



**Middlesea Insurance p.l.c.**

**Registered address:**  
Middle Sea House, Floriana FRN 1442, Malta.

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

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Website: [www.middlesea.com](http://www.middlesea.com)  
Registration Number: C5553

MSI/CF/MSE16709

18 November 2009

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

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

**Quote:**

The Board of Directors of Middlesea Insurance plc hereby announces that during the third quarter of 2009 its Italian subsidiary Progress Assicurazioni SpA continued to report material negative results, including an exceptional incidence of late reported claims which negatively impacted the Group's results.

The local operations of the Middlesea Group namely Middlesea Insurance, Middlesea Valletta Life, Growth Investments and International Insurance Management Services have given encouraging positive results for the third quarter of 2009 that have been favourably affected by signs of recovery in both the global economic environment and global financial markets. However market volatility and sustainability of the economic recovery are still causes for concerns and are being closely monitored by the Company.

The extent of the losses incurred at Progress Assicurazioni SpA has placed an unprecedented strain on the capital resources of the Middlesea Group, and a series of decisive measures have been adopted to resolve the situation in Italy.

Subject to the approval of the Extraordinary General Meeting, scheduled for Friday 20 November 2009 and Regulatory and Board approvals, Middlesea Insurance p.l.c. will be



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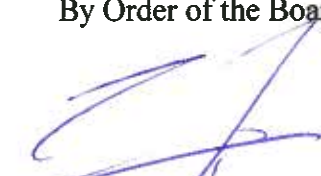
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issuing 67,000,000 New Ordinary Shares of a nominal value of €0.60 each at a Share Issue Price of €0.60 per share. These shares will be offered to Eligible Shareholders on the basis of 2.68 New Ordinary Shares for every 1 Existing Ordinary Share held at the Record Date being 12 November 2009.

Since the end of the third quarter and up to the date of this announcement, no further material events and/or transactions have been noted other than:- (i) the conclusion of Adverse Development Cover reinsurance arrangements for losses on all RCA policies underwritten by Progress Assicurazioni SpA in the years 2001 to 2008, (ii) what appears to be a continued positive sentiment in the local and international capital markets.

### **Unquote:**

By Order of the Board



**Carlo Farrugia**  
Company Secretary