

MMS/CF/MSE00317

8 March 2017

The following is a Company Announcement issued by MAPFRE Middlesea p.l.c., pursuant to the Listing Rules of the Malta Financial Services Authority.

Quote

The Board of Directors of MAPFRE Middlesea p.l.c., has today, the 8 March 2017, approved the audited financial statements for the financial year ended 31 December 2016. The Board resolved that these audited financial statements be submitted for the approval of the Shareholders at the forthcoming Annual General Meeting (AGM) scheduled for Friday 21 April 2017. A preliminary statement of the annual results is being attached herewith in terms of the Listing Rules. Shareholders on the Company's register at the Central Securities Depository of the Malta Stock Exchange as at close of business on Tuesday 21 March 2017 (the record date), will receive notice of the AGM together with a copy of the Annual Report and Financial Statements for the year ended 31 December 2016. The Audited Financial Statements will be available for viewing on the Company's website at www.middlesea.com as from the 9 March 2017.

The Board of Directors recommends, for the approval of the AGM, the payment of a final net dividend of €3,520,000 (2015 – €3,520,000) equivalent to a gross dividend of €0.03826 per share (2015 – €0.05605). The final dividend, if approved at the AGM, will be paid on the 19 May 2017 to the Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange at the close of business as at the 28 April 2017.

Unquote

By Order of the Board



Carlo Farrugia
Company Secretary

Financial Highlights as at the 31 December 2016

Financial highlights of the results for the year ended 31 December 2016 include the following:-

- Total Group profit before tax for the year amounted to €11.65 million as compared to €17.84 million during the previous year with after tax profits at €8.93 million compared to €11.87 million in 2015. 2015 Group results were influenced by a one-off gain of pre-tax €5.05 million arising as a result of a major restructuring of MAPFRE MSV Life's p.l.c. reinsurance programme as from 2015.

The standalone Company registered a turnover of €60.01 million in gross premium written, a 23.0% increase over FY2015 and strengthening market leadership having a 34.01% market share based on preliminary market statistics. Technical results were subdued due to a deteriorating motor combined ratio. Investment income going to profit and loss increased as a result of higher fair value movements particularly on the property portfolio. With dividends from Group companies reducing slightly to €2.67 million compared to €2.84 million in 2015, the Company registered a profit before tax for FY 2016 amounting to €2.48 million, compared to a profit of €5.07 million in FY 2015. Profit after tax reduced from €4.64 million in FY 2015 to €2.60 million in FY 2016.

- The Group's results include the consolidated MAPFRE MSV Life p.l.c. profit before tax of €11.55 million (2015: €15.58 million). MSV reported a turnover (including investment contracts without DPF) of €274.50 million compared to €224.46 million in 2015 as a result of increases in demand across all products in particular single premium savings contracts and life protection business. Equity and bond markets produced robust yet somewhat weaker returns than those generated in prior year with net investment income decreasing from €91.2 million in 2015 to €78.1 million in 2016. The profit after tax consolidated for FY 2016 amounted to €8.59 million (2015: €10.10 million).
- Total Group capital and reserves attributable to shareholders (excluding non controlling interests) at 31 December 2016 was €86.83 million, compared to €82.30 million as at 31 December 2015.

The Company maintained a strong balance sheet, with its Shareholders' equity amounting to €62.10 million still maintaining a strong regulatory solvency position as at 31 December 2016 under the new Solvency II regime.

A gross dividend in respect of year ended 31 December 2016 of €0.03826 per share amounting to a total dividend of €3,520,000 (2015: €5,156,715) is to be proposed by the directors at the forthcoming annual general meeting. This is equivalent to a net dividend of €0.03826 per share amounting to a total net dividend of €3,520,000 (2015: €3,520,000)

The Board with a clear strategy to return to a strong technical profit whilst aware of the challenges that are inherent, looks forward with optimism to 2017.

The Company will continue with the project, in conjunction with companies forming part of the MAPFRE Group for the implementation of the new insurance IT system and envisage the rollout of further products on such system in the coming year. The net book value as at 31 December 2016 of this system amounts to €2.98 million.

Notice is hereby given that Tuesday 21 March 2017 is the "record date" for the purposes of Article 53 (2) (b) of the Company's Articles of Association. All shareholders appearing on the Company's Register of Members as at the close of business on Tuesday 21 March 2017 will receive notice of and be entitled to attend and vote at the Company's Annual General Meeting scheduled for Friday 21 April 2017.

Pursuant to the Malta Stock Exchange Bye-Laws, all shareholders appearing on the Company's Register of Members as at close of business on Friday 28 April 2017 will be paid, on the 19 May 2017, the final dividend as approved by the Annual General Meeting.

By Order of the Board

Basis of preparation

These figures have been extracted from Middlesea Group's audited financial statements for the year ended 31 December 2016, as approved by the Directors on 8 March 2017, and are published in terms of MFSA Listing Rule 5.54.

Statements of profit and loss Non - technical accounts for the year ended 31 December

	Group		Company	
	2016 €'000	2015 €'000	2015 €'000	2015 €'000
Balance on the general business technical account	1,408	3,367	1,408	3,367
Balance on the long term business technical account	10,830	14,560	90	466
Total income from insurance activities	12,238	17,927	1,498	3,833
Other investment income	2,988	3,331	4,911	4,925
Investment expenses and charges	(192)	(139)	(186)	(134)
Allocated investment return transferred to the general business technical account	(2,087)	(1,873)	(2,087)	(1,873)
Other income	1,443	1,342	-	-
Administrative expenses	(2,742)	(2,749)	(1,655)	(1,682)
Profit for the financial year before tax	11,648	17,839	2,481	5,069
Tax expense	(2,723)	(5,973)	120	(434)
Profit for the financial year	8,925	11,866	2,601	4,635
Attributable to:				
- shareholders	4,630	6,821	2,601	4,635
- non-controlling interests	4,295	5,045	-	-
	8,925	11,866	2,601	4,635
Earnings per share attributable to shareholders	5.0c	7.4c		

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Statements of comprehensive income
for the year ended 31 December

	Group		Company	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Profit for the financial year	8,925	11,866	2,601	4,635
Other comprehensive income:				
<i>Other comprehensive Income to be reclassified to profit or loss in subsequent periods</i>				
Change in fair value of available-for-sale investments	141	(11)	142	(11)
<i>Other comprehensive Income not to be reclassified to profit or loss in subsequent periods</i>				
Re-measurement actuarial gain on provision for other liabilities and charges	3	48	3	48
Increase/(decrease) in value of in-force business	6,528	(2,340)	-	-
Total other comprehensive income, net of tax	<u>6,672</u>	<u>(2,303)</u>	<u>145</u>	<u>37</u>
Total comprehensive income for the year	<u>15,597</u>	<u>9,563</u>	<u>2,746</u>	<u>4,672</u>
Attributable to:				
- shareholders	8,038	5,688		
- non-controlling interests	7,559	3,875		
Total comprehensive income for the year	<u>15,597</u>	<u>9,563</u>		

Items disclosed in the statement above are disclosed net of tax

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Statements of financial position

	Group		Company	
	At 31 December		At 31 December	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
ASSETS				
Intangible assets	68,535	59,908	4,319	2,532
Property, plant and equipment	9,941	10,203	1,843	2,035
Investment property	98,904	93,619	13,717	12,252
Investment in subsidiary undertakings	-	-	57,214	57,214
Investment in associated undertakings	33,074	27,273	294	294
Other investments	1,681,499	1,540,320	22,130	23,330
Deferred income tax	2,425	2,253	1,224	1,192
Reinsurers' share of technical provisions	16,444	16,016	14,855	13,669
Deferred acquisition costs	6,049	5,113	6,049	5,113
Insurance and other receivables	29,380	26,548	16,066	13,616
Income tax receivable	3,750	3,690	811	337
Cash and cash equivalents	70,015	36,675	7,191	2,596
Total assets	2,020,016	1,821,618	145,713	134,180
EQUITY				
Capital and reserves attributable to shareholders	86,826	82,297	62,098	62,861
Non-controlling interests	80,160	75,101	-	-
Total equity	166,986	157,398	62,098	62,861
LIABILITIES				
Deferred income tax	26,686	23,856	1,030	1,119
Provision for other liabilities and charges	1,186	1,231	1,186	1,231
Technical provisions				
- Insurance contracts and investment contracts with DPF	1,750,364	1,559,250	69,502	58,580
- Investment contracts without DPF	54,141	62,785	-	-
Derivative financial instruments	320	-	-	-
Insurance and other payables	20,316	17,091	11,897	10,389
Income tax payable	17	7	-	-
Total liabilities	1,853,030	1,664,220	83,615	71,319
Total equity and liabilities	2,020,016	1,821,618	145,713	134,180

These condensed financial statements were approved by the Board on 8 March 2017 and were signed on its behalf by:

Martin Galea
Chairman

Alfred Attard
Director

Felipe Navarro Lopez de Chicheri
President & Chief Executive Officer

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Statements of changes in equity
for the year ended 31 December

GROUP

	Attributable to shareholders				Total €'000	Non- controlling interests €'000	Total €'000
	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'000			
Balance as at 1 January 2015	19,320	688	28,275	31,846	80,129	73,566	153,695
Comprehensive income							
Profit for the financial year	-	-	-	6,821	6,821	5,045	11,866
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	(11)	-	(11)	-	(11)
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	48	48	-	48
Decrease in value of in-force business	-	-	(1,170)	-	(1,170)	(1,170)	(2,340)
Total other comprehensive income, net of tax	-	-	(1,181)	48	(1,133)	(1,170)	(2,303)
Total comprehensive income	-	-	(1,181)	6,869	5,688	3,875	9,563
Transactions with owners							
Dividends for 2014	-	-	-	(3,520)	(3,520)	(2,340)	(5,860)
Total transactions with owners	-	-	-	(3,520)	(3,520)	(2,340)	(5,860)
Balance as at 31 December 2015	19,320	688	27,094	35,195	82,297	75,101	157,398
Balance as at 1 January 2016	19,320	688	27,094	35,195	82,297	75,101	157,398
Comprehensive income							
Profit for the financial year	-	-	-	4,630	4,630	4,295	8,925
Other comprehensive income:							
Change in available-for-sale investments' fair values	-	-	141	-	141	-	141
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	3	3	-	3
Increase in value of in-force business	-	-	3,264	-	3,264	3,264	6,528
Total other comprehensive income, net of tax	-	-	3,405	3	3,408	3,264	6,672
Total comprehensive income	-	-	3,405	4,633	8,038	7,559	15,597
Transactions with owners							
Dividends for 2015	-	-	-	(3,520)	(3,520)	(2,500)	(6,020)
Write-back of prior years dividends	-	-	-	11	11	-	11
Total transactions with owners	-	-	-	(3,509)	(3,509)	(2,500)	(6,009)
Balance as at 31 December 2016	19,320	688	30,499	36,319	86,826	80,160	166,986

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COMPANY

	Share capital €'000	Share premium account €'000	Other reserves €'000	Retained earnings €'000	Total €'000
Balance as at 1 January 2015	19,320	688	35,055	6,646	61,709
Comprehensive income					
Profit for the financial year	-	-	-	4,635	4,635
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	(11)	-	(11)
Re-measurement actuarial loss on provision for other liabilities and charges	-	-	-	48	48
Total other comprehensive income, net of tax	-	-	(11)	48	37
Total comprehensive income	-	-	(11)	4,683	4,672
Transactions with owners					
Dividend for 2014	-	-	-	(3,520)	(3,520)
Total transactions with owners of the company	-	-	-	(3,520)	(3,520)
Balance as at 31 December 2015	19,320	688	35,044	7,809	62,861
Balance as at 1 January 2016	19,320	688	35,044	7,809	62,861
Comprehensive income					
Profit for the financial year	-	-	-	2,601	2,601
Other comprehensive income:					
Change in available-for-sale investments' fair values	-	-	142	-	142
Re-measurement actuarial gain on provision for other liabilities and charges	-	-	-	3	3
Total other comprehensive income, net of tax	-	-	142	3	145
Total comprehensive income	-	-	142	2,604	2,746
Transactions with owners					
Dividend for 2015	-	-	-	(3,520)	(3,520)
Write-back of prior years dividends	-	-	-	11	11
Total transactions with owners of the company	-	-	-	(3,509)	(3,509)
Balance as at 31 December 2016	19,320	688	35,186	6,904	62,098

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Condensed statements of cash flows
for the year ended 31 December

	Group		Company	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Net cash generated from operating activities	151,164	144,171	9,860	9,896
Net cash used in investing activities	(111,815)	(146,315)	(1,756)	(6,276)
Net cash used in financing activities	(6,009)	(5,860)	(3,509)	(3,520)
Net movement in cash and cash equivalents	<u>33,340</u>	<u>(8,004)</u>	<u>4,595</u>	<u>100</u>
Cash and cash equivalents at beginning of year	<u>36,675</u>	<u>44,679</u>	<u>2,596</u>	<u>2,496</u>
Cash and cash equivalents at end of year	<u>70,015</u>	<u>36,675</u>	<u>7,191</u>	<u>2,596</u>