

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 23 August 2013, the Board of Directors of GlobalCapital p.l.c. considered and approved the half-yearly report for the six (6) months ended 30 June 2013. 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
23 August 2013

Unquote

GlobalCapital p.l.c.

Half-yearly report for the period ended 30 June 2013

Interim Directors' Report

The Group registered a profit before taxation of €65,541 for the first six months of 2013 compared to a loss of €750,260 for the same period in 2012. The results for the period include unrealised fair value gains of €349,170 versus fair value gains of €34,735 in the equivalent period last year.

The Group continues to focus on its core businesses of life insurance and health insurance agency complemented by the investment arm, concentrating on growing and developing its direct sales force and diversifying its product range and distribution channels. The implementation of the life company's administrative IT system remains on track with the go live date targeted for early 2014. The new system will position the company for growth and expansion moving forward.

GlobalCapital Life Insurance (GCLI) registered a profit before tax of €504,505 compared to a profit of €297,458 for the same period in 2012. The improved results are driven by a marked improvement in the new business registered as well as continued cost containment.

The Investment Division registered considerable growth in revenue compared to the first six months of 2012. The positive result was a combination of improved productivity, the company offering a wider array of products offered by international reputable principals as well as the market's gradual regained appetite for investment products. Revenues from the Agency business remained in line with the prior period's figures.

On the basis of the Group's updated current and forecast statement of financial position, cash flows and scenarios for raising additional finance should the need arise, the Directors are of the view that the Company and the Group have adequate resources for future operations.

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

By order of the Board

Dawood A. Rawat
Chairman
23 August 2013

Nicholas Ashford-Hodges
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 2013, 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.

Dawood A. Rawat
Chairman
23 August 2013

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 2013, 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 2013 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

23 August 2013

Condensed Consolidated Statement of Comprehensive income
for the period ended 30 June 2013

GlobalCapital plc

	Group	
	01 January to 30 June 2013 (unaudited) €	01 January to 30 June 2012 (unaudited) €
Commission and fees receivable	1,553,037	1,601,012
Balance on the long term business of insurance technical account before tax	145,517	(113,081)
(Decrease)/increase in the value of in-force business	(124,615)	224,615
Other operating income	33,902	35,415
Administrative expenses	(1,604,598)	(1,739,742)
Commission payable and direct marketing costs	(93,358)	(90,273)
Impairment of goodwill	-	(107,717)
Operating loss	(90,115)	(189,771)
Net investment return/(charges) net of allocation to the insurance technical account	155,656	(560,489)
Profit/(loss) for the period before tax	65,541	(750,260)
Tax expense	(101,237)	(283,680)
Loss for the period	(35,696)	(1,033,940)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net gain/(loss) on available-for-sale financial assets	138,098	(74,628)
Total comprehensive income/(loss) for the period	102,402	(1,108,568)
Profit/(loss) per share (cents)	0c8	(8c4)

	Group	
	30 June 2013	31 December 2012
	(unaudited)	(audited)
	€	€
ASSETS		
Intangible assets	3,522,070	3,610,066
Property, plant and equipment	3,621,620	3,768,866
Investment property	14,438,207	23,833,231
Deferred tax asset	148,819	82,548
Other investments	45,867,082	49,658,425
Reinsurer's share of technical provisions	1,836,974	1,583,721
Taxation receivable	339,093	566,629
Stock-property held for development	1,242,797	1,242,797
Trade and other receivables	3,480,146	3,309,328
Cash and cash equivalents	8,341,242	4,051,077
Non-current assets held-for-sale	9,303,180	-
Total assets	92,141,230	91,706,688
EQUITY AND LIABILITIES		
Capital and reserves	6,552,519	6,450,117
Technical provisions	62,506,000	61,974,279
Interest-bearing borrowings	16,779,076	17,185,552
Deferred tax liability	2,499,809	2,351,315
Trade and other payables	3,559,719	3,505,296
Current tax liabilities	244,107	240,129
Total equity and liabilities	92,141,230	91,706,688

Condensed Consolidated Statement of Cash Flows
for the period ended 30 June 2013

GlobalCapital plc

	Group	
	30 June 2013	30 June 2012
	(unaudited)	(unaudited)
	€	€
Net cash from/(used in) operating activities	124,971	(2,313,462)
Net cash from investing activities	4,179,528	4,646,640
Net cash used in financing activities	(372,500)	(1,522,741)
Movement in cash and cash equivalents	3,931,999	810,437
Cash and cash equivalents at beginning of period	4,051,077	4,464,701
Increase in cash and cash equivalents	3,931,999	810,437
Cash and cash equivalents at end of period	7,983,076	5,275,138

Condensed Consolidated Statement of Changes in Equity
for the period ended 30 June 2013
(unaudited)

GlobalCapital plc

	Group					
	Share capital	Share premium account	Investment reserves	Other reserves	Profit and loss account	Total
	€	€	€	€	€	€
Balance at 1 January 2012	3,845,668	16,970,641	34,827	1,881,420	(13,870,723)	8,861,833
Increase in value of in-force business, transferred to other reserves	-	-	-	146,000	(146,000)	-
Loss for the financial period	-	-	-	-	(1,033,940)	(1,033,940)
Net movement in available-for-sale investments	-	-	(74,628)	-	-	(74,628)
Total comprehensive loss for the period	-	-	(74,628)	146,000	(1,179,940)	(1,108,568)
Balance at 30 June 2012	3,845,668	16,970,641	(39,801)	2,027,420	(15,050,663)	7,753,265
Balance at 1 January 2013	3,845,668	16,970,641	32,708	2,285,508	(16,684,408)	6,450,117
Decrease in value of in-force business, transferred to other reserves	-	-	-	(81,000)	81,000	-
Loss for the financial period	-	-	-	-	(35,696)	(35,696)
Net movement in available-for-sale investments	-	-	138,098	-	-	138,098
Total comprehensive income for the period	-	-	138,098	(81,000)	45,304	102,402
Balance at 30 June 2013	3,845,668	16,970,641	170,806	2,204,508	(16,639,104)	6,552,519

**Fair Value Measurement
at 30 June 2013
(unaudited)**

GlobalCapital plc

	Level 1	Level 2	Level 3	Total
	€	€	€	€
Fair Value Through profit or loss				
Debt Securities	24,309,429	-	-	24,309,429
Equities	8,584,869	-	-	8,584,869
Collective Investment Schemes	-	861,127	-	861,127
Available for Sale				
Equities	1,536,229	-	-	1,536,229
Collective investment schemes held to cover linked liabilities				
	-	2,336,196	-	2,336,196
Balance at 30 June 2013	34,430,527	3,197,323	-	37,627,850

	Level 1	Level 2	Level 3	Total
	€	€	€	€
Fair Value Through profit or loss				
Debt Securities	25,876,358	-	-	25,876,358
Equities	8,227,945	-	-	8,227,945
Collective Investment Schemes	-	835,877	-	835,877
Available for Sale				
Equities	1,398,130	-	-	1,398,130
Collective investment schemes held to cover linked liabilities				
	-	2,440,144	-	2,440,144
Balance at 31 December 2012	35,502,433	3,276,021	-	38,778,454

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

At 30 June 2013 and 31 December 2012, the carrying amounts of financial assets, other than investment in group undertakings, and financial liabilities approximated their fair values, with the exception of financial liabilities emanating from investment contracts with DPF. It is impracticable to determine the fair value of these contracts due to the lack of reliable basis to measure the future discretionary return that is a material feature of these contracts.

The fair value of the bonds issued by the company, admitted to the official list of the Malta Stock Exchange was quoted at €80 at 30 June 2013 (€80 at 31 December 2012).

- 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 2013, 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 2012. IFRS 13 – Fair value measurement, was adopted for the first time during this reporting period as this standard was effective for financial periods commencing 1 January 2013. The standard was adopted to the extent applicable to interim financial reports and did not result additional disclosures to those made in the annual financial statements for the year ended 31 December 2012.
- 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 capital related expenditure not provided for in these condensed consolidated financial statements amounted to €713,400 as at 30 June 2013 (30 June 2012: €1,032,000).
- f) The net gain on financial instruments recognised in the condensed consolidated statement of comprehensive income for the period ended 30 June 2013 amounted to €349,170 (2012 €34,735).
- 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 (2012: 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 2013.
- i) The impairment charge on goodwill for the six month period ended 30 June 2013 was nil compared to €107,717 for the same period ended 30 June 2012. In accordance with International Financial Reporting Standards goodwill is tested for impairment annually and whenever there is an indication of impairment.
- j) During the period, the Group repurchased 500,000, 5.6% unsecured bonds € 2014/16, from its bondholders. All bonds so purchased by the Group have been cancelled.