

1. Segmental analysis

In the opinion of the directors, the Group operates in a single business segment being that of long term insurance business.

(i) Gross premiums written

Gross premium income is made up of:

	Group and Company	
	1999	1998
	Lm	Lm
Direct insurance	13,226,723	9,406,636
Reinsurance inwards	239,340	238,549
Gross premiums written	13,466,063	9,645,185

	Group and Company			
	Gross direct premiums written			
	Periodic premiums		Single premiums	
	1999	1998	1999	1998
	Lm	Lm	Lm	Lm
Non-participating	780,919	717,862	-	-
Participating	8,062,289	6,721,904	4,146,304	1,966,870
Linked	28,997	-	208,214	-
	8,872,205	7,439,766	4,354,518	1,966,870

Gross premiums written by way of direct business of insurance relate to individual business. All long term contracts of insurance are concluded in or from Malta.

(ii) Reinsurance balance

The reinsurance balance, which represents the aggregate of all items relating to reinsurance outwards, amounted to a charge of Lm146,736 to the long term business technical account for the year ended 31 December 1999 (1998: a credit of Lm13,240).

NOTES TO THE FINANCIAL STATEMENTS

2. Investment return

	Group		Company	
	1999 Lm	1998 Lm	1999 Lm	1998 Lm
Investment income				
Income from land and buildings	108,966	82,944	108,966	82,944
Income from other investments	1,907,232	1,475,744	1,891,422	1,459,891
Gains on the realisation of investments	980,398	417,013	974,026	417,013
	2,996,596	1,975,701	2,974,414	1,959,848
Unrealised gains on investments	5,316,122	2,146,385	5,420,008	2,121,524
Investment expenses and charges				
Investment management expenses	91,234	74,422	91,234	74,422
Interest payable	26,356	82,073	26,356	82,073
Total investment expenses and charges	117,590	156,495	117,590	156,495
Total investment return	8,195,128	3,965,591	8,276,832	3,924,877
Apportioned as follows:				
Technical profit and loss account	7,332,865	3,582,985	7,332,865	3,582,985
Non-technical profit and loss account	325,002	205,334	302,820	189,481
Revaluation reserve	537,261	177,272	641,147	152,411
	8,195,128	3,965,591	8,276,832	3,924,877

3. Bonuses and rebates, net of reinsurance

The following amounts have been included in the long term business technical account in respect of policyholder bonuses:

	Group & Company	
	1999 Lm	1998 Lm
Reversionary bonuses declared in the year, included in the long term business provision	2,594,251	1,425,042

4. Net operating expenses

	Group and Company	
	1999	1998
	Lm	Lm
Acquisition costs	1,539,370	1,240,590
Administrative expenses	723,386	582,600
Reinsurance commissions and profit participation	(186,029)	(158,675)
	2,076,727	1,664,515

Total commissions for direct business accounted for in the financial period amounted to Lm1,105,454 (1998: Lm915,619).

5. Profit on ordinary activities before tax

The profit on ordinary activities before tax is stated after charging/(crediting):

	Group		Company	
	1999	1998	1999	1998
	Lm	Lm	Lm	Lm
Staff costs (note 6)	275,271	283,227	263,179	271,391
Auditors' remuneration	5,000	5,000	3,500	3,500
Actuarial fees	39,679	29,151	39,679	29,151
Depreciation (note 15)	62,362	43,052	62,282	42,994
Professional indemnity insurance	9,268	8,817	7,961	7,646
Exchange differences	(94,350)	49,848	(86,942)	52,726

6. Staff costs

Total employment costs:	Group		Company	
	1999	1998	1999	1998
	Lm	Lm	Lm	Lm
Salaries	257,371	267,990	245,982	256,931
Social security costs	17,900	15,237	17,197	14,460
	275,271	283,227	263,179	271,391