

Basis of preparation

These figures have been extracted from Middlesea Group's audited financial statements for the year ended 31 December 2013, as approved by the Directors on 13 March 2014, and are published in terms of MFSA Listing Rule 5.54.

Condensed Profit and Loss Accounts Non - technical accounts for the year ended 31 December

| | Group | | Company | |
|---|---------------|----------------------------------|---------------|----------------------------------|
| | 2013 €'000 | 2012 <i>restated</i> €'000 | 2013 €'000 | 2012 <i>restated</i> €'000 |
| Balance on the general business technical account | 2,691 | 3,464 | 2,691 | 3,464 |
| Balance on the long term business technical account | 10,716 | 11,326 | 577 | 246 |
| Total income from insurance activities | 13,407 | 14,790 | 3,268 | 3,710 |
| Other investment income | 6,715 | 6,856 | 5,148 | 2,898 |
| Investment expenses and charges | (492) | (456) | (332) | (307) |
| Allocated investment return transferred to the general business technical account | (663) | (1,444) | (663) | (1,444) |
| Other income | 1,117 | 1,170 | - | - |
| Administrative expenses | (2,779) | (2,905) | (1,521) | (1,567) |
| Profit for the financial year before tax | 17,305 | 18,011 | 5,900 | 3,290 |
| Tax expense | (6,354) | (642) | (692) | (865) |
| Profit for the financial year | 10,951 | 17,369 | 5,208 | 2,425 |
| Attributable to: | | | | |
| - shareholders | 6,028 | 9,393 | 5,208 | 2,425 |
| - non-controlling interests | 4,923 | 7,976 | - | - |
| | 10,951 | 17,369 | 5,208 | 2,425 |
| Earnings per share attributable to shareholders | 6.6c | 10.2c | | |

**Condensed Statements of Comprehensive Income
for the year ended 31 December**

| | Group | | Company | |
|---|---------------|-------------------------|--------------|-------------------------|
| | 2013 | 2012 <i>restated</i> | 2013 | 2012 <i>restated</i> |
| | €'000 | €'000 | €'000 | €'000 |
| Profit for the financial year | 10,951 | 17,369 | 5,208 | 2,425 |
| Other comprehensive income: | | | | |
| <i>Other comprehensive Income to be reclassified to profit and loss in subsequent periods</i> | | | | |
| Change in fair value of available-for-sale investments | 23 | (4) | 24 | 25 |
| <i>Other comprehensive Income not to be reclassified to profit and loss in subsequent periods</i> | | | | |
| Re-measurement gains/(losses) in provisions for other liabilities and charges | 27 | (108) | 27 | (108) |
| Increase in value of in-force business | 3,494 | 3,950 | - | - |
| Total other comprehensive income, net of tax | 3,544 | 3,838 | 51 | (83) |
| Total comprehensive income for the year | 14,495 | 21,207 | 5,259 | 2,342 |
| Attributable to: | | | | |
| - shareholders | 7,825 | 11,256 | | |
| - non-controlling interests | 6,670 | 9,951 | | |
| Total comprehensive income for the year | 14,495 | 21,207 | | |

Items disclosed in the statement above are disclosed net of tax

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Condensed Consolidated Balance Sheets

| | Group | | | Company | | |
|---|------------------|------------------|------------------|----------------|-----------------|-----------------|
| | At 31 December | At 1 January | | At 31 December | At 1 January | |
| | 2013 | 2012 | 2012 | 2013 | 2012 | 2012 |
| | | <i>restated</i> | <i>restated</i> | | <i>restated</i> | <i>restated</i> |
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| ASSETS | | | | | | |
| Intangible assets | 52,118 | 48,692 | 44,725 | 1,303 | 1,006 | 498 |
| Property, plant and equipment | 8,950 | 8,690 | 4,787 | 1,633 | 1,526 | 1,579 |
| Investment property | 82,231 | 81,147 | 66,537 | 8,956 | 8,597 | 8,111 |
| Investment in subsidiary undertakings | - | - | - | 57,214 | 57,214 | 57,214 |
| Investment in associated undertakings | 15,318 | 5,062 | 5,208 | 284 | 147 | 147 |
| Other investments | 1,218,822 | 1,121,111 | 1,056,563 | 20,575 | 19,167 | 25,634 |
| Deferred income tax | 2,265 | 2,273 | 2,432 | 1,108 | 1,108 | 1,194 |
| Reinsurers' share of technical provisions | 18,311 | 19,223 | 16,436 | 18,009 | 18,795 | 16,208 |
| Deferred acquisition costs | 2,838 | 3,092 | 2,898 | 2,838 | 3,092 | 2,898 |
| Insurance and other receivables | 21,512 | 22,175 | 21,835 | 8,817 | 9,375 | 9,306 |
| Income tax receivable | 8,751 | 6,137 | 4,725 | 423 | 0 | 416 |
| Cash and cash equivalents | 10,846 | 18,970 | 7,380 | 2,705 | 7,021 | 952 |
| Total assets | 1,439,960 | 1,336,572 | 1,233,526 | 123,873 | 127,048 | 124,157 |
| EQUITY | | | | | | |
| Capital and reserves attributable to shareholders | 73,102 | 67,022 | 56,364 | 60,844 | 57,330 | 55,586 |
| Non-controlling interests | 87,563 | 64,911 | 55,825 | - | - | - |
| Total equity | 140,665 | 131,933 | 112,189 | 60,844 | 57,330 | 55,586 |
| LIABILITIES | | | | | | |
| Deferred income tax | 14,488 | 8,651 | 8,200 | 855 | 802 | 927 |
| Income tax payable | - | 11 | - | - | 11 | - |
| Provisions for other liabilities and charges | 1,511 | 1,582 | 1,431 | 1,511 | 1,582 | 1,431 |
| Technical provisions | | | | | | |
| - Insurance contracts and investment contracts with DPF | 1,208,534 | 1,111,557 | 1,029,254 | 53,041 | 56,131 | 54,813 |
| - Investment contracts without DPF | 63,792 | 62,027 | 60,338 | - | - | - |
| Derivative financial instruments | 0 | 15 | 189 | - | - | - |
| Borrowings | 0 | 8,500 | 8,500 | 0 | 2,500 | 2,500 |
| Insurance and other payables | 10,960 | 12,296 | 13,425 | 7,522 | 8,692 | 8,900 |
| Total liabilities | 1,299,295 | 1,204,639 | 1,121,337 | 63,029 | 69,718 | 68,571 |
| Total equity and liabilities | 1,439,960 | 1,336,572 | 1,233,526 | 123,873 | 127,048 | 124,157 |

These condensed financial statements were approved by the Board on 13 March 2014 and were signed on its behalf by:

Martin Galea
Chairman

Lino Spiteri
Director

Alfredo Muñoz Perez
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 2012 | | | | | | | |
| As previously stated | 19,320 | 688 | 20,939 | 15,568 | 56,515 | 55,825 | 112,340 |
| Effect of adopting IAS19 revised | - | - | - | (151) | (151) | - | (151) |
| As restated | 19,320 | 688 | 20,939 | 15,417 | 56,364 | 55,825 | 112,189 |
| Comprehensive income | | | | | | | |
| Profit for the financial year | - | - | - | 9,393 | 9,393 | 7,976 | 17,369 |
| Other comprehensive income: | | | | | | | |
| Change in available-for-sale investments' fair values | - | - | (4) | - | (4) | - | (4) |
| Re-measurement actuarial loss on provision for other liabilities and charges | - | - | - | (108) | (108) | - | (108) |
| Increase in value of in-force business | - | - | 1,975 | - | 1,975 | 1,975 | 3,950 |
| Total other comprehensive income, net of tax | - | - | 1,971 | (108) | 1,863 | 1,975 | 3,838 |
| Total comprehensive income | - | - | 1,971 | 9,285 | 11,256 | 9,951 | 21,207 |
| Transactions with owners | | | | | | | |
| Dividends for 2011 | - | - | - | (598) | (598) | (865) | (1,463) |
| Total transactions with owners | - | - | - | (598) | (598) | (865) | (1,463) |
| Balance as at 31 December 2012 | 19,320 | 688 | 22,910 | 24,104 | 67,022 | 64,911 | 131,933 |
| Balance as at 1 January 2013 | | | | | | | |
| As previously stated | 19,320 | 688 | 22,910 | 24,322 | 67,240 | 64,911 | 132,151 |
| Effect of adopting IAS19 revised | - | - | - | (218) | (218) | - | (218) |
| As restated | 19,320 | 688 | 22,910 | 24,104 | 67,022 | 64,911 | 131,933 |
| Comprehensive income | | | | | | | |
| Profit for the financial year | - | - | - | 6,028 | 6,028 | 4,923 | 10,951 |
| Other comprehensive income: | | | | | | | |
| Change in available-for-sale investments' fair values | - | - | 23 | - | 23 | - | 23 |
| Re-measurement actuarial gain on provision for other liabilities and charges | - | - | - | 27 | 27 | - | 27 |
| Increase in value of in-force business | - | - | 1,747 | - | 1,747 | 1,747 | 3,494 |
| Total other comprehensive income, net of tax | - | - | 1,770 | 27 | 1,797 | 1,747 | 3,544 |
| Total comprehensive income | - | - | 1,770 | 6,055 | 7,825 | 6,670 | 14,495 |
| Transactions with owners | | | | | | | |
| Dividends for 2012 | - | - | - | (1,745) | (1,745) | (4,018) | (5,763) |
| Total transactions with owners | - | - | - | (1,745) | (1,745) | (4,018) | (5,763) |
| Balance as at 31 December 2013 | 19,320 | 688 | 24,680 | 28,414 | 73,102 | 67,563 | 140,665 |

Statements of Changes in Equity
for the year ended 31 December

**Statements of Changes in Equity
for the year ended 31 December**

COMPANY

| | Share capital €'000 | Share premium account €'000 | Other reserves €'000 | Retained earnings €'000 | Total €'000 |
|---|---------------------------|--------------------------------------|----------------------------|-------------------------------|----------------------|
| Balance as at 1 January 2012 | | | | | |
| As previously stated | 19,320 | 688 | 34,686 | 1,043 | 55,737 |
| Effect of adopting IAS19 revised | | | | (151) | (151) |
| As restated | <u>19,320</u> | <u>688</u> | <u>34,686</u> | <u>892</u> | <u>55,586</u> |
| Comprehensive Income | | | | | |
| Profit for the financial year | - | - | - | 2,425 | 2,425 |
| Other comprehensive income: | | | | | |
| Change in available-for-sale investments' fair values | - | - | 25 | - | 25 |
| Re-measurement actuarial loss on provision for other liabilities and charges | - | - | - | (108) | (108) |
| Total other comprehensive income, net of tax | <u>-</u> | <u>-</u> | <u>25</u> | <u>(108)</u> | <u>(83)</u> |
| Total comprehensive income | <u>-</u> | <u>-</u> | <u>25</u> | <u>2,317</u> | <u>2,342</u> |
| Transactions with owners | | | | | |
| Dividends for 2011 | - | - | - | (598) | (598) |
| Total transactions with owners of the company | <u>-</u> | <u>-</u> | <u>-</u> | <u>(598)</u> | <u>(598)</u> |
| Balance as at 31 December 2012 | <u>19,320</u> | <u>688</u> | <u>34,711</u> | <u>2,611</u> | <u>57,330</u> |
| Balance as at 1 January 2013 | | | | | |
| As previously stated | 19,320 | 688 | 34,711 | 2,829 | 57,548 |
| Effect of adopting IAS19 revised | | | | (218) | (218) |
| As restated | <u>19,320</u> | <u>688</u> | <u>34,711</u> | <u>2,611</u> | <u>57,330</u> |
| Comprehensive Income | | | | | |
| Profit for the financial year | - | - | - | 5,208 | 5,208 |
| Other comprehensive income: | | | | | |
| Change in available-for-sale investments' fair values | - | - | 24 | - | 24 |
| Re-measurement actuarial gain on provision for other liabilities and charges | - | - | - | 27 | 27 |
| Total other comprehensive income, net of tax | <u>-</u> | <u>-</u> | <u>24</u> | <u>27</u> | <u>51</u> |
| Total comprehensive income | <u>-</u> | <u>-</u> | <u>24</u> | <u>5,235</u> | <u>5,259</u> |
| Transactions with owners | | | | | |
| Dividends for 2012 | - | - | - | (1,745) | (1,745) |
| Total transactions with owners of the company | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,745)</u> | <u>(1,745)</u> |
| Balance as at 31 December 2013 | <u>19,320</u> | <u>688</u> | <u>34,735</u> | <u>6,101</u> | <u>60,844</u> |

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**Condensed consolidated statements of cash flows
for the year ended 31 December**

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2013 €'000 | 2012 €'000 | 2013 €'000 | 2012 €'000 |
| Net cash generated from operating activities | 55,490 | 32,693 | 2,681 | 1,079 |
| Net cash (used in)/generated from investing activities | (49,351) | (19,640) | (2,751) | 5,588 |
| Net cash used in financing activities | (14,263) | (1,463) | (4,245) | (598) |
| Net movement in cash and cash equivalents | (8,124) | 11,590 | (4,315) | 6,069 |
| Cash and cash equivalents at beginning of year | 18,970 | 7,380 | 7,021 | 952 |
| Cash and cash equivalents at end of year | 10,846 | 18,970 | 2,706 | 7,021 |