

MMS/DSD/MSE00919

12 July 2019

Company Announcement pursuant to the Listing Rules of the Listing Authority

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

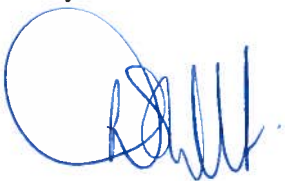
Quote

The Board of Directors of MAPFRE Middlesea p.l.c., has today the 12 July 2019, considered and approved the unaudited financial statements of the Group for the financial half year ended 30 June 2019. A preliminary statement of interim results is being attached herewith in terms of the Listing Rules. The Interim Financial Statements are available for viewing on the Company's website at www.middlesea.com.

In line with Company policy, the Board of Directors does not propose the payment of an interim dividend.

Unquote

By Order of the Board



Daphne Sims Dodebier
Company Secretary

Review of Group Operations

Half Yearly Financial Statements - 30 June 2019

Commentary

The Directors present the unaudited consolidated interim results of MAPFRE Middlesea p.l.c..

The consolidated MAPFRE Middlesea Group registered a profit before tax for the first six months of 2019 of €9.83 million, compared to €9.02 million registered during the comparative period last year. The profit after tax and minority interests, allocated to shareholders, amounted to €4.31 million as compared to €3.77 million in 2018. The increase in profit was derived from improved non-life business results with the long term business result marginally lower when compared to previous year.

MAPFRE Middlesea p.l.c.'s ('the Company') non-life business has registered a marked improvement in technical results compared to the previous year both in premium written and combined ratios. Results remain however susceptible to the volatility caused by large event or risk losses which materially impact such results.

MAPFRE MSV Life p.l.c. continues to have stable results reflecting the annual management charge on assets under management which provides stability to the results shielding them from the impact of fluctuations in the financial markets. The unrealised capital losses incurred in 2018 have been recovered with rallying markets leading to strong investments yield being attained during the first half year.

Group's gross premiums written have decreased by 4.6% during the first six months of 2019. General Business turnover increased by 6.1% notwithstanding tough market competition, and was derived from organic growth. Life premium written reduced by 6.7% when compared to the previous year with Single premium business remaining the largest source, with reinvestment rates remaining satisfactory, however reducing due to lower new business sales.

The Group continues to maintain its healthy Solvency position as a result of the attained positive results.

Financial highlights for the half year

- **General Business Gross Premium written** increased by 6.08% from €36.84 million in 2018 to €39.08 million as at the 30 June 2019.
- **Long term Gross Premium Written** by the Group registered a drop of 6.87% to €161.90 million compared to €173.85 million in the comparative period in 2018.
- The Group registered a **Profit after taxation** for the 6 months ended 30 June 2019 of €6.78 million, of which €4.31 million attributable to shareholders, compared with a profit after taxation of €6.19 million for the same period last year of which €3.77 million attributable to shareholders.
- **Gross Technical Provisions** at 30 June 2019 increased by 10.6% to €2.32 billion over the 31 December 2018 reserves of €2.10 billion. Net of reinsurers' share, technical provisions stand at €2.29 billion, an increase of 10.5% over the 31 December 2018 provisions of €2.07 billion.
- **Total assets** increased by 9.2% and totaled €2.53 billion as at 30 June 2019, as compared to the total assets of €2.32 billion at 31 December 2018.
- **Total Equity** of the Group attributable to shareholders amounted to €83.03 million as at 30 June 2019, down from €91.67 million at 31 December 2018, following the payment of the dividend for financial year 2018 of €9.00 million and a special dividend of €8.00 million. The net asset value per share stands at €0.90 as at June 2019.
- Both insurance companies in the Group are compliant with the regulatory **solvency requirements** under Solvency II regime.

Outlook

The Group continues focusing on its strategic actions to continue delivering improved results to its shareholders whilst improving efficiency and client satisfaction in line with its mission of being the most trusted insurer.

In line with Company policy, the Board of Directors do not propose to pay an interim dividend for the half year ended 30 June 2019 (2018 – nil).

Preliminary Statement of Interim Results 30 June 2019

**Condensed Statement of Profit or Loss
Non - technical account
for the half year ended 30 June**

	Group	
	6 months to 30 June 2019	6 months to 30 June 2018
	€'000	€'000
Balance on the general business technical account	3,236	2,058
Balance on the long term business technical account	7,479	7,690
Total income from insurance activities	10,715	9,748
Other investment income	781	763
Investment expenses and charges	(79)	(9)
Allocated investment return transferred to the general business technical account	(473)	(562)
Other income	646	703
Administration expenses	(1,758)	(1,625)
Profit for the half year before tax	9,832	9,018
Income tax expense	(3,045)	(2,825)
Profit for the half year	6,787	6,193
Attributable to:		
- owners of the Company	4,314	3,768
- non-controlling interests	2,473	2,425
	6,787	6,193
Earnings per share attributable to owners of the Company	4c7	4c1

Preliminary Statement of Interim Results 30 June 2019

Condensed Statement of Comprehensive Income
for the half year ended 30 June

	Group	
	6 months to 30 June 2019 €'000	6 months to 30 June 2018 €'000
Profit for the half year	6,787	6,193
Other comprehensive income:		
<i>Other comprehensive Income to be reclassified to profit and loss in subsequent periods</i>		
Change in other available-for-sale investments	60	(105)
<i>Other comprehensive Income not to be reclassified to profit and loss in subsequent periods</i>		
Increase in value of in-force business	8,348	1,126
Total other comprehensive income, net of tax	8,408	1,021
Total comprehensive income for the half year	15,195	7,214
Attributable to:		
- owners of the Company	8,548	4,226
- non-controlling interests	6,647	2,988
Total comprehensive income for the half year	15,195	7,214

Preliminary Statement of Interim Results 30 June 2019


Condensed Statement of Financial Position

	Group	
	June 2019 €'000	December 2018 €'000
ASSETS		
Intangible assets	80,702	72,320
Property, plant and equipment	16,859	15,841
Right-of-use assets	788	-
Investment property	103,530	102,832
Investment in associated undertakings	26,844	27,799
Other investments	2,136,619	1,965,850
Deferred income tax	2,154	2,190
Reinsurers' share of technical provisions	28,599	23,464
Deferred acquisition costs	8,121	7,142
Insurance and other receivables	32,484	28,616
Income tax receivables	1,853	2,338
Cash and cash equivalents	93,549	70,387
Total assets	2,532,102	2,318,779
EQUITY		
Capital and reserves attributable to owners of the Company	83,024	91,673
Non-controlling interests	73,023	80,021
Total equity	156,047	171,694
LIABILITIES		
Deferred income tax	32,792	30,968
Provisions for other liabilities and charges	1,051	1,074
Technical provisions:		
- Insurance contracts and investment contracts with DPF	2,268,315	2,049,991
- Investment contracts without DPF	49,739	45,032
Derivative financial instruments	-	64
Lease liabilities	968	
Insurance and other payables	21,737	19,222
Income tax payable	1,453	734
Total liabilities	2,376,055	2,147,085
Total equity and liabilities	2,532,102	2,318,779

These condensed financial statements were approved by the Board on 12 July 2019 and were signed on its behalf by:



Martin Galea
Chairman



Alfred Attard
Director



Felipe Navarro Lopez de Chicheri
President & CEO

Preliminary Statement of Interim Results 30 June 2019

Statement of Changes in Equity for the half year ended 30 June

Group

	Attributable to owners of the Company				Total €'000	Non- controlling interests €'000	Total €'000
	Share capital €'000	Share premium account €'000	Other reserves €'000	Profit & loss account €'000			
Balance as at 1 January 2018	19,320	688	31,525	41,343	92,876	80,604	173,480
Comprehensive income							
Profit for the half year	-	-	-	3,768	3,768	2,425	6,193
Other comprehensive income:							
Change in available-for-sale investments' fair value	-	-	(105)	-	(105)	-	(105)
Increase in value of in-force business	-	-	563	-	563	563	1,126
Total other comprehensive income, net of tax	-	-	458	-	458	563	1,021
Total comprehensive income	-	-	458	3,768	4,226	2,988	7,214
Transactions with owners							
Dividends for 2017	-	-	-	(9,700)	(9,700)	(6,150)	(15,850)
Total transactions with owners	-	-	-	(9,700)	(9,700)	(6,150)	(15,850)
Balance as at 30 June 2018	19,320	688	31,983	35,411	87,402	77,442	164,844
Balance as at 1 January 2019							
As previously stated	19,320	688	31,430	40,235	91,673	80,021	171,694
Effect of adopting IFRS 16	-	-	-	(197)	(197)	-	(197)
Balance as at 1 January 2019 as restated	19,320	688	31,430	40,038	91,476	80,021	171,497
Comprehensive income							
Profit for the half year	-	-	-	4,314	4,314	2,473	6,787
Other comprehensive income:							
Change in available-for-sale investments' fair value	-	-	60	-	60	-	60
Increase in value of in-force business	-	-	4,174	-	4,174	4,174	8,348
Total other comprehensive income, net of tax	-	-	4,234	-	4,234	4,174	8,408
Total comprehensive income	-	-	4,234	4,314	8,548	6,647	15,195
Transactions with owners							
Dividends for 2018	-	-	-	(17,000)	(17,000)	(13,645)	(30,645)
Total transactions with owners	-	-	-	(17,000)	(17,000)	(13,645)	(30,645)
Balance as at 30 June 2019	19,320	688	35,664	27,352	83,024	73,023	156,047

Preliminary Statement of Interim Results 30 June 2019

**Statement of cash flows
for the half year ended 30 June**

	Group	
	6 months to 30 June 2019	6 months to 30 June 2018
	€'000	€'000
Cash flows from operating activities		
Cash generated from/(used in) operations	55,297	89,288
Dividends received	10,175	7,667
Interest received	13,152	13,285
Interest paid	(48)	0
Tax paid	(13)	(73)
Net cash generated from/(used in) operating activities	78,563	110,167
Investing activities		
Purchase of investment property	(701)	(212)
Disposal of investment property	3	602
Purchase of financial investments	(685,196)	(726,361)
Disposal of financial investments	663,811	623,051
Purchase of property, plant and equipment and intangible assets	(3,040)	(744)
Disposal of property, plant and equipment and intangibles assets	367	(312)
Net generated from investing activities	(24,756)	(103,976)
Financing activities		
Dividends paid to owners of the Company	(17,000)	(9,700)
Dividends paid to minority interests	(13,645)	(6,150)
Net cash (used in)/generated from financing activities	(30,645)	(15,850)
Increase in cash and cash equivalents	23,162	(9,659)
Movement in cash and cash equivalents		
At beginning of year	70,387	64,580
Net cash inflow	23,162	(9,659)
At end of half year	93,549	54,921

Preliminary Statement of Interim Results 30 June 2019

**Notes to the Condensed Financial Statements
For the half year ended 30 June 2019**

1. MAPFRE Middlesea p.l.c. is authorized 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 condensed financial statements are being published in accordance with Chapter 5 of the Listing Rules of the Listing Authority and the Prevention of Financial Markets Abuse Act 2005. These statements have been extracted from the Group's unaudited financial statements as approved by the Board on 12 July 2019 and have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS34). They do not include all information required for full annual financial statements, and should be read in conjunction with the financial statements for the year ended 31 December 2018. The accounting policies applied in these condensed financial statements are the same as those applied by the group in its financial statements for the year ended 31 December 2018.

Related party transactions with other members of the MAPFRE Middlesea Group were at a similar level to the comparable period.

Segmental information

The Group writes business from Malta and in the past wrote business in Gibraltar and London. Whilst the Malta segment is involved in general business and long term business, the Gibraltar and London segments are general business segments that are in run-off.

	Gross written premiums		Profit before taxation	
	6 months to 30 June 2019	6 months to 30 June 2018	6 months to 30 June 2019	6 months to 30 June 2018
	€'000	€'000	€'000	€'000
Malta	200,983	210,687	9,832	9,018
	200,983	210,687	9,832	9,018

Preliminary Statement of Interim Results 30 June 2019


Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- the condensed interim financial statements for the Group give a true and fair view of the financial position as at 30 June 2019, financial performance and cash flows for the period then ended, in accordance with accounting standards adopted for use in the EU for interim financial statements (IAS 34 'Interim Financial Reporting') for the Group; and
- the commentary includes a fair review of the information required in terms of Listing rule 5.75.2.



Martin Galea
Chairman



Alfred Attard
Director



Felipe Navarro Lopez de Chicheri
President & CEO