

UNIVERSAL BANK LIMITED

CONDENSED FINANCIAL STATEMENTS FOR THE SIX - MONTH PERIOD ENDED 30 JUNE 2003

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Condensed Income Statement
For the six-month period ended 30 June 2003

	Six month period ended 30 June		Year ended 31 December
	2003 £	2002 £	2002 £
Turnover	6.075.027	5.796.246	11.205.478
Net interest income	1.983.963	1.962.310	3.276.597
Fee and commission income	587.654	416.850	838.416
Foreign exchange income and other operating income	272.451	247.881	485.889
Total operating income	2.844.068	2.627.041	4.600.902
Staff costs	(1.678.779)	(1.428.289)	(3.227.668)
Loss on revaluation and sale of equity investments	(30.030)	(38.399)	(44.672)
Other operating expenses	(1.430.151)	(1.543.680)	(3.303.668)
Total operating expenses	(3.138.960)	(3.010.368)	(6.576.008)
Loss before provisions	(294.892)	(383.327)	(1.975.106)
Provisions for bad and doubtful debts	(1.484.170)	(1.417.055)	(5.520.744)
Loss before tax	(1.779.062)	(1.800.382)	(7.495.850)
Tax	(16.292)	(87.910)	20.098
Loss for the period	(1.795.354)	(1.888.292)	(7.475.752)
Loss per share (cents)	(11,9)	(12,5)	(49,4)

Condensed Balance Sheet
at 30 June 2003

	30 June 2003	31 December 2002
	£	£
ASSETS		
Cash and balances with banks	30.572.216	34.879.936
Loans and advances to customers	128.298.816	118.654.217
Government, other debt securities and equity shares	17.996.181	17.380.196
Property and equipment	3.337.622	3.557.565
Intangible assets	718.568	866.977
Other assets	3.592.508	3.951.823
Total Assets	184.515.911	179.290.714
LIABILITIES		
Customer Deposits	160.435.088	158.062.323
Other liabilities and accruals	9.633.589	4.985.803
Total liabilities	170.068.677	163.048.126
SHAREHOLDERS' FUNDS		
Share Capital	15.128.151	15.128.151
Reserves	(680.917)	1.114.437
	14.447.234	16.242.588
Total liabilities and shareholders' funds	184.515.911	179.290.714
CONTINGENT LIABILITIES AND COMMITMENTS		
Contingent Liabilities	12.328.397	9.726.701
Commitments	7.086.588	9.199.223

George Syrimis – *Chairman*
Andreas Georghiou – *Executive Vice Chairman*
Dr Spyros Episkopou – *General Manager*
Demetris Shacallis – *Financial Controller*

**Statement of changes in equity
for the six-month period ended 30 June 2003**

	Share capital	Share premium	Revaluation reserve	General reserve	Accumulated losses	Total shareholders' funds
	£	£	£	£	£	£
Six-month ended 30 June 2002						
1 January 2002	15.109.520	12.399.495	(12.333)	26.867	(3.797.770)	23.725.779
Loss after tax	-	-	-	-	(1.888.292)	(1.888.292)
Issue of shares	18.631	-	-	-	-	18.631
Revaluation of investments available-for-sale	-	-	(38.399)	-	-	(38.399)
Transfer to the Income Statement for the provision of impairment of available-for- sale investments	-	-	38.399	-	-	38.399
30 June 2002	15.128.151	12.399.495	(12.333)	26.867	(5.686.062)	21.856.118
Six-month ended 30 June 2003						
1 January 2003	15.128.151	12.399.495	(38.403)	26.867	(11.273.522)	16.242.588
Losses after tax	-	-	-	-	(1.795.354)	(1.795.354)
Issue of shares	-	-	-	-	-	-
Revaluation of investments available-for-sale	-	-	(30.030)	-	-	(30.030)
Transfer to the Income Statement for the provision of impairment of available-for- sale investments	-	-	30.030	-	-	30.030
30 June 2003	15.128.151	12.399.495	(38.403)	26.867	(13.068.876)	(14.447.234)

Condensed Cash Flow Statement
for the six-month period ended 30 June 2003

	30 June 2003 £	30 June 2002 £
<u>Cash flows for operating activities</u>		
Loss before tax	(1.779.062)	(1.800.382)
Provision for bad and doubtful debts	1.484.170	1.417.055
Depreciation of property and equipment	546.049	616.666
Amortisation of prepaid expenses	176.707	256.605
Income from investments	(457.952)	(452.014)
Impairment provision	30.030	38.399
	(58)	76.329
(Increase)/Decrease in Government, other debt securities and equity investments	(3.646.010)	49.305
Increase in loans and advances to customers	(11.128.769)	(14.452.972)
Decrease in other debit balances	182.603	908.894
Increase in customer deposits	2.372.765	10.529.809
Increase in other liabilities	39.194	2.604.813
	(12.180.275)	(283.822)
Taxes paid	-	(20.830)
Net cash flows from operating activities	(12.180.275)	(304.652)
Net cash flows used in investing activities	280.255	(163.548)
Net cash flows from/(used in) financing activities	4.592.300	18.631
Net decrease in cash and cash equivalents for the six-month period ended	(7.307.720)	(449.569)
<u>Cash and cash equivalents</u>		
Balance at 1 January	37.879.936	31.750.277
Net decrease in cash and cash equivalents	(7.307.720)	(449.569)
Balance at 30 June	30.572.216	31.300.708