

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Maltese Insurance Business Act, 1998 and the Maltese Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates;
- the financial statements have been drawn up in accordance with International Accounting Standards;
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Maltese Insurance Business Act, 1998 and with the Maltese Companies Act, 1995. They are also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the company are properly safeguarded and that fraud and other irregularities will be prevented or detected.

To the Members of Middle Sea Valletta Life Assurance Company Limited.

We have audited the financial statements on pages 5 to 31. As described in the statement of directors' responsibilities on page 3, these financial statements are the responsibility of the company's directors. Our responsibility is to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1999 and of the profit, the changes in equity and the cash flows for the year then ended in accordance with International Accounting Standards and have been properly prepared in accordance with the Maltese Insurance Business Act, 1998 and the Maltese Companies Act, 1995.

PRICEWATERHOUSECOOPERS 

167 Merchants Street

Valletta

Malta

12 April 2000

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

### Technical account – long term business

	Notes	Group & Company	
		1999 Lm	1998 Lm
Earned premiums, net of reinsurance			
Gross premiums written	1	13,466,063	9,645,185
Outward reinsurance premiums		(445,856)	(380,618)
		<b>13,020,207</b>	<b>9,264,567</b>
Investment income	2	2,660,303	1,758,820
Unrealised gains on investments	2	4,778,861	1,969,113
Other technical income, net of reinsurance		2,041	1,764
Total technical income		<b>20,461,412</b>	<b>12,994,264</b>
		12,994,264	
Claims incurred, net of reinsurance			
Claims paid			
- gross amount		717,328	592,964
- reinsurers' share		(135,486)	(199,591)
		<b>581,842</b>	<b>393,373</b>
Change in the provision for claims			
- gross amount		69,615	64,204
- reinsurers' share		11,572	(43,810)
		<b>81,187</b>	<b>20,394</b>
		<b>663,029</b>	<b>413,767</b>
Change in other technical provisions, net of reinsurance			
Long term business provision, net of reinsurance			
- gross amount		14,902,871	8,304,127
- reinsurers' share		10,823	8,218
		<b>14,913,694</b>	<b>8,312,345</b>
Technical provision for linked liabilities		232,522	-
		<b>15,146,216</b>	<b>8,312,345</b>
Bonuses and rebates, net of reinsurance	3	2,594,251	1,425,042
Net operating expenses	4	2,076,727	1,664,515
Investment expenses and charges	2	106,299	144,948
Total technical charges		<b>20,586,522</b>	<b>11,960,617</b>
Tax credit attributable to the long term business	7	<b>1,748,796</b>	<b>141,345</b>
Balance on the long term business technical account (page 6)		<b>1,623,686</b>	<b>1,174,992</b>

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

### Non-technical account

	Notes	Group		Company	
		1999 Lm	1998 Lm	1999 Lm	1998 Lm
Balance on the long term business technical account (page 5)		1,623,686	1,174,992	1,623,686	1,174,992
Investment income	2	336,293	216,881	314,111	201,028
Investment expenses and charges	2	(11,291)	(11,547)	(11,291)	(11,547)
Other income		132,822	80,484	-	-
Other charges		(93,478)	(104,186)	(38,216)	(32,587)
Profit on ordinary activities before tax	5	1,988,032	1,356,624	1,888,290	1,331,886
Tax on profit on ordinary activities	7	(85,405)	(63,558)	(52,728)	(54,913)
Profit for the financial year		<b>1,902,627</b>	<b>1,293,066</b>	<b>1,835,562</b>	<b>1,276,973</b>
Earnings per share	9	40.9c	27.8c	39.5c	27.5c

### Statement of total recognised gains

		1999 Lm	1998 Lm	1999 Lm	1998 Lm
Revaluation surplus, net of deferred taxation	17	476,991	195,615	531,350	170,754
Increment in value of in-force business	18	3,072,000	60,000	3,072,000	60,000
Profit for the financial year		1,902,627	1,293,066	1,835,562	1,276,973
Total recognised gains		<b>5,451,618</b>	<b>1,548,681</b>	<b>5,438,912</b>	<b>1,507,727</b>