

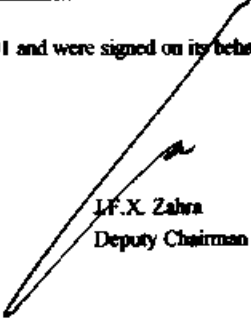
MIDDLE SEA INSURANCE p.l.c.

Consolidated Balance Sheet
as at 31 December 2000

	Group		Company	
	December 2000	December 1999	December 2000	December 1999
	Lm	Lm	Lm	Lm
ASSETS				
Investments	46,655,514	31,979,714	33,904,191	32,023,968
Reinsurers' share of technical provisions	13,952,265	7,249,143	7,955,399	7,249,143
Debtors	7,632,925	5,541,411	6,391,006	5,586,529
Other assets	2,917,839	1,404,617	1,657,734	1,278,349
Prepayments and accrued income	2,079,824	1,261,539	1,713,846	1,238,033
TOTAL ASSETS	73,238,367	47,436,424	51,622,176	47,376,042
LIABILITIES				
Capital & reserves	23,306,446	21,981,262	23,306,446	21,981,262
Minority Interest	2,099,290	0	0	0
Technical provisions	36,577,227	17,496,717	18,678,200	17,496,717
Provisions for other risks and charges	1,436,280	709,780	1,196,277	702,625
Deposits received from reinsurers	2,085,487	1,325,675	1,889,015	1,325,675
Creditors	5,491,588	4,427,161	4,589,835	4,415,181
Accruals and deferred income	2,242,049	1,495,829	1,962,403	1,454,582
TOTAL LIABILITIES	73,238,367	47,436,424	51,622,176	47,376,042

These financial statements were approved by the board on 26 April 2001 and were signed on its behalf by :


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


J.F.X. Zahra
Deputy Chairman

MIDDLE SEA INSURANCE p.l.c.

Consolidated profit and loss account
Non-technical account
for the year ended 31 December 2000

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Balance on the general business technical account	55,876	(388,498)	(328,542)	(358,498)
Balance on the long term business technical account	(48,896)	117,818	(48,896)	117,818
	7,180	(240,680)	(375,238)	(240,680)
Share of group undertaking's profit before tax involved in general business	0	0	237,482	0
Share of participating interest's profit before tax involved in long term business	189,750	998,149	189,750	998,149
Less: distributions received from participating interest already included in general business technical account	(86,165)	(244,035)	(86,165)	(244,035)
Total income from insurance activities	110,775	513,434	(34,211)	513,434
Share of group undertakings' profit before tax	0	0	274,297	539,760
Share of other participating interest's profit before tax	0	9,902	0	9,902
Other investment income	2,487,133	2,478,591	2,021,277	1,951,468
Investment expenses and charges	(265,490)	(161,750)	(235,972)	(161,750)
Allocated investment return transferred to the general business technical account	(634,132)	(893,703)	(777,457)	(893,703)
Other income	292,745	254,301	174,847	140,395
Other charges	(402,932)	(362,446)	(278,086)	(261,177)
Continuing operations	1,737,278	2,638,910	1,493,662	2,638,910
Discontinuing operation	(849,189)	(800,581)	(849,189)	(800,581)
Operating profit on ordinary activities before tax	1,388,109	1,838,329	1,144,893	1,838,329
Provision for loss on discontinuing operation	(515,993)	0	(515,993)	0
Profit on ordinary activities before tax	872,116	1,838,329	628,700	1,838,329
Tax on profit on ordinary activities	136,317	(203,418)	142,902	(203,418)
Profit on ordinary activities after tax	1,010,433	1,634,911	771,302	1,634,911
Minority interest	(239,131)	0	0	0
Profit for the financial year	771,302	1,634,911	771,302	1,634,911
Earnings per share	6c2	13c1	6c2	13c1

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(iii). These statements have been extracted from the Company's audited financial statements which are prepared in accordance with the Maltese Insurance Business Act, 1998 and the Maltese Companies Act 1995, which require their preparation in accordance with International Accounting Standards.
3. The total gross premiums written by the Group during the year amounted to Lm 13,552,761 (1999 - Lm 10,356,607).
4. The Board of Directors recommend the payment of a net final dividend for the year ended 31 December 2000 of Lm 552,500 (1999 - Lm 552,500).
5. The audited financial statements of the Company for the year ended 31 December 2000 are exhibited at Middle Sea House, Floriana. These financial statements are available to the public from the Company's head office, its London and Gibraltar Branches, its agents and the Registrar of Companies.

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

London Underwriting Centre
Upper Ground Floor, Suite 4
3 Minister 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

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 2000. 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.

We reported as auditors of Middle Sea Insurance p.l.c. to the members on 26 April 2001 on the company's annual financial statements prepared under Section 20 of 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 on pages 5 to 47. As described in the statement of directors' responsibilities on page 3, 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 2000 are disclosed in accounting policy 5 and note 22.

MIDDLE SEA INSURANCE p.l.c.
Abridged Financial Statements for the year ended 31 December 2000

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 2000 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 22 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

Certified Public
Accountants and Auditors
Malta

Chartered Accountants and
Registered Auditors
London
U.K.

26 April 2001