

MSI/CF/MSE00315

11 March 2015

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 11 March 2015, approved the audited financial statements for the financial year ended 31 December 2014. 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 24 April 2015. 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 23 March 2015 (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 2014. The Audited Financial Statements will be available for viewing on the Company's website at www.middlesea.com as from the 12 March 2015.

The Board of Directors recommends, for the approval of the AGM, the payment of a final net dividend of €3,520,000 (2013 – €3,520,000) equivalent to a gross dividend of €0.05127 per share (2013 – €0.045). The final dividend, if approved at the AGM, will be paid on the 23 May 2015 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 30 April 2015.

Unquote

By Order of the Board



Carlo Farrugia
Company Secretary

Financial Highlights as at the 31 December 2014

Financial highlights of the results for the year ended 31 December 2014 include the following:-

- Total Group profit before tax for the year amounted to €17.31 million as compared to €17.30 million during the previous year with after tax profits at €12.37 million compared to €10.95 million in 2013.
- The standalone Company registered a satisfactory technical result on its operations. The increase in new business during the year saw core business premium volumes increasing by 12.6% to an all-time record. Investment income going to profit and loss reduced due to lower fair value movements particularly on the equity portfolio though positively influenced by currency movements. Notwithstanding a lower dividend from Group companies, amounting to €3.60 million compared to €4.09 million in 2013, the Company registered a profit before tax for FY 2014 amounting to €6.38 million, compared to a profit of €5.90 million in FY 2013. After tax profit reduced from €5.21 million in FY 2013 to €4.28 million in FY 2014 due to the dividends received from MSV Life p.l.c. ('MSV') were mainly from taxed profits whilst in FY 2013 were from untaxed profits.
- The Group's results include the consolidated MSV profit before tax of €14.26 million (2013: €15.48 million). MSV reported a turnover (including investment contracts without DPF) of €156.05 million compared to €111.32 million in 2013 as a result of increases in demand across all products in particular the life protection business and single premium savings contracts. The resilience and upturn in equity and bond markets produced stronger returns than those registered in 2013 with net investment income increasing from €98.19 million in 2013 to €119.38 million in 2014. The profit after tax consolidated for FY 2014 amounted to €10.14 million (2013: € €9.85 million).
- Total Group capital and reserves attributable to shareholders (excluding non controlling interests) at 31 December 2014 was €80.13 million, compared to €73.10 million as at 31 December 2013.

During the year the Company consolidated its strong balance sheet, increasing its Shareholders' equity to € 61.71 million, still maintaining a strong regulatory solvency position as at 31 December 2014 of 486% on its general business, when compared to the minimum regulatory requirement of 150%.

A gross dividend in respect of year ended 31 December 2014 of €0.05127 per share amounting to a total dividend of €4,716,890 (2013: €4,140,222) 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 (2013: €3,520,000)

The Board expresses its satisfaction for the results obtained in 2014. The results and premium volumes achieved continue to place the Company and the Group at the helm of the local insurance market, backed by the strong 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 Monday 23 March 2015 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 Monday 23 March will:

- i) receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Friday 24 April 2015, and
- ii) be paid, on Saturday 23 May 2015, 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 Thursday 30 April 2015 will include trades undertaken up to and including Monday 27 April 2015.

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 2014, as approved by the Directors on 11 March 2015, and are published in terms of MFSA Listing Rule 5.54.

Statements of profit and loss

Non - technical accounts for the year ended 31 December

	Group		Company	
	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Balance on the general business technical account	4,168	2,691	4,168	2,691
Balance on the long term business technical account	10,748	10,716	316	577
Total income from insurance activities	14,916	13,407	4,484	3,268
Other investment income	5,087	6,715	4,638	5,148
Investment expenses and charges	(122)	(492)	(100)	(332)
Allocated investment return transferred to the general business technical account	(872)	(663)	(872)	(663)
Other income	1,086	1,117	-	-
Administrative expenses	(2,782)	(2,779)	(1,770)	(1,521)
Profit for the financial year before tax	17,313	17,305	6,380	5,900
Tax expense	(4,943)	(6,354)	(2,102)	(692)
Profit for the financial year	12,370	10,951	4,278	5,208
Attributable to:				
- shareholders	7,165	6,028	4,278	5,208
- non-controlling interests	5,205	4,923	-	-
	12,370	10,951	4,278	5,208
Earnings per share attributable to shareholders	7.8c	6.6c		

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Statements of comprehensive income
for the year ended 31 December

	Group		Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Profit for the financial year	12,370	10,951	4,278	5,208
Other comprehensive income:				
<i>Other comprehensive Income to be reclassified to profit and loss in subsequent periods</i>				
Change in fair value of available-for-sale investments	316	23	320	24
<i>Other comprehensive Income not to be reclassified to profit and loss in subsequent periods</i>				
Re-measurement actuarial (loss)/gain on provision for other liabilities and charges	(246)	27	(246)	27
Increase in value of in-force business	6,558	3,494	-	-
Total other comprehensive income, net of tax	<u>6,628</u>	<u>3,544</u>	<u>74</u>	<u>51</u>
Total comprehensive income for the year	<u>18,998</u>	<u>14,495</u>	<u>4,352</u>	<u>5,259</u>
Attributable to:				
- shareholders	10,514	7,825		
- non-controlling interests	8,484	6,670		
Total comprehensive income for the year	<u>18,998</u>	<u>14,495</u>		

Items disclosed in the statement above are disclosed net of tax

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Statements of financial position

	Group		Company	
	At 31 December		At 31 December	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
ASSETS				
Intangible assets	59,437	52,118	1,084	1,303
Property, plant and equipment	9,333	8,950	1,634	1,633
Investment property	86,275	82,231	9,700	8,956
Investment in subsidiary undertakings	-	-	57,214	57,214
Investment in associated undertakings	17,648	15,318	294	294
Other investments	1,355,425	1,218,822	20,761	20,575
Deferred income tax	2,261	2,265	1,116	1,108
Reinsurers' share of technical provisions	15,564	18,311	15,169	18,009
Deferred acquisition costs	3,220	2,836	3,220	2,836
Insurance and other receivables	24,277	21,512	9,605	8,817
Income tax receivable	7,749	6,751	82	423
Cash and cash equivalents	44,679	10,846	2,496	2,705
Total assets	1,625,868	1,439,960	122,375	123,873
EQUITY				
Capital and reserves attributable to shareholders	80,129	73,102	61,709	60,844
Non-controlling interests	73,566	67,563	-	-
Total equity	153,695	140,665	61,709	60,844
LIABILITIES				
Deferred income tax	18,427	14,498	1,056	955
Provision for other liabilities and charges	1,860	1,511	1,860	1,511
Technical provisions				
- Insurance contracts and investment contracts with DPF	1,373,918	1,208,534	50,961	53,041
- Investment contracts without DPF	62,873	63,792	-	-
Derivative financial instruments	515	-	-	-
Insurance and other payables	14,580	10,960	6,789	7,522
Total liabilities	1,472,173	1,299,295	60,666	63,029
Total equity and liabilities	1,625,868	1,439,960	122,375	123,873

These condensed financial statements were approved by the Board on 11 March 2015 and were signed on its behalf by:

Martin Galea
Chairman

Charles Borg
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 2013	19,320	688	22,910	24,104	67,022	64,911	131,933
Comprehensive income							
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
Total comprehensive income	-	-	1,770	6,055	7,825	6,670	14,495
Transactions with owners							
Dividends for 2012	-	-	-	(1,745)	(1,745)	(4,018)	(5,763)
Total transactions with owners	-	-	-	(1,745)	(1,745)	(4,018)	(5,763)
Balance as at 31 December 2013	19,320	688	24,680	28,414	73,102	67,563	140,665
Balance as at 1 January 2014	19,320	688	24,680	28,414	73,102	67,563	140,665
Comprehensive income							
Profit for the financial year	-	-	-	7,165	7,165	5,205	12,370
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	316	-	316	-	316
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(246)	(246)	-	(246)
Increase in value of in-force business	-	-	3,279	-	3,279	3,279	6,558
Total other comprehensive income, net of tax	-	-	3,595	(246)	3,349	3,279	6,628
Total comprehensive income	-	-	3,595	6,919	10,514	8,484	18,998
Transactions with owners							
Dividends for 2013	-	-	-	(3,520)	(3,520)	(2,481)	(6,001)
Write-back of prior years dividends	-	-	-	33	33	-	33
Total transactions with owners	-	-	-	(3,487)	(3,487)	(2,481)	(5,968)
Balance as at 31 December 2014	19,320	688	28,275	31,846	80,129	73,566	153,695

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COMPANY

	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'000	Total €'000
Balance as at 1 January 2013	19,320	688	34,711	2,611	57,330
Comprehensive income					
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
Total comprehensive income	-	-	24	5,235	5,259
Transactions with owners					
Dividend for 2012	-	-	-	(1,745)	(1,745)
Total transactions with owners of the company	-	-	-	(1,745)	(1,745)
Balance as at 31 December 2013	19,320	688	34,735	6,101	60,844
Balance as at 1 January 2014	19,320	688	34,735	6,101	60,844
Comprehensive income					
Profit for the financial year	-	-	-	4,278	4,278
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	320	-	320
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	(246)	(246)
Total other comprehensive income, net of tax	-	-	320	(246)	74
Total comprehensive income	-	-	320	4,032	4,352
Transactions with owners					
Dividend for 2013	-	-	-	(3,520)	(3,520)
Write-back of prior years dividends	-	-	-	33	33
Total transactions with owners of the company	-	-	-	(3,487)	(3,487)
Balance as at 31 December 2014	19,320	688	35,055	6,646	61,709

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

	Group		Company	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Net cash generated from operating activities	95,124	55,490	3,977	2,681
Net cash used in investing activities	(55,323)	(49,351)	(699)	(2,752)
Net cash used in financing activities	(5,968)	(14,263)	(3,487)	(4,245)
Net movement in cash and cash equivalents	<u>33,833</u>	<u>(8,124)</u>	<u>(209)</u>	<u>(4,316)</u>
Cash and cash equivalents at beginning of year	10,846	18,970	2,705	7,021
Cash and cash equivalents at end of year	<u>44,679</u>	<u>10,846</u>	<u>2,496</u>	<u>2,705</u>