

MSI/CF/MSE00314

13 March 2014

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 p.l.c., has today, the 13 March 2014, approved the audited financial statements for the financial year ended 31 December 2013. 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 Tuesday 29 April 2014. 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 Friday 28 March 2014 (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 2013. 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 14 March 2014.

The Board of Directors recommends, for the approval of the AGM, the payment of a final net dividend of €3,520,000 (2012 – €1,745,000) equivalent to a gross dividend of €0.045 per share (2012 – €0.025). The final dividend, if approved at the AGM, will be paid on the 28 May 2014 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 6 May 2014.

**Unquote**

By Order of the Board

  
**Carlo Farrugia**  
Company Secretary

## Financial Highlights as at the 31 December 2013

Financial highlights of the results for the year ended 31 December 2013 include the following:-

- Total Group profit before tax for the year amounted to €17.30 million as compared to a profit during the previous year of €18.01 million.
- The operations of the standalone Company registered satisfactory technical results notwithstanding a reduction of 11.2% in gross premiums written resulting from the termination of one of its main agency agreements in the beginning of the year. Investment income reduced due to lower fair value movement particularly on the property portfolio and negatively influenced by currency movements. The higher dividends from Group companies, amounting to €4.09 million compared to €1.22 million in 2012, led to a profit before tax generated by MSI for FY 2013 amounting to €5.90 million, compared to a profit of €3.29 million in FY 2012.
- The Group's results include the consolidated MSV results of €15.48 million (2012: €15.98 million). MSV reported a turnover of €111.32 million compared to €87.31 million in 2012 as a result of increases across various classes of protection business and stronger single premium business. The resilience and upturn in equity and bond markets kept revenue patterns similar to 2012 with net investment income increasing from €95.44 million in 2012 to €98.19 million in 2013. In prior year there was a significant one-off deferred tax gain whereby all unutilised tax amounts available for relief against future taxable income in terms of the applicable law were recognised. In 2013, the MSV Group recorded an after-tax profit of €9.85 million for the year.
- Total Group capital and reserves attributable to shareholders (excluding non controlling interests) at 31 December 2013 was €73.10 million, compared to €67.02 million as at 31 December 2012.

During the year the Company consolidated its strong balance sheet, increasing its Shareholders' equity to €60.84 million, still maintaining a strong regulatory solvency position as at 31 December 2013 of 515% on its general business, when compared to the minimum regulatory requirement of 150%.

A gross dividend in respect of year ended 31 December 2013 of €0.045 per share amounting to a total dividend of €4,140,222 (2012: €2,300,000) 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 (2012: €1,745,000)

The Board expresses its satisfaction for the results obtained in 2013. The launch of a range of innovative and enhanced products coupled by services offered, pioneered by the Company, have bolstered the image of Middlesea Insurance p.l.c. and the brand name of Mapfre. The Board looks forward with optimism to another challenging year for the Group.

Notice is hereby given that Friday 28 March 2014 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 Friday 28 March will:

- i) receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Tuesday 29 April 2014, and
- ii) be paid, on Wednesday 28 May 2014, the final dividend as approved by the Annual General Meeting.

Pursuant to the Malta Stock Exchange Bye-Laws, the Company's Register of Members as at close of business on Tuesday 6 May 2014 will include trades undertaken up to and including Wednesday 30 April 2014.

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 2013, as approved by the Directors on 13 March 2014, and are published in terms of MFSA Listing Rule 5.54.

### Condensed Profit and Loss Accounts Non - technical accounts for the year ended 31 December

	Group		Company	
	2013	2012 <i>restated</i>	2013	2012 <i>restated</i>
	€'000	€'000	€'000	€'000
Balance on the general business technical account	2,691	3,464	2,691	3,464
Balance on the long term business technical account	10,716	11,326	577	246
<b>Total income from insurance activities</b>	<b>13,407</b>	<b>14,790</b>	<b>3,268</b>	<b>3,710</b>
Other investment income	6,715	6,856	5,148	2,898
Investment expenses and charges	(492)	(456)	(332)	(307)
Allocated investment return transferred to the general business technical account	(663)	(1,444)	(663)	(1,444)
Other income	1,117	1,170	-	-
Administrative expenses	(2,779)	(2,905)	(1,521)	(1,567)
<b>Profit for the financial year before tax</b>	<b>17,305</b>	<b>18,011</b>	<b>5,900</b>	<b>3,290</b>
Tax expense	(6,354)	(642)	(692)	(865)
<b>Profit for the financial year</b>	<b>10,951</b>	<b>17,369</b>	<b>5,208</b>	<b>2,425</b>
<b>Attributable to:</b>				
- shareholders	6,028	9,393	5,208	2,425
- non-controlling interests	4,923	7,976	-	-
	<b>10,951</b>	<b>17,369</b>	<b>5,208</b>	<b>2,425</b>
<b>Earnings per share attributable to shareholders</b>	<b>6.6c</b>	<b>10.2c</b>		

**Condensed Statements of Comprehensive Income  
for the year ended 31 December**

	Group		Company	
	2013	2012 <i>restated</i>	2013	2012 <i>restated</i>
	€'000	€'000	€'000	€'000
<b>Profit for the financial year</b>	<b>10,951</b>	17,369	<b>5,208</b>	2,425
<b>Other comprehensive income:</b>				
<i>Other comprehensive Income to be reclassified to profit and loss in subsequent periods</i>				
Change in fair value of available-for-sale investments	23	(4)	24	25
<i>Other comprehensive Income not to be reclassified to profit and loss in subsequent periods</i>				
Re-measurement gains/(losses) in provisions for other liabilities and charges	27	(108)	27	(108)
Increase in value of in-force business	3,494	3,950	-	-
Total other comprehensive income, net of tax	<u>3,544</u>	<u>3,838</u>	<u>51</u>	<u>(83)</u>
<b>Total comprehensive income for the year</b>	<b>14,495</b>	21,207	<b>5,259</b>	2,342
<b>Attributable to:</b>				
- shareholders	7,825	11,256		
- non-controlling interests	6,670	9,951		
<b>Total comprehensive income for the year</b>	<u>14,495</u>	<u>21,207</u>		

Items disclosed in the statement above are disclosed net of tax

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Condensed Consolidated Balance Sheets

	Group			Company		
	At 31 December	At 1 January		At 31 December	At 1 January	
	2013	2012	2012	2013	2012	2012
		<i>restated</i>	<i>restated</i>		<i>restated</i>	<i>restated</i>
	€'000	€'000	€'000	€'000	€'000	€'000
<b>ASSETS</b>						
Intangible assets	52,118	48,692	44,725	1,303	1,006	498
Property, plant and equipment	8,950	8,690	4,787	1,833	1,526	1,579
Investment property	82,231	81,147	66,537	8,956	8,597	8,111
Investment in subsidiary undertakings	-	-	-	57,214	57,214	57,214
Investment in associated undertakings	15,318	5,062	5,208	294	147	147
Other investments	1,218,822	1,121,111	1,056,563	20,575	19,167	25,634
Deferred income tax	2,265	2,273	2,432	1,108	1,108	1,194
Reinsurers' share of technical provisions	18,311	19,223	16,436	18,009	18,795	16,208
Deferred acquisition costs	2,838	3,092	2,898	2,836	3,092	2,898
Insurance and other receivables	21,512	22,175	21,835	8,817	9,375	9,306
Income tax receivable	6,751	6,137	4,725	423	0	416
Cash and cash equivalents	10,846	18,970	7,380	2,705	7,021	952
<b>Total assets</b>	<b>1,439,960</b>	<b>1,336,572</b>	<b>1,233,526</b>	<b>123,873</b>	<b>127,048</b>	<b>124,157</b>
<b>EQUITY</b>						
Capital and reserves attributable to shareholders	73,102	67,022	56,364	60,844	57,330	55,586
Non-controlling interests	87,563	64,911	55,825	-	-	-
<b>Total equity</b>	<b>140,665</b>	<b>131,933</b>	<b>112,189</b>	<b>60,844</b>	<b>57,330</b>	<b>55,586</b>
<b>LIABILITIES</b>						
Deferred income tax	14,498	8,651	8,200	955	802	927
Income tax payable	-	11	-	-	11	-
Provisions for other liabilities and charges	1,511	1,582	1,431	1,511	1,582	1,431
Technical provisions						
- Insurance contracts and investment contracts with DPF	1,208,534	1,111,557	1,029,254	53,041	56,131	54,813
- Investment contracts without DPF	63,792	62,027	60,338	-	-	-
Derivative financial instruments	0	15	189	-	-	-
Borrowings	0	8,500	8,500	0	2,500	2,500
Insurance and other payables	10,960	12,296	13,425	7,522	8,692	8,900
<b>Total liabilities</b>	<b>1,299,295</b>	<b>1,204,639</b>	<b>1,121,337</b>	<b>63,029</b>	<b>69,718</b>	<b>68,571</b>
<b>Total equity and liabilities</b>	<b>1,439,960</b>	<b>1,336,572</b>	<b>1,233,526</b>	<b>123,873</b>	<b>127,048</b>	<b>124,157</b>

These condensed financial statements were approved by the Board on 13 March 2014 and were signed on its behalf by:

Martin Galea  
Chairman

Lino Spiteri  
Director

Alfredo Muñoz Perez  
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 2012							
As previously stated	19,320	688	20,939	15,568	56,515	55,825	112,340
Effect of adopting IAS19 revised				(151)	(151)		(151)
As restated	19,320	688	20,939	15,417	56,364	55,825	112,189
<b>Comprehensive income</b>							
Profit for the financial year	-	-	-	9,393	9,393	7,976	17,369
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	(4)	-	(4)	-	(4)
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(108)	(108)	-	(108)
Increase in value of in-force business	-	-	1,975	-	1,975	1,975	3,950
Total other comprehensive income, net of tax	-	-	1,971	(108)	1,863	1,975	3,838
<b>Total comprehensive income</b>	-	-	1,971	9,285	11,256	9,951	21,207
<b>Transactions with owners</b>							
Dividends for 2011	-	-	-	(598)	(598)	(865)	(1,463)
<b>Total transactions with owners</b>	-	-	-	(598)	(598)	(865)	(1,463)
<b>Balance as at 31 December 2012</b>	<b>19,320</b>	<b>688</b>	<b>22,910</b>	<b>24,104</b>	<b>67,022</b>	<b>64,911</b>	<b>131,933</b>
Balance as at 1 January 2013							
As previously stated	19,320	688	22,910	24,322	67,240	64,911	132,151
Effect of adopting IAS19 revised	-	-	-	(218)	(218)	-	(218)
As restated	19,320	688	22,910	24,104	67,022	64,911	131,933
<b>Comprehensive income</b>							
Profit for the financial year	-	-	-	6,028	6,028	4,923	10,951
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	23	-	23	-	23
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	27	27	-	27
Increase in value of in-force business	-	-	1,747	-	1,747	1,747	3,494
Total other comprehensive income, net of tax	-	-	1,770	27	1,797	1,747	3,544
<b>Total comprehensive income</b>	-	-	1,770	6,055	7,825	6,670	14,495
<b>Transactions with owners</b>							
Dividends for 2012	-	-	-	(1,745)	(1,745)	(4,018)	(5,763)
<b>Total transactions with owners</b>	-	-	-	(1,745)	(1,745)	(4,018)	(5,763)
<b>Balance as at 31 December 2013</b>	<b>19,320</b>	<b>688</b>	<b>24,680</b>	<b>28,414</b>	<b>73,102</b>	<b>67,563</b>	<b>140,665</b>

Statements of Changes In Equity  
for the year ended 31 December

**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 2012					
As previously stated	19,320	688	34,686	1,043	55,737
Effect of adopting IAS19 revised				(151)	(151)
As restated	<u>19,320</u>	<u>688</u>	<u>34,686</u>	<u>892</u>	<u>55,586</u>
<b>Comprehensive Income</b>					
Profit for the financial year	-	-	-	2,425	2,425
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	25	-	25
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(108)	(108)
Total other comprehensive income, net of tax	-	-	25	(108)	(83)
<b>Total comprehensive income</b>	-	-	25	2,317	2,342
<b>Transactions with owners</b>					
Dividends for 2011	-	-	-	(598)	(598)
<b>Total transactions with owners of the company</b>	-	-	-	(598)	(598)
<b>Balance as at 31 December 2012</b>	<u>19,320</u>	<u>688</u>	<u>34,711</u>	<u>2,611</u>	<u>57,330</u>
Balance as at 1 January 2013					
As previously stated	19,320	688	34,711	2,829	57,548
Effect of adopting IAS19 revised				(218)	(218)
As restated	<u>19,320</u>	<u>688</u>	<u>34,711</u>	<u>2,611</u>	<u>57,330</u>
<b>Comprehensive Income</b>					
Profit for the financial year	-	-	-	5,208	5,208
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	24	-	24
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	27	27
Total other comprehensive income, net of tax	-	-	24	27	51
<b>Total comprehensive income</b>	-	-	24	5,235	5,259
<b>Transactions with owners</b>					
Dividends for 2012	-	-	-	(1,745)	(1,745)
<b>Total transactions with owners of the company</b>	-	-	-	(1,745)	(1,745)
<b>Balance as at 31 December 2013</b>	<u>19,320</u>	<u>688</u>	<u>34,735</u>	<u>6,101</u>	<u>60,844</u>



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**Condensed consolidated statements of cash flows  
for the year ended 31 December**

	Group 2013 €'000	2012 €'000	Company 2013 €'000	2012 €'000
Net cash generated from operating activities	55,490	32,693	2,681	1,079
Net cash (used in)/generated from investing activities	(49,351)	(19,640)	(2,751)	5,588
Net cash used in financing activities	(14,263)	(1,463)	(4,245)	(598)
Net movement in cash and cash equivalents	(8,124)	11,590	(4,315)	6,069
Cash and cash equivalents at beginning of year	18,970	7,380	7,021	952
Cash and cash equivalents at end of year	10,846	18,970	2,706	7,021