



Middlesea Insurance p.l.c.

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Registration Number: C5553

EMB/MSE/07506

22 September 2006

Company Announcement in accordance with MFSA Listing Rules 8.5.5, 8.5.20 and 9.40

Attached is the half-yearly report on the activities and profits and losses on a Group basis for the first six months of 2006 that was approved during the Board Meeting held on 22 September 2006. The Board of Directors does not propose to pay a dividend for the half year ended 30 June 2006.

E.M. Borg

Company Secretary



MIDDLESEA INSURANCE p.l.c.

DRAFT CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2006

MIDDLESEA INSURANCE p.l.c.

Condensed Consolidated Profit and Loss Account

Non-technical account

for the six months ended 30 June 2006

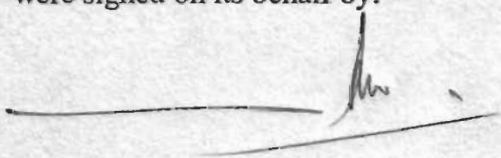
	Group	
	1 January to 30 June 2006	1 January to 30 June 2005
	Lm	Lm
Balance on technical accounts		
General business	778,213	1,223,009
Long term business	130,178	173,845
	<u>908,391</u>	<u>1,396,854</u>
Share of associated undertaking's profit involved in long term business	532,203	401,586
	<u>1,440,594</u>	<u>1,798,440</u>
Total income from insurance activities	1,440,594	1,798,440
Other investment income	1,858,003	2,343,483
Investment expenses and charges (incl. fair value losses)	(1,114,892)	(225,626)
Allocated investment return transferred to the general business technical account	(518,961)	(1,472,037)
Other income	351,509	283,293
Administration expenses	(771,633)	(575,592)
	<u>1,244,620</u>	<u>2,151,961</u>
Profit before tax	1,244,620	2,151,961
Income tax expense	307,737	(354,372)
Profit for the financial period	<u>1,552,357</u>	<u>1,797,589</u>
Attributable to:		
- shareholders	1,553,595	1,608,942
- minority interests	(1,238)	188,647
	<u>1,552,357</u>	<u>1,797,589</u>
Earnings per share attributable to shareholders	<u>6c2</u>	<u>6c4</u>

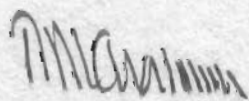
MIDDLESEA INSURANCE p.l.c.

Condensed Consolidated Balance Sheet
as at 30 June 2006

	Group	
	June	December
	2006	2005
	Lm	Lm
ASSETS		
Intangible assets	482,958	419,385
Property, plant and equipment	1,275,693	1,315,510
Investment property	4,062,054	4,144,992
Investment in associated undertaking	14,878,871	13,496,668
Other investments	64,865,393	63,633,233
Deferred income tax	1,049,050	968,279
Reinsurers' share of technical provisions	11,972,367	11,499,418
Deferred acquisition costs	2,271,931	1,970,344
Insurance and other receivables	8,355,660	7,976,926
Income tax receivables	331,476	382,542
Cash and cash equivalents	3,110,452	2,624,084
TOTAL ASSETS	112,655,905	108,431,381
LIABILITIES AND EQUITY		
Capital and reserves	31,601,420	30,952,826
Minority interests	1,032,964	1,036,604
Total Equity	32,634,384	31,989,430
Deferred income tax	193,589	742,004
Provisions for other liabilities and charges	342,451	332,500
Technical provisions	62,644,262	60,293,729
Borrowings	6,302,258	6,384,926
Insurance and other payables	10,141,970	8,456,509
Income tax payable	396,991	232,283
Total Liabilities	80,021,521	76,441,951
TOTAL LIABILITIES AND EQUITY	112,655,905	108,431,381

These condensed financial statements were approved by the Board on 22 September 2006 and were signed on its behalf by:


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


R.E.D. Chalmers
Deputy Chairman

MIDDLESEA GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2006

GROUP	Share Capital Lm	Share Premium account Lm	Other Reserves Lm	Profit & Loss Account Lm	Minority Interest Lm	Total Lm
Balance as at 1 January 2005	6,250,000	1,192,500	6,761,770	10,994,113	4,734,062	29,932,445
Share of increase in value of in-force business of associated undertaking	-	-	474,300	-	-	474,300
Currency translation differences	-	-	-	-	(55,991)	(55,991)
Net income recognised directly in equity	-	-	474,300	-	(55,991)	418,309
Profit for the financial period	-	-	-	1,608,942	188,647	1,797,589
Total recognised income for the financial period	-	-	474,300	1,608,942	132,656	2,215,898
Dividends for 2004	-	-	-	(750,000)	(4,900)	(754,900)
Balance as at 30 June 2005	6,250,000	1,192,500	7,236,070	11,853,055	4,861,818	31,393,443
Balance as at 1 January 2006	6,250,000	1,192,500	8,448,685	15,061,641	1,038,604	31,989,430
Share of increase in value of in-force business of associated undertaking	-	-	345,000	-	-	345,000
Net income recognised directly in equity	-	-	345,000	-	-	345,000
Profit for the financial period	-	-	-	1,553,595	(1,238)	1,552,357
Total recognised income for the financial period	-	-	345,000	1,553,595	(1,238)	1,897,357
Dividends for 2005	-	-	-	(1,250,000)	(5,000)	(1,255,000)
Increase in the subsidiary shareholding	-	-	-	-	2,597	2,597
Balance as at 30 June 2006	6,250,000	1,192,500	8,793,685	15,365,236	1,032,963	32,634,384

MIDDLESEA INSURANCE p.l.c.

Condensed Consolidated Cash Flow Statement
for the six months ended 30 June 2006

	Group	
	1 January to 30 June 2006	1 January to 30 June 2005
	Lm	Lm
Net cash generated from operating activities	3,123,429	1,525,041
Net cash used in investing activities	(2,551,990)	(3,113,460)
Net cash used in financing activities	(85,071)	(76,678)
Increase/(Decrease) in cash and cash equivalents	486,368	(1,665,097)
Movement in cash and cash equivalents		
At beginning of period	2,624,084	6,241,623
Net cash inflow/(outflow)	486,368	(1,665,097)
Effect of exchange rate changes	-	(60,896)
At 30 June	3,110,452	4,515,630

MIDDLESEA INSURANCE p.l.c.

**Notes to the Condensed Financial Statements
for the six months ended 30 June 2006**

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 condensed financial statements are being published in accordance with the Malta Financial Services Authority Listing rules 9.40 to 9.46. These statements have been extracted from the Group's unaudited financial statements as approved by the Board on 22 September 2006, and have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. The accounting policies used in the preparation of the financial statements for the six months ended 30 June 2006 are consistent with those used in the annual financial statements as at 31 December 2005.

3 Segmental information

The Group is organised into four geographic segments: Malta, Italy, Gibraltar and London. 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	
	2006 Lm	2005 Lm	2006 Lm	2005 Lm
Malta	6,962,659	7,472,626	1,345,391	1,350,514
Italy	11,038,634	9,948,911	(92,680)	660,668
Gibraltar	666,755	772,277	33,109	130,425
London	2,067	5,968	(41,200)	10,354
	18,670,115	18,199,782	1,244,620	2,151,961

4 The Board of Directors do not propose to pay an interim dividend for the half year ended 30 June 2006 (2005 - nil)