

COURTS (JAMAICA) LIMITED 1996

CHAIRMAN'S STATEMENT

I am pleased that in the financial year 1995/96 we have been able to increase turnover by 61% which includes an additional 58% more Hire Purchase business and this has produced a healthy profit before deferred profit of \$187 million. Even after deferring \$153 million which will flow into the future years' profits we produced a net pre-tax profit of \$35 million. This is especially gratifying when we consider that the economic influences have been negative and competition has been stiff.

The two new stores opened last year in Annotto Bay and Lucea, and have produced good results, whilst all branches contributed to the overall increase in turnover. We now have stores in every parish in the land. The new state-of-the-art Powerhouse electrical departments installed in our four largest stores, together with an expanded range of strong new brands including the world famous Whirlpool, have improved our market share in both domestic appliances and home entertainment products. We are now the clear market leader in both these merchandise categories. Another nine stores have received new Powerhouses since the year end.

We have of course been market leaders in furniture, beds and carpets for more than three decades but competition has been fierce during the year, especially from the influx of imports originating in low cost producer nations in the Far East. Although we endorse the lowering of tariff barriers allowing free and

fair trade between nations, Courts has always striven to encourage local manufacturing. Our policy is to import only where a competitive local product cannot be found. In this way we keep the efficient manufacturers, the jobs and the wealth they create in Jamaica, contributing to the economy.

We are pleased that we have managed to maintain the lowest Hire Purchase service charges in our sector by improving our arrears collection and bad debt management. This is despite the fact that our financing costs have risen steadily during the year, settling just below 50% as a preferred borrower. We trust that this Government's fiscal policy, designed to depress liquidity and to save a further run on the exchange rate, is only a temporary measure because this medicine prescribed to the country could seriously harm the patient if administered too much longer.

Courts Community Trust has distributed nearly \$5 million in assistance to communities and institutions in need, and we will be sending \$7 million in education, health, youth and sports projects this year. The building of the basic school in Jones Town is well on its way to completion and this facility will also function as a part time learning centre for young adults in the area, who desperately need job skills to allow them to escape the hopelessness of permanent unemployment and seduction into illegal activity.

Our staff and management in twenty-two stores islandwide and all the supporting head office departments have worked hard to achieve these excellent results against fierce competition and in a stagnant economy. I thank and commend them for their tremendous efforts and would like to assure them that Courts plc will be supporting them in the current financial year with new technology that will improve their efficiency and provide even better service to our public.

We are pleased to see that some recent economic indicators are positive and that the pain may indeed be leading to gain. Jamaica needs a few years of solid economic growth and stability if it is not to be continually shunned by investors in favour of faster emerging economies. We are however committed to Jamaica, the oldest of our trading companies and are confident that the quality and value of our products and the ever-improving service that we provide, will maintain our dominance as the leading retailer in Jamaica.

BRUCE J.R. COHEN.