FIMBANK
GROUP

condensed interim financial statements 2012

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directors' report pursuant to listing rule 5.74 et seq.

For the six months ended 30 June 2012

The Directors ("Board" or "Directors") are pleased to issue their Report pursuant to the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act, 2005. This Report, which shall be read in conjunction with the condensed interim financial statements of the Group and the Bank for the six months ended 30 June 2012, including the Notes thereto, forms part of the Half-Yearly Report of FIMBank p.l.c., drawn up in accordance with the requirements of Listing Rule 5.74 et seq.

principal activities

The FIMBank Group of Companies (the "Group") includes FIMBank p.l.c. (the "Bank"), and its wholly owned subsidiaries London Forfaiting Company Limited ("LFC"), FIM Business Solutions Limited ("FBS"), FIM Property Investment Limited ("FPI") and FIMFactors B.V. ("FIMFactors"). LFC, in turn, is the parent company of a group of subsidiaries, incorporated in various jurisdictions but acting mainly as marketing offices, whilst FIMFactors has as its 100% subsidiary Menafactors Limited ("Menafactors")and also holds the following equity's stakes of the Group:

a) 40% in CIS Factors Holdings B.V. ("CIS Factors"), a company set up under the laws of the Netherlands with the aim of serving as an investment vehicle for a factoring company, FactorRus, incorporated under the laws of the Russian Federation and which provides factoring services in Russia;

b) 49% in India Factoring and Finance Solutions Private Limited ("India Factors"), a company incorporated in Mumbai, India, to carry out the business of factoring, forfaiting and trade finance related activities in India; and

c) 40% in BRASILFactors S.A. ("Brasilfactors"), a company incorporated in São Paulo, Brazil with its core business focused on factoring and forfaiting services targeting small and medium-sized companies.

The Bank also holds a 40% equity investment in the Egyptian Company for Factoring SAE ("Egypt Factors") a company incorporated in Egypt, which is active in providing international factoring and forfaiting services to Egyptian companies.

The Bank is a public limited company incorporated in accordance with the laws of Malta and listed on the Malta Stock Exchange. It is a licensed credit institution under the Banking Act, 1994 and its principal activities are the provision of international trade finance services to corporate traders and financial institutions, international banking transactions, factoring and loan syndications. The Bank acquired full control of LFC in 2003 and incorporated FIMFactors and FBS during 2005. In 2008 the Bank incorporated FPI and acquired full control of Menafactors.

LFC is registered in the United Kingdom as a private limited liability company. It was founded in 1984 and provides international trade finance services, particularly focusing on forfaiting business through an international network of offices – some of which have a distinct legal status in the jurisdictions where they operate. FIMFactors, a wholly owned subsidiary registered in the Netherlands, serves as a corporate vehicle for FIMBank's holdings in factoring subsidiaries and associated companies. FBS, a wholly owned subsidiary registered in Malta, focuses on the provision of information technology services to the Group and its associated companies as well as to correspondent banks. FPI, a wholly owned subsidiary registered in Malta, has as its primary objective the planning, construction and completion of the FIMBank Group's head office in Malta. Menafactors is licensed by the Dubai Financial Services Authority to provide international factoring and forfaiting services in the Gulf and MENA countries. Menafactors has a 50% equity investment in Levant Factors S.A.E., a company incorporated in Lebanon providing factoring and trade finance related services.

The Group is supervised on a solo and consolidated basis by the Malta Financial Services Authority. Menafactors and FIMBank's Branch in Dubai are authorised and regulated by the Dubai Financial Services Authority whilst India Factors is licensed and regulated by the Reserve Bank of India.

salient developments

The period under review was characterised by deepening uncertainty in global confidence with the situation in the Eurozone remaining the focal point of the global financial market attention. Excessive Governmental Debt of several European Member States and other major economies is at the heart of the problem which gets amplified because European banks are known to hold such Sovereign Debt in their balance sheets.

Sovereign conditions continued to be weakened with central banks in some advanced economies pumping unprecedented amounts of liquidity which did not result in an equivalent encouraging response in GDP growth or forecasts. A slowing in main emerging economies, like China, India and Brazil, is also in evidence, albeit from previously high growth rates. The overall picture of worsening government debt and shaky financial markets continues to dampen business confidence and navigating through these "rough waters" remains a challenge for the Group while at the same time creating opportunities for a niche player in the finance of international trade. Overall, confidence across the Eurozone has diminished and financial market stress remains a key issue which is impacting the banking industry's ability to provide sufficient credit to the economies.

Markets where the Group is active demonstrated mixed signs. While parts of North Africa continued to show a gradual return to political stability, elsewhere in Africa was characterised by political tensions such as the conflict between Sudan and South Sudan and some countries in Western Africa (i.e. Mali). The MENA region also maintained its return to normality while Turkey and Russia continue to perform relatively strongly. In this climate, the Group's exposures remained short-term and supporting trade business which is critical and relevant for the underlying trade partners and countries.

While focusing always on well structured transactions with established corporate clients or new, reputable relationships, a market driven pick-up in new opportunities, particularly in commodities such as energy, metals and softs, is in evidence. FIMBank also continued to further develop its range of funding products with enhancements to the Easisave online account facility and new deposit offerings.

The period under review showed a strong and consistent result from London Forfaiting Company which effectively underpinned the Group performance for the half year. The other main Group entities, mainly the factoring undertakings in the UAE, Russia, Brazil, Egypt and India, contributed an overall break-even result. On its part, the Bank's performance continued to be weighed down by its investment in the infrastructure that drives the rest of the Group, from the capital investment in the subsidiaries and joint-ventures to the new Head Office in St Julian's, Malta, from which the corresponding returns are yet to reach expected and potential levels.

The Directors also take the opportunity to make reference to the announcement about the proposed transfer by Massaleh Investments K.S.C.C. of its interest in FIMBank to Burgan Bank S.A.K. (or "Burgan") and the latter's intention to inject new equity which will see it increase its prospective holding to above 50% of FIMBank's issued share capital. As reported in the Interim Directors' Statement of 16 May 2012, the transaction is now at the stage where the due diligence process by Burgan on FIMBank has been concluded however any further developments will be announced when they materialise.

review of performance

The condensed interim financial statements have been prepared in accordance with EU adopted IAS 34 Interim Financial Reporting. These published figures have been extracted from the FIMBank p.l.c. Group's unaudited accounts for the six months ended 30 June 2012 as approved by the Board of Directors on 28 August 2012.

For the six months ended 30 June 2012, the FIMBank Group posted an after-tax profit of USD4.55 million compared to USD4.08 million registered for the same period in 2011.

The Directors do not recommend the payment of an interim dividend for the period under review. In May, a scrip dividend of USD2,738,034 was paid in respect of the financial year ended 31 December 2011. Of this amount, USD708,196 was paid through the issue of 841,386 new ordinary shares.

income statement

The Group's Profit for the first six months of the financial year increased by 11% over the same period in 2011, from USD4.08 million to USD4.55 million. Net Interest Income decreased by 25% to USD5.56 million mainly as a result of lower appetite for funded business met by higher funding costs. This resulted in lower Net Interest Margin decreasing from 51% to 38%. The decrease in this revenue line was compensated by higher Net Fee and Commission Income increasing by 17% to USD9.94 million, as a result of improved business volumes across all Group companies, and reversing the decrease noted in the same period last year.

Fair Values of the Group's Trading Assets, mainly the forfaiting book, improved by USD1.19 million (2011: USD1.22 million) during the first six months of 2012, thanks to efforts made in actively managing and recovering value from some illiquid transactions. The Group's forfaiting arm also registered net realised gains from traded assets of USD0.24 million (2011: USD0.10 million). Trading income includes the currency revaluation of on-balance sheet exposures which resulted in a book profit of USD0.15 million (2011: loss of USD8.73 million). This profit is to be added to a profit of USD1.51 million mainly a result of realised profits from currency forward and swap contracts held by the Group to manage its currency exposures. The net foreign exchange profit for 2012 is USD1.65 million compared to USD2.15 million in 2011.

Net Impairment charges for the Group amounted to USD0.51 million, an increase of 13% over the USD0.45 million in the same period last year. This was mainly the result of repayment delays for a number of facilities, part of which are expected to be recovered by the end of the financial year. Total Operating Costs for the six months under review amounted to USD13.26 million, a decrease of 8% on USD14.36 million registered in 2011. This is mainly due to decreases in both administrative and staff costs of 13% and 5% respectively.

The Share of Losses, resulting from the Group's investment in factoring equity accounted investees amounted to USD0.66 million (2011: USD0.21 million). In 2012, the Group started accounting for the results of its 40% share in Brasilfactors which resulted in a loss of USD0.16 million (2011: NIL) with the other equity investments also returning a loss for the first six months under review.

The Group's Earnings per Share increased by 11% to US cents 3.20 from US cents 2.88 in 2011.

The Bank's Pre-Tax Profit decreased to USD0.53 million. In line with trends noted for the Group, Net Interest Income decreased by USD1.35 million (41%) to USD1.95 million, compensated by an increase in Net Fee and Commission Income of 11% from USD5.92 million to USD6.57 million. Net Foreign Exchange profits (i.e. Trading Income and Net Income from Instruments carried at Fair Value) remained in line with the comparative period at USD2.00 million. Net Impairment Allowances increased to USD0.55 million (2011: USD0.18 million). Operating Costs decreased by 8% from the levels booked during the same period in 2011, resulting in an after-tax profit for the six months ended 30 June 2012 of USD0.35 million (2011: USD0.55 million).

financial position

At 30 June 2012, total Consolidated Assets remained above the USD1 billion mark at USD1,076 million, an increase of 6% over the levels reported at end 2011. Loans and Advances to Banks increased by 10% while Loans and Advances to Customers also rose by 3% when compared to the levels at 31 December 2011. Increases in Bank exposures were mainly a result of higher liquid assets held with correspondent banks, whilst the increases in Corporate exposures were a result of an increase in factoring business and risk participations compensated by a marginal decrease in loans. The Group's Trading Assets, made up of LFC's forfaiting portfolio, increased by 4% to USD239 million. Property and Equipment increased by 15% over end-2011 reflecting the finishing expenditure related to the new FIMBank Head Office in St. Julian's which became functional in the second half of the current financial year.

Total Consolidated Liabilities as at 30 June 2012 stood at USD950 million, an increase of 6% when compared to the levels reported as at 31 December 2011. Amounts Owed to Banks increased by 38% to USD505 million, reflecting higher volumes of term, collateral and callable deposits from banks. Amounts Owed to Customers decreased by 17% to USD340 million, mainly as a result of the settlement of the USD60 million IFC Syndicated Facility. Both the Debt Securities and Subordinated Liabilities remained at same levels reported at 31 December 2011, with the movements resulting largely from currency fluctuations in the Euro-denominated Bonds.

Group Equity as at Financial Reporting date stood at USD126 million, marginally up from the equity levels of 31 December 2011, reflecting in large part the half year performance as well as earnings retention as a result of the scrip dividend approved in May.

Group Commitments, consisting mainly of confirmed letters of credit, documentary credits, commitments to purchase forfaiting assets and factoring commitments increased by 87% to USD307 million, reflecting increased documentary credit volumes and undrawn credit facilities. Contingent Liabilities marginally increased by 9% to USD73 million as a result of an increased balance in outstanding Guarantees.

The Group's Basle II Capital Adequacy Ratio of 18.10% at end of June 2012 remained very robust and well above the regulatory minimum of 8%. Liquidity has also been healthy with liquidity ratios consistently above the required regulatory threshold.

annual general meeting 2012

The Bank convened its Annual General Meeting on 10 May 2012. Along with the statutory Ordinary Resolutions, the Meeting approved Resolutions presented as special business to the shareholders, namely (a) the disclosure of unpublished price-sensitive information under certain circumstances, and (b) a 1 for 25 bonus share issue. Furthermore, two Extraordinary Resolutions were approved, namely (a) authority to the Bank to acquire its own shares and (b) amendments to the Memorandum of Association of the Bank. During the same meeting a poll was taken for the Election of Directors. The Board composition following the Annual General Meeting is as follows:

John C. Grech (Chairman)
Margrith Lütschg-Emmenegger (Vice-Chairman)
Hamad M. B. M. Al-Sayer
Fouad M. T. Alghanim
Faisal Y. Al-Awadi
John D. Freeman
Tarik Kaoukji
John W. Kiefer
Rogers D. LeBaron
Mehdi R. Malaki
Mohammed I. H. Marafie
Islam Zughayer

related party transactions

Consistent with the 2011 Annual Report and Audited Financial Statements, the Bank maintained a related party relationship with its subsidiaries, associates, shareholders, directors and executive officers. In particular, the following related party balances and/or transactions were undertaken during the period under review:

1. Loans and Advances to Subsidiaries as at 30 June 2012 amounted to USD220 million (31 December 2011: USD209 million). Interest earned from subsidiaries for the six months ended 30 June 2012 amounted to USD2.36 million (six months ended 30 June 2011: USD1.84 million).

2. No dividend was received by the Bank from any of its subsidiary undertakings or equity accounted investees (six months ended 30 June 2011: NIL).

Related party transactions with shareholders and directors were undertaken in the ordinary course of business arising out of or in connection with loans, advances, and deposit relationships. No material events occurred during the period under review. The nature of fees in respect of business, consultancy and professional services, charged by companies owned by Directors was also consistent with that disclosed in the 2011 Annual Report, and no material events occurred during the period under review.

Related party transactions carried out by the Bank and its wholly owned subsidiaries are reported to the Audit Committee which reviews them and assesses their nature and arm's-length consideration. This responsibility arises from the Committee's Charter, which is drafted in accordance with the listing rules as well as current best recommendations and practices of good corporate governance.

the second half of 2012

The Group continues to follow closely developments in the Eurozone and in the emerging markets where the Group is active with extreme prudence and an unwavering resolve to remain focused on its core business of cross-border trade finance & services. Moreover, perhaps the greatest strength in the Group's business model is the diversification in both products and markets which, increasingly, confirms that it has been the right strategy for the Group especially in challenging times for business and trade. As much as we hope for "calmer waters", new challenges will surface and the arrival of Basle III in 2013 should make banking safer but also raise the bar for more demanding risk and capital management. At the same time, expectations will increase for improved results as the joint ventures come of age. The Directors believe that investments in large markets like Brazil, Russia, Egypt and India are long term projects which can require a weight to be carried in the short term but nevertheless promise far-reaching prospects, even in the medium term. The Directors are also confident that the prudent impairment policy, strong risk culture but, above all, selective approach to new business which have marked the results for the period under review will help the Group maintain its performance for the second half of 2012.

Approved by the Board on 28 August 2012 and signed on its behalf by:

John C. Grech Chairman	Margrith Lütschg-Emmenegger President and Vice Chairman

condensed interim statements of financial position

At 30 June 2012

	Note	Group 30 Jun 12 USD	Group 31 Dec 11 USD	Bank 30 Jun 12 USD	Bank 31 Dec 11 USD
ASSETS					
Balances with the Central Bank of Malta and cash		6,556,182	11,220,465	6,541,028	11,202,132
Trading assets		238,617,309	230,286,337	-	-
Derivative assets held for risk management		431,828	1,844,035	457,135	1,852,222
Financial assets designated at fair value through profit or loss		41,880,260	41,320,260	41,880,260	41,320,260
Loans and advances to banks		460,246,044	417,884,197	433,546,135	410,335,778
Loans and advances to customers		252,739,040	245,186,411	432,407,071	417,827,014
Investments available-for-sale		92,742	92,742	92,040	92,040
Investments in equity accounted investees	6	23,399,065	22,501,596	6,013,425	3,213,425
Investments in subsidiaries		-	-	73,481,359	73,481,359
Property and equipment		30,020,829	26,033,673	2,277,116	1,882,113
Intangible assets		1,489,226	1,573,025	642,364	653,646
Current tax assets		413,257	448,583	413,257	448,583
Deferred taxation		11,205,891	11,205,891	4,466,875	4,466,875
Other assets		3,115,466	3,507,147	2,412,350	2,773,613
Prepayments and accrued income		5,606,397	4,668,122	7,327,594	4,412,473
Total assets		1,075,813,536	1,017,772,484	1,011,958,009	973,961,533
LIABILITIES AND EQUITY					
Liabilities					
Derivative liabilities held for risk management		905,571	4,722,154	905,571	4,722,154
Amounts owed to banks		504,336,187	365,202,188	478,296,670	358,274,318
Amounts owed to customers		339,718,840	411,565,369	335,636,458	408,123,600
Debt securities in issue	7	46,469,801	50,554,467	41,685,475	42,346,073
Subordinated debt	8	39,348,493	41,162,938	39,348,493	41,162,938
Provisions		2,968,483	3,010,366	1,733,104	1,733,104
Other liabilities		134,655	94,392	821,176	94,392
Accruals and deferred income		15,920,425	16,731,411	3,973,810	6,265,596
Total liabilities		949,802,455	893,043,285	902,400,757	862,722,175
Equity					
Called up share capital		71,471,801	68,318,160	71,471,801	68,318,160
Share premium		8,028,945	10,474,390	8,028,945	10,474,390
Currency translation reserve		(4,211,011)	(2,974,934)	-	-
Fair value reserve		(97,470)	(97,470)	(97,470)	(97,470)
Other reserve		11,603,245	12,442,022	2,681,041	2,681,041
Retained earnings		39,215,571	36,567,031	27,472,935	29,863,237
Total equity		126,011,081	124,729,199	109,557,252	111,239,358
Total liabilities and equity		1,075,813,536	1,017,772,484	1,011,958,009	973,961,533

condensed interim statements of financial position

At 30 June 2012

	Group		Bank	
	30 Jun 12 USD	31 Dec 11 USD	30 Jun 12 USD	31 Dec 11 USD
MEMORANDUM ITEMS				
Contingent liabilities	72,730,763	66,848,581	83,016,625	72,685,336
Commitments	306,799,332	163,711,561	225,633,700	116,747,046

The condensed interim financial statements set out on pages 6 to 16 were approved by the Board of Directors on 28 August 2012 and were signed on its behalf by:

John C. Grech
Chairman

Margrith Lütschg-Emmenegger
President and Vice Chairman

condensed interim statements of changes in equity

For the six months ended 30 June 2012

Group

	Share capital USD	Share premium USD	Currency translation reserve USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2011	67,976,317	10,235,339	(507,632)	(51,665)	8,098,579	35,155,650	120,906,588
Total comprehensive income for the period							
Transfer to retained earnings	-	-	-	-	321,944	(321,944)	-
Profit for the period	-	-	-	-	-	4,082,612	4,082,612
Total comprehensive income	-	-	-	-	321,944	3,760,668	4,082,612
Other comprehensive income							
Currency translation reserve	-	-	182,503	-	-	-	182,503
Total other comprehensive income	-	-	182,503	-	-	-	182,503
Total comprehensive income for the period	-	-	182,503	-	321,944	3,760,668	4,265,115
Transactions with owners, recorded directly in equity							
Dividends to equity holders	-	-	-	-	-	(3,371,955)	(3,371,955)
Scrip issue of ordinary shares	341,843	239,051	-	-	-	-	580,894
Total contributions by and distributions to owners	341,843	239,051	-	-	-	(3,371,955)	(2,791,061)
As at 30 June 2011	68,318,160	10,474,390	(325,129)	(51,665)	8,420,523	35,544,363	122,380,642
At 1 January 2012	68,318,160	10,474,390	(2,974,934)	(97,470)	12,442,022	36,567,031	124,729,199
Total comprehensive income for the period							
Transfer to retained earnings	-	-	-	-	(838,777)	838,777	-
Profit for the period	-	-	-	-	-	4,547,797	4,547,797
Total comprehensive income	-	-	-	-	(838,777)	5,386,574	4,547,797
Other comprehensive income							
Currency translation reserve	-	-	(1,236,077)	-	-	-	(1,236,077)
Total other comprehensive income	-	-	(1,236,077)	-	-	-	(1,236,077)
Total comprehensive income for the period	-	-	(1,236,077)	-	(838,777)	5,386,574	3,311,720
Transactions with owners, recorded directly in equity							
Bonus issue of shares	2,732,948	(2,732,948)	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	(2,738,034)	(2,738,034)
Scrip issue of ordinary shares	420,693	287,503	-	-	-	-	708,196
Total contributions by and distributions to owners	3,153,641	(2,445,445)	-	-	-	(2,738,034)	(2,029,838)
As at 30 June 2012	71,471,801	8,028,945	(4,211,011)	(97,470)	11,603,245	39,215,571	126,011,081

condensed interim statements of changes in equity

For the six months ended 30 June 2012

Bank

	Share capital USD	Share premium USD	Fair value reserve USD	Other reserve USD	Retained earnings USD	Total USD
At 1 January 2011	67,976,317	10,235,339	(51,665)	2,681,041	31,395,958	112,236,990
Total comprehensive income for the period						
Profit for the period	-	-	-	-	547,481	547,481
Total comprehensive income for the period	-	-	-	-	547,481	547,481
Transactions with owners, recorded directly in equity						
Dividends to equity holders	-	-	-	-	(3,371,955)	(3,371,955)
Scrip issue of ordinary shares	341,843	239,051	-	-	-	580,894
Total contributions by and distributions to owners	341,843	239,051	-	-	(3,371,955)	(2,791,061)
As at 30 June 2011	68,318,160	10,474,390	(51,665)	2,681,041	28,571,484	109,993,410
At 1 January 2012	68,318,160	10,474,390	(97,470)	2,681,041	29,863,237	111,239,358
Total comprehensive income for the period						
Profit for the period	-	-	-	-	347,732	347,732
Total comprehensive income for the period	-	-	-	-	347,732	347,732
Transactions with owners, recorded directly in equity						
Bonus issue of shares	2,732,948	(2,732,948)	-	-	-	-
Dividends to equity holders	-	-	-	-	(2,738,034)	(2,738,034)
Scrip issue of ordinary shares	420,693	287,503	-	-	-	708,196
Total contributions by and distributions to owners	3,153,641	(2,445,445)	-	-	(2,738,034)	(2,029,838)
As at 30 June 2012	71,471,801	8,028,945	(97,470)	2,681,041	27,472,935	109,557,252

condensed interim income statements

For the six months ended 30 June 2012

	Group 2012 USD	Group 2011 USD	Bank 2012 USD	Bank 2011 USD
Interest income	14,459,430	14,323,617	10,558,722	9,981,888
Interest expense	(8,899,111)	(6,957,544)	(8,613,072)	(6,689,665)
Net interest income	5,560,319	7,366,073	1,945,650	3,292,223
Fee and commission income	11,279,040	9,612,003	7,209,949	6,737,294
Fee and commission expense	(1,341,610)	(1,143,564)	(637,410)	(817,425)
Net fee and commission income	9,937,430	8,468,439	6,572,539	5,919,869
Net trading results	1,575,009	(7,415,124)	(86,958)	(8,809,346)
Net income from other financial instruments carried at fair value	2,066,912	10,934,030	2,083,872	10,866,242
Other operating income	19,944	48,047	6,806	22,559
Operating income before net impairment losses	19,159,614	19,401,465	10,521,909	11,291,547
Net impairment losses	(507,680)	(447,425)	(545,432)	(176,002)
Operating income	18,651,934	18,954,040	9,976,477	11,115,545
Administrative expenses	(12,707,740)	(13,779,600)	(9,139,041)	(9,929,688)
Depreciation and amortisation	(548,299)	(585,213)	(302,464)	(343,578)
Total operating expenses	(13,256,039)	(14,364,813)	(9,441,505)	(10,273,266)
Operating profit	5,395,895	4,589,227	534,972	842,279
Share of loss of equity accounted investees (net of tax)	(660,858)	(211,817)	-	-
Profit before income tax	4,735,037	4,377,410	534,972	842,279
Taxation	(187,240)	(294,798)	(187,240)	(294,798)
Profit for the period	4,547,797	4,082,612	347,732	547,481
Earnings per share	3.20c	2.88c	0.24c	0.39c

condensed interim statements of comprehensive income

For the six months ended 30 June 2012

	Group		Bank	
	2012 USD	2011 USD	2012 USD	2011 USD
Profit for the period	4,547,797	4,082,612	347,732	547,481
Other comprehensive income:				
Foreign currency translation differences for foreign operations	(1,236,077)	182,503	-	-
Total comprehensive income for the period	**3,311,720**	**4,265,115**	**347,732**	**547,481**

condensed interim statements of cash flows

For the six months ended 30 June 2012

	Group		Bank	
	2012 USD	2011 USD	2012 USD	2011 USD
Cash flows from operating activities				
Interest and commission receipts	29,876,908	24,238,780	14,832,056	14,293,049
Exchange (paid)/received	(759,070)	306,674	(984,583)	57,867
Interest and commission payments	(10,928,794)	(7,778,765)	(9,928,982)	(7,125,310)
Payments to employees and suppliers	(17,872,548)	(14,999,691)	(10,578,297)	(12,110,659)
Operating profit/(loss) before changes in operating assets/liabilities	316,496	1,766,998	(6,659,806)	(4,885,053)
(Increase)/decrease in operating assets:				
- Trading assets	(6,765,468)	21,728,903	-	-
- Financial assets at fair value through profit or loss	-	3,217,069	-	(20,000)
- Loans and advances to customers and banks	18,175,955	(102,046,689)	10,568,690	(74,389,287)
- Other assets	391,677	(832,953)	361,262	(693,125)
Increase/(decrease) in operating liabilities:				
- Amounts owed to customers and banks	29,551,092	130,591,953	9,148,929	129,876,764
- Other liabilities	40,265	(43,202)	726,786	(43,161)
Net cash inflows from operating activities before income tax	41,710,017	54,382,079	14,145,861	49,846,138
Income tax paid	(151,914)	(74,339)	(151,914)	(74,339)
Net cash inflows from operating activities	41,558,103	54,307,740	13,993,947	49,771,799
Cash flows from investing activities				
- Payments to acquire property and equipment	(4,296,329)	(5,251,468)	(595,959)	(57,644)
- Payments to acquire intangible assets	(155,324)	(231,810)	(90,224)	(24,239)
- Purchase of shares in subsidiary companies	-	-	-	(796,088)
- Purchase of shares in equity accounted investees	(2,800,000)	(881,667)	(2,800,000)	-
- Purchase of shares in available-for-sale investments	-	(719)	-	(719)
- Proceeds from disposal of property and equipment	19,944	37,810	6,806	12,323
Net cash flows used in investing activities	(7,231,709)	(6,327,854)	(3,479,377)	(866,367)
Cash flows from financing activities				
- Repayment of Subordinated Convertible Loan	(857,144)	(857,143)	(857,144)	(857,143)
- Repayment of debt securities	(3,424,069)	(796,157)	-	-
- Dividends paid	(2,029,838)	(2,791,061)	(2,029,838)	(2,791,061)
Net cash flows used in financing activities	(6,311,051)	(4,444,361)	(2,886,982)	(3,648,204)
Increase in cash and cash equivalents	28,015,343	43,535,525	7,627,588	45,257,228
Analysed as follows:				
- Effect of exchange rate changes on cash and cash equivalents	(1,319,257)	2,314,862	(1,280,239)	2,303,196
- Net increase in cash and cash equivalents	29,334,600	41,220,663	8,907,827	42,954,032
Increase in cash and cash equivalents	28,015,343	43,535,525	7,627,588	45,257,228
Cash and cash equivalents at beginning of period	62,481,990	26,129,428	55,351,016	24,770,937
Cash and cash equivalents at end of period	90,497,333	69,664,953	62,978,604	70,028,165

notes to the condensed interim financial statements

For the six months ended 30 June 2012

1 reporting entity

FIMBank p.l.c. (“the Bank”) is a credit institution domiciled in Malta with its registered address at Mercury Tower, The Exchange Financial and Business Centre, Elia Zammit Street, St. Julian’s, STJ3155, Malta. The condensed interim financial statements of the Bank as at and for the six months ended 30 June 2012 include the Bank and its subsidiaries (together referred to as the “Group”) and individually as “Group Entities”.

The consolidated financial statements of the Group as at and for the year ended 31 December 2011 are available upon request from the Bank’s registered office and are available for viewing on its website at www.fimbank.com.

2 statement of compliance

The condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, adopted by the EU.

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of FIMBank p.l.c. as at and for the year ended 31 December 2011.

The condensed interim financial statements were approved by the Board of Directors on 28 August 2012.

3 significant accounting policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2011.

4 estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2011.

5 operating segments

The Group identified four significant reportable segments: Trade Finance, Factoring, Forfaiting and IT Solutions, which are represented by different Group entities. For each of the entities, Executive Management reviews internal management reports on a monthly basis.

information about operating segments

GROUP - 2012
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	Total
External revenue:						
Interest income	7,654,290	2,236,590	4,568,550	-	-	14,459,430
Fee and commission income	6,649,375	990,360	3,323,688	315,617	-	11,279,040
Trading income	(123,959)	50,849	1,400,670	(3,622)	251,071	1,575,009
	14,179,706	3,277,799	9,292,908	311,995	251,071	27,313,479
Intersegment revenue:						
Interest income	2,355,658	-	-	-	-	2,355,658
Fee and commission income	56,385	-	108,137	141,461	-	305,983
	2,412,043	-	108,137	141,461	-	2,661,641
Reportable segment (loss)/profit before income tax	(188,516)	1,085,675	4,525,041	57,128	160,754	5,640,082
Reportable segment assets	982,795,577	74,094,390	247,521,385	1,561,183	58,642,799	1,364,615,334

GROUP - 2011
USD

	Trade Finance	Factoring	Forfaiting	IT Solutions	Other	Total
External revenue:						
Interest income	7,755,411	2,551,481	3,993,097	-	23,628	14,323,617
Fee and commission income	6,414,006	638,152	2,281,040	274,162	4,643	9,612,003
Trading income	(8,828,933)	50,342	1,289,027	1,186	73,254	(7,415,124)
	5,340,484	3,239,975	7,563,164	275,348	101,525	16,520,496
Intersegment revenue:						
Interest income	1,835,188	-	-	-	3,982	1,839,170
Fee and commission income	96,003	-	130,273	130,000	-	356,276
	1,931,191	-	130,273	130,000	3,982	2,195,446
Reportable segment profit before income tax	515,733	877,807	3,212,801	120,764	(5,082)	4,722,023
Reportable segment assets	961,850,477	65,007,685	193,507,661	1,280,085	46,774,793	1,268,420,701

reconciliation of reportable segment profit or loss

GROUP

	2012 USD	2011 USD
Total profit or loss for reportable segments	5,479,328	4,727,105
Other profit or loss	160,754	(5,082)
	5,640,082	4,722,023
Share of loss of equity accounted investees	(660,858)	(211,817)
Effect of other consolidation adjustments on segment results	(244,187)	(132,796)
Consolidated profit before income tax	4,735,037	4,377,410

6 investments in equity accounted investees

Movement in investment in equity accounted investees during the six months ended 30 June 2012 is analysed as follows:

	Group 2012 USD	Bank 2012 USD
At 1 January	22,501,596	3,213,425
Investment in Egypt Factors	2,800,000	2,800,000
Net share of losses	(660,858)	-
Currency translation differences	(1,241,673)	-
At 30 June	23,399,065	6,013,425

7 debt securities in issue

During the six months ended 30 June 2012 a subsidiary undertaking issued new promissory notes of USD21,328,473 and repaid notes amounting to USD24,752,541. Outstanding balance as at 30 June 2012 amounts to USD4,784,326 (31 December 2011: USD8,208,394).

There were no changes, with the exception of foreign currency fluctuations and amortisation of issue costs, to the 4.25% Bonds 2013.

8 subordinated debt

During the six months ended 30 June 2012, the Bank repaid USD857,144 under the Subordinated Convertible Loan signed with the International Finance Corporation. The remaining loan balance of USD2,571,429 is repayable by 22 June 2013.

There were no changes, with the exception of foreign currency fluctuations and amortisation of issue costs, to the 7% Bonds 2012-2019.

9 contingent liabilities

During the six months ended 30 June 2012 a client has irrevocably and unconditionally withdrawn the judicial case initiated in 2011 against FIMBank claiming the payment of a EUR20.5 million documentary credit confirmed by FIMBank in favour of the same client. The client has also bound itself not to institute whether now or in the future any other judicial proceedings against FIMBank with respect to the same documentary credit, the facility agreement entered into between the client and FIMBank, or any matter connected to or otherwise related to either the documentary credit or the facility agreement.

This development is a result of an agreement entered between the client and FIMBank, which agreement does not contemplate any payment or compensation in favour of the client.

As a result of the above the Bank is discontinuing the classification of this event as a Contingent Liability.

10 capital commitments

At financial reporting date the Group had the following capital commitments:

	Group	
	30 Jun 2012 USD	31 Dec 2011 USD
Authorised and contracted for	2,370,882	3,591,484
Authorised and not contracted for	-	1,211,562
	2,370,882	4,803,046

Group capital commitments relate to the construction and development of the Group Head Office in Pendergardens, St Julian's.

11 events after financial reporting date

There were no material events or transactions which took place after the financial reporting date and which would require disclosure in these condensed interim financial statements.

statement pursuant to listing rule 5.75.3

I hereby confirm that to the best of my knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2012, as well as of the financial performance and cash flows for the period then ended, fully in compliance with IAS 34, Interim Financial Reporting, adopted by the EU; and

- the Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.75.2 and 5.81 to 5.84.

Margrith Lütschg-Emmenegger
President

independent auditors' report on review of condensed interim financial statements

To the Board of Directors of FIMBank p.l.c.

introduction

We have reviewed the accompanying condensed interim financial statements of FIMBank p.l.c. ("the Bank") and of the Group of which the Bank is the parent ("the Condensed Interim Financial Statements") set out on pages 6 to 16 which comprise the condensed statements of financial position as at 30 June 2012, and the related condensed statements of income, condensed statements of comprehensive income, condensed statements of changes in equity and condensed cash flow statements for the six-month period then ended. Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with IAS 34, Interim Financial Reporting, adopted by the EU. Our responsibility is to express a conclusion on these interim financial statements based on our review.

This report is made solely to the Board of Directors in accordance with the terms of our engagement and is released for publication in compliance with the requirements of Listing Rule 5.75.4 issued by the Listing Authority. Our review has been undertaken so that we might state to the Board of Directors those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors for our review work, for this report, or for the conclusions we have expressed.

scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the six month period ended 30 June 2012 are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, adopted by the EU.

Hilary Galea-Lauri
(Partner) for and on behalf of
KPMG
Registered Auditors

28 August 2012

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