

PAN CARIBBEAN FINANCIAL SERVICES LIMITED

and its subsidiaries

(formerly Trafalgar Development Bank)

Unaudited Financial Results for the

Three Months ended March 31, 2004

In March 2004, Pan Caribbean Financial Services Limited ("PCFS") consummated the merger with Manufacturers Investments Limited ("MIL") through the issuance of 241,482,986 new shares to the shareholders of MIL, bringing the total ordinary shares outstanding to 497,143,670 at the end of the quarter. PCFS will issue additional ordinary shares that should result in approximately 523,975,113 units outstanding by this year-end in relation to the MIL transaction.

Consolidated Net Income was up 200% to \$188.7 Million for the First Quarter, (2003 = \$62.9 Million) and earnings per share was \$0.56 versus \$0.25 for the same period last year. The comparative 2003 results do not include MIL.

These operating results include three months for PCFS (Jan - Mar 2004) and one month for MIL (Mar 2004), as the earnings of MIL were consolidated at the beginning of March 2004, the effective date of the merger. Our performance benefited from wider interest margins, higher dividend income, and more active trading in equities and bonds. Declining interest rates have improved spreads and enhanced equity prices, creating a favourable trading environment for securities.

March 2004 in isolation was our first month of consolidated operations and reflected Net Income

of \$118.3 Million, of which approximately \$89.2 Million was derived from core earning activities for that month. With the planned restructuring exercise and further technology upgrades scheduled for completion early in Q3, the synergies from merging are expected to begin to materialize during the second half of 2004.

In reviewing these results, shareholders should note the implications of adoption of the following policies under International Financial Reporting Standards ("IFRS"):

1. Bloomberg's yield curve is used to derive the value of our fixed income securities. Bloomberg data is a recognized yardstick for estimating the value of securities. For JSE-listed equities, the closing bid price (as opposed to the last sale price) is used.
2. The majority of our investment portfolio is designated as Available for Sale or Originated Securities at this time. Our portfolio assets designated as Trading Securities are primarily BOJ reverse repos or short-term placements with minimal price volatility.

As a result of adopting these policies, unrealized gains (or losses) are reflected in the company's Equity Account Reserves and will only be recognized when realized, reducing the exaggerative effects on our profitability during a period of falling or rising interest rates.

The consolidated balance sheet reports total assets of \$41.5 Billion and an enhanced equity position in excess of \$3.2 Billion, strengthened substantially by the merger. This balance sheet does not reflect an additional \$9 Billion in assets held in trust or custody accounts for clients from which fees are derived. Credit quality ratios have improved with non-performing loans fully provided for, and now account for 5.8% of the credit portfolio (Dec 2003 = 15.9%) and 0.5% of total assets.

Richard O. Byles
Chairman

Donovan H. Perkins
President & CEO

Unaudited Consolidated Profit and Loss Account

	March 2004 \$'000	March 2003 \$'000
Revenues		
Total interest income on loans, leases and investments	1,135,889	465,751
Interest expense	<u>(920,307)</u>	<u>(452,323)</u>
Net interest income	215,582	13,428
Other operating income	<u>52,855</u>	<u>113,305</u>
	268,437	126,733
Expenses		
Operating expenses	<u>(78,549)</u>	<u>(62,835)</u>
Profit before Taxation	189,888	63,898
Taxation	<u>(1,171)</u>	<u>(975)</u>
Net Profit	<u>188,717</u>	<u>62,923</u>
Weighted average number of ordinary stock units in issue	336,155,013	255,660,684
Earnings per stock unit	\$0.56	\$0.25

Unaudited Consolidated Balance Sheet

March December

	2004 \$'000	2003 \$'000
ASSETS		
Cash Resources	1,504,736	160,438
Trading Investments	3,387,675	487,398
Securities Purchased under agreement to re-sell	5,856,145	6,513,511
Available-For-Sale Investments	9,755,349	1,731,888
Originated Securities	14,591,564	6,767,490
Loans and Leases	3,461,808	1,142,496
Other Assets	<u>2,947,685</u>	<u>1,535,070</u>
	<u>41,504,962</u>	<u>18,338,291</u>
	=====	=====
LIABILITIES		
Due to Banks and Other Financial Institutions	1,728,940	1,219,816
Customer Deposits	2,719,683	724,892
Securities sold under agreement to repurchase	31,732,134	13,718,164
Other Liabilities	<u>2,083,207</u>	<u>1,170,882</u>
Total Liabilities	<u>38,263,964</u>	<u>16,833,754</u>
STOCKHOLDERS' EQUITY		
Share Capital	497,144	255,661
Other Reserves	1,832,801	526,538
Retained Earnings	<u>911,053</u>	<u>722,338</u>
Total Stockholders' Equity	<u>3,240,998</u>	<u>1,504,537</u>
Total Equity and Liabilities	<u>41,504,962</u>	<u>18,338,291</u>
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Richard O. Byles
Director

Donovan H. Perkins
Director

Statement of Consolidated Cash Flows

	3 Months to March 2004 \$'000	3 Months to March 2003 \$'000
Cash Resources were provided by:-		
Net profit	188,717	62,923
Cash flows (used in)/provided by Operating Activities	(302,359)	143,347
Cash flows used in Investing Activities	629,164	(1,174,049)
Cash flows from Financing Activities	<u>828,776</u>	<u>1,089,132</u>
Net (decrease)/increase in cash and cash equivalents	1,344,298	121,353
Cash and cash equivalents at beginning of year	<u>160,438</u>	<u>171,025</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,504,736</u> =====	<u>292,378</u> =====
Comprising		
Cash and balances due from other banks	1,429,490	274,616
Cash reserve at BOJ	<u>75,246</u>	<u>17,762</u>
	<u>1,504,736</u> =====	<u>292,378</u> =====

Unaudited Statement of Changes in Stockholders' Equity

	March 2004 \$'000	March 2003 \$'000
Equity at beginning of the period	1,504,537	1,081,981
Net profit for the period	188,717	62,923

Shares Issued	241,483	-
Reserve on Acquisition of MIL Group	1,271,091	-
Unrealised Gain on Investments	39,012	(85,358)
General Provisions	(3,842)	(13,135)
Grant		13,715
Dividend	-	(8,437)
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Equity at the end of the period	3,240,998	1,051,689
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