

**THE MEDITERRANEAN INSURANCE  
& REINSURANCE COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**for the year ended**

**31<sup>st</sup> DECEMBER 2008**

**COMPANY No. 1395873**

# THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED

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# THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of the Company will be held at the Company's offices, at 20 St Dunstan's Hill, London EC3R 8HL, on the 25th March 2009 at 12.00 for the following purposes:

### ORDINARY BUSINESS

1. To receive the Financial Statements of the Company for the year ended 31<sup>st</sup> December 2008 and the Directors' and Auditors' Reports thereon.
2. To re-appoint Mazars LLP, Chartered Accountants and Registered Auditor, as Auditor of the Company and to authorise the Directors to fix the remuneration of the Auditor.

By Order of the Board

M Collins

Secretary

28<sup>th</sup> February 2009

### **Registered Office**

20 St Dunstan's Hill  
London EC3R 8HL

Telephone: 020 7397 0510

Facsimile: 020 7397 0519

Cables: Medre, London EC3

email: [admin@medre.co.uk](mailto:admin@medre.co.uk)

Website: <http://www.medre.co.uk>

### **Registered in London**

No. 1395873

# THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED

## DIRECTORS

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### Board of Directors

A Belbay, Chairman  
O F Aneizi, Deputy Chairman  
H Babaammi  
M Collins  
Bashir M Ashur Derwish (*appointed 30/6/2008*)  
A A El Regae  
H M Seba  
A M El Sherif (*resigned 30/6/2008*)

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## MANAGEMENT

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### *General Managers*

A Belbay  
O F Aneizi

### *Financial Director and Secretary*

M Collins, FCCA

### *Senior Marketing Manager*

A Zagalai

### *Underwriting Manager*

R Mechouet

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### **Auditor**

Mazars LLP, Chartered Accountants and Registered Auditor

### **Bankers**

Lloyds TSB  
British Arab Commercial Bank Limited

## **THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED**

### **CHAIRMAN'S STATEMENT AND REVIEW OF THE BUSINESS**

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In 2008 our Gross Premium was £10,866,263 compared to £7,515,981 in 2007. The composition of this premium is 45% Algerian business, 20% Libyan business and 35% Afro-Asian business (2007 39% Algerian business, 19% Libyan business and 42% Afro-Asian business). The loss on our Profit and Loss Technical Account is £2,528,439 (2007 £1,366,648). The loss for 2008 as shown in our Profit and Loss Account Non Technical Account is £906,980 (2007 £927,345). We have in 2008 as in 2007 accepted business from sixteen Libyan and Algerian companies. With regard to our reserving process we continue to review our position regularly and remain confident our methods are consistent with best practice and procedure.

Shareholder funds now stand at £18,556,109 (2007 £19,463,089).

In my previous statement I referred to discussions which had been held with our shareholders which envisaged additional capital being received during 2008. Agreement was reached in principle with new Algerian and Libyan shareholders to increase the paid up share capital to £40,000,000. To facilitate this process the Authorised Share Capital was increased to £75,000,000 in October 2008. However after further review by the potential Libyan investors and their taking into account the global economic position they have decided not to increase their investment in the Company. The Algerian parties therefore have to decide in the light of the Libyan decision whether they are going to invest in the Company. Nevertheless, both the Algerian and Libyan governments are having discussions in order that a final decision can be reached.

Finally I should like to express my sincere thanks to the Company's employees for their continued efforts throughout the year.

**A BELBAY**  
25<sup>th</sup> March 2009

# THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED

## REPORT OF THE DIRECTORS

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The Directors present to the members the audited financial statements of the Company for the year ended 31<sup>st</sup> December 2008 together with their report.

### ACTIVITY

The Company's activity is primarily the acceptance of non-life general reinsurance business from Libya, Algeria and other Afro-Asian countries. A review of the business has been discussed on page 4 of these financial statements.

### DIRECTORS

The Directors who served throughout the year were:

O F Aneizi, A Belbay, H Babaammi, M Collins, B M A Derwish<sup>1</sup>, A A El Regae, H M Seba A M El Sherif<sup>2</sup>  
<sup>1</sup>appointed 30/6/2008; <sup>2</sup>resigned 30/6/2008

None of the Directors had a beneficial interest in the Company's shares at any time during the year.

### FINANCIAL INSTRUMENTS

#### Treasury operations and financial instruments

The Company operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the Company's activities.

#### Liquidity risk

The Company manages its cash centrally to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of its business.

#### Foreign currency risk

The Company's principal foreign currency exposures arise from trading operations with overseas companies.

#### Credit risk

Investments of cash surpluses are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which comply with the provisions of the Companies Act 1985 applicable to insurance companies. In preparing those financial statements the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Under the Companies Act 1985 section 243A, we confirm that

- (a) so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) we have taken all the steps that we ought to have taken as directors in order to make us aware of any relevant information and to establish that the Company's auditors are aware of that information.

The Directors are responsible for maintaining 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 Companies Act 1985 as applicable to insurance companies. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### RESULTS

The results of the year and the state of the Company's affairs are shown in the attached financial statements. The net loss for the year after taxation was £906,980 (2007: loss £927,345).

### CAPITAL

On 29<sup>th</sup> October 2008 the Company's authorised share capital was increased to £75,000,000, of which £21,000,000 is allotted, issued and fully paid up. The share capital continues to be held in equal proportions by Libya Insurance Company and Compagnie Centrale de Réassurance.

### AUDITOR

Mazars LLP, Chartered Accountants and Registered Auditor, have signified their willingness to continue in office and their reappointment as Auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board  
M COLLINS, Secretary  
25th March 2009

# THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED

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We have audited the financial statements of The Mediterranean Insurance & Reinsurance Company Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and considered the implications for our Report if we became aware of any apparent misstatement.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Mazars LLP,  
Chartered Accountants and Registered Auditor  
Tower Bridge House, St Katharine's Way, London E1W 1DD  
25<sup>th</sup> March 2009