

ELMO INSURANCE LIMITED

Annual Report and Financial Statements
31 December 2024

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Directors' report

The Directors present their report and audited financial statements for the year ended 31 December 2024.

Principal activities

The principal activities of the Company are that of an insurance Company licensed in terms of Section 7 of the Insurance Business Act, 1998 by the Malta Financial Services Authority ("MFSA") to write general business in Malta.

Review of the business

The Company's audited financial statements are prepared in accordance with IFRS 17 Insurance Contracts, which was adopted with effect from 1 January 2023.

During the year under review the Company registered a profit before tax of €9,420,112 compared to a profit before tax of €9,144,867 in 2023. The marginal improvement in profitability is mainly attributable to significant gains registered in the performance of the Company's investment portfolio.

The Company's net investment return for the year amounted to a profit of €5,301,130, compared to a profit of €4,364,865 in 2023.

Profit after tax for the year under review amounted to €7,810,058 compared to a profit of €7,198,031 in 2023.

Shareholders' funds amounted to € 36,562,898 as at 31 December 2024. At the end of 2023, shareholders' funds totalled €32,352,840.

The Company is well capitalised with a Solvency II Capital Requirement ratio of 204% as 31 December 2024. This was achieved despite the fact that under Solvency II equity holdings attract a significant capital charge.

Insurance operations

Insurance revenue for the year rose from €29,809,806 in 2023 to €33,769,015 in 2024, an increase of 13.3%, after registering a 12.0% increase in 2023 over the revenue reported in 2022. The underwriting performance resulted in an insurance service result of €8,200,298 compared to €9,900,788 in the previous year.

The Company's total operating expenses increased by 11.4% to €8,651,723 from €7,766,553 in 2023. The combined operating ratio stood at 85.4% compared to 80.4% in 2023.

The introduction of a new integrated insurance and accounting software which was originally planned to be installed in 2024 has been delayed due to the complexity of the logistics involved. The process should be completed by the third quarter of 2025. A considerable amount of management and staff time has been dedicated both to ensuring that the new software meets the needs of the Company and to ensure that the changeover to the new solution is smoothly implemented. We are confident that we will reap the benefits of this substantial investment in both capital and human effort in the years to come.

In addition to our investment in new software, we are nearing completion of finishing works on new premises situated directly opposite our Head Office. The new building will help us to cater for the expansion of the Company and to accommodate the anticipated growth in human resources. Works on this building should be completed by the end of the third quarter of 2025.

Directors' report - continued

Investment portfolio

The Company registered an excellent investment return on its portfolio which rendered gains of 14.0%, following that registered in 2023 amounting to 14.8%. The main reasons for the gain, relates to our continued exposure to US equities, a substantial percentage of which are invested in technology, communication and related business sectors. The positive trend in performance set in 2024 continued over January 2025, however, the US tariff policies have generated considerable volatility within the world's leading stock markets and all gains made in January were reversed in March 2025. The Company's Investment Committee meets regularly and closely monitors developments within international and local financial markets. It is also aware of its ESG obligations and keeps account of ESG score weightings when investing in financial assets.

Associate company

2RS Elmo Insurance Managers Limited provided the Company with a return of €169,964 in 2024, compared to €133,795 in the previous year.

Results and dividend

The statement of profit and loss and other comprehensive income is set out on page 14 within. During the year under review the Company distributed net dividends amounting to €3,600,000 (2023: €2,200,000). The Directors do not recommend the payment of a final dividend.

Principal risks and uncertainties

The Company's principal risks and how these are identified and addressed are set out in Note 3 to the financial statements dealing with the management of insurance and financial risk.

The Directors' opinion on the inherent uncertainties surrounding the preparation of the financial statements is set out in Note 2 to the financial statements relating to critical accounting estimates and judgments.

Directors

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

William Harding – Executive Chairperson

David Bartoli - Managing Director

Alan Bartoli – Non-Executive Director

John Cooper - Non-Executive Director

Anthony Cauchi – Executive Director (appointed on 6 May 2024)

Paul Fredrick Darmanin – Independent Non-Executive Director (appointed 6 November 2024)

Roger Bellamy – Independent Non-Executive Director (first appointed on 27 April 2004 and resigned on 6 May 2024)

Godfrey Leone Ganado – Independent Non-Executive Director (first appointed on 4 April 2007 and resigned on 31 December 2024)

The Directors express their gratitude to Mr. Godfrey Leone Ganado for his dedication and exceptional contribution on the Company's Board over the past 18 years. The Directors welcome Mr Anthony Cauchi and Mr. Paul Fredrick Darmanin to the Board. Mr Cauchi was appointed as Executive Director on 6 May 2024, he serves as the Company's COO and brings a wealth of insurance experience after a career spanning 29 years with the Company. Mr. Darmanin was appointed Independent Non-Executive Director on 6 November 2024. He previously held the position of partner at Deloitte in his distinguished 32-year professional career, and possesses extensive expertise in corporate governance, finance and reporting.

Directors' report - continued

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 financial period and of the profit or loss for that period.

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

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards 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 relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Insurance Business Act, 1998 and the Maltese Companies Act, 1995. 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 Elmo 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.

By order of the Board



William Harding
Chairman
"Elmo"
Abate Rigord Street
Ta' Xbiex, XBX
1111 Malta



David Bartoli
Managing Director

7 April 2025



Independent auditor's report

To the Shareholders of Elmo Insurance Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of Elmo Insurance Limited (the Company) as at 31 December 2024, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Board of Directors.

What we have audited

Elmo Insurance Limited's financial statements, set out on pages 13 to 68, comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the statement of financial position as at 31 December 2024;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent auditor's report - continued

To the Shareholders of Elmo Insurance Limited

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the company, in the period from 1 January to 31 December 2024, are disclosed in note 6 to the financial statements.

Our audit approach

Overview

Materiality	Overall materiality: €352,000, which represents 5% of the Company's 3-year average absolute loss/profit before tax.
Key audit matters	Valuation of Liability for Incurred Claims ('LIC') included in insurance contract liabilities

Independent auditor's report - continued

To the Shareholders of Elmo Insurance Limited

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall materiality</i>	€352,000
<i>How we determined it</i>	5% of the Company's 3-year average absolute loss/profit before tax
<i>Rationale for the materiality benchmark applied</i>	We chose absolute loss/profit before tax as the benchmark because, in our view, profit is a key financial statement metric used in assessing the performance of the Company. We have applied a 3-year average absolute loss/profit before tax as reflected in the statement of profit or loss and other comprehensive income of 2022 to 2024 to reflect fluctuations in results in recent years. We selected 5% based on our professional judgement, noting that it is also within the range of commonly used accepted profit-oriented thresholds.

We agreed with the directors that we would report to them misstatements identified during our audit above €35,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Independent auditor's report - continued

To the Shareholders of Elmo Insurance Limited

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of Liability for Incurred Claims ('LIC') included in insurance contract liabilities</i></p> <p>IFRS 17 became effective for periods beginning on or after 1 January 2023, replacing IFRS 4, 'Insurance Contracts'. As described in notes 2 and 15 to the financial statements, the LIC (which forms part of the insurance contract liabilities (or assets)) reflects a current explicit, unbiased and probability-weighted estimate of the present value of the expected future cash outflows (best estimate), and an explicit risk adjustment for non-financial risk.</p> <p>The valuation of the LIC is judgemental and requires a number of assumptions to be made that carry estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported ('IBNR') to the Company as some claims can take some time to emerge or develop.</p> <p>The LIC is estimated by using recognised actuarial methods, including analysis of historical claims experience and relevant benchmarks of similar businesses.</p> <p>As at 31 December 2024, the Company accounted for a LIC of €25.34m in its statement of financial position, of which €23.95m relates to the present value of future cash flows ('PVFCF'), and €1.39m relates to the risk adjustment for non-financial risk. We focused on this area due to its inherent subjectivity.</p> <p>The accounting policies and critical accounting judgements and estimates regarding the LIC are described in Note 1, 2, with additional information presented in Note 15 to the financial statements.</p>	<p>Our audit procedures addressing the valuation of the Company's LIC, including IBNR included the following procedures involving our actuarial specialist team members:</p> <ul style="list-style-type: none"> • applied our industry knowledge and experience in understanding and evaluating the reserving methodology, models and assumptions used; • we performed our own independent LIC projections on a sample basis, and compared the results to management's estimates; • we independently assessed the reasonableness of the non-financial risk adjustment ('RA'), with due consideration of the confidence interval; • we challenged management's methodology and approach around the inclusion of directly attributable expenses within LIC and any changes to the allocation of maintenance costs including assumptions used; • we considered the quality of underlying data through testing of a sample of claims to underlying documentation; • we considered the quality of historical reserving by reviewing variations arising from prior year experience; and • we considered the extent of related disclosures to the financial statements with emphasis on IFRS 17 requirements. • we tested the adequacy and compliance of the quantitative and qualitative disclosures in the financial statements including disclosures related to IFRS 17. <p>Based on the work performed, we found the recorded LIC to be consistent with the explanations and evidence obtained.</p>

Independent auditor's report - continued

To the Shareholders of Elmo Insurance Limited

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

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

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 or the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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.

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.

Independent auditor's report - continued

To the Shareholders of Elmo Insurance Limited

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 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 - continued

To the Shareholders of Elmo Insurance Limited

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2024* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the Annual Report and Financial Statements 2024 and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 3) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>

Independent auditor's report - continued

To the Shareholders of Elmo Insurance Limited

Area of the Annual Report and Financial Statements 2024 and the related Directors' responsibilities	Our responsibilities	Our reporting
	<p>Other matters on which we are required to report by exception</p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. the financial statements are not in agreement with the accounting records and returns. we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. 	<p>We have nothing to report to you in respect of these responsibilities.</p>

Independent auditor's report - continued

To the Shareholders of Elmo Insurance Limited

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Appointment

We were first appointed as auditors of the Company on 30 August 1976, for the year ended 31 December 1977. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 48 years. The company became licensed as an insurance undertaking in terms of the Maltese Insurance Business Act (Cap. 403) on 29 April 2004.



Simon Flynn
Principal

For and on behalf of

PricewaterhouseCoopers

78, Mill Street

Zone 5, Central Business District

Qormi

Malta

7 April 2025

Statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December	
		2024 €	2023 €
Insurance revenue	15	33,769,015	29,809,806
Insurance service expenses	4	(23,223,002)	(14,562,098)
Insurance service result before reinsurance contracts held	15	10,546,013	15,247,708
Allocation of reinsurance premium	15	(6,806,185)	(6,078,754)
Amounts recoverable from reinsurers		4,460,470	731,834
Net expenses from reinsurance contracts held	15	(2,345,715)	(5,346,920)
Insurance service result		8,200,298	9,900,788
Other net investment revenue	5	5,105,910	4,327,961
Interest revenue calculated using the effective interest method	5	195,220	36,904
Net investment income		5,301,130	4,364,865
Finance expenses from insurance contracts issued	5, 15	(628,286)	(773,758)
Finance income from reinsurance contracts held	5, 15	141,372	218,545
Net insurance finance expenses		(486,914)	(555,213)
Net insurance and investment result		13,014,514	13,710,440
Other operating expenses	6	(3,778,626)	(4,713,618)
Other income		14,260	14,250
Share of profit of associates accounted for using the equity method	13	169,964	133,795
Profit before income tax		9,420,112	9,144,867
Income tax expense	8	(1,610,054)	(1,946,836)
Profit for the year – total comprehensive income		7,810,058	7,198,031

The notes on pages 17 to 68 are an integral part of these financial statements.

Statement of financial position

		As at 31 December	
		2024	2023
	Notes	€	€
ASSETS			
Intangible assets	10	115,553	161,902
Tangible assets			
- land and buildings	11	13,457,340	13,470,118
- plant and equipment	11	1,224,900	866,100
Investments:			
- investment in associated undertaking	13	373,800	305,858
- investment property	12	1,615,000	1,615,000
- financial investments	14	42,430,312	31,321,040
Deferred taxation	19	133,452	180,958
Reinsurance contract assets	15	9,523,962	7,163,715
Insurance contract assets	15	-	249,820
Other receivables	16	620,282	480,194
Current taxation		-	334,255
Cash at bank and in hand	22	5,047,106	6,396,995
Total assets		74,541,707	62,545,955
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	17	5,000,000	5,000,000
Revaluation reserve	18	7,051,811	7,051,811
Retained earnings		24,511,087	20,301,029
Total equity		36,562,898	32,352,840
LIABILITIES			
Insurance contract liabilities	15	33,494,480	26,461,987
Reinsurance contract liabilities	15	418,382	1,129,240
Deferred taxation	19	1,323,389	1,322,135
Current taxation		1,275,084	-
Other payables			
- accruals and other liabilities	20	1,467,474	1,279,753
Total liabilities		37,978,809	30,193,115
Total equity and liabilities		74,541,707	62,545,955

The notes on pages 17 to 68 are an integral part of these financial statements.

The financial statements on pages 13 to 68 were authorised for issue by the Board on 7 April 2025 and were signed on its behalf by:


William Harding
Chairman


David Bartoli
Managing Director

Statement of changes in equity

	Notes	Share capital €	Revaluation reserve €	Retained earnings €	Total €
Balance at 1 January 2023		5,000,000	7,051,811	15,302,998	27,354,809
Balance at 1 January 2023		5,000,000	7,051,811	15,302,998	27,354,809
Comprehensive income					
Profit for the year		-	-	7,198,031	7,198,031
Total comprehensive income		-	-	7,198,031	7,198,031
Transactions with owners					
Dividends – ordinary shares	9	-	-	(2,200,000)	(2,200,000)
Total transactions with owners		-	-	(2,200,000)	(2,200,000)
Balance at 31 December 2023		5,000,000	7,051,811	20,301,029	32,352,840
Balance at 1 January 2024		5,000,000	7,051,811	20,301,029	32,352,840
Comprehensive income					
Profit for the year		-	-	7,810,058	7,810,058
Total comprehensive income		-	-	7,810,058	7,810,058
Transactions with owners					
Dividends – ordinary shares	9	-	-	(3,600,000)	(3,600,000)
Total transactions with owners		-	-	(3,600,000)	(3,600,000)
Balance at 31 December 2024		5,000,000	7,051,811	24,511,087	36,562,898

The notes on pages 17 to 68 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	21	8,744,785	4,870,793
Dividends received		584,114	605,780
Net interest received		320,178	141,229
Rental income	5	70,800	55,550
Net tax refunded/(paid)		48,045	(1,532,432)
Net cash generated from operating activities		9,767,922	4,140,920
Cash flows from investing activities			
Purchase of intangible assets	10	(41,482)	(168,884)
Purchase of immoveable property	11	(16,077)	(32,600)
Purchase of plant and equipment	11	(695,961)	(169,998)
Purchase of investments – fair value through profit or loss	14	(16,187,408)	(8,386,180)
Disposal of investments – fair value through profit or loss		9,536,856	5,535,181
Proceeds from disposal of tangible assets		5,500	9,750
Net cash flows from investments in term deposits		-	(1,500,000)
Net cash used in investing activities		(7,398,572)	(4,712,731)
Cash flows from financing activities			
Dividends paid	9	(3,600,000)	(2,200,000)
Principal elements of lease payments		(119,239)	(138,468)
Net cash used in financing activities		(3,719,239)	(2,338,468)
Decrease in cash and cash equivalents		(1,349,889)	(2,910,279)
Movement in cash and cash equivalents			
At beginning of year		6,396,995	9,307,274
Net cash outflow		(1,349,889)	(2,910,279)
At end of year	22	5,047,106	6,396,995

The notes on pages 17 to 68 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of material accounting policies

The principal accounting policies adopted 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 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the Insurance Business Act, 1998 and the Maltese Companies Act, (Cap. 386). 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 and the fair valuation of land and buildings.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies (see Note 2 - Critical accounting estimates and judgements in applying accounting policies).

The balance sheet 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.

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

The Company adopted a number of standards, interpretations and amendments to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. These changes did not have a significant impact on the Company's accounting policies and on the financial performance and financial position.

1.1.3 Standards, interpretations and amendments to published standards to published standards that are not yet effective

Certain new amendments to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the Company's accounting periods beginning on or after 1 January 2025. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and are not expected to have a significant impact on the Company's financial statements.

IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that IFRS. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information. While IFRS 18 will not change recognition criteria or measurement bases, it may have an impact on presenting information in the financial statements, in particular the income statement and to a lesser extent the cash flow statement. The Company is currently assessing the detailed implications of applying the new standard on the Company's financial statements.

1. Summary of material accounting policies - continued

1.2 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 the income statement within administrative expenses.

1.3 Revenue recognition

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

Rendering of services

Premium recognition is described in accounting policy 1.16 dealing with insurance contracts.

Interest income

Interest income from financial assets not classified as fair value through profit or loss is recognised on a time proportionate basis using the effective interest method. When a 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.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other net fair value gains or losses from financial assets at fair value through profit or loss

Other gains or losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'investment income' in the period in which they arise.

1.4. Investment return

Investment return includes dividend income, other net fair value movements on financial assets at fair value through profit or loss (including interest income from financial assets, classified as fair value through profit or loss), interest income from financial assets not classified as fair value through profit or loss and is net of investment expenses, charges and interest.

1. Summary of material accounting policies - continued

1.5 Property, plant and equipment

Tangible assets comprising land and buildings, office furniture and equipment and motor vehicles are initially recorded at cost. Property is subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the reporting date. All other plant and equipment are subsequently stated at historical cost less depreciation.

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. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement.

Depreciation is calculated on the straight-line method to write off the cost of the assets, other than land, to their residual values over their estimated useful life as follows:

	%
Buildings	2
Improvement to buildings	10
Office furniture and equipment	20
Motor vehicles	20

The assets' residual values and useful lives are reviewed and adjusted as appropriate at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit and loss account.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

1.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company is classified as investment property.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway.

1. Summary of material accounting policies - continued

1.6 Investment property - continued

Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

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. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure 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. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

1.7 Intangible assets - Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives of 4 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

1.8. Investment in associated undertakings

Associated undertakings are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are accounted for by the equity method of accounting and are initially recognised at cost.

Equity accounting involves recognising in the profit and loss account, the Company's share of the associate's profit or loss for the year and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Dividend received or receivable from associates are recognised as a reduction in the carrying amount of the investment."

The Company's investment in associated undertaking is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill (net of any accumulated impairment loss) on acquisition. Equity accounting is discontinued when the carrying amount of an investment in an associated undertaking reaches zero unless the Company has incurred obligations or guaranteed obligations in respect of the associated undertaking. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred."

1. Summary of material accounting policies - continued

1.8. Investment in associated undertakings – continued

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account. The Carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1.10.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired associate at the date of acquisition. Goodwill on acquisitions of associates is included in 'investment in associated undertakings'.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1.9 Financial assets

Classification

The Company has the option to classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company classifies all of its financial investments, including equities and debt instruments, in the fair value through profit and loss category ("FVPL"). Deposits with banks or credit institutions are classified in the amortised cost category.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company recognises a financial asset in statement of financial position when it becomes a party to the contractual provisions of the instrument.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

1. Summary of material accounting policies - continued

1.9 Financial assets - continued

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. As previously explained, the Company classifies its debt instruments in the FVPL category. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Accordingly, cash and cash equivalents comprise cash in hand, deposits held at call with banks and term placements with banks having an original term of three months or less.

Equity instruments

Equity instruments are those that meet the definition of equity from an issuer's perspective (i.e. instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets). Examples of equity instruments include basic ordinary shares.

The Company measures all equity investments at FVTPL. Gains and losses on equity instruments measured at FVTPL are included in other net investment revenue/(losses) in the statement of profit or loss and other comprehensive income.

The Company does not apply the fair value through other comprehensive income option.

Impairment

Financial assets classified under the FVPL category are not subject to expected credit losses.

IFRS 9 requires the measurement of credit loss allowances on financial instruments using the expected credit loss ("ECL") impairment model utilising a forward-looking approach that emphasises shifts in the credit risk attached to a financial instrument, and consequently the probability of future credit losses, even if no loss events have yet occurred. IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The key driver of the measurement of ECLs therefore relates to the level of credit risk for each exposure and, as a result, an assessment of the change in credit risk over the expected life of an asset is a core element in determining the staging criteria under IFRS 9. The three stages under IFRS 9 are as follows:

1. Summary of material accounting policies - continued

1.9 Financial assets - continued

Stage 1 - Financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition, or that have “low credit risk” at the reporting date are classified in Stage 1. 12-month ECLs are recorded to measure the expected losses that result from default events that are possible within 12 months after the reporting date;

Stage 2 - Financial instruments that have experienced a SICR since initial recognition are classified in Stage 2. Lifetime ECLs are recorded to measure the expected losses that result from all possible default events over the expected life of the financial instrument; and

Stage 3 – Financial instruments that demonstrate objective evidence of impairment, and which are considered to be in default or credit-impaired, are classified in Stage 3, also requiring the measurement of lifetime ECLs.

The Company has two types of financial assets that are subject to the expected credit loss model:

- deposits with banks and credit institutions; and
- other receivables

The identified impairment losses are deemed to be insignificant.

Other receivables

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles and historical credit losses of the Company. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

1. Summary of material accounting policies - continued

1.10 Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.11 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

1.12 Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

1.13 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax 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, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially 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 future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Interest costs are charged against income without restriction. No borrowing costs have been capitalised.

1.15 Leases

The Company recognises lease liabilities in relation to leases within 'accruals and deferred income'. The lease liability is measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 31 December 2024 was 4.6% (2023: 4.6%). The associated ROU assets are recognised and included within 'plant and equipment' and are measured at the amount equal to the lease liability.

1. Summary of material accounting policies – continued

1.15 Leases - continued

The Company applies the following practical expedients:

- a single discount rate is applied to a portfolio of leases with reasonable similar characteristics;
- an assessment is performed on whether leases are onerous; and
- hindsight is used in determining the lease term where the contract contains options to extend or terminate the lease.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term.

The ROU asset is depreciated over the shorter of the ROU asset's useful economic life and the lease term on a straight-line basis. The leases with a remaining lease term of less than 12 months are accounted as short-term operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

1.16 Insurance contracts

Definition and classification

The Company issues contracts that transfer significant insurance risk and that are classified as insurance contracts. As a general guideline, the Company defines as significant insurance risk the possibility of having to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder on a present value basis. The Company issues non-life insurance to individuals and businesses.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contracts transfers significant insurance risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contract, even if it does not expose the reinsurer to the possibility of a significant loss.

1. Summary of material accounting policies - continued

1.16 Insurance contracts - continued

Separating components from insurance contracts

The Company assesses its non-life insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Unit of account

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by using historical data already available to the Company since the Company's insurance contracts issued are eligible to be measured under the PAA.. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

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. For some groups of reinsurance contracts held, a group can comprise a single contract.

1. Summary of material accounting policies - continued

1.16 Insurance contracts - continued

Recognition and derecognition

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

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. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised.
- The date 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 out above.

Accounting for contract modifications and derecognition

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the Fulfilment Cash Flows ('FCF'), unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
 - i. is not within the scope of IFRS 17;
 - ii. results in different separable components;
 - iii. results in a different contract boundary; or
 - iv. belongs to a different group of contracts;
- the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification. When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

1. Summary of material accounting policies - continued

1.16 Insurance contracts - continued

Measurement

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- a. are based on a probability-weighted mean of the full range of possible outcomes;
- b. are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
- c. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the Liability for Incurred Claims ('LIC').

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation, as discussed further below and in note 2.

In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the groups of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract issued if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation ends when:

- a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

1. Summary of material accounting policies - continued

1.16 Insurance contracts - continued

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

The Company reinsurance agreements held which are *risks-attaching* include all estimates of future cash flows arising from all underlying contracts issued and expected to be issued within the reinsurance contracts' boundary and are included in the measurement of the reinsurance contracts. Conversely, the Company's reinsurance agreements held which are on a loss-occurring basis provide coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting 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 uses a systematic and rational method to allocate:

- a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group; and
- b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer. Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 2.

Initial and subsequent measurement – Groups of contracts measured under the PAA

The Company applies the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary;
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with the length of the coverage period of the group of contracts.

1. Summary of material accounting policies - continued

1.16 Insurance contracts - continued

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as the portion of the premiums received less any acquisition cash flows paid. 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 premium received less any insurance acquisition cash flows paid in the period minus the amount recognised as insurance revenue for the services provided in the period. When a group of insurance contracts has premium receivables that relate to past service, such cash flows have been recognised as part of the liability for remaining coverage.

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.

The Company measures its reinsurance contract assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

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 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 of 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.

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.

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

Some reinsurance contracts held contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the Company will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore not accounted for separately.

1. Summary of material accounting policies - continued

1.16 Insurance contracts - continued

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). If there is no significant financing component and if claims settlement is expected within a year of the occurrence of loss, no discounting is required. The Company currently does not apply this option. In order to provide for maximum transparency and comparability in measuring our business, the Company consistently considers the time value of money when using the PAA. Under the PAA, changes to the financial inputs for the liability for incurred claims compared to the ones used at initial recognition of the liability for incurred claims are presented in Finance income / expense from re/insurance contracts.

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. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Amounts recognised in the statement of profit or loss and other comprehensive income

Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services. 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.

Insurance service expense

Insurance service expenses include the following:

- a. incurred claims and benefits, excluding investment components;
- b. other incurred directly attributable expenses;
- c. insurance acquisition cash flows amortisation;
- d. changes to liabilities for incurred claims; and
- e. onerous contract losses or reversals of those losses.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses that do not meet the above criteria are included as other operating expenses in the statement of profit or loss and other comprehensive income.

1. Summary of material accounting policies - continued

1.16 Insurance contracts - continued

Insurance service result from reinsurance contracts held

Net income or expense from reinsurance contracts 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 (reinsurance income), and an allocation of the reinsurance premiums paid (reinsurance expenses). The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk. The Company does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVTPL.

2. Critical accounting estimates and judgments in applying accounting policies

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1, other than the estimate of the liability for incurred claims made under insurance contracts.

Significant judgments and estimates in applying IFRS 17

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

There are several sources of uncertainty that need to be considered in the estimate of liabilities that the Company will ultimately pay for insurance claims. In particular, insurance risks including exposure to liability can span over more than one accounting year, and this increases the uncertainty surrounding the estimate for final settlement.

The Company applies conventional statistical models in order to determine the ultimate liability of incurred claims as further described in Note 3.1. The Directors believe that the liability arising from incurred claims under insurance contracts is adequately reserved as at the financial year end. Further detail is provided in Note 15 to these financial statements. Additionally refer to note 3 for the disclosure of the sensitivity of insurance liabilities to assumptions used.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the risk-free rate as issued by the European Insurance and Occupational Pensions Authority ("EIOPA") as at the end of each reporting period. The illiquidity premium is determined by reference to observable market rates, if deemed material.

2. Critical accounting estimates and judgments in applying accounting policies - continued

The yield curves used to discount the estimates for future cash flows that do not vary based on the returns of the underlying items are as follows:

Insurance contracts issued and reinsurance contracts held	1 year	5 years	10 years
2023	3.4%	2.3%	2.4%
2024	2.2%	2.1%	2.3%

Risk adjustment for non-financial risk

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 flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The non-financial risk adjustment has been estimated using a confidence-interval-based approach, using Value at Risk (VaR) metrics for the probability distribution of the current value of future cash flows, and calibrating the target percentile confidence interval to 75 percentile. The Group estimates an adjustment for non-financial risk separately from all other estimates.

Consideration of expenses in accordance with IFRS 17

Expenses are assessed as either being within contract boundaries, where they are considered to relate directly to the provision of services under contracts issued, or outside of contract boundaries, where expenses do not. Furthermore, those within contract boundaries are identified as insurance acquisition cash flows if they are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates overhead cash flows directly attributable to the fulfilment of insurance contracts. Judgment is involved in identifying and allocating costs and this determination is informed by a thorough assessment. During the year, the Company re-assessed the allocation ratio between insurance acquisition cash flows and directly attributable expenses to also consider an increased apportionment of salaries.

3. Management of insurance and financial risk

The Company issues contracts that transfer insurance risk. The Company is also exposed to financial risk. This section summarises these risks and the way the Company manages them.

3.1 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 bases for the determination of the Company's liability should the insured event occur. The risks underwritten include accident, motor (including third party liability), marine and transport, fire and other damage to property, engineering, 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 is greater than estimated. Insurance events are random and the actual number and amount will vary from year to year from the estimate established using statistical techniques.

3. Management of insurance and financial risk - continued

Experience shows that the larger the portfolio of similar insurance contracts, the smaller 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 has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each category of business 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 of risk, geographical location and type of industry covered.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors including increasing levels of court awards and the risks of a single event that can affect a number of individual risks insured by the Company, such as flood or an earthquake.

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

Underwriting risk

The Directors manage exposure to insurance risk through an Underwriting Committee (U.C.) that considers aggregation of risk and establishes risk retention levels.

The underwriting strategy attempts to ensure that the risks underwritten are well diversified in terms of type and amount of risk and industry. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Company's success.

The goal is for underwriters to be in a position to:

- Understand and assess each risk,
- Make appropriate decisions within their area of competence and authority limits,
- Differentiate between risks,
- Apply suitable terms and conditions in order to manage the portfolio,
- Control exposure,
- Improve the predictability of the loss experience and make appropriate use of the Company's technical capacity.

Each of the Company's underwriters has a specific license that sets clear parameters for the business that they can underwrite, based on the competence of the individual underwriter. The U.C. looks at Company underwriting issues, reviewing and agreeing underwriting direction and setting policy and directives where appropriate, and limits on the overall retention of risk that the Company carries. The Company's management of the underwriting and claims risks restricts underwriting of specific high risk classes of business to underwriters with appropriate technical competence and includes reviewing the performance and management of selected individual insurance portfolios throughout the Company.

Pricing is generally based upon historical claims frequencies and claims severity averages, adjusted for inflation and trended forward. While claims remain the Company's principal cost, allowance is also made in the pricing procedures for acquisition expenses, administration expenses, investment income, the cost of reinsurance, and for a profit loading that adequately covers the cost of the capital exposed to risk.

The Company has the right not to renew individual policies or to reprice on renewal, it can impose deductibles and it has the right to reject the payment of a fraudulent claim.

Reinsurance arrangements are in place as further described below.

3. Management of insurance and financial risk - continued

Reinsurance risk

The Company reinsures a portion of the risks underwritten to control exposure to losses, to reduce volatility, and to protect capital. The types of reinsurance cover, and the level of retention, are based on the Company's internal risk management assessment, which takes into account the risk being covered and the sums assured. The reinsurance strategy and programme are set and agreed by the Reinsurance Committee on an annual basis. The reinsurance arrangements include a mix of proportional, facultative and non-proportional cover, which limit the liability of the Company to any one individual claim or event. Furthermore, the international health business is covered by a reinsurance agreement whereby it transfers all the risk back to the reinsurers.

Monthly reviews of aggregates are carried out to ensure that adequate reinsurance is in place.

Periodical meetings are held with the Company's reinsurance brokers, the purpose of which is to systematically agree the renewal process of the Company's reinsurance requirements, and to ensure a formalised means of communication between Elmo and its reinsurance brokers. Good "ad hoc" contact with reinsurance brokers is maintained during the year when dealing with risks that are not catered for by standard reinsurance treaties.

The Company monitors the financial condition of reinsurers on an ongoing basis, and reviews its reinsurance arrangements regularly to ensure that its counterparty exposure to individual reinsurance groups is within the parameters set by the U.C., and the Malta Financial Services Authority. The Company does not place reinsurance with reinsurers having a credit rating lower than 'A-'.

Concentration of insurance risk

All risks underwritten by the Company are based in Malta. The Directors consider that the insurance portfolio is not unduly concentrated, also taking into account the nature and extent of reinsurance protection acquired by the Company.

Claims handling

Risks surrounding known claims are mitigated through the Company's inhouse teams of skilled claims technicians who apply their experience and knowledge to the circumstances of individual claims. These teams are responsible for investigating and adjusting claims, together with specialist independent loss adjusters that might be engaged depending on exigencies. Claim estimates are reviewed periodically and adjusted on the basis of information that becomes available specific to the claim as well as changes in external factors such as judicial decisions and legislation. The Company generally pursues early settlement of claims to reduce its exposure to unpredictable

Sources of uncertainty in the estimation of future claim payments

Claims on contracts are accounted for 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 term. As a result, the estimation of claims incurred but not reported ('IBNR') is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company. Certain classes of business can take several years to develop, in particular claims involving casualty, and are therefore subject to a greater degree of uncertainty than other classes of business which are typically settled in a shorter period of time.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the balance sheet date (see Note 15).

3. Management of insurance and financial risk - continued

In calculating the estimated cost of unpaid claims, the Company uses a combination of estimation techniques, based partly on known information and partly on statistical analyses of a historical experience. Reserves are analysed by line of business. Case reserves are established on each individual claim and are adjusted as new information becomes known during the course of handling the claim. Lines of business for which claims data (e.g. paid claims and case reserves) emerge over a long period of time are referred to as long tail lines of business.

Lines of business for which claims data emerge more quickly are referred to as short tail lines of business. Risks underwritten by the Company are typically short tail, although certain lines of business may take longer to develop, including, for example, personal accident and employers' liability.

The Company's claims managers regularly review reserves for both current and prior accident years using the most recent claims data. These reserve reviews incorporate a variety of judgments, and involve extensive analysis. The ultimate cost of outstanding claims, including claims incurred but not reported, is subsequently estimated through statistical analyses of historical claims trends, which are projected forward giving greater weighting to recent years. Additional qualitative judgment is applied to assess the extent to which past trends may not apply in the future.

Note 15 presents the development of the estimate of ultimate claim cost for claims notified in a given year. This gives an indication of the accuracy of the Company's estimation techniques for claims payable.

Sensitivity analysis to underwriting risk variables

The following tables present information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a 5% upwards and downwards change in the ultimate loss amount while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

	Impact on Profit and Loss before tax		Equity	
	Increase €	Decrease €	Increase €	Decrease €
At 31 December 2024				
Insurance contract liabilities	1,849,647	(1,849,647)	1,202,270	(1,202,270)
Insurance and reinsurance contract held (net)	1,237,733	(1,237,733)	804,527	(804,527)
At 31 December 2023				
Insurance contract liabilities	1,664,929	(1,664,929)	1,082,204	(1,082,204)
Insurance and reinsurance contract held (net)	1,321,503	(1,321,503)	858,977	(858,977)

3. Management of insurance and financial risk - continued

3.2 Financial risk

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 the interest rate risk, equity price risk, currency risk, credit risk and liquidity risk. These risks arise from open positions in interest rate, currency and equity products, 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.

Market risk

(a) Interest rate risk

In general, the Company is exposed to risk associated with the effects of fluctuations in the prevailing levels of 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. 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. 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 14, 11.5 and 22 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 as follows:

	2024 €	2023 €
Financial assets at floating interest rates	5,399,434	7,170,435
Reinsurance contract assets	7,576,985	3,782,941
Financial assets at fixed interest rates	12,605,536	8,587,252
	25,581,955	19,540,628
Insurance contract liabilities	23,951,965	18,535,339
Financial liabilities at fixed interest rates	547,283	662,997
	24,499,248	19,198,336

Interest rate risk is principally managed through the investment in debt securities having a wide range of maturity dates. Moreover, investment parameters exist to limit exposure to any one issuer and any one particular security. Note 14 incorporates maturity information with respect to the Company's assets. The exposure to interest rate risk in respect of borrowings is not considered to be significant.

Up to the balance sheet date 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.

Sensitivity analysis - interest rate risk

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

3. Management of insurance and financial risk - continued

3.2 Financial 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 and loss before tax and equity, showing an increase and a decrease of 100 basis points (2023: 150 basis points). The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk fluctuations, but to demonstrate the impact due to changes in variables, variables have been changes on an individual basis. It should be noted that movements in these variables are non-linear.

	Impact on Profit and Loss before tax		Equity	
	Increase	Decrease	Increase	Decrease
	€	€	€	€
At 31 December 2024				
Insurance and reinsurance contract held (net)	326,193	(340,291)	212,025	(221,189)
Financial assets and liabilities (net)	(758,762)	839,564	(493,196)	545,716
	(432,569)	499,273	(281,171)	324,527
At 31 December 2023				
Insurance and reinsurance contract held (net)	420,116	(447,184)	273,075	(290,670)
Financial assets and liabilities (net)	(434,742)	485,227	(282,582)	315,398
	(14,626)	38,043	(9,507)	24,728

The fair value interest rate risk arising on financial assets, specifically debt securities, which carry a fixed interest rate risk is not deemed to be material, after also considering that such amounts are accounted for as fair value through profit or loss.

(b) Price risk

The Company's financial assets are also susceptible to the risk of changes in value due to changes in the prices of equities in respect of investments held and classified on the balance sheet as fair value through profit or loss. The Directors manage this risk of price volatility by entering into a diverse range of investments including equities and collective investment schemes. The Company has an active Investment Committee that has established a set of investment guidelines that is also approved by the Board of Directors. These guidelines provide parameters for investment management, including contracts with external portfolio managers. The Directors review market value fluctuations arising on the Company's investments on a regular basis. Investment parameters and diversification procedures also consider solvency restrictions imposed by the relevant Insurance Regulations.

The total assets subject to equity price risk are as follows:

	2024	2023
	€	€
Assets subject to equity price risk (Note 14)	29,464,913	21,965,954

3. Management of insurance and financial risk - continued

3.2 Financial risk - continued

Sensitivity analysis – equity price risk

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 those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity traded in the market. The sensitivity for equity price risk is based on global equity returns, assuming that currency exposures are hedged.

Given the investment strategy and asset mix of the Company, a 15% (2023: 15%) positive or negative movement in equity prices is considered to be an appropriate benchmark for sensitivity purposes.

An increase and a decrease of 15% (2023: 15%) in equity prices, with all other variables held constant, would result in an impact on the pre-tax profit for the year of €4,419,737 (2023: €3,294,893).

(c) 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. 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. Currency exposure is also regulated by the Regulations underlying the Maltese Insurance Business Act, 1998.

As at 31 December 2024, the Company's exposure to foreign currency investments, principally represented USD amounting to €15,461,098 (2023: €9,797,797) and GBP amounting to €1,991,671 (€2023: €1,316,690). The strengthening or weakening of the functional currency by 10% (2023: 10%) against the other currencies with all other variables held constant, would result in an impact on pre-tax profit for the year of €1,745,277 (2023: €1,111,449).

(d) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Financial assets and cash and cash equivalents;
- Reinsurance contract assets;
- Insurance and reinsurance contract liabilities

The Company places limits on the level of credit risk undertaken from the main categories of financial instruments. These limits also take due consideration of the solvency restrictions imposed by the relevant Regulations. The investment strategy of the Company considers the credit standing of the counterparty and control structures are in place to assess and monitor these risk thresholds.

The Company structures the levels of credit risk it accepts by limiting as far as possible its exposure to a single counterparty or groups of counterparty. Limits on the level of credit risk are approved by the Directors, and the credit terms allowed depend on the distribution channel through which business is secured. Frequent meetings are held, attended by Directors, in order to monitor the overall credit situation, and to take remedial measures as appropriate. The Directors consider that the Company is not exposed to material concentration of credit to single counterparty.

3. Management of insurance and financial risk - continued

3.2 Financial risk - continued

(d) Credit risk- continued

the Directors, and the credit terms allowed depend on the distribution channel through which business is secured. Frequent meetings are held, attended by Directors, in order to monitor the overall credit situation, and to take remedial measures as appropriate. The Directors consider that the Company is not exposed to material concentration of credit to single counterparty.

Reinsurance is used to manage insurance risk. 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 monitored on an annual basis by reviewing their financial strength prior to finalisation of any contract. The Company's policy is to only contract reinsurers with a minimum rating of A-.

The Company is also exposed to credit risk for its cash and cash equivalents and financial assets. The Company's cash is placed with quality financial institutions.

Assets bearing credit risk at the balance sheet date are analysed as follows:

As at 31 December 2024					
	AAA to AA €	A to A- €	BBB to BB €	Unrated €	Total €
Debt securities at FVTPL	328,403	1,592,734	4,597,361	4,884,847	11,403,345
Financial assets at amortised cost					
Financial investments	-	-	62,052	1,500,000	1,562,052
Other receivables	3,155	17,112	37,175	53,655	111,097
Cash flows arising from insurance contracts liabilities	-	-	-	5,867,616	5,867,616
Cash and cash equivalents	-	170,165	959,475	3,917,466	5,047,106
	3,155	187,277	1,058,702	11,338,737	12,587,871
Cash flows arising from reinsurance contract assets	6,301,036	1,743,570	-	-	8,044,606
Total assets bearing credit risk	6,632,594	3,523,581	5,656,063	16,223,584	32,035,822

3. Management of insurance and financial risk - continued

3.2 Financial risk - continued

(d) Credit risk - continued

	As at 31 December 2023				
	AAA to AA €	A to A- €	BBB to BB €	Unrated €	Total €
Debt securities at FVTPL	169,889	921,121	1,975,273	4,279,876	7,346,159
Financial assets at amortised cost					
Financial investments	-	500,000	62,052	1,000,000	1,562,052
Other receivables	-	-	-	480,194	480,194
Cash flows arising from insurance contracts liabilities	-	-	-	6,387,553	6,387,553
Cash and cash equivalents	-	163,993	332,752	5,900,250	6,396,995
	-	663,993	394,804	13,767,997	14,826,794
Cash flows arising from reinsurance contract assets	3,102,028	946,475	-	-	4,048,503
Total assets bearing credit risk	3,271,917	2,531,589	2,370,077	18,047,877	26,221,456

In line with the requirements of IFRS 17, receivables from insurance contracts issued are disclosed above as 'Cash flows arising from insurance contract liabilities' and form part of the liability for remaining coverage within insurance contract liabilities.

(e) 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 to be significant given the nature of the Company's financial assets and liabilities. The Company's financial assets are considered to be readily realisable as they consist of local and foreign securities listed on recognised stock markets. 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 which provide a short-term means of finance.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the expected timing cash flows arising from the Company's liabilities.

The current and non-current split of insurance contracts liabilities and assets and reinsurance contracts assets and liabilities broadly aligns to the above analyses, other than cash inflows arising from the respective contracts which are all within one year.

3. Management of insurance and financial risk - continued

3.2 Financial risk - continued

(e) Liquidity risk - continued

Expected undiscounted cash outflows							
	<1 years €	1 – 2 years €	2 – 3 years €	3 – 4 years €	4 – 5 years €	>5 years €	Total €
At 31 December 2024							
Insurance contract liabilities	13,145,047	5,029,687	2,736,142	1,907,010	956,253	1,257,149	25,031,288
Lease liabilities	151,448	152,542	153,272	154,602	-	-	611,864
Other payables	1,467,474	-	-	-	-	-	1,467,474
	14,763,969	5,182,229	2,889,414	2,061,612	956,253	1,257,149	27,110,626
Reinsurance contract assets	4,557,323	1,307,295	850,963	631,569	217,928	334,133	7,899,211
At 31 December 2023							
Insurance contract liabilities	10,327,360	4,049,771	1,976,571	1,277,858	956,934	995,879	19,584,373
Lease liabilities	149,260	150,590	151,685	152,415	153,745	-	757,695
Other payables	1,279,753	-	-	-	-	-	1,279,753
	11,756,373	4,200,361	2,128,256	1,430,273	1,110,679	995,879	21,621,821
Reinsurance contract assets	2,251,642	868,554	304,789	252,375	195,951	110,028	3,983,339

3. Management of insurance and financial risk - continued

3.3 Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by the Maltese insurance regulator ("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 Malta Financial Services Authority (MFSA). The minimum capital requirement must be maintained at all times throughout the year. The Company monitors its capital level on a regular basis, by ensuring that sufficient assets are maintained to match insurance liabilities and to provide solvency cover. 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.

As from 1 January 2016, the Company was 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 €39,929,558 (2023: €35,131,774) were in excess of the required SCR.

3.4 Fair value measurement

The fair value of publicly traded investments is based on quoted market prices at the balance sheet date. At 31 December 2024 and 31 December 2023, the carrying amount of the Company's other financial assets and liabilities approximated their fair values.

The following table presents the Company's assets that are measured at fair value at 31 December 2024, by level of the following fair value measurement hierarchy:

- 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).

3. Management of insurance and financial risk - continued

3.4 Fair value estimate - continued

	2024	2023
	Level 1	Level 1
	€	€
Financial assets		
Fair value through profit or loss		
- Equity securities, other variable yield securities and units in unit trusts – listed	29,464,913	21,965,954
- Listed debt securities	11,403,347	7,793,034
Total assets	40,868,260	29,758,988

The Company's investments are traded in active markets is based on quoted market prices at the balance sheet date. 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 arms length basis. The financial assets are included as level 1. The carrying amounts of cash and cash equivalents, financial investments at amortised cost, other financial assets and financial liabilities at amortised cost approximate their fair value.

4. Insurance service expenses

	2024	2023
	€	€
Incurring claims and other expenses	20,390,978	16,776,445
Insurance acquisition cash flows amortisation	5,152,041	3,990,790
Changes that relate to past services – changes in the FCF relating to the LIC	(2,320,017)	(6,205,137)
	23,223,002	14,562,098

5. Investment return

	2024 €	2023 €
Investment income		
Dividends received from investments at FVTPL	482,092	438,242
Interest received from investments at FVTPL	321,651	229,854
Net gains from investments at FVTPL	4,458,720	3,738,637
Interest revenue calculated using the effective interest method	195,220	36,904
Rental income from investment property (note 12)	70,800	55,550
Investment expenses and charges	(196,693)	(125,529)
Interest and finance charges paid for lease liabilities	(30,660)	(8,793)
Total investment income	5,301,130	4,364,865
Net insurance finance expenses		
<i>Finance expense from insurance contract issued (net)</i>		
Interest accreted	(512,674)	(666,754)
Effect of changes in interest rates	(115,612)	(107,004)
	(628,286)	(773,758)
<i>Finance income) from reinsurance contract held (net)</i>		
Interest accreted	106,322	198,500
Effect of changes in interest rates	35,050	20,045
	141,372	218,545
Net insurance finance result	(486,914)	(555,213)
Total investment return recognised in profit or loss	4,814,216	3,809,652

6. Expenses by nature

	2024 €	2023 €
Staff costs (Note 7)	4,821,722	4,387,704
Directors' remuneration (Note 7)	25,544	25,544
Amortisation of intangible assets (Note 10)	87,831	97,839
Depreciation of property, plant and equipment (Note 11)	365,962	242,113
Professional indemnity insurance	88,122	83,708
Legal and professional fees	361,260	494,052
Advertising	172,931	184,992
Amounts receivable written off	15,256	7,863
Other expenses	2,713,095	2,242,738
Total administrative expenses	8,651,723	7,766,553
Allocated to:		
Insurance acquisition cash flows	3,206,584	2,051,593
Insurance service expense	1,666,513	1,001,342
Other operating expenses	3,778,626	4,713,618
	8,651,723	7,766,553

6. Expenses by nature – continued

An increased allocation of operating expenses to insurance acquisition cash flows and insurance service expense was effected during 2024 following a reassessment of the allocation methodology.

Fees charged by the auditor for services rendered during the financial period ended 31 December 2024 and 2023 amounted to:

	2024 €	2023 €
Annual statutory audit	64,000	92,500
Other assurance services	28,700	26,000
	92,700	118,500

Assurance work in connection to the adoption of IFRS 17 carried out as part of the 2023 audit are included within 'Annual statutory audit' fees.

Non-audit fees charged by affiliated entities to PwC during 2024 amounted to €102,934 (2023: €3,710) out of which €1,350 (2023: €1,330) were in connection to tax advisory and compliance services.

7. Staff costs

	2024 €	2023 €
Salaries	4,612,616	4,187,593
Social security costs	234,650	225,655
	4,847,266	4,413,248

The average number of persons employed during the year was:

	2024	2023
Managerial	44	25
Technical	60	78
Administrative	7	6
	111	109

Staff costs amounting to €11,900 (2023: €10,855) were reimbursed by related undertakings.

8. Tax expenses

	2024 €	2023 €
Current tax expense	1,561,294	1,758,828
Deferred tax expense (Note 19)	48,760	188,008
Tax expense	1,610,054	1,946,836

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/(loss) before tax	9,420,112	9,144,867
Tax on profit at 35%	3,297,039	3,200,703
Adjusted for tax effect of:		
(Income)/expense subject to reduced rates of tax	(114,625)	26,081
Expenses not deductible for tax purposes	23,626	16,169
Net losses not deductible for tax purposes	(1,595,986)	(1,296,117)
Tax expense	1,610,054	1,946,836

9. Dividends

The Directors declared a net interim dividend of €3,600,000 during 2024 (2023: €2,200,000) equivalent to 0.72 cents per share (2023: 0.44 cents per share). The Directors do not propose the payment of a final dividend in respect of the financial year ended 31 December 2024.

10. Intangible assets

	Computer Software €
At 1 January 2023	
Cost	1,166,056
Accumulated amortisation	(1,075,199)
Net book amount	90,857
Year ended 31 December 2023	
Opening net book amount	90,857
Additions	168,884
Amortisation charge	(97,839)
Closing net book amount	161,902
At 31 December 2023	
Cost	1,334,940
Accumulated amortisation	(1,173,038)
Net book amount	161,902
Year ended 31 December 2024	
Opening net book amount	161,902
Additions	41,482
Amortisation charge	(87,831)
Closing net book amount	115,553
At 31 December 2024	
Cost	1,376,422
Accumulated amortisation	(1,260,869)
Net book amount	115,553

Amortisation of €87,831 (2023: €97,839) is included in other operating expenses in the statement of profit and loss.

11. Tangible assets

	Land and buildings €	Right of use assets €	Office furniture & equipment €	Motor vehicles €	Total €
At 1 January 2023					
Cost or valuation	13,552,935	435,599	1,958,085	257,844	16,204,463
Accumulated depreciation	(86,562)	(309,498)	(1,877,775)	(217,872)	(2,491,707)
Net book amount	13,466,373	126,101	80,310	39,972	13,712,756
Year ended 31 December 2023					
Opening net book amount	13,466,373	126,101	80,310	39,972	13,712,756
Additions	32,600	662,977	129,998	40,000	865,575
Disposal	-	-	-	(25,350)	(25,350)
Depreciation charge	(28,855)	(126,101)	(53,451)	(33,706)	(242,113)
Depreciation released upon disposal	-	-	-	25,350	25,350
Closing net book amount	13,470,118	662,977	156,857	46,266	14,336,218
At 31 December 2023					
Cost or valuation	13,585,535	1,098,576	2,088,083	272,494	17,044,688
Accumulated depreciation	(115,417)	(435,599)	(1,931,226)	(226,228)	(2,708,470)
Net book amount	13,470,118	662,977	156,857	46,266	14,336,218
Year ended 31 December 2024					
Opening net book amount	13,470,118	662,977	156,857	46,266	14,336,218
Additions	16,077	3,545	675,061	20,900	715,583
Disposal	-	-	-	(6,000)	(6,000)
Depreciation charge	(28,855)	(133,304)	(182,806)	(20,996)	(365,961)
Depreciation released upon disposal	-	-	-	2,400	2,400
Closing net book amount	13,457,340	533,218	649,112	42,570	14,682,240
At 31 December 2024					
Cost or valuation	13,601,612	1,102,121	2,763,144	287,394	17,754,271
Accumulated depreciation	(144,272)	(568,903)	(2,114,032)	(244,824)	(3,072,031)
Net book amount	13,457,340	533,218	649,112	42,570	14,682,240

11. Tangible assets - continued

11.1 Fair value of land and buildings and investment property

The Company's land and buildings and investment property comprise of the Company's office building which houses the operations of the Company, as well as an additional office building in the vicinity of the former which is leased to third parties.

The Company's office building was revalued on 31 December 2022 by independent professionally qualified valuers. The valuation was conducted by a firm architect. The book value of the property was adjusted to the revaluation and the resultant surplus was credited to the revaluation reserve (refer to Note 18). The directors have reviewed the carrying amounts of the property as at 31 December 2024, on the basis of the assessments carried out by the independent property valuers. No adjustment to the carrying amounts were deemed necessary during the current financial year.

The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

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

The recurring property fair value measurement at 31 December 2024 uses significant unobservable inputs and is accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2024.

A reconciliation from the opening balance to the closing balance of non-financial assets for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above and in the notes to the financial statements.

11.2 Valuation processes

The valuation of the property is performed regularly on the basis of valuation reports prepared by independent and qualified valuers. At the end of every reporting period, the Financial Controller (CFO) assesses whether any significant changes in the major inputs have been experienced since the last external valuation. The CFO reports to the Board on the outcome of this assessment.

When an external valuation report is prepared, the information provided to the valuers – and the assumptions and the valuation models used by the valuers – are reviewed by the CFO. This includes a review of fair value movements over the period. When the CFO considers that the valuation report is appropriate, the valuation report is recommended to the Board. The Board considers the valuation report as part of its overall responsibilities.

11. Tangible assets - continued

11.3 Valuation techniques

The Level 3 fair valuation of the Company's land and buildings and investment property (Note 12) was determined by using a comparative approach whereby the current selling prices and rental values of similar developments were compared in order to obtain an equitable value of the property. The significant unobservable inputs in the valuation include:

Equivalent rental values based on the actual location, type and quality of property supported by current market rents for similar properties.

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

Description	Fair value at 31 December 2024 €	Valuation technique	Significant unobservable inputs
			Value per square metre €
Office buildings	15.1 million	Equivalent value per square metre	4,900

The higher the rental yield 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.

11.4 Historical cost of land and buildings

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2024 €	2023 €
Cost	4,920,988	4,920,988
Accumulated depreciation	(407,015)	(385,627)
Net book amount	4,513,973	4,535,361

11.5 Leases

The Company leases a number of branches. Rental contracts are typically made for fixed periods but may have extension options. Extension and termination options are included in a number of property leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The total cash payments for leases in 2024 was €149,899 (2023: €147,260). The contractual undiscounted cash flows attributable to lease liabilities as at 31 December 2024 are analysed in Note 3.2. The profit and loss account reflects the depreciation charge of right-of-use asset and interest charges for lease liabilities which are disclosed in note 11 and note 5 respectively.

11. Tangible assets - continued

11.5 Leases – continued

The following table discloses the movement in lease liabilities during the year:

	2024 €	2023 €
Year ended 31 December		
At beginning of year	662,977	138,468
Additions	3,545	662,977
Principal payments of lease liabilities	(149,899)	(147,260)
Interest expense	30,660	8,792
At end of year	547,283	662,977
At 31 December		
Current	133,304	132,595
Non-current	413,979	530,382
At end of year	547,283	662,977

The additions to lease liabilities and ROU were in relation to the extension of the Company's Branch operation network wherein the Company holds extension and termination options.

12. Investment property

	2024 €	2023 €
Year ended 31 December		
At beginning and end of year	1,615,000	1,615,000
At end of year	1,615,000	1,615,000
At 31 December		
Cost	703,500	703,500
Fair value gains	911,500	911,500
Closing cost and net book amount	1,615,000	1,615,000

Investment property comprises an office building acquired during 2013 which is leased out to third parties.

The property was fair valued as at 31 December 2022, by an independent firm of property valuers having appropriate recognized professional qualifications and experience in the location and category of the property being valued. Fair values are determined on the basis of open market value taking cognisance of the specific location of the property, the size of the site together with its development potential and the availability of the similar properties in the area. The Directors have reviewed the carrying amount of the property as at 31 December 2024, on the basis of the assessment carried out by the independent property valuers. No adjustments to the carrying amount were deemed necessary during the current financial year.

Disclosures required in terms of IFRS 13 in relation to fair value measurements attributable to investment property are presented in Note 11. Rental income generated from investment property is disclosed in note 5.

13. Investment in associated undertaking

	2024 €	2023 €
Year ended 31 December		
At beginning of year	305,858	339,600
Share of results of associate	169,964	133,796
Dividend received	(102,022)	(167,538)
	373,800	305,858
As At 31 December		
Cost	75,750	75,750
Goodwill	167,382	167,382
Share of results	130,668	62,726
	373,800	305,858

The associated undertaking is shown below:

Associated undertaking	Registered Office	Class of shares held	Percentage of shares held 2024	2023
2RS Elmo Insurance Managers Limited	Abate Rigord Street, Ta' Xbiex	Ordinary Shares	49.5%	49.5%

The financial information available below to the Company relates to the investment that is classified as an associate as at the balance sheet date.

	Assets €	Liabilities €	Profit for the year €
2024	549,135	121,298	287,257
2023	393,634	103,055	151,832

The value of Goodwill arose in connection to the acquisition of a further stake in 2RS Elmo Insurance Managers Limited during 2019 and represents the payments in excess of the net assets acquired. During 2024, the Directors carried out an impairment assessment test the conclusion of which suggests that there is no scope for an impairment charge, after also considering the future dividend prospects of the Company.

2RS Elmo Insurance Managers reported revenues of €946,099 (2023: €793,353) and a net profit after tax of €287,257 (2023: €151,832) for the period from 1 January to 31 December 2024 of which the Company's share on the net profit was €142,192 (2023: €75,157).

14. Financial investments

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

	2024 €	2023 €
Fair value through profit or loss	40,868,260	29,758,988
Amortised cost	1,562,052	1,562,052
	42,430,312	31,321,040

(a) Investments at fair value through profit or loss

	2024 €	2023 €
Equity securities, other variable yield securities and units in unit trusts - listed	29,464,913	21,965,954
Listed debt securities	11,403,347	7,793,034
Total investments at fair value through profit or loss	40,868,260	29,758,988

Maturity of fixed income debt securities:

	2024 €	2023 €
Within one year	794,415	1,479,358
Between 1 and 2 years	1,681,361	779,555
Between 2 and 5 years	1,570,514	2,965,310
Over 5 years	7,357,057	2,568,811
	11,403,347	7,793,034

All other securities classified as fair value through profit or loss are non-current in nature.

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

	2024 €	2023 €
Year ended 31 December		
At beginning of year	29,758,988	23,169,352
Additions	16,187,408	8,386,180
Disposals (sale and redemptions)	(6,610,371)	(5,467,722)
Net fair value gains/(losses)	1,532,235	3,671,178
At end of year	40,868,260	29,758,988
As at 31 December		
Cost	34,221,609	24,644,572
Accumulated net fair value gains	6,646,651	5,114,416
Net book amount	40,868,260	29,758,988

14. Financial Investments - continued

(b) *Amortised cost*

	2024 €	2023 €
Deposits with banks or credit institutions	1,562,052	1,562,052

Maturity of deposits with banks or credit institutions:

	2024 €	2023 €
Within 1 year	1,562,052	1,562,052

The above deposits earn interest as follows:

	2024 €	2023 €
At fixed rates	1,562,052	1,562,052

15. Insurance contract liabilities and reinsurance contract assets

	2024 €	2023 €
Insurance contract assets	-	(249,820)
Insurance contract liabilities	33,494,480	26,461,987
Net insurance contract liabilities	33,494,480	26,212,167
Reinsurance contract assets	9,523,962	7,163,715
Reinsurance contract liabilities	(418,382)	(1,129,240)
Net reinsurance contract assets	9,105,580	6,034,475

The liabilities for incurred claims reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of 2024 and 2023 are not material.

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changes during the year as a result of cash flows and amounts recognised in the statement of profit and loss and other comprehensive income.

The Company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit and loss and other comprehensive income.

The tables below illustrate how estimates of cumulative claims have been developed over time on a gross and net of reinsurance basis. Each table shows how the estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position.

The Company provides information on the claims development for the current reporting period and nine years prior to it. In order to reconcile undiscounted claims information for the periods prior to the transition to IFRS 17, the Company included estimates of claim amounts based on accounting policies that existed prior to IFRS 17 adoption.

15. Insurance contract liabilities and reinsurance contract assets – continued

Reconciliation of the liability for remaining coverage and incurred claims – Insurance contracts issued

	Remaining coverage	2023 Incurred claims Estimates of the present value of future cash flows	Risk adjustment	Total
	€	€	€	€
Net insurance contract liabilities	5,743,632	20,876,485	1,189,825	27,809,942
Insurance revenue	(29,809,806)	-	-	(29,809,806)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	16,264,143	512,303	16,776,446
Amortisation of insurance acquisition cash flows	3,990,789	-	-	3,990,789
Changes that relate to past services – changes in the FCF relating to the LIC	-	(5,594,850)	(610,287)	(6,205,137)
Insurance service result	(25,819,017)	10,669,293	(97,984)	(15,247,708)
Insurance finance expense	-	767,773	5,985	773,758
Total changes in the statement of comprehensive income	(25,819,017)	11,437,066	(91,999)	(14,473,950)
Cash flows				
Premiums received	30,733,316	-	-	30,733,316
Claims and other directly attributable expenses paid	-	(13,778,212)	-	(13,778,212)
Insurance acquisition cash flows	(4,078,929)	-	-	(4,078,929)
Total cash flows	26,654,387	(13,778,212)	-	12,876,175
Net insurance contract liabilities	6,579,002	18,535,339	1,097,826	26,212,167

15. Insurance contract liabilities and reinsurance contract assets – continued

Reconciliation of the liability for remaining coverage and incurred claims – Insurance contracts issued - continued

	Remaining coverage	2024 Incurred claims Estimates of the present value of future cash flows	Risk adjustment	Total
	€	€	€	€
Net insurance contract liabilities	6,579,002	18,535,339	1,097,826	26,212,167
Insurance revenue	(33,769,015)	-	-	(33,769,015)
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	19,598,670	792,308	20,390,978
Amortisation of insurance acquisition cash flows	5,152,041	-	-	5,152,041
Changes that relate to past services – changes in the FCF relating to the LIC	-	(1,808,856)	(511,161)	(2,320,017)
Insurance service result	(28,616,974)	17,789,814	281,147	(10,546,013)
Insurance finance expense	-	621,962	6,324	628,286
Total changes in the statement of comprehensive income	(28,616,974)	18,411,776	287,471	(9,917,727)
Cash flows				
Premiums received	36,119,764	-	-	36,119,764
Claims and other directly attributable expenses paid	-	(12,995,150)	-	(12,995,150)
Insurance acquisition cash flows	(5,924,574)	-	-	(5,924,574)
Total cash flows	30,195,190	(12,995,150)	-	17,200,040
Net insurance contract liabilities	8,157,218	23,951,965	1,385,297	33,494,480

15. Insurance contract liabilities and reinsurance contract assets – continued

Reconciliation of the assets of remaining coverage and incurred claims – reinsurance contracts held

	Remaining coverage	2023 Incurred claims Estimates of the present value of future cash flows	Risk adjustment	Total
	€	€	€	€
Net reinsurance contract assets	913,550	6,224,378	379,974	7,517,902
Allocation of reinsurance premiums	(6,078,754)	-	-	(6,078,754)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred	-	4,070,723	80,527	4,151,250
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	(3,223,162)	(196,254)	(3,419,416)
Total reinsurance income	(6,078,754)	847,561	(115,727)	(5,346,920)
Finance income from reinsurance contracts held	-	217,231	1,314	218,545
Total changes in the statement of comprehensive income	(6,078,754)	1,064,792	(114,413)	(5,128,375)
Cash flows				
Premiums paid net of ceding commissions	7,151,177	-	-	7,151,177
Recoveries from reinsurers	-	(3,506,229)	-	(3,506,229)
Total cash flows	7,151,177	(3,506,229)	-	3,644,948
Net insurance contract assets	1,985,973	3,782,941	265,561	6,034,475

15. Insurance contract liabilities and reinsurance contract assets – continued

Reconciliation of the assets of remaining coverage and incurred claims – reinsurance contracts held - continued

	Remaining coverage	2024 Incurred claims Estimates of the present value of future cash flows	Risk adjustment	Total
	€	€	€	€
Net reinsurance contract assets	1,985,973	3,782,941	265,561	6,034,475
Allocation of reinsurance premiums	(6,806,185)	-	-	(6,806,185)
Amounts recoverable from reinsurers				
Amounts recoverable for claims and other expenses incurred	-	5,083,967	277,671	5,361,638
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	(823,520)	(77,648)	(901,168)
Total reinsurance income	(6,806,185)	4,260,447	200,023	(2,345,715)
Finance income from reinsurance contracts held	-	139,335	2,037	141,372
Total changes in the statement of comprehensive income	(6,806,185)	4,399,782	202,060	(2,204,343)
Cash flows				
Premiums paid net of ceding commissions	5,881,186	-	-	5,881,186
Recoveries from reinsurers	-	(605,738)	-	(605,738)
Total cash flows	5,881,186	(605,738)	-	5,275,448
Net insurance contract assets	1,060,974	7,576,985	467,621	9,105,580

15. Insurance liabilities and reinsurance assets - continued

The development table is presented gross of reinsurance.

	2015 €	2016 €	2017 €	2018 €	2019 €	2020 €	2021 €	2022 €	2023 €	2024 €	Total €
Estimate of the ultimate claims costs											
- at end of accident year	7,996,319	7,423,855	9,626,225	10,679,360	16,125,919	11,935,234	12,341,625	18,399,900	15,350,453	19,976,886	
- one year later	8,815,540	7,974,397	10,268,634	12,749,021	18,384,523	13,632,674	14,097,339	16,222,430	15,286,259		
- two years later	8,512,506	7,508,183	9,093,872	12,652,697	17,602,742	12,899,974	13,031,761	14,490,523			
- three years later	8,594,942	7,195,352	9,007,320	12,477,871	16,910,804	12,783,148	13,102,675				
- four years later	8,694,995	7,100,305	8,885,323	12,410,040	16,648,151	12,765,795					
- five years later	8,751,689	7,176,431	8,732,564	12,252,679	16,794,299						
- six years later	8,764,253	7,208,676	8,711,142	12,236,219							
- seven years later	8,773,400	7,223,488	8,750,634								
- eight years later	8,708,241	7,323,981									
- nine years later	8,656,282										
Current estimates of Cumulative claims payments to date	8,656,282	7,323,981	8,750,634	12,236,219	16,794,299	12,765,795	13,102,675	14,490,523	15,286,259	19,976,886	129,383,553
	(8,378,433)	(7,086,574)	(8,358,278)	(11,878,756)	(15,270,862)	(12,011,679)	(11,615,944)	(12,409,177)	(11,241,279)	(6,840,078)	(105,091,060)
Liability recognised in the balance sheet	277,849	237,407	392,356	357,463	1,523,437	754,116	1,486,731	2,081,346	4,044,980	13,136,808	24,292,493
Liability in respect of prior Years											739,046
Effect of discounting											(1,079,574)
Risk Adjustment											1,385,297
Liability for incurred claims for the contracts originated											25,337,262

15. Insurance liabilities and reinsurance assets - continued

The development table is presented net of reinsurance.

	2015 €	2016 €	2017 €	2018 €	2019 €	2020 €	2021 €	2022 €	2023 €	2024 €	Total €
Estimate of the ultimate claims costs											
- at end of accident year	7,083,572	6,638,396	8,638,046	9,005,686	10,075,485	8,301,993	9,649,225	13,299,152	12,612,080	14,863,035	
- one year later	7,572,414	6,884,491	9,078,095	9,239,032	10,723,325	8,843,154	10,472,013	12,622,162	12,645,543		
- two years later	6,930,480	6,370,993	8,157,090	8,639,351	9,990,897	8,047,376	9,300,593	10,922,600			
- three years later	6,998,412	6,194,568	8,068,285	8,482,267	9,848,131	7,912,757	9,266,920				
- four years later	6,908,556	6,085,200	7,965,775	8,424,929	9,656,716	7,899,559					
- five years later	6,970,451	6,066,195	7,868,314	8,270,247	9,739,556						
- six years later	6,992,121	6,064,706	7,763,628	8,220,255							
- seven years later	7,001,639	6,175,869	7,882,686								
- eight years later	6,938,678	6,169,132									
- nine years later	6,886,718										
Current estimates of cumulative claims	6,886,718	6,169,132	7,882,686	8,220,255	9,739,556	7,899,559	9,266,920	10,922,600	12,645,543	14,863,035	94,496,004
Cumulative payments to date	(6,608,869)	(6,049,486)	(7,536,472)	(8,047,465)	(8,958,831)	(7,362,811)	(8,416,687)	(9,354,560)	(9,218,646)	(6,328,752)	(77,882,579)
Liability recognized in the balance sheet	277,849	119,646	346,214	172,790	780,725	536,748	850,233	1,568,040	3,426,897	8,534,283	16,613,425
Liability in respect of prior years											518,902
Effect of discounting											(757,347)
Risk Adjustment											917,676
Liability for incurred claims for the contracts originated											17,292,656

16. Other receivables

	2024 €	2023 €
Other receivables, accruals and deferred income		
Other debtors	28,450	47,634
Amount due from related parties (Note 23)	31,156	26,253
Accrued interest	111,100	72,447
Prepayments	449,576	333,860
	620,282	480,194

Amounts due from related parties are unsecured, interest-free and repayable on demand.

17. Share capital

	2024 €	2023 €
Authorised		
2,488,350 ordinary "A" shares of €1 each	2,488,350	2,488,350
2,488,350 ordinary "B" shares of €1 each	2,488,350	2,488,350
23,300 ordinary "C" shares of €1 each	23,300	23,300
	5,000,000	5,000,000
Issued and fully paid		
2,488,350 ordinary "A" shares of €1 each	2,488,350	2,488,350
2,488,350 ordinary "B" shares of €1 each	2,488,350	2,488,350
23,300 ordinary "C" shares of €1 each	23,300	23,300
	5,000,000	5,000,000

"A", "B" and "C" ordinary shares rank pari passu in all respects except for the appointment of Directors. The holders of ordinary "A" and ordinary "B" shares have the right to appoint one director for every ten percent of the share capital held by reference to the nominal value of shares. The holders of ordinary "C" shares have the right to appoint one director.

18. Revaluation reserve

	2024	2023
	€	€
At 1 January and 31 December	7,051,811	7,051,811

The balance at 31 December is made up as follows:

	2024	2023
	€	€
Revaluation reserve arising on land and buildings	7,051,811	7,051,811

This reserve is not a distributable reserve.

19. Deferred taxation

	2024	2023
	€	€
Balance at 1 January	1,141,177	953,169
Movements during the year recognised in: Profit and loss account (Note 8)	48,760	188,008
Balance at 31 December – net	1,189,937	1,141,177

Deferred taxation is calculated on temporary differences under the liability method using a principal tax rate of 35% (2023: 35%) except for temporary differences on Land and Investment Property that are calculated under the liability method using the principal tax rates of either 8% or 10% of the revalued amount.

19. Deferred taxation - continued

The year-end balance comprises:

	2024 €	2023 €
Temporary differences attributable to depreciation of fixed assets	(9,311)	(6,455)
Temporary differences attributable to fair value adjustments - investments	(124,141)	(128,002)
Temporary differences attributable to revaluation of land and buildings	1,189,600	1,189,600
Temporary differences attributable to revaluation of investment property	129,200	129,200
Temporary differences attributable to other provisions	-	(46,501)
Temporary differences attributable to other assets	4,589	3,335
Balance at 31 December – net	1,189,937	1,141,177

Deferred income tax assets are recognised for losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable gains is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off a current asset against a current tax liability. The following amounts determined after appropriate offsetting are shown in the balance sheet:

	2024 €	2023 €
Deferred tax asset	(133,452)	(180,958)
Deferred tax liability	1,323,389	1,322,135
	1,189,937	1,141,177

The above temporary differences are considered to be substantially non-current in nature.

20. Other payables

	2024 €	2023 €
Other payables, accruals and other liabilities		
Other payables	636,354	348,927
Accrued expenses	267,469	253,940
Lease liabilities (Note 11)	547,283	662,977
Amounts due to related parties (Note 23)	16,368	13,909
	1,467,474	1,279,753

The above other payables, with the exception of lease liabilities, are considered to be current in nature. The lease liabilities have been split into current and non-current as disclosed in Note 11.

21. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2024 €	2023 €
Profit before tax	9,420,112	9,144,867
Insurance premium received, net of IACF	30,195,190	26,654,387
Reinsurance premiums paid, net of commission	(5,881,187)	(7,151,177)
Claims and other insurance service expenses paid	(12,995,150)	(13,778,211)
Reinsurance claims received, net of commission	605,738	3,506,229
Adjustments for:		
Net investment return (Note 5)	(5,331,790)	(4,507,454)
Interest and finance charges paid for lease	30,660	8,793
Share of profit in associate	(169,964)	97,839
Amortisation (Note 10)	87,831	242,113
Depreciation (Note 11)	365,961	(9,750)
Gain on disposal of property, plant and equipment	(1,900)	-
Movements in:		
Technical provisions	(4,844,819)	(8,804,991)
Receivables, prepayments and accrued income	(3,008,651)	(410,994)
Payables	272,754	(120,858)
Cash generated from operations	8,744,785	4,870,793

22. 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	5,047,106	6,396,995
Interest bearing: - at floating rates	872,464	2,102,262

The bank overdraft bears an interest rate of 4.60% (2023: 4.60%) is secured by a hypothec on selected financial instruments.

23. Related party transactions

Due to common ultimate shareholders, the Directors consider the Cassar and Cooper Group and the C & H Bartoli Group to be related parties (including related entities and close family of shareholders). Trading transactions with related parties during the year were as follows:

	2024 €	2023 €
<i>(a) Entities with significant influence over the entity (including related entities and close family of shareholders)</i>		
Gross premium receivable, net of claims paid	64,084	81,031
Reimbursement of expenses for back-office support	13,764	10,855
Net rent payable	6,890	10,038
Commission payable	301,887	251,572
<i>(b) Other related parties</i>		
Fees payable	39,288	92,395

Year end balances arising from the above transactions:

	2024 €	2023 €
<i>Entities with significant influence over the entity (including related entities and close family of shareholders)</i>		
Amounts due by	31,156	26,253
Amounts due to	16,368	13,909

23. Related party transactions - continued

Fees payable to Directors are disclosed in Notes 6, while dividend received from investment in associated undertaking is disclosed in Note 13.

24. Statutory information

Elmo Insurance Limited is a limited liability Company and is incorporated in Malta, with registered address at 'ELMO', Abate Rigord Street, Ta' Xbiex, XBX 1111, Malta.