

**Company Announcement issued by GlobalCapital p.l.c. pursuant to Chapter 5 of the Malta Financial Services Authority Listing Rules**

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**Quote**

At a meeting held on 30 August 2012, the Board of Directors of GlobalCapital p.l.c. considered and approved the half-yearly report for the six (6) months ended 30 June 2012. The half-yearly report, drawn up in terms of the Listing Rules, is attached to this Company Announcement.

In accordance with the requirements of the Listing Rules, the half-yearly report is being made public and available for viewing on the company's website [www.globalcapital.com.mt](http://www.globalcapital.com.mt)

**Unquote**

**By Order of the Board**

30 August 2012

# GlobalCapital p.l.c.

## Half-yearly report for the period ended 30 June 2012

### Interim Directors' Report

The performance of GlobalCapital p.l.c. ("the Company") continues to be affected by the uncertainty in the global capital and property markets as well as the local market, where the economy has suffered two consecutive quarters of negative growth in GDP.

The Group registered a loss before taxation of €750,260 for the first six months of 2012 compared to a loss of €1,347,942 for the same period in 2011. The results for the period include unrealised fair value gains of €34,735 versus fair value losses of €933,904 in the equivalent period last year.

GlobalCapital Life Insurance (GCLI) registered a profit before tax of €297,458 compared to a loss of €1,134,109 for the same period in 2011. The improved results are due to a mix of fair value gains, enhanced investment income and cost reductions.

The Investment Division registered a negative growth in revenue compared to the first six months of 2011, primarily as a result of the prevailing economic conditions and the negative market sentiment which continues to adversely impact the sale of investment products. Revenues from the Agency business grew over the same period in 2011 whilst those of the Brokerage Division were below those for the same period in 2011, both impacted by fierce market competition, the economic slowdown, and a flat market growth rate. The property portfolio experienced a decrease in revenue mainly attributable to a reduction in occupancy levels.

The Group continues to focus on its core businesses of life insurance, health agency and insurance broking, concentrating on growing and developing its direct sales force and diversifying its product range and distribution channels. Development and re-engineering of the insurance and investment products is supporting the drive to deliver holistic financial solutions to the company's clients. Investment in IT infrastructure, now in implementation phase, will further support speedy delivery of products and services to the market. The Group is continuing to address Solvency II regulatory requirements to ensure compliance and implementation of these regulations throughout 2012 and 2013 as the deadline of January 2014 is fast approaching.

On the basis of the Group's updated current and forecast statement of financial position, cash flows and scenarios for raising additional finance should the need arise, the Directors are of the view that the company and the Group have adequate resources for future operations.

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

### By order of the Board

**Nicholas Ashford-Hodges**  
Chairman  
30 August 2012

**Prof. Thomas St. John Neville Bates**  
Director

## Statement pursuant to Listing Rule 5.75.3 Issued by the Listing Authority

We confirm that to the best of our knowledge:

- The condensed interim financial information gives a true and fair view of the financial position of the Group as at 30 June 2012, and of its financial performance and its cash flows for the period 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 required in terms of Listing Rules 5.81 to 5.84.

**Nicholas Ashford - Hodges**  
Chairman  
30 August 2012

## **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 2012, 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 statement of financial position of GlobalCapital p.l.c. as at 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of 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 EU 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'.

**Sarah Curmi as Director  
in the name and on behalf of  
DELOITTE AUDIT LIMITED  
Registered auditor**

Deloitte Place  
Mriehel Bypass, Mriehel, Malta  
30 August 2012

Condensed Consolidated Statement of Comprehensive income  
for the period ended 30 June 2012

**GlobalCapital plc**

	Group	
	01 January to 30 June 2012 (unaudited) €	01 January to 30 June 2011 (unaudited) €
Commission and fees receivable	1,601,012	1,675,224
Balance on the long term business of insurance technical account before tax	(113,081)	(1,402,223)
Increase in the value of in-force business	224,615	841,538
Profit on disposal of property held for development	5,753	28,589
Other operating income	29,662	11,922
Administrative expenses	(1,739,742)	(1,912,151)
Commission payable and direct marketing costs	(90,273)	(116,417)
Impairment of goodwill	(107,717)	(116,469)
<b>Operating loss</b>	<b>(189,771)</b>	<b>(989,987)</b>
Net investment charges net of allocation to the insurance technical account	(560,489)	(357,955)
<b>Loss for the period before tax</b>	<b>(750,260)</b>	<b>(1,347,942)</b>
Tax expense	(283,680)	(294,539)
<b>Loss for the period</b>	<b>(1,033,940)</b>	<b>(1,642,481)</b>
<b>Other Comprehensive Income</b>		
Net loss on available-for-sale financial assets	(74,628)	(7,194)
<b>Total comprehensive loss for the period</b>	<b>(1,108,568)</b>	<b>(1,649,675)</b>
Loss per share (cents)	<b>(8c4)</b>	<b>(12c4)</b>

Condensed Consolidated Statement of Financial Position  
at 30 June 2012

**GlobalCapital plc**

	Group	
	30 June 2012	31 December 2011
	(unaudited) €	(audited) €
<b>ASSETS</b>		
Intangible assets	3,354,594	3,304,955
Deferred tax asset	-	48,165
Property, plant and equipment	3,827,103	3,966,672
Investment property	24,224,866	24,931,760
Other investments	47,510,385	50,864,949
Reinsurer's share of technical provisions	1,569,098	1,216,903
Taxation receivable	436,079	688,106
Property held for development	1,241,683	1,455,048
Trade and other receivables	2,553,034	2,929,728
Cash and cash equivalents	5,399,306	4,620,988
<b>Total assets</b>	<b>90,116,148</b>	<b>94,027,274</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	7,753,265	8,861,833
Technical provisions	59,940,999	60,921,263
Interest-bearing borrowings	17,010,108	18,538,073
Deferred tax liability	2,498,100	2,353,458
Trade and other payables	2,719,912	3,112,518
Current income tax liabilities	193,764	240,129
<b>Total equity and liabilities</b>	<b>90,116,148</b>	<b>94,027,274</b>

Condensed Consolidated Statement of Cash Flows  
for the period ended 30 June 2012

**GlobalCapital plc**

	Group	
	30 June 2012	30 June 2011
	(unaudited) €	(unaudited) €
Net cash (used in)/from operating activities	(2,313,462)	548,344
Net cash from/(used in) investing activities	4,646,640	(5,271,659)
Net cash used in financing activities	(1,522,741)	(151,056)
<b>Movement in cash and cash equivalents</b>	<b>810,437</b>	<b>(4,874,371)</b>
Cash and cash equivalents at beginning of period	4,464,701	12,223,212
Increase/(decrease) in cash and cash equivalents	810,437	(4,874,371)
<b>Cash and cash equivalents at end of period</b>	<b>5,275,138</b>	<b>7,348,841</b>

Condensed Consolidated Statement of Changes in Equity  
for the period ended 30 June 2012  
(unaudited)

**GlobalCapital plc**

	Group					Total
	Share capital	Share premium account	Investment reserves	Other reserves	Profit and loss account	
	€	€	€	€	€	
Balance at 1 January 2011	3,845,668	16,970,641	68,004	1,868,508	(9,667,053)	13,085,768
Increase in value of in-force business, transferred to other reserves	-	-	-	547,000	(547,000)	-
Loss for the financial period	-	-	-	-	(1,642,481)	(1,642,481)
Net movement in available-for-sale investments	-	-	(7,194)	-	-	(7,194)
Total comprehensive loss for the period	-	-	(7,194)	547,000	(2,189,481)	(1,649,675)
<b>Balance at 30 June 2011</b>	<b>3,845,668</b>	<b>16,970,641</b>	<b>60,810</b>	<b>2,415,508</b>	<b>(11,856,534)</b>	<b>11,436,093</b>
Balance at 1 January 2012	3,845,668	16,970,641	34,827	1,881,420	(13,870,723)	8,861,833
Increment in value of in-force business, transferred to other reserves	-	-	-	146,000	(146,000)	-
Loss for the financial period	-	-	-	-	(1,033,940)	(1,033,940)
Net movement in available-for-sale investments	-	-	(74,628)	-	-	(74,628)
Total comprehensive loss for the period	-	-	(74,628)	146,000	(1,179,940)	(1,108,568)
<b>Balance at 30 June 2012</b>	<b>3,845,668</b>	<b>16,970,641</b>	<b>(39,801)</b>	<b>2,027,420</b>	<b>(15,050,663)</b>	<b>7,753,265</b>

**Segmental Information**  
for the period ended 30 June 2012  
(unaudited)

**GlobalCapital plc**

	Group					Group
	Investment and advisory services	Business of insurance	Agency and brokerage services	Property services	Adjustments	
	€	€	€	€	€	€
<b>Period ended 30 June 2012</b>						
Revenue from external customers	400,011	3,516,572	1,201,001	114,955	-	<b>5,232,539</b>
Intersegment revenues	-	74,564	-	-	-	<b>74,564</b>
Segment profit / (loss)	(124,733)	(209,334)	432,905	(197,936)	191,514	<b>92,416</b>
Net Investment charges						<b>(560,489)</b>
Other corporate expenses						<b>(282,187)</b>
Loss before tax						<b>(750,260)</b>
Total assets	429,484	70,538,903	1,694,743	11,673,451	(12,560,211)	<b>71,776,370</b>
Unallocated assets						<b>18,339,778</b>
						<b>90,116,148</b>
<b>Period ended 30 June 2011</b>						
Revenue from external customers	491,207	3,753,964	1,184,017	165,339	-	<b>5,594,527</b>
Intersegment revenues	-	61,200	-	32,500	-	<b>93,700</b>
Segment profit/(loss)	(142,155)	(1,584,846)	331,019	(130,830)	805,219	<b>(721,593)</b>
Net investment income						<b>(357,955)</b>
Other corporate expenses						<b>(268,394)</b>
Loss for the period before tax						<b>(1,347,942)</b>
Total assets	470,830	72,891,772	1,483,626	15,067,523	(11,920,185)	<b>77,993,566</b>
Unallocated assets						<b>19,181,875</b>
						<b>97,175,441</b>



- a) This half-yearly report is published pursuant to chapter 5 of the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act, 2005. The condensed set of consolidated financial statements attached to this report has been extracted from GlobalCapital p.l.c.'s unaudited Group financial statements for the six months ended 30 June 2012, 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 condensed financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties and financial instruments. The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2011.
- d) The Group's operations consist of the provision of investments, 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. The Group's turnover is primarily generated in and from Malta.
- e) Commitments for capital related expenditure not provided for in these condensed consolidated financial statements amounted to €1,032,000 as at 30 June 2012 (30 June 2011: €44,378).
- f) The net gain on financial instruments recognised in the condensed consolidated statement of comprehensive income for the period ended 30 June 2011 amounted to €34,735 (2011 loss of €933,904).
- g) Earnings per share is based on the net result for the period divided by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue during the period amounted to 13,207,548 shares (2011: 13,207,548).
- h) In the Directors' opinion the Group's portfolio of investment property has not been materially affected during the period ended 30 June 2012 (30 June 2011: nil).
- i) The impairment charge on goodwill has decreased from €116,469 for the six month period ended 30 June 2011 to €107,717 for the same period ended 30 June 2012. In accordance with International Financial Reporting Standards goodwill is tested for impairment annually and whenever there is an indication of impairment.