

MMS/CF/MSE00917

24 July 2017

***Company Announcement pursuant to the Listing Rules of the Malta Financial Services Authority***

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., have today the 21 July 2017, considered and approved the unaudited financial statements of the Group for the financial half year ended 30 June 2017. 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](http://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

  
**Carlo Farrugia**  
Company Secretary

## **Review of Group Operations**

### **Half Yearly Financial Statements - 30 June 2017**

#### ***Commentary***

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

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The consolidated Mapfre Middlesea Group result for the first six months of 2017 amounted to a profit before tax of €7.02 million, compared to €5.67 million registered during the comparative period last year. The profit after tax allocated to shareholders amounted to €3.24 million as compared to €2.17 million in 2016. The increase in profit was derived from improved non-life business and long term business results when compared to previous year.

Mapfre Middlesea p.l.c.'s ('the Company') non-life business has registered a marked recovery in results as actions taken by Management to address the price deficiency in the Motor line of business are showing the desired progress in returning this line of business to being profitable again. The improvement in the technical results was augmented by an increase in investment income derived particularly from the property investment held by the Company.

MAPFRE MSV Life continues to have stable results reflecting the annual management charge on assets under management introduced at the beginning of the previous year which provides stability to the results shielding them from the impact of fluctuations in the financial markets.

Group's gross premiums written have increased by 8.0% during the first six months of 2017. The growth in General Business turnover of 6.4% was derived from organic growth and Motor tariff increases that mitigated the premium volume lost from a terminated agency agreement. Life premiums written saw a growth of 8.3%. Single premium business remains the driver of such growth as the competitiveness of such product as compared to other available financial instruments in the market induce both existing clients to reinvest matured policies as well as attract new client investment.

The Group continues to strengthen 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 6.4% from €30.75 million in 2016 to €32.73 million as at the 30 June 2017.
- **Long term Gross Premium Written** by the Group increased by 8.3% to €164.55 million compared to €151.91 million in the comparative period in 2016.
- The Group registered a **Profit after taxation** for the 6 months ended 30 June 2017 of €5.62 million, of which €3.24 million attributable to shareholders, compared with a profit after taxation of €4.02 million for the same period last year of which €2.17 million attributable to shareholders.
- **Gross Technical Provisions** at 30 June 2017 increased by 5.8% to €1.91 billion over the 31 December 2016 reserves of €1.80 billion. Net of reinsurers' share, technical provisions stand at €1.89 billion, an increase of 5.8% over the 31 December 2016 provisions of €1.79 billion.
- **Total assets** increased by 5.3% and totaled €2.13 billion as at 30 June 2017, as compared to the total assets of €2.02 billion at 31 December 2016.
- **Total Equity** of the Group attributable to shareholders amounted to €88.08 million as at 30 June 2017, up from €86.83 million at 31 December 2016 with a net asset value per share of €0.96.
- Both insurance companies in the Group are compliant with the regulatory **solvency requirements** under Solvency II regime.

### Outlook

The Group will continue to take the necessary actions aimed at reaching pre-established targets both in delivering improved results to its shareholders and improving efficiency and client satisfaction aligned 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 2017 (2016 – nil).

Preliminary Statement of Interim Results 30 June 2017

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

	Group	
	6 months to 30 June 2017	6 months to 30 June 2016
	€'000	€'000
Balance on the general business technical account	1,541	494
Balance on the long term business technical account	5,875	5,255
<b>Total income from insurance activities</b>	<b>7,416</b>	<b>5,749</b>
Other investment income	927	789
Investment expenses and charges	(7)	(12)
Allocated investment return transferred to the general business technical account	(669)	(276)
Other income	721	654
Administration expenses	(1,369)	(1,237)
<b>Profit for the half year before tax</b>	<b>7,019</b>	<b>5,667</b>
Income tax expense	(1,399)	(1,647)
<b>Profit for the half year</b>	<b>5,620</b>	<b>4,020</b>
<b>Attributable to:</b>		
- shareholders	3,240	2,172
- non-controlling interests	2,380	1,848
	<b>5,620</b>	<b>9,770</b>
<b>Earnings per share attributable to shareholders</b>	<b>3c5</b>	<b>2c4</b>

Preliminary Statement of Interim Results 30 June 2017

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

	Group	
	6 months to 30 June 2017	6 months to 30 June 2016
	€'000	€'000
<b>Profit for the half year</b>	5,620	4,020
<b>Other comprehensive income:</b>		
<i>Other comprehensive Income to be reclassified to profit and loss in subsequent periods</i>		
Change in other available-for-sale investments	(76)	74
<i>Other comprehensive Income not to be reclassified to profit and loss in subsequent periods</i>		
Increase in value of in-force business	3,212	2,688
<b>Total other comprehensive income, net of tax</b>	<b>3,136</b>	<b>2,762</b>
<b>Total comprehensive income for the half year</b>	<b>8,756</b>	<b>6,782</b>
<b>Attributable to:</b>		
- shareholders	4,770	3,590
- non-controlling interests	3,986	3,192
<b>Total comprehensive income for the half year</b>	<b>8,756</b>	<b>6,782</b>

Preliminary Statement of Interim Results 30 June 2017

Condensed Statement of Financial Position

	Group	
	June	December
	2017	2016
	€'000	€'000
<b>ASSETS</b>		
Intangible assets	72,403	68,535
Property, plant and equipment	1,009	9,941
Investment property	99,320	98,904
Investment in associated undertakings	28,213	33,074
Other investments	1,747,850	1,681,499
Deferred income tax	2,494	2,425
Reinsurers' share of technical provisions	17,976	16,444
Deferred acquisition costs	6,568	6,049
Insurance and other receivables	33,256	29,380
Income tax receivables	3,293	3,750
Cash and cash equivalents	105,348	70,015
<b>Total assets</b>	<b>2,117,730</b>	<b>2,020,016</b>
<b>EQUITY</b>		
Capital and reserves attributable to shareholders	88,077	86,826
Non-controlling interests	78,372	80,160
<b>Total equity</b>	<b>166,449</b>	<b>166,986</b>
<b>LIABILITIES</b>		
Deferred income tax	27,649	26,686
Provisions for other liabilities and charges	1,163	1,186
Technical provisions:		
- Insurance contracts and investment contracts with DPF	1,856,072	1,750,364
- Investment contracts without DPF	52,889	54,141
Derivative financial instruments	-	320
Insurance and other payables	22,489	20,316
Income tax payable	19	17
<b>Total liabilities</b>	<b>1,960,281</b>	<b>1,853,030</b>
<b>Total equity and liabilities</b>	<b>2,126,730</b>	<b>2,020,016</b>

These condensed financial statements were approved by the Board on 21 July 2017 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 2017

### Statements of Changes In Equity for the half year ended 30 June

#### Group

	Attributable to shareholders				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 2016	19,320	688	27,094	35,195	82,297	75,101	157,398
<b>Comprehensive Income</b>							
Profit for the half year	-	-	-	2,172	2,172	1,848	4,020
Other comprehensive income:							
Change in other available-for-sale investments	-	-	74	-	74	-	74
Decrease in value of in-force business	-	-	1,344	-	1,344	1,344	2,688
Total other comprehensive Income, net of tax	-	-	1,418	-	1,418	1,344	2,762
<b>Total comprehensive income</b>	-	-	1,418	2,172	3,590	3,192	6,782
<b>Transactions with owners</b>							
Dividends for 2015	-	-	-	(3,520)	(3,520)	(2,500)	(6,020)
<b>Total transactions with owners</b>	-	-	-	(3,520)	(3,520)	(2,500)	(6,020)
<b>Balance as at 30 June 2016</b>	<b>19,320</b>	<b>688</b>	<b>28,512</b>	<b>33,847</b>	<b>82,367</b>	<b>75,793</b>	<b>158,160</b>
<b>Balance as at 1 January 2017</b>	<b>19,320</b>	<b>688</b>	<b>30,499</b>	<b>36,319</b>	<b>86,826</b>	<b>80,160</b>	<b>166,986</b>
<b>Comprehensive Income</b>							
Profit for the half year	-	-	-	3,240	3,240	2,380	5,620
Other comprehensive income:							
Change in other available-for-sale investments	-	-	(76)	-	(76)	-	(76)
Increase in value of in-force business	-	-	1,607	-	1,607	1,607	3,214
Total other comprehensive Income, net of tax	-	-	1,531	-	1,531	1,607	3,138
<b>Total comprehensive income</b>	-	-	1,531	3,240	4,771	3,987	8,758
<b>Transactions with owners</b>							
Dividends for 2016	-	-	-	(3,520)	(3,520)	(5,775)	(9,295)
<b>Total transactions with owners</b>	-	-	-	(3,520)	(3,520)	(5,775)	(9,295)
<b>Balance as at 30 June 2016</b>	<b>19,320</b>	<b>688</b>	<b>32,030</b>	<b>36,039</b>	<b>88,077</b>	<b>78,372</b>	<b>166,449</b>

Preliminary Statement of Interim Results 30 June 2017

**Condensed consolidated statements of cash flows  
for the half year ended 30 June**

	Group	
	6 months to 30 June 2017	6 months to 30 June 2016
	€'000	€'000
Net cash generated from operating activities	101,956	85,369
Net cash used in investing activities	(57,328)	(61,825)
Net cash used in financing activities	(9,295)	(6,020)
Net movement in cash and cash equivalents	<b>35,333</b>	17,524
Cash and cash equivalents at beginning of year	<b>70,015</b>	36,675
Cash and cash equivalents at end of half year	<b>105,348</b>	54,199



Preliminary Statement of Interim Results 30 June 2017

**Notes to the Condensed Financial Statements  
For the half year ended 30 June 2017**

1. Mapfe 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 – Malta Financial Services 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 21 July 2017 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 2016. 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 2016.

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

**Segmental information**

The Group is organized into three geographic segments: Malta, 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.

	<b>Gross written premiums</b>		<b>Profit/(loss) before taxation</b>	
	<b>6 months to 30 June 2017</b>	<b>6 months to 30 June 2016</b>	<b>6 months to 30 June 2017</b>	<b>6 months to 30 June 2016</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Malta	<b>197,281</b>	182,661	<b>7,070</b>	5,732
Gibraltar - discontinued	-	-	<b>(29)</b>	4
London - discontinued	-	-	<b>(22)</b>	(69)
	<b>197,281</b>	182,661	<b>7,019</b>	5,667

Preliminary Statement of Interim Results 30 June 2017

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**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 2017, 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