

Company Announcement issued by GlobalCapital p.l.c. pursuant to the Malta Financial Services Authority Listing Rules 8.7.21 and 9.35

Quote

The Board of Directors of GlobalCapital p.l.c. has today, Thursday 18 March 2010, met and approved the Group's financial statements for the year ended 31 December 2009 and resolved to lay the same for the approval of the shareholders at the forthcoming Annual General Meeting. A preliminary statement of annual results for the financial year ended 31 December 2009 is attached herewith.

Unquote

By Order of the Board

18 March 2010

Preliminary Statement of Annual Results for the year ended 31 December 2009

This Preliminary Statement of Annual Results is published pursuant to the Malta Financial Services Authority Listing Rules 8.7.21 and 9.35 as well as Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005. The financial information has been extracted from the GlobalCapital p.l.c (the "Group") audited financial statements for the year ended 31 December 2009 as approved by the Board of Directors on 18 March 2010.

Financial Review

The Group registered a post-tax loss of €760,744 for the year ended 31 December 2009, which represents a significant improvement compared to a post-tax loss of €6,886,162 for the year ended 31 December 2008. As at 31 December 2009 the total asset base stands at €99,543,142, a marginal increase compared to €99,362,227 at the end of 2008.

The results demonstrate the effect of the revitalisation program initiated by the Board in early 2009 - the momentum of which is being sustained in 2010. A rationalisation exercise resulted in a significant reduction in the Group's cost base, the reorganisation of the Group's front office and the automation of back office processes have brought about improved operational efficiencies. The revitalisation program was underpinned by the Board's continued focus on ensuring that robust risk management practices are in place.

The results also reflect a partial recovery of the financial markets. However the investors remain cautious and a full recovery is likely to be slow. As a result commission revenue on investment activities was low.

The life insurance business registered a pre-tax profit of €1,980,969 in 2009 compared to a pre-tax loss of €2,186,757 for the previous year. Property investments contributed favourably to the Group's results during 2009, whilst the health insurance and insurance brokerage businesses continue to generate profits.

The global financial industry experienced a series of crisis in 2008-9 which in turn had a pronounced negative effect on the Group's operations. Nevertheless, the results for 2009 reflect an encouraging turnaround which is expected to improve further in 2010.

In view of the results for 2009, the directors do not recommend the declaration of a dividend.

**Condensed Consolidated Statement of Comprehensive Income
for the year ended 31 December 2009**

	Group	
	2009	2008
	€	€
Commission and fees receivable	2,891,154	3,595,991
Performance fees receivable	-	81,419
Balance on the long term business of insurance technical account before tax	324,228	(3,767,833)
(Decline)/increment in the value of in-force-business	(221,538)	1,271,282
Net gains on investment property	404,070	651,310
Profit on disposal of property held for development	240,067	293,241
Other operating income	57,348	36,913
Administrative expenses	(4,327,185)	(5,257,900)
Commission payable and direct marketing costs	(264,319)	(543,295)
Impairment of goodwill	(541,027)	(1,228,715)
Share of loss of associated undertaking	(79,385)	(265,317)
Operating loss	(1,516,587)	(5,132,904)
Net investment gain/(loss) net of allocation to the insurance technical account	715,939	(2,421,522)
Loss before tax	(800,648)	(7,554,426)
Tax credit	39,904	668,264
Loss for the year / total comprehensive loss for the year	(760,744)	(6,886,162)
Earnings per share (cents)	(5c8)	(52c1)

**Condensed Consolidated Statement of Financial Position
at 31 December 2009**

	Group	
	2009	2008
	€	€
ASSETS		
Intangible assets	6,233,789	7,005,475
Deferred tax	1,139,453	676,559
Property, plant and equipment	1,267,446	1,474,512
Investment property	28,729,196	23,960,021
Investment in associated undertaking	3,453,357	3,532,742
Other investments	40,618,103	38,493,993
Reinsurers' share of technical provisions	1,032,319	1,004,698
Taxation receivable	809,911	1,268,099
Property held for development	2,805,117	5,897,283
Trade and other receivables	3,937,244	3,663,772
Cash and cash equivalents	9,517,207	12,385,073
Total assets	99,543,142	99,362,227
EQUITY AND LIABILITIES		
Capital and reserves	21,269,034	22,027,626
Technical provisions	53,229,206	51,475,499
Interest-bearing borrowings	19,482,903	20,458,529
Deferred tax	2,376,410	1,731,255
Trade and other payables	3,185,589	3,489,633
Current income tax liabilities	-	179,685
Total equity and liabilities	99,543,142	99,362,227

**Condensed Consolidated Statement of Changes in Equity
for the year ended 31 December 2009**

	Group				
	Share capital	Share premium account	Other reserves	Profit and loss account	Total
	€	€	€	€	€
Year ended 31 December 2008					
Balance at 1 January 2008	3,845,663	16,970,641	1,173,026	6,924,458	28,913,788
Loss for the year / total comprehensive loss for the year	-	-	-	(6,886,162)	(6,886,162)
Increment in value of in-force business transferred to other reserves, net of tax	-	-	826,330	(826,330)	-
	-	-	826,330	(7,712,492)	(6,886,162)
Balance at 31 December 2008	3,845,663	16,970,641	1,999,356	(788,034)	22,027,626
Year ended 31 December 2009					
Balance at 1 January 2009	3,845,663	16,970,641	1,999,356	(788,034)	22,027,626
Loss for the year / total comprehensive loss for the year	-	-	-	(760,744)	(760,744)
Decline in value of in-force business transferred to other reserves, net of tax	-	-	(144,000)	144,000	-
Investment compensation scheme	-	-	2,152	-	2,152
	-	-	(141,848)	(616,744)	(758,592)
Balance at 31 December 2009	3,845,663	16,970,641	1,857,508	(1,404,778)	21,269,034

**Condensed Consolidated Statement of Cash Flows
for the year ended 31 December 2009**

	Group	
	2009	2008
	€	€
Net cash used in operating activities	(2,089,926)	(506,691)
Net cash from investing activities	245,531	6,051,675
Net cash used in financing activities	(336,848)	(1,080,847)
Net movement in cash and cash equivalents	(2,181,243)	4,464,137
Cash and cash equivalents at beginning of year	11,090,403	6,626,266
Cash and cash equivalents at end of year	8,909,160	11,090,403

Notes to the Condensed Consolidated Financial Statements

(1) The Group's operations consist of the provision of investment, advisory and insurance broking services in terms of the Investment Services Act, 1994 and Insurance Intermediaries Act, 2006, the carrying on of long term business of insurance under the Insurance Business Act, 1998, the provision of property management and consultancy services and handling property acquisitions, disposals and development projects. The Group's turnover is primarily generated in and from Malta.

(2) Net unrealised fair value gains recognised in the statement of comprehensive income for the year ended 31 December 2009 amounted to €3,010,926 (2008: loss of €5,862,008).

(3) Earnings per share is based on the loss/profit for the year divided by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue during the year amounted to 13,207,548 shares (2008: 13,207,548 shares).

(4) The net fair value gains reported in note (2) above include a net unrealised gain of €404,070 arising on investment property. The valuations were carried out by independent property consultants. An unrealised gain on investment property of €651,310 was recognised in the financial statements of the Group for the year ended 31 December 2008.

(5) The value of in force business decreased in 2009. The negative movement for the year amounted to €221,538 as opposed to an increment of €1,271,282 in 2008. This represents a projection of future shareholders' profit expected from insurance policies at year end discounted and adjusted for taxation. This valuation includes a number of assumptions relating to future mortality, persistence, level of expenses and investment returns over the longer term.

(6) Any unrealised fair value movements on investment property, transferred to other reserves in prior years are now classified within the profit and loss account.