of €1 each	<u>6,750,000</u>	<u>6,750,000</u>
5,250,000 Ordinary 'B' shares of €1 each	<u>5,250,000</u>	<u>5,250,000</u>
	<u>12,000,000</u>	<u>12,000,000</u>

The 'A' and 'B' ordinary shares rank pari passu in all respects except for the appointment of the directors. The holders of the 'A' and 'B' ordinary shares are entitled to appoint an equal number of persons as directors of the company.

11. Retained earnings

The retained earnings balance represents the amount available for dividend distribution to the ordinary shareholders except for any amount that is not distributable in terms of the solvency capital requirements which the company is required to adhere to in terms of the Insurance Business Act (Cap. 403) and any amount that is not distributable under the Maltese Companies Act, (Cap. 386), to the extent that it represents unrealised profits.

12. Insurance and reinsurance contracts

The roll-forward of net asset or liability for insurance and reinsurance contracts issued showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

Notes to the financial statements – CONTINUED

12. Insurance and reinsurance contracts - continued

	2023			
	Liabilities for remaining coverage	Liabilities for incurred claims		Total
	Excluding loss component	Estimate of the present value of future cash flows	Risk adjustment	
	€	€	€	€
Insurance contract liabilities as at 01/01/2023	16,670,789	34,421,720	1,753,734	52,846,243
Insurance contract assets as at 01/01/2023	(5,170)	-	-	(5,170)
Net insurance contract liabilities as at 01/01/2023	16,665,619	34,421,720	1,753,734	52,841,073
Insurance revenue	(68,824,338)	-	-	(68,824,338)
Insurance service expenses				
- Incurred claims and other expenses	-	30,630,010	720,659	31,350,669
- Changes to liabilities for incurred claims	-	(6,112,947)	(883,212)	(6,996,159)
Amortisation of insurance acquisition cash flows	11,867,204	-	-	11,867,204
Insurance service result	(56,957,134)	24,517,063	(162,553)	(32,602,624)
Insurance finance expenses	-	1,950,255	-	1,950,255
Total changes in the statement of comprehensive income	(56,957,134)	26,467,318	(162,553)	(30,652,369)
Cash flows				
Premiums received	71,014,181	-	-	71,014,181
Insurance acquisition cash flows	(10,832,309)	-	-	(10,832,309)
Claims and other expenses paid		(29,571,604)	-	(29,571,604)
Total cash flows	60,181,872	(29,571,604)	-	30,610,268
Net insurance contract liabilities as at 31/12/2023	19,890,357	31,317,434	1,591,181	52,798,972
Insurance contract liabilities as at 31/12/2023	19,890,357	31,317,434	1,591,181	52,798,972
Insurance contract assets as at 31/12/2023	-	-	-	-
Net insurance contract liabilities as at 31/12/2023	19,890,357	31,317,434	1,591,181	52,798,972

Notes to the financial statements – CONTINUED

12. Insurance and reinsurance contracts – continued

	2024			
	Liabilities for remaining coverage	Liabilities for incurred claims		Total
	Excluding loss component	Estimate of the present value of future cash flows	Risk adjustment	
	€	€	€	€
Insurance contract liabilities as at 01/01/2024	19,890,357	31,317,434	1,591,181	52,798,972
Insurance contract assets as at 01/01/2024	-	-	-	-
Net insurance contract liabilities as at 01/01/2024	19,890,357	31,317,434	1,591,181	52,798,972
Insurance revenue	(74,995,991)	-	-	(74,995,991)
Insurance service expenses				
- Incurred claims and other expenses	-	32,074,677	759,896	32,834,573
- Changes to liabilities for incurred claims	-	(661,911)	(654,829)	(1,316,740)
Amortisation of insurance acquisition cash flows	12,248,527	-	-	12,248,527
Insurance service result	(62,747,464)	31,412,766	105,067	(31,229,631)
Insurance finance expenses	-	753,947	-	753,947
Total changes in the statement of comprehensive income	(62,747,464)	32,166,713	105,067	(30,475,684)
Cash flows				
Premiums received	77,402,987	-	-	77,402,987
Insurance acquisition cash flows	(13,316,761)	-	-	(13,316,761)
Claims and other expenses paid	-	(30,667,028)	-	(30,667,028)
Total cash flows	64,086,226	(30,667,028)	-	33,419,198
Net insurance contract liabilities as at 31/12/2024	21,229,119	32,817,119	1,696,248	55,742,486
Insurance contract liabilities as at 31/12/2024	21,229,119	32,817,119	1,696,248	55,742,486
Insurance contract assets as at 31/12/2024	-	-	-	-
Net insurance contract liabilities as at 31/12/2024	21,229,119	32,817,119	1,696,248	55,742,486

Notes to the financial statements – CONTINUED

12. Insurance and reinsurance contracts - continued

	2023			
	Assets for remaining coverage	Amounts recoverable on incurred claims	Risk adjustment	Total
	Excluding loss-recovery component	Estimate of the present value of future cash flows		
Reinsurance contract assets as at 01/01/2023	15,287	11,819,169	534,701	12,369,157
Reinsurance contract liabilities as at 01/01/2023	(1,831,001)	-	-	(1,831,001)
Net reinsurance contract assets /(liabilities) as at 01/01/2023	(1,815,714)	11,819,169	534,701	10,538,156
An allocation of reinsurance premiums <i>Amounts recoverable from reinsurers for incurred claims</i>	(13,101,234)	-	-	(13,101,234)
- Amounts recoverable for incurred claims and other expenses	-	2,808,430	103,425	2,911,855
- Changes to amounts recoverable for incurred claims	-	(3,002,825)	(153,402)	(3,156,227)
Net income or expense from reinsurance contracts held	(13,101,234)	(194,395)	(49,977)	(13,345,606)
Reinsurance finance income	-	622,536	-	622,536
Total changes in the statement of comprehensive income	(13,101,234)	428,141	(49,977)	(12,723,070)
Cash flows				
Premiums paid	13,540,770	-	-	13,540,770
Amount received	-	(1,696,194)	-	(1,696,194)
Total cash flows	13,540,770	(1,696,194)	-	11,844,576
Net reinsurance contract assets / (liabilities) as at 31/12/2023	(1,376,178)	10,551,116	484,724	9,659,662
Reinsurance contract assets as at 31/12/2023	69,767	10,551,116	484,724	11,105,607
Reinsurance contract liabilities as at 31/12/2023	(1,445,945)	-	-	(1,445,945)
Net reinsurance contract assets / (liabilities) as at 31/12/2023	(1,376,178)	10,551,116	484,724	9,659,662

Notes to the financial statements – CONTINUED

12. Insurance and reinsurance contracts – continued

	2024			
	Assets for remaining coverage	Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Estimate of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 01/01/2024	69,767	10,551,116	484,724	11,105,607
Reinsurance contract liabilities as at 01/01/2024	(1,445,945)	-	-	(1,445,945)
Net reinsurance contract assets /(liabilities) as at 01/01/2024	(1,376,178)	10,551,116	484,724	9,659,662
An allocation of reinsurance premiums <i>Amounts recoverable from reinsurers for incurred claims</i>	(13,021,734)	-	-	(13,021,734)
- Amounts recoverable for incurred claims and other expenses	-	2,805,588	103,571	2,909,159
- Changes to amounts recoverable for incurred claims	-	29,639	(98,474)	(68,836)
Net income or expense from reinsurance contracts held	(13,021,734)	2,835,227	5,097	(10,181,410)
Reinsurance finance income	-	235,230	-	235,230
Total changes in the statement of comprehensive income	(13,021,734)	3,070,457	5,097	(9,946,180)
Cash flows				
Premiums paid	13,692,621	-	-	13,692,621
Amount received	-	(3,865,868)	-	(3,865,868)
Total cash flows	13,692,621	(3,865,868)	-	9,826,753
Net reinsurance contract assets / (liabilities) as at 31/12/2024	(705,291)	9,755,705	489,821	9,540,235
Reinsurance contract assets as at 31/12/2024	122,620	9,755,705	489,821	10,368,146
Reinsurance contract liabilities as at 31/12/2024	(827,911)	-	-	(827,911)
Net reinsurance contract assets / (liabilities) as at 31/12/2024	(705,291)	9,755,705	489,821	9,540,235

Notes to the financial statements – CONTINUED

13. Liability for incurred claims

Liability for incurred claims - Gross

The following tables show the best estimate of the cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The components of the LIC under IFRS 17 are the case-by-case Estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER) and the reserve for Claims Handling Expenses. The Company calculates its LICs by applying generally accepted actuarial methodologies namely the Chain Ladder on Paid and Incurred claims, the Loss Ratio method and the Bornhuetter Ferguson method. Expert actuarial judgement is applied in the choice of methodology and the choice of underlying valuation assumptions. As required by IFRS 17, in setting LICs, the Company considers the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. An adjustment for discounting was also included to the estimates of future cash flows to reflect the time value of money. The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting in which it first applies IFRS 17.

Notes to the financial statements – CONTINUED

13. Liability for incurred claims - continued

Liability for incurred claims – Gross - continued

	Undiscounted amounts of claims	At end of reporting year €	one year later €	two years later €	three years later €	four years later €	five years later €	Total €
2019		26,378,789	26,763,106	25,516,194	25,103,415	24,835,947	25,789,463	
2020		27,884,745	27,479,143	25,700,489	25,102,694	25,188,361		
2021		23,668,633	24,612,499	22,725,260	22,600,423			
2022		30,885,071	27,074,018	26,539,545				
2023		29,345,955	28,216,797					
2024		29,121,660						
	Paid	At end of reporting year €	one year later €	two years later €	three years later €	four years later €	five years later €	
2019	(12,741,048)		(21,392,254)	(21,970,811)	(22,653,691)	(22,863,319)	(23,546,429)	
2020	(11,373,856)		(20,664,915)	(22,927,365)	(23,413,724)	(23,520,981)		
2021	(10,700,163)		(17,848,336)	(19,588,383)	(20,418,786)			
2022	(12,869,538)		(21,182,177)	(22,375,566)				
2023	(14,485,207)		(22,680,052)					
2024	(14,344,729)							
Current estimates of :								
Undiscounted claims	29,121,660		28,216,797	26,539,545	22,600,423	25,188,361	25,789,463	157,456,249
Cumulative payments to date	(14,344,729)		(22,680,052)	(22,375,566)	(20,418,786)	(23,520,981)	(23,546,429)	(126,886,543)
Gross undiscounted liabilities for incurred claims	14,776,931		5,536,745	4,163,979	2,181,637	1,667,380	2,243,034	30,569,706
Gross undiscounted liabilities for incurred claims (Pre 2019)								3,631,983
Effects of discounting and risk adjustment								311,678
Total gross liabilities for incurred claims								34,513,367
						Estimate of the present value of future cashflows	Risk adjustment	Total
Total gross liabilities for incurred claims						32,817,119	1,696,248	34,513,367

Notes to the financial statements – CONTINUED

13. Liability for incurred claims – continued

Liability for incurred claims – Net

Undiscounted amounts of claims	At end of reporting year	one year later	two years later	three years later	four years later	five years later	Total
	€	€	€	€	€	€	€
2019	22,394,474	21,422,570	20,768,248	21,775,166	21,642,264	21,847,293	
2020	18,575,193	19,019,179	16,956,025	16,714,588	16,620,178		
2021	19,763,552	20,561,604	19,099,511	18,971,573			
2022	24,643,302	23,172,887	22,718,040				
2023	25,806,250	25,331,323					
2024	25,995,372						
Paid	At end of reporting year	one year later	two years later	three years later	four years later	five years later	
	€	€	€	€	€	€	
2019	(12,046,433)	(18,566,616)	(18,913,065)	(20,553,957)	(20,574,658)	(20,877,483)	
2020	(10,456,841)	(16,148,035)	(15,378,593)	(15,786,269)	(15,827,686)		
2021	(9,774,644)	(16,129,654)	(17,517,655)	(17,759,524)			
2022	(11,792,161)	(19,493,361)	(20,562,689)				
2023	(13,446,673)	(21,088,316)					
2024	(13,436,385)						
Current estimates of:							
Undiscounted claims	25,995,372	25,331,323	22,718,040	18,971,573	16,620,178	21,847,293	131,483,779
Cumulative payments to date	(13,436,385)	(21,088,316)	(20,562,689)	(17,759,524)	(15,827,686)	(20,877,483)	(109,552,084)
Net undiscounted liabilities for incurred claims	12,558,987	4,243,007	2,155,351	1,212,049	792,492	969,810	21,931,696
Net undiscounted liabilities for incurred claims (Pre 2019)							3,269,446
Effects of discounting and risk adjustment							232,143
Recoveries due							(1,165,444)
Total net liabilities for incurred claims							24,267,841
				Estimate of the present value of future cashflows		Risk adjustment	Total
				€		€	€
Total net liabilities for incurred claims				23,061,414		1,206,427	24,267,841

Notes to the financial statements – CONTINUED

14. Other payables, accruals and deferred income

	2024 €	2023 €
Other payables		
Payables to fellow subsidiaries	146,854	28,310
Other payables	267,009	208,618
Document duty and other tax payables	1,402,810	1,332,680
	1,816,673	1,569,608
Accruals and deferred income		
Accrued expenses and deferred income	1,294,073	1,225,687
Total other payables and accruals and deferred income	3,110,746	2,795,295
Current portion	3,110,746	2,795,295

15. Revaluation surplus

	2024 €	2023 €
At beginning of year	4,441,227	4,424,023
Movement in deferred tax relating to land and buildings (Note 8)	342,099	(1,496)
Revaluation movement on land and buildings (Note 4)	(1,566,505)	18,700
At end of year	3,216,821	4,441,227

Notes to the financial statements – CONTINUED

16. Net operating expenses

2024				
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other Expenses	Total
	€	€	€	€
Employee benefit expense (Note 18)	3,244,705	2,406,194	2,264,118	7,915,017
Commissions & discounts	8,159,963	813,637	-	8,973,600
Claims adjustment expenses	-	191,850	-	191,850
Depreciation of PPE	323,253	251,097	165,382	739,732
Audit, legal and other professional fees	119,849	494,763	457,111	1,071,723
Other expenses	488,765	164,503	1,403,705	2,056,973
Total	12,336,535	4,322,044	4,290,316	20,948,895

2023				
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other expenses	Total
	€	€	€	€
Employee benefit expense (Note 18)	2,921,091	2,272,993	1,869,370	7,063,454
Commissions & discounts	9,052,675	743,923	-	9,796,598
Claims adjustment expenses	-	177,361	-	177,361
Depreciation of PPE	194,502	156,400	96,633	447,535
Audit, legal and other professional fees	135,997	335,460	485,327	956,784
Other expenses	486,196	189,427	1,225,995	1,901,618
Total	12,790,461	3,875,564	3,677,325	20,343,350

Notes to the financial statements – CONTINUED

16. Net operating expenses - continued

Auditor's fees

Fees charged by the auditor (inclusive of VAT) for services rendered during the financial period relate to the following:

	2024 €	2023 €
Annual statutory audit	76,700	67,850
IFRS 17 transition audit	-	123,782
Other assurance services	29,500	29,500
Tax compliance services	3,540	3,540

17. Investment return and net insurance financial result

	2024 €	2023 €
Investment income		
Interest receivable from financial assets that are not at fair value through profit or loss	455,405	333,089
Income from financial assets at fair value through profit or loss:		
- Dividend income	574,426	579,932
- Interest income	774,809	550,239
Rental income on investment property	560,307	479,218
Exchange differences	532,155	(203,296)
Gains on financial assets at fair value through profit or loss	2,142,387	3,395,725
(Losses) / gains on revaluation of investment property (Note 5)	(731,975)	238,951
Gain / (loss) from investments in joint venture and associate	206,937	(433,149)
	4,514,451	4,940,709

Investment expenses and charges

Investment management fees and charges	(248,923)	(226,753)
Other investment expenses	(55,917)	(77,726)
	(304,840)	(304,479)

Total investment return

4,209,611	4,636,230
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Notes to the financial statements – CONTINUED

17. Investment return and net insurance financial result - continued

	2024 €	2023 €
Insurance finance expenses for insurance contracts issued	(753,947)	(1,950,255)
Re-insurance finance income for reinsurance contracts issued	235,230	622,536
Net insurance financial result	(518,717)	(1,327,719)

18. Employee benefit expense

	2024 €	2023 €
Salaries (including directors' salaries)	7,440,220	6,641,965
Social security costs	474,797	421,489
	7,915,017	7,063,454

The average number of persons employed during the year was:

	2024 €	2023 €
Directors	2	2
Direct	128	117
Indirect	61	59
	191	178

19. Income tax expense

	2024 €	2023 €
Current income tax expense	6,410,615	5,416,472
Deferred income tax charge (Note 8)	14,376	67,235
	6,424,991	5,483,707

Notes to the financial statements – CONTINUED

19. Income tax expense - continued

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2024 €	2023 €
Profit before income tax	20,448,798	18,888,204
Tax on profit at 35%	7,157,079	6,610,872
Tax effect of:		
Expenses not allowable for tax purposes	594,216	292,239
Exempt gains and application of flat rate foreign tax credit	(392,885)	(915,791)
Different tax rates applicable to investment property	185,973	(64,517)
Income charged at lower rates of tax	(1,093,968)	(439,096)
Overstatement of tax in prior year	(25,424)	-
Tax expense	6,424,991	5,483,707

20. Directors' emoluments

	2024 €	2023 €
Directors' fees, salaries and other emoluments	765,000	607,540

During the year, no benefits in kind were provided to the directors (2023: Nil).

21. 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.

	2024 €	2023 €
Net profit attributable to shareholders (€)	14,023,807	13,404,497
Weighted average number of ordinary shares in issue	12,000,000	12,000,000
Earnings per share (€)	1.17	1.12

Notes to the financial statements – CONTINUED

22. Dividends

	2024 €	2023 €
Net dividends paid on ordinary shares	7,500,000	5,500,000
Dividends per ordinary share	0.63	0.46

23. Cash generated from operations

	2024 €	2023 €
Profit before tax	20,448,798	18,888,204
Adjustments for:		
Depreciation of plant and equipment (Note 4)	739,732	447,535
Profit on disposal of plant and equipment (Note 4)	(10,730)	(1,500)
(Decrease) / Increase in allowance for expected credit losses	(4,794)	1,439
Non-cash movements in plant and equipment (Note 4)	-	58,705
Non-cash movements in investment property (Note 5)	731,975	(238,951)
Non-cash movements in investments (Note 6)	(4,831,728)	(4,203,829)
Non-cash movements in leases (Note 25)	178,220	201,435
Movements in:		
Reinsurance / insurance contract assets / liabilities (Note 12)	3,062,941	836,393
Other receivables and prepayments (Note 7)	146,723	(191,303)
Other payables and accruals (Note 14)	315,451	355,683
Cash generated from operations	20,776,588	16,153,811

24. Related party transactions

Due to common ultimate shareholders, all companies forming part of the Gasan Group of Companies and the Galdes & Mamo Group are considered by the directors to be related parties. The following transactions were carried out by the Company with related parties:

	2024 €	2023 €
Income		
Gross premium income - Parent company	179,057	154,391
Gross premium income - Other related parties	897,223	665,677
Interest - Parent company	51,140	42,945
Operating expenditure		
Services provided in relation to claims paid	5,155,872	4,780,047
Rent	14,266	13,655
Administrative and operating expenses	113,630	69,671

Notes to the financial statements – CONTINUED

24. Related party transactions - continued

	2024 €	2023 €
Capital expenditure		
Fixed asset additions	402,505	22,836

Year-end balances owed by or to group undertakings and other related parties are disclosed in notes 7 and 14 to these financial statements respectively.

The key management of the Company are considered to be the directors. Directors' remuneration has been disclosed in note 20 to these financial statements.

25. Lease commitments

Property lease commitments - where the Company is the lessee

Right-of-use assets

	2024 €	2023 €
Opening carrying amount of right-of-use assets	606,241	696,436
Additions and adjustment to right-of-use assets	135,641	77,801
Amortisation charge	(154,563)	(167,996)
Closing carrying amount of right-of-use assets	587,319	606,241

Lease liabilities

	2024 €	2023 €
Opening carrying amount of lease liability	652,331	744,453
Additions and adjustment to lease liability	135,642	82,652
Lease payments	(198,146)	(203,362)
Interest expense	23,657	28,588
Closing carrying amount of lease liability	613,484	652,331

The undiscounted maturity analysis of lease liability follows

	2024 €	2023 €
Not later than 1 year	172,894	175,677
Later than 1 year and not later than 5 years	391,929	413,078
Later than 5 years	122,238	153,481
	687,061	742,236

The right of use asset and the lease liability relate to property being leased for own use. The right-of-use assets are non-current assets. Current portion of lease liability as at 31 December 2024 amounted to €150,422 (2023: €152,020).

Notes to the financial statements – CONTINUED

25. Lease commitments - continued

Property lease commitments - where the Company is the lessor

	2024	2023
	€	€
Not later than 1 year	470,110	449,537
Later than 1 year and not later than 5 years	1,048,404	998,641
Later than 5 years	457,931	604,607
	1,976,445	2,052,785

Property lease commitments where the Company is the lessor relate to properties which are included in the investment properties caption in Note 5.

26. Statutory information

Gasamamo Insurance Limited is a limited liability company and is incorporated in Malta.

The parent company of Gasamamo Insurance Limited is Gasan Group Limited, a company registered in Malta, with its registered address at Gasan Centre Level 4, Triq il-Merghat, Zone 1, Central Business District, Birkirkara, Malta. Gasan Group Limited is the undertaking that draws up the consolidated financial statements of the smallest body of undertakings of which Gasamamo Insurance Limited forms part as a subsidiary company.

The ultimate parent company of Gasamamo Insurance Limited is J.A.G. Limited, a company registered in Malta, with its registered address at Gasan Group Offices, Gasan Centre Level 4, Triq il-Merghat, Zone 1, Central Business District, Birkirkara, Malta. The ultimate controlling party of Gasamamo Insurance Limited and J.A.G. Limited is Mr. J. A. Gasan. The financial statements of Gasamamo Insurance Limited are included in the consolidated financial statements prepared by J.A.G. Limited.