

## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by LifeStar Holding plc (“the Company”) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

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### Quote

The Company announces that the Board of Directors met on the 30 August 2021 and approved the unaudited Half-Yearly Financial Report of the Company for the six-month period ended 30 June 2021.

A copy of the approved Half-Yearly Financial Report is attached to this announcement and is also available for viewing on the Company’s website at

[http://lifestarholding.com/wp-content/uploads/2021/08/LSHld\\_Consolidated\\_June2021-FINAL.pdf](http://lifestarholding.com/wp-content/uploads/2021/08/LSHld_Consolidated_June2021-FINAL.pdf)

### Unquote

By Order of the Board.

31 August 2021

**LifeStar Holding plc**

**Interim Report and Interim Condensed Consolidated Financial Statements (unaudited)**

**30 June 2021**

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**Interim Directors' Report**

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

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

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

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

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

**Achieving long term financial stability**

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

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

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

By order of the Board.



**Paolo Catalfamo**  
Chairman



**Joseph C. Schembri**  
Director

**Directors' Statement pursuant to the Capital Markets Rule 5.75.3**

**Issued by the Malta Financial Services Authority**

We confirm that to the best of our knowledge:

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

Signed on behalf of the Board by:



**Paolo Catalfamo**  
Chairman

30 August 2021



**Joseph C. Schembri**  
Director

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



	Group	
	01 January to 30 June 2021 (unaudited) €	01 January to 30 June 2020 (unaudited) €
Commission and fees receivable	1,066,334	1,302,695
Balance on the long term business of insurance technical account before tax	(1,050,627)	(3,043,544)
Increment in the value of in-force business	704,475	463,102
Administrative expenses	(1,810,779)	(2,169,710)
Commission payable and direct marketing costs	(57,690)	(98,514)
<b>Operating loss</b>	<b>(1,148,287)</b>	<b>(3,545,971)</b>
Net investment return, net of allocation to the insurance technical account	(1,064,674)	(370,615)
<b>Loss for the period before tax</b>	<b>(2,212,961)</b>	<b>(3,916,586)</b>
Tax credit/(expense)	(199,978)	349,804
<b>Loss for the period</b>	<b>(2,412,939)</b>	<b>(3,566,782)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net loss on available-for-sale financial assets, net of tax	(9,301)	(9,335)
<b>Total comprehensive loss for the period</b>	<b>(2,422,240)</b>	<b>(3,576,117)</b>
Loss per share (cents)	<b>(8c1)</b>	<b>(11c9)</b>

Condensed Consolidated Statement of Financial Position  
at 30 June 2021

	Group	
	30 June 2021 (unaudited) €	31 December 2020 (audited) €
<b>ASSETS</b>		
Intangible assets	13,578,476	12,389,138
Right of use asset	478,605	533,170
Property, plant and equipment	2,093,781	2,081,241
Investment property	25,145,140	25,143,350
Other investments	86,806,942	80,621,833
Reinsurer's share of technical provisions	25,597,135	20,749,175
Deferred tax asset	1,320	(285)
Taxation receivable	-	11,282
Trade and other receivables	3,869,134	3,311,543
Deposits with banks and credit institution	2,000,000	3,010,228
Cash and cash equivalents	13,273,100	18,263,331
Asset held for sale	200,000	200,000
<b>Total assets</b>	<b>173,043,633</b>	<b>166,314,007</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	16,024,778	18,447,019
Technical provisions	134,129,619	124,426,097
Interest-bearing borrowings	5,543,773	13,009,058
Lease Liability	522,388	567,580
Taxation payable	174,687	30,571
Deferred tax liability	2,157,667	2,107,168
Trade and other payables	14,490,721	7,726,513
<b>Total equity and liabilities</b>	<b>173,043,633</b>	<b>166,314,007</b>

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



Paolo Catalfamo  
Chairman



Joseph C. Schembri  
Director

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



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

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

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



**Financial assets**

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

(audited)

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

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

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

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

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

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

**Other Considerations on Financial Assets**

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

Adverse movement in equities € 1,986,303

Adverse movements in fixed income securities €685,211

Favourable movement in funds and unquoted investments €65,128

**Investment property**

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

## Notes to the Condensed Consolidated Financial Statements

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