2003 Annual Report and Financial Statements

CONTENTS

To the Shareholders of FIMBANK.

It is my pleasure to present you with the 2003 annual report and financial statements. While going through the annual reports of previous years I have noticed that every year has been an eventful year for FIMBank. 2003 is by no means an exception. Early in the year, as mentioned in last year's report, we started with the aim to strengthen credit control and risk management, enhance the credit approval process, separate business development functions from operations, expand business development and marketing capabilities, while of course, continuing with our efforts to recover the impairments recorded the year before. In other words we worked to create a more efficient organization, return to profit, and then if possible, distribute dividends to our shareholders as we had promised.

I am happy to say that to a large extent our objectives have been achieved. Our credit control and risk management team has four members headed by an experienced, credit risk assessment manager and is supported by an in-house lawyer. The credit control process has been substantially enhanced with the appointment of a dedicated Credit Committee, which meets every week, and is chaired by an independent director, member of the Board.

The segregation of responsibilities between the business development functions and operations is progressing well but more time is needed to fully integrate the individual roles into the new setup. The shift of our country specialists from independent consultants to dedicated full time employees has been achieved successfully. I will elaborate further about FIMBank's increased potential in business development when I give due consideration herein, to the acquisition of London Forfaiting Company.

Our main disappointment for the year has been the poor level of recovery on the impairments for which full provision was made in 2002. Collections and legal proceeding are taking longer than envisaged. We will not give up and will continue with our concerted efforts to recover.

While the above was being implemented, the Board of Directors felt that the time has come to review our strategy. The appetite for more business has increased substantially, so in consultation with Management it was decided to focus more on:

- Diversification - in product and geographical locations, with increased emphasis on medium term funding.

- Name Recognition - although FIMBank is widely known in banking circles in Africa, India and most countries of the MENA region, we feel that there is much more that can be done.

With the successful completion of the acquisition of 100% of London Forfaiting Company (LFC) last September for Pounds Sterling 33 million, FIMBank has substantially accelerated the process of name recognition as well as product and geographical diversification.

In the Offering Memorandum issued prior to the Rights Issue, we had anticipated a loss at year-end for LFC, which would have resulted in a loss for the Group at consolidation, but the acquisition team’s expertise, ably led by the Executive Vice President in charge, managed to contain costs in the operation of the acquired subsidiary. In a relatively short time, the number of staff at LFC was reduced by 50%. Of the 15 branches and subsidiaries, nine do not fit with the Bank's long-term strategy and are in the process of being closed, leaving only 6 operating units. As a result, the effect of the LFC acquisition on FIMBank Group’s results was curbed and we were able to close the year with a profit of USD2,364,666.

With this acquisition, Fimbank’s business development team strengthened. Our Group is now present in five new strategic locations in addition to Malta and London. Now we have offices in Moscow, Istanbul, New York, Sao Paolo and Manchester.

In addition, last year the Bank sought a risk rating from an internationally recognized rating agency - Fitch. Management has for some time recognized the need of having a bench mark risk rating as this enhances the development of business strategies. The process was initiated during the second half 2003 and in an announcement published on the 6th of January 2004, Fitch Ratings informed its subscribers that it had assigned FIMBank a long term BB rating with a stable outlook. Although we feel the rating is reasonable, we aim to improve it during the course of 2004.

In closing, I would like to take this opportunity to convey to the management and staff of FIMBank, that irrespective of how much we grow, - with new staff constantly joining the ranks at all levels, coming from different parts of the world, those who have been long with the Bank or those who are new - each one of you is an important member of the team, you are our most important asset, and we are lucky to have you in the Bank. Thank you all for your efforts and loyalty.

Finally on behalf of the Board, Committees, Management and Staff of FIMBank, I would like to thank you, the shareholders, for your trust, continued support and commitment to the vision of FIMBank. Again you showed commitment when you subscribed fully to the increase in capital as recommended by the Board towards year-end through the rights issue of 20 million shares at 75 cents per share.

The Board of Directors has the pleasure to recommend the payment of a dividend of USD0.01,2 per share, i.e. USD792,077.

Najeeb Al Saleh

Najeeb H.M. Al Saleh
Chairman

بالإضافة إلى ذلك، سعى فيم بانك إلى الحصول على تقدير للمخاطر من وكالة تقييم معروفة دولياً – فيتش (FITCH). وكانت الإدارة منذ وقت طويل قد أدركت الحاجة إلى أن تكون لديها علامة يهتدى بها بخصوص معدّل المخاطر لأن هذا من شأنه أن يعزز تطوير استراتيجيات العمل. وقد بدأت العملية خلال النصف الثاني من 2003، وفي الإعلان الذي صدر في 6 يناير 2004، أحاطت شركة فيتش للتقرير المشاركين لديها علماً بأنها منحت فيم بانك تقدير BB طويل المدى مع مستقبل مستقر. ورغم أننا نشعر بأن هذا التقدير معقول، إلا أننا نهدف إلى تحسينه خلال مسيرة سنة 2004.

وفي الختام، أود أن أنتهز هذه الفرصة لأقول لإدارة وطاقم عمل فيم بانك، إنه بغض النظر عن مدى نمونا، – بطواقم العمل الجديدة التي تنضم باستمرار إلى صفوفنا على كل المستويات، والتي تأتي من مختلف أنحاء العالم، وللذين عملوا مع فيم بانك لمدة طويلة أو أولئك الجدد، أقول إن كل واحد منكم هو عضو مهم في الفريق، وأنتم أهم ما لدينا من أصول، ونحن محظوظون بكونكم معنا في المصرف. شكراً لكم جميعاً على جهودكم ووفائكم.

وأخيراً، باسم مجلس الإدارة، ولجان، وإدارة، وطاقم عمل فيم بانك، أود أن أشكر مساهمينا، على ثقتهم بنا، ودعمكم المستمر والتزامكم تجاه رؤية فيم بانك. ومرة أخرى أظهرتم لنا الالتزام عندما وافقتم بالكامل على زيادة رأس المال التي اقترحها مجلس الإدارة مع نهاية السنة من خلال إصدار حقوق 20 مليون سهماً بواقع 75 سنتاً للسهم (15 مليون دولار).

ويسر مجلس الإدارة أن يقترح دفع أرباح الأسهم بواقع 0.01,2 دولار أمريكي عن السهم الواحد، أي 792,077 دولار أمريكي.

Najeeb Al-Saleh

نجيب هـ م. الصالح
رئيس مجلس الإدارة

تقرير رئيس مجلس الإدارة

حضرة المساهمون في فيم بانك

يسرني أن أقدم إليكم التقرير السنوي والبيانات المالية لسنة 2003. بينما كنت أراجع التقارير السنوية عن السنوات الماضية، لاحظت أن كل سنة منها كانت زاخرة بالأحداث لفيم بانك. وسنة 2003 لا تمثل استثناء من ذلك بأي حال من الأحوال. ففي بداية هذه السنة، كما أشرنا في تقرير السنة الماضية، بدأنا بهدف تقوية التحكم في الائتمان وإدارة المخاطر، وتحسين عملية المصادقة على الائتمانات، وفصل وظائف التطوير التجاري عن العمليات، وتوسيع التطوير التجاري وقدرات التسويق، وفي نفس الوقت، بطبيعة الحال، الاستمرار في جهودنا تجاه التعافي من الديون المشكوك في تحصيلها أو الخسائر المحتملة التي سُجلت في السنة السابقة. بعبارة أخرى يمكننا القول إننا عملنا على خلق مؤسسة أكثر كفاءة، وعلى العودة إلى الربحية، وبعد ذلك إذا أمكن، توزيع أرباح الأسهم على مساهمينا كما وعدنا.

إنني سعيد بأن أقول إن أهدافنا قد تحققت إلى حد كبير. ففريق التحكم في الائتمانات وإدارة المخاطر أصبح يضم أربعة أعضاء يرأسهم خبير في تقييم مخاطر الإئتمانات ويدعمه في ذلك محام رسمي. وعملية التحكم في الائتمانات قد تم تحسينها بشكل كبير من خلال تعيين لجنة ائتمانات متفرغة، تجتمع كل أسبوع ويترأسها مدير مستقل، هو عضو في مجلس الإدارة.

وفصل المسؤوليات بين وظائف التطوير التجاري والعمليات يسير بشكل جيد رغم أن هناك حاجة إلى المزيد من الوقت من أجل الدمج الكامل للأدوار الفردية في هذه البنية الجديدة. وتم تحقيق النجاح في تحويل المستشارين المستقلين إلى موظفين مكرسين ومتفرغين. وسأتحدث بمزيد من التفاصيل حول إمكانيات فيم بانك المتزايدة فيما يتعلق بتطوير العمل التجاري عندما أتناول هنا موضوع ضم شركة لندن للتجارة في الأوراق المالية (London Forfaiting Company).

كانت خيبة أملنا الرئيسية عن السنة تتمثل في المستوى الضعيف للانتعاش من الخسائر التي تم مقابلتها بالكامل سنة 2002. إن عمليات التحصيل والإجراءات القانونية تأخذ وقتاً أطول مما كان متصوراً. ونحن لن نتراجع وسنستمر في جهودنا الحثيثة للاسترداد.

وبينما نحن في إطار تحضير هذا التقرير، شعر مجلس الإدارة أن الوقت قد حان لمراجعة استراتيجيتنا. فالشهية للمزيد من العمل التجاري تعاظمت بشكل كبير، وعليه وبعد التشاور مع الإدارة تقرر الإدارة التركيز على:

- التنويع – في المنتجات وفي الأسواق الجغرافية، مع المزيد من التركيز على التمويل المتوسط المدى.

- الإشهار بالإسم – بالرغم من أن فيم بانك معروف بشكل واسع في الدوائر المصرفية في أفريقيا، والهند، ومعظم بلدان الشرق الأوسط وشمال أفريقيا MENA، إلا أننا نشعر أن هناك المزيد مما يمكن عمله.

مع الاستكمال الناجح لشراء 100% شركة لندن للتجارة في الأوراق المالية (LFC) في سبتمبر الماضي، بمبلغ قدره 33 مليون جنيه استرليني، استطاع فيم بانك أن يسرّع من عملية الإشهار بالاسم وكذلك عملية تنويع المنتجات والمواقع الجغرافية.

في مذكرة العرض التي أصدرت قبل إصدار الحقوق، كنا قد توقعنا خسارة في نهاية السنة لشركة LFC، لكنه فضلاً للعمل الجيد والخبري الذي ترأسه نائبة الرئيس بكفاءة، استطعنا الحد من التكاليف الخاصة بإدارة الشركات التابعة المكتسبة. ففي فترة وقت قصيرة نسبياً تم التقليص من المستخدمين بالشركة ليصبح أقل من 50% لما كان عليه أولاً. ومن بين الـ 15 من الفروع والوحدات التابعة، 9 منها لم تلائم استراتيجية المصرف الطويلة المدى وهي في طريقها إلى الإغلاق، لتبقى فقط 6 وحدات عاملة. وكنتيجة لذلك، فإن أثر ضم LFC على نتائج مجموعة فيم بانك تم الحد منه واستطعنا أن ننهي السنة بربح قدره 2,364,666 دولار أمريكي.

وبهذا الضم لشركة (LFC)، تمت تقوية فريق فيم بانك للتطوير التجاري. فمجموعتنا الآن لها حضور في خمس مواقع استراتيجية بالإضافة إلى مالطا ولندن. فالآن لدينا مكاتب في موسكو، واسطنبول، ونيويورك، وساو باولو، ومانشيستر.

LE MESSAGE DU PRÉSIDENT

Chers actionnaires de FIMBank

J'ai le plaisir de vous présenter le rapport annuel ainsi que les résultats financiers pour l'année 2003. En parcourant les rapports annuels des années précédentes, j'ai remarqué que pour FIMBank, chaque année amenait son lot d'évênements. A ce titre, 2003 n'est absolument pas une exption. Comme nous l'avons mentionné au debut de l'année dans le rapport 2002, nous avons entammé l'exercice avec l'objectif de renforcer le contrôle du crédit et de la gestion des risques, d'améliorer le processus d'approbation des crédits, de faire une claire séparation entre les fonctions commerciales et celles liées au traitement des opérations, d'augmenter le potentiel du dévelopment des affaires et du marketing. Tout en continuant par ailleurs nos efforts pour recouvrer les créances en soufrance que nous avons enregistré lors de l'exercice précédent. En d'autres termes, nous avons euvré pour créer une organisation plus efficace, pour redevenir profitable, et dans la mesure du possible, distribuer des dévidendes à nos actionnaires comme nous l'avons promis.

Je suis heureux de pouvoir annoncer que, dans une large mesure, ces objectifs ont été atteints. Notre département du contrôle des credits ainsi que l'equipe de la gestion des risques a été renforcée par 4 nouvelles personnes chapotée par un cadre superieur experimenté dans le domaine de la gestion des risques et des credits, qui est assisté par un juriste permanent au sein de la Banque. Egalement, le processus de contrôle des crédits a été fondamentalement renforcé par la mise en place d'un Comité de Crédit qui se reuni une fois par semaine, et qui est présidé par un directeur indépendent membre du Conséil d'Administration.

La séparation des tâches et des responsabilités entre le département du Dévelopment - Marketing et celui des Opérations est en bonne marche, bien que cela nécissetera plus de temps pour arriver à mieux redéfinir les roles de chacun dans cette nouvelle organisation. L'integration de nos spécialistes des risques pays a été totalement reussie. Ceux-ci auparavant agissaient en tant que consultants indépendents, sont devenus des employés à plein temps entièrement dédiés à la Banque. J'élaborerais plus loin mon point de vue sur les chances d'augmenter les oppurtinités de dévelopment des affaires pour FIMBank en évoquant l'acquisition de London Forfaiting Company.

Un bémol toutefois pour cet exercice qui est le faible taux de recouvrement sur les créances en soufrance qui ont été entièrement provisionnées en 2002. Les procédures juridiques et les récupérations semblent prendre plus de temps par rapport a nos estimations initiales.

Au moment même ou ce rapport est en cours de rédaction, les membres du Conséil d'Administration estiment qu'il est nécessaire de réviser notre stratégie. Notre ambition d'augmenter fortement le volume des affaires est de plus en plus grande. Ainsi, et après consultation de la Direction Générale, il a été décidé de concentrer nos efforts sur deux objectifs:

- Diversification - aussi bien en terme d'offre produits que sur le plan géographique, en accordant par ailleurs plus d'importance aux financements moyen terme.

- Image de Marque - bien que le nom de FIMBank est aujourdhui largement reconnu dans les cercles bancaires en Afrique, en Inde ainsi qu'au Proche Orient, nous sommes convaincu qu'il reste beaucoup à faire dans ce domaine.

Avec la réussite en Septembre dernier de l'acquisition de 100% des parts de London Forfaiting Company pour le montant de 33 million Livres Sterling, FIMBank a véritablement accélérer le processus de sa notoriété, ainsi que celui de la diversification de son offre produits et de ses marchés géographiques.

Dans la notice d'informations publiée dans le cadre de l'offre d'augmentation du capital, nous avions anticipé pour LFC une perte pour la fin de l'exercice 2003, qui aurait pu se traduire par un résultat négatif pour le consolidé du Groupe. Cependant, l'expertise de l'équipe en charge de l'acquisition, dirigée par la valeureuse Executive Vice President, a réussi à contenir les dépenses opérationnelles dans le cadre de cette acquisition. Dans un délais relativement court, le nombre des employés de LFC a été réduit de 50%. Sur un total de 15 branches et filiales, 9 ne rentrent pas dans le cadre de la stratégie à long terme de la Banque, et de ce fait, sont en court de fermeture, laissant ainsi seulement 6 bureaux opérationels. Par consèquent, les effets de l'acquisition de LFC sur le résultats du Group ont été minorés, et nous avons pu clôturer l'exercice 2003 avec un bénéfice de USD 2,364,666.

Cette acquisition a permit à FIMBank de renforcer son équipe commerciale. Notre Group est actuellement présent dans cinq nouveaux pays en plus de Malte et Londres. Nous avons ainsi de nouvelles permanances stratégiques à Moscow, Istanbul, New York, Sao Paolo et Manchester.

En outre, la Banque s'est vue attribuer une notation de risque par une agence de notation international - FITCH. La Direction Générale de la Banque a en effet pendant longtemps souhaité bénéficier d'une notation de risque lui permettant d'accompagner le dévelopement de sa strategie commerciale.

Une étude a été initiée durant le deuxième semestre 2003, et en date du 06 Janvier 2004, l'agence FITCH a annocé à ces abonnés l'attribution à FIMBank de la note BB pour le long term avec position stable. Bien que nous considérons que cette note est satisfaisante, nous souhaitons l'améliorer courant 2004.

Pour conclure, je souhaiterais saisir cette opportunité pour rappeler a la Diréction Générale et aux Employés de FIMBank, aux nouveaux collloborateurs qui nous ont rejoint à des niveaux différents, arrivant de diverses parties du monde, comme à ceux qui font partie de la Banque depuis bien longtemps - et quelque soit la progression de notre taille - chacun de vous est un membre important de l'équipe, et que vous représenter notre actif le plus précieux, et nous sommes heureux de vous avoir dans la Banque. Merci à vous tous pour vos efforts et votre loyauté.

Enfin, au nom du Conseil d'Administration, des différents Comités, de la Diréction Générale et des Employés de la Banque, je voudrais vous remercier, vous les Actionnaires, pour votre confiance et votre engagement de soutenir continuellement la Vision de FIMBank. Vous avez demontré cet engagement une fois de plus en souscrivant totallement à l'offre d'augmentation de capital comme elle a été recommandée par le Conseil d'Administration vers la fin de l'année 2003- soit 20 milions d'actions au prix de 75 cents par action.

Le Conseil d'Administration a le plaisir de recommander le paiment d'un dévidende de USD 0.01,2 par action, soit un dévidende total de USD 792,077.

Najeeb Al-Saleh

Najeeb H.M. Al Saleh
Président

DIRECTORS' INTERESTS

DIRECTORS' INTERESTS INCLUDE :

***Najeeb H.M. Al-Saleh** (Chairman)*
- *Chairman and Managing Director of Kuwaiti Interests for Financial Investments K.S.C., Kuwait;*
- *Chairman of Global Financial Holdings N.V., Netherlands;*
- *Vice Chairman of Al Massaleh Real Estate Company K.S.C., Kuwait.*

***Mehdi Ouazzani Hassani** (Vice Chairman)*
- *Lawyer Council of Casablanca Member, Certified to the Supreme Court;*
- *Deputy Chairman of Arbitration and Conciliation Board of Casablanca Chamber of Commerce;*
- *French Chamber of Commerce Member;*
- *Chairman and Chief Executive Officer of Es Saada Insurance and Reinsurance Company;*
- *Chairman of Essadotel Limited (Crowne Plaza Casablanca);*
- *Member of Insurance Advisory Committee to the Ministry of Finance;*

Fouad M.T. Alghanim
- *Vice Chairman of Mobile Telephone Company K.S.C., Kuwait;*
- *President of Fouad Alghanim & Sons Group of Companies;*
- *Member of the Board of Medis Technologies, U.S.A.;*
- *Member of the Board of the Council on Foreign Relations, U.S.A.;*
- *Member of the Board of International Conference, U.S.A.;*
- *Member of the Board of United Bank of Kuwait, London;*
- *Member of the Board of Intercontinental Hotels Company, Cairo;*
- *Member of the Society for the Care of Arab Children, Kuwait.*

Fawzi Al-Jouder
- *General Manager of Kuwaiti Consulting and Investment Company.*

Mohammed I.H. Marafie
- *Chairman and Managing Director of Al Nour International Holding Co., Kuwait;*
- *Director of W.H. Ireland p.l.c., U.K.;*
- *Deputy Chairman of Gulf Cement Company, UAE.*

Saad A.A. Al-Mutawa
- *Chairman and Delegate Member of the Board entrusted for a number of touristic projects;*
- *Partner and Member of the Board of Abdel Aziz Al-Mutawa Group;*
- *Regional Manager for Al-Mutawa Group in North Africa;*
- *Vice President and Delegate Member of the various Boards of North African and Kuwaiti companies.*

Duco Reinout Hooft Graafland
- *President Dexteritas B.V.;*
- *Chairman of the Non-Executive Board of Beheer Maatschappij Catharijne;*
- *Member of the Supervisory Board of Carbo Holding;*
- *Chairman of the Board of a Dutch museum;*
- *Former Member of the Managing Board of Bank Mees & Hope N.V.;*
- *Former Member of the Executive Council of MeesPierson N.V.;*
- *Former Chairman of Theodoor Gilissen Bank;*
- *Former Member of the Supervisory Board of Friesland Bank Securities.*

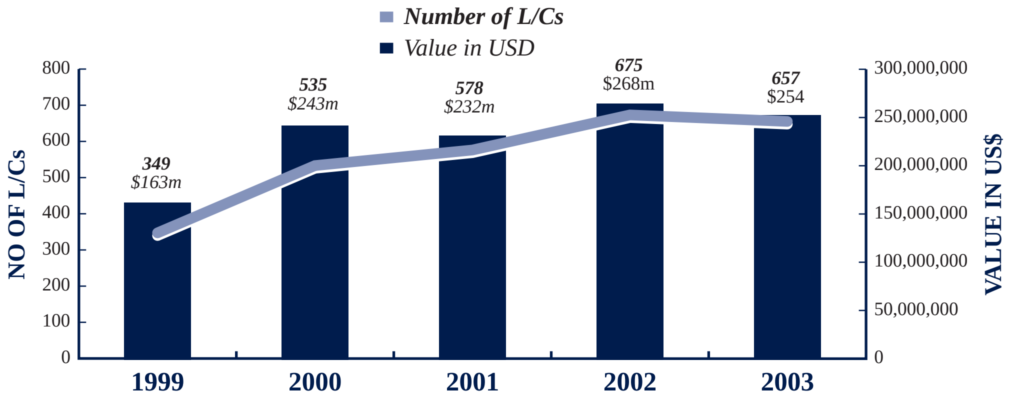
Marwan Ahmad Salamah
- *General Manager of Orient Consulting Center, Kuwait;*
- *Chairman of KCPC K.S.C., Kuwait;*
- *Member of the Board of Kuwaiti Interests for Financial Investments Company K.S.C., Kuwait.*

Hamad Musaed Bader Mohammed Al-Sayer
- *Manager of Al-Sayer Enterprises, investment wing of Al-Sayer Group of Companies;*
- *Former Relationship Manager, Credit Department of National Bank of Kuwait, Kuwait;*
- *Former Director of Gulf Glass Manufacturing Company;*
- *Director of Kuwait Sporting Club;*
- *Director of Musaed Bader Al-Sayer Company.*

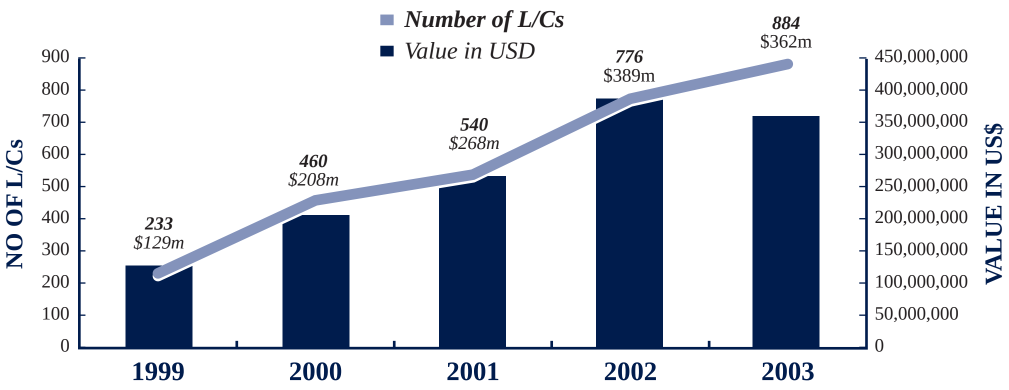
Francis J. Vassallo
- *President of Francis J. Vassallo & Associates;*
- *Chairman of BAWAG Malta Bank Limited;*
- *Former Governor of the Central Bank of Malta;*
- *Former Senior Executive of Chase Manhattan Bank Worldwide;*
- *Former Board Member of Chase Manhattan Bank subsidiary interests;*
- *Former Credit Investment Committee Member of Chase Manhattan Bank, Worldwide;*
- *Former Governor for Malta on the IMF;*
- *Former Alternate Governor for Malta at the EBRD;*
- *Former Ex-Officio appointment on the Board of Governors of the MFSC;*
- *Former Chairman of the Joint Banking Committee;*
- *Former Chairman of the Monetary Policy Council, CBM;*
- *Former Chairman of the Investment Policy Committee, CBM;*
- *Former Member of the Malta Council for Economic Development;*
- *Member of the Institute of Directors, London;*
- *Fellow of the Institute of Bankers, London;*
- *Speaker at many international conferences on topics including: Commodity Financing, Islamic Banking; Investment Management; Monetary Policy; Banking Supervision and Risk Management; Money Laundering; Institutional Investors and Stock Exchanges.*

2003 Review

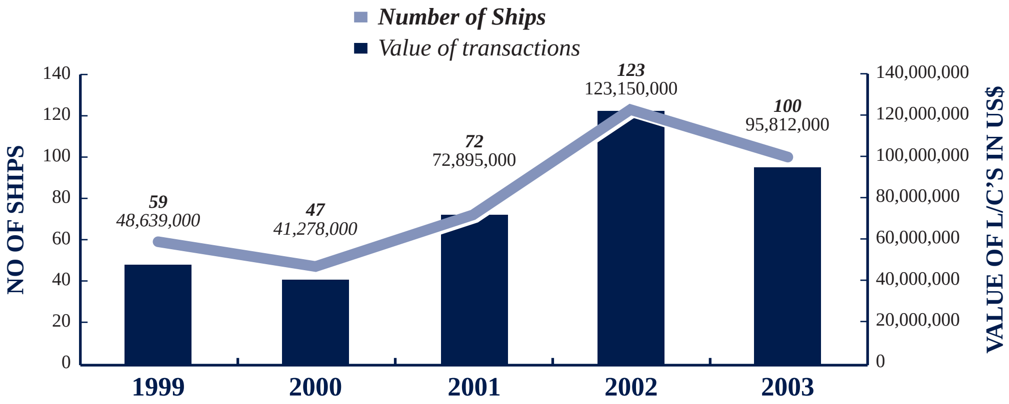
Outward Letters of Credit



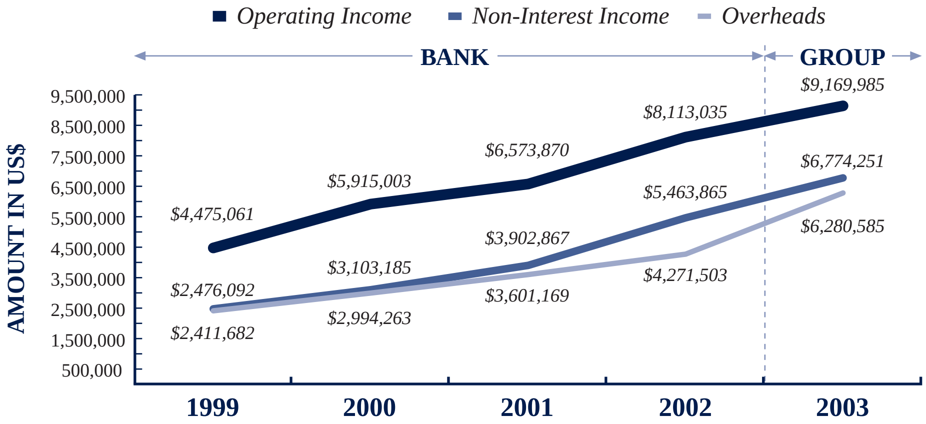
Inward Letters of Credit



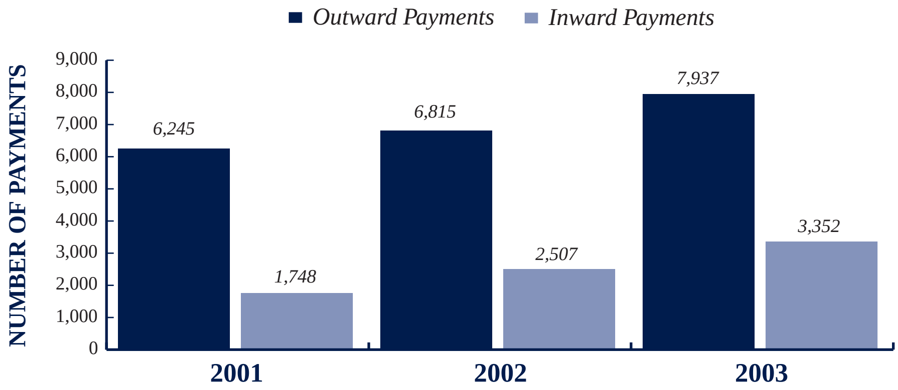
Ship Scrapping



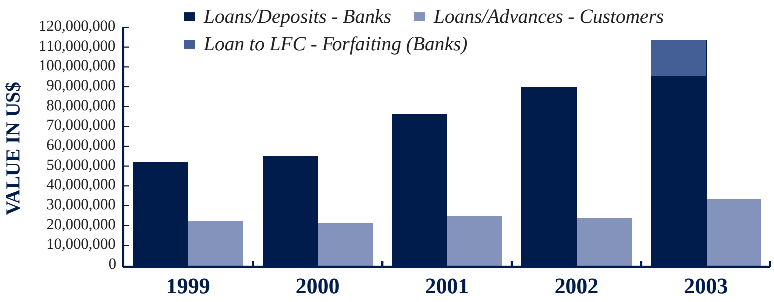
Cost to Income



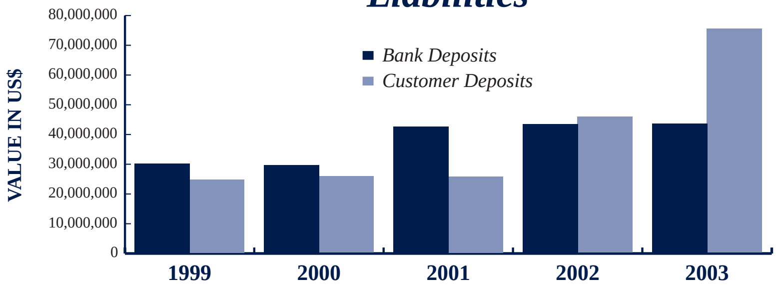
Outward/Inward Payments



Assets



Liabilities



Acquisition of London Forfaiting Company Plc

On the 22nd July, 2003, FIMBank announced the terms of a recommended cash offer to be made by WestLB on behalf of FIMBank (UK), a wholly owned subsidiary of FIMBank specifically set up for the purpose of acquiring the entire issued and to be issued share capital of London Forfaiting, an established participant in the global forfaiting market. This announcement was followed by a shareholders' information meeting held on the 28th July, 2003 and by further company announcements.

The Offer made by FIMBank was subject to a number of conditions, including the obtaining of all regulatory approvals in Malta. Following the fulfilment or, where permitted, waiver of conditions set out in the Offer Document, the Offer was declared unconditional in all respects on the 28th August, 2003 when FIMBank (UK) announced that valid acceptances of the Offer had been received from the holders of, in aggregate, 68,234,824 London Forfaiting Shares, representing approximately 65.1 per cent of the London Forfaiting Shares to which the Offer relates. As at the 4th September, 2003, FIMBank (UK) had, through receipt of valid acceptances from holders of London Forfaiting Shares, together with market purchases, acquired approximately 77.1 per cent of the London Forfaiting Shares.

On the 5th September, 2003, London Forfaiting applied for the cancellation of the listing of the London Forfaiting Shares on the Official List of the UKLA and for the cancellation of trading in London Forfaiting Shares on the London Stock Exchange's market for listed securities. London Forfaiting ceased to be a listed company and re-registered as a private company under the relevant provisions of applicable UK legislation. FIMBank's plans for London Forfaiting are that it will continue to offer forfaiting services under its established name as the forfaiting arm of FIMBank.

London Forfaiting was formed in 1984 and provides financial services in connection with international trade through a world-wide network of offices. It is an established participant in the global forfaiting market and will provide FIMBank with a platform for the growth of its forfaiting business.

Reasons for, and benefits of, the acquisition

FIMBank's core activity is the provision of international trade finance services to banks, trading companies and corporates. FIMBank has grown strongly since its formation and its Directors expect this growth to continue as it seeks to extend its services to new markets in selected geographical areas, expand its customer base in existing markets, expand the provision of specialised trade finance services to other banks in selected niche markets and extend its trade related range of services generally. The FIMBank Board plans to position FIMBank as a specialised institution offering niche services rather than competing directly with larger institutions offering a broad range of financial products. The FIMBank Board has approved a number of strategic measures intended to optimise FIMBank's existing strengths, resources and value drivers by diversifying its business with regard to markets, products and regions. One important component of this strategy is to increase the product range offered by FIMBank in order to diversify the revenue stream. Within the context of this strategy, FIMBank believes it will:

- increase return on equity
- create more liquidity
- create more visibility for FIMBank's image
- service clients better
- diversify the portfolio and hence reduce risk.

Last year the FIMBank Board identified forfaiting as a potential growth area for FIMBank and took a series of steps to strengthen their commitment in this regard, including the recruitment of two senior executives with years of experience in their respective areas of expertise.

Rights Issue

On the 3 November, 2003, the Board announced the issue of 20,000,000 new shares by way of a Rights Issue to Eligible Shareholders. Following the successful acquisition of London Forfaiting Company p.l.c., First International Merchant Bank p.l.c. will be proceeding with the next stage of its objective to develop into an international player in the trade finance business. The Board aims to achieve this by expanding further the Bank's own operations, by developing and growing LFC, and by building a network of factoring joint venture companies in a number of jurisdictions in conjunction with local partners and possibly other international institutions of repute. The cash proceeds received from the Rights Issue shall be used to finance such a strategy.

20,000,000 New Shares were offered in connection with the Rights Issue, with a view to raising USD 15,000,000 before deduction of expenses connected with this Rights Issue. The Share Offer Price of USD0.75 per new share represented approximately a 35.6% discount to the trade-weighted average market price of the Company's Ordinary Shares during the period 3 May, 2003 - 3 November, 2003 which was USD1.165 per share.

Eligible Shareholders were offered New Shares at a price of USD0.75 per New Share on the basis of ten new shares for every twenty three ordinary shares held at the record date. All applications received from eligible shareholders were accepted resulting in the increase of the Bank's issued share capital by a further USD 15 million.

2003 Trade Services & Correspondent Banking Conference

FIMBank once again hosted the Trade Services & Correspondent Banking Conference which since 2001 has become an important annual event in Malta's financial calendar. Thirty two senior delegates from financial institutions forming part of FIMBank's network of correspondent banks in Africa, Europe, Asia and the Middle East attended the conference.

The delegates of the 2003 Trade Services and Correspondent Banking Conference in front of the Malta Stock Exchange in Valletta.

The popularity of this annual conference has grown rapidly and this year's delegates came from over 16 different countries. The concept of bringing together bankers from all corners of the globe is the brainchild of Mr Claude L. Roy, President and Chief Executive Officer of FIMBank and has the full support of the Bank's Chairman, Mr Najeeb Al-Saleh who actively promotes the concept of Malta as a financial services and trade finance centre.

Malta is the ideal location for experts in the field of trade finance and international banking to discuss and exchange ideas. During their stay the delegates had the opportunity to meet members of the local banking community and the International Forfaiting Association (IFA) at an event hosted jointly by FIMBank and IFA. This landmark event was made possible through the personal initiative of Ms Margrith Lütschg-Emmenegger, Executive Vice President of FIMBank and also Deputy Chairman of the IFA, at the time.

The delegates also visited the Central Bank of Malta and the Malta Stock Exchange and also had the opportunity to tour the Maltese Islands, visit its historical sites and sample the local cuisine.

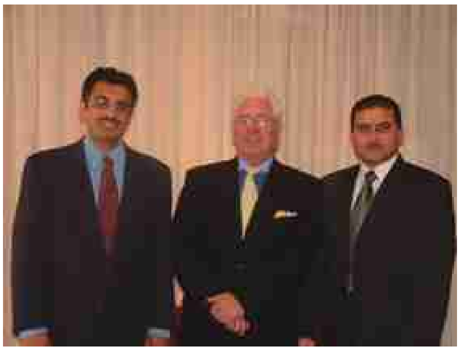
Management Meeting

The objective of this annual event is for senior management to define the Bank’s plans and strategy for the next two years. At this meeting, which coincided with the announcement of the successful acquisition of London Forfaiting Company p.l.c. (LFC), Mrs Margrith Lutschg-Emmenegger discussed the integration plans of LFC as a subsidiary of the FIMBank Group and the opportunities and challenges presented by the new forfaiting business. All Departmental Heads also had the opportunity to present and discuss their individual team's projects and plans. FIMBank’s Chairman Mr Najeeb Al-Saleh was also present throughout the discussions and was pleased with the outcome: ***“With so many challenges and opportunities ahead, such discussions will ensure that the Bank's Management will remain focused on achieving the results expected from them.”***

Mr Silvio Mifsud, Senior Manager I.T. & Administration, outlines strategies related to Information Technology.

Team Building and Change Management Training

Last year was an extremely dynamic one for human resources with the hiring of people in various posts, including very senior positions. Such influx was necessary to meet the ambitious projects undertaken by the Bank, including the acquisition of London Forfaiting Company p.l.c. (LFC). In order to renovate and help share the vision across the organisation, a one day seminar on ‘Team Building and Change Management’ was organised for all FIMBank employees. The seminar was conducted by Dr. Barry Calvert, an internationally renowned management trainer, who focused on the need for integration of new people to the team and a smooth transition towards the new set up and organisational structure. The total number of employees including the Bank's London representative office, now stands at 73 while LFC employs 20 people. Four FIMBank employees are on secondment with LFC. Apart from maximising the efficiency of its human resources this is providing the employees with more and wider opportunities for training and personal development.



Management Trainer Dr Barry Calvert (centre) with FIMBank's General Manager Mr Raymond Busuttil (right) and Human Resources Manager Mr Bruno Cassar (left).

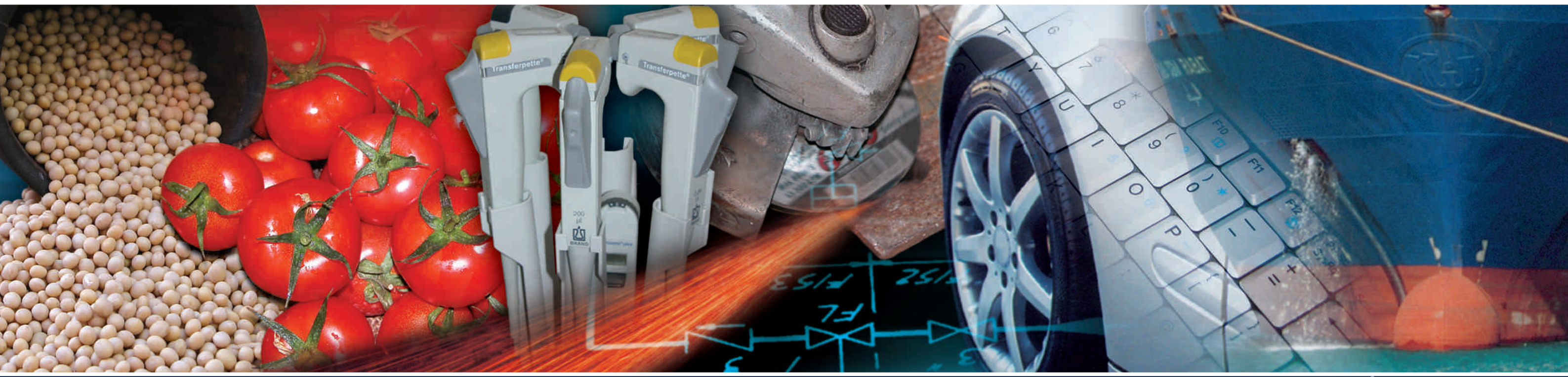
FIMBank and the community

First International Merchant Bank p.l.c. has this year decided to make a charitable donation instead of sending out Christmas cards. The Bank has in recent years supported the Deaf People’s Association, and this year's donation to the Association reflects FIMBank's continued support of the good work of the Association. During a presentation the Bank’s President, Mr Claude L. Roy presented Mr Natalino Psaila, the President of the Deaf People’s Association, with a cheque for Lm750. Meanwhile, the employees of First International Merchant Bank p.l.c. collected a sum of Lm2,000 for the international charity **‘Give Kids the World’**. This charity organisation organises free unforgettable holidays to Disneyworld and Euro Disney for children with life threatening illnesses and their families.

“It is reassuring to see FIMBank’s employees show their commitment towards this cause by having a portion of their salary deducted every month. The funds collected will help realise the dreams of a maltese child who is undergoing treatment for a life threatening illness.” stated Ms Sandra Chetcuti from Crowne Plaza representing ‘Give Kids the World’ in Malta.

Mr Natalino Psaila, President of the Deaf People’s Association receiving FIMBank’s donation from Mr Claude L. Roy, President.

Report of the Directors



For the Year Ended 31 December 2003

The directors are pleased to present their ninth annual report together with the audited financial statements of the Bank for the year ended 31st December 2003. This is the first report of the consolidated Group of FIMBank p.l.c.

PRINCIPAL ACTIVITIES

First International Merchant Bank Group comprises First International Merchant Bank p.l.c., Malta (the “Bank”) and London Forfaiting Company Ltd., London (“LFC”) together with its subsidiary companies, the latter group wholly owned by FIMBank (UK) Limited.

The Bank is registered under the laws of the Republic of Malta. LFC is registered in the United Kingdom and changed its status from “public limited liability” to “private limited liability” company in October 2003. This recent “Group” structure is regulated on a consolidated basis by the Malta Financial Services Authority.

In November 1994, the Bank was granted a licence to carry on the business of banking as a credit institution in terms of Article 5 (1) of the Banking Act, 1994. The Bank’s principal activity is that of providing short-term international trade finance to corporate traders and to act as an intermediary to other financial institutions for international settlements, forfaiting and loan syndications. The Bank also maintains accounts in currencies other than the Maltese Lira for residents and non-residents and provides credit card facilities to its customers.

On the 28th August 2003, the Bank acquired the full control of London Forfaiting Company p.l.c., which at the time of acquisition, was listed on the London Stock Exchange. LFC was formed in 1984 and provides trade finance services with particular focus on the forfaiting business through a world-wide network of offices. Some of these offices have distinct corporate status in the various jurisdictions where they are providing the service. LFC’s main activities are purchasing of bills of exchange, promissory notes, deferred payment letters of credit and transferable financial loans from exporters or their banks and subsequently selling these instruments to investing institutions.

REVIEW OF BUSINESS DEVELOPMENT AND STATE OF AFFAIRS

During the twelve-month period under review, the Bank took a number of strategic decisions towards its continuing development and concrete steps towards achieving set objectives.

The first six months of last year were dedicated towards the introduction of highly qualified executives into key positions and restructuring of roles and responsibilities of senior executives of the Bank. The exercise resulted in defining the roles into three distinct responsibilities, that of Operations & Administration, Business Development & Marketing and Risk Management.

In July, the Bank bid for the acquisition of LFC. This was a major event for an institution of our size. Senior executives were directly involved in coordinating with third parties, but every effort was made not to involve the operational staff to ensure that the regular conduct of the Bank’s business would not be effected. The acquisition was successfully concluded by the end of the third quarter.

During the fourth quarter, the Board recognised that the plans it had on its agenda would require an injection of new capital. Hence, at the beginning of November, a rights issue of 20,001,957 new shares was made to existing shareholders in a bid to raise USD15 million. All shares offered were subscribed for and the increase in equity was registered before year-end 2003.

Simultaneously, Bank executives were coordinating discussions with analysts from Fitch Ratings. The Board had recognised the advantages of having a benchmark risk rating by a recognised rating agency during negotiations with potential partners for joint venture opportunities and generally for its regular business. In an announcement published on the 6th of January 2004, Fitch Ratings informed its subscribers that it had assigned the Bank a Long-term ‘BB’ rating with a stable outlook.

OPERATIONAL AND FINANCIAL REVIEW

Concurrent with all the extraordinary activities mentioned above, the Bank's management focused on maintaining and consolidating the Bank's position in its niche markets, which over the years have provided a solid foundation for the progressive growth of the Bank. A good level of success was also achieved in finding new opportunities, providing services to banks defined as downstream correspondents, in countries targeted for the first time in 2003. Altogether the Bank increased its proportion of credit allocation towards other financial institutions with the result that it ended the year with a stronger asset structure. This was done through allocation of new and increased credit/confirmation line to banks, to encourage more confirmation/discounting of deferred payment letters of credit, while opening up new opportunities in the forfaiting business.

In 2003, the Bank registered a net profit before tax of USD3,346,053, with an increase in operating income of 16.4%. Group profit on ordinary activities before tax was USD2,364,666. Operating income for the Group was USD9,169,985, which is 13% more than the figure generated during 2002. This is made up of USD2,395,734 in net interest income, USD4,725,933 net commissions received, USD1,994,806 in net dealing profits and USD53,512 in other operating income. The Group's total expenditure net of an impairment allowance reversal amounted to USD6,805,319.

A closer look at the Bank's income figures show a reduction in interest earnings of USD679,457, a reduction of 17.4% as compared to 2002, mainly because the interest rate levels of major currencies continued to deteriorate. There was also a small reduction of USD228,104, or 4.6% in net commissions received from core activities of the Bank. This is a small decline in commission income, considering that there was a slowdown of regular trading activity in one of the Bank's established markets. This particular scenario effected all institutions dealing in trade finance with this particular country. The situation should gradually return to normal in the coming months.

Dealing profits are mainly attributable to foreign exchange earnings, which include a gain of USD1.4 million resulting from the favourable exchange rate movement of GBP against the USD. During LFC's acquisition exercise, the Bank assumed a managed GBP long position which was in substance closed over a period of 4 weeks from availability of funds in the stated currency. One must appreciate that as a USD based Bank, settlement to LFC's shareholders in GBP necessitated a substantial conversion of USD into the payment currency. Subsequent to acquisition, the Bank gained control of LFC's financial assets and reconverted back GBP assets into USD. The reporting currency of LFC and that of the purchasing vehicle company, FIMBank (UK) Limited were also converted to USD on the 11th December 2004. The consolidated position of the group as at 31st December 2003 is reportable in USD.

Administrative overheads of the Bank increased by USD1,476,542 during 2003, reflecting an increase of USD718,410 in general overheads and USD758,130 staff costs. As mentioned, the Bank's investment in human resources during the year under review was substantial. A total of 17 new employees were added increasing the staff compliment to 77. In particular three senior executives were employed and the new compliment was reorganised into a new corporate structure. The Bank also continued extending its office space in Malta, maintain its I.T. hardware and network systems at high standards and increasing user licences for the various software applications used by the Bank.

A new item featuring for the first time in the Group's Profit and Loss account is the amortisation of goodwill, which is being charged on a straight line basis over an estimated useful life of five years. Goodwill arising on the acquisition of LFC has resulted in the creation of an intangible fixed asset of USD8,577,689, of which USD571,846, representing a four months' pro-rata charge, was expensed during the current year. The balance of USD8,005,843 will be amortised over the remaining period of four years and eight months.

Last year the Group recorded a net recovery from impairments amounting to USD554,865 consisted of net impairments for the Bank amounting to USD60,289 and recoveries of USD615,153 at LFC.

The Group's consolidated balance sheet as at 31st December 2003 shows total assets of USD176 million compared to the Bank's assets of USD120 million in 2002. Out of the USD56 million increase, goodwill in LFC accounts for USD8 million, while forfaiting assets, classified as financial assets held-for-trading, amount to USD36 million. It is the intention to accept all new forfaiting business through LFC. Thereby LFC, with its strategically located offices, will source business and fulfil the dealing function while the back office support function has already been located in Malta.

The increase in assets was funded by an increase of USD30 million in customer deposits and USD15 million from equity raised in the rights issue.

Following a successive record of annual growth, the bank's off-balance sheet commitments relating to its core activity – letters of credit have come down by USD65 million, which as previously mentioned was primarily caused by a decrease in activity in one of the Bank's core markets. This is not expected to recur in 2004. Outstanding issued documentary credits were down to approximately USD30 million from the previous USD70 million, while the value of confirmed letters of credit declined to USD22 million from USD48 million. While the outstanding value decreased drastically it is good to note that letter of credit volume continued to increase during 2003. Therefore, related fee income was preserved.

The war in Iraq and China's surge in the import of raw materials also had a negative impact on the ship scrap business since demand for surface transport increased dramatically during the mobilisation period. The excessive demand, which had a positive impact on freight charges, encouraged ship owners to keep or delay scrapping of older vessels, leading to a supply shortage. On the other hand the shortage led to a sharp increase of steel scrap prices in the ship breaking countries with the result that although the Bank handled less tonnage - close to a hundred vessels compared to 123 in 2002, the price increase compensated and preserved fee income from this activity.

FUTURE BUSINESS DEVELOPMENT

Considering the most recent successful acquisition of LFC it is of utmost importance for the Group to integrate LFC into its organizational plans and impart the Bank's business philosophy to its team of professionals - that of being a niche, global player in trade finance. Important meetings have already been held between all senior officers to study the potential of cross selling and the use of LFC's strategically placed offices as a platform to promote the Bank's other services.

The second, but likewise immediate task to be undertaken in the current period is the establishment of joint ventures with strategic partners in the factoring busness. Discussions are well underway in this direction. There is a lot of scope in this line of business for a trade finance bank. In today's developing markets disintermediation sets in as soon as trading partners either have better access to information or other bodies step in to guarantee their receivables. Factoring fulfils a very important function in these scenarios, since factoring institutions serve as debt collectors and receivables financing vehicles for exporters.

The marketing team will continue to consolidate the Bank's presence in new markets soliciting business from banks and developing new relations with downstream correspondents as are identified and encouraged to become clients of the Bank for the servicing of vostro accounts and letter of credit confirmation facilities.

On the administrative side, during 2004, the bank will be upgrading its core software system to include additional enhancements offered by the supplier I-flex. In London, LFC's main office and the Bank's London Representative office will move together to new premises better suited to accommodate the requirements of both functions, while resulting in an overall cost savings for the Group.

On the 1st May 2004 Malta is joining the European Union. This is a major event for the country. As a full member state in the European Community, Malta will enjoy the deserved identity it has sought to promote for over 15 years; that of a fledgling financial centre seeking to promote its services internationally. The country's political and economic stability will enhance possibilities to attract direct foreign investment. This would also reflect positively on financial institutions based in Malta and the Bank future plans will take account of such considerations.

For the Year Ended 31 December 2003

DIVIDENDS AND RESERVES

The Directors propose a net dividend of 1.2c per ordinary share representing a net distribution of USD792,077. After transferring the proposed dividend to a dividend reserve, the balance of the profit and loss account for the Group and the Bank amounting to USD2,222,314 and USD3,203,701 is being carried forward.

STANDARD LICENCE CONDITIONS AND REGULATORY SANCTIONS

During the year under review, there were no breaches of standard licence conditions and/or regulatory sanctions.

DIRECTORS

The directors who served during the financial period to date of the report were:

Board of Directors

Mr. Najeeb H.M. Al-Saleh *(Chairman)*
Mr. Mehdi Ouazzani Hassani *(Vice Chairman)*
Mr. Fouad M.T. Alghanim
Mr. Fawzi Al-Jouder
Mr. Mohammed I.H. Marafie
Mr. Saad A.A. Al-Mutawa.
Mr. Duco Reinout Hooft Graafland
Mr. Marwan Ahmad Salamah
Mr. Hamad Musaed Bader Mohammed Al-Sayer
Mr. Francis J. Vassallo *(co-opted on 18 February 2003 and re-elected on 2 May 2003)*

AUDITORS

The auditors Messrs. KPMG, Malta have signified their willingness to continue in office. A resolution proposing the reappointment of KPMG as auditors of the Bank will be submitted at the forthcoming Annual General Meeting.

Approved by the Board of Directors on the 15 March 2004 and signed on its behalf by:

Najeeb Al-Saleh

MR. NAJEEB H.M. AL-SALEH
CHAIRMAN

MR. MEHDI OUAZZANI HASSANI
VICE CHAIRMAN

Registered Address
7th Floor, The Plaza Commercial Centre
Bisazza Street, Sliema, SLM 15
Malta

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

INTRODUCTION

As required by the Malta Stock Exchange Bye-Law 6.05.07(ii) as extant at 31 December 2003, the Board of Directors (the "Board") of First International Merchant Bank p.l.c. (the "Bank") present their Statement of Compliance drawn up in terms of the Code of Principles of Good Corporate Governance ("the Code") approved and issued by the Council of the Malta Stock Exchange in October 2001.

COMPLIANCE WITH THE PRINCIPLES

Even though the Principles contained in the Code are not mandatory, the Board strongly believes that the practices they recommend are in the best interests of the shareholders because they evidence the Directors' and the Bank's commitment to a high standard of corporate governance.

Responsibility for good corporate governance is of the Board of Directors and in this regard, the Board believes in their adoption, and has and will continue to endorse them except for those instances where there exist particular circumstances that warrant non-adherence thereto.

BOARD RESPONSIBILITY

The Board is responsible for all the Group's affairs. The Board has, over the years, established a corporate decision-making and supervisory structure. A framework exists to ensure that proper reporting and control is exercised over the Bank's business to assist Board members in their decision-making process.

The establishment of a number of board-appointed committees and the setting up of a proper management framework to control day-to-day operations assists the Board in discharging its responsibilities. The Board has, over the years, defined the various levels of power it is willing to delegate to the various committees and senior officials of the Bank. The Board of Directors has drawn up documented policies and procedures on the authority it is willing to delegate. This has been achieved through the issue and subsequent annual review of a main policy document entitled "Authorities of the Executive Committee and Officials of the Bank". Other documents include the terms of reference of the Audit, Credit and Assets & Liabilities Committees.

The Board of Directors is composed of a Chairman and nine directors. As the company is a financial credit institution, each prospective Board member has to pass through a "fit and proper" clearance exercise performed by the Malta Financial Services Authority, as Banking Regulator prior to being appointed as Director on the Board. One is directed to refer to the page in the Annual Report, which lists the Directors' other interests, to appreciate better the professional and business background of each individual Director.

Clauses 93 to 114 of the Bank's Articles of Association clearly provide for the manner of appointment and retirement of Directors. Directors hold office from the close of the general meeting at which they are appointed until the end of the consecutive Annual General Meeting, at which meeting, they become eligible for re-election.

BOARD COMPOSITION AND PROCEEDINGS OF DIRECTORS

As at the date of the approval by the Board of Directors of this Statement of Compliance, the Board of Directors is composed of the following members:

	Date when first appointed	*No. of shares directly held in the Bank in his name*
Mr Najeeb Hamed Musaad Al- Saleh - Chairman	08/11/1994	430,435
Mr Mehdi Ouazzani Hassani	08/11/1994	2,000,000
Mr Mohammed I.H. Marafie	08/11/1994	3,500,000
Mr Fawzi Al-Jouder	09/11/1997	Nil
Mr Fouad M.T. Alghanim	09/11/1997	2,000,000
Mr Saad A. A. Al-Mutawa	23/03/1999	114,783
Mr Duco Reinout Hooft Graafland	14/11/2000	Nil
Mr Marwan Ahmad Salamah	14/11/2000	860,870
Mr Hamad Musaed Bader Mohammed Al-Sayer	19/04/2002	Nil
Mr Francis J. Vassallo	18/02/2003	Nil

The proceedings of Directors meetings are in accordance with the Bank's Articles of Association. During meetings, the Board concentrates primarily on strategy, policy setting, business plans and financial information. The Board met on 6 occasions during the year 2003.

The Bank's current organizational structure contemplates for the position of a President and the Board requests his attendance at Board meetings, albeit without a vote. His attendance ensures that the Board members are provided with all the information necessary to carry out their functions in the best possible manner. Other officials making up the Bank's Senior Executive Management are requested to attend meetings if so requested by the Board of Directors.

All Board members have access to the advice and services of the Company Secretary and may, in the furtherance of their duties, take independent professional advice on any matter relating to their duties, at the Bank's expense.

Due to the small size of the Bank, the remuneration policy for directors is decided and approved by the Board. None of the Directors are employed with the Bank. The Directors' fees are approved in aggregate by the shareholders at the Annual General Meeting and the fees for the financial year under review amounted to USD136,784. The Board has resolved to disclose Directors' fees in aggregate rather than as separate figures for each director as required by the Code.

BOARD APPOINTED COMMITTEES

The Bank's Articles of Association establish that the directors may delegate certain powers, authorities and discretions to any person and/or Committee appointed by them. In fact, the Board has established the following committees:

Executive Committee;
Credit Committee;
Audit Committee;
Asset Liability Committee; and
International Advisory Board.

THE EXECUTIVE COMMITTEE

The Executive Committee is the most senior risk management committee of the Bank. It has overall responsibility and accountability for establishing and reviewing an appropriate framework within which to measure and control all financial and non-financial risks attributable to the various products and overall business of the Bank.

Delegation of discretionary limits to the different sub-committees and management officials of the Bank is the responsibility of the Executive Committee and is ratified by the Board. Any limit requests outside the discretionary limits approved by the Committee are placed for approval before the Executive Committee and ratified by the Board.

The Executive Committee is made up of four voting members who currently are the Chairman of the Board of Directors, Mr Najeeb H.M. Al-Saleh, two other Board Directors, Mr Mohammed I.H. Marafie and Mr Francis J. Vassallo and an independent advisor, Mr Ibrahim Hammad. The Bank's President attends these meetings with no voting powers.

The Committee met on 6 occasions during the year 2003 and all its members are in regular contact with senior management through informal meetings held in Malta and abroad, and through the use of other means of communication.

THE CREDIT COMMITTEE

This Committee was set up in the beginning of the year 2003 as part of a re-organization exercise performed by the Bank to ease the credit risk function that was wholly being performed by the Executive Committee. The Executive Committee approved the Committee's terms of reference, which were also ratified by the Board of Directors.

The Credit Committee operates within an approved credit-sanctioning limit. Proposals falling outside this approved limit are forwarded for sanction to the Executive Committee with the Credit Committee's recommendations. The Committee meets weekly if business so requires and the first meeting of the Committee was held on the 17th April 2003. During the remaining period of the year under review the Committee met 27 times.

Six members make up the Committee. The Committee is chaired by a Board member, Mr Francis J. Vassallo. The other members of the Committee are the President, Executive Vice President, Credit Risk Officer, General Manager - Operations and an independent advisor, Dr. John C Grech.

THE AUDIT COMMITTEE

This Committee met four times during the year under review. The Committee's terms of reference are included in the Bank's Audit Charter and are primarily modelled upon recommendations contained in the Cadbury Report except for those instances where there exist particular circumstances that warrant non-adherence thereto. Both the Committee's and the Internal Auditor's terms of reference clearly stipulate their independence from all operations and management of the Bank.

The Audit Committee assists the Board of Directors in fulfilling its monitoring role of internal systems of controls and takes a supervisory responsibility of reviewing the financial statements and disclosures before their publication.

The Chairman of the Committee is Mr Duco Reinout Hooft Graafland, an independent non-executive director. Its other members, Mr Fawzi Al-Jouder and Mr Marwan Ahmad Salamah, are non-executive directors. The Bank's Internal Auditor acts as secretary of the Committee. Executives of the Bank are called upon to attend any of the meetings as directed by the Committee. The Bank's external auditors are invited to attend meetings whenever the Committee is of the opinion that their services are so required.

ASSET & LIABILITY COMMITTEE

The Asset & Liability Committee (ALCO) is responsible to establish appropriate Asset/Liability Management (ALM) policies, oversee and supervise the ALM function and review the ALM strategy. The strategy includes the review and management of both on-balance and off-balance sheet assets and liabilities. The Committee is responsible to issue guidelines on the asset structure of the Bank and determine the level of funding required based on the quantum of business expected for the future. It reviews on an ongoing basis the Bank's foreign exchange positions and interest rate maturities, the loans portfolio, cash flow lines availability and liquidity ratios, the cash flow and hedged positions, and the investments and loan portfolio of the Bank.

A Board member, Mr Francis J. Vassallo, chairs the Committee and the other members making up the Committee are all members of Executive Management. These are the President, Executive Vice-President, Credit Risk Officer and General Manager – Operations. The Bank's Financial Controller attends the meetings with no voting powers.

INTERNATIONAL ADVISORY BOARD

The International Advisory Board is responsible to monitor the Bank's strategy and support and recommend to the Board matters relating to group strategy. The Board is also responsible to identify new market opportunities and recommend changes in future strategy to gain advantage from identified opportunities.

The Board is chaired by Dr John C. Grech, an independent advisor of the Bank. Mr Najeeb H.M Al-Saleh, Chairman of the Board of Directors, Mr Jacques Leblanc and Mr Abdulaziz S. Al-Saleh, both independent advisors, are the other Committee members. The President of the Bank is asked to attend the meetings of the International Advisory Board and is allowed to make presentations.

THE BANK'S MANAGEMENT

The Bank's Management is responsible for the daily operations of the Bank, regular reporting to the Board of Directors and compliance with established internal policies and regulatory directives. The team comprises:

a. President;
b. Executive Vice President;
c. General Manager - Head Office;
d. Credit Risk Officer.
e. Financial Controller.

Clear guidelines are issued to Management on their responsibilities and the framework, including limits, in which they can operate.

During the year under review the Bank's operations have been enhanced by the segregation into three areas, namely, Marketing and Business Development, Credit and Risk Management and Operations. Two expatriates have been deployed to strengthen the Executive Management team. Ms Margrith Lütschg-Emmenegger, Executive Vice President, is heading the Marketing and Business Development and Mr Robert L. Potts was appointed Credit Risk Officer. Mr Raymond Busuttil is General Manager - Head Office.

INTERNAL CONTROL

The Board is responsible for the identification and evaluation of key risks applicable to the different areas of the business of the Bank. The Board has entrusted the Executive Management to instill an operational control environment within the Bank to mitigate the business risks encountered during the course of day-to-day operations. The Board has employed the services of an experienced bank internal auditor who reviews independently from Management the processes and procedures to ensure the effectiveness of the internal systems of control. The Internal Auditor reports to the Audit Committee. However, the Chairman of the Board is copied with all internal audit reports issued.

The Board has identified key features within Fimbank Group's system of internal controls to ensure compliance with the Code. The Group's Executive Management is responsible for the identification and evaluation of key risks applicable to their areas of business. The Board receives regular reports from Executive Management giving detailed and comprehensive analysis of financial and operational performance, including variance analysis between budgeted and actual figures.

COMMITMENT TO SHAREHOLDERS AND AN INFORMED MARKET

The Board receives regular reports from its committees and management. The organization is geared to ensure due compliance with the reporting directives of the MFSA and MSE in a timely and comprehensive manner. The Bank's half yearly and annual financial statements are issued in accordance with regulatory requirements. Besides the Annual General Meeting, the Bank holds public meetings with market intermediaries to explain in detail the performance registered during a given period. These market intermediaries are stockbrokers who are invited to attend presentations on the financial highlights of the Bank, coinciding with publication of half yearly or annual financial statements.

During the year under review such meetings with financial intermediaries were more numerous than in previous years due to the acquisition of London Forfaiting Company Plc that occurred during the third quarter of the year and the December 2003 Rights Issue to shareholders. The Board ensured that the shareholders were constantly being kept updated with the proceedings of the acquisition of the UK registered company. Representations with stockbrokers, press conferences, press releases and company announcements were made to ensure an informed market. During the year under review the Bank issued 20 company announcements.

All directors, committee members, executives and secretaries, senior management and employees that have access to sensitive information are reminded formally in writing of the black-out periods in which they are prohibited to transact in the Bank's shares. These periods are normally two-month time windows and coincide with the preparation, approval and publication of the interim and final financial statements of the Bank.

All eligible shareholders are notified in accordance with regulatory requirements of the Annual General Meeting and this notification details the proceedings that will be followed during the meeting and lists all the proposed resolutions for consideration and approval by the Annual General Meeting. Notification of the Annual General Meeting is accompanied by the Annual Report and Financial Statements for the preceding year ended 31st December. Besides normal statutory disclosures, the Annual Report contains detailed information about the Bank's activities.

Approved by the Board of Directors on 15 March 2004 and signed on its behalf by:

Najeeb Al-Saleh

MR. NAJEEB H.M. AL-SALEH
CHAIRMAN

MR. MEHDI OUAZZANI HASSANI
VICE CHAIRMAN

REPORT OF THE AUDITORS

To the Members of First International Merchant Bank p.l.c.
Pursuant to the Malta Stock Exchange Bye-Law 6.05.07 (iii)

The Malta Stock Exchange Bye-Law 6.05.07(ii), as extant at 31 December 2003, requires the company's directors to include in their Annual Report a Statement of Compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance, and the effective measures that they have taken to ensure compliance with these Principles.

Our responsibility, as auditors of the company, is laid down by the Malta Stock Exchange Bye-Law 6.05.07(iii), as extant at 31 December 2003, which requires us to include a report of this Statement of Compliance.

We read the Statement of Compliance and consider whether it is consistent with the audited financial statements. We consider the implications of our report if we become aware of any apparent misstatements or material inconsistencies with these financial statements. Our responsibilities do not extend to considering whether this Statement is consistent with other information included in the Directors' Report and Financial Statements.

We are not required to, and we do not, consider whether the board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion of the effectiveness of the company's corporate governance procedures or its risk and control procedures, nor on the ability of the company to continue in operational existence.

In our opinion, the Statement of Compliance set out on pages 21 to 25 has been properly prepared in accordance with the requirements of the Malta Stock Exchange Bye-Law 6.05.07(iii), as extant at 31 December 2003.

Ray Azzopardi (Partner) for and on behalf of

KPMG
Certified Public Accountants and Auditors

15 March 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Report of the Auditors on page 26, is made to enable shareholders to distinguish between the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

The Companies Act, 1995 requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Bank and the Group as at the end of the financial period and of the profit or loss of the Bank and the Group for that period.

In preparing these financial statements, the Directors are required to:

- adopt the going concern basis unless it is inappropriate;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Companies Act, 1995 and the Banking Act, 1994. They are also responsible for safeguarding the assets of the Bank and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board
Mr. Francesco Apap Bologna
Company Secretary

15 March 2004

REPORT OF THE AUDITORS

To the Members of First International Merchant Bank p.l.c.

We have audited the financial statements set out on pages 29 to 59. As described on page 27, these financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We are also required to report whether we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, whether in our opinion proper books of account have been kept by the Bank so far as appears from our examination thereof and whether the financial statements are in agreement with the books.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the Bank so far as appears from our examination thereof. The financial statements are in agreement with the books.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Bank and the Group as at 31 December 2003 and of the profit, changes in equity and cash flows for the year then ended in accordance with the requirements of International Financial Reporting Standards promulgated by the International Accounting Standards Board, and have been properly prepared in accordance with the provisions of the Companies Act, 1995 and the Banking Act, 1994, enacted in Malta.

Ray Azzopardi (Partner) for and on behalf of

KPMG
Certified Public Accountants and Auditors

15 March 2004

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2003

	Note	GROUP 2003 USD	BANK 2003 USD	BANK 2002 USD
Interest receivable on loans and advances and balances with Central Bank of Malta	3	3,440,895	3,235,211	3,914,668
Interest payable	4	(1,045,161)	(1,077,834)	(1,265,498)
Net interest income		2,395,734	2,157,377	2,649,170
Fees and commissions receivable		5,083,621	5,083,621	5,557,855
Fees and commissions payable		(357,688)	(357,688)	(603,818)
Net trading income	5	2,024,806	2,559,523	459,828
Loss on disposal of non-trading financial asset		(30,000)	(30,000)	-
Other operating income		53,512	53,512	50,000
Operating income		9,169,985	9,466,345	8,113,035
Administrative expenses	6	(6,280,585)	(5,748,045)	(4,271,503)
Depreciation		(507,753)	(311,958)	(262,746)
Net impairment reversal/(losses)	7	554,865	(60,289)	(9,935,604)
Amortisation of intangible assets	17	(571,846)	-	-
Profit/(loss) on ordinary activities before tax	8	2,364,666	3,346,053	(6,356,818)
Tax on profit on ordinary activities	9	(62,319)	(62,319)	227,919
Profit/(loss) for the year		2,302,347	3,283,734	(6,128,899)
Earnings/(loss) per share	10	4.99c	7.12c	(13.32c)

BALANCE SHEET

At 31 December 2003

	Note	GROUP 2003 USD	BANK 2003 USD	BANK 2002 USD
ASSETS				
Balances with Central Bank of Malta and cash	11	4,393,757	4,393,757	2,758,724
Financial assets held-for-trading	12	35,939,274	11,391,282	10,072
Investments	13	133,600	133,600	133,600
Loans and advances to banks	14	85,818,706	83,584,730	90,458,355
Loans and advances to customers	15	34,268,827	64,936,427	24,403,487
Shares in subsidiary companies	16	-	2	-
Intangible assets	17	8,005,843	-	-
Tangible fixed assets	18	3,468,381	1,259,859	1,180,518
Deferred tax asset	19	684,407	684,407	618,777
Other assets	20	1,315,520	1,315,520	205,658
Prepayments and accrued income	21	1,841,638	360,998	329,217
Total assets		175,869,953	168,060,582	120,098,408
LIABILITIES				
Amounts owed to banks	22	43,282,344	43,282,344	43,197,825
Amounts owed to customers	23	73,675,060	75,298,813	45,725,136
Current taxation		-	-	135,996
Accruals and deferred income	24	3,416,558	937,006	624,791
Other liabilities	25	6,386,104	-	-
Provision for contingent liabilities	26	1,548,855	-	-
		128,308,921	119,518,163	89,683,748
SHAREHOLDERS' FUNDS				
Called up issued share capital	27	33,003,229	33,003,229	23,000,000
Share premium	28	8,862,371	8,862,371	4,021,575
Other reserve	29	2,681,041	2,681,041	2,681,041
Profit and loss account		2,222,314	3,203,701	712,044
Dividend reserve		792,077	792,077	-
		47,561,032	48,542,419	30,414,660
Total liabilities		175,869,953	168,060,582	120,098,408

	Note	GROUP 2003 USD	BANK 2003 USD	BANK 2002 USD
MEMORANDUM ITEMS				
Contingent liabilities	30	3,829,531	3,829,531	3,174,578
Commitments	31	63,645,130	63,645,130	128,993,598

The official closing middle rate of exchange between the US Dollar and the Maltese Lira issued by the Central Bank of Malta for 31 December 2003 stood at 2.9334.

The financial statements on pages 29 to 59 were approved by the Board of Directors on 15 March 2004 and were signed on its behalf by:

MR. NAJEEB H.M. AL-SALEH
CHAIRMAN

MR. MEHDI OUAZZANI HASSANI
VICE CHAIRMAN

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2003

GROUP

	Called up Issued Share Capital	**Share Premium**	**Other Reserve**	**Dividend Reserve**	**Profit and Loss Account**	**Total**
	USD	USD	USD	USD	USD	USD
At 1 January 2003	23,000,000	4,021,575	2,681,041	-	712,044	30,414,660
Exercised share options	2,250	380	-	-	-	2,630
Issue of share capital	10,000,979	5,000,489	-	-	-	15,001,468
Share issue costs	-	(160,073)	-	-	-	(160,073)
Profit for the year	-	-	-	-	2,302,347	2,302,347
Dividend	-	-	-	792,077	(792,077)	-
At 31 December 2003	33,003,229	8,862,371	2,681,041	792,077	2,222,314	47,561,032

BANK

	Called up Issued Share Capital	**Share Premium**	**Other Reserve**	**Dividend Reserve**	**Profit and Loss Account**	**Total**
	USD	USD	USD	USD	USD	USD
At 1 January 2002	23,000,000	4,034,140	2,689,427	852,000	6,840,943	37,416,510
Loss for the year	-	-	-	-	(6,128,899)	(6,128,899)
Adjustment to prior period share issue costs	-	(12,565)	(8,386)	-	-	(20,951)
Dividends paid	-	-	-	(852,000)	-	(852,000)
At 31 December 2002	23,000,000	4,021,575	2,681,041	-	712,044	30,414,660
Exercised share options	2,250	380	-	-	-	2,630
Issue of share capital	10,000,979	5,000,489	-	-	-	15,001,468
Share issue costs	-	(160,073)	-	-	-	(160,073)
Profit for the year	-	-	-	-	3,283,734	3,283,734
Dividend	-	-	-	792,077	(792,077)	-
At 31 December 2003	33,003,229	8,862,371	2,681,041	792,077	3,203,701	48,542,419

CASH FLOW STATEMENT

For the Year Ended 31 December 2003

	Note	GROUP 2003 USD	BANK 2003 USD	 2002 USD
Cash flows from operating activities				
Interest and commission receipts		8,559,372	8,261,954	9,301,907
Exchange received		1,904,601	2,569,595	449,756
Interest and commission payments		(1,385,970)	(1,418,642)	(1,846,737)
Payments to employees and suppliers		(6,045,068)	(5,759,993)	(4,192,052)
Operating profit before changes in operating assets/liabilities		3,032,935	3,652,914	3,712,874
Decrease/(increase) in operating assets:				
- Reserve deposit with Central Bank of Malta		(1,224,474)	(1,224,474)	(586,300)
- Forfaiting assets		(28,359,812)	(11,204,780)	-
- Loans and advances to customers and banks		(15,551,134)	(14,615,348)	(16,448,536)
- Other assets		(45,394)	-	-
(Decrease)/increase in operating liabilities:				
- Amounts owed to customers and banks		27,949,924	29,573,677	20,151,843
- Other liabilities		(2,947,539)	-	-
Net cash (used in)/from operations before income tax		(17,145,494)	6,181,989	6,829,881
Income Tax Paid		(353,044)	(353,044)	(408,694)
Net cash flows (used in)/from operating activities		(17,498,538)	5,828,945	6,421,187
Cash flows from investing activities				
- Payments to acquire tangible fixed assets		(550,521)	(404,038)	(534,153)
- Advance to subsidiary companies		-	(30,667,600)	-
- Purchase of equity shares		-	-	(48,062)
- Payment to acquire subsidiary company		(58,027,830)	-	-
Cash outflows from investing activities		(58,578,351)	(31,071,638)	(582,215)
Cash flows from financing activities				
- Proceeds from issue of share capital		14,056,495	14,056,495	-
- Dividends paid		-	-	(852,000)
Net cash inflows/(outflows) from financing activities		14,056,495	14,056,495	(852,000)
(Decrease)/Increase in cash and cash equivalents		(62,020,394)	(11,186,198)	4,986,972
- Effect of exchange rate changes on cash and cash equivalents		1,509,907	1,509,907	1,044,313
- Net increase in cash and cash equivalents		(63,530,301)	(12,696,105)	3,942,659
Increase in cash and cash equivalents		(62,020,394)	(11,186,198)	4,986,972
Cash and cash equivalents of acquired subsidiaries		53,068,172	-	-
Cash and cash equivalents at beginning of year		36,563,521	36,563,521	31,576,549
Cash and cash equivalents at end of year	32	27,611,299	25,377,323	36,563,521

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), and the provisions of the Companies Act, 1995, and the Banking Act, 1994, enacted in Malta.

The financial statements are prepared on a fair value basis for financial assets and liabilities held for trading and available-for-sale assets, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

The accounting polices have been consistently applied by the Group and are consistent with those used in the previous year.

The Bank maintains its accounting records in US Dollars. These financial statements have been prepared in US Dollars in compliance with Section 187 (1) of the Companies Act, 1995.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of First International Merchant Bank p.l.c. and its subsidiary companies ('Group').

Subsidiaries are those companies controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its operations. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired.

b) Revenue recognition

Interest income is recognised in the profit and loss account as it accrues.

Fee income is accounted for in the period when receivable, except where the fee is charged to cover the cost of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised on an appropriate basis over the relevant period.

Dividend income is accounted for when the right to receive such income is established.

c) Financial instruments

i) *Classification*

Trading instruments are those that the Group principally holds for the purpose of short-term profit taking. These include investments, forfaiting assets, derivative contracts, and liabilities from short sales of financial instruments. All trading derivatives in a net receivable position (positive fair value) are reported as trading assets. All trading derivatives in a net payable position (negative fair value) are reported as trading liabilities.

Originated loans and receivables are loans and receivables created by the Group providing money to a debtor other than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to banks and customers.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity. These include loans and advances to banks and customers and certain debt investments.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the Group, or held-to-maturity.

ii) *Recognition*

The Group recognises financial assets held for trading and available-for-sale assets on the date it commits to purchase the assets. From this date, any gains or losses arising from changes in fair value of the assets are recognised.

Held-to-maturity loans and originated loans and receivables are recognised on the day these are transferred to the Group.

iii) *Measurement*

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition all trading instruments and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premia and discounts, including initial transactions costs, are included in the carrying amount of the related instrument and amortised over the period to maturity based on the effective interest rate of the instrument.

iv) *Fair value measurement principles*

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management’s best estimate and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange traded is estimated at the amount that the group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current credit worthiness of the counter parties.

v) Gains and losses on subsequent measurement

Gains or losses arising from a change in the fair value of available-for-sale assets are recognised directly in equity. When financial assets are sold, collected or otherwise disposed of the cumulative gain or loss recognised in equity is transferred to the profit and loss account.

Gains or losses arising from a change in the fair value of trading instruments are recognised in the profit and loss account.

d) Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise the asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets and assets held for trading that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as at the date the Group commits to sell the assets.

Held-to-maturity instruments and originated loans and receivables are derecognised on the day these are transferred by the Group.

e) Impairment

Financial assets are reviewed at each balance date to determine whether there is objective evidence of impairment. If any such indications exist, the asset's recoverable amount is estimated.

i) Loans and advances

The recoverable amount of originated loans and advances that are classified as held-to-maturity, represents the present value of the expected future cash flows, discounted at the instrument's original effective interest rate. Short-term balances are not discounted.

Loans and advances are presented net of specific and general allowances for uncollectibility. Specific allowances are made against the carrying amount of loans and advances that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and advances to their recoverable amounts. General allowances are maintained to reduce the carrying amount of portfolios of similar loans and advances to their estimated recoverable amounts at the balance sheet date. The expected cash flows for portfolios of similar assets are estimated based on previous experience and considering the credit rating of the underlying customers and late payments of interest or penalties. Increases in the allowance amount are recognised in the profit and loss account. When a loan is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the loan is written off.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the write-down or allowance is reversed through the profit and loss account.

ii) Financial assets remeasured to fair value directly through equity

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments remeasured to fair value represents the present value of expected future cash flows discounted at the current market rate of interest.

Where an asset remeasured to fair value directly through equity is impaired, and a write-down of the asset was previously recognised directly in equity, the write down is transferred to the profit and loss account and recognised as part of the impairment loss. Where an increase in fair value of an asset was previously recognised in equity, the increase in fair value of the asset recognised in equity is reversed to the extent the asset is impaired. Any additional impairment loss is recognised in the profit and loss account.

If in a subsequent period the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-downs, the write-down is reversed through the profit and loss account.

f) Investment in subsidiary companies

The Bank's investment in subsidiary companies is stated at cost less impairment losses.

g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis so as to write off the cost of the assets over their estimated useful economic lives as follows:-

	Years
Freehold Premises	50
Computer system	7
Furniture, fixtures and fittings	14
Computer equipment	5
Others	5-14

At balance sheet date, the carrying amounts of tangible fixed assets are reviewed for indication of impairment.

h) Intangible fixed assets

Intangible fixed assets are amortised on a straight line basis over the estimated useful lives as follows:

	Years
Purchased goodwill	5

At balance sheet date, the carrying amounts of intangible fixed assets are reviewed for indication of impairment.

i) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

j) Employee benefits

The Bank contributes towards the state pension in accordance with local legislation. Related costs are recognised as an expense during the year in which these are incurred.

Bonuses received by employees are based on target performance. The estimated amount of the bonus is recognised as an expense on the accruals basis.

The foreign sub-group operates insured money purchase schemes to which it has no commitment beyond the payment of fixed contributions which are recognised as an expense during the year in which these are incurred.

k) Equity related compensation benefits

Equity related compensation benefits relate to a share option scheme that allows Executives to acquire shares in the Bank. The option exercise price is fixed on the date of the grant and no compensation cost or obligation is recognised. When the options are excercised, equity is increased by the amount of the proceeds received.

l) Foreign currencies

Transactions in foreign currencies have been converted into US Dollars at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into US Dollars at the rates of exchange ruling at balance sheet date. Gains and losses arising from exchange differences are dealt with in the profit and loss account, except gains and losses resulting from the translation of available-for-sale non-monetary assets, which are recognised in equity.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historic cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the date that the values were determined.

m) Operating leases

Rentals payable under operating leases are accounted for on a straight line basis over the period of the lease and are included in administrative expenses.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with the Central Bank of Malta, excluding the reserve deposit and short-term highly liquid investments with maturities of three months or less when purchased, including treasury bills and other bills eligible for rediscounting with the Central Bank.

o) Segmental information

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those other segments.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	GROUP	BANK	
	2003	2003	2002
	USD	USD	USD
On loans and advances to banks	1,843,964	1,638,280	1,723,052
On loans and advances to customers	992,094	992,094	1,540,090
On balances with Central Bank of Malta	84,490	84,490	43,317
	2,920,548	2,714,864	3,306,459
On other trade finance activities	520,347	520,347	608,209
	3,440,895	3,235,211	3,914,668

4. INTEREST PAYABLE

	GROUP	BANK	
	2003	2003	2002
	USD	USD	USD
On amounts owed to banks	565,344	565,195	743,430
On amounts owed to customers	479,817	512,639	522,068
	1,045,161	1,077,834	1,265,498

5. NET TRADING INCOME

	GROUP	BANK	
	2003	2003	2002
	USD	USD	USD
Net trading income arises from:			
Net trading income from forfaiting assets	155,368	-	-
Foreign exchange rate fluctuations	1,869,438	548,068	459,828
Foreign exchange gain arising on re-denomination of loan to subsidiary	-	2,011,455	-
	2,024,806	2,559,523	459,828

6. ADMINISTRATIVE EXPENSES

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Staff costs			
- wages, salaries and allowances	2,730,608	2,446,321	1,720,266
- social security costs	139,506	107,630	75,553
- other pension costs	54,485	-	-
Other administrative expenses	3,355,986	3,194,094	2,475,684
	6,280,585	5,748,045	4,271,503
	Number	Number	Number
Average number of employees			
- executive and senior managerial	10	8	7
- other managerial, supervisory and clerical	85	53	48
- others	3	3	5
	98	64	60

The Bank has Executive Share Option Scheme rules that were approved by the shareholders by an extraordinary resolution dated 28 April 2001. Under the Executive Share Option Scheme Rules, the Bank awards share options to executives for targeted performance based on the results of the proceeding year at nil consideration.

On 8 November 2003 the Bank's Executive Committee approved that the Executive Share Option Scheme shall be adjusted by reduction in exercise price and increase in the number of share options granted. The exercise price for share options with an exercise period from 1 January 2003 to 31 December 2007 was reduced from USD0.5845 to USD0.50 and share options were increased by 6,061 shares. The exercise price for share options with an exercise period from 1 January 2004 to 31 December 2008 was reduced from USD1.25 to USD1.1439.

Movements in the number of share options awarded to executives are as follows:

	GROUP	BANK	
	2003	**2003**	**2002**
	No of shares	No of shares	No of shares
As at 1 January	274,833	274,833	138,580
Exercised	(4,500)	(4,500)	-
Awarded	6,061	6,061	136,253
As at 31 December	276,394	276,394	274,833

Details of share options granted:

		Exercise period	
	Total	01.01.04 to 31.12.08	01.01.03 to 31.12.07
Exercise price per USD0.50 share		USD 1.1439	USD 0.50
No of share options unexercised as at 31 December 2003	276,394	136,253	140,141

During the year executives exercised 4,500 share options, with an exercise period from 1 January 2003 to 31 December 2007, at a price of USD0.5845.

7. NET IMPAIRMENT REVERSAL/(LOSSES)

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Write downs:			
Loans and advances to banks			
- specific allowances	-	-	(1,630,920)
	-	-	(1,630,920)
Loans and advances to customers			
- specific allowances	(390,991)	(390,991)	(8,365,683)
- general allowances	-	-	-
	(390,991)	(390,991)	(8,365,683)
	(390,991)	(390,991)	(9,996,603)
Reversals:			
Loans and advances to customers			
- recoveries	84,176	84,176	-
- general allowances	246,526	246,526	60,999
	330,702	330,702	60,999
Forfaiting assets	615,154	-	-
	945,856	330,702	60,999
Net impairment reversal/(losses)	554,865	(60,289)	(9,935,604)

For the Year Ended 31 December 2003

8. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Profit before tax is stated after charging:			
Auditors' remuneration	96,376	52,963	42,811
Directors' remuneration			
- fees	50,000	50,000	75,000
- other emoluments	86,784	86,784	48,000
	136,784	136,784	123,000

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
The charge for income tax, which is based on the taxable profit for the year at a rate of 35% comprises:			
- current tax	(127,949)	(127,949)	(361,003)
- deferred	65,630	65,630	588,922
	(62,319)	(62,319)	227,919

The foreign subsidiaries were not subject to tax in view of losses sustained during the year.

The tax expense and the result of the accounting profit multiplied by the applicable tax rate are reconciled as follows:

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Profit/(loss) on ordinary activities before tax	2,364,666	3,346,053	(6,356,818)
Tax (expense)/credit at the applicable rate of 35%	(827,633)	(1,171,119)	2,224,887
Tax effect of non deductible expenses	(6,543)	(6,543)	(8,543)
Tax effect of temporary differences previously not recognised	4,890	4,890	8,504
Tax effect of allowances received in terms of Income Tax Act exemption order	1,110,453	1,110,453	(1,996,929)
Tax effect on group losses not deductible	(343,486)	-	-
Tax on profit on ordinary activities	(62,319)	(62,319)	227,919

10. EARNINGS/(LOSS) PER SHARE

The calculation of the group and bank earnings/(loss) per share at 31 December 2003 is based on the profit (2002: loss) attributable to ordinary shareholders of USD2,302,347 and USD3,283,734 (2002: Loss USD6,128,899) for the group and bank respectively and the weighted average number of ordinary shares in issue during the year ended 31 December 2003 of 46,110,216 (2002: weighted average 46,000,000).

11. BALANCES WITH CENTRAL BANK OF MALTA AND CASH

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Balances with the Central Bank of Malta	4,336,014	4,336,014	2,726,224
Cash	57,743	57,743	32,500
	4,393,757	4,393,757	2,758,724

Balances with the Central Bank of Malta include a reserve deposit in terms of Section 37 of the Central Bank of Malta Act, Cap. 204 amounting to USD3,799,014 (2002: USD2,574,540).

12. FINANCIAL ASSETS HELD-FOR-TRADING

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Financial assets held for trading			
Derivative financial instruments	-	-	10,072
Forfaiting assets	52,335,079	11,391,282	-
	52,335,079	11,391,282	10,072
Allowance for uncollectibility			
-specific allowance acquired on acquisition	(16,395,805)	-	-
	35,939,274	11,391,282	10,072

13. INVESTMENTS

Investments comprise available-for-sale equity instruments in unlisted entities as follows:

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Foreign	111,405	111,405	111,405
Local	22,195	22,195	22,195
	133,600	133,600	133,600

There is no market for these investments, and there have not been any recent transactions that provide evidence of the current fair value. Discounted cash flow techniques would not provide a reliable measure of fair value for these equity instruments. Accordingly, these instruments are stated at cost less any impairment losses.

14. LOANS AND ADVANCES TO BANKS

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Repayable on call and at short notice	28,522,951	26,288,975	12,861,524
Term loans and advances	58,926,675	58,926,675	79,227,751
Total loans and advances to banks	87,449,626	85,215,650	92,089,275
Allowances for uncollectibility - specific	(1,630,920)	(1,630,920)	(1,630,920)
Net loans and advances to banks	85,818,706	83,584,730	90,458,355

Loans and advances to banks include blocked funds amounting to USD780,440 (2002: USD655,293) pursuant to US Sanctions.

Further disclosure as required by the publication of audited financial statements of credit institutions under the Banking Act, 1994 Directive:

The aggregate amount of impaired loans to banks amounted to USD1,630,920 (2002: USD1,630,920). Total interest that would have accrued on the impaired loans in the current and preceding financial years would have amounted to USD113,033.

15. LOANS AND ADVANCES TO CUSTOMERS

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Repayable on call and at short notice	16,390,246	16,390,246	11,981,435
Term loans and advances	27,344,916	27,344,916	21,828,098
Total loans and advances to customers	43,735,162	43,735,162	33,809,533
Amounts owed by subsidiary companies	-	30,667,600	-
Allowances for uncollectibility	(9,466,335)	(9,466,335)	(9,406,046)
Net loans and advances to customers	34,268,827	64,936,427	24,403,487
Allowances for uncollectibility			
- specific allowances	9,245,876	9,245,876	8,939,061
- general allowances	220,459	220,459	466,985
	9,466,335	9,466,335	9,406,046

Further disclosure as required by the publication of audited financial statements of credit institutions under the Banking Act, 1994 Directive:

The aggregate amount of impaired loans and advances to customers amounted to USD11,163,533 (2002: USD10,117,871). Total interest that would have accrued on the impaired loans in the current and preceding financial years would have amounted to USD1,147,074.

During the year, the group reviewed the estimate used to determine the level of general allowances for uncollectibility. The effect of this change translates into a reduction of USD246,526.

The following industry concentrations of loans and advances are considered significant:

	GROUP	**BANK**	
	2003	**2003**	**2002**
	USD	USD	USD
Industrial raw materials	13,464,801	13,464,801	14,253,116
Ship scrapping/pre-demolition	12,751,511	12,751,511	13,522,045
Wholesale and retail trade	11,755,475	11,755,475	3,575,324
Other services	5,763,375	5,763,375	2,459,048
	43,735,162	43,735,162	33,809,533

16. SHARES IN SUBSIDIARY COMPANY

These consist of:

Name of Company	**Incorporated In**	**Nature of Business**	**Current Equity Interest**	**BANK 2003**	**BANK 2002**
			%	USD	USD
FIMBank UK Limited	UK	Holding Company	100	2	-

The Bank holds indirectly, through FIMBank UK Limited, 100% shareholding in London Forfaiting Company Limited, a company registered in Great Britain, which in turns wholly-owns the following subsidiaries:

Entity	**Registered in**
London Forfaiting Cyprus Limited*	Cyprus
London Forfaiting Asia Pacific Limited **	Cyprus
London Forfaiting Italia SpA*	Italy
London Forfaiting Company UK Limited	Great Britain
London Forfaiting Americas Inc.*	United States of America
London Forfaiting Deutschland GmbH* #	Germany
London Forfaiting do Brasil Ltda.*	Brazil
London Forfaiting Paris S.A.* #	France
London Forfaiting Praha, s.r.o.*	Czech Republic
London Forfaiting International PLC	Great Britain
London Forfaiting Vostok Limited	Great Britain
London Forfaiting International Holdings B.V.*	Netherlands
LFC Capital Markets Limited	Great Britain
LFC Merchants Limited	Great Britain
London Forfaiting Trade Finance Limited	Great Britain

**   A wholly-owned subsidiary of London Forfaiting International PLC*
*** A wholly-owned subsidiary of London Forfaiting Cyprus Limited*
 #   In course of liquidation at the date of this report

17. INTANGIBLE ASSET

(a) Intangible asset consist of purchased goodwill.

	GROUP
	2003
	USD
Cost	
Acquisition through business combination	8,577,689
Balance at 31 December 2003	8,577,689
Amortisation	
Amortisation charge for the year	571,846
Balance at 31 December 2003	8,005,843

(b) Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets and liabilities of the subsidiary undertaking acquired. Identifiable assets and liabilities of the subsidiary undertaking acquired were:

	Total
	USD
Loans and advances to banks	53,068,172
Forfaiting assets	6,777,806
Tangible assets	2,257,835
Other assets	1,315,946
Other liabilities	(13,969,619)
	49,450,140
Goodwill on acquisition	8,577,689
Total consideration	58,027,829

18. TANGIBLE FIXED ASSETS

GROUP

	Freehold Premises USD	Computer System USD	Furniture Fixtures and Fittings USD	Computer Equipment USD	Others USD	Total USD
Cost						
At 1 January 2003	221,708	656,638	251,880	487,747	773,750	2,391,723
Acquired on acquisitions	2,267,165	-	4,431,682	1,969,900	1,153,845	9,822,592
Additions during year	97,685	48,204	72,803	117,527	201,562	537,781
At 31 December 2003	2,586,558	704,842	4,756,365	2,575,174	2,129,157	12,752,096
Depreciation						
At 1 January 2003	4,435	257,627	87,946	298,526	562,671	1,211,205
Acquired on acquisition	177,802	-	4,431,682	1,862,650	1,092,623	7,564,757
Charge for year	131,603	100,691	27,780	155,103	92,576	507,753
At 31 December 2003	313,840	358,318	4,547,408	2,316,279	1,747,870	9,283,715
Net Book Amount						
At 31 December 2003	2,272,718	346,524	208,957	258,895	381,287	3,468,381

BANK

	Freehold Premises USD	Computer System USD	Furniture Fixtures and Fittings USD	Computer Equipment USD	Others USD	Total USD
Cost						
At 1 January 2003	221,708	656,638	251,880	487,747	773,750	2,391,723
Additions during year	-	48,204	24,006	117,527	201,562	391,299
At 31 December 2003	221,708	704,842	275,886	605,274	872,057	2,783,022
Depreciation						
At 1 January 2003	4,435	257,627	87,946	298,526	562,671	1,211,205
Charge for year	4,439	100,691	19,706	94,546	92,576	311,958
At 31 December 2003	8,874	358,318	107,652	393,072	655,247	1,523,163
Net Book Amount						
At 31 December 2003	212,834	346,524	168,234	212,202	320,065	1,259,859
At 31 December 2002	217,273	399,011	163,934	189,221	211,079	1,180,518

19. DEFERRED TAX ASSET

The deferred tax asset is analysed as follows:

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Tax effect of temporary differences relating to:			
- excess of capital allowances over depreciation	(10,081)	(10,081)	(15,609)
- allowances for uncollectibility	694,488	694,488	634,386
	684,407	684,407	618,777

At balance sheet date, the group had unused tax losses amounting to USD190 million available against future taxable profits. Given the subsidiary's history of recent losses, no deferred tax asset was recognised by the directors in the financial statements.

20. OTHER ASSETS

Other assets comprise USD787,530 due from shareholders in connection with the rights issue of ordinary shares.

21. PREPAYMENTS AND ACCRUED INCOME

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Accrued income	261,934	121,490	177,682
Prepayments	1,579,704	239,508	151,535
	1,841,638	360,998	329,217

22. AMOUNTS OWED TO BANKS

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Term deposits	40,373,826	40,373,826	30,767,498
Repayable on demand	2,908,518	2,908,518	12,430,327
	43,282,344	43,282,344	43,197,825

23. AMOUNTS OWED TO CUSTOMERS

	GROUP	BANK	
	2003	2003	2002
	USD	USD	USD
Term deposits	25,414,439	25,414,439	16,545,276
Repayable on demand	48,260,621	48,260,621	29,179,860
	73,675,060	73,675,060	45,725,136
Amounts owed to subsidiaries	-	1,623,753	-
	73,675,060	75,298,813	45,725,136

24. ACCRUALS AND DEFERRED INCOME

	GROUP	BANK	
	2003	2003	2002
	USD	USD	USD
Accrued Interest	100,240	96,517	52,257
Other	3,316,318	840,489	572,534
	3,416,558	937,006	624,791

25. OTHER LIABILITIES

Other liabilities comprise a provision for restructuring costs amounting to USD5,691,875.

26. PROVISION FOR CONTINGENT LIABILITIES

On acquisition date, one of the acquired subsidiaries had a pending law suit by a third party for DM4.8 million (USD3.06 million), which has been claimed since 2000. The company is disputing this claim, however, following legal advice a provision for USD1,548,855 was provided prior to acquisition.

27. SHARE CAPITAL

	2003		2002	
	Shares of 50 cents		Shares of 50 cents	
	Shares	USD	Shares	USD
Authorised				
Ordinary Shares	100,000,000	50,000,000	100,000,000	50,000,000
Issued and fully paid up				
Ordinary Shares	66,006,457	33,003,229	46,000,000	23,000,000

In addition to the 4,500 share option exercised (note 6), on 2 November 2003 the Board of Directors approved a rights issue whereby shareholders were given entitlement to 10 new shares for every 23 existing ordinary shares held at close of business on the 12 November 2003 at a price of USD0.75 per share. Total number of shares in issue as at 12 November 2003 which amounted to 46,004,500, were entitled under the rights issue to 20,001,957, which were fully exercised and allotted.

28. SHARE PREMIUM

The increase in share premium represents proceeds from the rights issue net of share issue costs (note 27) together with the premium arising in the exercise of the executive option scheme (note 6). This reserve is non-distributable.

29. OTHER RESERVE

The reserve represents the difference between the net proceeds received on the sale of own shares and relative acquisition costs.

30. CONTINGENT LIABILITIES

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Guarantee obligations incurred on behalf of third parties	3,829,531	3,829,531	3,174,578

31. COMMITMENTS

	GROUP	BANK	
	2003	**2003**	**2002**
	USD	USD	USD
Undrawn credit facilities	10,132,643	10,132,643	9,077,260
Documentary credits	29,751,690	29,751,690	70,480,644
Risk Participations	1,000,000	1,000,000	1,000,000
Confirmed Letters of Credit	22,760,797	22,760,797	48,435,694
	63,645,130	63,645,130	128,993,598

The Bank has total assigned credit limits to customers amounting to USD191,858,853 of which USD76,460,380 had been sanctioned as at balance sheet date.

32. CASH AND CASH EQUIVALENTS

	GROUP	BANK	
	2003	2003	2002
	USD	USD	USD
Balances of cash and cash equivalents as shown on the balance sheet are analysed as follows:			
Cash	594,743	594,743	184,184
Loans and advances to banks	56,980,093	54,746,117	71,566,139
Amounts owed to banks	(29,963,537)	(29,963,537)	(35,186,802)
	27,611,299	25,377,323	36,563,521
Adjustment to reflect balances with contractual maturity of more than three months	19,318,820	19,318,820	13,455,733
Per balance sheet	46,930,119	44,696,143	50,019,254
Analysed as follows:			
Balances with the Central Bank of Malta and cash	4,393,757	4,393,757	2,758,724
Loans and Advances to banks	85,818,706	83,584,730	90,458,355
Amounts owed to banks	(43,282,344)	(43,282,344)	(43,197,825)
	46,930,119	44,696,143	50,019,254

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments include cash balances with banks, loans and advances to customers and amounts due to banks and customers. The accounting policies for these assets and liabilities, which are set out in note 2 to these financial statements, are directed towards the establishment of fair values. The principal categories of risk are credit risk, liquidity risk and market risk (which includes interest rate risk and currency risk).

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group provides trade finance and is most susceptible to credit risk.

Strict credit assessment and control procedures are in place to monitor this exposure on loans and advances to customers. Loans are adequately secured either by pledged goods, cash collateral or by personal or bank guarantees which are reviewed periodically by management both in terms of exposure to the Bank and to ensure the validity of security.

The Group also ensures that it has a reasonable sectorial mix of loans to customers as disclosed in note 15. In compensation for the higher risk, the bank charges higher interest rates. At balance sheet date, the most significant credit risk exposure to a single debtor amounted to USD4,600,000.

The Group monitors its risk on balances held with other banks by establishing bank and country limits.

The risks associated with off balance sheet assets and liabilities disclosed in the memorandum items arise from the normal course of banking operations. In the case of risks associated with inter-bank participations under letters of credit the Group exercises the same credit controls as those applied to on balance sheet risks.

b) Interest Rate and Liquidity Risk

i) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or at different amounts. Accordingly this risk is managed through the matching of the interest resetting dates on assets and liabilities.

The Group does not have any significant funding or asset deployment at fixed rates of interest. The table below summarises re-pricing mismatches at balance sheet date together with the effective interest rates where applicable.

GROUP

	Effective Interest Rate	**Per Balance Sheet**	**Three months or less**	**One year or less but over three months**	**Five years or less but over one year**	**Other**
	%	USD	USD	USD	USD	USD
Assets						
Balances with Central Bank of Malta and cash	2.70	4,393,757	57,743	-	-	4,336,014
Financial asset held for Trading	4.59	35,939,274	35,939,274	-	-	-
Loans and advances to banks	2.45	85,818,706	61,505,104	23,531,586	782,016	-
Loans and advances to customers	4.06	34,268,827	20,106,806	11,785,171	2,376,850	-
Investments		133,600	-	-	-	133,600
Other assets		15,315,789	-	-	-	15,315,789
Total assets		175,869,953	117,608,927	35,316,757	3,158,866	19,785,403
Liabilities						
Amounts owed to banks	1.94	43,282,344	40,146,957	3,135,387	-	-
Amounts owed to customers	0.72	73,675,060	67,683,174	5,991,886	-	-
Other liabilities		11,351,517	-	-	-	11,351,517
Shareholders' funds		47,561,032	-	-	-	47,561,032
Total Liabilities		175,869,953	107,830,131	9,127,273	-	58,912,549
Interest rate sensitivity gap			9,778,796	26,189,484	3,158,866	(39,127,146)
Cumulative gap			9,778,796	35,968,280	39,127,146	-

BANK

	Effective Interest Rate	Per Balance Sheet	Three months or less	One year or less but over three months	Five years or less but over one year	Other
	%	USD	USD	USD	USD	USD
Assets						
Balances with Central Bank of Malta and cash	2.70	4,393,757	57,743	-	-	4,336,014
Financial asset held for Trading	2.70	11,391,282	11,391,282	-	-	-
Loans and advances to banks	2.17	83,584,730	59,271,128	23,531,586	782,016	-
Loans and advances to customers	3.39	64,936,427	50,774,406	11,785,171	2,376,850	-
Investments		133,600	-	-	-	133,600
Shares in subsidiary companies		2	-	-	-	2
Other assets		3,620,784	-	-	-	3,620,784
Total assets		168,060,582	121,494,559	35,316,757	3,158,866	8,090,400
Liabilities						
Amounts owed to banks	1.94	43,282,344	40,146,957	3,135,387	-	-
Amounts owed to customers	0.75	75,298,813	69,306,927	5,991,886	-	-
Other liabilities		937,006	-	-	-	937,006
Shareholders' funds		48,542,419	-	-	-	48,542,419
Total Liabilities		168,060,582	109,453,884	9,127,273	-	49,479,425
Interest rate sensitivity gap			649,393	31,169,981	9,569,651	(41,389,025)
Cumulative gap			649,393	31,819,374	41,389,025	-

ii) Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates as well as the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group raises funds from deposits, other financial institutions and share capital. Liquidity risk is managed by maintaining significant levels of liquid funds, and identifying and monitoring changes in funding required to meet business goals driven by management.

The following table provides an analysis of certain financial assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment.

At 31 December 2003	**Total**	**Three months or less**	**One year or less but over three months**	**Five years or less but over one year**	**Other**
	USD	USD	USD	USD	USD
GROUP					
Financial assets					
Financial asset held for trading *	52,335,079	35,939,274	-	16,395,805	-
Loans and advances to banks *	87,449,626	67,918,042	13,228,798	6,302,786	-
Loans and advances to customers *	43,735,162	29,677,794	12,037,950	2,019,418	-
Financial Liabilities					
Amounts owed to banks	43,282,344	40,146,957	3,135,387	-	-
Amounts owed to customers	73,675,060	72,311,941	1,263,052	100,067	-
BANK					
Financial assets					
Financial asset held for trading	11,391,282	11,391,282	-	-	-
Loans and advances to banks *	85,215,650	65,684,066	13,228,798	6,302,786	-
Loans and advances to customers *	74,402,762	35,385,818	12,037,950	2,019,418	24,959,576
Financial Liabilities					
Amounts owed to banks	43,282,344	40,146,957	3,135,387	-	-
Amounts owed to customers	75,298,813	73,935,694	1,263,052	100,067	-
At 31 December 2002					
Financial assets					
Financial asset held for trading	10,072	-	10,072	-	-
Loans and advances to banks *	92,089,275	80,539,034	10,894,948	655,293	-
Loans and advances to customers *	33,809,533	21,220,538	5,765,065	6,823,930	-
Financial Liabilities					
Amounts owed to banks	43,197,825	39,830,208	3,367,617	-	-
Amounts owed to customers	45,725,136	43,874,429	1,850,706	-	-

** Loans and advances to banks and customers are stated before allowances for uncollectibility (notes 14 and 15).*

c) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk is managed through matching within the foreign currency portfolio. Mismatches, which are only allowed temporarily for small amounts, are continuously monitored and regularised immediately. The Group's transactional exposures give rise to foreign currency gains and losses that are recognised in the profit and loss account. These exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the measurement currency of the Group. The Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate. Forfaiting assets are significantly denominated in US Dollar thereby reducing substantially the foreign currency exposure and the group's exposure is limited to assets denominated in other currencies, which are mainly funded through borrowings in the relevant currency.

The following table provides an analysis of the financial assets and liabilities of the Group and into relevant currency groupings:

		2003	
GROUP	**US Dollar**	**Other Currencies**	**Total**
At 31 December 2003	USD	USD	USD
Assets			
Balances with Central Bank of Malta and cash	4,374,000	19,757	4,393,757
Financial assets held for trading	31,002,953	4,936,321	35,939,274
Investments	133,600	-	133,600
Loans and advances to banks	50,328,408	35,490,298	85,818,706
Loans and advances to customers	29,449,377	4,819,450	34,268,827
Other assets	13,519,831	1,795,958	15,315,789
Total Assets	128,808,169	47,061,784	175,869,953
Liabilities			
Amounts owed to banks	21,514,279	21,768,065	43,282,344
Amounts owed to customers	50,310,431	23,364,629	73,675,060
Other liabilities	863,825	10,487,692	11,351,517
Shareholders' Funds	47,561,032	-	47,561,032
Total Liabilities	120,249,567	55,620,386	175,869,953

For the Year Ended 31 December 2003

BANK	2003 US Dollar	2003 Other Currencies	2003 Total	2002 US Dollar	2002 Other Currencies	2002 Total
At 31 December	USD	USD	USD	USD	USD	USD
Assets						
Balances with Central Bank of Malta and cash	4,374,000	19,757	4,393,757	2,753,995	4,729	2,758,724
Financial assets held for trading	10,488,524	902,758	11,391,282	-	10,072	10,072
Investments	133,600	-	133,600	133,600	-	133,600
Loans and advances to banks	50,328,408	33,256,322	83,584,730	51,333,583	39,124,772	90,458,355
Loans and advances to customers	54,408,953	10,527,474	64,936,427	20,809,467	3,594,020	24,403,487
Shares in subsidiary companies	-	2	2	-	-	-
Other assets	3,305,466	315,318	3,620,784	2,116,974	217,196	2,334,170
Total Assets	123,038,951	45,021,631	168,060,582	77,147,619	42,950,789	120,098,408
Liabilities						
Amounts owed to banks	21,514,279	21,768,065	43,282,344	14,771,580	28,426,245	43,197,825
Amounts owed to customers	51,934,184	23,364,629	75,298,813	29,746,502	15,978,634	45,725,136
Other liabilities	699,098	237,908	937,006	458,677	302,110	760,787
Shareholders' Funds	48,542,419	-	48,542,419	30,414,660	-	30,414,660
Total Liabilities	122,689,980	45,370,602	168,060,582	75,391,419	44,706,989	120,098,408

d) Fair Values

Certain of the Group's financial assets and liabilities are carried at amortised cost and not at fair value.

The fair value of loans and advances to banks repayable on demand or at short notice approximate the carrying amount. Term loans and advances to banks are at market rates and have a contractual repricing of not more than one year. The carrying amount therefore approximates the fair value of these advances.

Term loans and advances to customers are priced above market rates and repricable on a weekly basis. The Bank's loan portfolio is subject to continuous review. Therefore taking into consideration the impact of credit and interest rate risk, the carrying amount approximates fair value.

The carrying amount of amounts owed to banks and customers repayable on call and at short notice is taken to be the fair value. Bank term deposits are priced at market rates and customer deposits are priced at lower than market rates and are repriceable within one year. Therefore fair value is expected to approximate the carrying amount.

34. RELATED PARTY TRANSACTIONS

The group/bank has a related party relationship with companies which are controlled by executive officers of the bank. During the year these companies provided marketing and consultancy services amounting to USD617,358 (2002: USD218,000).

The group/bank has also a related party relationship with an entity invested in exclusively with a view to subsequent disposal. The group/bank charged its associated company a consultancy fee of USD50K (2002: USD50K) arising from a consultancy agreement entered into on its formation. This fee is included with other income.

35. COMPARATIVE AMOUNTS

Certain amounts have been reclassified to conform with the current year's presentation.

36. SEGMENTAL INFORMATION

a) The group's identifiable business segments are the forfaiting and trade finance services. The group business and geographical segments are analysed as follows:

GROUP

Geographical/Business segments	**Malta 2003** USD	**Other Countries 2003** USD	**Total 2003** USD
Interest receivable and similar income originated from:			
Trade finance	414,895	2,820,316	3,235,211
Forfaiting activities	-	205,684	205,684
Fees and commissions receivable originated from:			
Trade finance	1,076,192	4,007,429	5,083,621
Trading income originated from:			
Forfaiting activities	-	155,368	155,368
Gross Income	1,491,087	7,188,797	8,679,884
Interest payable and commission payable originated from:			
Trade finance	(198,870)	(1,203,830)	(1,402,700)
Forfaiting activities	-	(149)	(149)
	(198,870)	(1,203,979)	(1,402,849)
Segmental profit:			
Trade finance	1,292,217	5,623,916	6,916,132
Forfaiting activities	-	360,902	360,903
	1,292,217	5,984,818	7,277,035
Other operating income			1,892,950
Common costs:			
Trade finance			(6,060,002)
Forfaiting activities			(728,336)
Amortisation of intangible assets			(571,846)
Profit on ordinary activities before tax and net impairment			1,809,801
Segmental assets:			
Trade finance	8,512,485	128,880,495	137,392,980
Forfaiting assets	-	30,471,130	30,471,130
	8,512,485	159,351,625	167,864,110
Unallocated assets			8,005,843
			175,869,953

b) The bank's main activity is providing trade finance related services and there are no identifiable business segments. Trade finance activities are originated in:

BANK

Geographical segments	**Malta**		**Other Countries**		**Total**	
	2003	**2002**	**2003**	**2002**	**2003**	**2002**
	USD	USD	USD	USD	USD	USD
Interest receivable and similar income	414,895	697,719	2,820,316	3,216,949	3,235,211	3,914,668
Fees and commisions receivable	1,076,192	1,551,613	4,007,429	4,006,242	5,083,621	5,557,855
Gross Income	1,491,087	2,249,331	6,827,745	7,223,191	8,318,832	9,472,523
Segment profit	1,292,198	1,984,316	5,591,112	5,618,892	6,883,310	7,603,208
Other operating income					2,583,035	509,827
Common Costs					(6,060,003)	(4,534,249)
Profit on ordinary activities before tax and net impairment					3,406,342	3,578,786
Segment assets	8,512,485	11,620,244	159,548,097	108,478,164	168,060,582	120,098,408

Schedule I

PROFIT AND LOSS ACCOUNT

Five Year Summary

	2003 USD	**2002** USD	**2001** USD	**2000** USD	**1999** USD
Interest receivable and similar income	3,235,211	3,914,668	4,538,929	4,900,972	3,064,245
Interest payable	(1,077,834)	(1,265,498)	(1,867,926)	(2,089,154)	(1,065,276)
Net interest income	2,157,377	2,649,170	2,671,003	2,811,818	1,998,969
Fees and commissions receivable	5,083,621	5,557,855	3,870,272	3,161,704	2,544,464
Fees and commissions payable	(357,688)	(603,818)	(424,406)	(295,165)	(197,325)
Net trading income	2,529,523	459,828	257,001	236,646	128,953
Other operating income	53,512	50,000	200,000	-	-
Operating income	9,466,345	8,113,035	6,573,870	5,915,003	4,475,061
Administrative expenses	(5,748,045)	(4,271,503)	(3,601,169)	(2,994,263)	(2,411,682)
Depreciation	(311,958)	(262,746)	(224,486)	(219,686)	(127,297)
Net impairment losses	(60,289)	(9,935,604)	(277,197)	(336,690)	(249,839)
Profit/(Loss) on ordinary activities before tax	3,346,053	(6,356,818)	2,471,018	2,364,364	1,686,243
Tax on profit on ordinary activities	(62,319)	227,919	(333,468)	(196,009)	(116,729)
Profit/(Loss) for the year	3,283,734	(6,128,899)	2,137,550	2,168,355	1,569,514
Earnings/(Loss) per share	7.12c	(13.32c)	5.02c	5.42c	3.92c

The Earnings per share for the years 1999 and 2000 has been restated as a result of the conversion of the issued share capital from 20,000,000 ordinary shares of USD1 each to 40,000,000 ordinary shares of USD0.50 each following a shareholders' extraordinary resolution dated 17 March 2001.

Schedule II
BALANCE SHEET
Five Year Summary

	2003 USD	2002 USD	2001 USD	2000 USD	1999 USD
ASSETS					
Balances with Central Bank and cash	4,393,757	2,758,724	2,477,758	2,361,271	2,213,528
Financial asset held-for-trading	11,391,282	10,072	-	-	-
Investments	133,600	133,600	85,538	52,843	1,718
Loans and advances to banks	83,584,730	90,458,355	76,857,419	55,757,761	52,542,645
Loans and advances to customers	64,936,427	24,403,487	25,368,400	21,819,292	23,135,975
Shares in subsidiary companies	2	-	-	-	-
Tangible fixed assets	1,259,859	1,180,518	895,004	901,747	297,924
Deferred tax	684,407	618,777	29,855	10,280	-
Other assets	1,315,520	205,658	225,249	98,521	43,432
Prepayments and accrued income	360,998	329,217	262,998	466,619	275,056
Total assets	168,060,582	120,098,408	106,202,221	81,468,334	78,510,278
LIABILITIES					
Amounts owed to banks	43,282,344	43,197,825	42,383,463	29,421,152	29,940,980
Amounts owed to customers	75,298,813	45,725,136	25,573,293	25,671,473	24,553,510
Other liabilities	-	135,996	183,687	175,744	164,993
Accruals and deferred income	937,006	624,791	645,268	644,572	463,757
	119,518,163	89,683,748	68,785,711	55,912,941	55,123,240
SHAREHOLDERS' FUNDS					
Called up share capital	33,003,229	23,000,000	20,000,000	20,000,000	20,000,000
Share premium account	8,862,371	44,021,575	4,034,140	-	-
Other reserve	2,681,041	2,681,041	2,689,427	-	-
Dividend reserve	792,077	-	852,000	-	-
Profit and loss account	2,222,314	712,044	6,840,943	5,555,393	3,387,038
	48,542,419	30,414,660	37,416,510	25,555,393	23,387,038
	168,060,582	120,098,408	106,202,221	81,468,334	78,510,278
MEMORANDUM ITEMS					
Contingent liabilities	3,829,531	3,174,578	7,277,376	5,378,911	405,825
Commitments outstanding	63,645,130	128,993,598	88,337,309	60,431,799	79,065,849

Schedule III
CASH FLOW STATEMENT
Five Year Summary

	2003 USD	**2002** USD	**2001** USD	**2000** USD	**1999** USD
Net cash from operating activities	5,828,945	6,421,187	559,509	4,212,841	10,779,605
Cash flows from investing activities					
Payments to acquire tangible fixed assets	(404,038)	(534,153)	(217,744)	(823,509)	(154,735)
Advance to subsidiary companies	(30,667,600)	-	-	-	-
Purchase of equity shares	-	(48,062)	(32,695)	(51,125)	-
Cash outflows from investing activities	(31,071,638)	(582,215)	(250,439)	(874,634)	(154,735)
Cash flows from financing activities					
Proceeds from issue of share capital	14,056,495	-	9,723,567	-	-
Dividends paid	-	(852,000)	-	-	-
Cash inflows/(outflows) from financing activities	14,056,495	(852,000)	9,723,567	-	-
(Decrease)/increase in cash and cash equivalents	(11,186,198)	4,986,972	10,032,637	3,338,207	10,624,870
- Effect of exchange rate changes on cash and cash equivalents	1,509,907	1,044,313	389,028	250,770	44,335
- Movement in cash and cash equivalents	(12,696,105)	3,942,659	9,643,609	3,087,437	10,580,535
(Decrease)/increase in cash and cash equivalents	(11,186,198)	4,986,972	10,032,637	3,338,207	10,624,870
Cash and cash equivalents at beginning of year	36,563,521	31,576,549	21,543,912	18,205,705	7,580,835
Cash and cash equivalents at end of year	25,377,323	36,563,521	31,576,549	21,543,912	18,205,705

Schedule IV

ACCOUNTING RATIOS - 5 YEAR SUMMARY

Five Year Summary

	2003 %	2002 %	2001 %	2000 %	1999 %
Net interest income and other operating income to total assets	5.85	7.26	6.59	7.62	5.79
Operating expenses to total assets	3.85	4.28	4.26	4.72	3.64
Profit/(Loss) before tax to total assets	1.99	(5.10)	2.33	2.90	2.15
Pre-tax return on capital employed	6.89	(20.90)	6.60	9.25	7.21
Profit/(Loss) after tax to equity	6.76	(20.15)	5.71	8.48	6.71

	2003	2002	2001	2000	1999
Weighted average number of shares in issue (000's) (note 10)	46,110	46,000	42,543	40,000	40,000
Net assets per share (cents)	73.54	66.12	87.95	63.89	58.47
Earnings/(Loss) per share (cents)	7.12	(13.32)	5.02	5.42	3.92

Schedule V

SOLVENCY RATIO

31 December 2003

	Note	Balance Sheet Value USD	Weighted Amount USD
On-balance sheet assets	*(a)*		
Balances with Central Bank of Malta, Treasury Bills and cash		4,393,757	-
Financial assets held for trading		11,391,282	11,391,282
Investments		133,600	133,600
Loans and advances to banks		83,584,730	36,227,900
Loans and advances to customers	*(b)*	65,156,886	56,228,471
Shares in subsidiary companies		2	2
Tangible fixed assets		1,259,859	1,259,859
Deferred tax asset		684,407	136,881
Other assets		1,315,520	263,104
Prepayments and accrued income		360,998	180,499
		168,281,041	105,821,598
Off-balance sheet assets	*(c)*		
Contingent liabilities and commitments		67,474,661	30,862,122
Total adjusted assets and off-balance sheet items			136,683,720
Own Funds			
Original own funds	*(d)*		48,542,419
Additional own funds	*(e)*		220,459
Gross own funds			48,762,878
Deductions	*(f)*		-
Total own funds			48,762,878
Solvency ratio	*(g)*		35.68%

Schedule VI
SOLVENCY RATIO
31 December 2003

Notes

(a) For on-balance sheet assets four basic scales of risk weighting are applied based primarily on the credit rating of the counterparty (0%, 20%, 50% and 100%).

(b) Loans and advances to customers are grossed up with general provision for bad and doubtful debts.

(c) For off-balance sheet items a system of credit conversion factors is used. The resultant credit equivalent is weighted according to the category of the counterparty.

(d) Original own funds comprise called up issued share capital, reserves and the share premium account and exclude tangible fixed assets revaluation reserve and dividend reserve.

(e) Additional own funds comprise the general provision for bad and doubtful debts and tangible fixed assets revaluation reserve.

(f) Deductions from gross own funds comprise holdings in other financial institutions, which exceed 10% of the Bank's total gross own funds.

(g) The solvency ratio is a measure of the Bank's capital adequacy and is the ratio of own funds to total risk-weighted assets and off-balance sheet items in terms of the Solvency Ratio Directive BD/04 issued by the Central Bank of Malta.

Schedule VII
OTHER RELEVANT COMPANY INFORMATION
Shareholder Information

The following shareholder information is being published in terms of Bye Law 6.05.06 (ii) of the Malta Stock Exchange.

Directors' interest in the shareholding of the Company at 31 December 2003

	Number of Shares
Mr. Najeeb H.M. Al-Saleh	430,435
Mr. Mohammed I.H. Marafie	3,500,000
Mr. Mehdi Ouazzani Hassani	2,000,000
Mr. Fouad M.T. Alghanim	1,000,000
Mr. Marwan Ahmad Salamah	860,870
Mr. Saad A.A. Al-Mutawa	114,783

Mr. Najeeb H.M. Al-Saleh has 0.125% beneficial interest in Kuwaiti Interest for Financial Investment KSC.

Shareholding Holding 5% or more of the Share Capital as at 9 February 2004.

	Ordinary share of 50 cents each	
	Number of shares	Percentage holding
Kuwaiti Interests for Financial Investment KSC	17,214,398	26.08
Global Financial Holdings N.V.	15,600,000	23.63
Bank of Valletta p.l.c.	6,753,095	10.23
Astrolabe General & Contracting Co.	4,304,348	6.52
Mr. Mohammed I.H. Marafie	3,500,000	5.30

Shareholding details as at 9 February 2004.

All shares are of equal class and carry equal voting rights.

Range	Total Shareholders	Shares
1 - 500	5	2,290
501 - 1000	7	5,627
1001 - 5000	212	611,043
5001 and over	147	65,387,497
Totals	**371**	**66,006,457**

Company Secretary, Registered Address and Contact Number

Francesco Apap Bologna
7th Floor, The Plaza Commercial Centre,
Bisazza Street, Sliema SLM 15
MALTA
Tel: 00 356 2132 2100

MALTA

First International Merchant Bank p.l.c.
7th Floor, The Plaza Commercial Centre, Bisazza Street, Sliema SLM 15, Malta

Tel: (+356) 21322100	Fax: (+356) 21322122	Telex: 1775 FIMBNK MW
S.W.I.F.T.: FIMB MT M3	Website : www.fimbank.com	E-mail: info@fimbank.com

President	Mr Claude L. Roy
Executive Vice President	Ms Margrith Lütschg-Emmenegger
General Manager - Head Office	Mr Raymond Busuttil
Correspondent Banking/Syndications	Mag. Nassif A. Chehab
North Africa Regional Manager	Mr Bashir Omar Hagul
Trade and Commodity Finance	Mr Mostafa Chenbout
Correspondent Banking	Mr Charles Wallbank
Risk Management Officer	Mr Robert L. Potts
Deputy Risk Management Officer	Mr Vince Farrugia
Advances - Corporate	Ms Olivia Difesa
Head of Operations	Mr Renald Theuma
Customer Services	Mr Josman Cilia
Trade Services / Documentary Credits	Mr Dennis Camilleri
	Ms Doreen Saliba
	Mr Joseph Rodgers
Head of I.T. and Administration	Mr Silvio Mifsud
S.W.I.F.T. and Administration	Mr Jason Zammit
I.T. Infrastructure	Mr Gilbert Coleiro
Business Systems	Ms Loranne Pace
Human Resources	Mr Bruno Cassar
Head of Finance	Mr Richard Scerri
Head of Treasury and Communications	Mr Martin Chetcuti
Lawyer	Dr Claire Marie Calleja

LONDON

First International Merchant Bank p.l.c. Representative Office
134, Wigmore Street, London WI U 3SE, England
Tel: (+44) (0) 207 935 6002 Fax: (+44) (0) 207 935 5601
E-mail: repoffice@fimbanklondon.demon.co.uk

Senior Representative	Mr Nigel Harris
Senior Marketing Advisor	Mr Arun Chauhan
Trade Services/Documentary Credits	Mr David Lendon
	Mr Kenneth Blackgrove
	Mr Steve Wilkinson

LONDON FORFAITING COMPANY LTD - BOARD STRUCTURE

Chairman: Mr Najeeb Al Saleh
Directors: Mr Claude L. Roy *(President - FIMBank)*
Ms Margrith Lütschg-Emmeneger *(Executive Vice President - FIMBank)*
Mr Arun Chauhan *(Senior Marketing Advisor - FIMBank)*
Mr Andrew T.M. Freeman *(LFC Managing Director)*

UNITED KINGDOM

LONDON FORFAITING COMPANY LTD
International House, 1 St. Katharine's Way
London E1W 1XA, United Kingdom
Tel: (+44) (0) 20 7481 3410
Fax: (+44) (0) 20 7480 7626
E-mail: lfc@forfaiting.com

Managing Director:	Mr Andrew T.M. Freeman
Head of Trading:	Mr Simon Lay
Traders:	Mr Patrick Boatwright
	Mr Simon deMonte
	Ms Josephine Grima
Liaison Assistant Manager:	Mr Paul Coles
Manager, I.T.:	Mr Charles Ralli
Manager, Accounts:	Mr William Ramzan
Credit Manager:	Mr Carmelo Occhipinti
Business Manager:	Mr Paul Bohannon

LONDON FORFAITING COMPANY UK LTD
Station House, Station Court, Rawtenstall
Rossendale, Lancashire BB4 6AJ, United Kingdom
Tel: (+44) (0) 1706 237900
Fax: (+44) (0) 1706 237909
E-mail: lfc.rossendale@forfaiting.com
Head of UK Marketing: Mr John Clegg
UK Marketing: Mr Philip Cook

MALTA

LONDON FORFAITING COMPANY LTD
DOCUMENTATION UNIT
c/o First International Merchant Bank p.l.c.
6th Floor, The Plaza Commercial Centre
Bisazza Street, Sliema SLM 15, Malta
Tel: (+356) 21 322100
Fax: (+356) 21 330804
E-mail: lfc.malta@forfaiting.com
Assistant Manager - Documentation: Ms Lorna Pillow

BRAZIL

LONDON FORFAITING DO BRASIL LTDA
World Trade Center, Av. das Nacoes Unidas 12551, 9th Floor
São Paulo, SP 04578-903, Brazil
Tel: (+55) 11 3443 7439
Fax: (+55) 11 3443 7590
E-mail: lfc.brasil@forfaiting.com
Managing Director: Mr Alexandre Ozzetti

RUSSIA

LONDON FORFAITING VOSTOK LTD
Representative Office in Moscow
2, Bolshoy Kazenny Pereulok, Moscow 105062
Russian Federation
Tel: (+7) 095 956 2970
Fax: (+7) 095 956 2971
E-mail: lfc.russia@forfaiting.com
Representative: Mr Dmitri Kourychev
Marketing and Sales Assistant: Mr Eugene Velmozhko

TURKEY

LONDON FORFAITING COMPANY PLC
Representative Office in Istanbul
Buyukdere Cad. Noramin Is Merkezi No: 406
Maslak 34398, Istanbul, Turkey
Tel: (+90) 212 328 2680
Fax: (+90) 212 328 2683
E-mail: lfc.turkey@forfaiting.com
Representative: Mr Muzaffer Aksoy
Senior Manager: Mr Oguz Aktuna

USA

LONDON FORFAITING AMERICAS INC.
1180 Avenue of the Americas, Suite 2020, New York
NY 10036, U.S.A.
Tel: (+1) 212 759 1919
Fax: (+1) 212 377 2018
E-mail: lfa@forfaiting.com
President: Mr Gregory Bernardi
Assistant Vice President: Mr Jack Kowalczyk
Assistant Vice President: Mr Brendan Herley