

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

Quote

At a meeting held on 25 August 2011, the Board of Directors of GlobalCapital p.l.c. considered and approved the half-yearly report for the six (6) months ended 30 June 2011. The half-yearly report, drawn up in terms of the Listing Rules, is attached to this Company Announcement.

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

By Order of the Board
25 August 2011

Unquote

GlobalCapital p.l.c.

Half-yearly report for the period ended 30 June 2011

Interim Directors' Report

GlobalCapital p.l.c.'s ("the Company") performance was impacted by the downturn in the capital markets which adversely affected the results and operating performance for the first six months ending June 2011. The market movements caused an unrealised fair value loss of €933,904 (2010: unrealised FV gain of €804,227).

The Group registered a net loss after tax of €1,642,481 for the six months ended 30 June 2011 compared to a loss of €1,415,260 for the equivalent period in 2010.

GlobalCapital Life Insurance registered a loss before tax of €1,134,109 compared to a profit of €682,550 in the first six months of 2010. These losses are inclusive of adverse unrealised fair value movements registered on the Company's investment portfolio totalling €773,958 (2010: unrealised FV gain of €984,704).

The Investment Division registered a marginal decrease in revenue when compared to the first six months of 2010, primarily as a result of the prevailing negative market sentiment which led to a decrease in the sale of investment products. Revenues from the Agency and Brokerage Division increased when compared to the corresponding period particularly due to an increase in the Agency's business. The Property Division experienced a modest increase in revenue mainly attributable to an increase in the rental occupancy levels.

The Group continues to focus on its core business of insurance. It is strengthening its distribution capabilities by extending the training of its sales force. It is also developing further insurance products which are supported by a strong IT infrastructure. As the implementation of the Solvency II regulatory requirements are edging closer, the Company is expected to continue to invest in complying with these regulations throughout 2011 and 2012.

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

By order of the Board

Nicholas Ashford-Hodges
Chairman
25 August 2011

Prof. Thomas St. John Neville Bates
Director

Statement pursuant to Listing Rule 5.75.3 Issued by the Listing Authority

We confirm that to the best of our knowledge:

- The condensed interim financial information gives a true and fair view of the financial position of the Group as at 30 June 2011, and of its financial performance and its cash flows for the period ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34)
- The Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Nicholas Ashford - Hodges
Chairman
25 August 2011

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 2011, 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 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

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

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

Conclusion

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

Sarah Curmi as Director
in the name and on behalf of
DELOITTE AUDIT LIMITED
Registered auditor
Deloitte Place
Mriehel Bypass, Mriehel, Malta
25 August 2011

Condensed Consolidated Statement of Comprehensive income
for the period ended 30 June 2011

GlobalCapital plc

	Group	
	01 January to 30 June 2011 (unaudited) €	01 January to 30 June 2010 (unaudited) €
Commission and fees receivable	1,675,224	1,599,133
Balance on the long term business of insurance technical account before tax	(1,402,223)	39,861
Increase/(decrease) in the value of in-force-business	841,538	(73,846)
Profit on disposal of property held for development	28,589	36,903
Other operating income	11,922	11,276
Administrative expenses	(1,912,151)	(1,761,476)
Commission payable and direct marketing costs	(116,417)	(185,848)
Impairment of goodwill	(116,469)	(247,105)
Share of loss of associated undertaking	-	(790,953)
Operating loss	(989,987)	(1,372,055)
Net investment (charges)/income net of allocation to the insurance technical account	(357,955)	142,962
Loss for the period before tax	(1,347,942)	(1,229,093)
Tax expense	(294,539)	(186,167)
Loss for the period	(1,642,481)	(1,415,260)
Other Comprehensive Income		
Net (loss)/gain on available-for-sale financial assets	(7,194)	24,960
Total comprehensive loss for the period	(1,649,675)	(1,390,300)
Loss per share (cents)	(12c4)	(10c7)

	Group	
	30 June 2011 (unaudited) €	31 December 2010 (audited) €
ASSETS		
Intangible assets	3,990,275	3,582,973
Deferred tax asset	217,548	217,548
Property, plant and equipment	3,875,695	3,286,229
Investment property	25,793,971	25,719,589
Other investments	48,264,296	44,124,737
Reinsurer's share of technical provisions	1,273,883	1,167,112
Taxation receivable	379,451	1,833,125
Property held for development	2,176,509	2,469,554
Trade and other receivables	2,828,927	3,243,681
Cash and cash equivalents	8,374,886	12,832,003
Total assets	97,175,441	98,476,551
EQUITY AND LIABILITIES		
Capital and reserves	11,436,093	13,085,768
Technical provisions	60,790,020	59,976,017
Interest-bearing borrowings	19,412,866	19,246,269
Deferred tax liability	2,619,080	2,626,370
Trade and other payables	2,853,852	3,301,873
Current income tax liabilities	63,530	240,254
Total equity and liabilities	97,175,441	98,476,551

Condensed Consolidated Statement of Cash Flows
for the period ended 30 June 2011

GlobalCapital plc

	Group	
	30 June 2011	30 June 2010
	(unaudited)	(unaudited)
	€	€
Net cash from operating activities	548,344	1,159,836
Net cash used in investing activities	(5,271,659)	(5,560,005)
Net cash used in financing activities	(151,056)	(142,538)
Movement in cash and cash equivalents	(4,874,371)	(4,542,707)
Cash and cash equivalents at beginning of period	12,223,212	8,909,160
Decrease in cash and cash equivalents	(4,874,371)	(4,542,707)
Cash and cash equivalents at end of period	7,348,841	4,366,453

Condensed Consolidated Statement of Changes in Equity
for the period ended 30 June 2011
(unaudited)

GlobalCapital plc

	Group					
	Share capital	Share premium account	Investment reserves	Other reserves	Profit and loss account	Total
	€	€	€	€	€	€
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)
Balance at 30 June 2010	3,845,663	16,970,641	24,960	1,809,508	(2,772,038)	19,878,734
Balance at 1 January 2011	3,845,668	16,970,641	68,004	1,868,508	(9,667,053)	13,085,768
Increment in value of in-force business, transferred to other reserves	-	-	-	547,000	(547,000)	-
Loss for the financial period	-	-	-	-	(1,642,481)	(1,642,481)
Net movement in available-for-sale investments	-	-	(7,194)	-	-	(7,194)
Total comprehensive loss for the period	-	-	(7,194)	547,000	(2,189,481)	(1,649,675)
Balance at 30 June 2011	3,845,668	16,970,641	60,810	2,415,508	(11,856,534)	11,436,093

Segmental Information
for the period ended 30 June 2011
(unaudited)

GlobalCapital plc

	Group					Group
	Investment and advisory services	Business of insurance	Agency and brokerage services	Property services	Adjustments	
	€	€	€	€	€	
Period ended 30 June 2011						
Revenue from external customers	491,207	3,753,964	1,184,017	165,339	-	5,594,527
Intersegment revenues	-	61,200	-	32,500	-	93,700
Segment profit / (loss)	(142,155)	(1,584,846)	331,019	(130,830)	805,219	(721,593)
Net Investment charges						(357,955)
Other corporate expenses						(268,394)
Loss before tax						(1,347,942)
Total assets	470,830	72,891,772	1,483,626	15,067,523	(11,920,185)	77,993,566
Unallocated assets						19,181,875
						97,175,441
Period ended 30 June 2010						
Revenue from external customers	611,273	4,423,037	986,860	109,577	-	6,130,747
Intersegment revenues	-	-	-	32,500	-	32,500
Segment profit/(loss)	58,731	4,471	246,898	(202,552)	(1,084,578)	(977,030)
Net investment income						142,962
Other corporate expenses						(395,025)
Loss for the period before tax						(1,229,093)
Total assets	3,624,946	70,934,612	1,819,266	25,052,342	(13,099,281)	88,331,885
Unallocated assets						12,248,510
						100,580,395

- a) This half-yearly report is published pursuant to chapter 5 of the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act, 2005. The condensed set of consolidated financial statements attached to this report has been extracted from GlobalCapital p.l.c.'s unaudited Group financial statements for the six months ended 30 June 2011, 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 2010.
- 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 €44,378 as at 30 June 2011 (30 June 2010: €1,753,049).
- f) The net loss on financial instruments recognised in the condensed consolidated statement of comprehensive income for the period ended 30 June 2011 amounted to €933,904 (2010 gain of €804,227).
- 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 (2010: 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 2011 (30 June 2010: nil).
- i) The impairment charge on goodwill has decreased from €247,105 for the six month period ended 30 June 2010 to €134,120 for the same period ended 30 June 2011. In accordance with International Financial Reporting Standards goodwill is tested for impairment annually and whenever there is an indication of impairment.