

MMS/CF/MSE00318

8 March 2018

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 8 March 2018, approved the audited financial statements for the financial year ended 31 December 2017. 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 20 April 2018. 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 20 March 2018 (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 2017. The Audited Financial Statements will be available for viewing on the Company's website at [www.middlesea.com](http://www.middlesea.com) as from the 9 March 2018 at <https://www.middlesea.com/insurance-mt/about-us/investors/>.

The Board of Directors recommends, for the approval of the AGM, the payment of a final net dividend of €9,700,000 (2016 – €3,520,000) equivalent to a gross dividend of €0.11304 per share (2016 – €0.03826). The final dividend, if approved at the AGM, will be paid on the 18 May 2018 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 27 April 2018.

**Unquote**

By Order of the Board

  
**Carlo Farrugia**  
Company Secretary

## Financial Highlights as at the 31 December 2017

Financial highlights of the results for the year ended 31 December 2017 include the following:-

- Total Group profit before tax for the year amounted to €17.71 million as compared to €11.65 million during the previous year with after tax profits at €13.52 million compared to €8.93 million in 2016.

MAPFRE Middlesea p.l.c., as a standalone Company, registered a turnover of €61.94 million in gross premium written, a 3.2% increase over FY2016 and retaining market leadership. Technical results rebounded strongly due to an improved combined ratio following the correction of the motor tariff in 2017. Investment Income going to the profit and loss, though reducing marginally from previous years, was driven by improved property rental income and fair value movements particularly on its property investments. With dividends from Group companies increasing to €7.08 million compared to €2.67 million in 2016, the Company registered a profit before tax for FY 2017 amounting to €12.17 million, compared to a profit of €2.48 million in FY 2016. Profit after tax increased from €2.60 million in FY 2016 to €10.34 million in FY 2017.

- The Group's results include the consolidated MAPFRE MSV Life p.l.c. profit before tax of €12.31 million (2016: €11.55 million). MSV reported a turnover (including investment contracts without DPF) of €291.46 million compared to €274.50 million in 2016 as a result of increases in demand across all products in particular single premium savings contracts and life protection business. Equity and bond markets produced robust yet somewhat weaker returns than those generated in prior year with net investment income decreasing from €78.1 million in 2016 to €66.4 million in 2017. The profit after tax consolidated for FY 2017 amounted to €10.02 million (2016: €8.59 million).
- Total Group capital and reserves attributable to shareholders (excluding non-controlling interests) as at 31 December 2017 was €92.88 million, compared to €86.83 million as at 31 December 2016.

The Company maintained a strong balance sheet, with its Shareholders' equity amounting to €68.84 million still maintaining a strong regulatory solvency position as at 31 December 2017 under the new Solvency II regime.

A gross dividend in respect of year ended 31 December 2017 of €0.11304 per share amounting to a total dividend of €10,400,000 (2016: €3,520,000) is to be proposed by the directors at the forthcoming annual general meeting. This is equivalent to a net dividend of €0.10543 per share amounting to a total net dividend of €9,700,000 (2016: €3,520,000)

The Board outlook for 2018 is one of cautious optimism where the demand for general business is expected to continue to grow while the demand for the protection savings and investments products in life is expected to remain strong.

The Company will continue to maintain strong focus on its customers through the implementation of a number of initiatives to strengthen further the digital platform and widen the digital marketing strategy.

Notice is hereby given that Tuesday 20 March 2018 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 20 March 2018 will receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Friday 20 April 2018.

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 27 April 2018 will be paid, on the 18 May 2018, the final dividend as approved by the Annual General Meeting.

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By Order of the Board

## Basis of preparation

These figures have been extracted from MAPFRE Middlesea Group's audited financial statements for the year ended 31 December 2017, as approved by the Directors on 8 March 2018, and are published in terms of MFSA Listing Rule 5.54.

### Statement of profit or loss

Non - technical account for the year ended 31 December

	Group		Company	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Balance on the general business technical account	5,787	1,408	5,787	1,408
Balance on the long term business technical account	12,829	10,830	1,004	90
<b>Total income from insurance activities</b>	<b>18,616</b>	<b>12,238</b>	<b>6,791</b>	<b>1,498</b>
Other investment income	2,374	2,988	9,264	4,911
Investment expenses and charges	(42)	(192)	(256)	(186)
Allocated investment return transferred to the general business technical account	(1,925)	(2,087)	(1,925)	(2,087)
Other income	1,497	1,443	-	-
Administrative expenses	(2,811)	(2,742)	(1,705)	(1,655)
<b>Profit for the financial year before tax</b>	<b>17,709</b>	<b>11,648</b>	<b>12,169</b>	<b>2,481</b>
Tax (expense)/credit	(4,188)	(2,723)	(1,830)	120
<b>Profit for the financial year</b>	<b>13,521</b>	<b>8,925</b>	<b>10,339</b>	<b>2,601</b>
<b>Attributable to:</b>				
- shareholders	8,510	4,630	10,339	2,601
- non-controlling interests	5,011	4,295	-	-
	<b>13,521</b>	<b>8,925</b>	<b>10,339</b>	<b>2,601</b>
<b>Earnings per share attributable to shareholders</b>	<b>9.3c</b>	<b>5.0c</b>		

Statement of comprehensive income  
for the year ended 31 December

	Group		Company	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
<b>Profit for the financial year</b>	<b>13,521</b>	<b>8,925</b>	<b>10,339</b>	<b>2,601</b>
<b>Other comprehensive income:</b>				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Change in fair value of available-for-sale investments	(37)	141	35	142
Available-for-sale investments reclassified to profit or loss	(145)	-	(148)	-
<i>Items that will not be reclassified to profit or loss</i>				
Re-measurement actuarial gain on provision for other liabilities and charges	27	3	27	3
Increase in value of in-force business	2,416	6,528	-	-
Total other comprehensive income, net of tax	<u>2,261</u>	<u>6,672</u>	<u>(86)</u>	<u>145</u>
<b>Total comprehensive income for the year</b>	<b><u>15,782</u></b>	<b><u>15,597</u></b>	<b><u>10,253</u></b>	<b><u>2,746</u></b>
<b>Attributable to:</b>				
- shareholders	9,563	8,038		
- non-controlling interests	6,219	7,559		
<b>Total comprehensive income for the year</b>	<b><u>15,782</u></b>	<b><u>15,597</u></b>		

Items disclosed in the statement above are disclosed net of tax

Statement of financial position

	Group		Company	
	At 31 December		At 31 December	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
<b>ASSETS</b>				
Intangible assets	72,352	68,535	5,871	4,319
Property, plant and equipment	13,301	9,941	1,933	1,843
Investment property	99,872	98,904	14,822	13,717
Investment in subsidiary undertakings	-	-	57,214	57,214
Investment in associated undertakings	30,876	33,074	366	294
Other investments	1,875,456	1,681,499	20,229	22,130
Deferred income tax	2,233	2,425	1,177	1,224
Reinsurers' share of technical provisions	18,216	16,444	17,607	14,855
Deferred acquisition costs	6,174	6,049	6,174	6,049
Insurance and other receivables	28,858	29,380	14,585	16,066
Income tax receivable	2,834	3,750	-	811
Cash and cash equivalents	64,580	70,015	15,064	7,191
<b>Total assets</b>	<b>2,214,752</b>	<b>2,020,016</b>	<b>155,042</b>	<b>145,713</b>
<b>EQUITY</b>				
Capital and reserves attributable to shareholders	92,876	86,826	68,838	62,098
Non-controlling interests	80,604	80,160	-	-
<b>Total equity</b>	<b>173,480</b>	<b>166,986</b>	<b>68,838</b>	<b>62,098</b>
<b>LIABILITIES</b>				
Deferred income tax	28,444	26,686	1,680	1,030
Provision for other liabilities and charges	1,100	1,186	1,100	1,186
Technical provisions				
- Insurance contracts and investment contracts with DPF	1,943,310	1,750,364	73,010	69,502
- Investment contracts without DPF	49,067	54,141	-	-
Derivative financial instruments	-	320	-	-
Insurance and other payables	18,449	20,316	10,180	11,897
Income tax payable	902	17	234	-
<b>Total liabilities</b>	<b>2,041,272</b>	<b>1,853,030</b>	<b>86,204</b>	<b>83,615</b>
<b>Total equity and liabilities</b>	<b>2,214,752</b>	<b>2,020,016</b>	<b>155,042</b>	<b>145,713</b>

These condensed financial statements were approved by the Board on 8 March 2018 and were signed on its behalf by:

Martin Galea  
Chairman

Alfred Attard  
Director

Felipe Navarro Lopez de Chicheri  
President & Chief Executive Officer

Statement of changes in equity  
for the year ended 31 December

GROUP	Attributable to shareholders						Total equity €'000
	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	
Balance as at 1 January 2016	19,320	688	27,094	35,195	82,297	75,101	157,398
<b>Comprehensive income</b>							
Profit for the financial year	-	-	-	4,630	4,630	4,295	8,925
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	141	-	141	-	141
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	3	3	-	3
Increase in value of in-force business	-	-	3,264	-	3,264	3,264	6,528
Total other comprehensive income, net of tax	-	-	3,405	3	3,408	3,264	6,672
<b>Total comprehensive income</b>	-	-	3,405	4,633	8,038	7,559	15,597
<b>Transactions with owners</b>							
Dividends for 2015	-	-	-	(3,520)	(3,520)	(2,500)	(6,020)
Write-back of prior year dividends	-	-	-	11	11	-	11
<b>Total transactions with owners</b>	-	-	-	(3,509)	(3,509)	(2,500)	(6,009)
<b>Balance as at 31 December 2016</b>	<b>19,320</b>	<b>688</b>	<b>30,499</b>	<b>36,319</b>	<b>86,826</b>	<b>80,160</b>	<b>166,986</b>
Balance as at 1 January 2017	19,320	688	30,499	36,319	86,826	80,160	166,986
<b>Comprehensive income</b>							
Profit for the financial year	-	-	-	8,510	8,510	5,011	13,521
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	(37)	-	(37)	-	(37)
Available-for-sale investments reclassified to profit or loss	-	-	(145)	-	(145)	-	(145)
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	27	27	-	27
Increase in value of in-force business	-	-	1,208	-	1,208	1,208	2,416
Total other comprehensive income, net of tax	-	-	1,026	27	1,053	1,208	2,261
<b>Total comprehensive income</b>	-	-	1,026	8,537	9,563	6,219	15,782
<b>Transactions with owners</b>							
Dividends for 2016	-	-	-	(3,520)	(3,520)	(5,775)	(9,295)
Write-back of prior years dividends	-	-	-	7	7	-	7
<b>Total transactions with owners</b>	-	-	-	(3,513)	(3,513)	(5,775)	(9,288)
<b>Balance as at 31 December 2017</b>	<b>19,320</b>	<b>688</b>	<b>31,525</b>	<b>41,343</b>	<b>92,876</b>	<b>80,604</b>	<b>173,480</b>

Statement 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 2016	19,320	688	35,044	7,809	62,861
<b>Comprehensive income</b>					
Profit for the financial year	-	-	-	2,601	2,601
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	142	-	142
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	3	3
Total other comprehensive income, net of tax	-	-	142	3	145
<b>Total comprehensive income</b>	-	-	142	2,604	2,746
<b>Transactions with owners</b>					
Dividend for 2015	-	-	-	(3,520)	(3,520)
Write-back of prior years dividends	-	-	-	11	11
<b>Total transactions with owners of the company</b>	-	-	-	(3,509)	(3,509)
<b>Balance as at 31 December 2016</b>	<b>19,320</b>	<b>688</b>	<b>35,186</b>	<b>6,904</b>	<b>62,098</b>
Balance as at 1 January 2017	19,320	688	35,186	6,904	62,098
<b>Comprehensive income</b>					
Profit for the financial year	-	-	-	10,339	10,339
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	35	-	35
Available-for-sale investments reclassified to profit or loss	-	-	(148)	-	(148)
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	27	27
Total other comprehensive income, net of tax	-	-	(113)	27	(86)
<b>Total comprehensive income</b>	-	-	(113)	10,366	10,253
<b>Transactions with owners</b>					
Dividend for 2016	-	-	-	(3,520)	(3,520)
Write-back of prior years dividends	-	-	-	7	7
<b>Total transactions with owners of the company</b>	-	-	-	(3,513)	(3,513)
<b>Balance as at 31 December 2017</b>	<b>19,320</b>	<b>688</b>	<b>35,073</b>	<b>13,757</b>	<b>68,838</b>



Condensed statement of cash flows  
for the year ended 31 December

	Group		Company	
	2017 €'000	2016 €'000	2017 €'000	2016 €'000
Net cash generated from operating activities	167,980	151,164	13,306	9,860
Net cash used in investing activities	(164,127)	(111,815)	(1,920)	(1,756)
Net cash used in financing activities	(9,288)	(6,009)	(3,513)	(3,509)
Net movement in cash and cash equivalents	(5,435)	33,340	7,873	4,595
Cash and cash equivalents at beginning of year	70,015	36,675	7,191	2,596
Cash and cash equivalents at end of year	64,580	70,015	15,064	7,191