

# Courts Jamaica Limited.

## UNAUDITED RESULTS - THREE MONTHS ENDED 27 JUNE 2004

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The unaudited results for the three (3) months ended 27 June 2004 with corresponding figures for 2003 are as follows:

### PROFIT AND LOSS ACCOUNT - UNAUDITED

	<b>3 Months ended 27/06/04</b>	<b>3 Months ended 29/06/03</b>
	<b>\$'000</b>	<b>\$'000</b>
Goods sold	834,564	880,693
Credit charges invoiced	348,439	402,848
Transfer from/(to) unearned income	59,703	(79,748)
Earned income	<u>408,142</u>	<u>323,100</u>
<b>Turnover</b>	<b><u>1,242,706</u></b>	<b><u>1,203,793</u></b>
<b>Operating Profit</b>	287,370	198,457
Finance cost	<u>(15,770)</u>	<u>(9,743)</u>
<b>Profit before Taxation</b>	<b>271,600</b>	<b>188,714</b>

Taxation	<u>(91,717)</u>	<u>(62,383)</u>
<b>NET PROFIT</b>	179,883	126,231
	=====	=====
<b>Earnings per Stock Unit</b>	7.50 cents	5.27 cents
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## BALANCE SHEET

AS AT 27 JUNE 2004

	Unaudited 27 June 2004	Unaudited 29 June 2003	Audited 31 March 2004
	\$'000	\$'000	\$'000
<b>NET ASSETS EMPLOYED</b>			
Fixed Assets	1,196,792	1,176,473	1,204,003
Goodwill	10,500	11,250	10,500
Retirement benefit asset	236,677	216,980	236,677
Receivables - due after more than one year			
Including deferred revenue	2,344,249	2,157,622	2,515,853
Less: deferred revenue	(254,799)	(246,035)	(289,050)
	<b>2,089,450</b>	<b>1,911,587</b>	<b>2,226,803</b>
<b>Current Assets</b>			
Inventories	616,854	784,789	793,404
Receivables - due within one year			
Including deferred revenue	3,570,939	2,129,950	2,766,104
Less: deferred revenue	(669,814)	(535,223)	(695,266)
	<b>2,901,125</b>	<b>1,594,727</b>	<b>2,070,838</b>
Cash & short term deposits	27,777	40,101	498,552
	<u><b>3,545,756</b></u>	<u><b>2,419,617</b></u>	<u><b>3,362,794</b></u>
<b>Current Liabilities</b>			

Bank overdraft & short term loans	799,260	360,000	1,031,247
Payables	369,072	447,033	385,531
Taxation	263,778	264,984	156,818
	<u>1,432,110</u>	<u>1,072,017</u>	<u>1,573,596</u>
<b>Net Current Assets</b>	<b>2,113,646</b>	<b>1,347,600</b>	<b>1,789,198</b>
<b>Total assets less current liabilities</b>	<b>5,647,065</b>	<b>4,663,890</b>	<b>5,467,181</b>
<b>Provisions for liabilities and charges</b>	<b>707,329</b>	<b>616,959</b>	<b>707,329</b>
<b>Net Assets</b>	<b>4,939,736</b>	<b>4,046,931</b>	<b>4,759,852</b>
	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>
<b>FINANCED BY</b>			
Share capital	1,198,562	1,198,562	1,198,562
Capital reserve	390,566	401,470	390,565
Dividends proposed	239,713	10,068	239,713
Retained earnings	3,110,895	2,436,831	2,931,012
	<u>4,939,736</u>	<u>4,046,931</u>	<u>4,759,852</u>
	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>

## STATEMENT OF CHANGES IN EQUITY

### QUARTER ENDED 27 JUNE 2004

	Number of Shares	Share Capital	Capital Reserve	Dividends Proposed	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2003, as restated	1,598,082	799,041	401,470	10,068	2,710,021	3,920,600
Net profit	-	-	-	-	126,331	126,331
Issue of bonus shares	799,041	399,521			(399,521)	-
Balance at 29 June 2003	2,397,123	1,198,562	401,470	10,068	2,436,831	4,046,931

Balance at 1 April 2004 as restated	2,397,123	1,198,562	390,565	239,713	2,931,012	4,759,852
Net profit	-	-	-	-	179,883	179,883
Balance at 27 June 2004	2,397,123	1,198,562	390,565	239,713	3,110,895	4,939,735

## STATEMENT OF CASH FLOWS

### QUARTER ENDED 27 JUNE 2004

	Unaudited 27 June 2004 \$'000	Unaudited 29 June 2003 \$'000
<b>CASH RESOURCES</b>		
<b>WERE PROVIDED BY/(USED IN) :</b>		
<b>Operating Activities</b>		
Net profit	179,883	126,331
Items not affecting cash resources:		
Depreciation	10,199	8,834
Gain on disposal of fixed assets	(1,025)	-
	<u>189,057</u>	<u>135,165</u>
Changes in non-cash working capital	(273,386)	(185,748)
Cash (used)/provided by operating activities	<u>(84,329)</u>	<u>(50,583)</u>
Cash used in investing activities	(154,459)	(21,797)
Decrease in cash and cash equivalents	<u>(238,788)</u>	<u>(72,380)</u>

Net cash and cash equivalents at beginning of year	(532,695)	(247,519)
Net cash and cash equivalents at end of period	<u>(771,483)</u>	<u>(319,899)</u>

## Managing Director's Statement

### Trading Activities

The Directors are pleased to present the unaudited results of the Company for the three months ended 27 June 2004 using International Financial Reporting Standards.

The Company achieved Turnover for the three months of \$1,242.7 million (2003 - \$1,203.8 million), representing an increase of \$38.9 million or 3% over prior year primarily due to transfer from unearned income.

Operating profits increased by \$88.9 million or 45% over the previous year from \$198.5 million to \$287.4 million as a result of the foregoing.

Turnover for the first few weeks of the second quarter has been impacted by the Jamaican economy and is currently below expectations. However our promotional calendar and product offer has been enhanced to counteract what is presently a challenging trading environment.

COURTS remains focused on being the market leader providing premier customer service, innovation and quality products at very affordable prices. The Company continues to live up to its responsibility as a good corporate citizen by supporting the communities in which it operates and also looking out for the well being of its employees and stakeholders.

Yours faithfully  
**COURTS (JAMAICA) LIMITED**

**R. HAYDEN SINGH**  
Managing Director

## **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) 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.

**(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.

**(i) Comparative Information**

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

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