

Courts Jamaica Limited

UNAUDITED RESULTS - NINE MONTHS ENDED 26th December 2004

Managing Director's Statement for 9 months ended 26th December 2004

Trading Activities

The Directors are pleased to present the un-audited results of the Company for the nine (9) months ended 26th December 2004 using International Financial Reporting Standards.

Turnover for the first nine (9) months of the current trading year was \$4,674m up by \$175m or 3.9% compared to the same period for the previous year.

This was due to a very strong performance for the last trading quarter to December 26th 2004, which resulted in turnover of \$2,312m, up by \$269m or 13.2% on last year's comparable trading quarter.

The Company recovered quicker than initially anticipated from the impact of Hurricane Ivan in September, Coupled with an aggressive marketing campaign and cost control measures, resulted in profit before tax of \$586m, up on last year's comparable trading quarter by \$149m or 34%.

Profit before tax for the nine (9) months to December 26th 2004 was \$1,033m, up on last year comparable period by \$157m or 17.9%.

On November 30th 2004 our UK parent company appointed Mick Mcloughlin and Chris Laverty of KPMG LLP as Administrators of Courts PIC, our ultimate parent company based in the UK. None of its overseas operations were placed in Administration and for these companies, it has been business as usual. The Administrators indicated from the outset, that it is their intention to preserve value of these profitable businesses, and to do whatever is necessary to enhance and preserve shareholder value.

Interim Dividend

The Board of Directors have approved an interim dividend of \$0.01 (one cent) per share to shareholders on record as at 21st February 2005, to be paid on 14th March 2005.

Future Prospects

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

Yours faithfully
COURTS (JAMAICA) LIMITED

R. HAYDEN SINGH
Managing Director

PROFIT & LOSS ACCOUNTS

	Unaudited 3 Months ended 26-Dec-04 \$000s	Unaudited 9 Months ended 26-Dec-04 \$000s	Unaudited 3 Months ended 28-Dec-03 \$000s **	Unaudited 9 Months ended 28-Dec-03 \$000s **
Goods Sold	1,707,837	3,332,009	1,515,500	3,283,919
Credit Charges Invoiced	872,819	1,536,775	767,522	1,587,837
Transfer from/(to) unearned income	(268,285)	(194,493)	(240,029)	(372,951)
Turnover	2,312,370	4,674,291	2,042,993	4,498,805
Operating Profit	604,762	1,074,090	476,377	950,891
Finance (Cost)/Income	(18,502)	(41,458)	(39,318)	(75,262)
Profit Before Tax	686,260	1,032,632	437,060	875,629
Taxation	(288,565)	(446,230)	(214,155)	(341,274)
Net Profit	297,695	586,402	222,904	534,355
Earnings per Stock Unit (Cents)	12.42	24.46	9.30	22.29

** Prior year taxation charge restated for IFRS adjustments

BALANCE SHEETS

	Unaudited 26-Dec-04 \$000s	Unaudited 28-Dec-03 \$000s	Audited 31-Mar-04 \$000s
Non-Current Assets			
Fixed Assets	1,184,956	1,213,282	1,204,003
Goodwill	10,015	10,765	10,500
Retirement Benefit Asset	236,677	216,980	236,677
Receivables - Due after more than one year			
Including unearned income	2,886,108	2,597,396	2,515,853
Less Unearned income	(353,662)	(333,161)	(289,050)
	<u>2,532,446</u>	<u>2,264,235</u>	<u>2,226,803</u>
Current Assets			
Inventories	1,090,475	1,208,155	793,404
Receivables - Due within one year			
Including unearned income	3,474,951	2,739,875	2,766,104
Less Unearned income	(825,147)	(741,300)	(695,266)
Cash & Short Term Deposits	130	195,099	498,552
	<u>3,740,410</u>	<u>3,401,829</u>	<u>3,362,794</u>
Current Liabilities			
Bank Overdraft & Short Term Loans	(860,110)	(821,627)	(1,031,247)
Payables	(546,696)	(777,750)	(385,531)
Taxation	(396,377)	(359,946)	(156,818)
	<u>(1,803,183)</u>	<u>(1,969,323)</u>	<u>(1,573,596)</u>
Net Current Assets	<u>1,937,227</u>	<u>1,442,506</u>	<u>1,789,198</u>
Total Assets less Current Liabilities	<u>5,901,322</u>	<u>5,147,768</u>	<u>5,467,181</u>
Provisions For Liabilities & Charges	<u>(794,780)</u>	<u>(702,882)</u>	<u>(707,329)</u>
Net Assets	<u><u>5,106,541</u></u>	<u><u>4,444,886</u></u>	<u><u>4,759,852</u></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

Retained Earnings	3,517,414	2,855,760	2,931,012
	<u>5,106,541</u>	<u>4,444,887</u>	<u>4,759,852</u>

STATEMENTS OF CHANGES IN EQUITY

	No. of Shares No.	Share Capital \$000s	Capital Reserve \$000s	Dividends Proposed \$000s	Retained Earnings \$000s	Total \$000s
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					534,355	534,355
Realised gains on disposal of fixed assets			(10,905)		10,905	
Issue of bonus shares	799,041	399,521			(399,521)	
Dividends Paid				(10,068)		(10,068)
Balance as at 28th December 2003	<u>2,397,123</u>	<u>1,198,562</u>	<u>390,565</u>		<u>2,855,760</u>	<u>4,444,887</u>
	No. of Shares No.	Share Capital \$000s	Capital Reserve \$000s	Dividends Proposed \$000s	Retained Earnings \$000s	Total \$000s
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					586,402	586,402
Dividends Paid				(239,713)		(239,713)
Balance as at 26th December 2004	<u>2,397,123</u>	<u>1,198,562</u>	<u>390,565</u>		<u>3,517,414</u>	<u>5,106,541</u>

STATEMENTS OF CASH FLOWS

	Unaudited 9 Months ended 26-Dec-04 \$000s	Unaudited 9 Months ended 28-Dec-03 \$000s
Net Profit	586,402	534,355
Items not affecting cash resources:		
Amortisation of Goodwill	563	563
Depreciation	29,436	27,521
(Gain)/Loss on disposal of FA	<u>(1,592)</u>	<u>(643)</u>
	614,808	561,795
Changes in non-cash working capital	<u>(693,506)</u>	<u>(864,977)</u>
Cash used in operating activities	(78,698)	(303,182)
Cash used in investing activities	(8,874)	(65,759)
Cash used in financing activities	<u>(239,713)</u>	<u>(10,068)</u>
Decrease in cash & cash equivalents	(327,285)	(379,009)
Net cash & cash equivalents at beginning of the year	<u>(532,695)</u>	<u>(247,519)</u>
Net cash & cash equivalents at end of period	<u>(859,980)</u>	<u>(626,528)</u>
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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 (IFRS) 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 (IFRS) 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 excludes 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.
