



FIMBANK

**First International
Merchant Bank p.l.c.**

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Company Registration No : C 17003

COMPANY ANNOUNCEMENT

Announcement by First International Merchant Bank p.l.c. pursuant to Listing Rules 8.6.2 and 8.6.19

Quote

At the meeting held on the 26th August, 2004 the Board of Directors of First International Merchant Bank p.l.c. approved the attached half-yearly Accounts for the six month period 1st January 2004 to 30th June 2004. The Board decided not to declare an interim dividend.

Unquote

Francesco Apap Bologna
Company Secretary

27th August, 2004

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.

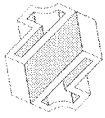
In interpreting the Group's income statement, it is pertinent to net out the net trading loss of USD2,124,468 against the impairment reversal of USD3,077,787 resulting in trading profit of USD953,319. Within this figure, the net increase in specific provision at Bank level was USD62,442 denoting the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

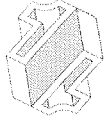


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Income Statement

for the period 01 January to 30 June 2004

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



FIMBANK

Balance Sheet

as at 30th June 2004

	GROUP		BANK	
	Jun-04 USD	Dec-03 USD	Jun-04 USD	Dec-03 USD
ASSETS				
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
Total assets	183,927,160	175,869,953	173,788,833	168,060,582
LIABILITIES				
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	-
	137,256,169	128,308,921	125,222,026	119,518,163
SHAREHOLDERS' FUNDS				
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
	46,670,991	47,561,032	48,566,807	48,542,419
Total Liabilities	183,927,160	175,869,953	173,788,833	168,060,582
MEMORANDUM ITEMS				
Contingent Liabilities	3,220,676	3,289,531	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 [26 August 2004] and signed on its behalf by:

Najeeb Al-Saleh, *Chairman*

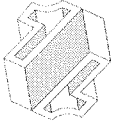
Mehdi Ouazzani Hassani, *Vice Chairman*

Statement of Changes in Equity

for the period 1 January to 30 June 2003 and for the period 1 January to 30 June 2004

BANK		TOTAL	Called up Issued			Dividend Reserve	Profit & Loss Account
	Share Capital		Share Premium	Other Reserve			
	USD		USD	USD			
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	
As at 30 June 2003	31,303,825	23,000,000	4,021,575	2,681,041	-	1,601,209	
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	
As at 30 June 2004	48,566,807	33,003,229	8,862,371	2,681,041	65	4,020,101	

GROUP		TOTAL	Called up Issued			Dividend Reserve	Profit & Loss Account
	Share Capital		Share Premium	Other Reserve			
	USD		USD	USD			
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)	
As at 30 June 2004	46,670,991	33,003,229	8,862,371	2,681,041	65	2,124,285	



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Cash Flow Statement

for the period 01 January to 30th 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
Cash flows from operating activities			
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)
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	-
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)
Net cash flows (used in)/from operating activities	(3,927,032)	18,040,006	(2,670,379)
Cash flows from investing activities			
- 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)	-	-
Net cash used in investing activities	(2,371,142)	(24,873,029)	(294,507)
Cash flows from financing activities			
- Proceeds from issue of share capital	787,530	787,530	-
- Dividends paid	(792,012)	(792,012)	-
Net cash used in financing activities	(4,482)	(4,482)	-
Decrease in cash and cash equivalents	(6,302,656)	(6,837,505)	(2,964,886)
- 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)
Decrease in cash and cash equivalents	(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
Cash and cash equivalents at the end of period	21,308,643	18,539,818	33,598,635

The published figures, which are in compliance with IAS34, 'Interim Financial Reporting', have been extracted from FIMBANK's plc 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.