

## PRELIMINARY STATEMENT OF INTERIM RESULTS AS AT 30 JUNE 2016

Mapfre Middlesea p.l.c.  
Middle Sea House, Floriana FRN 1442 Malta  
T: (+356) 2124 6262  
middlesea@middlesea.com

middlesea.com

### REVIEW OF GROUP OPERATIONS HALF YEARLY FINANCIAL STATEMENTS - 30 JUNE 2016

#### Commentary

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

The consolidated Mapfre Middlesea Group result for the first six months of 2016 amounted to a profit before tax of €5.67 million, compared to €15.18 million registered during the comparative period last year. The profit after tax allocated to shareholders amounted to €2.17 million as compared to €5.27 million in 2015. The June 2015 result was an exceptional one particularly for MSV Life p.l.c. ("MSV") both due to a one-off reinsurance cost adjustment and returns on financial investments that peaked in the first six months of 2015.

The growth in general business acquired by Mapfre Middlesea p.l.c. ("Company") during the last twelve months and the growth in operations to support it, increased the cost base of the Company significantly. With such portfolios still being fully assimilated, and with pricing still being adjusted, the resulting technical result performed below the comparative period of 2015. The recent poor performance in both local and foreign financial markets lead to negative fair value movements that further compounded the subdued technical results.

The results of MSV reflect the introduction of an annual management charge on assets under management introduced at the beginning of the 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 44.90% during the first six months of 2016. The growth in General Business turnover of 47.42% was derived from the portfolio transfer concluded in 2015 and new intermediaries but also through strong organic growth. Life premiums written saw a growth of 44.40%. This reflects the competitiveness of such products as compared to other available financial instruments in the market with a high percentage of maturities being reinvested with MSV.

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

#### Financial highlights for the half year

- **General Business Gross Premium written** increased by 47.42% from €20.86 million in 2015 to €30.75 million as at the 30 June 2016.
- **Long term Gross Premium Written** by the Group increased by 44.40% to €151.91 million compared to €105.20 million in the comparative period in 2015.
- **Return from Investments** allocated to the non-technical account for the six months to 30 June 2016 amounted to a gain of €0.50 million compared to €1.04 million in 2015.
- The Group registered a **Profit after taxation** for the 6 months ended 30 June 2016 of €4.02 million, of which €2.17 million attributable to shareholders, compared with a profit after taxation of €9.77 million for the same period last year of which €5.27 million attributable to shareholders.
- **Gross Technical Provisions** at 30 June 2016 increased by 4.49% to €1.69 billion over the 31 December 2015 reserves of €1.62 billion. Net of reinsurers' share, technical provisions stand at €1.68 billion, an increase of 4.46% over the 31 December 2015 provisions of €1.61 billion.
- **Total assets** increased by 4.28% and totaled €1.90 billion as at 30 June 2016, as compared to the total assets of €1.82 billion at 31 December 2015.
- **Total Equity** of the Group attributable to shareholders amounted to €82.37 million as at 30 June 2016, up from €82.30 million at 31 December 2015 with a net asset value per share of €0.90.
- 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 improve its technical results during the second half of the year. Through the execution of strategic initiatives the Company aims at delivering improved results to its shareholders whilst continuing to offer its clients the best value in all lines of business and adhering to 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 2016 (2015 – nil).

### Condensed Profit or Loss Accounts Non - technical accounts for the half year ended 30 June

	Group	
	6 months to 30 June 2016 €'000	6 months to 30 June 2015 €'000
Balance on the general business technical account	494	1,061
Balance on the long term business technical account	5,255	13,604
<b>Total income from insurance activities</b>	<b>5,749</b>	<b>14,665</b>
Other investment income	789	1,644
Investment expenses and charges	(12)	(17)
Allocated investment return transferred to the general business technical account	(276)	(592)
Other income	654	655
Administration expenses	(1,237)	(1,172)
<b>Profit for the half year before tax</b>	<b>5,667</b>	<b>15,183</b>
<b>Income tax expense</b>	<b>(1,647)</b>	<b>(5,413)</b>
<b>Profit for the half year</b>	<b>4,020</b>	<b>9,770</b>
<b>Attributable to:</b>		
- shareholders	2,172	5,267
- non-controlling interests	1,848	4,503
	<b>4,020</b>	<b>9,770</b>
<b>Earnings per share attributable to shareholders</b>	<b>2c4</b>	<b>5c7</b>

### Condensed Statements of Comprehensive Income for the half year ended 30 June

	Group	
	6 months to 30 June 2016 €'000	6 months to 30 June 2015 €'000
<b>Profit for the half year</b>	<b>4,020</b>	<b>9,770</b>
<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	74	(59)
<i>Other comprehensive Income not to be reclassified to profit and loss in subsequent periods</i>		
Increase/(Decrease) in value of in-force business	2,688	(1,182)
Total other comprehensive income, net of tax	2,762	(1,241)
<b>Total comprehensive income for the half year</b>	<b>6,782</b>	<b>8,529</b>
<b>Attributable to:</b>		
- shareholders	3,590	4,617
- non-controlling interests	3,192	3,912
<b>Total comprehensive income for the half year</b>	<b>6,782</b>	<b>8,529</b>

**PRELIMINARY STATEMENT OF INTERIM RESULTS**  
 AS AT 30 JUNE 2016

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**Condensed Consolidated Statements of Financial Position**

	Group	
	June 2016 €'000	December 2015 €'000
<b>ASSETS</b>		
Intangible assets	63,329	59,908
Property, plant and equipment	10,133	10,203
Investment property	93,753	93,619
Investment in associated undertakings	30,090	27,273
Other investments	1,588,718	1,540,320
Deferred income tax	2,624	2,253
Reinsurers' share of technical provisions	17,261	16,016
Deferred acquisition costs	5,916	5,113
Insurance and other receivables	30,917	26,548
Income tax receivables	2,640	3,690
Cash and cash equivalents	54,199	36,675
<b>Total assets</b>	<b>1,899,580</b>	<b>1,821,618</b>
<b>EQUITY</b>		
Capital and reserves attributable to shareholders	82,367	82,297
Non-controlling interests	75,793	75,101
<b>Total equity</b>	<b>158,160</b>	<b>157,398</b>
<b>LIABILITIES</b>		
Deferred income tax	25,715	23,856
Provisions for other liabilities and charges	1,211	1,231
Technical provisions:		
- Insurance contracts and investment contracts with DPF	1,642,823	1,559,250
- Investment contracts without DPF	52,026	62,785
Insurance and other payables	19,635	17,091
Income tax payable	10	7
<b>Total liabilities</b>	<b>1,741,420</b>	<b>1,664,220</b>
<b>Total equity and liabilities</b>	<b>1,899,580</b>	<b>1,821,618</b>

These condensed financial statements were approved by the Board on 21 July 2016 and were signed on its behalf by:

  
 Martin Galea  
 Chairman

  
 Alfred Attard  
 Director

  
 Felipe Navarro Lopez de Chicheri  
 President & CEO

**Statements of Changes in Equity for the half year ended 30 June**

Group	Attributable to shareholders						Non-controlling interests €'000	Total €'000
	Share capital €'000	Share premium account €'000	Other reserves €'000	Profit & loss account €'000	Total €'000			
Balance as at 1 January 2015	19,320	688	28,275	31,846	80,129	73,566	153,695	
<b>Comprehensive income</b>								
Profit for the half year	-	-	-	5,267	5,267	4,503	9,770	
Other comprehensive income:								
Change in other available-for-sale investments	-	-	(59)	-	(59)	-	(59)	
Decrease in value of in-force business	-	-	(591)	-	(591)	(591)	(1,182)	
Total other comprehensive income, net of tax	-	-	(650)	-	(650)	(591)	(1,241)	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(650)</b>	<b>5,267</b>	<b>4,617</b>	<b>3,912</b>	<b>8,529</b>	
<b>Transactions with owners</b>								
Dividends for 2014	-	-	-	(3,520)	(3,520)	(2,340)	(5,860)	
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,520)</b>	<b>(3,520)</b>	<b>(2,340)</b>	<b>(5,860)</b>	
<b>Balance as at 30 June 2015</b>	<b>19,320</b>	<b>688</b>	<b>27,625</b>	<b>33,593</b>	<b>81,226</b>	<b>75,138</b>	<b>156,364</b>	
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	
Increase 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>	<b>-</b>	<b>-</b>	<b>1,418</b>	<b>2,172</b>	<b>3,590</b>	<b>3,192</b>	<b>6,782</b>	
<b>Transactions with owners</b>								
Dividends for 2015	-	-	-	(3,520)	(3,520)	(2,500)	(6,020)	
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,520)</b>	<b>(3,520)</b>	<b>(2,500)</b>	<b>(6,020)</b>	
<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>	

**Condensed Consolidated Statements of Cash Flows for the half year ended 30 June**

	Group	
	6 months to 30 June 2016 €'000	6 months to 30 June 2015 €'000
Net cash generated from operating activities	85,369	74,412
Net cash used in investing activities	(61,825)	(60,969)
Net cash used in financing activities	(6,020)	(5,860)
Net movement in cash and cash equivalents	17,524	7,583
Cash and cash equivalents at beginning of year	36,675	44,679
Cash and cash equivalents at end of half year	54,199	52,262

**Notes to the Condensed Financial Statements for the half year ended 30 June 2016**

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 – 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 2016 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 2015. 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 2015.

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/(loss) before taxation	
	6 months to 30 June 2016 €'000	6 months to 30 June 2015 €'000	6 months to 30 June 2016 €'000	6 months to 30 June 2015 €'000
Malta	182,661	126,057	5,732	14,975
Gibraltar - discontinued	-	-	4	(31)
London - discontinued	-	-	(69)	239
	<b>182,661</b>	<b>126,057</b>	<b>5,667</b>	<b>15,183</b>

**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 2016, 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 (adopted 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