



Middlesea Insurance p.l.c.

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

MSI/EMB/MSE05104

29 April 2004

Company Announcement in accordance with MFSA Listing Rule 8.6.19

Pursuant to the Board meeting held today 29 April 2004, attached is a preliminary statement of annual results for 2003.

E.M. Borg
Company Secretary



MIDDLESEA INSURANCE p.l.c.

ABRIDGED FINANCIAL STATEMENTS

For the Year Ended 31 December 2003

MIDDLESEA INSURANCE p.l.c.

Consolidated profit and loss account
Non-technical account
for the year ended 31 December 2003

	Group		Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
Balance on the general business technical accounts	661,690	1,015,016	(499,521)	(241,921)
Balance on the long term business technical account	207,420	89,314	207,420	89,314
	869,110	1,104,330	(292,101)	(152,607)
Share of group undertaking's profit before tax involved in general business	-	-	476,451	533,585
Share of participating interest's profit before tax involved in long term business	680,077	250,843	680,077	250,843
Total income from insurance activities	1,549,187	1,355,173	864,427	631,821
Share of group undertakings' profit before tax	-	-	170,656	182,996
Other investment income	2,046,274	2,564,385	1,090,028	1,281,550
Investment expenses and charges	(397,691)	(654,530)	(351,266)	(582,916)
Allocated investment return transferred to the general business technical account	(1,176,369)	(1,240,154)	(461,188)	(354,902)
Other income	496,541	455,514	-	-
Administration expenses	(1,055,008)	(1,064,438)	(305,752)	(258,796)
Continuing operations	1,381,752	1,265,113	925,723	748,916
Discontinuing operation	81,182	150,837	81,182	150,837
Operating profit on ordinary activities before tax	1,462,934	1,415,950	1,006,905	899,753
Provision for loss on discontinuing operation	(77,964)	(150,837)	(77,964)	(150,837)
Profit on ordinary activities before tax	1,384,970	1,265,113	928,941	748,916
Tax on profit on ordinary activities	(27,312)	521,070	137,244	391,547
Profit on ordinary activities after tax	1,357,658	1,786,183	1,066,185	1,140,463
Minority interests	(291,473)	(645,720)	-	-
Profit for the financial year	1,066,185	1,140,463	1,066,185	1,140,463
Earnings per share	9c5	9c1	9c5	9c1

MIDDLESEA INSURANCE p.l.c.

Statement of recognised gains and losses
for the year ended 31 December 2003

	Group and Company	
	2003	2002
	Lm	Lm
Net gains not recognised in the profit and loss account	850,573	132,424
Profit for the financial year	1,066,185	1,140,463
Total recognised gains	1,916,758	1,272,887

MIDDLESEA INSURANCE p.l.c.

Consolidated balance sheet
as at 31 December 2003

	Group		Company	
	2003 Lm	2002 Lm	2003 Lm	2002 Lm
ASSETS				
Investments	61,678,944	47,709,549	34,790,510	30,663,967
Reinsurers' share of technical provisions	15,117,032	14,718,824	6,839,804	6,472,828
Debtors	7,429,905	8,120,119	5,108,530	5,756,677
Other assets	6,357,530	7,732,059	2,510,019	2,114,244
Prepayments and accrued income	3,000,213	2,512,893	2,498,937	2,091,002
TOTAL ASSETS	93,663,624	80,793,444	51,747,800	47,098,718
LIABILITIES				
Capital and reserves	21,858,848	21,210,840	21,858,848	21,210,840
Minority interests	3,709,670	2,576,946	-	-
Technical provisions	56,851,155	46,620,248	21,364,589	18,483,837
Provisions for other risks and charges	316,502	305,709	5,493	8,558
Deposits received from reinsurers	1,448,038	1,638,043	1,190,751	1,414,654
Creditors	6,639,198	5,542,041	5,314,906	3,964,178
Accruals and deferred income	2,840,213	2,899,617	2,013,243	2,016,651
TOTAL LIABILITIES	93,663,624	80,793,444	51,747,800	47,098,718

These abridged financial statements were approved by the board on 29 April 2004 and were signed on its behalf by :

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

J.F.N. Zahra
Deputy Chairman

MIDDLESEA INSURANCE p.l.c.**Consolidated cash flow statement
for the year ended 31 December 2003**

	Group		Company	
	2003	2002	2003	2002
	Lm	Lm	Lm	Lm
Net cash generated from operating activities	9,365,823	8,376,773	2,096,789	161,345
Net cash (used in)/generated from investing activities	(8,743,669)	(4,257,013)	(2,973,175)	1,444,719
Net cash generated from/(used in) financing activities	696,223	(579,534)	75,750	(564,834)
Increase/(decrease) in cash and cash equivalents	1,318,377	3,540,226	(800,716)	1,041,230
Movement in cash and cash equivalents				
At beginning of year	10,050,999	6,356,454	3,783,538	2,742,308
Net cash inflow/(outflow)	1,318,377	3,540,226	(800,716)	1,041,230
Effect of exchange rate changes	186,602	154,319	-	-
At end of year	11,555,978	10,050,999	2,982,822	3,783,538

MIDDLESEA INSURANCE p.l.c.

Notes to the abridged financial statements
for the year ended 31 December 2003

1 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 Insurance Business Act, 1998.

2 Basis of preparation

These abridged financial statements are being published in accordance with Section 20 of the Insurance Business Act, 1998 and the Malta Financial Services Authority Listing rules 8.6.2 and 8.6.19. These statements have been extracted from the Company's audited financial statements as approved by the Board on 29 April 2004. The accounting policies used in the preparation of the financial statements for the year ended 2003 are consistent with those used in previous years and are prepared in accordance with the Insurance Business Act, 1998 and the Companies Act 1995, which require their preparation in accordance with International Financial Reporting Standards.

3 The total gross premiums written by the Group during the year amounted to Lm35,235,771 (2002 - Lm31,716,098).

4 Segmental information

The Group is organised into three continuing geographic segments Malta, Italy and Gibraltar, and London that is being presented as a discontinuing segment. These segments, which are based on internal management accounts, are all principally involved in the business of general insurance.

	Gross written premiums		Profit/(loss) before taxation	
	2003 Lm	2002 Lm	2003 Lm	2002 Lm
Continuing operations				
Malta	11,896,475	11,749,511	400,816	71,464
Italy	21,858,477	18,446,946	934,218	1,046,245
Gibraltar	1,468,236	1,379,051	46,718	147,404
Total continuing operations	35,213,188	31,575,508	1,381,752	1,265,113
Discontinuing operation				
Malta	7,649	(1,138)	78,289	7,681
London Branch	14,934	141,728	(75,071)	(7,681)
Total discontinuing operation	22,583	140,590	3,218	-
Total for the year	35,235,771	31,716,098	1,384,970	1,265,113

MIDDLESEA INSURANCE p.l.c.

Notes to the abridged financial statements - cont.
for the year ended 31 December 2003

- 5 The Board of Directors recommended the payment of a dividend for the year ended 31 December 2003 of Lm625,000 (2002 - Lm568,750)
- 6 The audited financial statements of the Company for the year ended 31 December 2003 are exhibited at Middle Sea House, Floriana. These financial statements are available to the public from the Company's Head Office, its Gibraltar Branch, its agents 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 to 5 together with the annual financial statements of Middlesea Insurance p.l.c. for the year ended 31 December 2003. 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 Insurance Business Act, 1998.

We reported as auditors of Middlesea Insurance p.l.c. to the members on 29 April 2004 on the company's annual financial statements prepared under Section 20 of the Insurance Business Act, 1998 and Section 167 of the Companies Act, 1995 and our report was as follows:

"Report of the auditors

To the Members of Middlesea Insurance p.l.c.

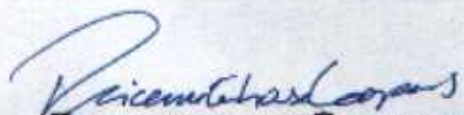

We have audited the financial statements on pages 5 to 54. As described in the statement of directors' responsibilities on page 3, these financial statements are the responsibility of the company's directors. Our responsibility is to form an independent opinion, based on our audit, on these financial 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 2003 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 2003 and of the profit, changes in equity and cash flows for the year then ended in accordance with the requirements of the Insurance Business Act, 1998 and the 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 Insurance Business Act, 1998 to be included within technical provisions.


PRICEWATERHOUSECOOPERS 

167, Merchants Street
Valletta

29 April 2004