



FIMBANK

FIMBANK PLC

COMPANY SECRETARIAT

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COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by FIMBank p.l.c. (the “Company”) pursuant to Malta Financial Services Authority Listing Rule 8.5 :

Quote

At the meeting held on 11th August 2006, the Board of Directors of FIMBank plc approved the half-yearly financial statements for the period from 1st January 2006 to 30th June 2006. The Half-Yearly Report is attached to this Company Announcement pursuant to Listing Rule 9.40.

Unquote

Dr Raffaella Bonadies
Company Secretary
11th August 2006

FIMBank p.l.c.

Review of Performance

For the Period 1 January 2006 to 30 June 2006

This Half-Yearly Report is published pursuant to the provisions of the Malta Financial Services Authority Listing Rules (LR 9.40). The published figures, prepared in accordance with International Financial Reporting Standards for interim financial statements (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 2006, as approved by the Board of Directors on 11 August 2006.

For the half-year ended 30 June 2006, the FIMBank Group posted an after tax-profit of USD3.13 million, an increase over the USD1.64 million registered in 2005. FIMBank Group (the “Group”) includes FIMBank p.l.c. (the “Bank”), its subsidiaries and affiliates as disclosed in the last audited financial statements.

The Group

Group Operating Income after net impairment losses increased by 35% from USD7.42 million in 2005 to USD10.04 million. One of the traditional revenue contributors, Net Interest Income, continued to decrease during the period under review as FIMBank’s wholly-owned subsidiary, London Forfaiting Company Limited (LFC), was largely supported by the Group for its increased funding requirements. Correspondingly, Net Trading Income more than doubled, due to the performance of LFC’s enlarged forfaiting portfolio. Group Operating Expenses increased by 25% to USD7.69 million, reflecting the increased activity and operating base of the Group, including new ventures and additional staff as well as performance-based compensation. The contribution of associated undertakings, namely Global Trade Finance Limited, India, where the Group has a 38.5% equity participation, to Group income continued to improve during the period under review, from USD0.57 million in 2005 to USD1.09 million in 2006, resulting in consolidated pre-tax profit for the Group of USD3.44 million (2005 – USD1.85 million).

The expansion in operating activity is also reflected in the balance sheet, with Total Assets growing to USD582 million as at 30 June 2006. The increase in the funding base is all-round, with customer account balances rising 13% to USD126 million, and recently-introduced funding initiatives such as promissory note programmes (USD6.17 million) and the Syndicated Loan Facility which doubled from USD30 million in 2005 to USD60 million. However, by far the largest source of funding growth came from correspondent bank relationships in new emerging markets which were contributing over USD200 million in call balances and term deposits as at balance sheet date. The increase in funding availability is reflected in the growth in Loans and Advances to Customers (up from USD41.6 million to USD64.5 million); Financial Assets at fair value through profit or loss, comprising mainly bonds and LFC’s forfaiting portfolio (up to USD182.2 million) and Loans and Advances to banks, which have now reached USD312.6 million. Group Shareholders’ Funds stand at USD57.7 million, a marked increase from USD54.8 million (in December 2005).

Group Commitments, consisting mainly of confirmed letters of credit, documentary credits, commitments to purchase forfaiting assets and risk participations, stood at USD176.5 million at the balance sheet date (USD125.6million at 31 December 2005).

The main operating ratios also show significant improvements. Cost/Income ratio (including share of profits from associated undertakings) is down from 76.9% in 2005 to 67.8%. Basic Earnings per Share are up from UScents2.49 to UScents4.02 whilst Return on Equity increased from 3.3% to 5.4% for the first 6 months of the year (i.e. not annualised).

FIMBank p.l.c.

Review of Performance

For the Period 1 January 2006 to 30 June 2006

The Bank

Net Operating Income after impairment losses increased by 30.7%, from USD5.87 million in 2005 to USD7.67 million. All main sources of banking revenue, i.e. Net Interest Income, Fees and Commissions and foreign exchange earnings, grew appreciably over the corresponding 2005 period. This positive operating performance was in part balanced by a 46% increase in Operating Expenses which increase, in large part, reflects the involvement of the Bank in providing administrative and financial support to subsidiaries, particularly LFC, and costs incurred by the Bank in the process of obtaining new operating licences in latin american and middle east countries. Post-tax profit for the Bank is USD1.72 million, compared to USD1.79 million for the same period in 2005. Balance sheet activity in the Bank largely mirrors that of the Group, making due allowance for the intra-group relationship between the Bank and LFC.

The Board of Directors (the "Board") notes that these interim figures demonstrate the strong growth being registered by the Group in all its business areas and, particularly, reflect the result of the strategy of market and product diversification which is providing considerable scope for profit maximisation. Whilst core banking revenues continued to grow during the period under review, an increasing portion of Group net income was contributed by subsidiaries and affiliates. The Board also considers positively the growth in the Group asset base, although it observes that correspondent bank flows are subject to volatility and recent levels of activity may not be sustainable in future periods. The Group's projects for developing business via alliances with strong partners in new markets, as well as the focus on diversifying from the traditional banking and trade finance products, continue to be main drivers of the FIMBank Group's results. The Board also continues to explore avenues of capital improvement, which would further support the growth and overall risk profile of the business. The Board is optimistic about the overall business strategy and there are encouraging prospects that the strong momentum achieved in the first half of 2006 will continue for the remainder of the year.

FIMBank p.l.c.

Unaudited Condensed Interim Income Statement

For the Period 1 January 2006 to 30 June 2006

	Group		Bank	
	01.01.06 to 30.06.06	01.01.05 to 30.06.05	01.01.06 to 30.06.06	01.01.05 to 30.06.05
	USD	USD	USD	USD
Interest income	4,897,355	2,374,674	6,989,065	3,464,217
Interest expense	(4,847,864)	(1,421,089)	(4,726,451)	(1,421,089)
Net interest income	49,491	953,585	2,262,614	2,043,128
Fee and commission income	5,441,346	4,566,168	4,731,037	3,919,559
Fee and commission expense	(494,829)	(274,681)	(458,166)	(241,347)
Net fee and commission income	4,946,517	4,291,487	4,272,871	3,678,212
Forfeiting gains	4,732,292	2,212,510	-	-
Other net trading income	705,699	200,803	672,606	262,683
Dividend income	482,311	76,423	987,304	302,029
Loss on disposal of non-trading financial asset	-	(712)	-	-
Other operating income	84,343	50,000	17,068	50,000
Net operating income before net impairment losses	11,000,653	7,784,096	8,212,463	6,336,052
Net impairment losses	(961,982)	(366,745)	(540,869)	(466,922)
Net operating income	10,038,671	7,417,351	7,671,594	5,869,130
Staff costs	(4,334,007)	(3,275,456)	(2,939,364)	(1,858,950)
Other administrative expenses	(2,981,498)	(2,596,167)	(2,569,423)	(1,807,956)
Depreciation on property, plant and equipment	(202,125)	(266,699)	(120,184)	(203,182)
Amortisation of intangible assets	(26,915)	-	(12,775)	-
Adjustment to goodwill	(144,082)	-	-	-
Total operating expenses	(7,688,627)	(6,138,322)	(5,641,746)	(3,870,088)
Operating profit	2,350,044	1,279,029	2,029,848	1,999,042
Share of profit of associate	1,085,557	569,783	-	-
Profit before tax	3,435,601	1,848,812	2,029,848	1,999,042
Income tax expense	(306,605)	(207,524)	(306,605)	(207,524)
Profit for the period attributable to equity holders of the company	3,128,996	1,641,288	1,723,243	1,791,518
Basic earnings per share	4.02c	2.49c	2.21c	2.71c
Diluted earnings per share	3.90c	2.48c	2.26c	2.71c

FIMBank p.l.c.

Unaudited Condensed Interim Balance Sheet

As at 30 June 2006

	Group		Bank	
	30.06.06	31.12.05	30.06.06	31.12.05
	USD	USD	USD	USD
Assets				
Balances with the Central Bank of Malta and cash	112,376	358,219	84,158	215,071
Loans and advances to banks	312,614,676	113,761,635	288,314,230	111,528,162
Financial assets at fair value through profit or loss	182,238,104	119,650,397	18,342,554	10,130,000
Loans and advances to customers	64,510,902	41,564,011	194,772,221	101,622,616
Investments available-for-sale	149,030	133,600	149,030	133,600
Investments in subsidiaries	-	-	37,393,054	37,392,666
Investments in associate	8,676,980	6,762,457	7,853,934	6,259,188
Intangible assets	5,511,814	5,183,515	378,154	-
Property, plant and equipment	2,800,623	2,850,537	1,375,761	1,351,629
Deferred tax asset	2,574,396	2,522,740	671,496	619,840
Current tax recoverable	150,947	366,637	150,947	366,637
Other assets	1,354,339	1,156,558	1,557,398	694,116
Prepayments and accrued income	1,442,058	904,957	3,521,355	1,406,345
Total assets	582,136,245	295,215,263	554,564,292	271,719,870
Liabilities and equity				
Liabilities				
Amounts owed to banks	380,989,009	116,336,809	380,989,009	116,336,809
Financial liabilities at fair value through profit or loss	-	202,727	-	202,727
Amounts owed to customers	126,159,952	111,868,342	104,692,673	89,893,658
Debt securities in issue	6,168,125	944,102	961,125	944,102
Subordinated convertible loan	6,000,000	6,000,000	6,000,000	6,000,000
Other liabilities	44,713	386,003	44,713	7,293
Accruals and deferred income	4,248,397	3,961,607	3,969,499	2,232,008
Provisions	780,660	729,637	-	-
Total liabilities	524,390,856	240,429,227	496,657,019	215,616,597
Equity				
Called up issued share capital	43,069,539	35,586,870	43,069,539	35,586,870
Share premium	3,641,398	10,231,432	3,641,398	10,231,432
Currency translation reserve	(427,174)	(176,774)	-	-
Other reserve	2,681,041	2,681,041	2,681,041	2,681,041
Retained earnings	8,780,585	6,463,467	8,515,295	7,603,930
Total equity	57,745,389	54,786,036	57,907,273	56,103,273
Total liabilities and equity	582,136,245	295,215,263	554,564,292	271,719,870

FIMBank p.l.c.

Unaudited Condensed Interim Balance Sheet

As at 30 June 2006

	Group		Bank	
	30.06.06	31.12.05	30.06.06	31.12.05
	USD	USD	USD	USD
Memorandum items				
Contingent liabilities	<u>5,502,562</u>	<u>1,720,516</u>	<u>10,709,562</u>	<u>1,720,516</u>
Commitments	<u>176,532,150</u>	<u>125,609,890</u>	<u>166,345,176</u>	<u>150,826,326</u>

The unaudited condensed interim financial statements were approved by the Board of Directors on 11 August 2006 and were signed on its behalf by:

Najeeb H.M. Al-Saleh
Chairman

John C. Grech
Vice Chairman

FIMBank p.l.c.

Unaudited Condensed Statement of Changes in Equity

For the Period 1 January 2006 to 30 June 2006

Group

	Called up issued share capital	Share premium	Currency translation reserve	Other reserve	Retained earnings	Total
	USD	USD	USD	USD	USD	USD
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
Currency 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>5,405,672</u>	<u>49,989,734</u>
At 1 January 2006	<u>35,586,870</u>	<u>10,231,432</u>	<u>(176,774)</u>	<u>2,681,041</u>	<u>6,463,467</u>	<u>54,786,036</u>
Profit for the period	-	-	-	-	3,128,996	3,128,996
Currency translation difference	-	-	(250,400)	-	-	(250,400)
Total recognised income for the period	-	-	(250,400)	-	3,128,996	2,878,596
Exercised share options	120,002	93,745	-	-	-	213,747
Bonus issue	7,136,298	(7,136,298)	-	-	-	-
Dividend paid	226,369	452,519	-	-	(811,878)	(132,990)
At 30 June 2006	<u>43,069,539</u>	<u>3,641,398</u>	<u>(427,174)</u>	<u>2,681,041</u>	<u>8,780,585</u>	<u>57,745,389</u>

FIMBank p.l.c.

Unaudited Condensed Statement of Changes in Equity

For the Period 1 January 2006 to 30 June 2006

Bank

	Called up issued share capital	Share premium	Other reserve	Retained earnings	Total
	USD	USD	USD	USD	USD
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>2,681,041</u>	<u>6,385,595</u>	<u>50,934,323</u>
At 1 January 2006	35,586,870	10,231,432	2,681,041	7,603,930	56,103,273
Profit for the period	-	-	-	1,723,243	1,723,243
Exercised share options	120,002	93,745	-	-	213,747
Bonus issue	7,136,298	(7,136,298)	-	-	-
Dividend paid	226,369	452,519	-	(811,878)	(132,990)
At 30 June 2006	<u>43,069,539</u>	<u>3,641,398</u>	<u>2,681,041</u>	<u>8,515,295</u>	<u>57,907,273</u>

FIMBank p.l.c.

Unaudited Condensed Statement of Cash Flows

For the Period 1 January 2006 to 30 June 2006

	Group		Bank	
	01.01.06 to 30.06.06	01.01.05 to 30.06.05	01.01.06 to 30.06.06	01.01.05 to 30.06.05
	USD	USD	USD	USD
Cash flows from operating activities				
Interest, commission and trading receipts	12,609,528	9,160,460	9,403,136	6,395,953
Exchange received	296,338	141,941	201,124	303,023
Interest and commission payments	(4,639,174)	(1,653,777)	(4,591,839)	(1,620,442)
Payments to employees and suppliers	(6,478,165)	(7,036,369)	(5,085,013)	(4,081,891)
Operating profit/(loss) before changes in operating assets / liabilities	1,788,527	612,255	(72,592)	996,643
Decrease / (increase) in operating assets:				
- Financial assets at fair value through profit or loss	(62,002,516)	(24,569,276)	(7,981,241)	(5,000,000)
- Loans and advances to customers and banks	(26,201,164)	(17,908,858)	(26,201,164)	(10,450,140)
- Other assets, prepayments and accrued income	(197,779)	(15,603)	(54,412)	11,144
(Decrease) / increase in operating liabilities:				
- Amounts owed to customers and banks	62,358,969	13,018,780	62,866,373	7,239,204
- Debt securities in issue	5,224,023	-	-	-
- Other liabilities	36,978	(894,686)	37,419	(48,105)
Net cash flows (used in) / from operating activities before income tax	(18,992,962)	(29,757,388)	28,594,383	(7,251,254)
Income tax paid	(142,571)	(71,748)	(142,571)	(67,277)
Net cash flows (used in) / from operating activities	(19,135,533)	(29,829,136)	28,451,812	(7,318,531)
Cash flows from investing activities				
- Payments to acquire property, plant and equipment	(215,479)	(293,504)	(144,316)	(156,659)
- Payments to acquire intangible assets	(814,296)	-	(390,929)	-
- Proceeds on disposal of property, plant and equipment	-	16,029	-	-
- Net advance to subsidiary companies	-	-	(70,033,532)	(20,947,040)
- Payments to acquire shares in subsidiary company	-	-	(388)	(5,000)
- Payments to acquire shares in associated company	(1,557,303)	(17,226)	(1,557,303)	(17,226)
- Payments to acquire shares in available-for sale investments	(15,430)	-	(15,430)	-
- Dividends received	966,239	302,031	966,239	302,031
Net cash flows (used in) / from investing activities	(1,636,269)	7,330	(71,175,659)	(20,823,894)
Cash flows from financing activities				
- Proceeds from issue of share capital	213,747	-	213,747	-
- Dividends paid	(132,990)	-	(132,990)	-
Net cash flows from financing activities	80,757	-	80,757	-
Decrease in cash and cash equivalents c/f	(20,691,045)	(29,821,806)	(42,643,090)	(28,142,425)

FIMBank p.l.c.

Unaudited Condensed Statement of Cash Flows

For the Period 1 January 2006 to 30 June 2006

	Group		Bank	
	01.01.06 to 30.06.06	01.01.05 to 30.06.05	01.01.06 to 30.06.06	01.01.05 to 30.06.05
	USD	USD	USD	USD
Decrease in cash and cash equivalents b/f	(20,691,045)	(29,821,806)	(42,643,090)	(28,142,425)
- Effect of exchange rate changes on cash and cash equivalents	746,791	(1,149,193)	737,910	(1,117,725)
- Net increase in cash and cash equivalents	(21,437,836)	(28,672,613)	(43,381,000)	(27,024,700)
Decrease in cash and cash equivalents	(20,691,045)	(29,821,806)	(42,643,090)	(28,142,425)
Cash and cash equivalents at beginning of period	37,809,500	28,417,969	35,432,879	27,203,410
Cash and cash equivalents at end of period	17,118,455	(1,403,837)	(7,210,211)	(939,015)