

# Interim Financial Statements

*for the six month period 1 January to 30 June 2004*



**FIMBANK**



***A Vision for a Global Business***

**LONDON** *f* **ORFAITING**  
COMPANY LTD

ISTANBUL • LONDON • MALTA • MOSCOW • MUMBAI • NEW YORK • SAO PAULO

## REVIEW OF PERFORMANCE

### **FIMBANK p.l.c. - Group Interim Results 30th June 2004**

Operating Income for the Bank up by 20% to USD4,555,813 (USD3,786,116 in 2003).

Net Income Receivable for the Group for the six months - USD5,764,959.

### **Operating Profit for the Half Year - Excluding Goodwill Amortisation**

Operating Profit for the Bank before Tax - USD875,199.

Operating Profit for the Group before Tax - USD718,716.

### **Report on the financial results for the six month period - 1st January to 30th June 2004.**

FIMBank acquired full ownership of London Forfaiting Company (LFC) at the end of August 2003. During the four months until year-end and the first quarter of 2004, efforts were concentrated in the re-generation of the company. In this summary analysis, the performance of FIMBank is compared with that of the first half of year 2003, while balance sheet comparisons are made with the Group's year-end consolidated figures.

In the first six months of this financial year the Bank generated USD4,555,813 in operating income or a 20% increase over that of the same period last year. Administrative overheads however increased also resulting in a profit before tax of USD875,199, at the same level as last year.

The activities of the subsidiary have not yet generated sufficient revenue to reach the break even point, however, revenue from ordinary activities and recoveries from impaired assets, have resulted in a marginal, pre-tax Group loss of USD32,810 after amortisation of goodwill of USD751,526.

Managements' ability to sell subsidiary operations of LFC, as opposed to incurring liquidation expenses, has created a positive return which resulted in reduction of goodwill by USD933,468, upon revision of LFC's restructuring provisions. This will also result in a lower allocation for goodwill in the remaining 50 month amortisation period while it has no effect on the six month's profit and loss figures.

In interpreting the Group's income statement, it is pertinent to net out the net trading loss of USD2,124,468 against the impairment reversal of USD3,077,787 resulting in trading profit of USD953,319. Within this figure, the net increase in specific provision at Bank level was USD62,442 denoting the soundness of the existing lending portfolio.

In preparing the financial statements for this interim report, the Bank has also assessed the composition of its loan portfolio and retained it prudent also to increase the general provision by USD117,504.

The Group's net assets grew by 4.5% to USD183.9 million in the past six months. Financial assets held for trading, which reflect the main activity of the subsidiary, grew by USD21.6 million. The increase in trading activity and the higher value of trading portfolio have prompted increased turnover of the cash resources of the Group and generated more interest income.

No interim dividend is being paid or proposed in respect of the six months ended 30th June 2004.

*The published figures, which are in compliance with IAS34, 'Interim Financial Reporting', have been extracted from FIMBank Group's unaudited management accounts for the six months ended 30 June 2004, and have been drawn up according to the accounting policies used in the preparation of the 2003 audited financial statements. These figures are being published in terms of Chapters 8 and 9 of the Listing Rules of the Malta Financial Services Authority.*

# INCOME STATEMENT

for the period 1 January to 30 June 2004

	GROUP	BANK	
	6 months to 30 Jun 04 USD	6 months to 30 Jun 04 USD	6 months to 30 Jun 03 USD
Interest income on loans and advances and balances held with Central Bank of Malta	2,433,998	1,932,635	1,596,746
Interest payable	(520,745)	(526,149)	(547,794)
<b>Net interest income</b>	<b>1,913,253</b>	<b>1,406,486</b>	1,048,952
Fees and commissions receivable	3,133,999	2,799,627	2,562,201
Fees and commissions payable	(149,784)	(115,919)	(132,187)
Net trading (losses)/gains	(2,124,468)	130,906	255,650
Other Operating Income	74,638	334,713	51,500
<b>Operating income</b>	<b>2,847,638</b>	<b>4,555,813</b>	3,786,116
Administrative expenses	(4,960,525)	(3,329,415)	(2,681,140)
Depreciation	(246,184)	(171,253)	(140,021)
Net impairment reversal/(loss)	3,077,787	(179,946)	(90,980)
Amortisation of Goodwill	(751,526)	-	-
<b>(Loss)/Profit on ordinary activities before tax</b>	<b>(32,810)</b>	<b>875,199</b>	873,975
Tax on profit on ordinary activities	(65,219)	(58,799)	15,190
<b>(Loss)/Profit for the period</b>	<b>(98,029)</b>	<b>816,400</b>	889,165
<b>Earnings per share (cents)</b>	<b>(0.15)</b>	<b>1.23</b>	1.93

# BALANCE SHEET

as at 30 June 2004

	GROUP		BANK	
	Jun 04 USD	Dec 03 USD	Jun 04 USD	Dec 03 USD
<b>ASSETS</b>				
Balances with Central Bank of Malta and cash	4,505,503	4,393,757	4,423,960	4,393,757
Financial Assets held-for-trading	57,560,914	35,939,274	2,699,354	11,391,282
Investments	133,600	133,600	133,600	133,600
Loans and advances to banks	77,005,815	85,818,706	73,308,686	83,584,730
Loans and advances to customers	33,511,729	34,268,827	88,713,938	64,936,427
Shares In Subsidiary Companies	-	-	2	2
Intangible Assets	6,320,849	8,005,843	-	-
Tangible fixed assets	2,564,591	3,468,381	1,419,816	1,259,859
Deferred tax asset	653,961	684,407	653,961	684,407
Other assets	1,000,226	1,315,520	1,911,753	1,315,520
Prepayments and accrued income	669,972	1,841,638	523,763	360,998
<b>Total assets</b>	<b>183,927,160</b>	<b>175,869,953</b>	<b>173,788,833</b>	<b>168,060,582</b>
<b>LIABILITIES</b>				
Amounts owed to banks	57,922,497	43,282,344	56,912,651	43,282,344
Amounts owed to customers	73,158,497	73,675,060	67,476,701	75,298,813
Accruals and deferred income	2,274,919	3,416,558	677,411	937,006
Provision for contingent Liabilities	1,494,073	1,548,855	-	-
Other liabilities	2,406,183	6,386,104	155,263	-
	<b>137,256,169</b>	<b>128,308,921</b>	<b>125,222,026</b>	<b>119,518,163</b>
<b>SHAREHOLDERS' FUNDS</b>				
Called up issued share capital	33,003,229	33,003,229	33,003,229	33,003,229
Share Premium	8,862,371	8,862,371	8,862,371	8,862,371
Other Reserve	2,681,041	2,681,041	2,681,041	2,681,041
Profit and loss account	2,124,285	2,222,314	4,020,101	3,203,701
Dividend reserve	65	792,077	65	792,077
	<b>46,670,991</b>	<b>47,561,032</b>	<b>48,566,807</b>	<b>48,542,419</b>
<b>Total Liabilities</b>	<b>183,927,160</b>	<b>175,869,953</b>	<b>173,788,833</b>	<b>168,060,582</b>
<b>MEMORANDUM ITEMS</b>				
Contingent Liabilities	3,220,676	3,829,531	3,220,676	3,829,531
Commitments	141,634,852	63,645,130	136,083,953	63,645,130

The interim financial statements were approved by the Board of Directors on the 26 August 2004 and 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 period 1 January to 30 June 2004

	Total	Called up Issued Share Capital	Share Premium	Other Reserve	Dividend Reserve	Profit and Loss Account
	USD	USD	USD	USD	USD	USD
<b>BANK</b>						
As at 1 January 2003	30,414,660	23,000,000	4,021,575	2,681,041	-	712,044
Profit for the six months	889,165	-	-	-	-	889,165
<b>As at 30 June 2003</b>	<b>31,303,825</b>	<b>23,000,000</b>	<b>4,021,575</b>	<b>2,681,041</b>	<b>-</b>	<b>1,601,209</b>
As at 1 January 2004	48,542,419	33,003,229	8,862,371	2,681,041	792,077	3,203,701
Dividends paid	(792,012)	-	-	-	(792,012)	-
Profit for the six months	816,400	-	-	-	-	816,400
<b>As at 30 June 2004</b>	<b>48,566,807</b>	<b>33,003,229</b>	<b>8,862,371</b>	<b>2,681,041</b>	<b>65</b>	<b>4,020,101</b>
<b>GROUP</b>						
As at 1 January 2004	47,561,032	33,003,229	8,862,371	2,681,041	792,077	2,222,314
Dividends paid	(792,012)	-	-	-	(792,012)	-
Profit for the six months	(98,029)	-	-	-	-	(98,029)
<b>As at 30 June 2004</b>	<b>46,670,991</b>	<b>33,003,229</b>	<b>8,862,371</b>	<b>2,681,041</b>	<b>65</b>	<b>2,124,285</b>

# CASH FLOW STATEMENT

for the period 1 January to 30 June 2004

	<b>GROUP</b>	<b>BANK</b>	
	<b>6 months to 30 Jun 04 USD</b>	<b>6 months to 30 Jun 04 USD</b>	<b>6 months to 30 Jun 03 USD</b>
<b>Cash flows from operating activities</b>			
Interest and commission receipts	5,666,105	4,930,632	4,599,004
Receipts from foreign exchange transactions	40,902	127,957	263,455
Interest and commission payments	(590,380)	(562,468)	(788,979)
Payments to suppliers and employees	(3,639,946)	(3,287,416)	(2,597,615)
	<hr/>	<hr/>	<hr/>
Operating profit before changes in operating assets/liabilities	1,476,681	1,208,705	1,475,865
(Increase) / decrease in operating assets:			
- Reserve deposit with Central Bank of Malta	(409,346)	(409,347)	(371,594)
- Forfeiting assets	(20,623,965)	8,694,877	-
- Loans and advances to customers and banks	724,028	420,113	(11,933,108)
- Other assets	160,534	(1,339,902)	-
(Decrease) / Increase in operating liabilities:			
- Amounts owed to customers and banks	16,524,624	9,382,505	8,229,067
- Other liabilities	(1,707,373)	155,270	-
	<hr/>	<hr/>	<hr/>
Net cash (used in)/from operations before income tax	(3,854,817)	18,112,221	(2,599,770)
Income tax paid	(72,215)	(72,215)	(70,609)
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<b>Net cash flows (used in)/from operating activities</b>	(3,927,032)	18,040,006	(2,670,379)
	<hr/>	<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
- Payments to acquire tangible fixed assets	(478,167)	(337,009)	(294,507)
- Advances to subsidiary companies	-	(24,536,020)	-
- Proceeds on disposal of tangible fixed assets	114,443	-	-
- Proceeds on disposal of subsidiary companies	552,099	-	-
- Payments on restructuring of subsidiary companies	(2,559,517)	-	-
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<b>Net cash used in investing activities</b>	(2,371,142)	(24,873,029)	(294,507)
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<b>Cash flows from financing activities</b>			
- Proceeds from issue of share capital	787,530	787,530	-
- Dividends paid	(792,012)	(792,012)	-
	<hr/>	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(4,482)	(4,482)	-
	<hr/>	<hr/>	<hr/>
<b>Decrease in cash and cash equivalents</b>	(6,302,656)	(6,837,505)	(2,964,886)
	<hr/>	<hr/>	<hr/>
- Effect of exchange rate changes on cash and cash equivalents	(1,774,309)	(1,707,063)	757,628
- Net (decrease)/increase in cash and cash equivalents	(4,528,347)	(5,130,442)	(3,722,514)
	<hr/>	<hr/>	<hr/>
<b>Decrease in cash and cash equivalents</b>	(6,302,656)	(6,837,505)	(2,964,886)
Cash and cash equivalents at the beginning of the period	27,611,299	25,377,323	36,563,521
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Cash and cash equivalents at the end of period	21,308,643	18,539,818	33,598,635
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Mr Claude L. Roy (*Executive Committee - FIMBank*)  
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