

Courts Jamaica Limited

UNAUDITED RESULTS - SIX MONTHS ENDED SEPTEMBER 26, 2004

Managing Director's Statement for 6 months ended 26th September 2004

Trading Activities

The Directors are pleased to present the unaudited results of the Company for the six months ended 26 th September 2004 using International Financial Reporting Standards.

Turnover for the first six (6) months of the current trading year was less by \$94 million or 3.8% compared to the same period of the previous year. Trade during the 3 months to September period was negatively affected by the impact of the 2 hurricanes (Charley & Ivan). However, we are pleased to report that none of our staff were injured during the hurricane and our network suffered minimal damage. The company was also adversely affected by a supply problem for imported products from Brazil and Central America that resulted in major delays in product arrivals. The problem has now been resolved and products are flowing more freely into the country.

The current trading environment remains difficult, as salaries have not increased in line with inflation and increasing oil prices resulting in a reduction of disposable income.

Future Prospects

Turnover for the first month of the third quarter has met expectations due to the increased promotional activity and strong product offers which were enhanced to counteract the difficult trading environment.

Yours faithfully
COURTS (JAMAICA) LIMITED

R. HAYDEN SINGH
Managing Director

PROFIT & LOSS ACCOUNT

	Unaudited 3 Months ended 26-Sep-04 \$000s	Unaudited 6 Months Ended 26-Sep-04 \$000s	Unaudited 3 Months ended 28-Sep-03 \$000s	Unaudited 6 Months ended 28-Sep-03 \$000s
Goods Sold	789,607	1,624,172	887,727	1,768,419
Credit Charges Invoiced	315,517	663,955	417,467	820,315
Transfer from/(to) unearned income	14,090	73,793	(53,174)	(132,922)
Turnover	1,119,215 =====	2,361,920 =====	1,252,019 =====	2,455,813 =====
Operating Profit	181,959	469,328	276,057	474,513
Finance (Cost)/Income	(7,187)	(22,957)	(26,201)	(35,944)
Profit Before Tax	174,772	446,371	249,856	438,569
Taxation	(65,948)	(157,665)	(64,737)	(127,119)
Net Profit	108,824 =====	288,707 =====	185,119 =====	311,450 =====
Earnings per Stock Unit (Cents)	4.54	12.04	7.72	12.99

BALANCE SHEETS

	Unaudited 26-Sep-04 \$000s	Unaudited 28-Sep-03 \$000s	Audited 31-Mar-04 \$000s
Non-Current Assets			
Fixed Assets	1,188,931	1,187,107	1,204,003
Goodwill	10,203	11,250	10,500
Retirement Benefit Asset	236,677	216,980	236,677
Receivables - Due after more than one year			
Including unearned income	2,333,651	2,700,412	2,515,853
Less Unearned income	<u>(243,982)</u>	<u>(257,654)</u>	<u>(289,050)</u>
	2,089,669	2,442,758	2,226,803
Current Assets			
Inventories	936,904	1,131,250	793,404
Receivables - Due within one year			
Including unearned income	3,080,633	1,723,192	2,766,104
Less Unearned income	<u>(666,541)</u>	<u>(576,778)</u>	<u>(695,266)</u>
Cash & Short Term Deposits	<u>81,133</u>	<u>50,762</u>	<u>498,552</u>
	3,432,129	2,328,426	3,362,794
Current Liabilities			
Bank Overdraft & Short Term Loans	(640,407)	(651,901)	(1,031,247)
Payables	(281,652)	(455,255)	(385,531)
Taxation	<u>(273,006)</u>	<u>(241,261)</u>	<u>(1,568,181)</u>
	(1,195,065)	(1,348,417)	(1,573,596)
Net Current Assets	2,237,064	980,009	1,789,198
Total Assets less Current Liabilities	5,762,544	4,838,104	5,467,181

Provisions For Liabilities & Charges	<u>(713,985)</u>	<u>(616,959)</u>	<u>(707,329)</u>
Net Assets	<u>5,048,559</u>	<u>4,221,145</u>	<u>4,759,852</u>
STOCKHOLDERS' EQUITY			
Share Capital	1,198,562	1,198,562	1,198,562
Capital Reserve	390,565	390,565	390,565
Dividends Proposed	239,713	10,068	239,713
Retained Earnings	<u>3,219,719</u>	<u>2,621,950</u>	<u>2,931,012</u>
	<u>5,048,559</u>	<u>4,221,145</u>	<u>4,759,852</u>
Director		Director	

STATEMENT OF CHANGES IN EQUITY

6 Months ended 28th

September 2003

	No. of Shares No.	Share Capital \$'000	Capital Reserve \$'000	Dividends Proposed \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 31st March 2003 as previously reported	1,598,082	799,041	401,470	10,068	2,710,021	3,920,600
Net profit					311,450	311,450
Realised gains on sales of fixed assets			(10,905)			(10,905)
Issue of bonus shares	799,041	399,521			(399,521)	-
Balance as at 28th September 2003	2,397,123	1,198,562	390,565	10,068	2,621,950	4,221,145

STATEMENT OF CHANGES IN EQUITY

6 Months ended 26th

September 2004

	No. of Shares No.	Share Capital \$'000	Capital Reserve \$'000	Dividends Proposed \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1st April 2004 as previously reported	2,397,123	1,198,562	390,565	239,713	2,931,012	4,759,852
Net profit					288,707	288,707
Balance as at 26th September 2004	<u>2,397,123</u>	<u>1,198,562</u>	<u>390,565</u>	<u>239,713</u>	<u>3,219,719</u>	<u>5,048,559</u>

STATEMENT OF CASH FLOWS

6 Months Ending 26th September 2004

	Unaudited 26-Sep-04 \$000s	Unaudited 28-Sep-03 \$000s
Net Profit	288,707	311,450
Items not affecting cash resources:		
Amortisation of Goodwill	297	58
Depreciation	20,428	17,939
Gain on disposal of FA	<u>(1,592)</u>	
	307,840	329,447
Changes in non-cash working capital	<u>(330,654)</u>	<u>(641,535)</u>
Cash used in operating activities	(22,814)	(312,088)
Cash used in investing activities	<u>(3,765)</u>	<u>(41,532)</u>
Decrease in cash & cash equivalents	(26,579)	(353,620)
Net cash & cash equivalents at beginning of the period	<u>(532,695)</u>	<u>(247,519)</u>
Net cash & cash equivalents at end of period	<u>(559,274)</u>	<u>(601,139)</u>
	=====	=====

Notes to the Accounts

Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IAS) and have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

The Company adopted International Financial Reporting Standards (IAS) as at April 2003. The financial effect of adopting these standards is reported in the Statement of Changes in Equity.

(b) Revenue Recognition

Retail turnover consists of the invoiced price of goods and credit charges earned net of discounts but exclude General Consumption Tax. Sales are recognised on delivery to customers. Turnover and operating profit in respect of sales made on extended payment terms include the credit charges earned during the period. The gross margin is recognised at the time of sale. Insurance premiums are recognised over the life of the contract to which they relate.

(c) Deferred Revenue

The unearned proportion of the credit charges as at the balance sheet date applicable to future periods is deducted from the debtors shown on the balance sheet. The credit charge income thus recognised produces a constant rate of return on the net investment.

(d) Fixed Assets

Freehold land and buildings are initially recorded at cost and subsequent shown at market valuations by external independent valuers, less subsequent

depreciation of buildings. Other fixed assets are stated at cost less accumulated depreciation.

(e) Employee Benefit

(i) Pension Scheme

The company operates a defined benefit pension plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The assets in respect of the plan is the fair value of plan assets at the balance sheet date net of the present value of the defined benefit obligation, together with any adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is determined annually by independent actuaries, using the Projected Unit Method.

The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to the pension plan are charged or credited to the income over the remaining service lives of the related employees.

(ii) Equity compensation benefit

Executive directors and senior managers of the company are eligible to purchase shares in the company under a share option plan. Under the share option plan, stock units are offered to eligible employees at the average of the bid and ask price at the date the option was conferred on the employee. No expense for these options is recognised in these financial statements.

(f) Deferred Taxation

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income taxation is provided in full, using the liability method, on all temporary timing differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against the temporary timing differences can be utilised.

(g) Segment Reporting

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments.

(h) Comparative Information

Where necessary, comparative figures have been reclassified and/or restated to conform with changes in the presentation in the current year,
