

# **Middle Sea Insurance p.l.c.**

## ***Review of Group Operations***

**Half Yearly Financial Statements – June 2000**

### ***Introduction***

This financial half-yearly report is being published in terms of Section 6.05.06(i) of the Bye-Laws of the Malta Stock Exchange.

These abridged financial statements have been extracted from Middle Sea Insurance Group's unaudited management accounts for the half-year ended 30 June 2000. These statements were approved by the Board of Directors on 19 September 2000.

The accounting policies applied in the preparation of these financial statements are consistent with those applied in previous years.

### ***Performance***

The Middle Sea Group has continued to enhance the value of its shareholders' funds by generating a profit before taxation of Lm779,234 – a reduction of 17.5% over the corresponding period in 1999. The result at the time was favourably affected by the realisation of capital gain in certain securities. The earnings per 50c share reduced to 5.7c when compared to the 6c5 achieved in 1999.

The Group's investment in specialised subsidiary and associated companies continued to generate a positive contribution to the profitability of the Group. The half yearly financial statements for this year take into account the Group's share of profit from the specialised life assurance associated company the Middle Sea Valletta Life Assurance Co. Ltd. Similarly to last year, the Associate Company's actuary provided a provisional actuarial valuation of the life fund at June 2000.

In accordance with projections, the Holding Company experienced improved technical results. Overall Premium income increased from Lm7.2 million to Lm8.6 million, profit before tax increased from Lm359,392 to Lm507,156, whilst earnings per 50c share increased from 2c8 to 3c8.

A total turnover of Lm5.3 million, an increase of 27% over the 1999 figures, was generated from general insurance business accounted for on the annual basis. This source of business registered a net underwriting result of Lm101,466 compared to Lm93,608



registered in 1999. Middle Sea Insurance p.l.c. also started writing business through its branch in Gibraltar and this operation has contributed positively to the net underwriting result for the first six months.

The Company's presence in the international reinsurance market continued through its branch office in London. Premium income from the international operation increased by 10% over 1999. The negative cycle in the International Reinsurance market persisted during the period under review although the market has shown signs of improvement. This is reflected in the negative technical result of Lm241,938 which compares favourably to the 1999 loss of Lm334,256.

The Group's investment portfolio registered satisfactory returns. This investment return was favourably affected by the capital gains made on the foreign portfolio that compensated for the rather subdued returns on the local portfolio.

In accordance with its strategy, the Middle Sea Group is continuously exploring new avenues of growth and enhancing its core insurance operations both locally and overseas. Apart from the new branch incorporated in Gibraltar the Holding Company has reached the final stages of acquiring a majority shareholding in the Italian Company, Mapfire Progress S.p.A. The share transfer is expected to be concluded by the end of September. In the meantime, the Middle Sea Group also continues to examine its entry into other primary insurance markets within the Euro-Med region.

Similarly to 1999, the Board of Directors do not propose to pay an interim dividend in respect of the first six months of operations ended 30 June 2000.

### **Balance Sheet**

The profitability of the Group has enhanced the Group's shareholders funds by 2.7% to Lm22 million. The Net Asset Value per 50c share has increased by 4c to Lm1.76.

The Company's net technical reserves were strengthened by a further 16 % to a net amount of Lm11.906 million over the December 1999 comparative. The Group's total assets increased by 8% to Lm51.08 million.

**Head Office**  
Middle Sea House  
Floriana VLT 16  
Tel: 246262  
Fax: 248195

**Gibraltar Branch Office**  
Suite 1A, Tisa House  
143 Main Street  
Gibraltar  
Tel: (350) 76434  
Fax (350) 76741

**London Branch**  
London Underwriting Centre  
Upper Ground Floor, Suite 4  
3 Minster Court, Mincing Lane  
London EC3R 7DD  
Tel: (0044) 0207 617 6730  
Fax: (0044) 0207 220 7421

*H. Osborne*

**MIDDLE SEA INSURANCE p.l.c.****Consolidated Balance Sheet  
as at 30 June 2000 / 31 December 1999**

	Group		Company	
	June 2000	December 1999	June 2000	December 1999
	Lm	Lm	Lm	Lm
<b>ASSETS</b>				
Investments	31,918,443	31,855,002	30,616,128	30,819,776
Reinsurers' share of technical provisions	8,011,302	7,249,143	8,011,302	7,249,143
Debtors	8,018,891	5,541,411	8,343,414	5,586,529
Other assets	1,280,895	1,404,617	1,166,020	1,278,349
Prepayments and accrued income	1,850,209	1,261,539	1,784,195	1,238,033
<b>TOTAL ASSETS</b>	<b>51,079,740</b>	<b>47,311,712</b>	<b>49,921,059</b>	<b>46,171,830</b>
<b>LIABILITIES</b>				
Capital & reserves	22,124,936	21,533,560	19,323,150	18,835,920
Technical provisions	19,917,151	17,496,717	19,917,151	17,496,717
Provisions for other risks and charges	587,158	709,780	2,287,979	2,320,238
Deposits received from reinsurers	1,629,944	1,325,675	1,629,944	1,325,675
Creditors	5,211,872	4,750,161	5,188,639	4,738,181
Accruals and deferred income	1,608,679	1,495,829	1,574,196	1,455,099
<b>TOTAL LIABILITIES</b>	<b>51,079,740</b>	<b>47,311,712</b>	<b>49,921,059</b>	<b>46,171,830</b>

These abridged financial statements were approved by the board on 19 September 2000 and were signed on its behalf by :

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

  
J.V. Gatt  
Director

**MIDDLE SEA INSURANCE p.l.c.**

**Consolidated profit and loss account  
Non-technical account  
for the half year ended 30 June 2000**

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Balance on the general business technical account	(140,472)	(240,648)	(140,472)	(240,648)
Balance on the long term business technical account	(36,281)	25,131	(36,281)	25,131
	(176,753)	(215,517)	(176,753)	(215,517)
Income from participating interest involved in long term business	496,347	305,020	0	0
Total income from group insurance activities	319,594	89,503	(176,753)	(215,517)
Other investment income	1,010,226	1,437,046	1,228,628	1,180,672
Investment expenses and charges	(71,564)	(77,167)	(71,564)	(77,167)
Allocated investment return transferred to the general business technical account	(439,930)	(485,099)	(439,930)	(485,099)
Other income	167,674	149,341	86,318	67,608
Other charges	(206,766)	(169,577)	(118,643)	(111,085)
Profit on ordinary activities before tax	779,234	944,027	607,166	359,392
Tax on profit on ordinary activities	(71,429)	(133,962)	(26,676)	(12,068)
Profit for the half year	707,805	810,045	480,490	347,324
Earnings per share	5c7	6c5	3c8	2c8

**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(1). These statements have been extracted from the Company's unaudited abridged financial statements which comply with the Insurance Business Act, 1998 and the Companies Act, 1995.
3. The total gross premiums written by the company during the period amounted to LM8,636,603 (June 1999 - LM7,190,479).
4. The Board of Directors do not propose to pay a net dividend for the half year ended 30 June 2000 (1999 - Nil).
5. The unaudited abridged financial statements of the Company for the period ended 30 June 2000 are exhibited at Middle Sea House, Floriana. These financial statements are available to the public from the Company's head office and its London Branch.

Head Office  
Middle Sea House  
Floriana VLT 16  
Tel 246262  
Fax 248195

London Underwriting Centre  
Upper Ground Floor, Suite 4  
3 Minster Court, Mincing Lane  
London EC3R 7DD  
Tel (0044) 207 61766730  
Fax (0044) 207 2207421

Suite 1a,  
Tisa House  
143, Main Street  
Gibraltar  
Tel (00350) 76434  
Fax (00350) 76741

*R. R. R.*