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P·F·B CORPORATION

Second Quarter Report 2003

President’s Report to Shareholders

P·F·B CORPORATION

Revenues of $10,715,000 during the second quarter reflect a slightly higher level of activity compared to revenues of $10,043,000 during the second quarter in 2002. Earnings continue to be impacted by higher raw material costs with the result that net income for the quarter was $615,000 (11 cents per share) compared with $1,154,000 (21 cents per share) in the comparative period of 2002.

During the second quarter we divested the marketable securities that we had acquired as a hedge against rising raw material costs. This resulted in a capital gain of $256,000 and income distributions of $123,000 which mitigated somewhat the higher raw material costs we are experiencing. It is uncertain what course raw material prices will take for the balance of the year as producers continue to attempt additional price increases. It is possible that the highs for crude oil prices have been seen for this cycle. If true, it will benefit the chemical companies that produce our raw materials and alleviate the price pressure they are feeling in their operations.

For the six months ended June 30, 2003, sales totaled $18,329,000 compared to sales of $17,406,000 for the comparable period in 2002. Net income for the six months ended June 30, 2003, was $87,000, 1 cent per share, compared to net income of $1,202,000, 22 cents per share, in 2002. Included in the first quarter results are non-recurring charges of approximately $500,000.

Shareholders of both Advantage Wallsystems Inc. (“Advantage”) and the Company approved the plan of arrangement presented at their respective shareholders meetings on April 22, 2003 and the transaction was closed on May 1, 2003. Operations of Advantage have been totally integrated with those of Plasti-Fab.

In the business combination of PFB Corporation with Advantage, Plasti-Fab Ltd. was created to hold all the assets of the combining companies. A new PFB Corporation was formed as a holding company; which, through its wholly-owned subsidiary Plasti-Fab Ltd., provides quality construction materials manufactured from expanded polystyrene foam which are used in five major applications: insulation, building systems, geotechnical engineered applications, buoyancy and packaging & display.

Management is cautiously optimistic that the economy in North America is recovering but, due to continued uncertainties regarding raw material costs, our long range planning remains conservative. Our order book continues generally firm and we, at this time, expect continued growth in all markets during the year.

Respectfully submitted on behalf of the Board of Directors.

C. Alan Smith
Chief Executive Officer
July 22, 2003

Financial Highlights

P·F·B CORPORATION

	Three months ended June 30		Six months ended June 30	
	2003	2002	**2003**	2002
Sales	**$ 10,715**	$ 10,043	**$ 18,329**	$ 17,406
Gross profit	**$ 2,483**	$ 3,238	**$ 3,586**	$ 4,948
Income before interest, taxes,				
depreciation and amortization	**$ 1,036**	$ 1,890	**$ 1,158**	$ 2,511
Income before interest and taxes	**$ 596**	$ 1,501	**$ 92**	$ 1,724
Net income	**$ 615**	$ 1,154	**$ 87**	$ 1,202
Funds provided from operations	**$ 1,116**	$ 1,330	**$ 1,415**	$ 1,668
Earnings per share:				
Basic	**$ 0.11**	$ 0.21	**$ 0.01**	$ 0.22
Diluted	**$ 0.11**	$ 0.21	**$ 0.01**	$ 0.22

Note: All figures in $000's except earnings per share

Management's Discussion and Analysis of 2003 Second Quarter Results

The following should be read in conjunction with PFB Corporation's unaudited financial statements contained herein, along with Management's Discussion and Analysis and financial statements contained in the Annual Report for the year ended December 31, 2002.

RESULTS OF OPERATIONS

Sales

Sales revenues of $10,715,000 in the second quarter of 2003 were $672,000 or 6.7% higher than in the second quarter in 2002. Monthly sales demand accelerated as the second quarter progressed as the construction industry recovered from a period of prolonged adverse weather that persisted across Canada in March 2003.

Sales in our Western Canadian markets continued stronger overall than in the prior year period and sales on the Prairies and in Eastern Canada were on a par with sales to these regions in the prior year period. Since the acquisition of Advantage Wallsystems Inc. ("Advantage") on May 1, 2003, PFB has reported the full market sales revenue for its Advantage ICF product sales whereas, prior to the acquisition date, PFB's reported sales revenues were in respect of the manufacturing portion only. Also during the second quarter, a significant growth in sales volume has been realised for the Advantage ICF products which substantially contributed to the 6.7% overall growth in sales reported in the second quarter.

The prospects for both the Advantage ICF and Structural Insulated Panel (SIP) building systems for the remainder of the year look positive and we are planning for sustainable growth.

Gross Profit

Gross profit in the second quarter, expressed as a percentage of sales, was 23.2% which was considerably weaker than the 32.2% gross profit reported in the second quarter last year. The decline in gross profit was primarily as a result of rising raw materials costs in the first half of the year compared with costs incurred in the same period in 2002.

The upwards trend in raw material costs, reported in the first quarter, remained unchanged until midway through the current quarter when we were able to take advantage of lower styrene costs. As styrene purchases are denominated in U.S. dollars, we also benefited from a strengthening Canadian dollar against its U.S. counterpart. By June, the dual effect of lower styrene costs priced in U.S. dollars and favourable foreign exchange movements improved net landed costs from those experienced in April. The lower cost of styrene in June had the effect of reducing the average unit cost of inventory at the end of the quarter. The flow through effect of this change will favourably impact gross profit in the third quarter. Despite the recent cost reductions and the positive exchange rate movements, net average raw material costs remained higher in the first half of 2003 compared to the corresponding period in 2002. It is unlikely that raw materials costs for the remainder of the year will continue at the same level as experienced in June. However, we have taken steps to hedge approximately half of our potential exposure to a reversal in the value of the Canadian dollar through the end of the year.

In the first quarter, Plasti-Fab, along with its larger competitors, announced ‘across the board’ selling price increases scheduled to take effect during the second quarter. Generally, in most markets, selling price increases have held firm although not at the levels originally anticipated. However, the incremental gains realised will reinforce the quality of gross profit reported in the third quarter.

Manufacturing overhead expense in the second quarter was generally higher than in the comparable quarter. Maintenance costs and the costs for consumable supplies were higher, both reflective of higher production activities, plus amortization expenses have increased on manufacturing related capital assets acquired in the fourth quarter of fiscal 2002. The combined expenses for utilities were marginally lower than in the corresponding quarter in 2002.

Selling and Administrative Expenses

Selling, marketing and administrative expenses increased by $150,000 to $1,887,000 compared to $1,737,000 incurred in the corresponding quarter in 2002. The increase in the current quarter is attributable to higher expenditures in sales and marketing related activities directly resulting from integrating the Advantage brand and ICF product line under the Plasti-Fab master brand. Payroll related selling costs also increased in the current quarter due to the addition of sales personnel.

Certain transaction costs associated with the acquisition of Advantage, reported under selling and administration expenses in the first quarter, and amounting to approximately $50,000, have been reallocated in the current quarter to the purchase price consideration for the Advantage acquisition. Total acquisition costs booked amount to $108,000 (see Note 2 to the financial statements).

Amortization costs reported under selling and administrative expenses increased by $35,000 in the second quarter compared to the same quarter in 2002 as a result of the major capital investment in information systems completed at the end of fiscal 2002. Higher amortization costs will continue in subsequent quarters.

Interest and Investment Income

Interest income in the second quarter earned on cash and cash equivalents reduced to $8,000 (2002 - $20,000). Cash balances are typically at their lowest in the second quarter of the year.

Investment income from marketable securities amounted to $341,000 (2002 - $104,000) and included a gain on sale amounting to $256,000 (2002 - $88,000), net of commissions. These investments were originally put in place to mitigate the impact of raw material cost increases. However, with the recent reduction in styrene costs and the potential for oil and natural gas prices to decline, the oil and gas driven marketable securities were liquidated in June.

Income Taxes

The income tax expense in the current quarter amounted to $316,000 (2002 - $531,000). The acquisition of Advantage has provided PFB with access to a future income tax asset of $680,000 of which $530,000 is expected to be utilised in the current year. This benefit will reduce income taxes payable in the current year by a corresponding amount.

Equity in Loss of Significantly Influenced Company

The equity in loss of significantly influenced company amounted to $14,000 in the second quarter representing PFB's proportional share of Advantage's reported loss in the month of April. Since May 1, 2003, the effective date of acquisition, the Advantage operations have been fully consolidated with PFB.

Net Income

The reported net income in the current quarter amounted to $615,000 ($0.11 per share) compared to net income of $1,154,000 ($0.21 per share) in the corresponding quarter in 2002. Net income in the six month period amounted to $87,000 ($0.01 per share) compared to net income of $1,202,000 ($0.22 per share) for the first six months in the corresponding year.

LIQUIDITY AND CAPITAL RESOURCES

From an operational standpoint, the second quarter was another challenging quarter, mainly as a result of the higher styrene prices. However, PFB generated positive cash flows from operations of $1,116,000 (2002 - $1,330,000). As mentioned previously, the application of the acquired future income tax asset will reduce working capital requirements and improve cash flows in the remainder of the current year.

Proceeds from the divestment of marketable securities realised $2,081,000 cash, net of commissions, generating a taxable capital gain of $256,000. In the second quarter, distributions received from the investment amounted to $123,000, of which $38,000 was assumed to be return of capital.

Non-cash working capital increased by $1,696,000 in the second quarter due mainly to an increase of $2,141,000 in accounts receivable reflecting significantly higher sales compared to sales revenues reported in the first quarter. This is a normal trend for the second quarter in our fiscal cycle. Accounts receivable days outstanding are consistent with our expectations and no bad debts of any significance were reported. Product inventory volumes increased in line with plan in the second quarter ahead of our anticipated peak sales months, although the incremental volume increase was offset by lower average unit materials costs. The net impact was a reduction in inventory of $19,000 in the second quarter.

Income taxes recoverable increased by $144,000 during the second quarter and a refund of $320,000 was received relating to 2002 income taxes. The balance of income taxes recoverable will reduce as the year progresses and the balance of the future income tax asset, currently standing at $245,000, is expected to be fully utilised in the second half of 2003.

Accounts payable and accrued liabilities increased by $947,000 in the current quarter which included $520,000 of current liabilities assumed by PFB arising from the Advantage acquisition.

Purchases of capital assets in the second quarter amounted to $681,000 (2002 - $591,000). Actual expenditures included the acquisition of new transport trailers for distribution, new equipment purchases, and ongoing maintenance capital.

The Normal Course Issuer Bid ("NCIB") program expires on August 21, 2003, unless renewed for a subsequent period. In the current quarter, 4,400 Common Shares were purchased for cancellation for an aggregate amount of $22,000. A total of 11,000 shares have been repurchased for cancellation in the first six months of 2002 for an aggregate amount of $54,000. In May, the Corporation issued approximately 211,700 Common Shares from treasury (see Note 2 to the financial statements) in exchange for the remaining outstanding common shares in Advantage.

At June 30, cash and cash equivalents amounted to $2,521,000.

OUTLOOK

As in the first quarter, sales quoting activity remained strong throughout the current quarter which usually provides a good barometer reading of the value and timing of upcoming construction projects.

Raw material inventory acquired at lower cost during the second quarter will provide some gross margin improvement during the third quarter. However, it is not certain that this trend will continue. Forward exchange contracts have been put in place to buy U.S. dollars at a pre-determined exchange rate which will mitigate the impact of adverse foreign exchange fluctuations. There is a concerted effort by styrene producers to raise prices which, if successful, will have an adverse impact on our operations.

The prospects for achieving continued sales revenues growth for both our ICF and SIP building systems remains encouraging. Our building systems portfolio of products are attracting significant and growing interest from both the commercial and residential market sectors.

Our capital expenditure plans for this year are unchanged from those reported previously. They include manufacturing capacity enhancements for the production of the Advantage ICF products and a planned program of equipment upgrades in both our resin and moulding facilities. We also anticipate successfully completing the product development project in our resin facility by the end of the year.

FORWARD LOOKING STATEMENTS

Certain statements in this Interim Report and Management's Discussion and Analysis constitute forward-looking statements. These include statements about management's expectations, beliefs, intentions or strategies for the future. All forward-looking statements reflect management's current views with respect to future events and are subject to certain risks, uncertainties and assumptions that may cause the actual results, performance or achievements of PFB to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and assumptions include, but are not limited to: general prevailing economic conditions; actions by government authorities; actions by regulatory authorities; changes in raw materials prices, changes in foreign exchange and interest rates; competitor activity; industry pricing pressures; seasonality of the construction industry; and weather.

Stephen P. Hardy
Vice President
and Chief Financial Officer
July 22, 2003

Statements of Operations

Six months ended June 30

P·F·B CORPORATION

In thousands of dollars (unaudited)		**2003**		2002
Sales	**$**	**18,329**	$	17,406
Cost of goods sold		**14,743**		12,458
Gross profit		**3,586**		4,948
Selling and administrative expenses		**3,494**		3,224
Income before interest and taxes		**92**		1,724
Interest income		**32**		53
Investment income		**395**		196
Income before taxes		**519**		1,973
Income taxes		**(207)**		(789)
Equity in net income (loss) of significantly influenced company		**(225)**		18
Net income	**$**	**87**	$	1,202
Earnings per common share – basic	**$**	**0.01**	$	0.22
Earnings per common share – diluted	**$**	**0.01**	$	0.22
Weighted average number of common shares outstanding		**5,615,895**		5,565,483

Statements of Cash Flows

Six months ended June 30

In thousands of dollars (unaudited)	2003	2002
Operating		
Net income	**$ 87**	$ 1,202
Items not affecting cash flows:		
Depreciation & amortization	**1,066**	787
(Gain) loss on sale of capital assets	**4**	(22)
Gain on sale of marketable securities	**(256)**	(88)
Marketable securities – change in accounting estimate	-	(61)
Equity in (net income) loss of significantly influenced company	**225**	(18)
Future income taxes	**289**	(132)
Funds provided from operations	**1,415**	1,668
Changes in non-cash working capital	**(3,847)**	(3,859)
	(2,432)	(2,191)
Financing		
Dividend paid	**(1,223)**	(1,117)
Issuance of common shares	**119**	-
Purchase of common shares for cancellation	**(54)**	(431)
	(1,158)	(1,548)
Investing		
Purchase of capital assets	**(838)**	(790)
Proceeds from sale of capital assets	**24**	22
Additions to product development costs	**(22)**	-
Acquisition costs - Advantage Wallsystems Inc. (Note 2)	**(108)**	-
Acquisition of marketable securities	**-**	(1,275)
Proceeds on sale of marketable securities	**2,081**	742
Repayment of capital on marketable securities	**64**	16
Investment in significantly influenced company	**-**	(750)
	1,201	(2,035)
Decrease in cash and cash equivalents	**(2,389)**	(5,774)
Cash and cash equivalents, beginning of the period	**4,910**	9,107
Cash and cash equivalents, end of the period	**$ 2,521**	$ 3,333
Cash paid for interest	**$ -**	$ -
Cash paid for taxes	**$ 626**	$ 1,628

Statements of Operations

Three months ended June 30

P·F·B CORPORATION

In thousands of dollars (unaudited)		**2003**		2002
Sales	**$**	**10,715**	$	10,043
Cost of goods sold		**8,232**		6,805
Gross profit		**2,483**		3,238
Selling and administrative expenses		**1,887**		1,737
Income before interest and taxes		**596**		1,501
Interest income		**8**		20
Investment income		**341**		104
Income before taxes		**945**		1,625
Income taxes		**(316)**		(531)
Equity in net income (loss) of significantly influenced company		**(14)**		60
Net income	**$**	**615**	$	1,154
Earnings per common share – basic	**$**	**0.11**	$	0.21
Earnings per common share – diluted	**$**	**0.11**	$	0.21
Weighted average number of common shares outstanding		**5,690,491**		5,565,483

Statements of Cash Flows

Three months ended June 30

In thousands of dollars (unaudited)		2003		2002
Operating				
Net income	**$**	**615**	$	1,154
Items not affecting cash flows:				
Depreciation & amortization		**440**		389
(Gain) loss on sale of capital assets		**5**		(1)
Gain on sale of marketable securities		**(256)**		(88)
Equity in (net income) loss of significantly influenced company		**14**		(60)
Future income taxes		**298**		(64)
Funds provided from operations		**1,116**		1,330
Changes in non-cash working capital		**(1,696)**		(1,648)
		(580)		(318)
Financing				
Purchase of common shares for cancellation		**(22)**		(180)
Investing				
Purchase of capital assets		**(681)**		(591)
Proceeds from sale of capital assets		**23**		1
Additions to product development costs		**(13)**		-
Acquisition costs – Advantage Wallsystems Inc. (Note 2)		**(108)**		-
Acquisition of marketable securities		**-**		(1,275)
Proceeds on sale of marketable securities		**2,081**		742
Repayment of capital on marketable securities		**38**		16
		1,340		(1,107)
Increase (decrease) in cash and cash equivalents		**738**		(1,605)
Cash and cash equivalents, beginning of the period		**1,783**		4,938
Cash and cash equivalents, end of the period	**$**	**2,521**	$	3,333
Cash paid for interest	**$**	**-**	$	-
Cash paid for taxes	**$**	**115**	$	693

Balance Sheets

June 30, 2003, December 31, 2002, and June 30, 2002

P·F·B CORPORATION

In thousands of dollars (unaudited)	June **2003**	December 2002	June 2002
Assets			
Current assets			
Cash and cash equivalents	**$ 2,521**	$ 4,910	$ 3,333
Marketable securities	**-**	1,889	1,494
Accounts receivable	**6,815**	4,588	5,989
Inventories	**3,666**	3,276	3,838
Income taxes recoverable	**1,050**	329	574
Prepaid expenses	**424**	518	368
Future income taxes	**245**	-	-
Total current assets	**14,721**	15,510	15,596
Investment in significantly influenced company (Note 2)	**-**	653	768
Capital assets	**14,879**	14,943	12,653
Goodwill	**661**	-	-
Product development costs (Note 3)	**161**	139	-
Total assets	**$ 30,422**	$ 31,245	$ 29,017
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**$ 4,136**	$ 4,247	3,589
Total current liabilities	**4,136**	4,247	3,589
Future income taxes	**564**	710	724
Total liabilities	**4,700**	4,957	4,313
Contingent liabilities (Note 8)			
Shareholders' Equity			
Share capital (Note 4)	**14,134**	13,540	13,548
Retained earnings	**11,588**	12,748	11,156
Total shareholders' equity	**25,722**	26,288	24,704
Total liabilities and shareholders' equity	**$ 30,422**	$ 31,245	$ 29,017

Statements of Retained Earnings

Six months ended June 30

In thousands of dollars (unaudited)	**2003**	2002
Retained earnings, beginning of period	**$ 12,748**	$ 11,293
Net income	**87**	1,202
Dividends paid	**(1,223)**	(1,117)
Premium on redemption of common shares (Note 6)	**(24)**	(222)
Retained earnings, end of period	**$ 11,588**	$ 11,156

Notes to the Interim Financial Statements (unaudited),

June 30, 2003

P·F·B CORPORATION

1. SIGNIFICANT ACCOUNTING POLICIES

Management has prepared the accompanying interim financial statements in accordance with Canadian generally accepted accounting principles. Certain information and disclosures required to be included in notes to the annual audited financial statements have been condensed or omitted from these interim financial statements. The interim financial statements and notes hereto should be read in conjunction with the most recent annual audited financial statements. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. Therefore, the results of operations for the interim period shown in this report are not necessarily indicative of results to be expected for the fiscal year. In the opinion of Management, the accompanying interim financial statements include all adjustments necessary to present fairly the financial position and results of operations of PFB Corporation ("PFB" or the "Corporation") as of June 30, 2003.

Sales of PFB's products are driven by customer and industrial demand for insulation and building products. The timing of customers' construction projects can be influenced by a number of factors including the prevailing economic climate and weather. Demand for the Corporation's products is typically stronger in the second and third quarters and less strong in the first and fourth quarters of its fiscal cycle.

Cash and cash equivalents consist of cash on hand, balances held with banks, and investments in highly liquid money market instruments with maturities of 90 days or less.

2. ACQUISITION OF ADVANTAGE WALLSYSTEMS INC.

The Corporation had previously acquired 41.5% of the common shares of Advantage Wallsystems Inc. ("Advantage"). On May 1, 2003, the Corporation acquired the remaining 58.5% of the issued and outstanding common shares of Advantage.

The acquisition is accounted for using the purchase method and the results of operations of Advantage have been included with those of the Corporation from January 21, 2002 at 41.5% and from May 1, 2003 at 100%.

The total purchase price of $1,363,000 is comprised of the initial investment of $750,000, the issuance of 211,700 common shares of PFB valued at $2.38 per share for the remaining 58.5% of Advantage, and acquisition related costs of $108,000.

2. ACQUISITION OF ADVANTAGE WALLSYSTEMS INC. (continued)

The purchase price allocation is as follows:

	41.50% January 21, 2002	58.50% May 1, 2003
Cash	**$ 750,000**	-
Issuance of Shares	**-**	$ 505,000
Acquisition costs	**-**	108,000
	$ 750,000	$ 613,000
Cash	**$ 102,000**	$ 1,000
Non-cash working capital	**64,000**	(288,000)
Future income tax asset	**-**	680,000
Capital assets	**102,000**	100,000
Assets under capital lease	**35,000**	12,000
Goodwill	**553,000**	108,000
Lease obligations	**(31,000)**	-
Long term debt	**(75,000)**	-
	$ 750,000	$ 613,000

Goodwill is not expected to be deductible for income tax purposes.

3. PRODUCT DEVELOPMENT COSTS

Expenditures in the second quarter associated with the product development initiative at the resin manufacturing facility in Alberta amounted to $13,000 for a total of $22,000 for the first half of 2003. Management has reviewed the nature of the expenditures and is satisfied that they continue to meet the specified criteria related to technology, market and financial feasibility for deferral and amortization under Canadian generally accepted accounting principles. The aggregate costs of the project will be amortized over a three-year period once the project is completed.

PFB's policy for product development costs requires the periodic review of the carrying value of such costs in order to determine if there has been impairment in value based on a reduction in expected future cash flows. If it is determined that the carrying value exceeds the net recoverable amount the asset will be written down to the net recoverable amount.

4. SHARE CAPITAL

(a) Authorised

Unlimited number of voting common shares without nominal or par value.

Unlimited number of preferred shares without nominal or par value, issuable at the discretion of the directors of the Corporation, of which none are outstanding.

4. **SHARE CAPITAL (continued)**

(b) Common Shares Issued

	6 Months ending June 30, 2003 Shares	Amount	12 months ending December 31, 2002 Shares	Amount
Balance, beginning of period	**5,534,391**	**$13,540,000**	5,623,391	$ 13,757,000
Issuance of common shares:				
Stock options exercised	**25,000**	**119,000**	-	-
Acquisition	**211,700**	**505,000**	-	-
Purchased shares cancelled	**(11,000)**	**(30,000)**	(89,000)	(217,000)
Balance, end of period	**5,760,091**	**$14,134,000**	5,534,391	$ 13,540,000

(c) Stock-Based Compensation Plan

PFB uses intrinsic value to account for stock options. Under this method, no compensation expense is recognised if the exercise price of the option is equal to the market price of the common shares at the time of grant.

During the first quarter of 2003, a director exercised 25,000 options, initially granted in October 1998, for proceeds of $119,000.

PFB's outstanding and exercisable stock options as at June 30, 2003, relate to options granted to a director in December 2002. Upon grant, these options were fully vested and had a fair value at approximately $2.20 per option ($55,000 in aggregate) which was disclosed in 2002 (see Note 2(a) to the audited financial statements for the year ended December 31, 2002). PFB's current outstanding and exercisable stock options as at June 30, 2003 are as follows:

Weighted Average Exercise Price	Number Outstanding and Exercisable at June 30, 2003	Weighted Amount Remaining Contractual Life
$4.90	25,000	4.50 years

5. **RECONCILIATION OF EARNINGS PER COMMON SHARE**

The following table sets forth the reconciliation of basic and diluted earnings per share for the second quarter ended June 30.

	2003	2002
Net income	**$ 615,000**	$ 1,154,000
Weighted average number of common shares outstanding	**5,690,491**	5,565,483
Shares assumed issued	**25,000**	25,000
Shares assumed purchased	**(24,698)**	(20,944)
Adjusted weighted average number of common shares outstanding	**5,690,793**	5,569,539
Earnings per share:		
Basic	**$ 0.11**	$ 0.21
Diluted	**$ 0.11**	$ 0.21

5. RECONCILIATION OF EARNINGS PER COMMON SHARE (continued)

The following table sets forth the reconciliation of basic and diluted earnings per share for the half year ended June 30.

	2003	2002
Net income	**$ 87,000**	$ 1,202,000
Weighted average number of common shares outstanding	**5,615,895**	5,565,483
Shares assumed issued	**25,000**	25,000
Shares assumed purchased	**(24,162)**	(21,841)
Adjusted weighted average number of common shares outstanding	**5,616,733**	5,568,642
Earnings per share:		
Basic	**$ 0.01**	$ 0.22
Diluted	**$ 0.01**	$ 0.22

6. NORMAL COURSE ISSUER BID

In the second quarter, PFB purchased for cancellation 4,400 Common Shares under the Normal Course Issuer Bid ("NCIB") program for an aggregate price of $22,000, of which $8,000 was charged to retained earnings as a premium on redemption of Common Shares. In the current fiscal year, PFB has purchased for cancellation 11,000 Common Shares for an aggregate price of $54,000, of which $24,000 has been charged to retained earnings as premium on redemption of Common Shares.

7. FINANCIAL INSTRUMENTS

In the normal course of its operations PFB is exposed to movements in the U.S. dollar exchange rates relative to the Canadian dollar. As at June 30, 2003, PFB has entered into a number of forward exchange contracts to buy $2,360,000 U.S. dollars. The forward exchange contracts, which have no carrying value in these financial statements, are scheduled for settlement during the remainder of fiscal 2003 at an average contract rate of CAD $1.00 = U.S. $0.72

8. CONTINGENT LIABILITIES

PFB has received a request from Woodbridge Foam Corporation ("Woodbridge"), the purchaser of the Morval Division in March 2000, for a payment of $1,700,000 under the representations and warranties clauses of the purchase agreement.

PFB does not agree with the claims being made by Woodbridge and, accordingly, has made no provision in its financial statements. It is not clear if resolution will be possible without litigation.

In the normal course of its operations, PFB becomes involved in various claims. While the final outcome with respect to any claims cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the PFB's financial position or results of operations.

9. RELATED PARTY TRANSACTIONS

In the second quarter of 2003, PFB paid $25,000 (2002 - $25,000) consultancy fees to Aeonian Capital Corporation ("Aeonian"). Cumulative consultancy fees paid to Aeonian in fiscal 2003 to-date have amounted to $50,000 (2002 - $50,000).

10. COMPARATIVE FIGURES

Certian comparative figures have been reclassified to conform to the presentation adopted in the current year.