Unaudited Financial Results For THE SECOND QUARTER

- Ended June 30, 2005

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The Directors of Capital & Credit Merchant Bank Limited. (CCMB) are pleased to present the unaudited consolidated results of the Bank and its Subsidiaries Capital & Credit Securities Limited and Capital & Credit Fund Managers Limited (previously Jamaica Unit Trust Services Limited) for the quarter ended June 30, 2005. The Group recorded net profit attributable to equity holders of $396.00 million for the second quarter 2005, an increase of 27.02 % over the comparative quarter 2004. For the six months ended June 30, 2005 net profit was $760.92 million or 87.98% of the annual profit for 2004.

REVENUES
The Group's Gross Operating Revenue has remained relatively stable at $1.43 billion for the quarter compared to the previous quarter. As the Group currently operates within an environment of low to declining interest rates particularly in the local economy, the Group has aggressively pursued a strategy of diversification of its revenue streams to compensate for the current decline in net interest income being experienced. The contributors to Gross Revenue include Net Interest Income at $250.01 million, a decline of 26.75% over the comparative second quarter 2004 and Other Revenues of $420.15 million, an increase of 96.87% over the comparative second quarter 2004. Both accumulate to provide overall Net Interest Income and Other Revenues of $670.16 million, an increase of 20.81% over the $554.71 million for the comparative second quarter 2004.

Principal contributor to Other Revenues for the quarter was Net Gains on Securities Trading of $400.00 million, an increase of 122.44% over the $179.83 million of the comparative quarter 2004. Constraining this gain is unrealized marked to market loss of $11.52 million compared to $38.15 million gain in the comparative quarter.

NON INTEREST EXPENSES
The Group's efficiency ratio, which tracks non interest expenses as a percentage of revenues, continues to be excellent. Efficiency measured as a percentage of Non Interest Expenses to Net Interest Income and Other Revenues amounts to 33.48% for the quarter compared to 30.38% for the comparative quarter and 40.51% for the full financial year 2004.

For the second quarter 2005, non interest expenses amounted to $224.38 million compared to $168.52 million for the comparative quarter 2004. Staff costs at $133.69 million for the quarter compared to $84.29 million in the comparative quarter is the most significant item of expenditure. The group continues to invest significantly in its human capital to facilitate the diversification of income streams, the necessary proper management of market and operating risks as well as providing adequate human resources to meet growing customer needs.

Management's continued focus on cost containment along with income growth and diversification has contributed to the improved net profit of $760.92 for the half year.

EARNINGS PER STOCK UNIT
For the half year, Earnings per Stock Unit amounts to 129 cents. Earnings per Stock Unit for the quarter is 67 cents, an increase of 27.85% over the 53 cents for the comparable quarter 2004. Earnings per Stock Unit for the period is based on the net profit attributable to equity holders of the Bank and 588.80 million stock units in issue during the period.

BALANCE SHEET
Total assets at June 30, 2005 amounted to $54.56 billion, an increase of 5.98% over the comparative quarter end valued at $51.49 billion. In addition, the Group manages on a fiduciary basis approximately $2.62 billion in assets under management primarily in respect of the funds managed by the subsidiary Capital & Credit Fund Managers Limited.

LOAN PORTFOLIO
Loans at June 30, 2005 after provision for loan losses amounted to $2.50 billion, an increase of 3.14% over the $2.43 billion for the comparable quarter end. As required under International Financial Reporting Standards (IFRS), the loan loss provision at June 30, 2005 is $65.54 million representing 2.55% of gross loans compared to loan loss provision of $43.52 million or 1.76% of gross loans for the corresponding quarter end. Non performing loans at June 30, 2005 amounted to $57.49 million as against $60.72 million for the corresponding quarter.

IFRS Loan Loss Provision is determined on a different basis from Regulatory requirements. The difference between the methodologies is applied to a non-distributable Loan Loss Reserve in the equity component of the Balance Sheet. At June 30, 2005 the reserve amounted to $20.70 million compared to $38.02 million for the comparable quarter end. Consequently, the provisions are considered adequate.

CAPITAL BASE
At June 30, 2005 total stockholders equity amounted to $ 3.96 billion, an increase of 36.40% since year end December 2004. The strengthening of the capital base has been facilitated through growth in earnings in the period of $760.92 million. The growth in the capital base has been further augmented by unrealized gains in market values of available-for-sale financial instruments of $295.88 million for the period included in the Fair Value Reserve.

CAPITAL MANAGEMENT
Capital Management is a critical objective of the Group given its ongoing growth and expansion, and requires balancing the needs for strong, competitive ratio, reasonable returns to shareholders and compliance with regulatory capital requirements. In striving for this balance, the Group considers expected level of risk adjusted assets, future investment opportunities and funding options available.

The Group is committed to maintaining strong capital ratios via internally generated funds, the controlled growth of investments and risk adjusted assets while simultaneously adding capital to shareholders' equity. To aid the strategy, at the recently held Annual General Meeting, the authorized share capital of the Bank was increased from $300 million to $400 million. The meeting gave approval to the Directors to make a renounceable Rights Issue to the Stockholders from these additional shares to which the Directors are currently pursuing details for the finalization of the issue.

DIVIDENDS
Subsequent to the quarter end, the Directors approved the payment of an interim dividend of 10 cents per stock unit. The payment to be made will be based on stockholders on record as at August 12, 2005. Payment will be made on August 26, 2005.

BUSINESS OUTLOOK
To enhance the Group's income stream, the Bank and its subsidiaries have undertaken a number of initiatives to restructure its Balance Sheet and build its non-proprietary income stream. The realignment of our Balance Sheets through the sale of lower yielding assets will result in more robust capital ratios, improved rate of returns on our assets and lower volatility in our income stream.

In addition, we expect that our non-proprietary business and fee base products will also assist in enhancing our income stream as the launch of several new products along with more aggressive marketing and business development activities are anticipated for the last two (2) quarters of 2005.

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2005

HIGHLIGHTS

	Unaudited Jun-05 $'000	Restated Unaudited Jun-04 $'000	Restated Audited Dec-04 $'000
ASSETS			
CASH RESOURCES	1,165,731	565,539	8,246,436
INVESTMENT IN SECURITIES			
Trading securities	3,412,711	5,393,162	5,323,688
Securities available-for-sale	45,215,006	38,561,699	33,023,547
Securities held-to-maturity	-	1,976,566	7,728,633
	48,627,717	45,931,427	46,075,868
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	35,000	744,650	-
LOANS (after provision for loan losses)	2,502,244	2,425,964	2,630,935
OTHER ASSETS			
Accounts Receivable	1,047,321	1,394,384	1,567,456
Property and equipment	77,630	87,614	82,275
Other assets	1,107,241	335,003	374,853
TOTAL ASSETS	**54,562,884**	**51,484,581**	**58,977,823**
LIABILITIES AND STOCKHOLDERS' EQUITY			
DEPOSITS	4,300,569	3,371,256	4,522,026
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	27,317,265	23,456,224	25,751,744
LOAN PARTICIPATION	1,223,064	1,400,620	1,197,842
DUE TO OTHER FINANCIAL INSTITUTIONS	15,996,160	19,961,466	22,884,233
OTHER LIABILITIES	1,401,399	786,309	1,309,855
DEFERRED TAXATION	351,626	59,435	391,718
MINORITY INTEREST	12,841	-	17,246
STOCKHOLDERS' EQUITY			
Capital - Authorised 800,000,000 Ordinary shares of $0.50 each			
Issued and fully paid 588,800,000 ordinary stock units of $0.50 each.	294,400	294,400	294,400
Share premium	392,229	392,229	392,229
Statutory reserve fund	230,281	196,706	230,281
Retained earnings reserve	1,085,020	973,020	1,085,020
Fair value reserve	386,151	(180,976)	90,268
Loan loss reserve	20,702	38,019	20,702
Unappropriated profits	1,551,177	735,873	790,259
	3,959,960	2,449,271	2,903,159
	54,562,884	**51,484,581**	**58,977,823**

Approved for issue by the Board of Direcors on July 15, 2005 and signed on its behalf by:

Ryland T. Campbell - Chairman

Curtis A. Martin - President & CEO

CONSOLIDATED PROFIT & LOSS ACCOUNT

QUARTER ENDED JUNE 30, 2005

HIGHLIGHTS

	J$ Thousands				
	Unaudited 3 months Jun-05	Unaudited 3 months Jun-04	Unaudited 6 months Jun-05	Restated Unaudited 6 months Jun-04	Audited 12 months Dec-04
Gross Operating Revenue	**1,430,962**	**1,442,129**	**3,144,501**	**2,841,194**	**5,295,371**
Interest on investments	919,334	1,148,669	2,120,261	2,287,232	4,459,794
Interest on loans	91,478	80,050	185,499	138,366	314,541
	1,010,812	1,228,719	2,305,760	2,425,598	4,774,335
Interest expense	760,800	887,420	1,752,943	1,817,798	3,650,957
Net interest income	**250,012**	**341,299**	**552,817**	**607,800**	**1,123,378**
Commission and fee income	19,212	20,305	40,829	30,669	52,304
Net gains on securities trading	400,010	179,828	783,500	365,634	339,655
Foreign exchange trading and translation	(8,477)	1,729	(7,976)	(1,163)	44,527
Dividend income	3,584	8,769	11,891	15,800	55,346
Other income	5,821	2,779	10,497	4,656	29,204
	420,150	213,410	838,741	415,596	521,036
Net interest income and other revenue	**670,162**	**554,709**	**1,391,558**	**1,023,396**	**1,644,414**
NON INTEREST EXPENSES					
Staff costs	133,693	84,286	265,903	148,915	327,921
Loan loss (recovery) \ expense	(10,901)	6,199	34,739	7,046	1,944
Property expense	16,465	12,188	29,777	22,881	60,003
Depreciation	6,723	6,499	13,872	13,269	26,197
Other operating expenses	78,399	59,348	148,341	103,429	250,090
	224,379	**168,520**	**492,632**	**295,540**	**666,155**
Profit Before Taxation	445,783	386,189	898,926	727,856	978,259
Taxation	51,917	74,431	142,110	140,953	112,940
Profit After Taxation	**393,866**	**311,758**	**756,816**	**586,903**	**865,319**
MINORITY INTEREST	**(2,138)**	**-**	**(4,102)**	**-**	**406**
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	**396,004**	**311,758**	**760,918**	**586,903**	**864,913**
Earnings per stock unit (cents)	67	53	129	100	147
Return on average equity (annualised)	42.32%	54.96%	44.35%	51.73%	34.65%
Return on assets (annualised)	2.75%	2.68%	2.68%	2.52%	1.72%
Efficiency ratio	33.48%	30.38%	35.40%	28.88%	40.51%
Number of issued ordinary shares (thousands)	588,800	588,800	588,800	588,800	588,800

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QUARTER ENDED JUNE 30, 2005

	J$ Thousands							
	Share Capital	Share Premium	Statutory Reserve Fund	Retained Earnings Reserve	Fair value Reserve	Loan loss Reserve	Unappropriated Profits	Total
Balance at December 31, 2003	292,250	365,299	196,706	723,020	81,859	30,973	398,970	2,089,077
Net profit for the period	-	-	-	-	-	-	586,903	586,903
Transfer to retained earnings reserve	-	-	-	250,000	-	-	(250,000)	-
Unrealised gains on available for sale investment net of taxes not recognised in profit and loss account	-	-	-	-	(262,835)	-	-	(262,835)
Transfer to loan loss reserve	-	-	-	-	-	7,046	-	7,046
Shares Issued	2,150	26,930	-	-	-	-	-	29,080
Balance at June 30, 2004	294,400	392,299	196,706	973,020	(180,976)	38,019	735,873	2,449,271
Balance at December 31, 2004	294,400	392,229	230,281	1,085,020	90,268	20,702	790,259	2,903,159
Net profit for the period	-	-	-	-	-	-	760,918	760,918
Unrealised gains on available for sale investments not recognised in profit and loss account	-	-	-	-	295,883	-	-	295,883
Balance as at June 30, 2005	**294,400**	**392,229**	**230,281**	**1,085,020**	**386,151**	**20,702**	**1,551,177**	**3,959,960**

CONSOLIDATED STATEMENT OF CASH FLOWS

QUARTER ENDED JUNE 30, 2005

	J$ Thousands	
	Unaudited	**Unaudited**
	Jun-05	**Jun-04**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit	760,918	586,903
Adjusted for operating assets and liabilities	6,028,766	(696,729)
Net cash provided by / (used in) operating activities	**6,789,684**	**(109,826)**
CASH FLOWS USED IN INVESTING ACTIVITIES	(2,171,501)	(10,437,525)
CASH FLOWS (USED IN) / PROVIDED BY FINANCING ACTIVITIES	(5,518,787)	9,768,645
DECREASE IN CASH AND CASH EQUIVALENTS	(900,604)	(778,706)
OPENING CASH AND CASH EQUIVALENTS	1,812,019	1,103,993
CLOSING CASH AND CASH EQUIVALENTS	**911,415**	**325,287**

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). Amendments to IAS 39, which became effective January 1, 2005 and requires retrospective application, redefines the investment classification of originated debts as loans and receivable. Items quoted on an active market, which were previously classified as originated debts (now loans and receivable) for which the Company has the ability and intention to hold to maturity have been reclassified as held-to-maturity. All other amounts have been reclassified as available for sale. Prior period investment account balances and the opening balance of fair value reserve have been adjusted to reflect the reclassification and the restatement due to the fair value treatment of items reclassified as available for sale (Note 8).

Except for the application of IAS 39, the accounting policies, used in the preparation of these interim statements, are the same as those applied in the audited statements for the year ended December 31, 2004

This report is made in Jamaican dollars

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

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

Loans and receivables and held to maturity investments are subsequently re-measured at amortised cost.

3. 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.

4. Earnings per stock unit.
Earnings per stock unit is based on the Group's net profit for the period divided by the average number of 50 cents stock units in issue amounting to 588,800,000 units for the quarter and half year, 585,161,538 for the comparative quarter, 584,830,769 for the comparative half year and 586,809,041 for the year 2004.

5. 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 $230,701,000 (2004 - $240,252,000) and Cash Deposits held at Investment Broker of $23,615,000 (2004 – Nil).

6. 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.

7. 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 includes securities trading, stock broking, portfolio planning, pension fund management, investment advisory services and unit trust management.

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

8. IFRS Adjustments.
In keeping with the amendments to IFRS effective January 1, 2005, in particular IAS 39, the Group has discontinued the designation of investments as Originated Debt. The amounts have been reclassified as indicated below:

	December 2004 J$ Thousands		June 2004 J$ Thousands	
	Restated	Previously Reported	Restated	Previously Reported
Originated Debt	-	20,768,505	-	26,854,905
Securities Available for Sale	33,023,547	18,402,306	38,561,699	12,459,687
Securities Held to Maturity	8,107,602	1,972,816	1,976,566	1,976,566
Fair Value Reserve	90,268	486,960	(180,976)	320,953
Deferred Taxation	391,718	386,473	59,435	310,399