

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Financial Statements**  
**Year ended December 31, 2005**

Pan Caribbean's Net Income was up 31%, reporting \$1,104 Million (EPS = \$2.05) for the year ended 31 December 2005, versus the comparative period's results of \$842 Million (EPS = \$1.84). Earnings for the fourth quarter were \$284 Million (EPS = \$0.53) versus \$241 Million (EPS = \$0.48), up 18%.

For the financial year, Net Interest Income fell 1% to \$1,301 Million from \$1,311 Million, impacted by lower interest rates in 2005. Non-Interest Income improved by 77% to \$774 Million from \$437 Million. Operating Income benefited from improved interest margins and broad trading opportunities during the first half of the year. However interest margins tightened and trading opportunities declined in the second half of 2005.

Non-interest income includes a \$20 Million capital gain from our sale of a 75% stake in Manufacturers Credit & Information Services Limited (MCIS) to Jamaica National Building Society on June 1. MCIS is now reported as an associated company with its results prior to divestment reported as 'Profit from discontinued operations'

Non-Interest expense rose 12% to \$691M and was contained through the mid-year divestment of MCIS and its associated costs. Technology-related expenditure has increased in order to improve efficiency, meet client expectations, and product development and delivery. Additionally, we have been investing in developing and training our staff in areas of leadership, supervisory skills and regulatory compliance. Notwithstanding this growth in expenses, our Efficiency Ratio (Non-Interest Expense to Operating Income) at 33% compares favourably with industry benchmarks.

Our Sigma Portfolios recorded good growth during 2005 and we continue to focus our marketing efforts to attract new investors. Our portfolios have grown 15% and now stand at \$6.2 Billion (Dec 04 = \$5.4B) with a 40% market share. Sigma Optima and Sigma Solutions were the best performing unit trusts for the second consecutive year.

Our Balance Sheet reports \$40.2 Billion in Assets (December 2004 = \$40.9 Billion) and Equity of \$6.2 Billion (Dec 04 = \$5.7 Billion) at December 2005. The Balance Sheet is reflective of our current strategy given market conditions. We have reduced our focus on adding low margin investment assets which carry price / liquidity risks, while building our credit book. Investment Assets have declined 6% (down \$2.2 Billion) while Credit Assets have increased 31% (up \$1.2 Billion) in 2005. Credit quality continues to be acceptable as non-performing loans account for 3.7% of the credit portfolio (Dec 04 = 5.7%), represent 0.5% of total assets and are fully provided for. With effect from 1 January 2005 the revised 'IAS 39 Financial Instruments: Recognition and Measurement' requires that assets previously described as Originated Securities be carried on the Balance Sheet at market values instead of at amortised cost. The audited balance sheet for December 2004 has been restated to reflect this change. The market value changes are reflected in the values carried on the balance sheet for Securities, investment Revaluation Reserve and Deferred Taxation. The December 2005 balance sheet also includes this new requirement.

During the quarter the Directors approved the payment of an interim dividend of \$0.44 per share (\$236 Million).

**Richard O. Byles**  
Chairman

**Donovan H. Perkins**  
President & CEO

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**Note**

These financial statements have been prepared in accordance with International Financial Reporting Standards.

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Consolidated Profit & Loss Account**  
**Year ended December 31, 2005**

	3 Months to Dec 05 \$'000	3 Months to * Dec 04 \$'000	12 Months to Dec 05 \$'000	12 Months to * Dec 04 \$'000
<b>Continuing operations</b>				
<b>Revenues</b>				
Interest income	1,022,002	1,262,752	4,431,784	5,270,434
Interest expense	(763,092)	(844,300)	(3,130,441)	(3,958,659)
Net interest income	258,910	418,452	1,301,343	1,311,775
Other operating income	<u>223,920</u>	<u>171,791</u>	<u>774,228</u>	<u>437,355</u>
Net revenue	482,830	590,243	2,075,571	1,749,130
Non-interest expense	<u>(161,718)</u>	<u>(227,417)</u>	<u>(691,318)</u>	<u>(618,048)</u>
	321,112	362,826	1,384,253	1,131,082
Share of profit of associate	<u>1,172</u>	<u>0</u>	<u>2,862</u>	<u>0</u>
Profit before taxation	322,284	362,826	1,387,115	1,131,082
Taxation	<u>(38,024)</u>	<u>(125,746)</u>	<u>(291,433)</u>	<u>(301,898)</u>
Profit from continuing operations	284,260	237,080	1,095,682	829,184
<b>Discontinued operations</b>				
Profit from discontinued operations	<u>0</u>	<u>3,699</u>	<u>8,127</u>	<u>12,508</u>
Net profit	<u>284,260</u>	<u>240,779</u>	<u>1,103,809</u>	<u>841,692</u>
Earnings per share				
Average shares in issue	537,707,964	504,005,171	537,460,405	456,603,000
EPS	\$0.53	\$0.48	\$2.05	\$1.84
Diluted EPS	\$0.51	\$0.46	\$2.03	\$1.82

\* The comparative numbers have been restated to reflect the change in the consolidation method and to properly reflect the reversal of deferred taxation utilized.

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Consolidated Balance Sheet**  
**December 31, 2005**

	<b>UNAUDITED</b>	<b>RESTATED</b>
	<b>Dec 05</b>	<b>AUDITED</b>
	<b>\$'000</b>	<b>Dec 04</b>
		<b>\$'000</b>
<b>ASSETS</b>		
Cash resources	1,109,034	860,616
Trading securities	716,975	1,540
Reverse repurchase agreements	1,990,074	6,272,348
Available-for-sale securities	28,477,855	27,172,029
Investment in associated company	13,597	-
Loans and leases	4,954,992	3,776,847
Goodwill	736,019	760,010
Other assets	<u>2,220,060</u>	<u>2,045,904</u>
	<u>40,218,606</u>	<u>40,889,294</u>
<b>LIABILITIES</b>		
Due to financial institutions	1,395,140	1,490,134
Customer deposits	4,128,682	3,422,977
Securities sold under agreement to repurchase	27,299,389	28,407,024
Other liabilities	<u>1,200,585</u>	<u>1,820,780</u>
Total liabilities	<u>34,023,796</u>	<u>35,140,915</u>
<b>STOCKHOLDERS' EQUITY</b>		
Share capital	537,708	514,308
Share capital to be issued	20,420	21,683
Share premium	2,460,108	2,444,657
Other reserves	369,840	369,840
Retained earnings	<u>2,386,257</u>	<u>1,518,948</u>
	5,774,333	4,869,436
Investment revaluation reserve	250,156	719,670
General provisions	<u>170,321</u>	<u>159,273</u>
	<u>6,194,810</u>	<u>5,748,379</u>
	<u>40,218,606</u>	<u>40,889,294</u>

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Statement of Changes in Shareholders' Equity**  
**Year ended December 31, 2005**

	DEC 2005 \$'000	DEC 2004 \$'000
Equity at beginning of the period - as restated	5,748,379 **	1,367,040 **
Net profit for the period	1,103,809	841,692
Shares issued	1,716	258,647
Shares to be issued	20,420	21,683
Premium on shares issued and other reserves	15,450	2,444,657
Movement in investment revaluation reserve	(469,514)	814,660
Movement in general provisions	11,046	
Dividend	(236,495)	
	<u>6,194,811</u>	<u>5,748,379</u>

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Consolidated Cash Flows**  
**Year ended December 31, 2005**

	DEC 2005 \$'000	DEC 2004 \$'000	*
<b>Cash resources were provided by/(used in) :</b>			
<b>Cash flow from operating activities</b>			
Net profit	1,103,808	841,692	
Items not affecting cash	(20,979)	44,902	
Changes in non-cash working capital component	29,024	(330,314)	
Cash provided by operating activities	1,111,853	556,280	
<b>Cash flow used in investing activities</b>	(150,977)	(1,476,556)	
<b>Cash flow from financing activities</b>	(712,458)	1,620,454	
<b>Decrease in cash resources</b>	248,418	700,178	
<b>Cash and equivalents at beginning of period</b>	860,616	160,438	
<b>Cash and equivalents at end of period</b>	<u>1,109,034</u>	<u>860,616</u>	
 <b>Represented by</b>			
Cash	1,051,830	774,874	
Cash reserve at BOJ	57,204	85,742	
	<u>1,109,034</u>	<u>860,616</u>	



**PAN CARIBBEAN FINANCIAL SERVICES LIMITED**  
**SEGMENT REPORTING**  
**YEAR ENDED DECEMBER 31, 2005**

	Year ended December 31, 2005					Group
	Development Banking	Investment Management	Merchant Banking	Other	Eliminations	
Operating Revenue	<u>289,056</u>	<u>3,939,386</u>	<u>993,388</u>	<u>130,202</u>	<u>(146,020)</u>	<u>5,206,012</u>
Segment Results	28,360	922,965	407,787	36,130		1,395,242
Taxation						<u>(291,433)</u>
						<u>1,103,809</u>
Segment Assets	<u>1,469,073</u>	<u>30,793,291</u>	<u>7,360,068</u>	<u>112,297</u>	<u>(252,142)</u>	39,482,587
Unallocated Goodwill						<u>736,019</u>
						<u>40,218,606</u>
Segment Liabilities	<u>1,041,715</u>	<u>28,607,071</u>	<u>4,614,546</u>	<u>20,037</u>	<u>(259,573)</u>	<u>34,023,796</u>
	Year ended December 31, 2004					Group
	Development Banking	Investment Management	Merchant Banking	Other	Eliminations	
Operating Revenue	<u>188,584</u>	<u>4,413,782</u>	<u>1,260,263</u>	<u>54,173</u>	<u>(163,567)</u>	<u>5,753,235</u>
Segment Results	87,145	662,846	394,786	35,805		1,180,582
Amortisation of unallocated goodwill						<u>(33,325)</u>
						<u>1,147,257</u>
Taxation						<u>(305,565)</u>
						<u>841,692</u>
Segment Assets	<u>6,166,194</u>	<u>26,655,310</u>	<u>7,024,333</u>	<u>974,825</u>	<u>(691,378)</u>	40,129,284
Unallocated Goodwill						<u>760,010</u>
						<u>40,889,294</u>
Segment Liabilities	<u>1,187,000</u>	<u>29,213,120</u>	<u>4,606,805</u>	<u>65,358</u>	<u>68,632</u>	<u>35,140,915</u>

Other operations include Pan Caribbean Asset Management Limited, Manufacturers Credit & Information Services Limited, Manufacturers Investment Limited and Pan Caribbean Investments Limited.