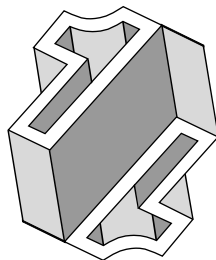


# *Interim Financial Statements*

*for the period 1 January 2005 to 30 June 2005*



Forfaiting ~ International Trade Finance ~ Guarantees  
Risk Management ~ Letters of Credit ~ Factoring ~ Import & Export



**FIMBANK**

*G R O U P*

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

A G L O B A L F O R C E I N T R A D E F I N A N C E

## REVIEW OF PERFORMANCE

### GENERAL

This Half-Yearly Report is published in terms of Malta Financial Services Authority Listing Rule 9.54. The published figures, which have been prepared in accordance with IAS 34 - 'Interim Financial Reporting', have been extracted from the FIMBank p.l.c. Group's unaudited accounts for the six months ended 30 June 2005 as approved by the Board of Directors on 29 August 2005.

### REVIEW OF PERFORMANCE

FIMBank p.l.c. Group ("FIMBank Group" or the "Group") posted an after tax-profit of US\$1.64 million for the half-year ended 30 June 2005 (2004 – US\$98,000 loss). All the principal operating members of the Group contributed positively to this performance, as the following information extracted from a review of the full financial statements of the Group illustrates.

FIMBank (or the "Bank") registered a profit before tax of US\$2.00 million during the period under review, compared with US\$0.88 million in the corresponding 2004 financial period. The growth in Bank revenue was strong and broad-based, encompassing both traditional and new markets. Net Interest Income increased by 45% to US\$2.04 million (2004 – US\$1.41 million) while Fees and Commissions Receivable increased by 20% to US\$3.92 million (2004 – US\$2.80 million). Other income, which includes a dividend distribution from the Mumbai-based associated company Global Trade Finance Private Limited acquired in 2004, also showed strong improvement. Overall, Operating Income increased by 48% from US\$4.27 million to US\$6.34 million. Administrative Expenses increased by 20% to US\$3.67 million, however the Bank's cost/income ratio improved from 2004's 75.3% to 61.1%. After-tax profit of US\$1.79 million (2004 - US\$0.82 million) translates in improved half-yearly Earnings per Share of 2.71c (2004 - 1.23c).

Group Operating Income increased by 30% from 2004's US\$6.01 million to US\$7.78 million. The Group result reflects in large part the contribution of the Bank's wholly-owned subsidiary, London Forfaiting Company Limited (LFC), to consolidated fee, commission and trading income. Group Administrative Expenses increased by 18% to US\$5.87 million, however the Group cost/income ratio improved from 86.7% in 2004 to 73.5%. Further to the implementation of the requirements of IFRS 3 "Business Combinations", no amortization of goodwill (2004 – US\$0.75 million) has taken place in 2005 as goodwill is now subject to testing for impairment. Group earnings per share for the six-month period work out at 2.49 cents.

The growth in activity since 31 December 2004 has been consistent at both Group and Bank levels. Balance sheet highlights include the creation of a bond portfolio (US\$5 million) and an increase in loans to customers by FIMBank (US\$24 million) that is in turn reflected in an increase in LFC's forfaiting book (which grew from US\$63 million to US\$83 million) at Group level. Amounts owed to banks increased from US\$65 million to over US\$90 million, while amounts owed to customers stood at US\$103 million. Group Commitments, including confirmed letters of credit, undrawn credit facilities and documentary credits, decreased from December 2004's US\$129 million to US\$92 million in June 2005. Group Total Assets grew by 14% to US\$246 million during the six months ended 30 June 2005, with consolidated Shareholders' Funds amounting to US\$50 million.

The Board of Directors notes that these interim results are the strongest in the Group's and Bank's history and, as anticipated in the 2004 Annual Report, the strategy of market and product diversification continues to provide considerable scope for profit maximization. The Board considers that the positive results demonstrate an all-round growth in business revenue as well as increased efficiency, as shown by the improved performance ratios. The Group's plans to develop business via alliances with strong partners in new markets, as well as the focus on growing the core banking and trade finance activities, continue to be main drivers of the FIMBank Group's results. The Board is optimistic that this strategy, supported by the business momentum of the first half of 2005, makes encouraging prospects for the remainder of the year.

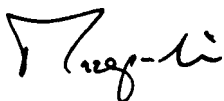
## REVIEW REPORT

*To the Members of FIMBank p.l.c.*

We have reviewed the accompanying balance sheet of FIMBank p.l.c. at June 30, 2005, and the related statements of income and cash flows for the period then ended. These financial statements are the responsibility of the Bank's Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view in accordance with International Financial Reporting Standards.



Ray Azzopardi (Partner)  
for and on behalf of

**KPMG**  
Certified Public Accountants

29 August 2005

## INCOME STATEMENT

For the period 1 January 2005 to 30 June 2005

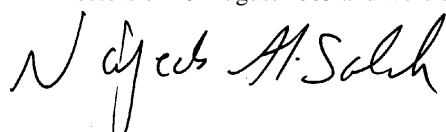
	GROUP		BANK	
	6 months to 30 June 2005 USD	6 months to 30 June 2004 USD	6 months to 30 June 2005 USD	6 months to 30 June 2004 USD
Interest receivable and similar income				
- on loans, advances and balances with Central Bank of Malta	2,278,317	1,589,555	3,367,860	1,932,635
- on debt securities	96,357	-	96,357	-
Interest payable	(1,421,089)	(520,745)	(1,421,089)	(526,149)
<b>Net interest income</b>	<b>953,585</b>	<b>1,068,810</b>	<b>2,043,128</b>	<b>1,406,486</b>
Fees and commissions receivable	4,566,168	3,133,999	3,919,559	2,799,627
Fees and commissions payable	(274,681)	(149,784)	(241,347)	(115,919)
Dividend income	76,423	-	302,029	-
Net trading income	2,413,313	1,879,710	262,683	130,906
Loss on disposal of non-trading financial asset	(712)	-	-	-
Other operating income	50,000	74,638	50,000	51,321
<b>Operating income</b>	<b>7,784,096</b>	<b>6,007,373</b>	<b>6,336,052</b>	<b>4,272,421</b>
Administrative expenses	(5,871,623)	(4,960,525)	(3,666,906)	(3,046,023)
Depreciation	(266,699)	(246,184)	(203,182)	(171,253)
Net impairment losses	(366,745)	(81,948)	(466,922)	(179,946)
Amortisation of intangible assets	-	(751,526)	-	-
<b>Operating profit / (loss)</b>	<b>1,279,029</b>	<b>(32,810)</b>	<b>1,999,042</b>	<b>875,199</b>
Share of profit of associate undertaking	569,783	-	-	-
<b>Profit / (loss) before tax</b>	<b>1,848,812</b>	<b>(32,810)</b>	<b>1,999,042</b>	<b>875,199</b>
Taxation	(207,524)	(65,219)	(207,524)	(58,799)
<b>Profit / (loss) for the period</b>	<b>1,641,288</b>	<b>(98,029)</b>	<b>1,791,518</b>	<b>816,400</b>
<b>Earnings per share</b>	<b>2.49c</b>	<b>(0.15c)</b>	<b>2.71c</b>	<b>1.23c</b>

**BALANCE SHEET**

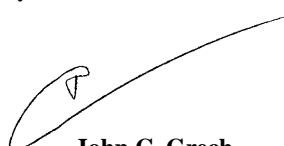
At 30 June 2005

	GROUP		BANK	
	30 June 2005 USD	31 Dec 2004 USD	30 June 2005 USD	31 Dec 2004 USD
<b>ASSETS</b>				
Balances with Central Bank of Malta and cash	168,823	139,563	37,374	59,834
Financial assets at fair value through profit or loss	82,950,535	63,281,081	-	-
Investments held-to-maturity	5,000,000	-	5,000,000	-
Investments available-for-sale	133,600	133,600	133,600	133,600
Loans and advances to banks	109,592,096	107,948,101	104,670,273	106,813,271
Loans and advances to customers	29,584,113	26,190,662	109,659,880	85,939,813
Shares in subsidiary companies	-	-	5,002	2
Shares in associated company	5,098,653	4,703,330	4,720,556	4,703,330
Intangible assets	5,235,887	5,235,887	-	-
Tangible assets	2,976,890	2,972,697	1,474,801	1,527,189
Deferred tax asset	2,562,007	2,645,188	659,107	742,288
Other assets	1,522,155	1,563,618	986,247	1,054,458
Prepayments and accrued income	1,308,699	1,161,292	3,715,873	1,886,267
<b>Total assets</b>	<b>246,133,458</b>	<b>215,975,019</b>	<b>231,062,713</b>	<b>202,860,052</b>
<b>LIABILITIES</b>				
Financial liabilities at fair value through profit or loss	40,340	-	40,340	-
Amounts owed to banks	90,644,279	65,697,692	92,584,895	65,697,692
Amounts owed to customers	102,723,585	97,204,814	86,343,920	86,619,942
Other liabilities	526,645	1,975,711	9,994	58,101
Accruals and deferred income	1,163,895	1,604,504	1,149,241	1,341,512
Provisions	1,044,980	1,179,186	-	-
	<b>196,143,724</b>	<b>167,661,907</b>	<b>180,128,390</b>	<b>153,717,247</b>
<b>SHAREHOLDERS' FUNDS</b>				
Called up issued share capital	33,005,316	33,005,316	33,005,316	33,005,316
Share premium	8,862,371	8,862,371	8,862,371	8,862,371
Translation reserve	35,334	-	-	-
Other reserve	2,681,041	2,681,041	2,681,041	2,681,041
Retained earnings	5,405,672	3,764,384	6,385,595	4,594,077
Dividend reserve	-	-	-	-
	<b>49,989,734</b>	<b>48,313,112</b>	<b>50,934,323</b>	<b>49,142,805</b>
<b>Total liabilities and shareholders' funds</b>	<b>246,133,458</b>	<b>215,975,019</b>	<b>231,062,713</b>	<b>202,860,052</b>
<b>MEMORANDUM ITEMS</b>				
Contingent liabilities	2,554,902	4,563,943	2,554,902	4,221,546
Commitments	91,941,083	129,261,867	99,735,481	109,628,881

The official closing middle rate of exchange between the US Dollar and the Maltese Lira issued by the Central Bank of Malta for 30 June 2005 stood at 2.8039. The unaudited interim financial statements on pages 4 to 7 were approved by the Board of Directors on 29 August 2005 and were signed on its behalf by:



**Najeeb H.M. Al-Saleh**  
Chairman



**John C. Grech**  
Vice Chairman



## STATEMENT OF CHANGES IN EQUITY

For the period 1 January 2005 to 30 June 2005

	Called up Issued Share Capital USD	Share Premium USD	Translation Reserve USD	Other Reserve USD	Dividend Reserve USD	Retained Earnings USD	Total USD
<b>GROUP</b>							
At 1 January 2004	33,003,229	8,862,371	-	2,681,041	792,077	2,222,314	47,561,032
Loss for the period	-	-	-	-	-	(98,029)	(98,029)
Dividend paid	-	-	-	-	(792,077)	-	(792,077)
At 30 June 2004	<u>33,003,229</u>	<u>8,862,371</u>	<u>-</u>	<u>2,681,041</u>	<u>-</u>	<u>2,124,285</u>	<u>46,670,926</u>
At 1 January 2005	33,005,316	8,862,371	-	2,681,041	-	3,764,384	48,313,112
Profit for the period	-	-	-	-	-	1,641,288	1,641,288
Foreign exchange translation difference	-	-	35,334	-	-	-	35,334
At 30 June 2005	<u>33,005,316</u>	<u>8,862,371</u>	<u>35,334</u>	<u>2,681,041</u>	<u>-</u>	<u>5,405,672</u>	<u>49,989,734</u>
<b>BANK</b>							
At 1 January 2004	33,003,229	8,862,371	-	2,681,041	792,077	3,203,701	48,542,419
Profit for the period	-	-	-	-	-	816,400	816,400
Dividend paid	-	-	-	-	(792,077)	-	(792,077)
At 30 June 2004	<u>33,003,229</u>	<u>8,862,371</u>	<u>-</u>	<u>2,681,041</u>	<u>-</u>	<u>4,020,101</u>	<u>48,566,742</u>
At 1 January 2005	33,005,316	8,862,371	-	2,681,041	-	4,594,077	49,142,805
Profit for the period	-	-	-	-	-	1,791,518	1,791,518
At 30 June 2005	<u>33,005,316</u>	<u>8,862,371</u>	<u>-</u>	<u>2,681,041</u>	<u>-</u>	<u>6,385,595</u>	<u>50,934,323</u>

## CASH FLOW STATEMENT

For the period 1 January 2005 to 30 June 2005

	GROUP		BANK	
	6 months to 30 June 2005 USD	6 months to 30 June 2004 USD	6 months to 30 June 2005 USD	6 months to 30 June 2004 USD
<b>Cash Flows from Operating Activities</b>				
Interest and commission receipts	9,160,460	5,666,105	6,395,953	4,930,632
Exchange received	141,941	40,902	303,023	127,957
Interest and commission payments	(1,653,777)	(590,380)	(1,620,442)	(562,468)
Payments to employees and suppliers	(7,036,369)	(3,639,946)	(4,081,891)	(3,287,416)
Operating profit before changes in operating assets / liabilities	612,255	1,476,681	996,643	1,208,705
Decrease / (increase) in operating assets:				
- Reserve deposit with Central Bank of Malta	-	(409,346)	-	(409,347)
- Forfeiting assets	(19,569,276)	(20,623,965)	-	8,694,877
- Loans and advances to customers and banks	(17,908,858)	724,028	(10,450,140)	420,113
- Other assets, prepayments and accrued income	(15,603)	160,534	11,144	(1,339,902)
(Decrease) / increase in operating liabilities:				
- Amounts owed to customers and banks	13,018,780	16,524,624	7,239,204	9,382,505
- Other liabilities	(894,686)	(1,707,373)	(48,105)	155,270
Net cash flows (used in) / from operating activities before income tax	(24,757,388)	(3,854,817)	(2,251,254)	18,112,221
Income tax paid	(71,748)	(72,215)	(67,277)	(72,215)
<b>Net Cash Flows (used in) / from Operating Activities</b>	<b>(24,829,136)</b>	<b>(3,927,032)</b>	<b>(2,318,531)</b>	<b>18,040,006</b>
<b>Cash Flows from Investing Activities</b>				
- Payments to acquire tangible assets	(293,504)	(478,167)	(156,659)	(337,009)
- Proceeds on disposal of tangible assets	16,029	114,443	-	-
- Net advance to subsidiary companies	-	-	(20,947,040)	(24,536,020)
- Dividends received	302,031	-	302,031	-
- Investment in associated company	(17,226)	-	(17,226)	-
- Proceeds on disposal of subsidiary companies	-	552,099	-	-
- Payments on restructuring of subsidiary companies	-	(2,559,517)	-	-
- Payment to acquire shares in subsidiary company	-	-	(5,000)	-
- Purchase of investments	(5,000,000)	-	(5,000,000)	-
<b>Net Cash Flows used in Investing Activities</b>	<b>(4,992,670)</b>	<b>(2,371,142)</b>	<b>(25,823,894)</b>	<b>(24,873,029)</b>
<b>Cash Flows from Financing Activities</b>				
- Proceeds from issue of share capital	-	787,530	-	787,530
- Dividends paid	-	(792,012)	-	(792,012)
<b>Net Cash Flows used in Financing Activities</b>	<b>-</b>	<b>(4,482)</b>	<b>-</b>	<b>(4,482)</b>
<b>Decrease in Cash and Cash Equivalents</b>	<b>(29,821,806)</b>	<b>(6,302,656)</b>	<b>(28,142,425)</b>	<b>(6,837,505)</b>
Cash and cash equivalents at beginning of period	28,417,969	27,611,299	27,203,410	25,377,323
<b>Cash and Cash Equivalents at End of Period</b>	<b>(1,403,837)</b>	<b>21,308,643</b>	<b>(939,015)</b>	<b>18,539,818</b>

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