

PAN CARIBBEAN FINANCIAL SERVICES LIMITED

and its subsidiaries

Unaudited Financial Results for the

second quarter ending 30 June 2003

For the first half of 2003, Profit after Tax fell from \$106.4M (EPS of 42 cents) to \$86.1M (EPS of 34 cents), a 19% decline over the previous year. This six month period has been characterized by tight liquidity, particularly in the second quarter as the Central Bank sought to stabilize the currency market, resulting in the highest interest rate environment since 1996. Margins shrank during this period as the decision was taken not to re-price loans but to absorb the increased interest costs. Interest rates have begun to decline and we expect margins to be restored during the coming months.

In this period, Pan Caribbean successfully completed the implementation of our new computer system which will enable us to better service our customers.

During the next quarter, Pan Caribbean celebrates its 20th Anniversary. This milestone will begin a new marketing thrust for the Group as we continue our efforts to build the "Pan Caribbean" brand into a premier financial services provider.

Richard O. Byles
Chairman

Donovan H. Perkins
President & CEO

Unaudited Consolidated Profit and Loss Account

	3 Months June 2003 \$'000	3 Months June 2002 \$'000	6 Months June 2003 \$'000	6 Months to June 2002 \$'000
Interest Income	751,501	425,493	1,217,252	858,956
Interest Expense	<u>703,225</u>	<u>339,235</u>	<u>1,155,548</u>	<u>709,361</u>
Net Interest Income	48,276	86,258	61,704	149,595
Non-Interest Income	<u>32,160</u>	<u>32,469</u>	<u>145,465</u>	<u>48,547</u>
Net Revenues	80,436	118,727	207,169	198,142
Non- Interest Expenses	<u>58,208</u>	<u>55,745</u>	<u>121,043</u>	<u>91,772</u>
Profit before Taxation	22,228	62,982	86,126	106,370
Taxation	<u>975</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit after Taxation	<u>23,203</u>	<u>62,982</u>	<u>86,126</u>	<u>106,370</u>
Number of \$1.00 Stock Units Issued ('000)	255,661	255,661	255,661	255,661
Earnings per Stock Unit:	9cents	24cents	34cents	42cents

Unaudited Consolidated Balance Sheet

June December*

	2003 \$ '000	2002 \$ '000
ASSETS		
Cash Resources	387,948	101,090
Investments	14,049,645	11,987,744
Loans & Leases	1,303,879	1,152,197
Other Assets	786,823	928,226
TOTAL ASSETS	<u>16,528,295</u>	<u>14,169,257</u>
LIABILITIES		
Customer Deposits	697,917	340,688
Securities Sold Under		
Agreements to Repurchase	12,919,522	10,814,774
Long Term Loans	904,423	1,019,612
Other Liabilities	660,132	705,148
	<u>15,181,991</u>	<u>12,880,222</u>
SUBORDINATED CONVERTIBLE DEBT	<u>258,913</u>	<u>185,382</u>
STOCKHOLDERS' EQUITY		
Share Capital	255,660	255,660
Statutory Reserves	216,000	216,000
Other Reserves	141,592	237,824
Retained Earnings	474,136	394,169
	<u>1,087,388</u>	<u>1,103,653</u>
TOTAL LIABILITIES & EQUITY	<u>16,528,295</u>	<u>14,169,257</u>

*RESTATED

Unaudited Consolidated Statement
of Changes in Stockholders' Equity

	June 2003 \$'000	June* 2002 \$'000
Equity at beginning of the period		
As previously reported	991,064	813,547
IAS Adjustments:		
Financial Instrument -		
Recognition & Measurement	114,360	46,611
Employee Benefits	<u>(1,771)</u>	<u>-</u>
As restated	1,103,653	860,158
Net profit for the period	86,126	106,370
Unrealised (Loss)/Gain on Investments	(107,669)	27,868
Grant	13,715	-
Dividend	<u>(8,437)</u>	<u>-</u>
Equity at the end of the period	1,087,388 =====	994,396 =====

*RESTATED

Unaudited Consolidated Cash Flows

June 2003	June* 2002
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	\$'000	\$'000
CASH RESOURCES WERE PROVIDED BY/ (USED IN) :		
Cash flows from Operating Activities		
Net Profit	86,126	106,370
Items not affecting cash	18,634	33,405
Changes in non-cash working capital components	<u>26,374</u>	<u>(12,904)</u>
	131,134	126,871
Cash flows used in Investing Activities	(2,256,158)	(769,905)
Cash flows from Financing Activities	<u>2,411,882</u>	<u>596,619</u>
Increase/(decrease) in cash resources	286,858	(46,415)
Cash and cash equivalents at beginning of period	<u>101,090</u>	<u>177,452</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>387,948</u>	<u>131,037</u>
Represented by:		
Cash	361,824	117,079
Cash Reserve at BOJ	<u>26,124</u>	<u>13,958</u>
	387,948	131,037
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*RESTATED
