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The directors present their report and the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The company is licensed to carry on long term business of insurance under the Maltese Insurance Business Act, 1998. The group is also authorised to provide investment services in terms of the Investment Services Act, 1994.

REVIEW OF THE BUSINESS

The level of new business and the group's financial position remain satisfactory, and the directors expect that the present level of activity will be sustained in the foreseeable future.

RESULTS AND DIVIDENDS

The consolidated profit and loss account is set out on page 6. The directors paid an interim net dividend of Lm650,000 (1998: nil) and recommend the payment of a net final dividend of Lm450,000 (1998: Lm232,500).

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.

DIRECTORS

The directors of the company who held office during the year were:

J.F.X. Zahra B.A.(Hons)Econ., M.A.Econ. M.C.I.M., M.M.R.S. (Chairman)

M.C. Grech (Deputy Chairman and C.E.O.)

E. Ellul (appointed 29 November 1999)

J.V. Gatt B.A. (Hons) Econ., A.C.I.B.

R. Lenhard Dipl. Math

E. Mizzi LL.D. (deceased 16 February 2000)

N. Silby B.Sc., F.I.A.

F. Xerri De Caro A.C.I.B.

A. Mizzi (resigned 16 June 1999)

DIRECTORS - CONTINUED

Dr. R. Camilleri LL.D. was appointed as director of the company on 18 February 2000 and resigned from his appointment on 29 February 2000. Mr. J. M. Rizzo A.C.I.I., A.I.D.P.M., A.M.I.A.P. was appointed in his stead on 29 February 2000.

According to the company's Articles of Association those members or group of members holding at least 10% of the total voting rights have the right to appoint a director. Every member or group of members holding at least an additional 13% of the total voting rights are entitled to appoint an additional director for every 13% holding.

Unless appointed for a longer or shorter period, or unless they resign or are earlier removed, directors hold office for a period of one year, provided that no appointment may be made for a period exceeding three years.

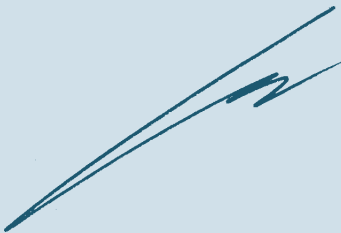
ACTUARIES

The company's approved actuary is Mr. Martin Muir, M.A., F.I.A., a partner of Watson Wyatt Partners.

AUDITORS

The auditors PricewaterhouseCoopers have intimated their willingness to continue in office.

On behalf of the board



J. F. X. Zahra
Chairman



M. C. Grech
Deputy Chairman and C.E.O.

Middle Sea House
Floriana
Malta

12 April 2000