Capital & Credit Merchant Bank Limited

The Directors of the Capital & Credit Merchant Bank Report the Consolidated

Unaudited Results for the Six Months Ended 30th June, 2004.

CAPITAL & CREDIT PROFIT LEAPS TO 1/2 BILLION IN 6 MONTHS

Capital & Credit Merchant Bank (CCMB), together with its subsidiary, Capital & Credit Securities Limited (CCSL) continues its record-breaking performance, generating $586.9 Million Net Profit in the first six months of 2004 - surpassing by $121.63 Million its earnings for all of last year. Capital & Credit posted consolidated After-Tax Profits of $465.27 for the full year ended December 31, 2003.

For the un-audited Second Quarter 2004 results the Group achieved After-Tax Profit of $311.76 Million, which pushed half-year Net Profit After-Tax to a landmark of over $ 1/2 Billion, a 221.78% increase over the comparable six-month period in 2003.

Commenting on CCMB's 2004 half-year results, Bank President and CEO, Curtis Martin, says the Bank's excellent performance is a result of the diversification of income stream which continues to augment its strength and stability, while providing a solid foundation for growth, increased profitability and enhanced efficiency, with the latter continuing to better the benchmark within the industry. For the second quarter 2004, Efficiency measured as a percentage of Non Interest Expenses to Net Interest Income and Other Revenues was achieved at 30.38% and 28.88% for the half year, compared to year-end 2003, which averaged approximately 45%.

The Bank President emphasises that by utilizing market conditions and ensuring timely execution under its business model, CCMB was able to accumulate $607.80 million in Net Interest Income and $415.60-million in Other Revenues for the period. Together these amounted to $1.02 Billion - an increase of 129% over the $446.68 milion earned for the comparative six-month period in 2003.

Mr. Martin says the Bank has pursued a deliberate strategy to build a solid loan portfolio. He notes that loans amounted to $2.43 Billion as at June 30, 2004, representing an increase of 38.47% over the $1.75 Billion for the comparable period in 2003 for the comparable quarter. Correspondingly, he said, Total Assets Under Management grew by 25.52%, to $52.24 Billion.

Speaking on behalf of the Board of Directors, the Bank's Chairman, Ryland T. Campbell, emphasizes that the business model being pursued buttressed by the commitment and competence of the staff, are largely responsible for this historic profit achievement. Commenting on the remarkable earnings per Stock Unit of $1.00 for the period, when compared to the 35 cents for the comparative half year, the Board Chairman emphasised that with the mantra of Capital & Credit being the building of shareholder value and the delivery superior customer service with professionalism and integrity, all stakeholders will continue to reap substantial benefits from the company's sustained profitability.

Mr. Campbell says that Stockholders' Equity has increased significantly by approximately 59% to $2.95 Billion as at June 30, 2004, compared to the $1.86 Million for the corresponding period in 2003. This has been due largely to the substantial increase in the profit; the issuing of the 4.3 million shares under the ESOP; as well as the Fair Value Reserve for the period. He is confident that even with the payment of the 7 1/2 cents dividend to stockholders on record as at August 5, 2004, the profitability curve of the Bank will be maintained to the end of the year.

Speaking to the Organisation's future prospects, the Chairman notes that the acquisition of the Jamaica Unit Trust for which the Bank and its parent company won the bid, should be completed during the third quarter. He notes that CCMB continues to focus on achieving the goals and objectives of its strategic corporate plan, Caribvision 2010, and that the future looks bright.

Mr. Campbell states confidently that he sees the full year's profit reaching another milestone in merchant banking in Jamaica. After 10 years of operation, Capital & Credit continues to set new records in profit performance and financial achievements. In the first quarter of this year, the Bank turned in its highest ever first-quarter profit performance; and now in its half-year 2004 review CCMB has surpassed its total profit earnings for last year. Among its other financial achievements, Capital & Credit became the first Jamaica merchant bank to record over $2 Billion in Shareholders' Equity, and the first to be listed on the Jamaica and Trinidad Stock Exchanges.

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The Directors of Capital & Credit Merchant Bank Ltd. (CCMB) are pleased to present the unaudited consolidated results of the Bank and its Subsidiary Capital & Credit Securities Limited for the quarter ended June 30, 2004. The Group earned $311.76 million profit after tax for the second quarter, an increase of 169.67% over the comparative second quarter 2003. This carries the Group's half year's net profit after tax to $586.90 million, an increase of 221.78% over the comparative half year, thereby surpassing in the half year 2004, the annual audited profit for 2003.

HIGHLIGHTS	Quarter ended June 30, 2004	Quarter ended June 30, 2003	Half Year June 30, 2004	Half Year June 30, 2003
Net profit after taxation	$311.76 million	$115.60 million	$586.90 million	$182.39 million
Earnings per Stock Unit	53 cents	22 cents	100 cents	35 cents
Return on Equity	43.69%	28.98%	46.58%	18.48%
Efficiency Ratio (Expense to Income)	30.38%	42.53%	28.88%	44.76%

REVENUES

Diversification of the group's income stream continues to augment the group's strength and stability and provides a solid foundation for growth, increased profitability and enhanced efficiency. By utilizing market conditions, the Group has accumulated $415.60 million in Other Revenues, an increase of 37.59% over the comparative half year. With Net Interest Income of $607.80 million for the half year, Net Interest Income and Other Revenues for the period amounted to $1.02 billion, an increase of 129.11 % over the $446.68 million for the comparative half year.

NON INTEREST EXPENSES

The Group's efficiency ratio continues to better the benchmark within the industry. Efficiency measured as a percentage of Non Interest Expenses to Net Interest Income and Other Revenues is 30.38% for the quarter and 28.88% for the half year. For 2003, our efficiency averaged approximately 45%.

LOAN PORTFOLIO

Loans at June 30, 2004 amounted to $2.43 billion, an increase of 38.47% over $1.75 billion for the comparable quarter end. As required under IFRS, total loan loss provision at June 30, 2004 is $43.52 million representing 1.76% of gross loans compared to loan loss provision of $38.37 million or 2.14% of gross loans for the corresponding period end. In keeping with Bank of Jamaica guidelines on credit, an additional provision of $38.02 million for loan losses has been made beyond the requirements of IFRS and credited to Loan Loss Reserve.

CAPITAL BASE

The Group continues to augment its capital base through earnings and the issuance of additional shares through the Employee Share Ownership Plan. Effective June 18, 2004, 4.3 million shares were issued to the Plan providing an additional $29.08 million to the eligible capital base of the Bank. As required by International Financial Reporting Standards (IFRS), the capital base has been further enhanced by the unrealized gains noted as Fair Value Reserve of $320.95 million. The Reserve reflects the market value after taxation on the investment portfolio designated as Securities Available for Sale. This is an increase of $239.09 million over the year end Fair Value Reserve of $81.86 million. The overall capital base now stands at $2.95 billion, an increase of 58.80% over the comparative period end amount of $1.86 billion.

BALANCE SHEET

Total assets under management at June 30, 2004 amounted to $52.24 billion, an increase of 25.52% over year end of $41.62 billion and 58.58% over the corresponding period last year of $32.94 billion.

Assets are funded primarily by Deposits, Securities Sold Under Repurchase Agreements and Due To Other Financial Institutions.

EARNINGS PER STOCK UNIT

Earnings per Stock Unit for the quarter amounted to 53 cents, an increase of 140.91 % over the 22 cents for the comparable second quarter. For the half year, Earnings per Stock Unit accumulate to $1.00 per stock unit as against 35 cents for the comparative half year.

DIVIDENDS

At the Board of Directors meeting on July 16, 2004, the Directors approved an interim dividend of 7.5cents per stock unit to be paid to shareholders on record as at August 5, 2004. This dividend will be reflected in the next quarter's results.

FUTURE PROSPECTS

The Bank along with its parent Capital & Credit Financial Group Limited has won the bid to acquire the Jamaica Unit Trust Services Limited and anticipates that this acquisition will be completed in the next quarter.

CONSOLIDATED BALANCE SHEET

As at June 30, 2004

	Unaudited Jun-04 $'000	Restated Unaudited Jun-03 $'000	Audited Dec-03 $'000
ASSETS			
CASH RESOURCES	565,539	644,858	1,279,149
INVESTMENT IN SECURITIES			
Trading securities	5,393,162	970,420	671,211
Securities available for sale	12,459,687	17,155,514	13,730,641
Securities held to maturity	1,976,566	2,464,872	1,950,771
Originated debt	26,854,905	8,871,745	20,669,291
	46,684,320	29,462,551	37,021,914
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	744,650	74	87,551

LOANS (after provision for loan losses)	2,425,964	1,751,926	1,829,557
OTHER ASSETS			
Accounts Receivable	1,394,384	965,693	1,100,791
Property and equipment	87,614	52,072	89,212
Other assets	335,003	63,605	207,188
TOTAL ASSETS	**52,237,474**	**32,940,779**	**41,615,362**
LIABILITIES AND STOCKHOLDERS'EQUITY			
DEPOSITS	3,371,256	1,674,557	2,154,609
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	23,456,224	13,027,051	18,732,156
LOAN PARTICIPATION	1,400,620	1,118,239	1,184,863
DUE TO OTHER FINANCIAL INSTITUTIONS	19,961,466	14,451,430	16,349,293
OTHER LIABILITIES	786,309	705,629	914,583
DEFERRED TAXATION	310,399	105,492	190,781
STOCKHOLDERS' EQUITY			
Capital - Authorised 600,000,000 Ordinary shares of $0.50 each			
Issued and fully paid 588,800,000 (June 2003 -582,000,000)	294,400	291,000	292,250
Share premium	392,229	354,049	365,299
Statutory reserve fund	196,706	164,983	196,706
Retained earnings reserve	973,020	723,020	723,020
Fair value reserve	320,953	73,412	81,859
Loan loss reserve	38,019	26,402	30,973
Unappropriated profits	735,873	225,515	398,970
	2,951,200	1,858,381	2,089,077
	52,237,474	**32,940,779**	**41,615,362**

CONSOLIDATED PROFIT & LOSS ACCOUNT

Quarter Ended June 30, 2004

	Unaudited 3 months Jun-04	Unaudited 3 months Jun-03	J$ Thousands Unaudited 6 months Jun-04	Restated 6 months Jun-03	Audited 12 months Dec-03
Gross Operating Revenue	**1,439,098**	**1,182,240**	**2,841,194**	**2,038,841**	**4,127,707**
Interest on investments	1,145,638	880,298	2,287,232	1,617,869	3,484,505
Interest on loans	80,050	64,916	138,366	118,914	250,037
	1,225,688	945,214	2,425,598	1,736,783	3,734,542
Interest expense	884,389	925,336	1,817,798	1,592,166	3,101,689
Net interest income	**341,299**	**19,878**	**607,800**	**144,617**	**632,853**
Commission and fee income	20,305	10,894	30,669	44,023	73,298
Net gains on securities trading	179,828	123,322	365,634	85,126	71,575
Foreign exchange trading and translation	1,729	94,490	(1,163)	157,468	169,645
Dividend income	8,769	3,317	15,800	9,075	29,357
Other income	2,779	5,003	4,656	6,366	49,290
	213,410	237,026	415,596	302,058	393,165
Net interest income and other revenue	**554,709**	**256,904**	**1,023,396**	**446,675**	**1,026,018**
Non Interest Expenses					
Staff costs	84,286	41,147	148,915	84,966	231,607
Loan loss expense	6,199	9,010	7,046	7,060	2,735
Property expense	12,188	8,576	22,881	15,844	38,003
Depreciation	6,499	4,345	13,269	7,860	18,229
Amortisation of Goodwill	-	-	-	-	2,088
Other operating expenses	59,348	46,186	103,429	84,218	178,607
	168,520	109,264	295,540	199,948	471,269

Profit Before Taxation	386,189	147,640	727,856	246,727	554,749
Taxation	74,431	32,037	140,953	64,336	89,483
Net Profit After Taxation	**311,758**	**115,603**	**586,903**	**182,391**	**465,266**
Earnings per stock unit: Cents	53	22	100	35	84
Return on average equity (annualised)	43.69%	28.98%	46.58%	18.48%	27.80%
Return on assets (annualised)	2.45%	1.41%	2.56%	1.01%	1.29%
Efficiency ratio	30.38%	42.53%	28.88%	44.76%	45.93%
Number of issued ordinary shares (thousands)	588,800	584,500	588,800	582,000	584,500

CONSOLIDATED STATEMENT OF CASH FLOWS

Quarter Ended June 30, 2004

	Unaudited Jun-04	**Unaudited Jun-03**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	586,903	182,391
Non-cash items	(17,832)	10,070
Cash used by operating assets & liabilities	(301,790)	674,126
Cash provided by operating activities	**267,281**	**866,587**
CASH FLOWS USED IN INVESTING ACTIVITIES	(10,843,712)	(3,790,650)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	9,797,725	2,698,494
DECREASE IN CASH		

AND CASH EQUIVALENTS	(778,706)	(225,569)
OPENING CASH AND CASH EQUIVALENTS	1,103,993	703,155
CLOSING CASH AND CASH EQUIVALENTS	**325,287**	**477,586**

SEGMENT RESULTS

As at June 30, 2004

The Group is organised into two main business segments:

Banking and related services includes taking deposits, granting loans and other credit facilities and foreign currency trading.

Financial and Related Services includes securities trading, stockbroking, portfolio planning, pension fund management and investment advisory services.

Transactions between the business segments are on normal commercial terms and conditions

Group 2004

$'000	**Banking & Related Services $'000**	**Financial & Related Services $'000**	**Consolidation adjustments $'000**	**Group**
External revenue	310,222	713,174	-	1,023,396
Net revenue from other segments	21,708	-	(21,708)	0
	331,930	713,174	(21,708)	1,023,396

Operating expenses	199,659	117,589	(21,708)	295,540
Profit before tax	132,271	595,585	-	727,856
Taxation				140,953
Net profit after tax				586,903
Segment assets	30,977,758	22,505,831	(1,246,115)	52,237,474
Segment liabilities	28,504,106	21,806,970	(1,024,802)	49,286,274
Other segment items				
Capital expenditure	10,348	1,322		11,670
Depreciation	12,436	833		13,269
Loan loss expense	7,046	-		7,046

GROUP 2003

	Banking & Related Services $'000	Financial & Related Services $'000	Consolidation adjustments $'000	Group $'000
External revenue	317,678	128,997		446,675
Net revenue from other segments	13,320	-	(13,320)	0
	330,998	128,997	(13,320)	446,675
Operating expenses	161,745	38,203	-	199,948
Profit before tax	169,253	90,794	(13,320)	246,727
Taxation				64,336
Net profit after tax				182,391
Segment assets	29,908,116	4,092,622	(1,059,959)	32,940,779
Segment liabilities	28,197,881	3,670,861	(786,344)	31,082,398
Other segment items				
Capital expenditure	29,578	735,873		225,515

Depreciation	7,336	524	7,860
Provision for loan loss	7,060	-	7,060

NOTES TO THE REPORT

Quarter Ended June 30, 2004

1. **Basis of preparation**
   These consolidated financial statements have been prepared in accordance with and comply with standards issued by the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS).

   Accounting policies applied in these interim consolidated statements are consistent with those in the audited accounts to 31 December 2003 except for changes mentioned in Note 2 below. Accordingly, these statements should be read in conjunction with the 2003 Annual Report.

   This report is made in Jamaican dollars

2. **Comparative information**
   Arising from the adoption of the IFRS, there were significant changes in accounting policies. In order to conform with current presentation, certain items in prior periods have been restated.

3. **Investments**
   Investments are classified as held to maturity, trading, originated securities, or securities available for sale and are initially recorded at cost. Management determines an appropriate classification based on intent and ability to hold at the time of purchase.

   Originated securities and held to maturity investments are subsequently re-measured at amortised cost.

Trading securities are measured at market value. Gains or losses arising from changes in fair value are recorded in the profit and loss account.

Securities available for sale are subsequently re-measured at fair value. Gains or losses that arise from changes in fair value of these investments are recorded in the Fair Value Reserve

4. **Employee Benefits**
Provision is made for the cost of vacation leave in respect of the services rendered by employees up to the Balance sheet date.

5. **Earnings per stock unit.**
Earnings per stock unit is based on the group net profit for the period divided by the average number of 50 cents stock units in issue amounting to 585,161,538 for the quarter and 584,830,769 for the half year and 527,333,333 for the both the second quarter and half year 2003.

6. **Cash and cash equivalents**
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days to maturity from the date of acquisition including cash and bank balances at Bank of Jamaica, excluding statutory reserves of $240,252,000 (June 2003 - $167,271,000), due to or from other banks and investment securities.

7. **Deferred Taxation**
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profits, and is accounted for using the balance sheet liability method.

8. **Segment Reporting**
The Group is organised into two main business segments:

a) Banking and related services which include taking deposits, granting loans and other credit facilities and foreign currency trading.

b) Financial and related services which include securities trading, stock broking, portfolio planning, pension fund management and investment advisory services.

Transactions between the business segments are on normal commercial terms and conditions.