

MMS/CF/MSE00718

20 July 2018

***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 20 July 2018, considered and approved the unaudited financial statements of the Group for the financial half year ended 30 June 2018. 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 2018**

#### ***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 2018 of €9.02 million, compared to €7.02 million registered during the comparative period last year. The profit after tax and minority interests, allocated to shareholders, amounted to €3.77 million as compared to €3.24 million in 2017. 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 improvement in technical results compared to the previous year following the correction in Motor tariffs carried out last year. Results remain however susceptible to the volatility caused by large losses which materially impact such results. The Company has taken measures to protect itself further from the impact of such events.

MAPFRE MSV Life 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. Unrealised capital losses incurred on the Equities portfolios led to lower investments yield being attained during the first half year.

Group's gross premiums written have increased by 6.8% during the first six months of 2018. The growth in General Business turnover of 12.6% was mainly derived from organic growth and Motor tariff increases but also from with timing differences in certain major policies. Life premiums written saw a growth of 5.6%. 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 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 12.6% from €32.73 million in 2017 to €36.84 million as at the 30 June 2018.
- **Long term Gross Premium Written** by the Group increased by 5.6% to €173.85 million compared to €164.55 million in the comparative period in 2017.
- The Group registered a **Profit after taxation** for the 6 months ended 30 June 2018 of €6.19 million, of which €3.77 million attributable to shareholders, compared with a profit after taxation of €5.62 million for the same period last year of which €3.24 million attributable to shareholders.
- **Gross Technical Provisions** at 30 June 2018 increased by 4.4% to €2.08 billion over the 31 December 2017 reserves of €1.99 billion. Net of reinsurers' share, technical provisions stand at €2.06 billion, an increase of 4.4% over the 31 December 2017 provisions of €1.97 billion.
- **Total assets** increased by 3.8% and totaled €2.30 billion as at 30 June 2018, as compared to the total assets of €2.21 billion at 31 December 2017.
- **Total Equity** of the Group attributable to shareholders amounted to €87.40 million as at 30 June 2018, down from €92.88 million at 31 December 2017, following the payment of the dividend for financial year 2017 of €9.70 million. The net asset value per share stands at €0.95 as at June 2018.
- 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 2018 (2017 – nil).

Preliminary Statement of Interim Results 30 June 2018

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

	Group	
	6 months to 30 June 2018	6 months to 30 June 2017
	€'000	€'000
Balance on the general business technical account	2,058	1,541
Balance on the long term business technical account	7,690	5,875
<b>Total income from insurance activities</b>	<b>9,748</b>	<b>7,416</b>
Other investment income	763	927
Investment expenses and charges	(9)	(7)
Allocated investment return transferred to the general business technical account	(562)	(669)
Other income	703	721
Administration expenses	(1,625)	(1,369)
<b>Profit for the half year before tax</b>	<b>9,018</b>	<b>7,019</b>
Income tax expense	(2,825)	(1,399)
<b>Profit for the half year</b>	<b>6,193</b>	<b>5,620</b>
<b>Attributable to:</b>		
- shareholders	3,768	3,240
- non-controlling interests	2,425	2,380
	<b>6,193</b>	<b>5,620</b>
<b>Earnings per share attributable to shareholders</b>	<b>4c1</b>	<b>3c5</b>

Preliminary Statement of Interim Results 30 June 2018

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

	Group	
	6 months to 30 June 2018 €'000	6 months to 30 June 2017 €'000
Profit for the half year	6,193	5,620
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	(105)	(76)
<i>Other comprehensive Income not to be reclassified to profit and loss in subsequent periods</i>		
Increase in value of in-force business	1,126	3,212
Total other comprehensive income, net of tax	1,021	3,136
Total comprehensive income for the half year	7,214	8,756
Attributable to:		
- shareholders	4,226	4,770
- non-controlling interests	2,988	3,986
Total comprehensive income for the half year	7,214	8,756

Preliminary Statement of Interim Results 30 June 2018

Condensed Statement of Financial Position

	Group	
	June	December
	2018	2017
	€'000	€'000
<b>ASSETS</b>		
Intangible assets	73,002	72,352
Property, plant and equipment	15,142	13,301
Investment property	97,647	99,872
Investment in associated undertakings	27,664	30,876
Other investments	1,964,935	1,875,456
Deferred income tax	2,189	2,233
Reinsurers' share of technical provisions	19,996	18,216
Deferred acquisition costs	7,438	6,174
Insurance and other receivables	33,171	28,858
Income tax receivables	2,062	2,834
Cash and cash equivalents	54,921	64,580
<b>Total assets</b>	<b>2,298,167</b>	<b>2,214,752</b>
<b>EQUITY</b>		
Capital and reserves attributable to shareholders	87,402	92,876
Non-controlling interests	77,442	80,604
<b>Total equity</b>	<b>164,844</b>	<b>173,480</b>
<b>LIABILITIES</b>		
Deferred income tax	30,348	28,444
Provisions for other liabilities and charges	1,077	1,100
Technical provisions:		
- Insurance contracts and investment contracts with DPF	2,030,559	1,943,310
- Investment contracts without DPF	48,984	49,067
Insurance and other payables	21,353	18,449
Income tax payable	1,002	902
<b>Total liabilities</b>	<b>2,133,323</b>	<b>2,041,272</b>
<b>Total equity and liabilities</b>	<b>2,298,167</b>	<b>2,214,752</b>

These condensed financial statements were approved by the Board on 20 July 2018 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 2018

### Statement 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 2017	19,320	688	30,499	36,319	86,826	80,160	166,986
<b>Comprehensive income</b>							
Profit for the half year	-	-	-	3,240	3,240	2,380	5,620
Other comprehensive income:							
Change in available-for-sale investments' fair value	-	-	(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 2017</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>
Balance as at 1 January 2018	19,320	688	31,525	41,343	92,876	80,604	173,480
<b>Comprehensive income</b>							
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
<b>Total comprehensive income</b>	-	-	458	3,768	4,226	2,988	7,214
<b>Transactions with owners</b>							
Dividends for 2017	-	-	-	(9,700)	(9,700)	(6,150)	(15,850)
<b>Total transactions with owners</b>	-	-	-	(9,700)	(9,700)	(6,150)	(15,850)
<b>Balance as at 30 June 2018</b>	<b>19,320</b>	<b>688</b>	<b>31,983</b>	<b>35,411</b>	<b>87,402</b>	<b>77,442</b>	<b>164,844</b>

Preliminary Statement of Interim Results 30 June 2018

Statement of cash flows  
for the half year ended 30 June

	Group	
	6 months to 30 June 2018	6 months to 30 June 2017
	€'000	€'000
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	89,288	82,162
Dividends received	7,667	6,240
Interest received	13,285	13,640
Tax paid	(73)	(86)
<b>Net cash generated from/(used in) operating activities</b>	<b>110,167</b>	<b>101,956</b>
<b>Investing activities</b>		
Purchase of investment property	(212)	(417)
Disposal of investment property	602	-
Purchase of financial investments	(726,361)	(748,825)
Disposal of financial investments	623,051	693,672
Purchase of property, plant and equipment and intangible assets	(744)	(1,759)
Disposal of property, plant and equipment and intangibles assets	(312)	-
<b>Net generated from investing activities</b>	<b>(103,976)</b>	<b>(57,329)</b>
<b>Financing activities</b>		
Dividends paid to group shareholders	(9,700)	(3,520)
Dividends paid to minority interests	(6,150)	(5,775)
<b>Net cash (used in)/generated from financing activities</b>	<b>(15,850)</b>	<b>(9,295)</b>
<b>Increase in cash and cash equivalents</b>	<b>(9,659)</b>	<b>35,332</b>
<b>Movement in cash and cash equivalents</b>		
At beginning of year	64,580	70,015
Net cash inflow	(9,659)	35,332
<b>At end of half year</b>	<b>54,921</b>	<b>105,347</b>



**Notes to the Condensed Financial Statements  
For the half year ended 30 June 2018**

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 20 July 2018 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 2017. 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 2017.

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.

	Gross written premiums		Profit before taxation	
	6 months to 30 June 2018	6 months to 30 June 2017	6 months to 30 June 2018	6 months to 30 June 2017
	€'000	€'000	€'000	€'000
Malta	<b>210,687</b>	197,281	<b>9,018</b>	7,019
	<b>210,687</b>	197,281	<b>9,018</b>	7,019

**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 2018, 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