

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Staff costs - continued

Average number of persons employed by the company during the year:

	Group		Company	
	1999	1998	1999	1998
Average number of employees	39	33	38	32

In 1998 salaries included costs charged by a third party in respect of management services supplied to the company. The above employee information for the company also includes the cost of employees that are recharged to its subsidiary by way of a management charge.

### 7. Taxation

	Group		Company	
	1999	1998	1999	1998
	Lm	Lm	Lm	Lm
Group relief	-	15,997	31,970	24,642
Deferred taxation	1,639,484	80,133	1,585,825	80,133
Current taxation	(707)	-	-	-
	<b>1,638,777</b>	<b>96,130</b>	<b>1,617,795</b>	<b>104,775</b>
Apportioned as follows:				
Technical profit and loss account	1,748,796	141,345	1,748,796	141,345
Non-technical profit and loss account	(85,405)	(63,558)	(52,728)	(54,913)
Revaluation reserve	(24,614)	18,343	(78,273)	18,343
	<b>1,638,777</b>	<b>96,130</b>	<b>1,617,795</b>	<b>104,775</b>

In 1998, the company incurred a tax loss of Lm70,405 which was computed in line with fiscal legislation applicable to long term business of insurance up to the financial period ending 31 December 1998. This brought the company to charge on the basis of investment income earned less commissions and expenses incurred.

Tax on profit for the year ended 31 December 1999 differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group	Company
	1999	1999
	Lm	Lm
Profit before tax	239,236	139,494
Tax on ordinary profit at 35%	83,733	48,823
Tax effect of:		
Income not subject to tax	(1,773,070)	(1,770,837)
Other differences	25,946	25,946
Net tax credited to the profit and loss account	<b>(1,663,391)</b>	<b>(1,696,068)</b>

8. Directors' emoluments

	Group		Company	
	1999 Lm	1998 Lm	1999 Lm	1998 Lm
Remuneration	15,000	-	15,000	-
Fees	22,500	20,833	18,500	20,833
	<b>37,500</b>	<b>20,833</b>	<b>33,500</b>	<b>20,833</b>

9. Earnings per share

Earnings per share is based on the profit attributable to the shareholders of Middle Sea Valletta Life Assurance Company Limited divided by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	1999 Lm	1998 Lm	1999 Lm	1998 Lm
Net profit attributable to shareholders	1,902,627	1,293,066	1,835,562	1,276,973
Weighted average number of ordinary shares in issue	4,650,000	4,650,000	4,650,000	4,650,000
Earnings per share	40.9c	27.8c	39.5c	27.5c

37,500

10. Dividends

	Group & Company	
	1999 Lm	1998 Lm
Interim dividend (gross and net)	650,000	-
Final dividend proposed (gross and net)	450,000	232,500
	<b>1,100,000</b>	<b>232,500</b>
Dividends per share:		
Interim	14c	-
Proposed	10c	5c
	<b>24c</b>	<b>5c</b>

10. Dividends - continued

At the company's Annual General Meeting held on 12 April 2000 the shareholders resolved that the interim dividend of Lm650,000 shall be applied to an equivalent increase in the company's issued share capital. For this purpose they authorised the Board to issue 650,000 new shares with a nominal value of Lm1 each to be allotted pro-rata to existing shareholders and to be paid up from the interim dividend due to them.

11. Land and buildings

	Group and Company Freehold properties Lm
Year ended 31 December 1999	
Opening net book amount	1,942,785
Additions	284,485
Closing net book amount	<b>2,227,270</b>
At 31 December 1999	
Cost	1,887,601
Unrealised gains	339,669
Net book amount	<b>2,227,270</b>
Year ended 31 December 1998	
Opening net book amount	1,534,750
Additions	408,035
Closing net book amount	<b>1,942,785</b>
At 31 December 1998	
Cost	1,603,116
Unrealised gains	339,669
Net book amount	<b>1,942,785</b>

The freehold properties were revalued at 31 December 1997 by independent professional valuers on the basis of an open market valuation.

12. Investments in group undertakings and participating interests

	Group	Company		
	Participating interests	Shares in group undertakings	Participating interests	Total
	Lm	Lm	Lm	Lm
Year ended 31 December 1999				
Opening net book amount	-	199,999	-	199,999
Additions	250	-	250	250
Revaluation surplus arising during the year	-	153,310	-	153,310
Closing net book amount	250	353,309	250	353,559
At 31 December 1999				
Cost	250	199,999	250	200,249
Unrealised gains	-	153,310	-	153,310
	250	353,309	250	353,559
At 31 December 1998				
Opening and closing net book amount (cost)	-	199,999	-	199,999

Group undertakings at 31 December 1999 are shown below:

Group undertakings	Registered office	Class of shares held	Percentage of shares held 1999 & 1998
Growth Investments Limited	Middle Sea House Floriana VLT 16	Ordinary shares	100%

Associated undertakings at 31 December 1999 are shown below:

Associated undertakings	Registered office	Class of shares held	Percentage of shares held
Churchwharf Properties Limited	Middle Sea House Floriana VLT 16	Ordinary shares	50%