

MIDDLE SEA INSURANCE p.l.c.
Abridged Financial Statements for the year ended 31 December 1999


Consolidated balance sheet

	Group		Company	
	1999	1998	1999	1998
	Lm	Lm	Lm	Lm
ASSETS				
Investments	31,855,002	26,398,226	30,819,776	25,452,098
Reinsurers' share of technical provisions	7,249,143	4,972,751	7,249,143	4,972,751
Debtors	5,541,411	4,843,592	5,586,529	4,889,854
Other assets	1,404,617	1,030,933	1,278,349	844,470
Prepayments and accrued income	1,261,539	1,057,686	1,238,033	1,042,398
TOTAL ASSETS	47,311,712	38,303,188	46,171,830	37,201,571
LIABILITIES				
Capital & reserves	21,533,550	17,647,442	18,835,920	15,874,332
Technical provisions	17,496,717	14,596,912	17,496,717	14,596,912
Provisions for other risks and charges	709,780	508,069	2,320,238	1,219,559
Deposits received from reinsurers	1,325,675	999,220	1,325,676	999,220
Creditors	4,750,161	3,343,472	4,738,181	3,331,491
Accruals and deferred income	1,495,829	1,208,073	1,455,099	1,180,057
TOTAL LIABILITIES	47,311,712	38,303,188	46,171,830	37,201,571

These abridged financial statements were approved by the board on 27 April 2000 and were signed on its behalf by :



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



 J. F. X. Zahra
 Deputy Chairman

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Consolidated profit and loss account
Non-technical account

	Group		Company	
	1999	1998	1999	1998
	Lm	Lm	Lm	Lm
Balance on the general business technical account	(358,498)	(558)	(358,498)	(558)
Balance on the long term business technical account	117,818	130,973	117,818	130,973
	(240,680)	130,415	(240,680)	130,415
Income from participating interest involved in long term business	1,013,895	891,878	861,000	118,575
Total income from insurance activities	773,215	822,293	320,320	248,990
Other investment income	2,488,493	1,941,539	2,210,538	1,963,619
Investment expenses and charges	(161,750)	(167,135)	(161,760)	(167,982)
Allocated investment return transferred to the general business technical account	(1,137,738)	(825,851)	(1,137,738)	(825,851)
Other income	284,301	200,891	140,395	98,317
Other charges	(382,446)	(307,050)	(281,177)	(215,968)
Profit on ordinary activities before tax	1,854,075	1,664,487	1,110,588	1,101,115
Tax on profit on ordinary activities	(203,418)	(207,337)	(142,583)	(173,511)
Profit for the financial year	1,650,657	1,457,150	968,005	927,604
Earnings per share	13c2	11c7	7c7	7c4

Notes to the abridged financial statements :

1. Middle Sea Insurance p.l.c. is authorised by the Malta Financial Services Centre to carry on long term and general business of insurance under the Insurance Business Act, 1998.
2. These abridged financial statements are being published in accordance with Section 20 of the Insurance Business Act, 1998 and the Malta Stock Exchange Bye-Laws Section 6.05.06(I). These statements have been extracted from the Company's audited financial statements which comply with the Insurance Business Act, 1998 and the Companies Act, 1995, which require their preparation in accordance with International Accounting Standards. Pending the formal issue of regulations in terms of the Insurance Business Act, 1998, the Company has followed directives issued to it by the Malta Financial Services Centre, the competent regulatory authority, and has prepared these financial statements in accordance with the draft Insurance Business (Companies Accounts) Regulations, 2000.
3. The total gross premiums written by the company amounted to Lm10,356,607 (1998 - Lm8,582,361).
4. The Board of Directors has proposed to pay a net dividend for the financial year ended 31 December 1999 of Lm552,500 (1998 - Lm528,125).
5. The audited financial statements of the Company for the year ended 31 December 1999 are exhibited at Middle Sea House, Floriana. These financial statements are available to the public from the Company's head office, its London branch office 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 and 2 together with the annual financial statements of Middle Sea Insurance p.l.c. for the year ended 31 December 1999. 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 Maltese Insurance Business Act, 1998 and the directives issued for the purpose by the Malta Financial Services Centre.

We reported as auditors of Middle Sea Insurance p.l.c. to the members on 27 April 2000 on the company's annual financial statements prepared under Section 20 of the Insurance Business Act, 1998 and Section 167 of the Maltese Companies Act, 1995 and our report was as follows:

"Report of the auditors

To the Members of Middle Sea Insurance p.l.c.

We have audited the financial statements. As described in the statement of directors' responsibilities, 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 1999 are disclosed in accounting policy 5 and note 19.

Report of the auditors - continued

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 1999 and of the profit, changes in equity and cash flows for the year then ended in accordance with the requirements of the Maltese Insurance Business Act, 1998 and the Maltese Companies Act, 1995."

Accounting policy 5 and note 19 to the annual financial statements explain that the amounts set aside as equalisation reserves are not liabilities because they are in addition to the provision required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet date. Notwithstanding this, they are required by the Maltese Insurance Business Act, 1998 to be included within technical provisions.

PricewaterhouseCoopers
PRICEWATERHOUSECOOPERS ■

Certified Public
Accountants and Auditors
Malta

Chartered Accountants and
Registered Auditors
London
U.K.

27 April 2000