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## **Company Announcement issued by GlobalCapital p.l.c. pursuant to the Malta Financial Services Authority Listing Rules 8.7.4 and 8.7.21**

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### **Quote**

At a meeting held on 24 August 2007, the Board of Directors of Global Capital p.l.c. considered and approved the attached Interim Financial Statements for the six (6) months ended 30 June 2007.

### **Unquote**

**By Order of the Board  
24 August 2007**

### **GlobalCapital p.l.c**

GlobalCapital Financial Management Ltd, GlobalCapital Fund Advisors Ltd and GlobalCapital Insurance Brokers Ltd are licensed by the Malta Financial Services Authority (MFSA). GlobalCapital Life Insurance Ltd is authorised to transact Long Term Insurance Business and is regulated by the MFSA. GlobalCapital Health Insurance Agency Ltd is authorised as an Insurance Agent and is regulated by the MFSA.

Company Registration No. C 19526

## **Half-yearly report for the period ended 30 June 2007**

### **Interim Directors' Report**

GlobalCapital p.l.c. ('the Company') registered a profit after tax for the six months ended 30 June 2007 of Lm388,919 compared to a corresponding result last year of Lm735,180. The main highlights of the reporting period's results were:

- Increase in operating profit of 21.9%;
- Continued healthy returns on the international investment property portfolio of the Company and its subsidiaries;
- Significant fair value losses on securities held by the Company and its subsidiaries, including the life insurance company, attributable to negative market conditions which prevailed during the year to date.

The directors expect that the levels of trading activity experienced during the six months to June 2007, which show an overall improvement in turnover over the corresponding period last year, should be sustained in the latter half of the current year. However, recent stock market volatility and global economic uncertainty may effect trading and investment performance.

The directors do not recommend the payment of an interim dividend.



**Statement pursuant to Listing Rule 9.44.3 issued by the Listing Authority**

I confirm that to the best of my knowledge:

- The condensed interim financial information gives a true and fair view of the financial position of the Group as at 30 June 2007, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34);
- The Interim Directors' Report includes a fair review of the information provided required in terms of Listing Rule 9.44.2

Christopher J. Pace  
Chairman  
24 August 2007

## Independent Auditor's Report

The Group's condensed interim financial information has been reviewed by the company's independent auditor. The auditor's report, as at 30 June 2007, is reproduced hereunder:

Report on Review of Interim Financial Information to the Directors of GlobalCapital p.l.c:

### Introduction

We have reviewed the accompanying condensed consolidated balance sheet of GlobalCapital p.l.c. as at 30 June 2007 and the related condensed consolidated profit and loss account, statement of changes in equity and cash flows for the six month period then ended and a summary of significant accounting policies and other explanatory notes. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (IAS 34). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Malta Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

**PRICEWATERHOUSECOOPERS** 

167, Merchants Street,  
Valletta,  
Malta  
24 August 2007

**Condensed Profit and Loss Account  
for the period ended 30 June 2007**

(unaudited)

	<b>Group</b>	
	<b>1 January to 30 June 2007</b>	<b>1 January to 30 June 2006</b>
	<b>Lm</b>	<b>Lm</b>
Turnover - commission and fees receivable	<b>1,041,416</b>	1,043,961
Balance on the long term business of insurance technical account before tax	<b>(390,291)</b>	178,903
Gains on investment property	<b>1,665,294</b>	772,740
Administrative expenses	<b>(1,116,286)</b>	(941,363)
Commission payable and direct marketing costs	<b>(297,554)</b>	(295,925)
Impairment of goodwill	<b>(100,000)</b>	(100,000)
<b>Operating profit</b>	<b>802,579</b>	658,316
Net investment (expense)/income	<b>(658,699)</b>	416,351
<b>Profit before tax</b>	<b>143,880</b>	1,074,667
Income tax	<b>245,039</b>	(339,487)
<b>Profit for the financial period</b>	<b>388,919</b>	735,180
<b>Earnings per share (cents)</b>	<b>2c9</b>	5c6

**Condensed Balance Sheet  
at 30 June 2007**

(unaudited)

	Group	
	30 June 2007	31 December 2006
	Lm	Lm
<b>ASSETS</b>		
Intangible assets	3,321,654	3,433,890
Deferred income tax	166,524	38,729
Property, plant and equipment	2,349,844	2,333,694
Investment property	8,260,361	6,484,184
Investment in associated undertaking	1,549,332	1,468,632
Other investments	22,591,540	21,676,730
Reinsurers share of technical provisions	306,156	386,803
Taxation receivable	221,477	232,731
Stock - property held for development	1,946,594	1,498,687
Trade and other receivables	1,462,299	1,417,270
Cash and cash equivalents	1,632,600	2,474,269
<b>Total assets</b>	<b>43,808,381</b>	<b>41,445,619</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	12,552,644	12,678,819
Technical provisions	19,341,871	16,978,459
Interest-bearing borrowings	9,035,153	8,679,301
Deferred income tax	710,444	848,867
Trade and other payables	1,515,446	1,635,960
Current income tax liabilities	652,823	624,213
<b>Total equity and liabilities</b>	<b>43,808,381</b>	<b>41,445,619</b>



**Condensed Cash flow statement  
for the period ended 30 June 2007**

(unaudited)

	Group	
	30 June 2007	30 June 2006
	Lm	Lm
Net cash generated from operating activities	1,677,793	154,128
Net cash used in investing activities	(2,287,036)	(6,580,784)
Net cash (used in)/generated from financing activities	(515,094)	6,985,513
<b>Movement in cash and cash equivalents</b>	<b>(1,124,337)</b>	558,857
Cash and cash equivalents at beginning of interim period	2,456,634	3,122,626
(Decrease)/increase in cash and cash equivalents	(1,124,337)	558,857
<b>Cash and cash equivalents at end of interim period</b>	<b>1,332,297</b>	3,681,483

## Condensed Statement of changes in equity for the period ended 30 June 2007

(unaudited)

	Group				Total
	Share capital	Share premium account	Other reserves	Profit and loss account	
	Lm	Lm	Lm	Lm	Lm
Balance as at 1 January 2006	1,650,943	7,285,496	472,578	1,788,486	11,197,503
Profit for the financial period	-	-	-	735,180	735,180
Investment property					
fair value gains, net of deferred income tax, transferred to other reserves	-	-	645,451	(645,451)	-
Total recognised income for the financial period	-	-	645,451	89,729	735,180
Dividends	-	-	-	(386,321)	(386,321)
Balance as at 30 June 2006	<b>1,650,943</b>	<b>7,285,496</b>	<b>1,118,029</b>	<b>1,491,894</b>	<b>11,546,362</b>
Balance as at 1 January 2007	1,650,943	7,285,496	1,216,721	2,525,659	12,678,819
Profit for the financial period	-	-	-	388,919	388,919
Investment property					
fair value gains, net of deferred income tax, transferred to other reserves	-	-	1,380,998	(1,380,998)	-
Total recognised income for the financial period	-	-	1,380,998	(992,079)	388,919
Dividends	-	-	-	(515,094)	(515,094)
Balance as at 30 June 2007	<b>1,650,943</b>	<b>7,285,496</b>	<b>2,597,719</b>	<b>1,018,486</b>	<b>12,552,644</b>



## Segmental information

	<b>Group</b>					
	<b>Investment and advisory services</b>	<b>Business of insurance</b>	<b>Agency and brokerage services</b>	<b>Property services</b>	<b>Eliminations</b>	<b>Group</b>
	Lm	Lm	Lm	Lm	Lm	Lm
<b>Period ended 30 June 2007</b>						
Turnover	657,141	3,364,900	331,281	91,416	(38,422)	4,406,316
Segment result/operating profit	(281,856)	(504,039)	13,681	1,570,632	4,161	802,579
<b>Period ended 30 June 2006</b>						
Turnover	774,652	1,701,939	293,693	46,747	(71,131)	2,745,900
Segment result/operating profit	(135,556)	128,903	(83,197)	744,005	4,161	658,316



## Key figures in the interim financial statements in Euros

	<b>30 June 2007</b>	<b>30 June 2006</b>
	<b>€</b>	<b>€</b>
Turnover	<b>10,263,955</b>	6,396,226
Profit for the financial period	<b>905,938</b>	1,712,509

  

	<b>30 June 2007</b>	<b>31 December 2006</b>
	<b>€</b>	<b>€</b>
Total assets	<b>102,046,077</b>	96,542,322
Total equity	<b>29,239,795</b>	29,533,704

The amounts in Euro have been translated using the irrevocably Fixed Conversion Rate of €1= Lm0.4293

## Notes to the Condensed Financial Statements

- (a) This half-yearly report is published pursuant to Chapters 8 and 9 of the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act, 2005. The condensed set of financial statements attached to this report has been extracted from the GlobalCapital p.l.c. (the 'Company') unaudited financial statements for the six months ended 30 June 2007, and has been reviewed in terms of ISRE2410 'Review of Interim Financial Information Performed by The Independent Auditor of the Entity'.
- (b) These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.
- (c) The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2006.  
The Group adopted IFRS 7 Financial Instruments: Disclosures, and the Complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures with effect from 1 January 2007. IFRS 7 does not have any impact on the classification and valuation of the Group's financial instruments and the amendment to IAS 1 has no impact on the classification and measurement of the Group's capital which is represented by the net assets attributable to shareholders.
- (d) The Group's operations consist of the provision of investment, advisory and insurance broking services in terms of the Investment Services Act, 1994 and the Insurance Intermediaries Act, 2006, the carrying on of long term business of insurance under the Insurance Business Act, 1998, the provision of property management and consultancy services and handling property acquisitions, disposals and development projects. All the Group's turnover is primarily generated in and from Malta.
- (e) Commitments for property related expenditure not provided for in these condensed financial statements amounted to Lm2,248,770 as at 30 June 2007 (31 December 2006: Lm2,288,623).
- (f) Fair value gains recognised in the profit and loss account for the period ended 30 June 2007 amounted to Lm607,689 (2006: Lm1,218,531).
- (g) Earnings per share is based on the net profit for the period divided by the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares in issue during the period amounted to 13,207,548 shares (2006: 13,207,548 shares).

(h) The fair value gains reported in note (f) above include a gain of Lm1,502,770 arising on investment property, whose value was determined on the basis of a professional valuation, based on comparative sales method. This valuation was carried out by a leading independent global residential and commercial property consultancy firm. An unrealised gain on this property of Lm772,740 was also recognised in the financial statements of the Group for the year ended 31 December 2006. The financial statements for the year ended 31 December 2006 included the valuation of this property as a critical accounting estimate and judgement given the unique nature of the property. The valuation as at 31 December 2006 was based on discounted cash flows of future potential rental streams. The directors believe that the property continues to carry potential of future capital appreciation.