

Abridged Financial Statements for the year ended 31 December 2010

Review of the business

MSV Life p.l.c. ("MSV Group" and "Group") reported a profit after tax of €7.84 million for the year ended 31 December 2010 compared to a profit after tax of €6.20 million recorded in 2009. Total comprehensive income, inclusive of the movement in the value of in-force business, was €9.65 million (2009: €7.18 million).

Gross written premiums (including investment contracts without DPF) increased by a healthy 18.3% from €124.65 million in 2009 to €147.49 million in 2010. Business growth was registered across all major classes of business, particularly single premium participating contracts.

Investment conditions in both local and international markets were challenging, characterised by continuing low interest rates, tightened fiscal conditions and widening credit spreads between eurozone member states. Against this background of uncertainty and a weakened euro, our investment performance was satisfactory and underpinned both by the Company's conservative and diversified portfolio of assets, as well as its robust and prudent investment management process. Net investment income decreased from a gain of €61.02 million in 2009 to a gain of €56.80 million in 2010.

MSV Group's total assets, supported by strong premium growth and investment performance, increased from €999.24 million at the end of 2009 to €1,130.71 million at the end of 2010. The Life Fund (including investment contracts without DPF) increased by 13.7% from €879.20 million in 2009 to €1,000.44 million in 2010.

The value of in-force business, disclosed as an intangible asset, increased by 4% from €40.73 million in 2009 to €42.53 million in 2010. The value of in-force business reflects the after tax value of projected future transfers to shareholders arising from policies in force at the end of the year.

At the end of 2010, the level of net admissible assets stood at €68.79 million for statutory solvency purposes, which represents an excess of €28.45 million over the 'required margin of solvency', as stipulated in The Insurance Business Regulations of €40.35 million. This surplus is also above the multiple set by the regulator.

Total shareholders' funds at the close of 2010 amounted to €108.89 million, an increase of 2% over the previous year.

The shareholders of MSV are wholly committed to ensuring that MSV remains appropriately capitalised at all times, and well positioned for business growth. On 14

April 2010, an increase in the issued share capital of MSV was effected through the capitalisation of a dividend of €3.00 million. As a result, the issued share capital of MSV increased from €51.75 million to €54.75 million. Additionally, on 11 May 2010, the Company raised a subordinated loan of €6.00 million to further supplement its regulatory capital resources.

In March 2011, the Board of Directors of MSV Group declared differential rates of Regular Bonuses in respect of with-profits plans held with MSV Group for the year ending 31 December 2010. These amounted to 3.25% for the Comprehensive Life Plan (regular and single premium policies), 3.45% in respect of the Comprehensive Flexi Plan (regular and single premium policies) and 3.45% under the Single Premium Plan. On the 'Old Series' Endowment and Whole Life policies, a Regular Bonus of 2.2% of the basic sum assured plus bonuses was declared. Finally, the Board also approved a Regular Bonus of 3.45% on those Secure Growth policies that formed part of the portfolio of business transferred to MSV Group from Assicurazioni Generali S.p.A. in 2000.

Notwithstanding the prudent investment policy adopted by MSV, past performance is no guarantee for the future. Although MSV's with-profits investments have generally provided policyholders with satisfactory returns when compared with other similar investment products, in light of the current uncertainty in the capital markets, investment returns could fluctuate further. Fair value movements and lower investment returns impinge directly on the rates of bonuses declared by MSV. Regular Bonuses are therefore expected to vary over the lifetime of participating policies.

During 2010, MSV moved rapidly to implement a Board mandated initiative to transform itself into a wholly self-sufficient, standalone, company. A new senior management structure, led by its Chief Executive Officer, David G. Curmi, has been put in place. MSV now has total assets of over €1 billion, a customer base of over 83,500 policyholders and shareholders' equity of over €100 million. It is Malta's leading life insurance company and prospects for continuing growth and development are encouraging, both in the life assurance and in the long term savings and retirement areas.

Through the combination of a strong brand, solid reputation, financial strength, product breadth and significant distribution reach particularly through its successful bancassurance partnership with Bank of Valletta p.l.c., MSV is set to continue to grow its core business in the local market. It plans to do this by developing new products in response to evolving customer needs for insurance and investment type products and by delivering the highest standards of service to its customers.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS:

1. MSV Life p.l.c. ("the Company"), and its subsidiary, (together forming "the Group") are licensed under the Insurance Business Act, 1998 to transact long term insurance business. Furthermore, its subsidiary is licensed under the Investment Services Act, 1994. On 29 November 2010, the Company re-registered as a public limited liability company. On the same date, the Company changed its name from Middlesea Valletta Life Assurance Company Limited to MSV Life p.l.c.

2. Basis of preparation

These abridged financial statements are being published in accordance with Section 20 of the Insurance Business Act, 1998. These statements have been extracted from the Group's audited financial statements as approved by the Board of Directors on

8 March 2011. The statutory financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, the Insurance Business Act, 1998 and the Companies Act, 1995.

3. Assets held to cover linked liabilities included in Investments amounted to €103 million as at 31 December 2010 (2009: €96 million). Technical provisions for linked liabilities amounted to €103 million as at 31 December 2010 (2009: €96 million).

4. The audited financial statements of the Group for the year ended 31 December 2010 are exhibited at Middle Sea House, Floriana. These financial statements are available to the public from the company's registered office and the Registrar of Companies.

Registered Office:

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Statement pursuant to Subarticle C of Article 1 of the Third Schedule of the Insurance Business (Companies Accounts) Regulations, 2000

The statutory financial statements of MSV Life p.l.c. for the financial year ended 31 December 2010 were approved by the Board of Directors on 8 March 2011. On the same date, the Independent Auditor, PricewaterhouseCoopers, expressed an unqualified opinion on these financial statements.

MSV Life p.l.c. (C-15722) is authorised by the Malta Financial Services Authority to carry on long term business under the Insurance Business Act 1998.

Abridged Financial Statements for the year ended 31 December 2010

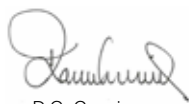
Consolidated Balance Sheets as at 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	€'000	€'000	€'000	€'000
ASSETS				
Intangible assets	45,720	44,050	45,689	43,999
Investments	1,059,458	926,538	1,059,663	925,929
Reinsurers' share of technical provisions	3,375	2,117	3,375	2,117
Income tax receivable	3,008	1,222	3,008	1,158
Debtors	33	1,649	117	1,887
Prepayments and accrued income	12,602	12,092	12,472	11,973
Cash at bank and in hand	5,153	6,799	4,706	6,469
Other assets	1,359	4,777	1,346	4,755
TOTAL ASSETS	1,130,708	999,244	1,130,376	998,287
LIABILITIES				
Capital & reserves	108,891	107,195	108,596	106,408
Technical provisions				
- insurance contracts	385,722	362,376	385,722	362,376
- investment contracts with DPF	547,096	450,725	547,096	450,725
- investment contracts without DPF	70,994	68,220	70,994	68,220
Subordinated loan	6,000	-	6,000	-
Derivative financial instruments	-	313	-	313
Provision for other risks and charges	5,479	5,188	5,465	5,178
Creditors	4,699	3,322	4,684	3,173
Accruals and deferred income	1,827	1,905	1,819	1,894
TOTAL LIABILITIES	1,130,708	999,244	1,130,376	998,287

These abridged financial statements were authorised for issue by the Board on 8 March 2011 and were signed on its behalf by:



R. E. D. Chalmers
Chairman



D.G. Curmi
Chief Executive Officer

Consolidated Profit and Loss Accounts Non-technical Account for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	€'000	€'000	€'000	€'000
Balance on the long term business technical account	8,519	4,801	8,519	4,801
Investment income	2,340	2,092	3,350	2,037
Unrealised capital gains	984	864	970	823
Investment expenses and charges	(84)	(63)	(84)	(63)
Other income	726	656	-	-
Other charges	(851)	(708)	(360)	(168)
Profit before tax	11,634	7,642	12,395	7,430
Tax expense	(3,793)	(1,441)	(4,062)	(1,373)
Profit for the year	7,841	6,201	8,333	6,057
Earnings per share (cents)	36c4	37c0		

Consolidated Statements of Comprehensive Income for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	€'000	€'000	€'000	€'000
Profit for the year	7,841	6,201	8,333	6,057
Other comprehensive income:				
Movement in value of in-force business	1,805	979	1,805	979
Total comprehensive income	9,646	7,180	10,138	7,036

Consolidated Statements of Changes In Equity

Group	Share capital	Other reserves	Profit and loss account	Total
	€'000	€'000	€'000	€'000
Balance at 1 January 2009	39,750	33,576	16,689	90,015
Comprehensive income				
Profit for the financial year	-	-	6,201	6,201
Other comprehensive income:				
Increase in value of in-force business	-	979	-	979
Total comprehensive income for the year	-	979	6,201	7,180
Transactions with owners				
Issue of share capital	10,000	-	-	10,000
Dividends in respect of 2008	2,000	-	(2,000)	-
Total transactions with owners	12,000	-	(2,000)	10,000
Balance at 31 December 2009	51,750	34,555	20,890	107,195
Balance at 1 January 2010	51,750	34,555	20,890	107,195
Comprehensive Income				
Profit for the financial year	-	-	7,841	7,841
Other comprehensive income:				
Increase in value of in-force business	-	1,805	-	1,805
Total comprehensive income for the year	-	1,805	7,841	9,646
Transactions with owners				
Dividends in respect of 2009	3,000	-	(3,000)	-
Dividends in respect of 2010	-	-	(7,950)	(7,950)
Total transactions with owners	3,000	-	(10,950)	(7,950)
Balance at 31 December 2010	54,750	36,360	17,781	108,891

Company

Company	Share capital	Other reserves	Profit and loss account	Total
	€'000	€'000	€'000	€'000
Balance at 1 January 2009	39,750	33,576	16,046	89,372
Comprehensive income				
Profit for the financial year	-	-	6,057	6,057
Other comprehensive income:				
Increase in value of in-force business	-	979	-	979
Total comprehensive income for the year	-	979	6,057	7,036
Transactions with owners				
Issue of share capital	10,000	-	-	10,000
Dividends in respect of 2008	2,000	-	(2,000)	-
Total transactions with owners	12,000	-	(2,000)	10,000
Balance at 31 December 2009	51,750	34,555	20,103	106,408
Balance at 1 January 2010	51,750	34,555	20,103	106,408
Comprehensive Income				
Profit for the financial year	-	-	8,333	8,333
Other comprehensive income:				
Increase in value of in-force business	-	1,805	-	1,805
Total comprehensive income for the year	-	1,805	8,333	10,138
Transactions with owners				
Dividends in respect of 2009	3,000	-	(3,000)	-
Dividends in respect of 2010	-	-	(7,950)	(7,950)
Total transactions with owners	3,000	-	(10,950)	(7,950)
Balance at 31 December 2010	54,750	36,360	17,486	108,596

Consolidated Cash Flow Statements for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	€'000	€'000	€'000	€'000
Net cash generated from operating activities	104,250	101,713	104,965	101,673
Net cash used in investing activities	(103,946)	(110,363)	(104,778)	(110,311)
Net cash (used in)/generated from financing activities	(1,950)	10,000	(1,950)	10,000
Net movement in cash and cash equivalents	(1,646)	1,350	(1,763)	1,362
Cash and cash equivalents at beginning of year	6,799	5,449	6,469	5,107
Cash and cash equivalents at end of year	5,153	6,799	4,706	6,469