



Middlesea Insurance p.l.c.

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Website: <http://www.middlesea.com>
Registration Number: C5553

MSI/EMB/MSE4002

9 April, 2002

Company Announcement in accordance with Malta Stock Exchange Bye Law 6.05.06(iii)

Pursuant to the Board meeting held today 9 April 2002, attached is a preliminary profits statement for the full year 2001.

E.M. Borg
Company Secretary

- 2 Decades of Service -
1981 - 2001

MIDDLESEA Insurance plc

Consolidated Income Statement
as at 31 December 2001

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Revenue	41,543,312	32,641,366	26,721,399	31,026,931
Expenses (including reinsurance)		13,041,365	9,516,592	7,055,399
Profit		7,699,951	8,301,393	6,391,606
Operating expenses		2,999,508	1,175,648	1,731,463
Financial and taxation income		1,700,444	1,903,283	1,713,646
Total Income	71,682,529	70,475,847	47,114,174	48,477,651



MIDDLESEA INSURANCE p.l.c.

ABRIDGED FINANCIAL STATEMENTS

For the Year Ended 31 December 2001

Revenue	41,543,312	32,641,366	26,721,399	31,026,931
Expenses (including reinsurance)		13,041,365	9,516,592	7,055,399
Profit		7,699,951	8,301,393	6,391,606
Operating expenses		2,999,508	1,175,648	1,731,463
Financial and taxation income		1,700,444	1,903,283	1,713,646
Total Income	71,682,529	70,475,847	47,114,174	48,477,651

These financial statements were approved by the board on 9 April 2002 and were signed on its behalf by:

Director

Director

MIDDLESEA INSURANCE p.l.c.

Consolidated balance sheet
as at 31 December 2001

	Group		Company	
	2001 Lm	2000 Lm	2001 Lm	2000 Lm
ASSETS				
Investments	41,541,713	43,811,260	29,722,399	31,059,937
Reinsurers' share of technical provisions	15,560,865	13,952,265	7,918,592	7,955,399
Debtors	7,409,355	7,632,925	5,333,393	6,391,006
Other assets	4,688,914	2,999,568	2,176,448	1,739,463
Prepayments and accrued income	2,281,683	2,079,824	1,963,283	1,713,846
TOTAL ASSETS	71,482,530	70,475,842	47,114,115	48,859,651
LIABILITIES				
Capital & reserves	20,506,703	20,923,634	20,506,703	20,923,634
Minority interests	2,056,577	2,099,290	-	-
Technical provisions	39,199,228	36,577,227	18,977,918	18,678,200
Provisions for other risks and charges	346,907	1,056,567	85,836	816,564
Deposits received from reinsurers	1,652,530	2,085,487	1,393,697	1,889,015
Creditors	5,328,116	5,491,588	4,051,160	4,589,835
Accruals and deferred income	2,392,469	2,242,049	2,098,801	1,962,403
TOTAL LIABILITIES	71,482,530	70,475,842	47,114,115	48,859,651

These abridged financial statements were approved by the board on 9 April 2002 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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MIDDLESEA INSURANCE p.l.c.

Consolidated profit and loss account

Non-technical account

for the year ended 31 December 2001

	Group		Company	
	2001	2000	2001	2000
	Lm	Lm	Lm	Lm
Balance on the general business technical accounts	495,004	55,876	314,217	(326,542)
Balance on the long term business technical account	38,319	(48,686)	38,319	(48,686)
	533,323	7,190	352,536	(375,228)
Share of group undertaking's profit before tax involved in general business	-	-	133,854	237,432
Share of participating interest's profit before tax involved in long term business	124,631	189,750	124,631	189,750
Less: distributions received from participating interest already included in general business technical account	-	(86,165)	-	(86,165)
Total income from insurance activities	657,954	110,775	611,021	(34,211)
Share of group undertakings' profit before tax	-	-	78,106	274,297
Other investment income	2,803,148	2,490,827	2,023,625	2,024,971
Investment expenses and charges	(501,768)	(284,417)	(466,517)	(254,909)
Allocated investment return transferred to the general business technical account	(916,703)	(834,132)	(747,617)	(777,457)
Other income	315,962	292,745	203,949	174,847
Other charges	(920,950)	(402,932)	(409,904)	(278,088)
Continuing operations	1,677,809	1,722,035	1,532,829	1,478,619
Discontinuing operation	(240,166)	(349,169)	(240,166)	(349,169)
Operating profit on ordinary activities before tax	1,437,643	1,372,866	1,292,663	1,129,450
Provision for loss on discontinuing operation	(30,329)	(515,993)	(30,329)	(515,993)
Profit on ordinary activities before tax	1,407,314	856,873	1,262,334	613,457
Tax on profit on ordinary activities	155,575	138,317	160,988	142,602
Profit on ordinary activities after tax	1,562,889	995,190	1,423,322	756,059
Minority interests	(139,567)	(239,131)	-	-
Profit for the financial year	1,423,322	756,059	1,423,322	756,059
Earnings per share	11c4	6c0	11c4	6c0

Notes to the abridged financial statements

- Middlesea 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.
- 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
- The total gross premiums written by the Group during the year amounted to Lm24,326,758 (2000 - Lm15,552,761).
- The Board of Directors recommend the payment of a net final dividend for the year ended 31 December 2001 of Lm568,750 (2000 - Lm552,500)
- The audited financial statements of the Company for the year ended 31 December 2001 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 Register 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 Middlesea Insurance p.l.c. for the year ended 31 December 2001. 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 Middlesea Insurance p.l.c. to the members on 9 April 2002 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 Middlesea Insurance p.l.c.

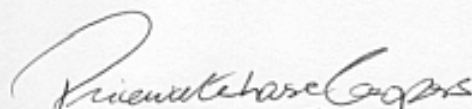

We have audited the financial statements on pages 5 to 54. As described in the statement of directors' responsibilities on page 3, these financial statements are the responsibility of the company's directors. Our responsibility is to form an independent opinion, based on our audit, on these financial 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 2001 are disclosed in accounting policy 5 and note 26.

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 2001 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 26 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 

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Valletta

9 April 2002