

MSI/CF/MSE01115

22 July 2015

Company Announcement pursuant to the Listing Rules of the Malta Financial Services Authority

The following is a Company Announcement issued by Mapfre Middlesea p.l.c., pursuant to the Listing Rules of the Malta Financial Services Authority.

Quote

The Board of Directors of Mapfre Middlesea p.l.c., have today the 22 July 2015, considered and approved the unaudited financial statements of the Group for the financial half year ended 30 June 2015. A preliminary statement of interim results is being attached herewith in terms of the Listing Rules. The Interim Financial Statements are available for viewing on the Company's website at www.middlesea.com.

In line with Company policy, the Board of Directors does not propose the payment of an interim dividend.

Unquote

By Order of the Board


Carlo Farrugia
Company Secretary

Review of Group Operations

Half Yearly Financial Statements - 30 June 2015

Commentary

The Directors present the unaudited consolidated interim results of Mapfre Middlesea p.l.c..

The consolidated Mapfre Middlesea Group result for the first six months of 2015 amounted to a profit before tax of €15.18 million, compared to €8.21 million registered during the comparative period last year. The profit after tax allocated to shareholders amounted to €5.27 million as compared to €3.09 million in 2014. All Group companies registered improved results with the main driver being the Group's life operations with MSV Life p.l.c. registering higher profits than the comparative period last year mainly resulting from a one-off saving from renegotiation of the reinsurance treaty . The general business returned a satisfactory result in an increasingly competitive market.

The Group's gross premiums written have increased by 49.4% during the first six month of 2015. The General Business turnover continued to register important growth in excess of market performance with an increase of 15.1%. The competitive environment we operate in and the price pressures to maintain or acquire business makes this growth rate a significant one. Life premiums written increased by 58.8% thus having the major impact on the increased volume of business of the Group.

Following an outstanding performance during the initial months of the year, worries about the Greek debt default caused markets to retract sharply during the last two months. Bond yields have returned to the levels as at the end of 2014 following the downturns experienced earlier in the year. Notwithstanding this, the investment portfolios registered higher returns when compared to June 2014 particularly those of MSV Life p.l.c.. The positive performance of the MSE Index, during the period, resulted in positive movements on the Holding Company portfolio which had registered losses during the same period in 2014.

The Group continues to enjoy a healthy Solvency position as a result of the attained positive results.

Financial highlights for the half year

- **General Business Gross Premium written** increased by 15.09% from €18.13 million in 2014 to €20.86 million as at the 30 June 2015.
- **Long term Gross Premium Written** by the Group increased by 58.81% to €105.20 million compared to €66.24 million in the comparative period in 2014.
- **Return from Investments** allocated to the non-technical account for the six months to 30 June 2015 amounted to a gain of €1.04 million compared to €2.98 million in 2014.
- The Group registered a **Profit after taxation** for the 6 months ended 30 June 2015 of €9.77 million, of which €5.27 million attributable to shareholders, compared with a profit after taxation of €5.93 million for the same period last year of which €3.09 million attributable to shareholders.
- **Gross Technical Provisions** at 30 June 2015 increased by 7.98% to €1.55 billion over the 31 December 2014 reserves of €1.44 billion. Net of reinsurers' share, technical provisions stand at €1.54 billion, an increase of 8.09% over the 31 December 2014 provisions of €1.43 billion.
- **Total assets** increased by 7.50% and totaled €1.75 billion as at 30 June 2015, as compared to the total assets of €1.63 billion at 31 December 2014.
- **Total Equity** of the Group attributable to shareholders amounted to €81.23 million as at 30 June 2015, up from €80.13 million at 31 December 2014 with a net asset value per share of €0.88.
- The Group is compliant with the regulatory **solvency requirements** both for the long-term and general business. Mapfre Middlesea p.l.c.'s solvency position as at the 30 June 2015 on its general business stood at 391% of the minimum solvency requirement (31 December 2014 – 484%) following the payment of the dividend for Financial year 2014 and an increase in the required minimum margin derived from increased business.

Outlook

With the growth being registered and improved bottom-line performances, the Group, whilst remaining vigilant, is confident in achieving its targets for the year. The portfolio transfer as a going concern from Allcare Insurance Limited which is being finalised and that is subject to MFSA approval will increase the market share of the Company leading to optimisation of available capital. Focus will remain on the customer experience offering products that are innovative in the market and tapping into clients increasing needs. This is pursued with the constant commitment in delivering improved returns to shareholders through strategies aimed at enhancing technical performance and cost efficiencies.

In line with Company policy, the Board of Directors do not propose to pay an interim dividend for the half year ended 30 June 2015 (2014 – nil).

Preliminary Statement of Interim Results 30 June 2015

Condensed Profit and Loss Accounts
Non - technical accounts
for the half year ended 30 June

	Group	
	6 months to 30 June 2015	6 months to 30 June 2014
	€'000	€'000
Balance on the general business technical account	1,061	1,188
Balance on the long term business technical account	13,604	4,830
Total income from insurance activities	14,665	6,018
Other investment income	1,644	3,391
Investment expenses and charges	(17)	(222)
Allocated investment return transferred to the general business technical account	(592)	(185)
Other income	655	539
Administration expenses	(1,172)	(1,335)
Profit for the half year before tax	15,183	8,206
Income tax expense	(5,413)	(2,273)
Profit for the half year	9,770	5,933
Attributable to:		
- shareholders	5,267	3,092
- non-controlling interests	4,503	2,841
	9,770	5,933

Preliminary Statement of Interim Results 30 June 2015

Condensed Statements of Comprehensive Income
for the half year ended 30 June

	Group	
	6 months to 30 June 2015 €'000	6 months to 30 June 2014 €'000
Profit for the half year	9,770	5,933
Other comprehensive income:		
<i>Other comprehensive income to be reclassified to profit and loss in subsequent periods</i>		
Change in other available-for-sale investments	(59)	144
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</i>		
(Decrease)/ increase in value of in-force business	(1,182)	116
Total other comprehensive income, net of tax	(1,241)	260
Total comprehensive income for the half year	8,529	6,193
Attributable to:		
- shareholders	4,617	3,294
- non-controlling interests	3,912	2,899
Total comprehensive income for the half year	8,529	6,193

Preliminary Statement of Interim Results 30 June 2015

Condensed Consolidated Balance Sheets

	Group	
	June	December
	2015	2014
	€'000	€'000
ASSETS		
Intangible assets	58,736	59,437
Property, plant and equipment	9,376	9,333
Investment property	87,090	86,275
Investment in associated undertakings	25,232	17,648
Other investments	1,465,444	1,355,425
Deferred income tax	2,123	2,261
Reinsurers' share of technical provisions	15,183	15,564
Deferred acquisition costs	4,218	3,220
Insurance and other receivables	25,086	24,277
Income tax receivables	3,074	7,749
Cash and cash equivalents	52,262	44,679
Total assets	1,747,824	1,625,868
EQUITY		
Capital and reserves attributable to shareholders	81,226	80,129
Non-controlling interests	75,138	73,566
Total equity	156,364	153,695
LIABILITIES		
Deferred income tax	23,447	18,427
Income tax payable	12	-
Provisions for other liabilities and charges	1,832	1,860
Technical provisions:		
- Insurance contracts and investment contracts with DPF	1,485,124	1,373,918
- Investment contracts without DPF	66,231	62,873
Derivative financial instruments	-	515
Insurance and other payables	14,814	14,580
Total liabilities	1,591,460	1,472,173
Total equity and liabilities	1,747,824	1,625,868

These condensed financial statements were approved by the Board on 22 July 2015 and were signed on its behalf by:

Martin Galea
Chairman

Charles Borg
Director

Alfredo Munoz Perez
President & CEO

Preliminary Statement of Interim Results 30 June 2015

Statements of Changes in Equity for the half year ended 30 June

Group

	Attributable to shareholders				Total €'000	Non- controlling interests €'000	Total €'000
	Share capital €'000	Share premium account €'000	Other reserves €'000	Profit & loss account €'000			
Balance as at 1 January 2014	19,320	688	24,680	28,414	73,102	67,563	140,665
Comprehensive Income							
Profit for the half year	-	-	-	3,092	3,092	2,841	5,933
Other comprehensive income:							
Change in other available-for-sale investments	-	-	144	-	144	-	144
Increase in value of in-force business	-	-	58	-	58	58	116
Total other comprehensive income, net of tax	-	-	202	-	202	58	260
Total comprehensive income	-	-	202	3,092	3,294	2,899	6,193
Transactions with owners							
Write-back of prior year dividends	-	-	-	33	33	-	33
Dividends for 2013	-	-	-	(3,520)	(3,520)	(2,481)	(6,001)
Total transactions with owners	-	-	-	(3,487)	(3,487)	(2,481)	(5,968)
Balance as at 30 June 2014	19,320	688	24,882	28,019	72,909	67,981	140,890
Balance as at 1 January 2015	19,320	688	28,275	31,846	80,129	73,566	153,695
Comprehensive Income							
Profit for the half year	-	-	-	5,267	5,267	4,503	9,770
Other comprehensive income:							
Change in other available-for-sale investments	-	-	(59)	-	(59)	-	(59)
Decrease in value of in-force business	-	-	(591)	-	(591)	(591)	(1,182)
Total other comprehensive income, net of tax	-	-	(650)	-	(650)	(591)	(1,241)
Total comprehensive income	-	-	(650)	5,267	4,617	3,912	8,529
Transactions with owners							
Dividends for 2014	-	-	-	(3,520)	(3,520)	(2,340)	(5,860)
Total transactions with owners	-	-	-	(3,520)	(3,520)	(2,340)	(5,860)
Balance as at 30 June 2015	19,320	688	27,625	33,593	81,226	75,138	156,364

Preliminary Statement of Interim Results 30 June 2015

**Condensed consolidated statements of cash flows
for the half year ended 30 June**

	Group	
	6 months to 30 June 2015	6 months to 30 June 2014
	€'000	€'000
Net cash generated from operating activities	74,412	42,815
Net cash used in investing activities	(60,969)	(23,228)
Net cash used in financing activities	(5,860)	(5,968)
Net movement in cash and cash equivalents	<u>7,583</u>	<u>13,619</u>
Cash and cash equivalents at beginning of year	44,679	10,846
Cash and cash equivalents at end of half year	<u>52,262</u>	<u>24,465</u>

**Notes to the Condensed Financial Statements
For the half year ended 30 June 2015**

1. Mapre Middlesea p.l.c. is authorized by the Malta Financial Services Authority to carry on long term and general business of insurance under the Insurance Business Act, 1998.
2. Basis of preparation

These condensed financial statements are being published in accordance with Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act 2005. These statements have been extracted from the Group’s unaudited financial statements as approved by the Board on 22 July 2015 and have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS34). They do not include all information required for full annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 December 2014. The accounting policies applied in these condensed financial statements are the same as those applied by the group in its financial statements for the year ended 31 December 2014.

Related party transactions with other members of the Mapfre Middlesea Group were at a similar level to the comparable period.

Segmental information

The Group is organized into three geographic segments: Malta, Gibraltar and London. Whilst the Malta segment is involved in general business and long term business, the Gibraltar and London segments are general business segments that are in run-off.

	Gross written premiums		Profit/(loss) before taxation	
	6 months to 30 June 2015	6 months to 30 June 2014	6 months to 30 June 2015	6 months to 30 June 2014
	€'000	€'000	€'000	€'000
Malta	126,057	84,368	14,975	7,911
Gibraltar - discontinued	-	-	(31)	5
London - discontinued	-	-	239	290
	126,057	84,368	15,183	8,206

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- the condensed interim financial statements for the Group give a true and fair view of the financial position as at 30 June 2015, financial performance and cash flows for the period then ended, in accordance with accounting standards adopted for use in the EU for interim financial statements (*IAS 34 'Interim Financial Reporting'*) for the Group; and
- the commentary includes a fair review of the information required in terms of Listing rule 5.75.2.

Martin Galea
Chairman

Charles Borg
Director

Alfredo Munoz Perez
President & CEO