



## Middlesea Insurance p.l.c.

MSI/EMB/MSE05104

29 April 2004

**Registered address:**  
Middle Sea House, Floriana, Malta.

**Postal address:**  
P.O. Box 337 Marsa, GPO 01, Malta.

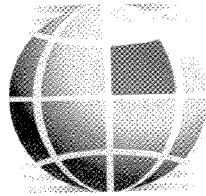
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Registration Number: C5553

### ***Company Announcement in accordance with MFSA Listing Rules 8.6.2 and 8.6.19***

Pursuant to MFSA Listing Rule 8.6.19 and following the board meeting of today 29 April 2005, attached is a preliminary statement of the annual results for 2004.

Pursuant to MFSA Listing Rule 8.6.2 and following the board meeting of today 29 April 2005, the Board of Directors is recommending the payment of a dividend of 6c per share totalling Lm750,000 (2003 – Lm625,000) to be paid to shareholders as appearing on the Register of Shareholders as at close of business on Tuesday, 17 May 2005.

**E.M. Borg**  
**Company Secretary**



**MIDDLESEA INSURANCE p.l.c.**

**ABRIDGED FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2004**

MIDDLESEA INSURANCE p.l.c.

Consolidated profit and loss account  
Non-technical account  
for the year ended 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	Lm	Lm	Lm	Lm
Balance on the general business technical accounts	1,495,032	661,690	577,087	(499,521)
Balance on the long term business technical account	147,877	207,420	147,877	207,420
	1,642,909	869,110	724,964	(292,101)
Share of group undertaking's profit before tax involved in general business	-	-	314,350	476,451
Share of participating interest's profit before tax involved in long term business	819,258	680,077	819,258	680,077
Total income from insurance activities	2,462,167	1,549,187	1,858,572	864,427
Share of group undertakings' profit before tax	-	-	148,224	170,656
Other investment income	2,172,725	2,046,274	1,041,880	1,090,028
Investment expenses and charges	(668,154)	(397,691)	(376,998)	(351,266)
Allocated investment return transferred to the general business technical account	(1,076,122)	(1,176,369)	(446,354)	(461,188)
Other income	491,224	496,541	-	-
Administration expenses	(1,169,658)	(1,055,008)	(327,384)	(305,752)
Continuing operations	2,343,205	1,381,752	2,028,963	925,723
Discontinuing operation	(131,023)	81,182	(131,023)	81,182
Operating profit on ordinary activities before tax	2,212,182	1,462,934	1,897,940	1,006,905
Provision for loss on discontinuing operation	-	(77,964)	-	(77,964)
Profit on ordinary activities before tax	2,212,182	1,384,970	1,897,940	928,941
Tax on profit on ordinary activities	(503,026)	(27,312)	(314,549)	137,244
Profit on ordinary activities after tax	1,709,156	1,357,658	1,583,391	1,066,185
Minority interests	(125,765)	(291,473)	-	-
Profit for the financial year	1,583,391	1,066,185	1,583,391	1,066,185
Earnings per share	12c7	8c5	12c7	8c5

MIDDLESEA INSURANCE p.l.c.

Statement of recognised gains and losses  
for the year ended 31 December 2004


	Group and Company	
	2004	2003
	Lm	Lm
Net gains not recognised in the profit and loss account	1,256,498	850,573
Profit for the financial year	1,583,391	1,066,185
Total recognised gains	2,839,889	1,916,758


MIDDLESEA INSURANCE p.l.c.

Consolidated balance sheet  
as at 31 December 2004

	Group		Company	
	2004 Lm	2003 Lm	2004 Lm	2003 Lm
<b>ASSETS</b>				
Investments	68,972,082	61,678,944	39,709,564	34,790,510
Reinsurers' share of technical provisions	12,930,300	15,117,032	6,465,121	6,839,804
Debtors	6,178,912	7,429,905	3,650,260	5,108,530
Other assets	9,294,102	6,357,530	2,270,571	2,510,019
Prepayments and accrued income	2,805,655	3,080,213	2,224,533	2,498,937
<b>TOTAL ASSETS</b>	<b>100,181,051</b>	<b>93,663,624</b>	<b>54,320,049</b>	<b>51,747,800</b>
<b>LIABILITIES</b>				
Capital and reserves	24,073,737	21,858,848	24,073,737	21,858,848
Minority interests	4,623,454	3,709,670	-	-
Technical provisions	60,118,361	56,851,155	21,107,095	21,364,559
Provisions for other risks and charges	615,549	316,502	278,779	5,493
Deposits received from reinsurers	1,459,612	1,448,038	1,278,478	1,190,751
Creditors	6,418,754	6,639,198	5,485,665	5,314,906
Accruals and deferred income	2,871,584	2,840,213	2,096,295	2,013,243
<b>TOTAL LIABILITIES</b>	<b>100,181,051</b>	<b>93,663,624</b>	<b>54,320,049</b>	<b>51,747,800</b>

These abridged financial statements were approved by the board on 29 April 2005 and were signed on its behalf by :

  
M.C. Grech  
Chairman and C.E.O.

  
R.E.D. Chalmers  
Director

MIDDLESEA INSURANCE p.l.c.

Consolidated cash flow statement  
for the year ended 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	Lm	Lm	Lm	Lm
Net cash generated from operating activities	7,510,302	9,365,823	2,241,848	2,096,709
Net cash used in investing activities	(11,235,484)	(8,743,669)	(2,142,461)	(2,973,175)
Net cash generated from financing activities	647,770	696,223	26,006	75,750
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(3,077,412)</b>	<b>1,318,377</b>	<b>125,393</b>	<b>(800,716)</b>
<b>Movement in cash and cash equivalents</b>				
At beginning of year	11,555,978	10,050,999	2,982,822	3,783,538
Net cash (outflow)/inflow	(3,077,412)	1,318,377	125,393	(800,716)
Effect of exchange rate changes	65,329	186,602	-	-
At end of year	<b>8,543,895</b>	<b>11,555,978</b>	<b>3,108,215</b>	<b>2,982,822</b>

MIDDLESEA INSURANCE p.Lc.

Notes to the abridged financial statements  
for the year ended 31 December 2004

1 Middlesea Insurance p.l.c is authorised 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 abridged financial statements are being published in accordance with Section 20 of the Insurance Business Act, 1998 and the Malta Financial Services Authority Listing rules 8.6.2 and 8.6.19. These statements have been extracted from the Company's audited financial statements as approved by the Board on 29 April 2005. The accounting policies used in the preparation of the financial statements for the year ended 2004 are consistent with those used in previous years and are prepared in accordance with the Insurance Business Act, 1998 and the Companies Act 1995, which require their preparation in accordance with International Financial Reporting Standards.

3 The total gross premiums written by the Group during the year amounted to Lm35,938,638 (2003 - Lm35,235,771).

4 Segmental information

The Group is organised into three continuing geographic segments Malta, Italy and Gibraltar, and London that is being presented as a discontinuing segment. These segments, which are based on internal management accounts, are all principally involved in the business of general insurance.

	Gross written premiums		Profit/(loss) before taxation	
	2004 Lm	2003 Lm	2004 Lm	2003 Lm
<b>Continuing operations</b>				
Malta	12,607,371	11,886,475	1,772,544	400,816
Italy	21,655,063	21,858,477	616,373	934,218
Gibraltar	1,602,805	1,468,236	(45,712)	46,718
Total continuing operations	<u>35,865,239</u>	<u>35,213,188</u>	<u>2,343,205</u>	<u>1,381,752</u>
<b>Discontinuing operation</b>				
Malta	(77)	7,649	(950)	78,289
London Branch	73,476	14,934	(130,073)	(75,071)
Total discontinuing operation	<u>73,399</u>	<u>22,583</u>	<u>(131,023)</u>	<u>3,218</u>
<b>Total for the year</b>	<u>35,938,638</u>	<u>35,235,771</u>	<u>2,212,182</u>	<u>1,384,970</u>

MIDDLESEA INSURANCE p.l.c.

Notes to the abridged financial statements - cont.  
for the year ended 31 December 2004

- 5 The Board of Directors recommend the payment of a dividend for the year ended 31 December 2004 of Lm750,000 (2003 - Lm625,000)
- 6 The audited financial statements of the Company for the year ended 31 December 2004 are exhibited at Middle Sea House, Floriana. These financial statements are available to the public from the Company's Head Office, its Gibraltar Branch, its agents and the Registrar of Companies.

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## **Report of the auditors**

We have examined the abridged financial statements set out on pages 1 to 5 together with the annual financial statements of Middlesea Insurance p.l.c. for the year ended 31 December 2005. The scope of our work for the purpose of this report was limited to confirming that the abridged financial statements have been properly prepared from the annual financial statements.

In our opinion, the abridged financial statements have been properly prepared in accordance with Section 20 of the Insurance Business Act, 1998.

We reported as auditors of Middlesea Insurance p.l.c. to the members on 29 April 2005 on the company's annual financial statements prepared under Section 20 of the Insurance Business Act, 1998 and Section 167 of the Companies Act, 1995 and our report was as follows:

## **“Report of the auditors**

To the Members of Middlesea Insurance p.l.c.

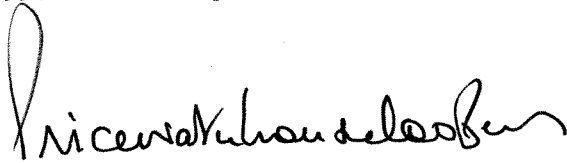
We have audited the financial statements on pages 5 to 55. As described in the statement of directors' responsibilities on page 3, these financial statements are the responsibility of the Company's directors. Our responsibility is to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our evaluation of the presentation of information has had regard to the statutory requirements for insurance companies to maintain equalisation reserves. The nature of equalisation reserves and the amount set aside at 31 December 2004 are disclosed in accounting policy 5 and note 26.



In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of the profit, changes in equity and cash flows for the year then ended in accordance with the requirements of the Insurance Business Act, 1998 and the Companies Act, 1995.



PRICEWATERHOUSECOOPERS 

167, Merchants Street  
Valletta

29 April 2005