

**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 28 August 2015, the Board of Directors of GlobalCapital p.l.c. considered and approved the half-yearly report for the six (6) months ended 30 June 2015. 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**

28 August 2015

# GlobalCapital p.l.c.

## Half-yearly report for the period ended 30 June 2015

### Interim Directors' Report

The Group registered a profit before taxation of €1,176,197 for the first six months of 2015 compared to a loss of €966,897 for the same period in 2014.

GlobalCapital Life Insurance (GCLI) registered a profit before tax of €1,000,961 compared to a profit of €651,624 for the same period in 2014. The improved results are reflective of the increase in premium between the two reporting periods, the cost cutting measures implemented in the latter part of 2014 which are fully manifested in the 2015 financials and fair value gains which in part were offset by the investment write down of the equity value of Bramer Bank, following the revocation of the banking licence by the Financial Services Commission in Mauritius. The net impairment amounted to €940,976.

The Investment Division registered marginal growth in revenue compared to the first six months of 2014. This coupled with the significant reduction in the company's cost base saw the company back in profit territory with a profit before tax of €128,760 compared to the loss reported as at end June 2014 amounting to €460,969. Revenues from the Health Insurance Agency business too registered marginal growth. The profit before tax for the first six months of 2015 remained in line with prior period's profit totalling €477,777 compared to €476,117. The rental property portfolio experienced an increase in revenue which is the net result of full occupancy and higher rental rates.

During the period under review, the Financial Services Commission in Mauritius appointed Conservators for BAI Co (Mtius) Ltd which holds 48.45% of the Ordinary Shares of GlobalCapital plc. In early May 2015, a conditional offer was made by EIP plc, a Malta registered company to acquire the entire shareholding held by BAI Co (Mtius) Ltd. In mid-July 2015, EIP plc and the Conservator entered into a share purchase agreement for the transfer of the 48.45% shareholding subject to certain conditions which the Directors understand are usual in such transactions. As a result of these developments, the present reconstituted Board has reversed the prior Board decision to divest of the Group's investment and advisory function, having been informed that it is the intention of the prospective shareholder to expand the investment operation both locally and in other European countries.

After giving due consideration to the Group's business activities, together with factors which are likely to affect the Group's future development including the impact of the external financing options available, and based on information currently available, the Directors consider that the Group has the plans and resources to manage its business risks successfully.

In the light of the above, the Directors have a reasonable expectation that the Company and the Group will have adequate resources to continue their operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

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

### By order of the Board

**Joseph R. Aquilina**  
Chairman ad interim  
28 August 2015

**Joseph C. Schembri**  
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 2015, 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.

**Joseph R. Aquilina**  
Chairman ad interim  
28 August 2015

## **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 2015, 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 2015 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'.

### **Emphasis of Matter**

Without qualifying our conclusion, we draw attention to Note (c) to the condensed interim financial information which details the company's financing plans, in particular those in relation to the company's bond redemption obligation due by not later than 2 June 2016. The success of these plans, which is fully dependent on funding from external investors, can only be determined at a future date. These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

### **Sarah Curmi as Director**

in the name and on behalf of

### **Deloitte Audit Limited**

Registered auditor

Deloitte Place

Mriehel Bypass,

Mriehel, Malta

28 August 2015

Condensed Consolidated Statement of Comprehensive income  
for the period ended 30 June 2015

**GlobalCapital plc**

	Group	
	01 January to 30 June 2015 (unaudited) €	01 January to 30 June 2014 (unaudited) €
Commission and fees receivable	1,357,865	1,331,726
Balance on the long term business of insurance technical account before tax	416,302	248,181
Increase in the value of in-force business	535,385	177,757
Other operating income	38,401	22,971
Administrative expenses	(1,281,239)	(2,034,079)
Commission payable and direct marketing costs	(88,919)	(69,681)
<b>Operating profit/(loss)</b>	<b>977,795</b>	<b>(323,125)</b>
Net investment return/(charges) net of allocation to the insurance technical account	198,402	(643,772)
<b>Profit/(loss) for the period before tax</b>	<b>1,176,197</b>	<b>(966,897)</b>
Tax expense	(700,708)	(62,215)
<b>Profit/(loss) for the period</b>	<b>475,489</b>	<b>(1,029,112)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net gain/(loss) on available-for-sale financial assets net of tax	10,916	(85,747)
<b>Total comprehensive income/(loss) for the period</b>	<b>486,405</b>	<b>(1,114,859)</b>
Profit/(loss) per share (cents)	3c7	(7c8)

	Group	
	30 June 2015 (unaudited) €	31 December 2014 (audited) €
<b>ASSETS</b>		
Intangible assets	6,631,433	6,233,654
Property, plant and equipment	2,590,341	2,709,197
Investment property	19,490,683	20,395,208
Deferred tax asset	-	413
Other investments	52,276,450	51,937,471
Reinsurer's share of technical provisions	2,707,332	2,326,819
Taxation receivable	261,813	495,046
Property held for development	-	679,930
Trade and other receivables	1,798,599	1,991,047
Cash and cash equivalents	5,511,360	2,571,167
Non-current assets held-for-sale	950,000	156,429
<b>Total assets</b>	<b>92,218,011</b>	<b>89,496,381</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	3,648,952	3,162,547
Technical provisions	68,250,080	66,065,326
Interest-bearing borrowings	13,833,184	14,027,626
Deferred tax liability	2,353,094	2,079,702
Trade and other payables	3,725,356	3,921,051
Current tax liabilities	407,345	240,129
<b>Total equity and liabilities</b>	<b>92,218,011</b>	<b>89,496,381</b>

Condensed Consolidated Statement of Cash Flows  
for the period ended 30 June 2015

**GlobalCapital plc**

	Group	
	30 June 2015	30 June 2014
	(unaudited) €	(unaudited) €
Net cash from/(used in) operating activities	443,603	(453,207)
Net cash from/(used in) investing activities	2,772,390	(2,743,311)
Net cash used in financing activities	(275,800)	-
<b>Movement in cash and cash equivalents</b>	<b>2,940,193</b>	<b>(3,196,518)</b>
Cash and cash equivalents at beginning of period	2,571,167	7,142,991
Increase/(decrease) in cash and cash equivalents	2,940,193	(3,196,518)
<b>Cash and cash equivalents at end of period</b>	<b>5,511,360</b>	<b>3,946,473</b>

Condensed Consolidated Statement of Changes in Equity  
for the period ended 30 June 2015  
(unaudited)

**GlobalCapital plc**

	Group				Total
	Share capital	Share premium account	Other reserves	Accumulated losses	
	€	€	€	€	
Balance at 1 January 2014	3,845,668	16,970,641	3,086,103	(20,823,473)	3,078,939
Increase in value of in-force business, transferred to other reserves	-	-	115,542	(115,542)	-
Loss for the financial period	-	-	-	(946,170)	(946,170)
Net movement in available-for-sale investments	-	-	(168,689)	-	(168,689)
Total comprehensive loss for the period	-	-	<b>(53,147)</b>	<b>(1,061,712)</b>	<b>(1,114,859)</b>
<b>Balance at 30 June 2014</b>	<b>3,845,668</b>	<b>16,970,641</b>	<b>3,032,956</b>	<b>(21,885,185)</b>	<b>1,964,080</b>
Balance at 1 January 2015	3,845,668	16,970,641	3,344,169	(20,997,931)	3,162,547
Increase in value of in-force business, transferred to other reserves	-	-	348,000	(348,000)	-
Profit for the financial period	-	-	-	475,489	475,489
Net movement in available-for-sale investments	-	-	10,916	-	10,916
Total comprehensive profit for the period	-	-	<b>358,916</b>	<b>127,489</b>	<b>486,405</b>
<b>Balance at 30 June 2015</b>	<b>3,845,668</b>	<b>16,970,641</b>	<b>3,703,085</b>	<b>(20,870,442)</b>	<b>3,648,952</b>

Segmental Information  
for the period ended 30 June 2015  
(unaudited)

**GlobalCapital plc**

	Group					Group
	Investment and advisory services	Business of insurance	Agency and brokerage services	Property services	Adjustments	
	€	€	€	€	€	€
<b>Period ended 30 June 2015</b>						
Revenue from external customers	439,049	4,891,405	918,816	-	-	<b>6,249,270</b>
Intersegment revenues	-	31,243	-	-	-	<b>31,243</b>
Segment profit/(loss)	139,016	369,793	472,263	(114,939)	588,709	<b>1,454,842</b>
Net investment income						<b>198,402</b>
Other corporate expenses						<b>(477,047)</b>
Profit before tax						<b>1,176,197</b>
Total assets	250,796	82,723,065	659,986	7,564,114	(9,638,120)	<b>81,559,841</b>
Unallocated assets						<b>10,658,170</b>
						<b>92,218,011</b>
Total liabilities	86,221	70,676,211	80,606	94,007	(7,606,773)	<b>63,330,272</b>
Unallocated liabilities						<b>25,238,797</b>
						<b>88,569,069</b>
<b>Period ended 30 June 2014</b>						
Revenue from external customers	422,072	3,697,356	909,653	52,015	-	<b>5,081,096</b>
Intersegment revenues	-	72,038	-	-	-	<b>72,038</b>
Segment (loss)/profit	(387,601)	223,426	429,920	(10,513)	1,266	<b>256,498</b>
Net investment loss						<b>(643,772)</b>
Other corporate expenses						<b>(579,623)</b>
Loss before tax						<b>(966,897)</b>
Total assets	306,473	74,232,757	1,456,913	7,957,777	(8,108,704)	<b>75,845,216</b>
Unallocated assets						<b>13,281,716</b>
						<b>89,126,932</b>
Total liabilities	382,642	67,145,806	82,562	109,215	(16,348,857)	<b>51,371,368</b>
Unallocated liabilities						<b>35,791,484</b>
						<b>87,162,852</b>



**Fair Value Measurement  
at 30 June 2015**  
(*unaudited*)

**GlobalCapital plc**

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>Fair value through profit or loss</b>				
Debt securities	27,398,319	-	-	27,398,319
Equities	11,178,860	-	-	11,178,860
Collective investment schemes	-	1,123,424	-	1,123,424
<b>Available for sale</b>				
Equities	987,727	-	-	987,727
<b>Collective investment schemes held to cover linked liabilities</b>	-	4,028,790	-	4,028,790
<b>Balance at 30 June 2015</b>	<b>39,564,906</b>	<b>5,152,214</b>	-	<b>44,717,120</b>

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>Fair value through profit or loss</b>				
Debt securities	26,100,028	-	-	26,100,028
Equities	10,669,586	-	-	10,669,586
Collective investment schemes	-	1,366,753	-	1,366,753
<b>Available for sale</b>				
Equities	1,303,110	-	-	1,303,110
<b>Collective investment schemes held to cover linked liabilities</b>	-	3,280,809	-	3,280,809
<b>Balance at 31 December 2014</b>	<b>38,072,724</b>	<b>4,647,562</b>	-	<b>42,720,286</b>

Level 2 collective investment schemes are valued using the realisable net asset value per share of the fund as published by the fund administrator on the Malta Stock Exchange or website of the fund administrator as applicable.

At 30 June 2015 and 31 December 2014, the carrying amounts of financial assets, other than investment in group undertakings, and financial liabilities approximated their fair values, with the exception of financial liabilities emanating from investment contracts with DPF. It is impracticable to determine the fair value of these contracts due to the lack of reliable basis to measure the future discretionary return that is a material feature of these contracts.

The bonds issued by the company, admitted to the official list of the Malta Stock Exchange, were suspended temporarily as from 17 April 2015. The fair value of these bonds as at that date was quoted at €96 (€100 at 31 December 2014).

- 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 2015, 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) On 3 April 2015 the Financial Services Commission in Mauritius appointed conservators for BAI Co (Mtius) Ltd (BAI) which holds 48.45% of the ordinary shares of the Company. This appointment was followed by the resignation of four of the directors of GlobalCapital plc and its subsidiaries. Two local directors were appointed to replace the outgoing directors. The Chairman also resigned and an interim chairman was appointed in his stead.

On the 17 April 2015, the shares of the Company were suspended by the Listing Authority, however, notwithstanding such developments, the Board of Directors continued with the business and operations of the Group being totally separate and distinct from those of the shareholders, including BAI. The appointment of the conservator does not relate to the business, operations or assets of the Group.

Following the appointment of the conservator, the Board of Directors continued to manage the day-to-day operations of the Group including the execution of the strategic objectives of focusing on the insurance business as well as expediting the process of disposing of immovable property held. As shown by the financial statements for the year ended 31 December 2014 and the condensed interim financial statements, the Group has registered progress in its financial performance as far as the life business is concerned.

In 2013 the Board of Directors approved an aggressive transformation strategy aimed at generating revenue growth, reducing operational costs and ensuring long-term financial stability. The Board's strategy was also to improve liquidity. Action is actively being taken to dispose of all the immovable property that is in excess to the Group's requirements, thus helping to reduce inter-group balances and improving the asset to liability ratios as recommended by the Group's Actuaries. Progress to date is satisfactory and the plan is to conclude all disposals by 2016.

On 6th May 2015, the Board announced that a conditional offer by EIP plc (EIP) was made to acquire the entire shareholding held by BAI. Negotiations were independently held between both parties and on the 15 July 2015, the Company was informed by EIP plc that both parties entered into a Share Purchase Agreement for the acquisition of six million three hundred, ninety nine thousand and ninety two (6,399,092) shares in the Company, equivalent to 48.45% shareholding interest in the Company. The Share Purchase Agreement (SPA) is a binding agreement between both parties and, as is typical in these type of agreements, it is subject to a number of conditions to take effect, including regulatory approval. Furthermore, the two parties have appointed an independent expert in order to establish the price at which the SPA is to be executed which will be determined following the performance of due diligence procedures by the said expert, however the execution of the SPA is not conditional upon agreement to the price established by the independent expert. An initial forfeitable deposit for the transfer of shares has already been made by EIP, who are due to make a further deposit prior to the transfer of shares from BAI.

The profitability of the life and health subsidiaries and the cash flows flowing from such companies are funding the operations, inter-group loans and the bond coupons as well as the trade creditors. Management and the Board of Directors believe that sufficient funding will be available to meet the Group's business objectives, and anticipated cash needs for working capital.

The Company's bond is due for repayment at the latest by 2 June 2016. The Company intends to finance this bond repayment from the injection of fresh capital through a rights issue. Shareholder approval will be sought at the forthcoming Annual General Meeting (AGM) for the concurrent approval for the Company to furnish EIP and BAI with any information about the Group and Company that may be required, as well as authorisation for the Company to issue further ordinary shares by means of a rights issue to enable it to raise an additional amount of capital of at least Eur15,000,000. The Company currently has a binding offer by EIP stating that, should the resolution be approved at the AGM and the SPA be fulfilled, it will take up its pro-rata share in the said rights issue such that a minimum equity investment of Eur14,000,000 be secured. The preparations for a public offering will commence once the conditions to the SPA are met. The Board expects such a public offering to be made between December 2015 and January 2016.

EIP is a Malta entity registered on the 26 May 2014, currently owned by two individuals with a background in the investment management sector and having issued and paid-up share capital of Eur750,000. It is the Board of Directors' understanding that, up to the date of approval of these condensed interim financial statements, the company acted as a holding company. EIP has informed the Company that it intends to finance its participation in the above-mentioned rights issue by raising additional equity from potential new investors known to EIP. EIP has made the above mentioned commitment to the Company on the strength of the conviction of EIP's ability to raise the necessary funding through its network of potential investors even though to date there are no tangible commitments by third party investors.

The Board of Directors is also actively considering other financing options potentially available to the Group in order to honour its commitments towards its stake holders should the rights issue be unsuccessful. Such options are still under consideration and are commercially sensitive and although their success cannot be presently guaranteed, the Board of Directors is confident that there will be support from the relative stake holders and other potential investors.

After giving due consideration to the Group's business activities, together with factors which are likely to affect its future development including the impact of the financing options available as described above, and based on information currently available, the Directors consider that the Group has the plans and resources to manage its business risks successfully. The condensed interim financial statements further affirm the positive results reported for the year ended 31 December 2014 and are indicative of the Group's turnaround from a loss making to a profit making operation. These positive results and strengthened financial position as at June 2015 support the directors' going concern assessment.

In the light of the above, the directors have a reasonable expectation that the Company and the Group will have adequate resources to continue their operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Any judgement about the future is based on information available at the time at which the judgement is made. Subsequent events or conditions may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made. Accordingly such judgements cannot be viewed as a guarantee regarding future events or conditions which cannot be predicted.

- d) 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 2014.
- e) 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.
- f) Commitments for capital related expenditure not provided for in these condensed consolidated financial statements were nil as at 30 June 2015 (30 June 2014: €85,000).
- g) The net gain on financial instruments recognised in the condensed consolidated statement of comprehensive income for the period ended 30 June 2015 amounted to €1,107,164 (2014: net loss of €401,538).
- h) 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 (2014: 13,207,548).
- i) In the Directors' opinion the Group's portfolio of investment property has not been materially affected during the period ended 30 June 2015.