



Middlesea Insurance p.l.c.

Middle Sea House
Floriana GPO 01 P.O. Box 337 Malta
Telephone: (356) 21 246262 Telefax: (356) 21 248195
E-mail: middlesea@middlesea.com
Website: <http://www.middlesea.com>
Registration Number: C5553

MSI/EMB/MSE03003

11 April 2003

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

Pursuant to the Board meeting held today 11 April 2003, attached is a preliminary profits statement for the full year 2002.

E.M. Borg
Company Secretary



MIDDLESEA INSURANCE p.l.c.

ABRIDGED FINANCIAL STATEMENTS

For the Year Ended 31 December 2002

MIDDLESEA INSURANCE p.l.c.

Consolidated balance sheet
as at 31 December 2002

	Group		Company	
	2002 Lm	2001 Lm	2002 Lm	2001 Lm
ASSETS				
Investments	47,709,549	41,541,713	30,663,967	29,722,399
Reinsurers' share of technical provisions	14,718,824	15,560,865	6,472,828	7,918,592
Debtors	8,181,516	7,409,355	5,756,677	5,333,393
Other assets	7,732,059	4,688,914	2,114,244	2,176,448
Prepayments and accrued income	2,512,893	2,281,683	2,091,002	1,963,283
TOTAL ASSETS	80,854,841	71,482,530	47,098,718	47,114,115
LIABILITIES				
Capital & reserves	21,210,840	20,506,703	21,210,840	20,506,703
Minority interests	2,576,946	2,056,577	-	-
Technical provisions	46,620,248	39,199,228	18,483,837	18,977,918
Provisions for other risks and charges	305,709	346,907	8,558	85,836
Deposits received from reinsurers	1,638,043	1,652,530	1,414,654	1,393,697
Creditors	5,603,438	5,328,116	3,964,178	4,051,160
Accruals and deferred income	2,899,617	2,392,469	2,016,651	2,098,801
TOTAL LIABILITIES	80,854,841	71,482,530	47,098,718	47,114,115

These abridged financial statements were approved by the board on 11 April 2003 and were signed on its behalf by :

M.C. Grech
Chairman and C.F.O.

J.P.X. Zahra
Deputy Chairman

MIDDLESEA INSURANCE p.l.c.

Consolidated profit and loss account
Non-technical account
for the year ended 31 December 2002

	Group		Company	
	2002	2001	2002	2001
	Lm	Lm	Lm	Lm
Balance on the general business technical accounts	1,015,016	784,994	(241,921)	314,217
Balance on the long term business technical account	89,314	38,319	89,314	38,319
	1,104,330	823,313	(152,607)	352,536
Share of group undertaking's profit before tax involved in general business	-	-	533,585	133,854
Share of participating interest's profit before tax involved in long term business	250,843	124,631	250,843	124,631
Total income from insurance activities	1,355,173	947,944	631,821	611,021
Share of group undertakings' profit before tax	-	-	182,996	78,106
Other investment income	2,564,385	2,803,148	1,281,550	2,023,623
Investment expenses and charges	(654,530)	(501,768)	(582,916)	(466,517)
Allocated investment return transferred to the general business technical account	(1,240,154)	(1,206,693)	(354,902)	(747,617)
Other income	455,514	315,962	-	203,949
Other charges	(1,064,438)	(920,950)	(258,796)	(409,904)
Continuing operations	1,265,113	1,677,809	748,916	1,532,829
Discontinuing operation	150,837	(240,166)	150,837	(240,166)
Operating profit on ordinary activities before tax	1,415,950	1,437,643	899,753	1,292,663
Provision for loss on discontinuing operation	(150,837)	(30,329)	(150,837)	(30,329)
Profit on ordinary activities before tax	1,265,113	1,407,314	748,916	1,262,334
Tax on profit on ordinary activities	521,070	155,575	391,547	160,988
Profit on ordinary activities after tax	1,786,183	1,562,889	1,140,463	1,423,322
Minority interests	(645,720)	(139,567)	-	-
Profit for the financial year	1,140,463	1,423,322	1,140,463	1,423,322
Earnings per share	9c1	11c4	9c1	11c4

Notes to the abridged financial statements

- Middlesea Insurance p.l.c is authorised by the Malta Financial Services Authority to carry on long term and general business of insurance under the Maltese Insurance Business Act, 1998.
- These abridged financial statements are being published in accordance with Section 20 of the Maltese 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 Financial Reporting Standards
- The total gross premiums written by the Group during the year amounted to Lm31,716,098 (2001 - Lm24,326,758).
- The Board of Directors recommend the payment of a net final dividend for the year ended 31 December 2002 of Lm568,750 (2001 - Lm568,750)
- The audited financial statements of the Company for the year ended 31 December 2002 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: 21 246262
Fax: 21 248195

London Underwriting Centre
Upper Ground Floor, Suite 4
3 Minster Court, Mincing Lane
London EC3R 7DD
Tel: (0044) 207 61766730
Fax: (0044) 207 22074121

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 Middlesea Insurance p.l.c. for the year ended 31 December 2002. 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 11 April 2003 on the company's annual financial statements prepared under Section 20 of Maltese 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 53. 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 2002 are disclosed in accounting policy 5 and note 26.

MIDDLESEA INSURANCE p.l.c.
Abridged Financial Statements for the year ended 31 December 2002

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 2002 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 ■

167, Merchants Street
Valletta

11 April 2003