

MMS/CF/MSE00516

2 March 2016

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., has today, the 2 March 2016, approved the audited financial statements for the financial year ended 31 December 2015. The Board resolved that these audited financial statements be submitted for the approval of the Shareholders at the forthcoming Annual General Meeting (AGM) scheduled for Friday 22 April 2016. A preliminary statement of the annual results is being attached herewith in terms of the Listing Rules. Shareholders on the Company's register at the Central Securities Depository of the Malta Stock Exchange as at close of business on Tuesday 22 March 2016 (the record date), will receive notice of the AGM together with a copy of the Annual Report and Financial Statements for the year ended 31 December 2015. The Audited Financial Statements will be available for viewing on the Company's website at www.middlesea.com as from the 3 March 2016.

The Board of Directors recommends, for the approval at the AGM, the payment of a final net dividend of €3,520,000 (2014 – €3,520,000) equivalent to a gross dividend of €0.05605 per share (2014 – €0.05127). The final dividend, if approved at the AGM, will be paid on the 22 May 2016 to the Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange at the close of business as at the 29 April 2016.

Unquote

By Order of the Board


Carlo Farrugia
Company Secretary

Financial Highlights as at the 31 December 2015

Financial highlights of the results for the year ended 31 December 2015 include the following:-

- Total Group profit before tax for the year amounted to €17.84 million as compared to €17.31 million during the previous year with after tax profits at €11.87 million compared to €12.37 million in 2014.
- The standalone Company registered a satisfactory technical result on its operations in a year characterised by the portfolio transfer from Allcare Insurance Limited. The increase in new business during the year buoyed by the portfolio transfer saw core business premium volumes increasing by 38.3% projecting Mapfre Middlesea p.l.c. as outright leader in the non-life market. Investment income going to profit or loss increased as a result of higher fair value movements particularly on the property portfolio. With a lower dividend from Group companies, amounting to €2.84 million compared to €3.60 million in 2014, the Company registered a profit before tax for FY 2015 amounting to €5.07 million, compared to a profit of €6.38 million in FY 2014. Profit after tax increased from €4.28 million in FY 2014 to €4.64 million in FY 2015 as the dividend received from MSV Life p.l.c. ('MSV') was paid from untaxed profits whilst in FY 2014 it was mainly paid from taxed profits.
- The Group's results include the consolidated MSV profit before tax of €15.58 million (2014: €14.26 million). MSV reported a turnover (including investment contracts without DPF) of €224.46 million compared to €156.05 million in 2014 as a result of increases in demand across all products in particular the life protection business and single premium savings contracts. The resilience and upturn in equity and bond markets produced strong returns albeit lower than those registered in 2014 with net investment income decreasing from €119.38 million in 2014 to €91.17 million in 2015. The profit after tax consolidated for FY 2015 amounted to €10.10 million (2014: €10.41 million).
- Total Group capital and reserves attributable to shareholders (excluding non controlling interests) at 31 December 2015 was €82.30 million, compared to €80.13 million as at 31 December 2014.

During the year the Company consolidated its strong balance sheet, increasing its Shareholders' equity to € 62.86 million, still maintaining a strong regulatory solvency position as at 31 December 2015 of 284% on its general business, when compared to the minimum regulatory requirement of 150%.

A gross dividend in respect of the year ended 31 December 2015 of €0.05605 per share amounting to a total dividend of €5,156,715 (2014: €4,716,890) is to be proposed by the directors at the forthcoming annual general meeting. This is equivalent to a net dividend of €0.03826 per share amounting to a total net dividend of €3,520,000 (2014: €3,520,000)

The Board expresses its satisfaction for the results obtained in 2015. Backed by the strong Mapfre brand name and increasing portfolio, the Board, whilst aware of the challenges in the markets the Group operates in looks forward with optimism to 2016.

Notice is hereby given that Tuesday 22 March 2016 is the "record date" for the purposes of Article 53 (2) (b) of the Company's Articles of Association. All shareholders appearing on the Company's Register of Members as at the close of business on Tuesday 22 March 2016 will receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Friday 22 April 2016.

Pursuant to the Malta Stock Exchange Bye-Laws, all shareholders appearing on the Company's Register of Members as at close of business on Friday 29 April 2016, will be paid, on the 22 May 2016, the final dividend as approved by the Annual General Meeting.

By Order of the Board

Basis of preparation

These figures have been extracted from Middlesea Group's audited financial statements for the year ended 31 December 2015, as approved by the Directors on 2 March 2016, and are published in terms of MFSA Listing Rule 5.54.

Statements of profit and loss

Non - technical accounts for the year ended 31 December

	Group		Company	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Balance on the general business technical account	3,367	4,168	3,367	4,168
Balance on the long term business technical account	14,560	10,748	466	316
Total income from insurance activities	17,927	14,916	3,833	4,484
Other investment income	3,331	5,087	4,925	4,638
Investment expenses and charges	(139)	(122)	(134)	(100)
Allocated investment return transferred to the general business technical account	(1,873)	(872)	(1,873)	(872)
Other income	1,342	1,086	-	-
Administrative expenses	(2,749)	(2,782)	(1,682)	(1,770)
Profit for the financial year before tax	17,839	17,313	5,069	6,380
Tax expense	(5,973)	(4,943)	(434)	(2,102)
Profit for the financial year	11,866	12,370	4,635	4,278
Attributable to:				
- shareholders	6,821	7,165	4,635	4,278
- non-controlling interests	5,045	5,205	-	-
	11,866	12,370	4,635	4,278
Earnings per share attributable to shareholders	7.4c	7.8c		

Mapfre Middlesea p.l.c.
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**Statements of comprehensive income
for the year ended 31 December**

	Group		Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Profit for the financial year	11,866	12,370	4,635	4,278
Other comprehensive income:				
<i>Other comprehensive Income to be reclassified to profit or loss in subsequent periods</i>				
Change in fair value of available-for-sale investments	(11)	316	(11)	320
<i>Other comprehensive Income not to be reclassified to profit or loss in subsequent periods</i>				
Re-measurement actuarial gain/(loss) on provision for other liabilities and charges	48	(246)	48	(246)
(Decrease)/increase in value of in-force business	(2,340)	6,558	-	-
Total other comprehensive income, net of tax	(2,303)	6,628	37	74
Total comprehensive income for the year	9,563	18,998	4,672	4,352
Attributable to:				
- shareholders	5,688	10,514		
- non-controlling interests	3,875	8,484		
Total comprehensive income for the year	9,563	18,998		

Items disclosed in the statement above are disclosed net of tax

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Statements of financial position

	Group		Company	
	At 31 December		At 31 December	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
ASSETS				
Intangible assets	59,908	59,437	2,532	1,084
Property, plant and equipment	10,203	9,333	2,035	1,634
Investment property	93,619	86,275	12,252	9,700
Investment in subsidiary undertakings	-	-	57,214	57,214
Investment in associated undertakings	27,273	17,648	294	294
Other investments	1,540,320	1,355,425	23,330	20,761
Deferred income tax	2,253	2,261	1,192	1,116
Reinsurers' share of technical provisions	16,016	15,564	13,669	15,169
Deferred acquisition costs	5,113	3,220	5,113	3,220
Insurance and other receivables	26,548	24,277	13,616	9,605
Income tax receivable	3,690	7,749	337	82
Cash and cash equivalents	36,675	44,679	2,596	2,496
Total assets	1,821,618	1,625,868	134,180	122,375
EQUITY				
Capital and reserves attributable to shareholders	82,297	80,129	62,861	61,709
Non-controlling interests	75,101	73,566	-	-
Total equity	157,398	153,695	62,861	61,709
LIABILITIES				
Deferred income tax	23,856	18,427	1,119	1,056
Provision for other liabilities and charges	1,231	1,860	1,231	1,860
Technical provisions				
- Insurance contracts and investment contracts with DPF	1,559,250	1,373,918	58,580	50,961
- Investment contracts without DPF	62,785	62,873	-	-
Derivative financial instruments	-	515	-	-
Insurance and other payables	17,091	14,580	10,389	6,789
Income tax payable	7	-	-	-
Total liabilities	1,664,220	1,472,173	71,319	60,666
Total equity and liabilities	1,821,618	1,625,868	134,180	122,375

These condensed financial statements were approved by the Board on 2 March 2016 and were signed on its behalf by:

Martin Galea
Chairman

Charles Borg
Director

Felipe Navarro Lopez de Chicheri
President & Chief Executive Officer

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Statements of changes in equity
for the year ended 31 December

GROUP

	Attributable to shareholders				Total €'000	Non- controlling interests €'000	Total €'000
	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'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 financial year	-	-	-	7,165	7,165	5,205	12,370
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	316	-	316	-	316
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(246)	(246)	-	(246)
Increase in value of in-force business	-	-	3,279	-	3,279	3,279	6,558
Total other comprehensive income, net of tax	-	-	3,595	(246)	3,349	3,279	6,628
Total comprehensive income	-	-	3,595	6,919	10,514	8,484	18,998
Transactions with owners							
Dividends for 2013	-	-	-	(3,520)	(3,520)	(2,481)	(6,001)
Write-back of prior years dividends	-	-	-	33	33	-	33
Total transactions with owners	-	-	-	(3,487)	(3,487)	(2,481)	(5,968)
Balance as at 31 December 2014	19,320	688	26,275	31,846	80,129	73,566	153,695
Balance as at 1 January 2015	19,320	688	28,275	31,846 [†]	80,129	73,566	153,695
Comprehensive income							
Profit for the financial year	-	-	-	6,821	6,821	5,045 [†]	11,866
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	(11)	-	(11)	-	(11)
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	48	48	-	48
Decrease in value of in-force business	-	-	(1,170)	-	(1,170)	(1,170)	(2,340)
Total other comprehensive income, net of tax	-	-	(1,181)	48	(1,133)	(1,170)	(2,303)
Total comprehensive income	-	-	(1,181)	6,869	5,688	3,875	9,563
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 31 December 2015	19,320	688	27,094	35,195	82,297	75,101	157,398

Statements of changes in equity
for the year ended 31 December

COMPANY

	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'000	Total €'000
Balance as at 1 January 2014	19,320	688	34,735	6,101	60,844
Comprehensive income					
Profit for the financial year	-	-	-	4,278	4,278
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	320	-	320
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(246)	(246)
Total other comprehensive income, net of tax	-	-	320	(246)	74
Total comprehensive income	-	-	320	4,032	4,352
Transactions with owners					
Dividend for 2013	-	-	-	(3,520)	(3,520)
Write-back of prior years dividends	-	-	-	33	33
Total transactions with owners of the company	-	-	-	(3,487)	(3,487)
Balance as at 31 December 2014	19,320	688	35,055	6,646	61,709
Balance as at 1 January 2015	19,320	688	35,055	6,646	61,709
Comprehensive income					
Profit for the financial year	-	-	-	4,635	4,635
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	(11)	-	(11)
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	48	48
Total other comprehensive income, net of tax	-	-	(11)	48	37
Total comprehensive income	-	-	(11)	4,683	4,672
Transactions with owners					
Dividend for 2014	-	-	-	(3,520)	(3,520)
Total transactions with owners of the company	-	-	-	(3,520)	(3,520)
Balance as at 31 December 2015	19,320	688	35,044	7,809	62,861

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Condensed statements of cash flows
for the year ended 31 December

	Group		Company	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Net cash generated from operating activities	144,171	95,124	9,896	3,977
Net cash used in investing activities	(146,315)	(55,323)	(6,276)	(699)
Net cash used in financing activities	(5,860)	(5,968)	(3,520)	(3,487)
Net movement in cash and cash equivalents	<u>(8,004)</u>	<u>33,833</u>	<u>100</u>	<u>(209)</u>
Cash and cash equivalents at beginning of year	<u>44,679</u>	<u>10,846</u>	<u>2,496</u>	<u>2,705</u>
Cash and cash equivalents at end of year	<u>36,675</u>	<u>44,679</u>	<u>2,596</u>	<u>2,496</u>