

Managing Director's Statement for quarter ended 3rd July 2005

Trading Activities

The Directors are pleased to present the un-audited results of the Company for the quarter ended 3rd July 2005 using International Financial Reporting Standards.

Turnover for the trading quarter was \$1,465m up by \$222m or 17.9% compared to the previous year. Merchandise sales and credit charges invoiced were up on last year by 19.2% and transfer from unearned income \$5m less than last year, due to portfolio reflecting more future income this year than the comparative period last year, a result of successful credit promotions.

Operating profits for the quarter were up by 14.0% over the previous year's quarter and Profit before tax up on the previous year's quarter by \$55m or 20.4%.

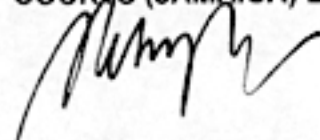
On November 30th 2004 our UK parent company appointed Mick McLoughlin and Chris Laverty of KPMG LLP as Administrators of Courts Plc, our ultimate parent company based in the UK. None of its overseas operations were placed in Administration and for these companies, it has been business as usual. The Administrators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

Future Prospects

The current trading quarter has started in line with expectations despite the negative impacts of hurricanes "Dennis" and "Emily" in July 2005.

Yours faithfully

COURTS (JAMAICA) LIMITED



R. HAYDEN SINGH
Managing Director

COURTS (Jamaica) Ltd PROFIT & LOSS ACCOUNTS	Unaudited 3 Months ended 03-Jul-05 \$000s	xx	Audited 12 Months ended 31-Mar-05 \$000s
		Unaudited 3 Months ended 27-Jun-04 \$000s	
Goods Sold	1,011,136	834,565	4,322,772
Credit Charges Invoiced	398,932	348,438	1,889,253
Transfer from/(to) unearned income	54,605	59,703	(94,845)
Turnover	<u>1,464,673</u>	<u>1,242,706</u>	<u>6,117,180</u>
Operating Profit	327,623	287,370	1,328,509
Finance (Cost)/Income	(544)	(15,770)	(37,201)
Profit Before Tax	327,079	271,600	1,291,308
Taxation	(109,010)	(91,717)	(434,438)
Net Profit	<u>218,069</u>	<u>179,883</u>	<u>856,870</u>
Earnings per Stock Unit (Cents)	9.10	7.50	35.75

xx The accounting period in the previous year ended on June 27th 2004 and was one week less than the corresponding period this year due to changes in the Group's accounting periods in the current financial year.

COURTS (Jamaica) Ltd	Unaudited	Unaudited	Audited
BALANCE SHEETS	03-Jul-05	27-Jun-04	31-Mar-05
	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>
Non-Current Assets			
Fixed Assets	1,183,838	1,196,792	1,189,609
Goodwill		10,500	
Retirement Benefit Asset	255,606	236,677	255,606
Receivables - Due after more than one year			
Including unearned income	2,425,252	2,344,249	2,294,578
Less Unearned income	<u>(298,466)</u>	<u>(254,799)</u>	<u>(327,468)</u>
	2,126,786	2,089,450	1,967,110
Current Assets			
Inventories	869,745	616,854	904,739
Receivables - Due within one year			
Including unearned income	3,217,034	3,570,939	3,502,640
Less Unearned income	<u>(726,089)</u>	<u>(669,814)</u>	<u>(751,693)</u>
Cash & Short Term Deposits		<u>27,777</u>	<u>226,986</u>
	<u>3,360,689</u>	<u>3,545,756</u>	<u>3,882,672</u>
Current Liabilities			
Bank Overdraft & Short Term Loans	(71,705)	(799,260)	(431,479)
Payables	(238,158)	(369,072)	(470,107)
Taxation	<u>(257,082)</u>	<u>(263,778)</u>	<u>(251,508)</u>
	<u>(566,946)</u>	<u>(1,432,110)</u>	<u>(1,153,094)</u>
Net Current Assets	<u>2,793,743</u>	<u>2,113,646</u>	<u>2,729,578</u>
Total Assets less Current Liabilities	<u>6,359,973</u>	<u>5,647,065</u>	<u>6,141,903</u>
Provisions For Liabilities & Charges	<u>(788,865)</u>	<u>(707,329)</u>	<u>(788,865)</u>
Net Assets	<u>5,571,108</u>	<u>4,939,736</u>	<u>5,353,038</u>
STOCKHOLDERS' EQUITY			
Share Capital	1,198,562	1,198,562	1,198,562
Capital Reserve	390,566	390,566	390,565
Dividends Proposed	143,827	239,713	143,827
Retained Earnings	<u>3,838,153</u>	<u>3,110,895</u>	<u>3,620,084</u>
	<u>5,571,108</u>	<u>4,939,736</u>	<u>5,353,038</u>

DIRECTOR

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COURTS (Jamaica) Ltd
Statements Of Changes In Equity

	No. of Shares No. '000s	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		-	-	-	179,883	179,883
Balance as at 27th June 2004	<u>2,397,123</u>	<u>1,198,562</u>	<u>390,565</u>	<u>239,713</u>	<u>3,110,895</u>	<u>4,939,735</u>

	No. of Shares No. '000s	Share Capital \$000s	Capital Reserve \$000s	Dividends Proposed \$000s	Retained Earnings \$000s	Total \$000s
Balance as at 1st April 2005 as previously reported	2,397,123	1,198,562	390,565	143,827	3,620,084	5,353,038
Net profit		-	-	-	218,069	218,069
Balance as at 3rd July 2005	<u>2,397,123</u>	<u>1,198,562</u>	<u>390,565</u>	<u>143,827</u>	<u>3,838,153</u>	<u>5,571,107</u>

COURTS (Jamaica) Ltd
STATEMENTS OF CASH FLOWS

	Unaudited 3 Months ended 03-Jul-05 \$000s	Unaudited 3 Months ended 27-Jun-04 \$000s
Net Profit	218,069	179,883
Items not affecting cash resources:		
Amortisation of Goodwill		
Depreciation	10,138	10,199
(Gain)/Loss on disposal of FA	<u>(6,686)</u>	<u>(1,025)</u>
	221,521	189,057
Changes in non-cash working capital	<u>(91,053)</u>	<u>(273,386)</u>
Cash used in operating activities	130,468	(84,329)
Cash used in investing activities	2,319	(154,459)
Cash used in financing activities	<u>0</u>	<u> </u>
Decrease in cash & cash equivalents	132,787	(238,788)
Net cash & cash equivalents at beginning of the year	<u>(204,493)</u>	<u>(532,695)</u>
Net cash & cash equivalents at end of period	<u>(71,706)</u>	<u>(771,483)</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 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) Unearned Income

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 Credit 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

Share options are granted to management and key employees. 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.

(h) Segment Reporting

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

(l) Comparative Information

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