

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

---

**Quote**

At a meeting held on 26 August 2010, the Board of Directors of GlobalCapital p.l.c. considered and approved the attached Interim Financial Statements for the six (6) months ended 30 June 2010.

The Interim Financial Statements are available for viewing on the company's website [www.globalcapital.com.mt](http://www.globalcapital.com.mt)

**By Order of the Board**  
26 August 2010

**Unquote**

# GlobalCapital p.l.c.

## Half-yearly report for the period ended 30 June 2010

### Interim Directors' Report

GlobalCapital p.l.c. ("the Company") registered a net loss after tax of €1,415,260 for the six months ended 30 June 2010 compared to a loss of €2,287,330 for the corresponding period in 2009.

GlobalCapital Life Insurance registered a profit before tax of €682,550 compared to a prior year profit of €368,135. The life company experienced a marginally lower level of premium income mitigated by lower claims and surrenders compared to the corresponding six months ended 30 June 2009.

The Investment Division registered a growth in revenue when compared to the prior reporting period, primarily as a result of the positive market sentiment which led to an increase in the sale of investment products. Revenues from the Agency and Brokerage Division decreased compared to the corresponding period due to a drop in the insurance broking business. The Property Division experienced a modest increase in revenue mainly attributable to an increase in the rental occupancy levels. During the period under review, the Property Division completed works relating to the construction of a block of apartments situated in Madliena with some sales of apartments being completed during this period. The board confidently expects further sales during the second half of 2010.

The Board of Directors is closely monitoring the results of the first phase of its revitalisation programme launched in 2009 aimed at further strengthening the Group in achieving its growth objectives. This included the re-launch as the Insurance Specialist together with a strong sales force recruitment drive and investment in experienced personnel. During the period between 2010 and 2012 the life company is expected to invest further in the implementation of the Solvency II regulatory requirements which is scheduled to come into force in 2013.

The current period's Group results have also been adversely impacted by a €790,593 charge arising from the share of loss of the associated undertaking, Metropolis Developments Limited. After the reporting period ended, the Company entered into an agreement for the sale of the Group's entire shareholding in the Metropolis Group. The de-recognition of this investment will be for a consideration of €3,805,957. The Group will therefore recoup all historic losses recognised over the years through its equity accounting of this investment. Consequently, goodwill allocated to this unit will be reversed at 31 December 2010. The divestment of the Metropolis shareholding is in line with the strategy of the Group to focus on strengthening its financial services division, in particular its insurance activities. It is the Group's intention to dedicate the necessary resources and management focus to achieve this objective.

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

### By order of the Board

**Nicholas Ashford-Hodges**  
Chairman  
26 August 2010

**James Blake**  
Director

### Statement pursuant to Listing Rule 9.44k.3 Issued by the Listing Authority

We confirm that to the best of our knowledge:

- The condensed interim financial information gives a true and fair view of the financial position of the Group as at 30 June 2010, and of its financial performance and its cash flows for the period ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34)
- The Interim Directors' Report includes a fair review of the information provided required in terms of Listing Rule 9

**Nicholas Ashford - Hodges**  
Chairman  
26 August 2010

## **Independent Auditor's Report**

The Group's condensed interim financial information has been reviewed by the company's independent auditor. The auditor's report, as at 30 June 2010, is reproduced hereunder:

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

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of GlobalCapital p.l.c. as at 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

### **Scope of Review**

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

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

### **Conclusion**

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

### **Deloitte**

Deloitte Place  
Mriehel Bypass, Mriehel, Malta  
26 August 2010

**Condensed Consolidated Statement of Comprehensive income  
for the period ended 30 June 2010**

**GlobalCapital plc**

	Group	
	01 January to 30 June 2010 (unaudited) €	01 January to 30 June 2009 (unaudited) €
Commission and fees receivable	1,599,133	1,499,743
Balance on the long term business of insurance technical account before tax	39,861	437,574
Decrease in the value of in-force-business	(73,846)	(146,154)
Profit on disposal of property held for development	36,903	-
Other operating income	11,276	-
Administrative expenses	(1,761,476)	(2,352,917)
Commission payable and direct marketing costs	(185,848)	(409,266)
Impairment of goodwill	(247,105)	(541,026)
Share of loss of associated undertaking	(790,953)	(43,633)
<b>Operating loss</b>	<b>(1,372,055)</b>	<b>(1,555,679)</b>
Net investment income/(charges) net of allocation to the insurance technical account	142,962	(838,521)
<b>Loss for the period before tax</b>	<b>(1,229,093)</b>	<b>(2,394,200)</b>
Tax (expense)/credit	(186,167)	106,870
<b>Loss for the period</b>	<b>(1,415,260)</b>	<b>(2,287,330)</b>
<b>Other Comprehensive Income</b>		
Net gain on available-for-sale financial assets	24,960	-
<b>Total comprehensive loss for the period</b>	<b>(1,390,300)</b>	<b>(2,287,330)</b>
Loss per share (cents)	(10c7)	(17c3)

	Group	
	30 June	31 December
	2010 (unaudited) €	2009 (audited) €
<b>ASSETS</b>		
Intangible assets	5,875,599	6,233,789
Deferred tax asset	1,168,361	1,139,453
Property, plant and equipment	1,201,503	1,267,446
Investment property	29,283,055	28,729,196
Investment in associated undertaking	2,662,404	3,453,357
Other investments	46,975,207	40,618,103
Reinsurer's share of technical provisions	1,182,705	1,032,319
Taxation receivable	887,566	809,911
Property held for development	2,686,856	2,805,117
Trade and other receivables	3,506,693	3,937,244
Cash and cash equivalents	5,150,446	9,517,207
<b>Total assets</b>	<b>100,580,395</b>	<b>99,543,142</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	19,878,734	21,269,034
Technical provisions	56,111,277	53,229,206
Interest-bearing borrowings	19,540,307	19,482,903
Deferred tax liability	2,550,213	2,376,410
Trade and other payables	2,499,864	3,185,589
<b>Total equity and liabilities</b>	<b>100,580,395</b>	<b>99,543,142</b>

**Condensed Consolidated Statement of Cash Flows  
for the period ended 30 June 2010**

**GlobalCapital plc**

	Group	
	30 June 2010 (unaudited) €	30 June 2009 (unaudited) €
Net cash from/(used in) operating activities	1,159,836	(2,623,482)
Net cash used in investing activities	(5,560,005)	(1,220,609)
Net cash used in financing activities	(142,538)	(118,316)
<b>Movement in cash and cash equivalents</b>	<b>(4,542,707)</b>	<b>(3,962,407)</b>
Cash and cash equivalents at beginning of period	8,909,160	11,090,403
Decrease in cash and cash equivalents	(4,542,707)	(3,962,407)
<b>Cash and cash equivalents at end of period</b>	<b>4,366,453</b>	<b>7,127,996</b>

**Condensed Consolidated Statement of Changes in Equity  
for the period ended 30 June 2010**  
(unaudited)

**GlobalCapital plc**

	Group					
	Share capital	Share premium account	Investment reserves	Other reserves	Profit and loss account	Total
	€	€	€	€	€	€
Balance at 1 January 2009	3,845,663	16,970,641	-	7,201,916	(5,990,594)	22,027,626
Decline in value of in-force business, transferred to other reserves	-	-	-	(95,000)	95,000	-
Loss for the financial period	-	-	-	-	(2,287,330)	(2,287,330)
Total comprehensive loss for the period	-	-	-	(95,000)	(2,192,330)	(2,287,330)
<b>Balance at 30 June 2009</b>	<b>3,845,663</b>	<b>16,970,641</b>	<b>-</b>	<b>7,106,916</b>	<b>(8,182,924)</b>	<b>19,740,296</b>
Balance at 1 January 2010	3,845,663	16,970,641	-	1,857,508	(1,404,778)	21,269,034
Decline in value of in-force business, transferred to other reserves	-	-	-	(48,000)	48,000	-
Loss for the financial period	-	-	-	-	(1,415,260)	(1,415,260)
Net movement in available-for-sale investments	-	-	24,960	-	-	24,960
Total comprehensive loss for the period	-	-	24,960	(48,000)	(1,367,260)	(1,390,300)
<b>Balance at 30 June 2010</b>	<b>3,845,663</b>	<b>16,970,641</b>	<b>24,960</b>	<b>1,809,508</b>	<b>(2,772,038)</b>	<b>19,878,734</b>

**Segmental Information**  
**for the period ended 30 June 2010**  
(unaudited)

**GlobalCapital plc**

	Group					Group
	Investment and advisory services	Business of insurance	Agency and brokerage services	Property services	Adjustments	
	€	€	€	€	€	€
<b>Period ended 30 June 2010</b>						
Revenue from external customers	611,273	4,423,037	986,860	109,577	-	<b>6,130,747</b>
Intersegment revenues	-	-	-	32,500	-	<b>32,500</b>
Segment profit/(loss)	58,731	4,471	246,898	(202,552)	(1,084,578)	<b>(977,030)</b>
Net investment charges						<b>142,962</b>
Other corporate expenses						<b>(395,025)</b>
Loss for the period before tax						<b>(1,229,093)</b>
Total assets	3,624,946	70,934,612	1,819,266	25,052,342	(13,099,281)	<b>88,331,885</b>
Unallocated assets						<b>12,248,510</b>
						<b>100,580,395</b>
<b>Period ended 30 June 2009</b>						
Revenue from external customers	354,080	5,037,546	1,050,885	45,297	-	<b>6,487,808</b>
Intersegment revenues	4,200	-	-	51,000	-	<b>55,200</b>
Segment profit/(loss)	(944,872)	368,134	228,513	(140,038)	(746,463)	<b>(1,234,726)</b>
Net investment charges						<b>(838,521)</b>
Other corporate expenses						<b>(320,953)</b>
Loss for the period before tax						<b>(2,394,200)</b>
Total assets	5,185,734	65,120,201	2,198,044	21,169,440	(3,996,814)	<b>89,676,605</b>
Unallocated assets						<b>9,866,537</b>
						<b>99,543,142</b>



- a) This half-yearly report is published pursuant to chapters 8 and 9 of the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act, 2005. The condensed set of consolidated financial statements attached to this report has been extracted from GlobalCapital p.l.c.'s unaudited Group financial statements for the six months ended 30 June 2010, and has been reviewed in terms of ISRE2410 'Review of interim financial information performed by the independent auditor of the entity'.
- b) These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.
- c) The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties and financial instruments. The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2009.
- d) The Group's operations consist of the provision of investments, advisory and insurance broking services in terms of the Investment Services Act, 1994 and the Insurance Intermediaries Act, 2006, the carrying on of long term business of insurance under the Insurance Business Act, 1998, the provision of property management and consultancy services and handling property acquisitions, disposals and development projects. The Group's turnover is primarily generated in and from Malta.
- e) Commitments for property related expenditure not provided for in these condensed consolidated financial statements amounted to €1,753,049 as at 30 June 2010 (30 June 2009: €885,000).
- f) The net gain on financial instruments recognised in the condensed consolidated statement of comprehensive income for the period ended 30 June 2010 amounted to €1,082,970 (2009 loss of €609,417).
- g) Earnings per share is based on the net result for the period divided by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue during the period amounted to 13,207,548 shares (2009: 13,207,548).
- h) In the Directors' opinion the Group's portfolio of investment property has not been materially affected during the period ended 30 June 2010 (30 June 2009: fair value gain of €20,580).
- i) The impairment charge on goodwill has decreased from €541,026 for the six month period ended 30 June 2009 to €247,105 for the same period ended 30 June 2010. In accordance with International Financial Reporting Standards goodwill is tested for impairment annually and whenever there is an indication of impairment.