

## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by GlobalCapital plc pursuant to the Listing Rules of the Malta Financial Services Authority.

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### Quote

At a meeting held today 31 August 2016, the Board of Directors of GlobalCapital p.l.c. considered and approved the half-yearly report for the six (6) months ended 30 June 2016.

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](http://www.globalcapital.com.mt)

### Unquote

31<sup>st</sup> August 2016

# GlobalCapital p.l.c.

## Half-yearly report for the period ended 30 June 2016

### Interim Directors' Report

GlobalCapital Plc ('the Company') registered improved performance throughout the six months ending 30 June 2016 increasing operational profitability to €1,786,920 compared to a prior period profit of €977,795. This progress augmented the profit before taxation for the period under review to €1,878,526 compared to €1,176,197 as at end of June 2015.

The first six months of the year have been characterised by market volatility wherein the net impact on GlobalCapital Life Insurance's investment portfolio was a net unrealised fair value loss of €89,717 compared to a prior period net gain of €1,127,033 whereas the levels of investment income remained stable between the two reporting periods. Notwithstanding this swing in market forces, the life company registered a profit before taxation of €696,352 compared to a profit of €1,000,961 for the same period in 2015. The company continued registering stable growth in its levels of new business resulting in an increase in the value of in-force business for the period under review of €1,244,615 (June 2015: €535,385). This was supplemented with the operational efficiencies introduced which too contributed towards achieving this positive performance.

The Investment Division registered a sizeable drop in its revenue when compared to the first six months of 2015. This was driven by both a reduction in new business and the adverse volatility in international markets. Costs remained contained and helped results to remain in positive territory.

Revenues from the Health Insurance Agency business improved which together with a reduced level of operating expenditure ended the first six months of 2016 with a profit before taxation of €640,696 (June 2015: €477,777).

### Achieving long term financial stability

During the first half of 2016, GlobalCapital Plc pursued a Rights' Issue increasing the Group's share capital by 127%. This was successfully launched to the market and closed thereafter in April, returning a total net capital injection of €4.7m in line with the Group's expectations. As a result, Investar Plc (formerly EIP plc) increased its shareholding from 8.93% to 52.60%. Subsequent to this capitalisation, the Company issued a €10 million 5% unsecured bond maturing 2021 which was successfully subscribed. The proceeds from both issues were used to complete the repayment of the maturing bond which amounted to €13,823,200. As described in note c below, the repayment of the maturing bond addressed the uncertainty disclosed in the basis of preparation of the 31 December 2015 financial statements which was the subject matter of the basis of Disclaimer of Opinion issued by the auditor on the same financial statements.

The increase in share capital, the debt restructuring and the improved performance reported over the last four consecutive reporting periods led to a significant improvement in the Group's debt to equity ratio reducing it from 188% as at end December 2015 to 77% as at end of the current reporting period.

Moreover, through the motions of the Extraordinary General Meeting held on the 22 July 2016, the company increased its authorised share capital from thirty million to eighty five million ordinary shares of €0.291172 each. It is the Directors intention to increase the issued share capital of the Company, subject to any necessary regulatory approval, in order to increase the capital base by raising additional equity to meet the general financing requirements and to repay the Company's unsecured bonds maturity in 2021.

The Directors have therefore considered that on the basis of the above, there no longer are material uncertainties that may cast significant doubt about the company's ability to continue as a going concern. Consequently these interim financial statements have been prepared on a going concern basis.

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

### By order of the Board

**Paolo Catalfamo**  
Chairman  
31 August 2016

**Reuben Zammit**  
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 2016, 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.

**Paolo Catalfamo**  
Chairman  
31 August 2016

**Reuben Zammit**  
Director

## **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 2016, 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 2016 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'.

**Ian Coppini as Director**

in the name and on behalf of

**Deloitte Audit Limited**

Registered auditor

Deloitte Place

Mriehel Bypass,

Mriehel, Malta

31 August 2016

	Group	
	01 January to 30 June 2016 (unaudited) €	01 January to 30 June 2015 (unaudited) €
Commission and fees receivable	1,283,040	1,357,865
Balance on the long term business of insurance technical account before tax	367,010	416,302
Increase in the value of in-force business	1,244,615	535,385
Other operating income	38,912	38,401
Administrative expenses	(1,084,761)	(1,281,239)
Commission payable and direct marketing costs	(61,896)	(88,919)
<b>Operating profit</b>	<b>1,786,920</b>	<b>977,795</b>
Net investment return net of allocation to the insurance technical account	91,606	198,402
<b>Profit for the period before tax</b>	<b>1,878,526</b>	<b>1,176,197</b>
Tax expense	(1,004,372)	(700,708)
<b>Profit for the period</b>	<b>874,154</b>	<b>475,489</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net (loss)/gain on available-for-sale financial assets net of tax	(5,116)	10,916
<b>Total comprehensive income for the period</b>	<b>869,038</b>	<b>486,405</b>
Earnings per share (cents)	3c7	2c9

	Group	
	30 June 2016 (unaudited) €	31 December 2015 (audited) €
<b>ASSETS</b>		
Intangible assets	7,900,769	7,162,730
Property, plant and equipment	2,420,315	2,449,842
Investment property	15,238,106	15,237,008
Deferred tax asset	307	307
Other investments	57,613,679	55,580,847
Reinsurer's share of technical provisions	4,816,935	3,612,349
Taxation receivable	192,418	581,058
Non-current assets held-for-sale	7,100,000	8,415,000
Trade and other receivables	3,012,330	2,555,144
Cash and cash equivalents	7,074,278	5,440,651
<b>Total assets</b>	<b>105,369,137</b>	<b>101,034,936</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	13,118,619	7,360,089
Technical provisions	74,383,351	71,509,880
Interest-bearing borrowings	10,108,975	13,801,023
Deferred tax liability	3,294,342	3,104,849
Trade and other payables	4,200,411	5,211,363
Current tax liabilities	263,439	47,732
<b>Total equity and liabilities</b>	<b>105,369,137</b>	<b>101,034,936</b>

Condensed Consolidated Statement of Cash Flows  
for the period ended 30 June 2016

**GlobalCapital plc**

	Group	
	30 June 2016 (unaudited) €	30 June 2015 (unaudited) €
Net cash from operating activities	904,094	443,603
Net cash (used in)/from investing activities	(441,557)	2,772,390
Net cash from/(used in) financing activities	1,171,090	(275,800)
<b>Movement in cash and cash equivalents</b>	<b>1,633,627</b>	<b>2,940,193</b>
Cash and cash equivalents at beginning of period	5,440,651	2,571,167
Increase in cash and cash equivalents	1,633,627	2,940,193
<b>Cash and cash equivalents at end of period</b>	<b>7,074,278</b>	<b>5,511,360</b>

Condensed Consolidated Statement of Changes in Equity  
for the period ended 30 June 2016  
(unaudited)

**GlobalCapital plc**

	Group				Total
	Share capital	Share premium account	Other reserves	Accumulated losses	
	€	€	€	€	
Balance at 1 January 2015	3,845,668	16,970,641	3,344,169	(20,997,931)	3,162,547
Increase in value of in-force business, transferred to other reserves	-	-	348,000	(348,000)	-
Profit for the financial period	-	-	-	475,489	475,489
Net movement in available-for-sale investments	-	-	10,916	-	10,916
Total comprehensive profit for the period	-	-	<b>358,916</b>	<b>127,489</b>	<b>486,405</b>
<b>Balance at 30 June 2015</b>	<b>3,845,668</b>	<b>16,970,641</b>	<b>3,703,085</b>	<b>(20,870,442)</b>	<b>3,648,952</b>
Balance at 1 January 2016	3,845,668	16,970,641	4,297,968	(17,754,188)	7,360,089
Increase in Share Capital	4,889,492	-	-	-	<b>4,889,492</b>
Increase in value of in-force business, transferred to other reserves	-	-	809,000	(809,000)	-
Profit for the financial period	-	-	-	874,154	874,154
Net movement in available-for-sale investments	-	-	(5,116)	-	(5,116)
Total comprehensive profit for the period	-	-	<b>803,884</b>	<b>65,154</b>	<b>869,038</b>
<b>Balance at 30 June 2016</b>	<b>8,735,160</b>	<b>16,970,641</b>	<b>5,101,852</b>	<b>(17,689,034)</b>	<b>13,118,619</b>

Segmental Information  
for the period ended 30 June 2016  
(unaudited)

**GlobalCapital plc**

	Group					Group
	Investment and advisory services	Business of insurance	Agency and brokerage services	Property services	Adjustments	
	€	€	€	€	€	€
<b>Period ended 30 June 2016</b>						
Revenue from external customers	296,158	5,567,287	986,882	-	-	<b>6,850,327</b>
Intersegment revenues	-	33,518	-	-	-	<b>33,518</b>
Segment profit/(loss)	7,169	320,114	608,442	(83,417)	1,294,493	<b>2,146,801</b>
Net investment income						<b>91,606</b>
Other corporate expenses						<b>(359,881)</b>
Profit before tax						<b>1,878,526</b>
Total assets	286,381	96,332,117	1,146,133	6,695,751	(9,720,977)	<b>94,739,405</b>
Unallocated assets						<b>10,629,732</b>
						<b>105,369,137</b>
Total liabilities	109,471	77,196,327	123,151	137,860	(7,660,557)	<b>69,906,252</b>
Unallocated liabilities						<b>22,344,266</b>
						<b>92,250,518</b>
<b>Period ended 30 June 2015</b>						
Revenue from external customers	439,049	4,891,405	918,816	-	-	<b>6,249,270</b>
Intersegment revenues	-	31,243	-	-	-	<b>31,243</b>
Segment profit/(loss)	139,016	369,793	472,263	(114,939)	588,709	<b>1,454,842</b>
Net investment income						<b>198,402</b>
Other corporate expenses						<b>(477,047)</b>
Profit before tax						<b>1,176,197</b>
Total assets	250,796	82,723,065	659,986	7,564,114	(9,638,120)	<b>81,559,841</b>
Unallocated assets						<b>10,658,170</b>
						<b>92,218,011</b>
Total liabilities	86,221	70,676,211	80,606	94,007	(7,606,773)	<b>63,330,272</b>
Unallocated liabilities						<b>25,238,797</b>
						<b>88,569,069</b>



Fair Value Measurement  
at 30 June 2016  
(unaudited)

**GlobalCapital plc**

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>Fair value through profit or loss</b>				
Debt securities	28,745,436	-	-	29,235,080
Equities	14,029,960	-	-	14,029,960
Collective investment schemes	-	1,584,832	-	1,095,188
<b>Available for sale</b>				
Equities	1,077,958	-	-	1,077,958
<b>Collective investment schemes held to cover linked liabilities</b>				
	-	5,203,242	-	5,203,242
<b>Balance at 30 June 2016</b>	<b>44,342,998</b>	<b>6,298,430</b>	<b>-</b>	<b>50,641,428</b>
	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>Fair value through profit or loss</b>				
Debt securities	27,496,259	-	-	27,496,259
Equities	14,102,122	-	-	14,102,122
Collective investment schemes	-	1,100,869	-	1,100,869
<b>Available for sale</b>				
Equities	1,082,933	-	-	1,082,933
<b>Collective investment schemes held to cover linked liabilities</b>				
	-	4,318,399	-	4,318,399
<b>Balance at 31 December 2015</b>	<b>42,681,314</b>	<b>5,419,268</b>	<b>-</b>	<b>48,100,582</b>

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 2016 and 31 December 2015, 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 €102 at 30 June 2016.

- 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 interim 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 2016, 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) Within the Annual Financial Statements for the year ended 31 December 2015 that were approved for issue on the 30 April 2016 the Directors disclosed a material uncertainty that may have cast significant doubt about the Company's ability to continue as a going concern due to the fact that material uncertainties existed surrounding the execution of the Company's re-financing plans that were necessary to meet the Company's bond obligations that matured on the 2 June 2016.

Subsequent to the issue of the 2015 Annual Financial Statements, the Company successfully raised the financing required to redeem the maturing bond, through the issue of a new €10 million 5% unsecured bond maturing in 2021. The redeeming bond was settled within the time frame stipulated by the bond prospectus.

In assessing the basis of preparation of the interim financial statements the Directors have considered the Group's improved debt to equity ratio which has strengthened as a result of the issue of additional capital, the restructuring of the Company's debt and the positive results reported by the Group in the last four consecutive reporting periods. The Directors have also resolved to further strengthen the Group's financial position through the issue of additional share capital, subject to any necessary regulatory approval. On this basis, the directors are of the opinion that there no longer are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Consequently these interim financial statements were prepared on a going concern basis.

- d) The interim financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties, technical reserves and value of in-force business asset and financial instruments. The same accounting policies, presentation and methods of computation have been followed in these interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2015.
- e) The Group's operations consist of the provision of investments, advisory and insurance intermediary 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 Group's turnover is primarily generated in and from Malta.
- f) The Group had no commitments for capital related expenditure as at 30 June 2016 (30 June 2015: nil).
- g) The net unrealised loss on financial instruments recognised in the interim consolidated statement of comprehensive income for the period ended 30 June 2016 amounted to €57,960 (2015: net gain of €1,129,689).
- h) 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 23,311,207 shares (2015: 16,622,413).
- i) In the Directors' opinion the Group's portfolio of investment property has not been materially affected during the period ended 30 June 2016.