



Financial Analysis Summary

September 2020

**CURMI &
PARTNERS**

7th September 2020

The Directors,
GlobalCapital p.l.c.,
Testaferrata Street,
Ta' Xbiex,
XBX1403
Malta

Dear Sirs,

GlobalCapital p.l.c. – Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have prepared the Financial Analysis Summary Update 2020 (“FAS 2020”) as an update to the Financial Analysis Summary 2018 (“FAS Report 2018”). A copy of the FAS Update September 2020 is attached to this letter.

The purpose of the financial analysis within the FAS 2020 is that of summarising key financial data appertaining to GlobalCapital p.l.c. (“the Issuer” or “GlobalCapital”), and to provide an update on the operations of GlobalCapital Holdings Ltd, GlobalCapital Life Insurance Ltd, GlobalCapital Financial Management Ltd, Central Landmark Development Limited and their respective subsidiaries (collectively referred to as the “Subsidiaries”). The Issuer and the Subsidiaries are collectively referred to as “the Group”. The data is derived from various sources, as disclosed, or is based on our own computations as follows:

1. Historical financial data for the three years ended 31st December 2017, 31st December 2018 and 31st December 2019 have been extracted from the Issuer’s audited financial statements for the three years in question.
2. The projected financial statements of the Issuer for the financial year ending 31st December 2020 have been extracted from the Issuer’s financial projections which were provided by the management of the Issuer.
3. Historical financial data for GlobalCapital Life Insurance Ltd for three years ended 31st December 2017, 31st December 2018 and 31st December 2019 have been extracted from the audited financial statements of GlobalCapital Life Insurance Limited.
4. Historical financial data for the other subsidiaries for year ended 31 December 2019 has been extracted from reporting packages provided by management.
5. Our commentary on the results and the financial position of the Issuer and of the Group are based on the explanations given by the Group’s management.
6. The ratios quoted in the FAS 2020 have been computed by us applying the definitions set out in Section 7 of this report.
7. The relevant peers listed in Section 6 of the FAS Update September 2020 have been identified by us. The relevant financial data in respect of such companies has been sourced from publicly available information, mainly the companies’ financial statements.

The FAS 2020 is meant to assist potential investors by summarising the more important financial data of the Issuer. The FAS 2020 does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the information made available in the public domain by the Issuer. The FAS 2020 does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest in any such securities. We shall not accept any liability for any loss or damage arising

out of the use of the FAS 2020. As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer.

Yours sincerely,



Karl Falzon
Head - Capital Markets and Research
For and behalf of
Curmi & Partners Limited

Table of Contents

1	Overview of the Business	3
1.1	History and Development of the Issuer	3
1.2	Organisational Structure.....	4
1.3	Shareholding of the Issuer.....	5
1.4	Directors and Key Employees.....	5
2	Recent Developments	6
2.1	The Restructuring Plan.....	6
2.2	Overview of Strategic Developments and Objectives.....	7
2.3	Covid-19.....	8
2.4	Other developments.....	9
3	Major Assets of the Issuer	10
3.1	GlobalCapital Life Insurance Limited.....	10
3.1.1	Statement of Comprehensive Income	10
3.1.2	Statement of Financial Position	13
3.2	GlobalCapital Health Insurance Agency Limited	15
3.3	GlobalCapital Financial Management Limited	15
3.3.1	Statement of Comprehensive Income	16
3.3.2	Statement of Financial Position	17
3.4	Central Landmark Development Limited and its subsidiaries	18
4	Industry Overview	19
4.1	General Market Overview	19
4.2	Insurance Market.....	19
5	Performance and Financial Position of the Issuer	23
5.1	Statement of Comprehensive Income	23

5.2	Statement of Cash Flows.....	26
5.3	Statement of Financial Position.....	27
5.4	Segmental Analysis.....	29
5.5	Evaluation of Performance and Financial Position.....	32
6	Comparables	35
7	Glossary	36

1 Overview of the Business

1.1 History and Development of the Issuer

GlobalCapital p.l.c. (“GlobalCapital”, “the Issuer”) is a financial services company registered in Malta. The core business of the Group is the provision of life and health insurance products, in addition to the provision of investment services.

The Issuer was registered in Malta on 21 December 1995 as a private limited liability company under registration number C 19526 and is domiciled in Malta. The status of the Company was changed to that of a public limited liability company on 27 July 2000 and its ordinary shares were listed on the official list of the Malta Stock Exchange (“MSE”) on 6 March 2001. Subsequently, in May 2006, the Issuer issued a €17million 5.6% bond maturing in 2016 (“5.6% 2016 Bond”). The proceeds from this bond were used in part to finance group operations and in part to acquire investment property.

The Issuer has a number of subsidiaries operating in different sectors, as follows:

- 1) GlobalCapital Life Insurance Limited (“GCLI”) acts as a principal for life insurance products;
- 2) GlobalCapital Health Insurance Agency Limited (“GCHIA”) acts as the country exclusive agent and representative for Bupa in Malta, a health insurance principal present across the globe;
- 3) GlobalCapital Financial Management Limited (“GCFM”) provides investment, management and advisory services, and executes money broking and foreign exchange trading; and;
- 4) Central Landmark Development Limited (“CLD”) acts mainly as a property holding company (CLD has 3 further subsidiaries – please refer to Section 1.2).

GlobalCapital and the subsidiaries mentioned above will be collectively referred to as “the Group”.

The Group developed a large network of Tied Insurance Intermediaries (i.e. intermediaries authorised to sell insurance policies on behalf of GCLI) around Malta and employs a team of approximately 100 professionals. The Group is also active across the fund and investment markets, offering tailor-made solutions to a very specific, niche market. The Group’s property assets are actively managed.

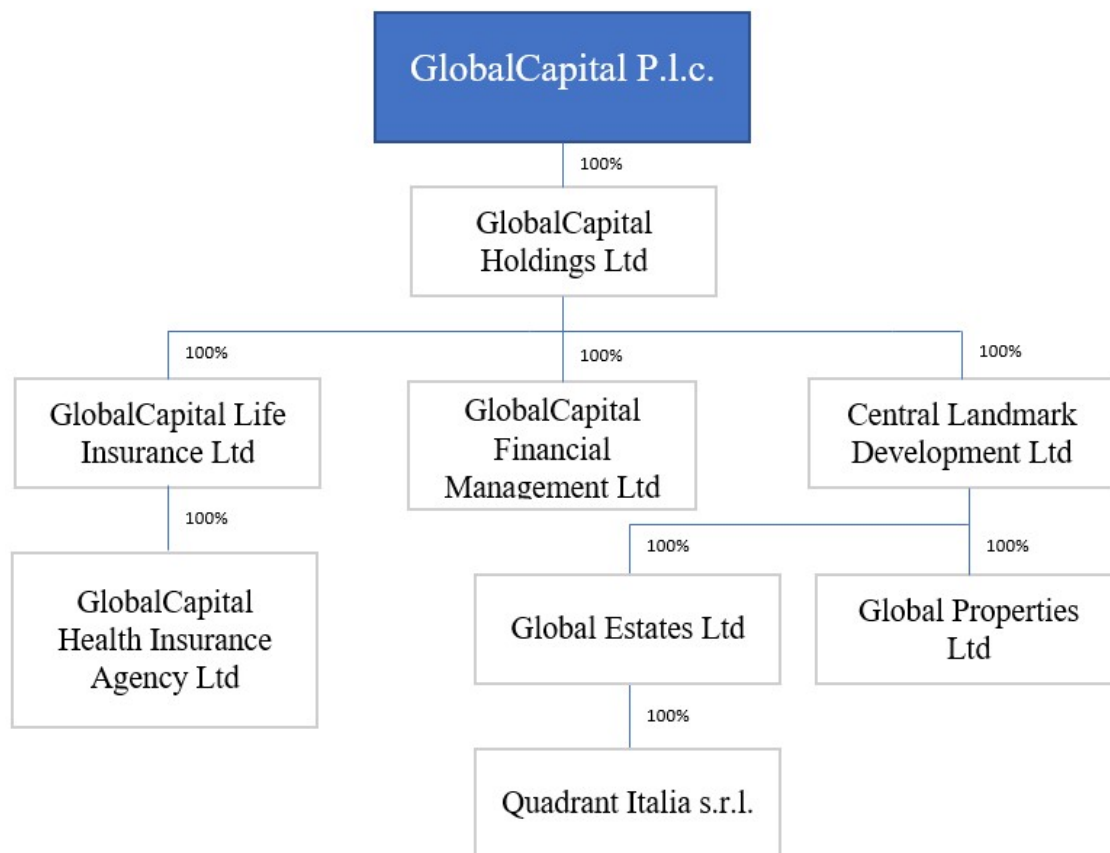
In March 2016, GlobalCapital raised funds via a rights issue of 16,792,452 new ordinary shares on the basis of 1.27 new ordinary shares for every 1 ordinary share previously held in the Group (“the Rights Issue”). This increased the number of shares from 13.2million to 30million. Following this Rights Issue, Investar plc became the majority shareholder of the Issuer with a 52.6% shareholding. The net proceeds from this rights issue, amounting to approximately €4.7million, were utilised by the Issuer to partly finance the redemption of the 5.6% 2016 Bond which was due to mature on 2 June 2016.

Prior to the maturity of the 5.6% 2016 Bond, the Group refinanced this Bond by issuing a 5% €10million bond, due in 2021 (“5% 2021 Bond”). The proceeds from the latter bond were utilised by the Issuer to purchase the 5.6% 2016 Bond from the bondholders for cancellation, either by way of transferring their existing bondholding to the 5% 2021 Bond or by cash payment.

1.2 Organisational Structure

The Issuer is the parent company of the Group. The diagram below summarises the Issuer’s group structure.

A brief overview of each of the subsidiaries is provided below:



- GlobalCapital Holdings Ltd (“GCH”) acts as a holding company
- GCLI is licensed to carry out long term business of insurance under the Insurance Business Act (Cap 403 of the Laws of Malta)
- GCHIA acts as agent in all classes of health insurance in terms of the Insurance Distribution Act (Cap 487 of the Laws of Malta)
- GCFM investment, fund advisory and fund administration services in terms of the Investment Services Act (Cap 370 of the Laws of Malta)

- CLD is a property holding company, with each of its subsidiaries holding property as investments
- Global Estates Limited serves as a holding company
- Quadrant Italia s.r.l. holds investment property in Italy, mainly a castle in the province of Rieti
- Global Properties Limited holds a property-related investment in Croatia.

1.3 Shareholding of the Issuer

As at the date of this Financial Analysis Summary update September 2020 (“FAS 2020”), the following shareholders held more than 5% of the Issuer’s shares:

- Investar p.l.c. (“Investar”) (52.6%)
- BAI Co. (Mtius) Ltd (21.3%)
- Rizzo Farrugia & Co (Stockbrokers) Ltd - clients’ accounts (9.8%).

Investar group was established in the year 2000 by Paolo Catalfamo and other investors to provide asset management and merchant banking services to institutional investors and high-net-worth individuals. Investar has offices in Luxembourg, Malta, Italy, the United States and India. As a group, Investar has established a number of operational joint ventures with European, American and Indian universities and with other multilateral organisations.

1.4 Directors and Key Employees

The Board of Directors consists of five directors who are entrusted with setting the overall direction and strategy of the Company.

As at the date of the FAS 2020, the Board of Directors of the Issuer is constituted as follows:

Paolo Catalfamo	Chairman
Cinzia Catalfamo-Akbaraly	Non-Executive Director
Joseph Del Raso	Non-Executive Director
Gregory Eugene McGowan	Non-Executive Director
Joseph C Schembri	Non-Executive Director/Senior Independent Director

Mr Joseph Schembri, Mr Joseph Del Raso, and Mr Gregory Eugene McGowan also form the Audit Committee and the Nominations and Remunerations Committee.

The implementation of the strategy set out by the Board of Directors and the day-to-day business is carried out by the executive management, namely:

Mr Cristina Casingena	Managing Director - GCLI
Ms Adriana Zarb Adami	Managing Director - GCHIA
Mr Konrad Camilleri	Managing Director - GCFM
Mr Ezekiel Saliba	Chief Financial Officer
Mr Jonathan Camilleri	Head of Operations
Mr George Emanuel Onete	Chief Technical Officer
Mr Michael Schembri	Head of Legal and Compliance

2 Recent Developments

2.1 The Restructuring Plan

Management notes that over recent years there was a substantial focus on addressing certain legacy issues which have continued to negatively impact the Group, whilst supporting the consolidation and future growth of the business. GlobalCapital has been implementing measures that have helped the Group to move forward towards long term financial stability, growth and operational profitability. The focus has been on organic growth which was targeted to be attained via the core business activity of life insurance, complimented by the contribution of health insurance products and a strengthened investment division.

Management indicates that most recently the Group has been in discussions with the Malta Financial Services Authority (“MFSA”) regarding the next phase of a holistic strategic plan (“the Restructuring Plan”), which management expects to contribute further to such objectives, within the context of a competitive industry that is also characterised by a stringent and a changing regulatory environment.

In this respect, a particular aspect relates to the fact that the distribution of dividends by subsidiary undertakings may be restricted by the solvency requirements of relevant legislation, mainly the Insurance Business Act, the Insurance Distribution Act and the Investment Services Act, as well as any ad hoc specific notifications by the regulator. With the only source of funds for GlobalCapital being potential dividends from its subsidiaries, namely GCLI and GCHIA, such a restriction could have a negative impact on the Group’s financial position.

In terms of funding, during 2016 GlobalCapital raised finance via the 5% 2021 Bond issue. Such issue was raised primarily for the purpose of redeeming the 5.6% 2016 Bond. In 2018, the Issuer was seeking to raise additional equity through a rights issue which would have raised approximately €6million. The additional funding was part of the strategy to strengthen the position of the Group in the local insurance market, to passport its insurance products in other EU jurisdictions and to improve its capital levels to support the growth of the business and regulatory environment in which the Group operates in.

However, management has since indicated an alternative plan to achieve these goals. In fact, management indicates that as part of the above-mentioned Restructuring Plan it is now expected to move forward with a proposal that would entail the following major steps:

- Merger of GlobalCapital with GCH, currently its wholly owned subsidiary, with the objective of enhancing the efficiency and corporate governance structures of the Group
- Disposal by GlobalCapital of at least 25% of its holding in GCLI, via a proposed Initial Public Offering (“Proposed IPO”) of GCLI shares; management notes that GCLI is expected to submit a formal application to the Listing Authority (“LA”) for the admissibility of its shares on the MSE, in conjunction with an offer for sale by the Issuer of shares it holds in GCLI
- Concurrently with the Proposed IPO, GlobalCapital is expected to undertake an offer to its shareholders to exchange all their shares in GlobalCapital for shares in GCLI

based on an exchange ratio that is yet to be determined (“the Proposed Exchange Offer”) that will be based primarily on valuations of GlobalCapital’s shares (and therefore of the Group as a whole) and of GCLI’s shares, which valuation process is currently ongoing

- GlobalCapital presently intends to use the net proceeds of the Proposed IPO primarily for the purpose of funding the additional liquidity that will eventually be required by GlobalCapital to redeem the 5% 2021 Bond
- Following the redemption of the 5% 2021 Bond, the Issuer is also expecting to take actions required in terms of the Listing Rules (including obtaining shareholders’ approval), to implement the de-listing of its shares

Management expects the proposed Restructuring Plan to contribute towards enhancing the Issuer’s and the Group’s financial position, primarily by providing additional liquidity that will eventually be used mainly for the redemption of the 5% 2021 Bond.

Management is also of the view that the Proposed Exchange Offer would allow shareholders to divest from GCFM and the property operations, areas where the Group is encountering significant challenges, and also to hold shares (in GCLI) which are likely to be more liquid than the shares they currently own (in GlobalCapital).

However, it is relevant to note that there is material uncertainty in the timing and execution of these plans. The proposals indicated above are conditional on the Issuer obtaining approval of shareholders in the forthcoming annual general meeting, in addition to all the necessary regulatory approvals that will need to be obtained from the MFSA and the MSE, including but not limited to the approval of a prospectus. More generally, there is also uncertainty related to the potential impact from developments in financial markets and in the local and global economy. Meanwhile, management also notes that it could consider other potential options as part of enhancing the Group’s financial position.

As stated in the Issuer’s Annual Report and Financial Statements 2019, the non-execution or failure of management’s plans may have a significant, negative impact on the Group’s going concern, and may subsequently result in the Group or the Issuer not being able to realise their assets and discharge their liabilities in the normal course of business.

2.2 Overview of Strategic Developments and Objectives

Along with the Restructuring Plan mentioned above, the Group has been implementing several measures to enhance corporate, governance and regulatory structures, in addition to further increasing operational efficiencies and profitability.

Management highlights that the Group has been considerably focused on putting in place a new governance structure to ensure that the decision making process is efficient and transparent, based on the input of the appropriate stakeholders and centred around adequate coordination between relevant committees, senior management and the Board of Directors. In terms of regulatory and compliance risk, in areas such as Anti Money Laundering (“AML”), management notes that GCLI has invested in the upgrading of its policies and technology.

Additionally, the finance function of the Group is being enhanced via a new accounting system in preparation for the implementation of IFRS 17 and IFRS 9, involving the engagement of specialist consultants.

Management also notes that GCLI has been investing in the recruitment of highly qualified and experienced personnel, covering areas including senior management, product development, business analysis and insurance processes.

Within the core life insurance business, management highlights that a review has been undertaken of all processes and respective controls, with particular focus on claim processes and payments, business continuity and disaster recovery. As from the beginning of 2020, the company engaged a new reinsurer in order to reduce the counter party and concentration risks to one reinsurer, also reducing underwriting costs and streamlining operational processes.

In terms of product development, a new system has been implemented. Effort is being placed in terms of optimising sales processes and customer experience in the front system, with management expecting to have a paperless process in place by the current year. Also, GCLI is actively looking for a strategic distribution partner in the local market to diversify its distribution channels and increase the market share locally whilst considering strategic partnerships in other EU jurisdictions.

On the investments side, management notes that a new investment policy has been implemented and the asset liability management and decision processes have been improved. Previously, the company sought to achieve its investment objectives via one managed portfolio. Under the new investment policy, the portfolio would be split in four different buckets to address each specific objective.

With respect to GCFM's operations, management indicates that the intention is to focus more proactively on institutional and professional clients, as opposed to retail clients. This is expected to be reflected in the offering of a more specialised product offering, whilst also allowing for a reduction in operational costs and capital requirements.

2.3 Covid-19

As indicated in the financial statements, each of the Group's regulated subsidiaries has analysed the impact on their capital requirements within the context of the aforementioned Restructuring Plan, and the Group should be well capitalised to absorb any foreseeable impact and it is envisaged that the regulated companies will continue to meet their solvency requirements.

Financial markets have experienced significant volatility during the first half of 2020. The Issuer has reported that the fair values of the other investments as at 30 June 2020 to the fair value of the investments at year end resulted in a 3% decline.

Management has also indicated that the Covid-19 pandemic has had an impact on the Group's distribution channels and operations. It is expected that the pandemic will have an impact on the demand for discretionary life and health insurance business and the demand for mortgage-linked life insurance business as the appetite for house acquisition may be lower in view of the

perceived uncertainty. Furthermore, negative financial market conditions put pressure on the underlying investment portfolios.

The economic uncertainties brought about by the pandemic are expected to impact revenue streams for the financial year ending 31 December 2020. Management estimates that the gross written premium and commission income for 2020 is expected to be lower than those of 2019, although the impact is difficult to quantify as such. Having said this, the Issuer has indicated that any potential deterioration in cash outflows with respect to benefits paid in 2020 is expected to be mitigated by the fact that predominantly all business of life insurance is re-insured.

Moreover, Covid-19 might also impact the Group's investment properties, depending on the extent of the economic effects. Although in Malta property prices seem to have remained relatively stable so far, this impact may be more significant on the foreign property owned by the Group given the uniqueness of these assets.

On 28 August 2020, the Group issued its interim financial statements. The global and local economic effects of the Covid-19 pandemic negatively impacted the investment portfolio resulting in a decrease in value of approximately €2.5million (nearly 3%) whilst experiencing a slight increase in claims compared to same period last year, mainly due to a higher number of death claims and maturities in 2020. Although there was an increase in commission and fees receivable, there was a negative balance on the technical account of €3million (H1 2019: positive balance of +€0.4million) mainly as a result of the volatility in the investment portfolio. In addition, the Group experienced a 42.0% increase in administrative expenses emanating principally from currency fluctuations between the Euro and US Dollar/Great Britain Pound.

2.4 Other developments

Brammer Limited, previously a subsidiary of the Issuer which owned property in Bulgaria, was completely liquidated in 2019, after it had sold all the properties in 2018.

Back in 2018, due to the stringent regulatory environment and the need for a more efficient organisation, structural changes needed to be implemented, with these measures having positively impacted the governance and management of each of the Group's companies. GlobalCapital has moved away from centralisation and set up dedicated management and supervisory bodies for each of the three regulated companies: GCLI, GCHIA, and GCFM. Each company is now run by its own managing director, with dedicated staff and governance bodies. As a result the position of group CEO has been eliminated.

Management indicates that the restructuring exercise paid particular emphasis to the investment process and to the matching of assets and liabilities in the insurance portfolio, and that the result has been positive both in terms of risk reduction and performance. Substantial resources were invested in GCFM to improve fund administration, fund management and the compliance department and to bring them in line with the updated regulations. GCHIA was also forced to implement major changes because of Brexit. Bupa, in particular, had to activate a strategy to ensure that health insurance policies could continue to be issued in Malta in the event that the UK and EU fail to agree on the extension of passporting rights for insurance products.

3 Major Assets of the Issuer

3.1 GlobalCapital Life Insurance Limited

GCLI acts as a principal for all life insurance products, offering a comprehensive range of both protection and savings products. GCLI is authorised to carry on long-term insurance business in Malta as a principal under Class I (Life and Annuity) and Class III (Linked Long Term Contracts of Insurance) in terms of the Insurance Business Act, 1998. The company is engaged principally in ordinary life assurance business (interest sensitive and term), linked long term contracts of insurance and pension products. GCLI provides a range of life assurance and pension products, including group life policies, as well as regular premium and single premium savings products. Premiums are earned from interest sensitive and conventional insurance contracts.

The technical contribution in GCLI's profit and loss account is mainly derived from the following insurance products: ordinary business, interest sensitive products, variable universal life products, unit linked products, group business and home service.

Management indicates that in the coming years GCLI will primarily focus on protection and unit linked propositions and introduced pension products in early 2020, also enhancing cross-selling opportunities. Management has explained that this is in line with the intention to move away from interest sensitive products, which are capital intensive and have high levels of guarantees attached.

Management also envisages improving efficiency via the ramping up of Tied Insurance Intermediary headcount, a change in the commission structure, a reduction in stamp duty on property and the introduction of a digital, paperless selling process. GCLI is committed to implementing a sound governance framework that provides for prudent management of the business. During 2018, GCLI enhanced the governance structure by appointing a dedicated managing director.

3.1.1 Statement of Comprehensive Income

GlobalCapital Life Insurance Limited - Technical Account - Long Term Business of Insurance	2017	2018	2019
	€	€	€
Gross premiums written	12,560,345	12,017,964	12,031,619
Outward reinsurance premiums	(1,318,333)	(1,500,493)	(1,667,042)
Earned premiums, net of reinsurance	11,242,012	10,517,471	10,364,577
Net investment income	1,840,323	845,202	4,061,506
Investment contract fee income	775,069	933,186	1,361,498
Total technical income	13,857,404	12,295,859	15,787,581
Total technical charges	(14,698,026)	(13,608,397)	(15,287,398)
Balance on the long term business of insurance technical account	(840,622)	(1,312,538)	500,183

Source: GlobalCapital Life Insurance Limited Financial Statements 2017-2019

In 2018, GCLI registered an increase in the ordinary business, mainly protection and unit linked products, but registered a decrease in written premiums for the period. Investment income was substantially lower when compared to 2017, negatively impacting both the technical account

and overall profitability. This was driven by net fair value losses on investments of €2.1million. It should also be noted that in 2017 GCLI received a dividend from its subsidiary, which did not materialise during 2018 and 2019. Whilst technical charges declined, the decreased technical income still led to a deterioration in the negative balance of the long-term business of insurance technical account to €1.3million.

Whilst there was a slight reduction in ordinary business in 2019, GCLI registered an increase in the interest sensitive single premium and unit linked businesses. The most notable movement in 2019 is the substantial increase in investment income driven by the net fair value gains on investments, namely bonds, equities and collective investment schemes, which resulted in a positive movement in fair value totaling €3.8million and total investment return of €5.8million. Although GCLI suffered an impairment loss on equity investments, the significant movement in fair value of investments outweighed this impairment loss, thereby leading to the increased investment income.

Written premiums were basically unchanged at €12.0million. Investment income allocated to the technical account increased from €0.9million in 2018 to €4.1million in 2019 and contract fee income increased by €0.4million to €1.4million. The investment contract fee income represents fee income (including management fee, policy fee, bid/offer spread fee) from unit linked products, namely Wealth Saver and Real Life. In 2020, this fee will also include fees from pension plans. These developments led to total technical income increasing by 28.4% to €15.8million. Benefits and claims incurred, net of reinsurance, increased by €1.2million to €8.3million and the change in other technical provisions amounted to €3.3million (2018: €3.4million).

The increase in total technical income was larger than the increase in total technical charges in 2019, whilst net operating expenses within the technical account increased by €0.5million to €3.6million. Nonetheless, the balance on the long-term business of insurance technical account improved to a positive balance of €0.5million in 2019.

GlobalCapital Life Insurance Limited - Non-Technical Account - Long Term Business of Insurance	2017	2018	2019
	€	€	€
Balance on the long term business of insurance technical account	(840,622)	(1,312,538)	500,183
Net investment income	5,343,272	362,230	1,740,646
Finance charges	(34,004)	(34,001)	(34,001)
Other charges	(65,001)	(81,273)	(122,867)
Movement in provision for impairment of other receivables	-	(385,274)	(87,474)
Profit/ (Loss) before tax	4,403,645	(1,450,856)	1,996,487
Profit/ (Loss) for the year	3,471,974	(1,071,742)	1,503,095
Total comprehensive income for the year	4,692,948	246,881	2,302,944

Source: GlobalCapital Life Insurance Limited Financial Statements 2017-2019

In 2018, GCLI registered a loss before taxation of €1.5million compared to a profit before tax of €4.4million in the prior year. The 2018 results were materially impacted by the negative performance of the local and international markets as explained in the previous section. In 2018, GCLI also made a provision for impairment of a receivable from group undertakings which are unsecured, interest-free and repayable on demand, of €0.4million (2017: nil). The increment in the value of in-force business (“VOIFB”) in 2018 was higher at €1.5million (2017:

€1.3million) and the deferred tax on available for sale financial assets was higher. The VOIFB represents the net present value of projected future transfers to shareholders from policies in force at the year end, after making provision for deferred taxation. The VOIFB is determined by directors on an annual basis, based on the advice of the approved actuary. In 2018, the company suffered a €0.2million loss on available-for-sale financial assets. The total comprehensive income for the year amounted to €0.2million, compared to €4.7million in 2017.

GCLI registered a profit before taxation of €2.0million for the year ended 31 December 2019. The company's results were materially impacted by the positive performance of the local and international investment markets during the year, with the investment income in the non-technical profit and loss account amounting to €1.7 million (+380.5%). The movement in provision for impairment of other receivables was lower by €0.3million in 2019 as management are expecting the amounts owed by the parent company to be recovered within the stipulated time frame based on the strategic plan of the company. The increment in VOIFB in 2019 amounted to €0.9million. Total comprehensive income for the year amounted to €2.3million, an increase of €2.1million over the previous year's total comprehensive income.

During 2019, GCLI continued to undertake restructuring and transformation activity in line with the Board-approved strategy. The strategy aims at ensuring that the company differentiates itself from the market and making enhancements to the product suite it offers, improving competitiveness and marketability, thereby generating positive results.

GCLI's financial results are sensitive to the volatility of financial markets due to its exposure to financial assets as part of its business. Management notes that the persisting low interest rate environment remains quite challenging for investment conditions.

3.1.2 Statement of Financial Position

GlobalCapital Life Insurance Limited- Statement of Financial Position	2017	2018	2019
	€	€	€
ASSETS			
Intangible assets	9,884,419	11,265,787	11,896,014
Right of use asset	-	-	19,889
Investment property	14,765,955	15,239,692	15,537,750
Investment in group undertakings	1,048,218	1,048,218	1,048,218
Property, plant and equipment	2,097,016	2,035,053	1,970,908
Taxation receivable	588,405	433,849	499,629
Other investments	71,190,173	73,202,406	78,625,681
Reinsurers' share of technical provision	9,692,516	13,359,221	17,568,236
Other receivables	5,822,285	6,328,107	6,303,102
Prepayments and accrued income	1,354,833	1,525,972	1,226,036
Cash and cash equivalents	8,811,485	10,195,013	15,335,250
Asset held for sale	-	-	200,000
Total Assets	125,255,305	134,633,318	150,230,713
Equity and Liabilities			
Share capital	9,969,870	9,969,870	9,169,870
Other reserves	9,349,567	10,668,190	11,468,038
Retained Earning / (Accumulated losses)	9,346,433	8,274,691	8,335,175
Total equity	28,665,870	28,912,751	28,973,083
Liabilities			
Technical provisions:			
Insurance contracts	56,491,017	60,690,251	66,362,172
Investment contracts with DPF	21,676,762	24,689,078	26,276,659
Investment contracts without DPF	9,839,062	12,788,505	18,762,578
Provision of claims outstanding	1,433,265	1,323,128	1,132,954
Lease liability	-	-	20,801
Deferred tax liability	2,702,682	2,189,899	2,544,500
Payables arising out of direct insurance operations	3,971,534	3,754,063	3,466,217
Payables due to immediate parent undertaking	34,004	34,003	868,002
Payables due to subsidiary undertaking	-	-	220,929
Other payables	183,956	92,916	140,614
Accruals and deferred income	257,153	158,724	1,462,204
Total liabilities	96,589,435	105,720,567	121,257,630
Total equity and liabilities	125,255,305	134,633,318	150,230,713

Source: GlobalCapital Life Insurance Limited Financial Statements 2017-2019

GCLI's total assets increased by 7.5% in 2018 to €134.6million. This was due to an increase in intangible assets (+14.0% in 2018) as a result of the increment in the VOIFB (which have been transferred from retained earnings) and an increase in the reinsurers' share of technical provision (+37.8% to €13.4million in 2018).

Total liabilities increased by €9.1million in 2018 over the previous year arising from an increase in technical provisions of insurance and investment contracts. These provisions are

based on assumptions determined by reference to expected future deaths, investment returns and policy maintenance expenses.

In 2019, total assets increased to €150.2million in 2019 (+11.6% from 2018) mainly due to an increase in the fair value of investments, an increase in reinsurers share of technical provisions and increased cash at bank and in hand. GCLI's investments increased from €73.2million to €78.6million over the year in review due to increased investments in listed equity and in collective investment schemes, and an amount of €3.5million being placed in bank term deposits. Investment property with a fair value of €15.5million consist of offices rented out to third parties including offices in GlobalCapital Head Office in Ta Xbiex, offices in Sliema, an outlet in Fgura and office space in Mosta. As at FY19, all the investment property is fully leased out to third parties (except for the upper levels of the Mosta office). The company's VOIFB for 2019 registered an increase of €0.9million, amounting to €10.5million. Other receivables amounting to €6.3million primarily relate to €4.2million due from other related parties and €1.8million due from GCH. Management indicates that the receivable from the related party is expected to be repaid in 5 years' time, with the balance from GlobalCapital expected to be repaid in 3 years' time. Both these receivables are unsecured and interest free, with management indicating that an agreement is being set up to restructure the balance due from the related party into a secured balance bearing an agreed rate of interest.

Total liabilities were €15.5million higher in 2019 compared to the previous year. Technical provisions on insurance contracts, investment contracts with and without Discretionary Participation Feature ("DPF") were 9.3%, 6.4% and 46.7% higher than 2018, respectively. Investment contracts with DPF describes contracts under which the investor receives an additional payment, the amount or timing of which is contractually at the discretion of the issuer. These products represent the unit linked products, namely Real Life and Wealth Saver. Management expects that the introduction of the pension products will continue to grow the provision of investment contracts without DPF. The technical provisions on interest-sensitive products relate to regular and single premium funds advanced to the company with the investment return from backed assets split between the policy holder and shareholders, with a minimum guarantee to the policyholder of 0% or 3.5%. GCLI appoints an actuarial function who is responsible for the computation of the technical provisions. The provisions include an allowance for the time value of the guarantees inherent in the portfolio valued using the Black-Scholes model.

In 2018, GCLI owed €0.03million to GCH which increased to €0.9million in 2019. This amount includes €0.8million worth of preference shares that had to be redeemed at par between February 2009 and February 2019. This amount, which is unsecured and bears an interest of 4.25%, was paid during the first 6 months of 2020 following approval by the local regulator.

GlobalCapital Life Insurance Limited - Solvency Ratios	2017	2018	2019
Solvency II ratio	169%	175%	174%

Source: GlobalCapital p.l.c. Financial Statements 2017-2019

As an insurance company, GCLI must abide with several rules and regulations, including the Solvency II Directive (Directive 2009/138/EC). This directive stipulates the minimum capital requirement and the solvency capital requirement that the company is required to hold and maintain throughout the year. Management has indicated that the board's target Solvency

Capital Requirement is of 140%. GCLI's Solvency II ratio was sufficient at 174% during 2019, similar to the solvency ratio in 2018. The Covid-19 pandemic analysis undertaken by management in 2020 has taken into consideration the solvency capital requirements of the company by stress testing scenarios, and based on the results of these tests, management has indicated that GCLI should be well capitalized to absorb the foreseeable impact and envisages that it will continue to satisfy regulatory solvency requirements. In the case of any solvency gap, GCLI's directors have put in place a capital plan which aims to ensure that the company will have adequate own funds to meet the requirements.

3.2 GlobalCapital Health Insurance Agency Limited

GCHIA is as an insurance agent acting as the exclusive agent for the sale in Malta of products of the international health care provider Bupa Global, and acts as agent in all classes of health insurance in terms of the Insurance Distribution Act (Cap 487 of the Laws of Malta). GCHIA currently sells six health insurance policies: Bupa Malta Standard Cover; Bupa Malta Private Hospital Cover Essential Option; Bupa Malta Private Hospital Cover Premier Option; Bupa Malta International Cover UK Option; Bupa Malta International Cover Standard Option; and Bupa Malta International Cover Gold Option. The product sold by GCHIA is a household name in the health insurance sector. The contracts with Bupa Global is for an indefinite period, but may be terminated by either parties at any time, given a one-year notice period.

GCHIA registered a profit before tax of €0.3million in 2019, up from €0.2million, or 82.5%, in the previous year. Higher commissions receivable by the company in respect of premia written relating to business engaged during the year was one of the factors which led to increased profits. The company's income statement benefited from a net unabsorbed group loss relief on income tax of €0.1million, which increased the profit for the year to €0.4million.

Net assets increased from €1.0million to €1.5million and no dividends were distributed over the year. GCHIA has intercompany receivables amounting to €0.3million (2018: nil), and intercompany payables of the same amount (2018: €0.2million).

As of 2020, GCHIA management indicated that it has secured a more affordable product offering to be more competitive in the local market, given increased competition in the health insurance sector in Malta. Management believe that the new offering will help GCHIA to increase market share whilst retaining existing policyholders. Having said this, while management expect that this new offering will increase the number of policies sold by GCHIA, it is not expected to result in a significant increase in the gross premium written by the agency due to the lower premium written per policy as a result of the reduced prices on offer. The impact of the revised offering is being properly assessed by management, given that its performance may have been disrupted due to the Covid-19 outbreak.

3.3 GlobalCapital Financial Management Limited

GCFM has a Category 2 licence and provides investment, fund advisory and fund administration services in terms of the Investment Services Act (Cap 370 of the Laws of Malta). GCFM is also authorised to execute money broking and foreign exchange trading in terms of the Financial Institutions Act (Cap 376 of the Laws of Malta).

This licence allows the company to provide a range of services to retail clients, professional clients and eligible counterparties, with such services including:

- Investment advisory services,
- Discretionary management services;
- Reception and transmission of orders;
- Execution of orders;
- Nominees services
- Placing of instruments without a firm commitment basis

GCFM is also authorised to provide management services to collective investment schemes and also has a Money Broking licence.

3.3.1 Statement of Comprehensive Income

GlobalCapital Financial Management Limited - Statement of profit or loss and other comprehensive Income	2017	2018	2019
	€	€	€
Turnover	763,992	547,534	448,007
Direct costs	(252,721)	(272,580)	(287,867)
Gross Profit	511,271	274,954	160,140
Administrative expenses	(670,830)	(1,045,208)	(1,121,415)
Other provisions	12,962	(142,213)	(241,276)
Other operating income/ (expenses)	75,830	-	25,180
Operating Profit/ (Loss)	(70,767)	(912,467)	(1,177,371)
Net investment expense	(9,134)	(2,758)	(4,420)
Net finance income/ (cost)	(8,213)	(7,822)	(9,773)
Other income	-	-	377,852
Profit/ (Loss) for the year	(88,114)	(923,047)	(813,712)
Total comprehensive income for the year	(88,114)	(923,047)	(813,712)

Source: GlobalCapital Financial Management Limited Financial Statements 2017-2019

GCFM generates revenues primarily from the management and administration of Global Funds SICAV p.l.c, foreign exchange trading services, initial and trailer fees, and other administration fees.

In 2018, GCFM ended the year with a loss of €0.9million, with the negative performance driven by a decline in revenues to €0.5million (-28.3%) and a substantial increase in administrative expenses (+55.8%) to €1.1million. In turn, the increase in costs primarily consisting of a rise in software and IT expenses (+55.8%), a provision on amounts owed by group undertakings, and a reallocation of staff costs from group undertakings.

During 2019 the operating loss at GCFM amounted to €1.2million, with the company ending the year with a bottom line loss of €0.8million. The company benefited from other income of €0.4million consisting of the consideration of trading tax losses surrendered to group entity. In terms of core operations, revenues declined to €0.4million (-18.2%) with administrative expenses little changed. Whilst in contrast to the previous year there was no provision for bad

debts provision, the company incurred cost increases in terms of professional and consultancy fees amounting to €0.3million (2018: €0.2million) and salaries amounting to €0.8million (2018: €0.6million).

Management noted that the expected improvement in financial performance for 2019 was limited, but it is indicated that certain decisions and measures are being taken on an ongoing basis, in particular relating to cost control whilst seeking to tap other avenues to generate income. Additionally, management indicates that substantial resources were invested in GCFM to improve fund administration, fund management and the compliance department and to bring them in line with the updated regulations.

3.3.2 Statement of Financial Position

GlobalCapital Financial Management Limited - Statement of Financial Position	2017	2018	2019
	€	€	€
Assets			
Property, plant and equipment	1,278	1,269	742
Amounts owed by group companies	624,714	494,142	830,836
Trade and other receivables	216,446	166,210	133,428
Cash and cash equivalents	499,968	245,115	115,499
Total Assets	1,342,406	906,736	1,080,505
Equity and Liabilities			
Share capital	6,171,674	6,171,674	6,671,674
Share premium	505,681	505,681	505,681
Other reserves	8,162	8,162	8,162
Retained Earning / (Accumulated losses)	(6,002,066)	(6,925,113)	(7,738,825)
Total equity	683,451	(239,596)	(553,308)
Liabilities			
Trade and other payables	658,955	1,146,332	1,633,813
Total liabilities	658,955	1,146,332	1,633,813
Total equity and liabilities	1,342,406	906,736	1,080,505

Source: GlobalCapital Financial Management Limited Financial Statements 2017-2019

GCFM's total assets decreased by 32.5% in 2018, amounting to €0.9million, with the decline reflecting lower cash balances and a decrease in amounts receivable. Amounts owed by group undertakings, which decreased by 20.9% over the year, represent balances which are unsecured, interest-free and repayable on demand. Trade and other payables include €0.4million (2017: nil) owed to GCH and also reflect an increase in provisions of 23.6% (from €0.6million to €0.7million) which relate to an outstanding court and arbitration cases against GCFM. At the year end, the company had a net liability position of €0.2million. Increased accumulated losses (+15.4% from 2017) resulted in a negative equity position of €0.2million.

During 2019 total assets increased to €1.1million, as amounts owed by group companies increased by 68.1% to €0.8million, whilst cash and cash equivalents decreased from

€0.2million to €0.1million. The company's net liability position increased from €0.2million in 2018 to €0.6million in 2019, reflecting the further deterioration in accumulated losses to €7.7million and a rise in amounts owed to GCH increasing to €0.7million from €0.4million.

During the first half of 2020, the local regulator approved the Group's request to convert the balance owed to GlobalCapital to a Shareholders' Contribution hence boosting its equity to a level required by the regulations.

Going forward, GCFM is looking at diversifying away from a retail investment book of business to one of discretionary portfolio management to institutional and professional clients. In terms of products and services offered, the company will increasingly focus on the provision of vertically integrated advisory and management solutions, including structuring activities. For example, it is GCFM's intention to launch a Professional Investor Fund to enhance operational efficiency. On the basis of this strategy, capital requirements, human resources, and operational costs are expected to decline. In fact, management notes that the financial results so far this year are positive and that the current expectation is that GCFM will break even by the end of 2021.

3.4 Central Landmark Development Limited and its subsidiaries

CLD was incorporated on 25 October 2004 and its investment strategy is to divest a significant portion of the Group's investment property, with a targeted reduction of up to 10% of the overall investment portfolio. CLD has three subsidiaries; Global Estates Limited, Quadrant Italia s.r.l. and Global Properties Limited. As at FY2019, CLD held 95% of the shareholding in Global Estates Limited and 100% of Global Properties Limited shares.

The assets of the property holding company include properties in Italy (with a value of €6.7million), Croatia (with a value of €0.7million) and in Barcelona (with a value of €0.2million). The latter is expected to be sold within the year 2020.

As at FY2019, the company held total assets of €0.4million, the majority of which include amounts of €0.3million which are unsecured, interest free and repayable on demand. The company's liabilities consist of a €0.6million loan owed to GCH and other group undertakings. The company made a loss for the year of €4k in 2019, and has accumulated losses of €4.4million. However, the company also holds €4.2million in other equity and reserves.

As part of the Restructuring Plan, GlobalCapital aims to merge Global Estates Limited with CLD, to further streamline the Group and reduce costs.

4 Industry Overview

4.1 General Market Overview

Uncertainty about trade policy, difficulties in the manufacturing sector and persistent geopolitical tensions continued to prevent a solid global recovery in 2019. Towards the end of the year, fears of a disorderly exit of the United Kingdom from the European Union mellowed and relations between the US and China started to improve towards the end of the year. Nonetheless, global economic growth remained modest, even though central banks provided additional monetary stimulus.

The negative effects of COVID-19 on the economy started being felt immediately. In February, the European Commission's Economic Sentiment Indicator (ESI) fell below its long-term average of 100.0. It stood at 93.9, down from 99.9 in the preceding month, and below the 110.4 recorded a year earlier; mainly reflecting significantly weaker confidence in industry (Economic Update 3/2020, Central Bank of Malta, 2020). A few months later, in July, the ESI stood at 63.4, up from 56.5 in the preceding month, but was still well below the 103.1 recorded a year earlier (Economic Update 8/2020, Central Bank of Malta, 2020). The volume of retail trade, which is a short-term indicator of final domestic demand, contracted for the fourth consecutive time in June. It declined by an annual rate of 8.4% in June, after it had declined by 12.2% in May. The seasonally-adjusted unemployment rate stood at 4.2% in June, marginally lower than the 4.3% registered in the previous month, but still higher than the 3.3% in the same month of the preceding year (Economic Update 8/2020, Central Bank of Malta, 2020).

Annual HICP inflation decelerated to 1.0% in June, from 0.9% in the previous month, driven by faster growth in unprocessed food prices. The past months has seen a drop driven by slower growth, or even declines, in the prices for a number of services that were severely affected by the impact of the COVID-19 restrictions, including catering services, package holidays, personal grooming services and education services.

In response to the outbreak of COVID-19 and the subsequent containment measures, a number of businesses and households were faced with liquidity challenges, and have thus applied with financial institutions in Malta for a moratorium on loan repayments. As at end June, there were almost 14,000 loans subject to a moratorium on loan repayments (compared to around 8,800 loans as at the end of the preceding month). The largest number of such loans was held by Maltese households, with this sector accounting for around 82.1% of the total volume of loans subject to a moratorium.

4.2 Insurance Market

Low interest rates, stagnant growth and the growing likelihood of a global recession define the challenging economic reality for insurers around the world. These dynamics place real pressure that insurers feel not only on their bottom lines, but also in their strategic plans, transformation programs and new product launches.

Deloitte reports that non-life premiums in advanced markets are expected to rise 1.8% throughout 2020, compared to 7% in emerging markets; slightly down from the 10-year average due to concerns about China's slowing economy and trade disputes with the US.

Markets	2008-2017A	2018E	2019-2020F
Advanced	1.1%	1.9%	1.8%
Emerging	7.7%	7.1%	7.0%
Market	2.2%	3.1%	3.0%

A = Annual Average; E = Estimate; F = Forecast

Table 1: Real non-life premium growth comparisons vs 2019-2020 outlook

Source: Deloitte Insights citing Swiss Re Institute, World Insurance: The great pivot east continues; July 4, 2019

Property and casualty insurers were reported to be growing premium volume by raising rates, partly to compensate for mounting liability and catastrophe losses as well as lower yields on fixed-income securities (Friedman, Canaan, Gokhale, & Ashani, 2019). According to Marsh’s Global Insurance Market Index, Global commercial insurance pricing increased for the tenth consecutive quarter in the first quarter of 2020. The increase, the largest since the index was launched in 2012, comes despite the minimal impact of the COVID-19 global pandemic on pricing in the quarter. Average price increases were driven principally by increases in property insurance and financial and professional lines. Globally, pricing for property risks increased 15%; financial and professional lines rose nearly 26%; and casualty increased 5%. As well as increases in property pricing, much of the increase was driven by increases in financial and professional lines, and directors and officers rates in particular (Marsh Insights, 2020).

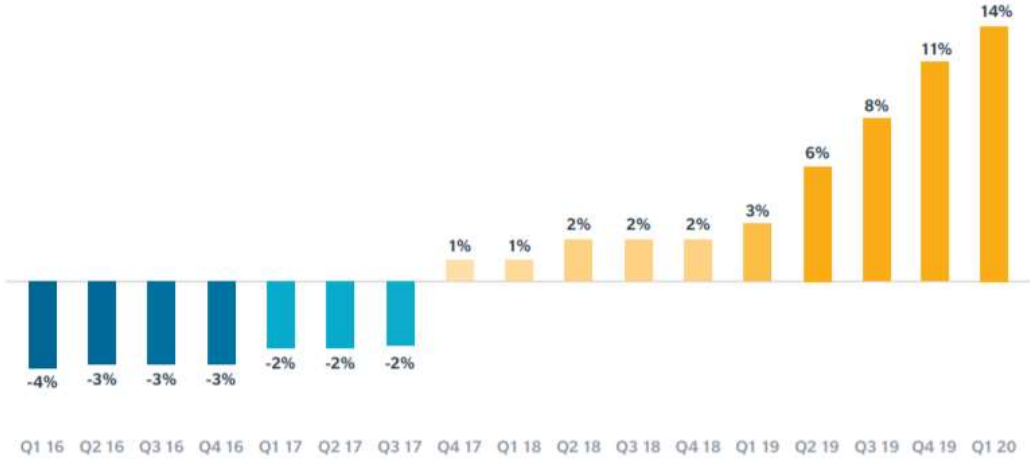


Figure 1: Global Insurance Composite Pricing Change

Source: Marsh Global Analytics, May 2020

S&P Global Market Intelligence projected “modest deterioration” in the US Property and Casualty underwriting profitability between 2020 and 2024, as drivers of recent gains (which includes relatively strong private passenger auto liability results and favourable workers’ compensation loss trends) are expected to “abate over time” (Zawacki, 2019).

Low interest rates are the biggest challenge to growth, especially for life insurers. The monetary easing which happened before, and even more so during, the COVID-19 pandemic continues

to increase pressure and negative yields have been appearing in government bonds and in some parts of the world even in the corporate market. Weakening GDP growth, political uncertainty, the pandemic, and trade tensions further complicate the macro outlook for insurers. All these forces add up to a major challenge for insurers, especially given that they derive the vast majority of their profits from investment income. The erosion of investment returns from low interest rates, tightening spreads and inverted yield curves will not only undercut this critical source of profitability, but also potentially put ratings at risk.

The COVID-19 pandemic casts significant doubt upon the industry's near-term growth outlook as government-imposed restrictions and dramatic changes in consumer behaviour could materially alter the levels of demand for various forms of property and liability insurance. To the extent a broad-based downturn in economic activity slows claims volumes in certain lines, such as through a decline in the frequency of auto insurance losses, any resulting benefits might be overshadowed by the diminished top-line prospects and the effects of unprecedented stock and bond market volatility on investment income.

Insurance is a dynamic growth industry in Malta thanks to its EU membership and solid regulatory framework, which allows companies licensed in Malta to write business in any other member state.

Since joining the EU in 2004, Malta has experienced significant growth in its insurance industry, in terms of both volume and also the type of structures being set up. The sector has grown from a handful of domestic insurance companies and insurance agents of foreign underwriters into an international industry, operating across EU Member States and in other international markets. The sector comprises insurance companies carrying on both life and non-life business, subsidiaries of major international insurance and reinsurance groups, and also a significant number of insurance distributors. As at the end of 2019, there were a total of 70 insurance undertakings, up from 66 undertakings in 2018 (Malta Financial Services Authority, 2020).

	2017	2018	2019
Non-life	46	51	55
Life	8	8	8
Composite	2	2	2
Reinsurance	7	5	5
Total net licences	63	66	70
<i>Of which:</i>			
Affiliated	8	7	7
Protected Cell Companies (and cells)	14 (34 cells)	16 (36 cells)	15 (60 cells)
Insurance of domestic origin	8	8	8

Figure 2: Insurance undertakings authorised in Malta
Source: MFSA

The insurance industry is scrambling to grow and maintain profitability amid maturing markets and volatile economic conditions, all while reinventing their products.

Regulation surrounding the insurance industry is ever-growing and changing. Malta needs to continuously implement and abide to the regulations and guidelines issued by the European

Insurance and Occupational Pensions Authority. The Insurance Distribution Directive, Solvency II, Packaged Retail Insurance-based Investment Products and General Data Protection Regulation are only a few of the regulations which the insurance industry are obliged to follow.

Although the post crisis wave of regulatory change is subsiding, there is much to attract regulatory and supervisory attention in 2020, and firms should not expect scrutiny to abate. Against a darkening economic background, there will be increased focus on firms' financial and operational resilience, how they adapt to technological change and innovation, and how they respond to political and social pressures in areas such as sustainability and financial inclusion. In an environment where boards and individual senior managers are increasingly being held to account for their actions, financial services firms will need to ensure they have the foresight, governance, skills and operational capabilities to adapt and respond effectively.

While most insurers are continually seeking expense efficiencies (via robotic process automation for example) and variability of costs (such as through outsourcing/offshoring of noncore talent or shifting data and software to the cloud) most also keep investing proactively. More insurers are looking to bolster core systems, add capabilities, and enhance customer experience through artificial intelligence, digitalization, new sales platforms, alternative product development, and other innovations. Many are beginning to pivot from investments to support business as usual to financing innovations facilitating more fundamental business model changes (Friedman, Canaan, Gokhale, & Ashani, 2019).

5 Performance and Financial Position of the Issuer

The Issuer operates as a financial services company registered in Malta deriving its core business from the provision of life and health insurance products, in addition to the provision of investment services. It operates in the fields of life insurance, investment services, general assurance brokerage, private health insurance as well as property management and consultancy services.

GlobalCapital's consolidated financial statements for the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 have been audited by Ernst & Young Malta Limited. This section also includes references to forecast financial statements provided by management for 2020, which are based on certain assumptions. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

5.1 Statement of Comprehensive Income

GlobalCapital plc - Extracts of Statements of profit or loss and other comprehensive income	2017	2018	2019	2020F
	€	€	€	€
Commission and fees receivable	2,472,496	2,323,009	2,135,927	2,139,071
Commission payable and direct marketing costs	(101,447)	(153,391)	(373,134)	(340,218)
Balance on the long term business of insurance technical account	(840,622)	(1,312,538)	500,183	1,230,060
Increment in the value of in-force business	1,941,211	2,259,171	1,366,889	1,924,499
Staff costs	(1,320,010)	(1,402,690)	(1,747,333)	(1,396,043)
Other expenses	(1,156,771)	(1,331,062)	(733,318)	(2,139,543)
Investment income net of allocation to the insurance technical account	3,636,376	927,913	1,245,200	1,533,786
Provision for impairment of receivable	-	-	(87,474)	-
Profit/(loss) for the year before fair value movements on investment properties	4,631,233	1,310,412	2,306,940	2,951,612
Other provisions	12,962	(142,221)	(241,276)	(180,899)
One-time income	-	-	-	300,000
Profit/(loss) before tax	4,644,195	1,168,191	2,065,664	3,070,713
Profit/(loss) for the financial year	3,169,383	382,804	1,156,928	1,995,964
Total comprehensive income/ (loss) for the year, net of tax, attributable to the shareholders of the Company	3,128,570	232,966	1,068,299	2,034,596
Earnings per share	0.105	0.013	0.039	0.068

Source: GlobalCapital PLC Financial Statements 2017-2019, Management Projections

GlobalCapital's main source of income is derived from the core life insurance business; with changes in investment income being the main component generating movements in profits over the last few years. The movements in investment return is substantially impacted by the movements in fair values of investments over the year. Having said this, investment income also includes interest and dividends receivable from investments as well as rental income from investment property. Commissions and fees receivable, which are mainly generated via GCHIA, generates a significant proportion of revenue for the Group. The increment in the VOIFB, which represents the changes in the present value of profits emerging from a block of life insurance policies over time, is also a major component of the Issuer's profits.

In 2018, the Issuer made a profit before tax for the year of €1.2million, €3.5million lower than 2017. As explained in Section 3.1.1, substantial movements in financial investment, lower written premiums, and higher charges led to a lower balance on the insurance technical account. Total investment income, net of allocation to the insurance technical account, suffered a significant decrease from €3.6million in 2017 to €0.9million in 2018, mainly driven by unfavourable movements in the fair value of financial investments. The Group made a fair value loss on investments of €2.3million, which is made up of a loss of €1.8million from bonds (relating to a €0.5million loss on local Government bonds and €1.3million loss on foreign corporate bonds) and €0.4million from equity and collective investment schemes. These movements had a significant negative impact on the investment return allocated to the long term business technical account and that allocated to the statement of comprehensive income.

An increase in the investment income, net of allocation to the insurance technical account, and an increase in the balance of technical account, as seen in Section 3.1.1, generated €2.1million of profits before tax in 2019 (+76.8% from 2018). Investment income (net of allocation to the insurance technical account) increased by 34.2% during this year mainly due to net fair value gains on investments (bonds, equity and collective investment schemes), following a strong year in financial markets. Staff costs were 24.6% higher in 2019 and the increment in the VOIFB was lower in 2019, at €1.4million (2018: €2.3million).

Expenses include total staff costs of €2.5million (+24.2%) and legal and professional fees of €1.1million (+110.4%). The former relates to movement in the staff complement, where new personnel, including the role of Chief Technical Officer, was added in 2018 which were required by the regulator to be able to have wider distribution of responsibilities. The increase in legal and professional fees mainly involve one-off charges and new charges incurred by subsidiaries to abide with standard licencing requirements. New charges also include support to the life operations software utilised by the Group and expenses related to changes made to enhance the Group's anti-money laundering procedures. At company level, GlobalCapital's other expenses included a €0.7million write-off on receivables from group undertakings. The majority of this amount involves the expected capitalisation of GlobalCapital in GCFM (i.e. a shareholders' contribution). This capitalisation was approved by the MFSA in 2020 and thereafter, GlobalCapital resolved to waive this balance. The remaining write-off amount relates to an amount payable by Global Estates Limited which has been deemed irrecoverable.

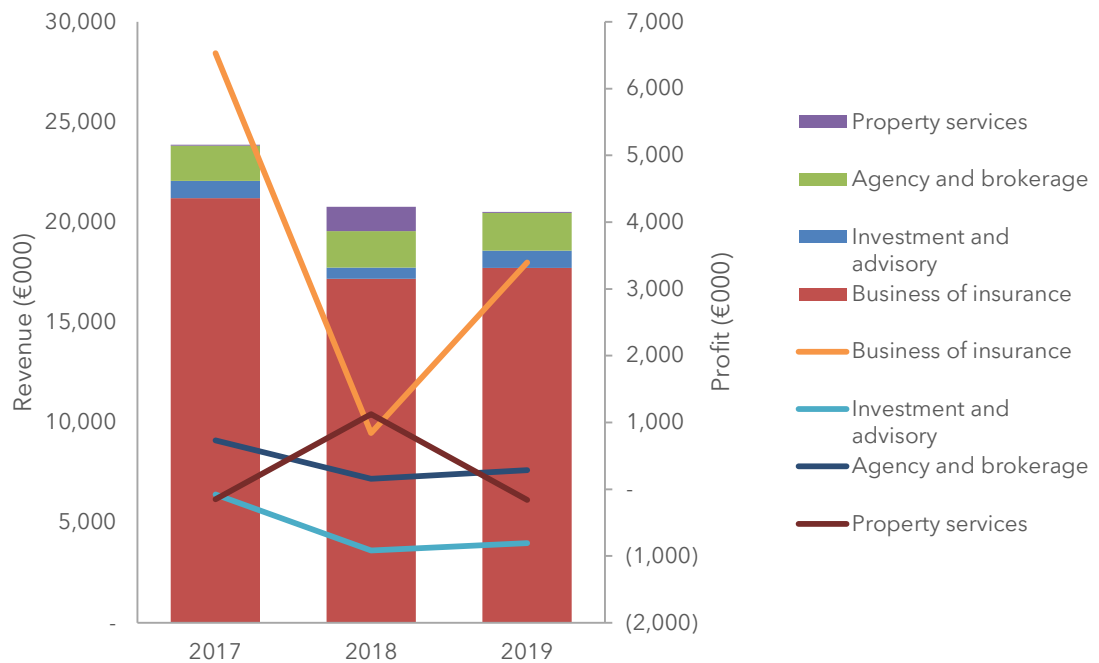


Figure 3: Segment revenue (left axis) and segment profit/loss (right axis) for 2017-2019
 Source: GlobalCapital Plc Financial Statements 2017-2019
 Note: This figure does not include other revenues and eliminations.

GCLI will continue to focus on the protection and unit-linked lines of business and the introduction of pension products in 2020 is expected to enhance cross-selling opportunities. Management are also seeking to increase staff members, change the commission structure and reduce stamp duty on property. Whilst GlobalCapital’s commission and fees receivable and payable are expected to remain relatively the same as in 2019, the balance on long term business of insurance technical account is expected to increase to €1.2million. Management expects the Group’s staff costs to decrease by €0.4million and other expenses are expected to increase to €2.1million. The latter is mainly made up of various expenses ranging from recruitment fees, utility bills, communication expenses and bank charges. Management also expects investment income to increase by 23.2% in 2020 to €1.5million. Overall, GlobalCapital’s profits before tax and total comprehensive income are expected to amount to €3.1million (+48.7% from 2019) and €2.0million (+90.5% from 2019) respectively.

Management indicates that it is very challenging to make accurate predictions in the current environment. As at 30 June 2020, the Covid-19 situation has led to a decline in the valuation of financial assets, resulting in an increase in technical reserves due to a lower expected return, coupled with an increase in maturities. The financial assets portfolio has also been impacted by lower pricing of both local and international assets, and by delays and suspensions of local dividends. The Group’s portfolio managers are cautiously investing any excess cash impacting investment income, in line with the risk appetite set up by the Board of Directors. In addition, management expects to continue seeing high demand for the investment-backed Real Life and Wealth Saver, as well as pension products. Therefore, it is expected that this will increase the unit-linked portfolio.

GCHIA generates the second highest level of revenue for the Group, as it represents the commissions receivable by the company in respect of premia written relating to business engaged during the year. During the last two years, GCHIA's profits were particularly impacted by higher administrative expenses (mainly due to higher IT maintenance and services costs in 2018 and higher wages and salaries in 2019).

The property-related investments in Bulgaria owned by Brammer Limited, formerly a subsidiary of CLD, was liquidated in 2019. The Group's investment property portfolio also includes a Baronial castle situated outside of Rome, which accounts for 4.4% (2018: 4.8%) of the Group's total assets. Given the exceptional nature of this property, a professional valuation of the asset is undertaken yearly.

5.2 Statement of Cash Flows

GlobalCapital plc- Extracts of Statement of cash flows	2017	2018	2019	2020F
	€	€	€	€
Net cash flows from operating activities	10,665,614	5,950,948	8,904,951	1,541,876
Net cash flows from investing activities	(14,725,056)	(5,671,550)	(3,743,699)	(1,018,730)
Net cash flows from financing activities	-	500,000	(400,000)	2,900,000
Cash and cash equivalents at end of year	10,250,424	11,029,822	15,791,074	19,214,220

Source: GlobalCapital Plc Financial Statements 2017-2019, Management Projections

The Issuer's overall cash balance has been improving over recent years. Net cash generated from operating activities declined by €4.7million during 2018, driven by the decline in profitability and working capital movements. On the other hand, cash used in investing activities declined by more than €9.1million, as purchases of financial assets at fair value through profit or loss decreased and the Group generated higher proceeds from disposals of investments. The net cash flow from financing activities related to a loan made by the majority shareholder of the Issuer, Investar. During 2018, GlobalCapital entered into an agreement with Investar whereby the latter provided a loan totalling €0.5million, bearing an interest of 5% per annum. As at FY2018, the maturity of the loan was June 2019, and in fact, GlobalCapital repaid €0.4million of the loan during 2019. The remaining amount was repaid during Q1 2020.

In 2019, there was an overall positive movement in cash flows of €4.8million, to a cash and cash equivalents balance as at 31 December 2019 of €15.8million. Net cash generated from operating activities increased to €8.9million, driven mainly by the positive impact of working capital flows in addition to improved profitability. Investing outflows declined by almost €2.0million, with lower investments in financial assets at fair value through profit or loss and loans and receivables, compensating for the placement of €3.5million in term deposits.

GlobalCapital's cash flows generated from operating activities are expected to amount to €1.5million during 2020, driven by the increase in profit for the year, with no major impact from working capital movements. Net investing outlays are expected to amount to circa €1.0million, with financing activities generating €2.9million driven by the drawdown of a banking facility amounting to €3.0million. Management expects the cash balance as at end of 2020 to amount to €19.2million.

5.3 Statement of Financial Position

Global Capital plc - Statement of Financial Position	2017	2018	2019	2020F
	€	€	€	€
ASSETS				
Intangible assets	10,197,821	11,580,033	12,209,413	14,645,300
Right of use asset	-	-	646,378	533,170
Property, plant and equipment	2,126,712	2,059,473	1,987,859	1,987,059
Investment property	20,855,955	22,569,692	22,907,750	22,907,750
Other investments	71,338,406	73,235,562	78,658,837	88,864,078
Reinsurers' share of technical provision	9,692,516	13,359,221	17,568,236	21,434,176
Taxation receivable	413,492	838,723	1,210,405	217,577
Trade and other receivables	2,591,772	3,153,357	2,487,817	2,312,923
Cash and cash equivalents	10,250,424	11,029,822	15,791,074	19,214,220
Asset held for sale	-	-	200,000	200,000
Total Assets	127,467,098	137,825,883	153,667,769	172,316,253
Equity and Liabilities				
Share capital	8,735,160	8,735,160	8,735,160	8,735,160
Share premium	-	-	-	-
Other reserves	8,370,075	9,688,698	10,488,547	11,739,471
Retained Earning / (Accumulated losses)	1,143,127	57,470	325,920	1,070,960
Total equity	18,248,362	18,481,328	19,549,627	21,545,591
Liabilities				
Technical provisions:				
Insurance contracts	56,491,017	60,690,251	66,362,172	72,738,160
Investment contracts with DPF	21,676,762	24,689,078	26,276,659	27,347,676
Investment contracts withOUT DPF	9,839,062	12,788,505	18,762,578	24,537,811
Provision of claims outstanding	1,433,265	1,323,128	1,132,954	1,366,932
Lease liability		-	668,123	566,765
Interest bearing borrowings	9,779,958	10,357,576	10,057,204	12,995,375
Deferred tax liability		2,845,217	3,199,700	3,362,907
Trade and other payables	6,989,658	6,650,800	7,658,752	7,855,037
Total liabilities	109,218,736	119,344,555	134,118,142	150,770,664
Total equity and liabilities	127,467,098	137,825,883	153,667,769	172,316,254

Source: GlobalCapital Plc Financial Statements 2017-2019, Management Projections

Total assets of the Group increased by 8.1% between 2017 and 2018, with generally all assets increasing during that year. The highest proportional increases were in the reinsurers' share of technical provision, relating to the insurance purchased by GCLI to transfer its' insurance risk to a reinsurer (in return for a premium), which increased by 37.8% in 2018 to €13.4million, and in trade and other receivables which increased by 21.7% to €3.2million. Other investments increased moderately to €73.2million, driven by a €3million increase in loans and receivables, with such assets mainly including non-derivative financial assets with fixed/ determinable payments that are not quoted on an active market. Intangible assets amounted to €11.6million, mainly consisting of the VOIFB. Technical provisions on insurance contracts drove the increase in liabilities by €10.1million during 2018.

In 2019, the asset base of the Issuer expanded by 11.5% mainly due to further growth in cash balances and reinsurers' share of technical provision. The latter was mainly the result of

provisions on increased long-term insurance contracts. Other investments increased by €5.4million, driven mainly by the €3.5million increase in term deposits. Management notes that these deposits are expected to mature between November 2020 and September 2022. In terms of debt investments, a proportion of 63.7% of the listed debt in which the Issuer invests matures in over five years, with 59.1% of this debt invested in Government debt. As at 31 December 2019, the VOIFB amounted to €10.5million, accounting for 85.8% of the total intangible assets of the Group (which in turn constitute 7.9% of the total assets).

Management notes that GCLI invested €1.2million in a start-up fintech company which is still in its embryonic stage. The company focuses on international payments, treasury and foreign-exchange services using smart and agile technology and expertise in the financial sector. GCLI holds circa 5% of the ownership of this company. In 2019, a rights issue was made by the fintech company, which reduced the original price of the shares by 50%. GCLI therefore made an impairment on the investment equating to €1.2million during the year.

At company level, GlobalCapital's total assets include the investments in group undertakings amounting to €6.3million (2018: €6.5million).

On the funding side, there was a notable increase in technical provisions for investment contracts without DPF to €18.8million. This DPF feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits, or bonuses. Therefore, insurance contracts without DPF insure events associated with human life (mainly for death) over a long and fixed duration. Premiums on such contracts are recognised as revenue when they become payable by the contract holder. Management also indicates that as from 2020, the Group added a pensions product to such unit-linked products and is therefore expecting investment contracts without DPF to continue increasing over the near future.

At the company level GlobalCapital's trade and other payables include amounts due to group undertakings amounting to €3.8million (+40.8%). These balances are unsecured and do not bear interest. An amount of €2.0million that is due to subsidiaries is expected to be paid in three years' time, whilst the remaining balances are payable on demand.

Management expects total assets to increase to €172.3million in 2020 (+12.1%), due to an increase in intangible assets (driven by a 26.2% increase in the VOIFB), reinsurers' share of technical provisions (+22.0%) and cash and cash equivalents (+21.7%). Management expects total equity to increase by €2.0million due to the expected increment in the value of in-force business and an expected higher level of profitability for 2020. Liabilities are also expected to increase by 12.4% given higher technical provisions and the increased borrowings expected to be incurred in 2020.

5.4 Segmental Analysis

Year ended 31 December 2019	Investment and advisory services	Business of insurance	Agency services	Property Services	Eliminations	Group
	€	€	€	€	€	€
Segment income						
Earned premiums, net of reinsurance	-	10,364,577	-	-	-	10,364,577
Commission and other fees receivable	448,007	-	1,853,748	-	(165,828)	2,135,927
Increment in the value of in-force busine	-	1,366,889	-	-	-	1,366,889
Investment and other income	403,032	7,101,862	41,955	-	(411,853)	7,134,996
Net gains on investments at FVTPL	-	839,865	-	-	-	839,865
Net gains on investment property	-	498,058	-	40,000	-	538,058
Total revenue	851,039	20,171,251	1,895,703	40,000	(577,681)	22,380,312
Revenue from external customers	448,007	12,026,997	1,853,748	-	(165,828)	14,162,924
Intersegment revenues	-	4,622	-	-	-	4,622
Segment expenses						
Net claims incurred	-	8,345,640	-	-	-	8,345,640
Net change in technical provisions	-	3,311,772	-	-	-	3,311,772
Net operating expenses	1,650,558	3,840,327	1,606,136	196,753	(1,867,616)	5,426,158
Investment expenses	4,420	1,276,135	-	-	-	1,280,555
Total expenses	1,654,978	16,773,874	1,606,136	196,753	(1,867,616)	18,364,125
2019 Segment (loss)/profit	(803,939)	3,397,377	289,567	(156,753)	1,289,935	4,016,187
Unallocated items						
Finance costs	-	-	-	-	-	(598,191)
Administrative expenses	-	-	-	-	-	(1,386,363)
Investment income	-	-	-	-	-	34,031
Total unallocated items	-	-	-	-	-	(1,950,523)
Group profit						2,065,664
Tax expense						(908,736)
Profit after tax						1,156,928

Source: GlobalCapital Plc Financial Statements 2019

Year ended 31 December 2019	Investment and advisory services	Business of insurance	Agency services	Property Services	Eliminations	Group
	€	€	€	€	€	€
Segment assets	1,080,505	150,230,713	1,892,625	7,455,642	(20,237,756)	140,421,729
Unallocated assets						13,246,040
						<u>153,667,769</u>
Segment liabilities	930,391	121,257,630	427,259	7,255,044	(12,265,926)	117,604,398
Unallocated liabilities						16,513,744
						<u>134,118,142</u>
Other segment items						
Capital expenditure	-	(27,267)	-	-	-	
Amortisation	-	209,132	-	-	-	
Depreciation	527	85,997	6,557	-	-	

Source: GlobalCapital Plc Financial Statements 2019

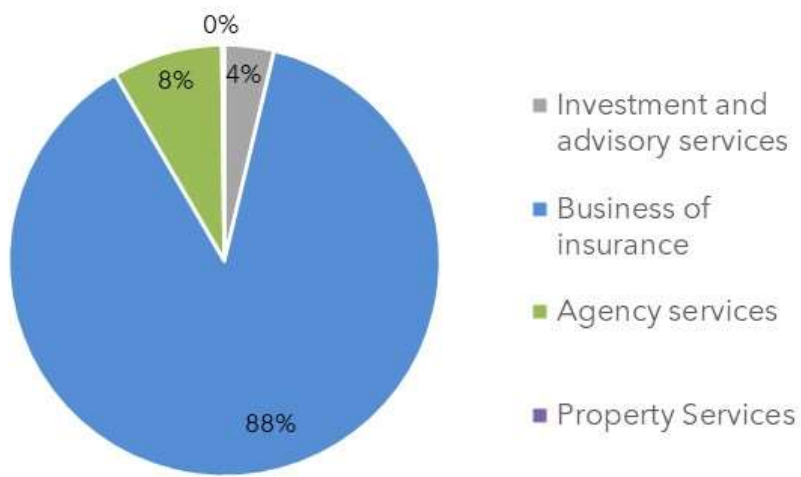


Figure 4: Segmental Revenue
Source: GlobalCapital Plc Financial Statements 2019

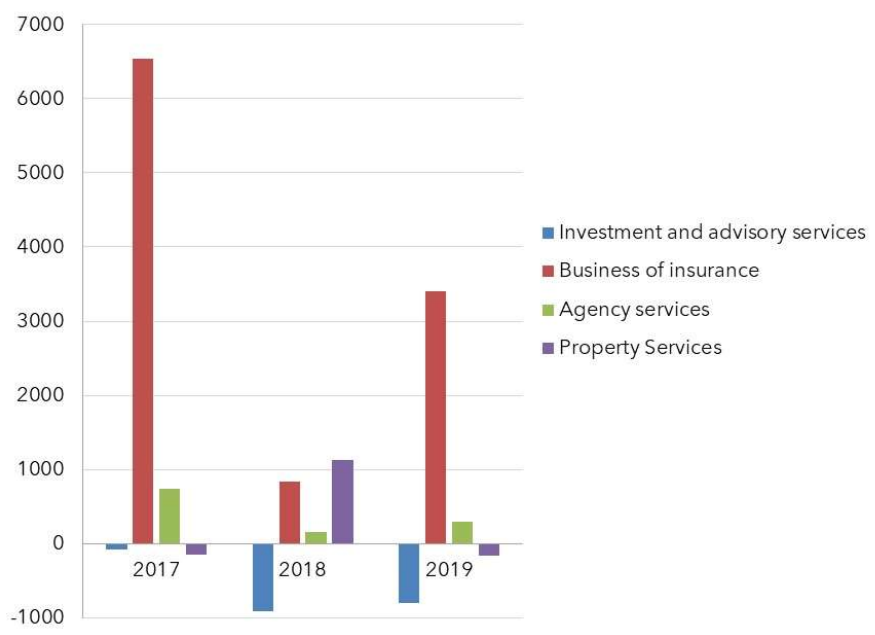


Figure 5: Segmental Profit/Loss
Source: GlobalCapital Plc Financial Statements 2019

The business of insurance is evidently the Group's major source of revenues and profits. Agency services, i.e. those mainly derived from GCHIA, is the second largest business for GlobalCapital.

The significance of the insurance business for the Group is also amplified by the segmental analysis of the statement of financial position. GCLI makes up 94% and 93% of total segmental assets and total segmental liabilities, excluding eliminations, respectively.

The segmental analysis table above also highlights the significance of administrative costs to the Group. These costs relate to the increased number of staff (from 43 administrative staff members in 2018 to 58 in 2019) and increased expenses relating to compliance with standard licence conditions (especially those relating to GCFM).

5.5 Evaluation of Performance and Financial Position

GlobalCapital plc - Key Ratios	2017	2018	2019	2020F
Earnings per share (€)	0.105	0.013	0.039	0.068
<i>(Total comprehensive income/Number of shares)</i>				
Investment income to operating income	69.0%	47.9%	32.1%	31.3%
<i>(Investment income/ Operating income)¹</i>				
Increment in VOIFB as a percentage of operating income	36.8%	116.5%	35.2%	39.3%
<i>(Increment in VOIFB/ Operating Income)¹</i>				
Interest Coverage	11.7x	4.8x	8.4x	9.9x
<i>(Adjusted Operating Income / Interest expense)²</i>				
Total operating costs to operating income	47.0%	141.0%	63.9%	72.1%
<i>(Total operating costs / Operating income)¹</i>				
Profit Margin	20.3%	6.3%	12.0%	14.7%
<i>(Profit / Revenue)³</i>				
Return on Assets	3.8%	1.0%	1.6%	1.8%
<i>(Profit / Average total assets)³</i>				
Return on Capital Employed	4.3%	1.1%	1.8%	2.0%
<i>(Profit / Average capital employed)³</i>				
Return on Equity	19.0%	2.1%	6.1%	9.7%
<i>(Profit/(loss) for the financial year attributable to the shareholders of the company / Average total equity)</i>				
Percentage of technical provisions to total liabilities	81.9%	83.4%	83.9%	83.6%
<i>(Total technical provisions/ Total liabilities)</i>				
Gearing Ratio	34.9%	35.9%	34.0%	37.6%
<i>(Borrowings / Total equity + borrowings)</i>				

¹ Operating Income calculated as the sum of commission and fees receivables, investment income net of allocation to the insurance technical account and the balance on the long term business of insurance technical account

² Adjusted operating income calculated as operating income plus interest expense

³ Profit calculated as profit for the year before impairment charges and other provisions

Source: GlobalCapital Plc Financial Statements 2017-2019, Management projections, Curmi & Partners Ltd

GlobalCapital's operations involve the provision of life and health insurance products, in addition to the provision of investment services. The performance of the Group has been driven primarily by the core life insurance business, which in turn is impacted by trends in investment

income. The financial position of the Issuer is to a considerable extent dependent on that of its subsidiaries, and management notes that it is also impacted by the ability to receive potential dividends from such subsidiaries, with any restrictions as per solvency requirements or specific notifications by the regulator potentially having a negative effect.

Profitability ratios were negatively impacted in 2018 by the lower profit for the year and lower level of comprehensive income. Operating income, with such estimate including commissions and fees receivable, investment income net of allocation to the insurance technical account, and the balance on the long-term business of insurance, was 63.2% lower in 2018. A substantially weaker level of investment income drove the decline in operating income, via both its direct impact on the statements of comprehensive income and the indirect impact through the balance on the long term business of insurance. It is relevant to note that the relative resilience of certain parts of the core business are reflected in the more moderate deterioration of commission and fees receivable, which resulted in a lower investment income to operating income ratio. Additionally, a substantial rise in the proportionate level of operating costs was incurred. Both operating income margin and overall profit margins (which include the additional impact mainly of the increment in the value of in-force business and total non-technical operating costs) relative to total revenue decreased.

The strong increase in profitability during 2019 is evident in the improved ratios for last year. Inversely to the previous period, investment returns drove a turnaround in the balance on the long-term business of insurance and a robust increase in the investment income allocated to the profit and loss account, which more than compensated for a decline in commissions received. The operating income doubled to €3.9million.

The lower proportion of operating income accounted for by investment income primarily reflects the impact that the negative balance on the technical account had during 2018 (on operating income). The overall profit margin increased by more than 5 percentage points notwithstanding a lower increment in the value of in-force business, as the bottom line benefitted also from a relative moderation in operating costs. The interest cover ratio, hereby based on operating income adjusted by adding back interest expenses, increased to over 8x.

The higher profitability earned in 2019 led to the earnings per share for the year to increase by 200%, to 3.9c from 1.3c in 2018.

Return on Assets (“ROA”) and return on capital employed (“ROCE”) ratios for the year reflect the mentioned trends in profitability, with these being measures relative to the asset base of the Group. The improvement in profitability is illustrated in the recovery of ROA and ROCE to 1.6% and 1.8% respectively during 2019, although not reaching the highs of 2017 in a reflection of the growth in underlying assets that has been ongoing in recent periods. Whilst there are considerable variations in terms of business model and corporate structure, GlobalCapital’s profitability measures within such context compare reasonably well with peers, to a certain extent reflecting its position as a relatively smaller player in a growth phase.

Borrowings for the Group primarily consisted of the €10million 5% 2021 Bond in addition to the loan advanced by the shareholder during 2018, with total equity increasing in line with the profits generated in these periods. On this basis, the level of debt to total capital, or gearing, has been almost unchanged around 34-35%.

With respect to the upcoming maturity of the 5% 2021 Bond, management expects the proposed plans, referred to in Section 2.1, to contribute towards enhancing the Group's financial position, primarily by providing additional liquidity that will eventually be used mainly for such redemption. Meanwhile, management also indicates that GlobalCapital could consider other potential options as part of enhancing the Group's financial position.

Meanwhile, whilst increasing in absolute terms in line with the growth of the business, technical provisions relative to total liabilities remained relatively constant.

The Group is regulated by a number of legislation and regulation imposed by European and local regulators. In this regard, it should be noted that the Group has always managed to have adequate solvency capital ratios, as shown in Section 3.1. In this respect management highlights that with a solvency coverage ratio of 174% as at end 2019, the life insurance subsidiary's financial position benefits from excess capital relative to its requirements and target position.

Management expects the operating income to increase to €4.9million (+26.3%) during 2020. With investment income expected to remain relatively flat and commissions receivable forecast to decline slightly, the improvement is expected to be driven by an increase in the balance on the long term business of insurance technical account.

Management expects ordinary business to lead the improvement in terms of technical contribution from the different product areas, which contribution is expected to recover to a level more in line with that of 2018 and 2017. On this basis, investment income is expected to represent a lower proportionate share of operating income for the current year compared to last year.

Furthermore, management expects an improvement in the VOIFB to contribute to an increase in the profit margin. Similarly, the increased profitability is expected by management to contribute to higher ROA, ROCE, and ROE, with the increase in such ratios moderated by the balance sheet growth in line with the expansion of the core business targeted by management.

Earnings per share is expected to rise to €0.068 in 2020, driven by the forecasted higher level of profit. The increase in bank borrowings is expected to drive debt to total capital slightly higher to just below 38%.

Generally, GlobalCapital's financial position is expected to continue being impacted by trends in investment income and certain aspects related to the core life insurance business being in what is considered a growth phase. Management is of the view that the wide ranging initiatives being implemented in terms of corporate restructuring and strategic and operational initiatives, will contribute towards the enhancement of the financial profile of the Group.

6 Comparables

There is a limited number of insurance companies listed on the MSE. On this basis, the Issuer's financial ratios have been compared to companies which operate in the wider financial services industry including banks and holding companies. It is relevant to note that there are considerable variances between the sectors in which these corporate groups operate in, and between their specific business models. Additionally, there may be other differences in the capital structure and in the characteristics and classifications of debt instruments.

In this regard, certain adjustments are made to estimated financial ratios. The interest cover for banks has been calculated in a different manner than that of the insurance/ holding companies. Similarly, the total debt to total capital ratio has a different relevance in the banking sector, where typically more focus is placed on measures such as Tier 1 Leverage ratios and CET1 ratios.

On this basis, the below provides at least an indicative illustration of the relative financial performance and position of the Issuer compared to a selection of other groups operating in the financial services industry.

	Debt to Total Capital Ratio ¹	Interest Cover ²	Leverage Ratio ³
GlobalCapital	34.0%	7.4x	12.7%
Mapfre Middlesea	0.2%	245.3x	6.2%
Bank of Valletta	18.1%	5.6x	7.3%
MDB Group	14.9%	3.3x	9.6%
Izola Bank	26.1%	2.6x	9.0%
Merkanti Holding	31.4%	17.6x	14.4%
Calamatta Cuschieri Finance	43.1%	14.4x	31.2%

Source: GlobalCapital Plc Financial Statements 2019, Mapfre Middlesea Plc Financial Statements 2019, Bank of Valletta Plc Financial Statements 2019, MDB Group Financial Statements 2019, Izola Bank Plc Financial Statements 2019, Merkanti Holdings Plc Financial Statements 2019; Curmi & Partners Ltd

¹ For banks, debt includes subordinated loans, debt securities in issue and amounts owed to group companies and does not include deposits from banks and customers

² For GlobalCapital, Mapfre Middlesea and Merkanti Holdings, calculated as: Operating Income/ Interest expense; for banks, calculated as: Operating Income + Interest Expense / Interest Expense; for Calamatta Cuschieri Finance calculated as EBITDA / Interest expense

³ Calculated as Total Equity / Total Assets; for banks, this ratio is calculated as Tier 1 Capital / Total Assets

7 Glossary

Non-current assets	Non-current asset are long-term investments, which full value will not be realised within the accounting year.
Current assets	Current assets are all assets that are realizable within one year from the statement of financial position date. Such amounts include trade receivables, inventory, cash and bank balances.
Current liabilities	Current liabilities are liabilities payable within a period of one year from the statement of financial position date, and include trade payables and short-term borrowings.
Non-current liabilities	Long-term financial obligations or borrowings that are not due within the present accounting year. Non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Total Equity	Total equity includes share capital, reserves, retained earnings and minority interests. It relates to the capital and reserves that are attributable to owners of the company.
Cash flow from operating activities	Cash flow from operating activities illustrates the cash-generating abilities of a company's core activities, and includes cash inflows and outflows that are related to operating activities.

<p>Cash flow from investing activities</p>	<p>Cash flows from investing activities reflect the change in cash position resulting from investments and divestments.</p>
<p>Cash flow from financing activities</p>	<p>Cash flows from financing activities shows the cash inflows and outflows related to financing transactions with providers of funding, owners and the creditors.</p>
<p>Free Cash Flow</p>	<p>A measure of the ability to generate the cash flow necessary to maintain operations. It is the balance after all cash flows for operating activities, fixed asset net investments, working-capital expenditures. The definition of free cash flow may vary; for this purpose it was based on EBITDA adjusting for net investments, working capital and tax.</p>
<p>Profit</p>	<p>Profit calculated as Profit/(loss) for the year before other charges and impairment for receivable.</p>
<p>Operating Income</p>	<p>Operating income is estimated by summing the commission and fees receivable, the investment income net of allocation to the insurance technical account and the balance on the long term business of insurance technical account.</p>
<p>Financial Ratios</p>	

<p>Gearing or leverage ratio</p>	<p>The gearing or leverage ratio indicates the relative proportion of borrowings and equity used to finance a company’s assets. It is estimated by dividing total borrowings by total borrowings plus total equity, or as the ratio of total borrowings to total equity.</p>
<p>Interest Coverage ratio</p>	<p>Interest coverage ratio is generally calculated by dividing a company’s operating income of one period by the company’s interest expense of the same period. It measures the ability of the borrower to service the finance costs related to borrowings. For banks, the interest coverage ratio is calculated by dividing the operating income adding back the interest expense by the interest expense for the year.</p>
<p>Profit Margin</p>	<p>Profit margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.</p>
<p>Return on Assets (ROA)</p>	<p>Return on assets is the ratio of profit for the period or operating profit to average total assets for the period. It measures efficiency in using its assets to generate income.</p>
<p>Return on Capital Employed (ROCE)</p>	<p>Similarly to ROA, this ratio measures efficiency in generating income but takes into consideration the sources of financing. Profit for the period or operating profit is divided by the capital employed (fixed assets plus working capital or total assets less current liabilities)</p>

Return on Equity (ROE)	Measures the profitability in terms of how much profit is generated in relation to owners' investment.
------------------------	--