

MIDDLE SEA VALLETTA LIFE
ASSURANCE COMPANY LIMITED

Annual Report and Consolidated Financial Statements
31 December 2000

MIDDLE SEA VALLETTA LIFE ASSURANCE COMPANY LIMITED
Annual Report and Consolidated Financial Statements for the year ended 31 December 2000

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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The company is licensed to carry on long term business of insurance under the Maltese Insurance Business Act, 1998. The group is also authorised to provide investment services in terms of the Investment Services Act, 1994.

Review of the business

The level of new business and the group's financial position remain satisfactory, and the directors expect that the present level of activity will be sustained in the foreseeable future.

Results and dividends

The consolidated profit and loss account is set out on page 6. The directors declared an interim net dividend of Lm500,000 (1999: Lm650,000) and do not recommend the payment of a final dividend (1999: Lm450,000).

Directors

The directors of the company who held office during the year were:

J. F. X. Zahra B.A. (Hons) Econ., M.A. Econ. M.C.I.M., M.M.R.S. (Chairman)

M.C. Grech (Deputy Chairman and C.E.O.)

E. Ellul

J.V. Gatt B.A. (Hons) Econ., A.C.I.B.

R. Lenhard Dipl. Math

J. M. Rizzo A.C.I.I., A.I.D.P.M., A.M.I.A.P. (appointed on 29 February 2000)

N. Silby B.Sc., F.I.A.

F. Xerri De Caro A.C.I.B.

Dr. R. Camilleri LL. D. (appointed on 18 February 2000 and resigned on 29 February 2000)

E. Mizzi LL.D. (deceased 16 February 2000)

Directors' report – continued

Directors – continued

According to the company's Articles of Association those members or group of members holding at least 10% of the total voting rights have the right to appoint a director. Every member or group of members holding at least an additional 13% of the total voting rights are entitled to appoint an additional director for every 13% holding.

Unless appointed for a longer or shorter period, or unless they resign or are earlier removed, directors hold office for a period of one year, provided that no appointment may be made for a period exceeding three years.

Actuaries

The company's approved actuary is Mr. Martin Muir, M.A., F.I.A., a partner of Watson Wyatt Partners.

Auditors

The auditors PricewaterhouseCoopers have intimated their willingness to continue in office.

On behalf of the board

J. F. X. Zahra
Chairman

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

Middle Sea House
Floriana,
Malta

10 April 2001

Statement of directors' responsibilities

The directors are required by the Maltese Insurance Business Act, 1998 and the Maltese Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates;
- the financial statements have been drawn up in accordance with International Accounting Standards;
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Maltese Insurance Business Act, 1998 and with the Maltese Companies Act, 1995. They are also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the company are properly safeguarded and that fraud and other irregularities will be prevented or detected.

Report of the auditors

To the Members of Middle Sea Valletta Life Assurance Company Limited.

We have audited the financial statements on pages 5 to 34. 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.

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, the changes in equity and the cash flows for the year then ended in accordance with International Accounting Standards and have been properly prepared in accordance with the Maltese Insurance Business Act, 1998 and the Maltese Companies Act, 1995.

PRICEWATERHOUSECOOPERS 

167 Merchants Street

Valletta
Malta

10 April 2001

MIDDLE SEA VALLETTA LIFE ASSURANCE COMPANY LIMITED
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Consolidated profit and loss account
Technical account – long term business

	Notes	Group & Company 2000 Lm	1999 Lm
Earned premiums, net of reinsurance			
Gross premiums written	1	20,211,562	13,466,063
Outward reinsurance premiums		(530,245)	(445,856)
		19,681,317	13,020,207
Investment income	2	2,904,318	2,660,303
Share of participating interest's profit before tax	2	29,669	-
Unrealised gains on investments	2	-	4,778,861
Other technical income, net of reinsurance		2,470	2,041
Total technical income		22,617,774	20,461,412
Claims incurred, net of reinsurance			
Claims paid			
- gross amount		1,152,267	717,328
- reinsurers' share		(98,471)	(135,486)
		1,053,796	581,842
Change in the provision for claims			
- gross amount		5,295	69,615
- reinsurers' share		7,675	11,572
		12,970	81,187
		1,066,766	663,029
Change in other technical provisions, net of reinsurance			
Long term business provision, net of reinsurance			
- gross amount		13,149,671	14,902,871
- reinsurers' share		1,082	10,823
		13,150,753	14,913,694
Technical provision for linked liabilities		2,182,478	232,522
		15,333,231	15,146,216
Bonuses and rebates, net of reinsurance	3	2,931,000	2,594,251
Net operating expenses	4	2,197,104	2,076,727
Investment expenses and charges	2	194,106	106,299
Unrealised losses on investments	2	795,482	-
Total technical charges		22,517,689	20,586,522
Tax (charge)/credit attributable to the long term business	7	(57,101)	1,717,922
Balance on the long term business technical account (page 6)		42,984	1,592,812

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Consolidated profit and loss account
Non-technical account

	Notes	Group		Company	
		2000 Lm	1999 Lm	2000 Lm	1999 Lm
Balance on the long term business technical account (page 5)		42,984	1,592,812	42,984	1,592,812
Investment income	2	248,175	336,293	212,871	314,111
Share of group undertaking's profit before tax	2	-	-	195,103	99,742
Share of participating interest's profit before tax	2	1,547	-	1,547	-
Investment expenses and charges	2	(10,117)	(11,291)	(10,117)	(11,291)
Other income		285,659	132,822	-	-
Other charges		(164,974)	(93,478)	(39,114)	(38,216)
Profit on ordinary activities before tax	5	403,274	1,957,158	403,274	1,957,158
Tax on profit on ordinary activities	7	(94,109)	(85,405)	(94,109)	(85,405)
Profit for the financial year		309,165	1,871,753	309,165	1,871,753
Earnings per share	9	6c	40c3	6c	40c3

Statement of total recognised gains and losses

		2000 Lm	1999 Lm	2000 Lm	1999 Lm
Revaluation (deficit)/surplus, net of deferred taxation	19	(464,477)	476,991	(464,477)	476,991
Increment in value of in-force business	20	1,820,000	3,072,000	1,820,000	3,072,000
Profit for the financial year		309,165	1,871,753	309,165	1,871,753
Total recognised gains		1,664,688	5,420,744	1,664,688	5,420,744

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Consolidated balance sheet

	Notes	Group		Company	
		2000 Lm	1999 Lm	2000 Lm	1999 Lm
ASSETS					
Investments					
Land and buildings	11	3,439,556	2,227,270	3,439,556	2,227,270
Investment in group undertaking	12	-	-	265,587	353,310
Investment in participating interest	13	357,769	250	357,769	250
Other financial investments	14	61,093,270	48,816,018	60,571,676	48,412,559
		64,890,595	51,043,538	64,634,588	50,993,389
Value of in-force business	15	8,870,000	7,050,000	8,870,000	7,050,000
Assets held to cover linked liabilities	16	2,404,042	225,114	2,404,042	225,114
Reinsurers' share of technical provisions					
Long term business provision	21	35,023	36,105	35,023	36,105
Claims outstanding		57,460	65,135	57,460	65,135
		92,483	101,240	92,483	101,240
Debtors					
Debtors arising out of direct insurance operations					
- policyholders		74,989	90,817	74,989	90,817
- intermediaries		284,020	-	284,020	-
Debtors arising out of reinsurance operations		48,960	12,948	48,960	12,948
Amounts owed by group undertakings		708,095	607,103	1,072,791	790,036
Taxation recoverable		236,034	131,423	236,034	131,423
		1,352,098	842,291	1,716,794	1,025,224
Other assets					
Tangible assets	17	518,877	437,271	517,232	436,989
Deferred taxation	22	1,109,059	1,368,721	1,109,059	1,368,721
Cash at bank and in hand		1,638,183	1,104,891	1,539,764	1,095,006
Clients' bank accounts		3,097	511,815	-	-
		3,269,216	3,422,698	3,166,055	2,900,716
Prepayments and accrued income					
Accrued interest and rent		1,457,535	1,173,320	1,440,614	1,162,243
Other prepayments and accrued income		150,480	18,003	96,227	14,100
		1,608,015	1,191,323	1,536,841	1,176,343
Total assets		82,486,449	63,876,204	82,420,803	63,472,026

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Consolidated balance sheet

	Notes	Group		Company	
		2000 Lm	1999 Lm	2000 Lm	1999 Lm
LIABILITIES					
Capital and reserves					
Called up share capital	18	5,300,000	4,650,000	5,300,000	4,650,000
Revaluation reserve	19	298,901	763,378	298,901	763,378
Other reserve	20	6,220,000	4,400,000	6,220,000	4,400,000
Profit and loss account		2,453,148	3,093,983	2,453,148	3,093,983
Total shareholders' funds		14,272,049	12,907,361	14,272,049	12,907,361
Technical provisions					
Long term business provision	21	64,145,023	45,999,583	64,145,023	45,999,583
Claims outstanding		249,025	243,730	249,025	243,730
		64,394,048	46,243,313	64,394,048	46,243,313
Technical provisions for linked liabilities		2,415,000	232,522	2,415,000	232,522
Deposits received from reinsurers		15,252	15,252	15,252	15,252
Creditors					
Creditors arising out of direct insurance operations		525,528	384,165	525,528	384,165
Creditors arising out of reinsurance operations		85,865	69,079	85,865	69,079
Amounts owed to group undertakings		9,070	3,179	-	-
Amounts owed to shareholders		245,000	318,500	245,000	318,500
Amounts owed to banks or credit institutions	23	-	3,000,000	-	3,000,000
Current taxation		48,861	-	-	-
Other creditors		4,557	397,577	-	-
		918,881	4,172,500	856,393	3,771,744
Accruals and deferred income		471,219	305,256	468,061	301,834
Total liabilities		82,486,449	63,876,204	82,420,803	63,472,026

The financial statements on pages 5 to 34 were authorised for issue by the board on 10 April 2001 and were signed on its behalf by:

J.F.X. Zahra
Chairman

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

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Statement of changes in equity

Group	Notes	Share capital Lm	Revaluation reserve Lm	Other reserves Lm	Profit and loss account Lm	Total Lm
Balance at 1 January 1999:						
As previously reported		4,650,000	286,387	1,976,951	1,397,872	8,311,210
Effect of adopting IAS 10 (Revised)	10	-	-	-	232,500	232,500
Adjustment in computations of taxation on investment gains	22	-	-	-	(174,593)	(174,593)
As restated		4,650,000	286,387	1,976,951	1,455,779	8,369,117
Revaluation surplus, net of deferred taxation	19	-	509,368	-	-	509,368
Increment in value of in-force business	20	-	-	3,072,000	-	3,072,000
Transfer from statutory reserve		-	-	(648,951)	648,951	-
Net gains not recognised in profit and loss account		-	509,368	2,423,049	648,951	3,581,368
Amount released on realisation of investments, net of deferred taxation	19	-	(32,377)	-	-	(32,377)
Dividends for 1998	10	-	-	-	(232,500)	(232,500)
Dividends for 1999	10	-	-	-	(650,000)	(650,000)
Profit for the financial year		-	-	-	1,871,753	1,871,753
Balance at 31 December 1999		4,650,000	763,378	4,400,000	3,093,983	12,907,361
Balance at 1 January 2000:						
As previously reported		4,650,000	763,378	4,400,000	2,849,450	12,662,828
Effect of adopting IAS 10 (Revised)	10	-	-	-	450,000	450,000
Adjustment in computations of taxation on investment gains	22	-	-	-	(205,467)	(205,467)
As restated		4,650,000	763,378	4,400,000	3,093,983	12,907,361
Revaluation deficit, net of deferred taxation	19	-	(391,217)	-	-	(391,217)
Increment in value of in-force business	20	-	-	1,820,000	-	1,820,000
Net (losses)/gains not recognised in profit and loss account		-	(391,217)	1,820,000	-	1,428,783
Amount released on realisation of investments, net of deferred taxation	19	-	(73,260)	-	-	(73,260)
Issue of share capital	18	650,000	-	-	-	650,000
Dividends for 1999	10	-	-	-	(450,000)	(450,000)
Dividends for 2000	10	-	-	-	(500,000)	(500,000)
Profit for the financial year		-	-	-	309,165	309,165
Balance at 31 December 2000		5,300,000	298,901	6,220,000	2,453,148	14,272,049

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Statement of changes in equity

Company	Notes	Share capital Lm	Revaluation reserve Lm	Other reserves Lm	Profit and loss account Lm	Total Lm
Balance at 1 January 1999:						
As previously reported		4,650,000	261,526	1,976,951	1,381,779	8,270,256
Effect of adopting IAS 10 (Revised)	10	-	-	-	232,500	232,500
Effect of adopting equity accounting in terms of IAS 27	12,19	-	24,861	-	16,093	40,954
Adjustment in computations of taxation on investment gains	22	-	-	-	(174,593)	(174,593)
As restated		4,650,000	286,387	1,976,951	1,455,779	8,369,117
Revaluation surplus, net of deferred taxation	19	-	459,944	-	-	459,944
Share of group undertaking's reserves	19	-	45,292	-	-	45,292
Increment in value of in-force business	20	-	-	3,072,000	-	3,072,000
Transfer from statutory reserve		-	-	(648,951)	648,951	-
Net gains not recognised in profit and loss account		-	505,236	2,423,049	648,951	3,577,236
Amount released on realisation of investments, net of deferred taxation	19	-	(28,245)	-	-	(28,245)
Dividends for 1998	10	-	-	-	(232,500)	(232,500)
Dividends for 1999	10	-	-	-	(650,000)	(650,000)
Profit for the financial year		-	-	-	1,871,753	1,871,753
Balance at 31 December 1999		4,650,000	763,378	4,400,000	3,093,983	12,907,361
Balance at 1 January 2000:						
As previously reported		4,650,000	792,876	4,400,000	2,766,293	12,609,169
Effect of adopting IAS 10 (Revised)	10	-	-	-	450,000	450,000
Effect of adopting equity accounting in terms of IAS 27	19,22	-	(29,498)	-	83,157	53,659
Adjustment in computations of taxation on investment gains	22	-	-	-	(205,467)	(205,467)
As restated		4,650,000	763,378	4,400,000	3,093,983	12,907,361
Revaluation deficit, net of deferred taxation	19	-	(383,477)	-	-	(383,477)
Share of group undertaking's reserves	19	-	(24,355)	-	-	(24,355)
Increment in value of in-force business	20	-	-	1,820,000	-	1,820,000
Net (losses)/gains not recognised in profit and loss account		-	(407,832)	1,820,000	-	1,412,168
Amount released on realisation of investments, net of deferred taxation	19	-	(56,645)	-	-	(56,645)
Issue of share capital	18	650,000	-	-	-	650,000
Dividends for 1999	10	-	-	-	(450,000)	(450,000)
Dividends for 2000	10	-	-	-	(500,000)	(500,000)
Profit for the financial year		-	-	-	309,165	309,165
Balance at 31 December 2000		5,300,000	298,901	6,220,000	2,453,148	14,272,049

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Cash flow statement

	Notes	Group		Company	
		2000 Lm	1999 Lm	2000 Lm	1999 Lm
Operating activities					
Cash generated from operations	24	20,177,319	12,809,839	20,452,312	12,240,457
Taxation		(5,476)	(32,571)	9,134	(32,221)
Net cash from operating activities		20,171,843	12,777,268	20,461,446	12,208,236
Investing activities					
Purchase of investments		(28,454,704)	(16,894,634)	(28,259,605)	(16,702,128)
Disposal of investments		18,654,447	5,572,803	18,588,385	5,552,921
Purchase of assets to cover linked liabilities		(2,428,294)	(225,114)	(2,428,294)	(225,114)
Purchase of tangible fixed assets		(167,013)	(213,047)	(165,469)	(212,950)
Net cash used in investing activities		(12,395,564)	(11,759,992)	(12,264,983)	(11,587,271)
Financing activities					
Bank loan		(3,000,000)	3,000,000	(3,000,000)	3,000,000
Dividends paid		(450,000)	(232,500)	(450,000)	(232,500)
Net cash (used in)/from financing activities		(3,450,000)	2,767,500	(3,450,000)	2,767,500
Movement in cash and cash equivalents		4,362,279	3,784,776	4,746,463	3,388,465
Cash and cash equivalents at beginning of year		5,843,482	2,058,706	5,321,782	1,933,317
Cash and cash equivalents at end of year	25	10,169,761	5,843,482	10,068,245	5,321,782

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1. Basis of preparation

These financial statements are prepared in accordance with International Accounting Standards, the Maltese Insurance Business Act, 1998 and the Maltese Companies Act, 1995.

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of investments and the value of in-force business.

2. Form and content of the financial statements

The Maltese Insurance Business Act, 1998 governs the form and content of the financial statements. The company has followed regulations issued in terms of this Act in the preparation of these financial statements.

3. Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All intercompany transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made of minority interests.

A listing of the Group's principal subsidiaries is set out in note 12.

4. Investments in group undertakings and participating interests

Investments in group undertakings are accounted for by the equity method of accounting. They were previously revalued in accordance with the accounting policy for other investments (see accounting policy 11). Comparative figures have been restated to reflect this change in accounting treatment.

Investments in participating interests are accounted for by the equity method of accounting. These are interests over which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control.

4. Investments in group undertakings and participating interests - continued

Equity accounting involves recognising in the income statement the share of the group undertakings' and participating interests' profit or loss for the year. The interest in the group undertaking and the participating interest is carried in the balance sheet at an amount that reflects the share of the net assets of the group undertaking and the participating interest and includes goodwill on the acquisition.

A listing of the Group's principal participating interests is shown in note 13.

5. Premiums

Premiums, including reinsurance premiums, comprise the amounts receivable and payable for the financial year. Unit linked premiums are accounted for when units are created.

6. Claims

Maturity claims are charged against revenue when due for payment. Surrenders are accounted for when paid or, if earlier, on the date when the policy ceases to be included within the calculation of the long term business provision and/or the technical provision for linked liabilities. Death claims and all other claims are accounted for when notified.

Claims payable include related internal and external claims handling costs. Reinsurance recoveries are accounted for in the same period as the related claim.

7. Bonuses

Bonuses charged to the long term business technical account in a given year comprise:

- (a) new reversionary bonuses declared in respect of that year, which are provided within the calculation of the long term business provision;
- (b) terminal bonuses paid out to policyholders on maturity and included within claims paid.

8. Investment return

Investment return comprises investment income including realised and unrealised investment gains and losses, net of investment expenses, charges and interest.

Dividends are recorded on the date when the shareholder's right to receive payment is established. Interest, rents and expenses are accounted for on an accruals basis. Realised gains and losses on investments are calculated as the difference between net sales proceeds and the original purchase price. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price or if they have been previously valued, their valuation at the last balance sheet date.

The investment return is apportioned between the technical and non-technical profit and loss accounts on a basis which takes into account that technical provisions are fully backed by investments and that the value of in-force business, fixed assets and working capital are financed in their entirety from shareholders' funds.

9. Leases

Assets leased out under operating leases are included in investments in land and buildings. Rental income is recognised in the profit and loss account over the period of the lease to which it relates.

10. Foreign currencies

Transactions in foreign currencies have been converted into Maltese lira at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated into Maltese lira at the rates of exchange ruling at the balance sheet date. All resulting differences are taken to the profit and loss account.

11. Investments

Investments in properties are stated in the balance sheet at cost or are valued at open market value as determined by independent professional advisers every three years (previously every five years). Net unrealised appreciations arising on revaluations and attributable to the policyholders are credited to the technical profit and loss account. Unrealised gains relating to the non-technical profit and loss account are credited to a revaluation reserve and, to the extent that this is insufficient to cover any net deficits, are charged to the non-technical profit and loss account.

11. Investments - continued

Investments in quoted shares and securities and units in unit trusts are stated at market value. Loans and unquoted shares are stated at a directors' valuation. Net appreciations and deficits arising from movements in the market value are treated in the same manner as for investment properties.

12. Value of in-force business

The value of in-force business is determined by the directors, based on the advice of the company's approved actuary. The valuation represents the discounted value of projected future transfers to shareholders from policies in force at the year end, after making provision for taxation. In determining this valuation, assumptions relating to future mortality, persistence and levels of expenses are based on experience of the type of business concerned. Gross investment returns assumed vary depending upon the mix of investments held by the company and expected market conditions.

Annual movements in the in-force business valuation are credited or debited to reserves.

13. Long term business provision

The long term business provision is determined by the company's approved actuary following his annual investigation of the financial condition of the company's long term business as required under the Insurance Business Act, 1998. The provision is calculated in accordance with the relevant legislation governing the determination of liabilities for the purposes of statutory solvency. The calculation uses a prospective valuation method and makes explicit provision for vested reversionary bonuses. Provision is also made, implicitly or explicitly, for future reversionary bonuses.

14. Tangible assets

Tangible fixed assets comprising furniture, fittings and equipment and motor vehicles are stated at cost less depreciation. Depreciation is calculated so as to write off the cost on a straight line basis over the expected useful economic lives of the assets concerned. Assets not yet in use are not depreciated.

The principal annual rates used for this purpose are:-

	%
Furniture, fittings and equipment	10 - 33.3
Motor vehicles	20

No depreciation is charged in respect of freehold properties held as property investments.

15. Deferred taxation

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax arising on the revaluation of investments attributable to shareholders is debited or credited directly to the revaluation reserve whereas deferred tax arising on the revaluation of investments attributable to policyholders is debited or credited to the technical profit and loss account.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is probable.

16. Debtors

Debtors are carried at anticipated realisable value. An estimate is made for doubtful debtors based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

17. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, clients' bank accounts, deposits held at call with banks and time deposits or treasury bills maturing within three months.

18. Share capital

Dividends on ordinary shares are recognised in equity in the period which they are declared. This is a change in accounting policy that is further explained in note 10.

19. Borrowing costs

Interest costs are charged against income without restriction. No borrowing costs have been capitalised.

Notes to the financial statements

1. Segmental analysis

In the opinion of the directors, the Group primarily operates in a single business segment being that of long term insurance business.

(i) Gross premiums written

Gross premium income is made up of:

	Group and Company	
	2000	1999
	Lm	Lm
Direct insurance	19,959,046	13,226,723
Reinsurance inwards	252,516	239,340
Gross premiums written	20,211,562	13,466,063

	Group and Company			
	Gross direct premiums written			
	Periodic premiums		Single premiums	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Non-participating	1,178,121	780,919	-	-
Participating	9,241,567	8,062,289	7,074,961	4,146,304
Linked	1,106,284	28,997	1,358,113	208,214
	11,525,972	8,872,205	8,433,074	4,354,518

Gross premiums written by way of direct business of insurance relate to individual business. All long term contracts of insurance are concluded in or from Malta.

(ii) Reinsurance balance

The reinsurance balance, which represents the aggregate of all items relating to reinsurance outwards, amounted to a charge of Lm153,118 to the long term business technical account for the year ended 31 December 2000 (1999: a charge of Lm146,736).

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2. Investment return

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Investment income				
Share of group undertaking's profit before tax	-	-	195,103	99,742
Share of participating interest's profit before tax	31,216	-	31,216	-
Income from land and buildings	137,498	108,966	137,498	108,966
Income from other investments	2,405,964	1,907,232	2,384,113	1,891,422
Gains on the realisation of investments	609,031	980,398	595,578	974,026
	3,183,709	2,996,596	3,343,508	3,074,156
Unrealised (losses)/gains on investments	(1,206,783)	5,316,122	(1,199,043)	5,266,698
Investment expenses and charges				
Investment management expenses	114,447	91,234	114,447	91,234
Interest payable	89,776	26,356	89,776	26,356
Total investment expenses and charges	204,223	117,590	204,223	117,590
Total investment return	1,772,703	8,195,128	1,940,242	8,223,264
Apportioned as follows:				
Technical profit and loss account	1,944,399	7,332,865	1,944,399	7,332,865
Non-technical profit and loss account	239,605	325,002	399,404	402,562
Revaluation reserve	(411,301)	537,261	(403,561)	487,837
	1,772,703	8,195,128	1,940,242	8,223,264

3. Bonuses and rebates, net of reinsurance

The following amounts have been included in the long term business technical account in respect of policyholder bonuses:

	Group and Company	
	2000	1999
	Lm	Lm
Reversionary bonuses declared in the year, included in the long term business provision	2,931,000	2,594,251

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4. Net operating expenses

	Group and Company	
	2000	1999
	Lm	Lm
Acquisition costs	1,798,515	1,539,370
Administrative expenses	686,002	723,386
Reinsurance commissions and profit participation	(287,413)	(186,029)
	2,197,104	2,076,727

Total commissions for direct business accounted for in the financial period amounted to Lm1,275,874 (1999: Lm1,105,454).

5. Profit on ordinary activities before tax

The profit on ordinary activities before tax is stated after charging/(crediting):

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Staff costs (note 6)	325,319	275,271	312,598	263,179
Auditors' remuneration	6,500	5,000	5,000	3,500
Actuarial fees	65,467	39,679	65,467	39,679
Depreciation (note 17)	85,407	62,362	85,226	62,282
Professional indemnity insurance	12,984	9,268	6,980	7,961
Exchange differences	(6,477)	(94,350)	(6,558)	(86,942)

6. Staff costs

Total employment costs:

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Salaries	305,006	257,371	293,014	245,982
Social security costs	20,313	17,900	19,584	17,197
	325,319	275,271	312,598	263,179

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6. Staff costs - continued

Average number of persons employed by the group and company during the year:

	Group		Company	
	2000	1999	2000	1999
Average number of employees	41	39	40	38

The above employee information for the company also includes the cost of employees that are recharged to its subsidiary by way of a management charge.

7. Taxation

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Group relief	91,854	-	91,854	31,970
Deferred taxation (charge)/credit	(259,662)	1,608,610	(259,662)	1,608,610
Current taxation (charge)/credit	50,274	(707)	113,745	-
Share of group undertaking's taxation	-	-	(63,471)	(32,677)
Share of participating interest's taxation	(8,745)	-	(8,745)	-
	(126,279)	1,607,903	(126,279)	1,607,903
<hr/>				
Apportioned as follows:				
Technical profit and loss account	(57,101)	1,717,922	(57,101)	1,717,922
Non-technical profit and loss account	(94,109)	(85,405)	(94,109)	(85,405)
Revaluation reserve	24,931	(24,614)	24,931	(24,614)
	(126,279)	1,607,903	(126,279)	1,607,903

Tax on profit for the year ended 31 December 2000 differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Profit before tax	460,375	239,236	460,375	239,236
Tax on ordinary profit at 35%	161,131	83,733	161,131	83,733
Tax effect of:				
Disallowed losses/(exempt income)	84,686	(1,742,196)	84,686	(1,742,196)
Other differences, including adjustment to temporary differences on fixed assets	(94,607)	25,946	(94,607)	25,946
Net tax charged /(credited) to the profit and loss account	151,210	(1,632,517)	151,210	(1,632,517)

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8. Directors' emoluments

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Remuneration	15,960	15,000	15,960	15,000
Fees	17,050	18,500	16,192	18,500
	33,010	33,500	32,152	33,500

9. Earnings per share

Earnings per share is based on the profit attributable to the shareholders of Middle Sea Valletta Life Assurance Company Limited divided by the weighted average number of shares in issue during the year.

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Net profit attributable to shareholders	309,165	1,871,753	309,165	1,871,753
Weighted average number of ordinary shares in issue	5,117,077	4,650,000	5,117,077	4,650,000
Earnings per share	6c	40c3	6c	40c3

10. Dividends

The dividends declared after the financial year end in respect of 1999 and 1998, which were Lm450,000 (9c7 per share) and Lm232,500 (5c per share) respectively, were previously reflected as dividends payable as at 31 December 1999 and 1998. The treatment of dividends payable has changed in accordance with IAS 10 (Revised), which requires dividends to be reflected in the financial statements in the year they are declared. Comparative information has been restated to reflect this change in accounting treatment.

An interim dividend of Lm500,000 (9c4 per share) was declared in 2000 (1999: Lm650,000, 14c per share).

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11. Land and buildings

	Group and Company Investment properties Lm
Year ended 31 December 2000	
Opening net book amount	2,227,270
Additions	668,164
Revaluation surplus arising during the year	544,122
	3,439,556
At 31 December 2000	
Cost	2,555,765
Unrealised gains	883,791
	3,439,556
Year ended 31 December 1999	
Opening net book amount	1,942,785
Additions	284,485
	2,227,270
At 31 December 1999	
Cost	1,887,601
Unrealised gains	339,669
	2,227,270

The above properties were last revalued at 31 December 2000 by independent professional valuers on the bases of an open market valuation.

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12. Investment in group undertaking

	Company Lm
Year ended 31 December 2000	
Opening net book amount (as previously reported and as restated)	353,310
Share of group undertaking's profits and reserves	(87,723)
	265,587
At 31 December 2000	
Cost	199,999
Share of group undertaking's profits and reserves	65,588
	265,587
Year ended 31 December 1999	
Opening net book amount:	
As previously reported	199,999
Effect of adopting equity accounting in terms of IAS 27	40,954
	240,953
As restated	240,953
Share of group undertaking's profits and reserves	112,357
	353,310
At 31 December 1999	
Cost	199,999
Share of group undertaking's profits and reserves	153,311
	353,310

The group undertaking at 31 December 2000 is shown below:

Group undertaking	Registered office	Class of shares held	Percentage of shares held 2000 & 1999
Growth Investments Limited	Middle Sea House Floriana, VLT 16	Ordinary shares	100%

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13. Investment in participating interest

	Group and Company		
	Participating interest Lm	Loan to participating interest Lm	Total Lm
Year ended 31 December 2000			
Opening net book amount	250	-	250
Additions	-	354,798	354,798
Share of participating interest's profits	2,721	-	2,721
Closing net book amount	2,971	354,798	357,769
At 31 December 2000			
Cost	250	354,798	355,048
Share of participating interest's profits	2,721	-	2,721
Net book amount	2,971	354,798	357,769
Year ended 31 December 1999			
Opening net book amount	-	-	-
Additions	250	-	250
Closing net book amount	250	-	250
At 31 December 1999			
Cost and net book amount	250	-	250

The participating interest at 31 December 2000 is shown below:

Participating interest	Registered office	Class of shares held	Percentage of shares held 2000 & 1999
Church Wharf Properties Limited	Middle Sea House Floriana, VLT 16	Ordinary shares	50%

The loan to the participating interest is unsecured, interest free and has no fixed date of repayment.

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14. Other financial investments

Group	Quoted shares, other variable yield securities and units in unit trusts Lm	Unquoted shares and securities Lm	Quoted debt securities and other fixed income securities Lm	Deposits with banks or credit institutions and treasury bills Lm	Long term reinsurance loan Lm	Other loans Lm	Total Lm
Year ended 31 December 2000							
Opening net book amount	17,071,306	727,252	21,763,924	6,726,770	2,059,016	467,750	48,816,018
Additions	13,357,087	106,459	4,177,272	26,048,533	50,182	263,468	44,003,001
Disposals	(7,906,583)	-	(3,315,985)	(17,743,804)	-	-	(28,966,372)
Revaluation (deficit)/surplus arising during the year	(1,241,430)	41,969	(302,078)	-	-	-	(1,501,539)
Amount released on realisation of investments	(739,583)	-	(518,255)	-	-	-	(1,257,838)
Closing net book amount	20,540,797	875,680	21,804,878	15,031,499	2,109,198	731,218	61,093,270
At 31 December 2000							
Cost	17,552,679	715,695	20,312,151	15,031,499	2,109,198	731,218	56,452,440
Unrealised gains	2,988,118	159,985	1,492,727	-	-	-	4,640,830
Net book amount	20,540,797	875,680	21,804,878	15,031,499	2,109,198	731,218	61,093,270
Year ended 31 December 1999							
Opening net book amount	4,973,471	426,546	19,528,265	2,511,220	2,307,570	281,298	30,028,370
Additions	8,945,601	217,706	4,713,109	8,795,568	37,326	186,452	22,895,762
Disposals	(1,256,773)	-	(2,969,139)	(4,580,018)	(285,880)	-	(9,091,810)
Revaluation surplus arising during the year	4,631,008	83,000	602,114	-	-	-	5,316,122
Amount released on realisation of investments	(222,001)	-	(110,425)	-	-	-	(332,426)
Closing net book amount	17,071,306	727,252	21,763,924	6,726,770	2,059,016	467,750	48,816,018
At 31 December 1999							
Cost	12,102,175	609,236	19,450,864	6,726,770	2,059,016	467,750	41,415,811
Unrealised gains	4,969,131	118,016	2,313,060	-	-	-	7,400,207
Net book amount	17,071,306	727,252	21,763,924	6,726,770	2,059,016	467,750	48,816,018

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14. Other financial investments - continued

Company	Quoted shares, other variable yield securities and units in unit trusts Lm	Unquoted shares and securities Lm	Quoted debt securities and other fixed income securities Lm	Deposits with banks or credit institutions and treasury bills Lm	Long term reinsurance loan Lm	Other loans Lm	Total Lm
Year ended 31 December 2000							
Opening net book amount	16,910,707	727,252	21,521,064	6,726,770	2,059,016	467,750	48,412,559
Additions	13,311,076	106,459	4,028,184	26,048,533	50,182	263,468	43,807,902
Disposals	(7,853,974)	-	(3,315,985)	(17,743,804)	-	-	(28,913,763)
Revaluation (deficit)/surplus arising during the year	(1,239,310)	41,969	(296,458)	-	-	-	(1,493,799)
Amount released on realisation of investments	(722,968)	-	(518,255)	-	-	-	(1,241,223)
Closing net book amount	20,405,531	875,680	21,418,550	15,031,499	2,109,198	731,218	60,571,676
At 31 December 2000							
Cost	17,445,971	715,695	19,943,063	15,031,499	2,109,198	731,218	55,976,644
Unrealised gains	2,959,560	159,985	1,475,487	-	-	-	4,595,032
Net book amount	20,405,531	875,680	21,418,550	15,031,499	2,109,198	731,218	60,571,676
Year ended 31 December 1999							
Opening net book amount	4,929,900	426,546	19,392,665	2,511,220	2,307,570	281,298	29,849,199
Additions	8,853,095	217,706	4,613,109	8,795,568	37,326	186,452	22,703,256
Disposals	(1,243,263)	-	(2,969,139)	(4,580,018)	(285,880)	-	(9,078,300)
Revaluation surplus arising during the year	4,588,844	83,000	594,854	-	-	-	5,266,698
Amount released on realisation of investments	(217,869)	-	(110,425)	-	-	-	(328,294)
Closing net book amount	16,910,707	727,252	21,521,064	6,726,770	2,059,016	467,750	48,412,559
At 31 December 1999							
Cost	11,988,869	609,236	19,230,864	6,726,770	2,059,016	467,750	41,082,505
Unrealised gains	4,921,838	118,016	2,290,200	-	-	-	7,330,054
Net book amount	16,910,707	727,252	21,521,064	6,726,770	2,059,016	467,750	48,412,559

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14. Other financial investments - continued

The long term reinsurance loan arose on the acquisition of a life reinsurance portfolio, bears interest at 8% per annum and is not subject to fixed terms of repayment.

Loans secured on policies, included in other loans, amounted to Lm731,218 as at 31 December 2000 (1999: Lm467,750).

Maturity of fixed income debt securities:

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Within one year	101,662	294,447	101,662	294,447
Between 1 and 2 years	209,126	105,639	209,126	105,639
Between 2 and 5 years	1,599,275	1,320,533	1,599,275	1,320,533
Over 5 years	19,894,815	20,043,305	19,508,487	19,800,445
	21,804,878	21,763,924	21,418,550	21,521,064
Weighted average effective interest rate	6.3%	6.6%	6.3%	6.6%

Maturity of deposits with banks or credit institutions and treasury bills:

	Group and Company	
	2000	1999
	Lm	Lm
Within 3 months	8,528,481	4,226,776
Within 1 year but exceeding 3 months	3,000,000	-
Between 1 and 2 years	2,485,180	2,499,994
Between 2 and 5 years	1,017,838	-
	15,031,499	6,726,770
Weighted average effective interest rate	5.1%	4.3%

15. Value of in-force business

	Group and Company
	Lm
Net book amount at 1 January 2000	7,050,000
Increment in value of in-force business, credited to reserves (note 20)	1,820,000
Net book amount at 31 December 2000	8,870,000

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16. Assets held to cover linked liabilities

	Group and Company Lm
Year ended 31 December 2000	
Opening net book amount	225,114
Additions	2,428,294
Revaluation deficit arising during the year	(249,366)
Closing net book amount	2,404,042
At 31 December 2000	
Cost	2,653,408
Unrealised losses	(249,366)
Net book amount	2,404,042
Year ended 31 December 1999	
Opening net book amount	-
Additions	225,114
Closing net book amount	225,114
At 31 December 1999	
Cost and net book amount	225,114

17. Tangible assets

	Furniture, fittings & equipment Lm	Motor vehicles Lm	Total Lm
Group			
Year ended 31 December 2000			
Opening net book amount	426,557	10,714	437,271
Additions	167,013	-	167,013
Depreciation charge	(79,839)	(5,568)	(85,407)
Closing net book amount	513,731	5,146	518,877
At 31 December 2000			
Cost	760,149	32,775	792,924
Accumulated depreciation	(246,418)	(27,629)	(274,047)
Net book amount	513,731	5,146	518,877
At 31 December 1999			
Cost	593,136	32,775	625,911
Accumulated depreciation	(166,579)	(22,061)	(188,640)
Net book amount	426,557	10,714	437,271

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17. Tangible assets - continued

Company	Furniture, fittings & equipment Lm	Motor vehicles Lm	Total Lm
Year ended 31 December 2000			
Opening net book amount	426,275	10,714	436,989
Additions	165,469	-	165,469
Depreciation charge	(79,658)	(5,568)	(85,226)
Closing net book amount	512,086	5,146	517,232
At 31 December 2000			
Cost	758,185	32,775	790,960
Accumulated depreciation	(246,099)	(27,629)	(273,728)
Net book amount	512,086	5,146	517,232
At 31 December 1999			
Cost	592,716	32,775	625,491
Accumulated depreciation	(166,441)	(22,061)	(188,502)
Net book amount	426,275	10,714	436,989

Included in fixed assets in 1999 was an amount of Lm251,950 that represented payments in advance in respect of a new computer system, which had not yet been brought into use and which has been depreciated as from 2000.

18. Share capital

	Group and Company	
	2000	1999
	Lm	Lm
Authorised		
10,000,000 ordinary shares of Lm1 each	10,000,000	10,000,000
Issued and fully paid		
5,300,000 (1999 : 4,650,000) ordinary shares of Lm1 each	5,300,000	4,650,000

At the company's Annual General Meeting held on 12 April 2000, the shareholders resolved that an interim dividend of Lm650,000 would be applied to an equivalent increase in the company's issued share capital. For this purpose they authorised the Board to issue 650,000 new shares with a nominal value of Lm1 each to be allotted pro-rata to existing shareholders and to be paid up from the interim dividend due to them.

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19. Revaluation reserve

	Group		Company	
	2000 Lm	1999 Lm	2000 Lm	1999 Lm
Balance at 1 January before taxation:				
As previously reported:	806,628	305,023	889,785	280,162
Effect of adopting equity accounting in terms of IAS 27	-	-	(83,157)	24,861
As restated	806,628	305,023	806,628	305,023
Revaluation (deficit)/surplus arising during the year	(411,301)	537,261	(403,561)	487,837
Share of group undertaking's reserves	-	-	(24,355)	45,292
Amount released on realisation of investments	(78,107)	(35,656)	(61,492)	(31,524)
Balance at 31 December before taxation	317,220	806,628	317,220	806,628
Deferred taxation	(18,319)	(43,250)	(18,319)	(43,250)
Balance at 31 December	298,901	763,378	298,901	763,378

The revaluation reserve is non-distributable.

20. Other reserve

	Group and Company	
	2000 Lm	1999 Lm
Value of in-force business		
Balance at 1 January	4,400,000	1,328,000
Increment in value of in-force business (note 15)	1,820,000	3,072,000
Balance at 31 December	6,220,000	4,400,000

21. Long term business provision

	Group and Company	
	2000 Lm	1999 Lm
At 1 January (net)	45,963,478	28,681,401
Impact of portfolio transfer	2,064,769	(225,868)
Charged to technical profit and loss account	16,081,753	17,507,945
At 31 December (net)	64,110,000	45,963,478

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22. Deferred taxation

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Balance at 1 January:				
As previously reported	1,574,188	(65,296)	1,520,529	(65,296)
Effect of adopting equity accounting in terms of IAS 27	-	-	53,659	-
Adjustment in computations of taxation on investment gains	(205,467)	(174,593)	(205,467)	(174,593)
As restated	1,368,721	(239,889)	1,368,721	(239,889)
Tax effect of revaluation (debited)/credited to the revaluation reserve	24,931	(24,614)	24,931	(24,614)
(Charge)/credit to profit and loss account	(284,593)	1,633,224	(284,593)	1,633,224
Balance at 31 December	1,109,059	1,368,721	1,109,059	1,368,721

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 35% (1999: 35%). Deferred taxation at the year end comprises:

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Temporary differences attributable to unrealised capital gains or losses	(369,791)	(450,409)	(369,791)	(450,409)
Temporary differences attributable to fixed assets	(81,181)	(27,017)	(81,181)	(27,017)
Temporary differences attributable to tax losses carried forward	1,560,031	1,846,147	1,560,031	1,846,147
Balance at 31 December	1,109,059	1,368,721	1,109,059	1,368,721

The deferred tax asset was recognised on the basis of expectation of future taxable income.

23. Amounts owed to banks or credit institutions

	Group and Company	
	2000	1999
	Lm	Lm
Long term – falling due after more than one year		
Bank loan	-	3,000,000
Total borrowings	-	3,000,000

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23. Amounts owed to banks or credit institutions - continued

The bank borrowings were secured by a special hypothec on investments.

	Group and Company	
	2000	1999
	Lm	Lm
Total borrowings:		
At floating rates	-	3,000,000

Weighted average effective interest rates:

	2000	1999
Bank loan	-	5.31%

Maturity of long term borrowings:

	2000	1999
	Lm	Lm
Between 2 and 5 years	-	3,000,000

24. Note to the cash flow statement

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Profit before tax	460,375	239,236	460,375	239,236
Adjustments for:				
Depreciation	85,407	62,362	85,226	62,282
Share of group undertaking's profit before tax, adjusted for net dividend received	-	-	(103)	(99,742)
Share of participating interest's profit before tax, adjusted for net dividend received	(11,466)	-	(11,466)	-
Unrealised losses/(gains) on investments	795,482	(4,778,861)	795,482	(4,778,861)
Realised gains on disposal of investments	(609,031)	(980,398)	(595,578)	(974,026)
Increase in technical provisions	20,341,970	17,821,654	20,341,970	17,821,654
Debtors, excluding group relief receivable	(653,534)	(192,340)	(779,103)	(275,226)
Creditors	(231,884)	638,186	155,509	245,140
Cash generated from operations	20,177,319	12,809,839	20,452,312	12,240,457

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25. Cash and cash equivalents

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

	Group		Company	
	2000	1999	2000	1999
	Lm	Lm	Lm	Lm
Cash at bank and in hand	1,638,183	1,104,891	1,539,764	1,095,006
Clients' bank accounts	3,097	511,815	-	-
Time deposits maturing within three months	8,528,481	4,226,776	8,528,481	4,226,776
	10,169,761	5,843,482	10,068,245	5,321,782

The use of clients' bank accounts is restricted in terms of the Investment Services Act, 1994.

26. Financial instruments

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist principally of investments, cash at bank and debtors. The majority of the company's investments are quoted on reputable stock exchanges and do not expose the company to significant credit risk. Credit risk with respect to debts is limited due to the large number of customers comprising the company's direct insurance debtor base and due to the fact that other debtors are due from reputable institutions or from group undertakings. The company's cash was placed with quality financial institutions.

Fair values

At 31 December 2000 and 1999 the carrying amounts of investments, cash at bank, debtors, creditors and accrued expenses approximated their fair values. The fair value of long term borrowings was not materially different from their carrying amount.

27. Commitments

Capital commitments

Commitments for capital expenditure not provided for in these financial statements are as follows:

	Group and Company	
	2000	1999
	Lm	Lm
Authorised and contracted for	20,000	94,850
Authorised but not contracted	158,300	111,700

27. Commitments - continued

Operating lease commitments – where the company is the lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2000	1999
	Lm	Lm
Not later than 1 year	178,220	112,434
Later than 1 year and not later than 5 years	615,957	390,300
Later than 5 years	468,656	453,817
	1,262,833	956,551

28. Contingent liabilities

The company has issued a guarantee of Lm124,810 (1999: Lm124,810) to a third party in favour of its subsidiary, Growth Investments Limited.

The company has issued further guarantees amounting to Lm889,000 (1999: nil) in favour of third parties.

29. Related party transactions

The company's shareholders are Middle Sea Insurance p.l.c., Bank of Valletta p.l.c. and Munchener Ruckversicherungs - Gesellschaft of Germany. Approximately one half (1999: one half) of the company's expenditure comprises acquisition costs paid to Bank of Valletta p.l.c. and administrative costs shared with the Middle Sea Group. The company's major reinsurer is Munchener Ruckversicherungs - Gesellschaft.

All transactions with related parties are carried out at arms length.

30. Statutory information

Middle Sea Valletta Life Assurance Company Limited is a limited liability company and is incorporated in Malta.