

COURTS (Jamaica) Ltd
PROFIT & LOSS ACCOUNTS

	Unaudited 3 Months ended 02-Oct-05 \$000s	Unaudited 3 Months ended 26-Sep-04 \$000s	Unaudited 6 Months ended 02-Oct-05 \$000s	Unaudited 6 Months ended 26-Sep-04 \$000s	Audited 12 months ended 31-Mar-05 \$000s
Goods Sold	920,026	789,607	1,931,162	1,624,172	4,322,772
Credit Charges -					
Total arising on contracts written during the period	423,425	315,518	822,356	663,956	1,889,253
Net transfer (to)/from unearned hire purchase credit charges	40,104	14,090	94,709	73,793	(94,845)
Earned Income	463,528	329,608	917,065	737,749	1,794,408
Turnover	1,383,554	1,119,215	2,848,227	2,361,921	6,117,180
Cost of sales	(877,506)	(736,716)	(1,790,456)	(1,506,630)	(3,742,307)
Gross Profit	506,048	382,499	1,057,771	855,291	2,374,873
Other operating income	4,594	10,094	16,785	15,831	53,577
Selling & marketing costs	(94,062)	(76,143)	(180,930)	(144,495)	(373,424)
Administration expenses	(166,619)	(134,491)	(316,042)	(257,298)	(726,517)
Finance costs - net	(1,957)	(7,187)	(2,501)	(22,957)	(37,201)
Profit Before Tax	248,004	174,772	575,083	446,372	1,291,308
Taxation	(62,687)	(65,948)	(191,696)	(157,665)	(434,438)
Net Profit	165,317	108,824	383,387	288,707	856,870
Earnings per Stock Unit (Cents)	6.90	4.54	15.99	12.04	35.75

COURTS (Jamaica) Ltd
BALANCE SHEETS

	Unaudited 02-Oct-05 \$000s	Unaudited 26-Sep-04 \$000s	Audited 31-Mar-05 \$000s
Non-Current Assets			
Property, plant and equipment	1,195,142	1,188,931	1,189,609
Goodwill		10,203	
Retirement benefit asset	255,606	236,677	255,606
Hire purchase receivables	2,081,858	2,089,669	1,967,110
	<u>3,532,606</u>	<u>3,525,480</u>	<u>3,412,325</u>
Current Assets			
Receivables	2,504,425	2,390,363	2,733,003
Inventories	1,288,020	1,078,308	904,739
Due from parent company	-	13,477	-
Due from fellow subsidiaries	14,341	10,252	17,944
Cash & short term investments	-	81,133	226,986
	<u>3,806,786</u>	<u>3,573,533</u>	<u>3,882,672</u>
	<u>7,339,392</u>	<u>7,099,013</u>	<u>7,294,997</u>
Stockholders' Equity			
Share capital	1,198,562	1,198,562	1,198,562
Capital reserve	390,565	390,565	390,565
Dividends proposed	143,827	239,713	143,827
Retained earnings	4,003,471	3,219,719	3,620,084
	<u>5,736,425</u>	<u>5,048,559</u>	<u>5,353,038</u>
Non-current Liabilities			
Deferred tax liabilities	788,865	713,985	788,865
Current Liabilities			
Payables and provisions	145,152	69,534	367,351
Due to parent company	3,064	-	11,210
Due to fellow subsidiaries	174,626	353,521	91,546
Borrowings	217,197	640,408	431,479
Taxation payable	274,063	273,006	251,508
	<u>814,102</u>	<u>1,336,469</u>	<u>1,153,094</u>
	<u>7,339,392</u>	<u>7,099,013</u>	<u>7,294,997</u>



Director
Hayden Singh



Director
Roy Collister

COURTS (Jamaica) Ltd
STATEMENTS OF CASH FLOWS

	Unaudited 6 Months ended 02-Oct-05 \$000s	Unaudited 6 Months ended 26-Sep-04 \$000s
Net Profit	383,387	288,707
Items not affecting cash resources:		
Amortisation of Goodwill		297
Depreciation	20,288	20,428
(Gain) on disposal of FA	(7,175)	(1,592)
	396,500	307,840
Changes in non-cash working capital	(390,558)	(330,656)
Cash provided by/(used in) operating activities	5,941	(22,816)
Cash used in investing activities	(18,645)	(3,765)
Decrease in cash & cash equivalents	(12,704)	(26,580)
Net cash & cash equivalents at beginning of the year	(204,493)	(532,695)
Net cash & cash equivalents at end of period	(217,197)	(559,275)

Report to stockholders for quarter ended 2nd October 2005

The Directors are pleased to present the un-audited results of the Company for the quarter ended 2nd October 2005, which have been prepared in accordance with International Financial Reporting Standards.

Trading Overview

For the first half of the current trading year, despite the adverse trading environment, the company has performed substantially ahead of the corresponding period of last year. To mitigate the negative impact of this environment on our business, the company launched a series of new and attractive promotions, which have been well received by the public. Moreover, during the September quarter, to improve the shopping experience of our customers, we upgraded many of our stores. In the current quarter, we have continued to develop product ranges, which are both attractive and aggressively priced. These will shortly be on offer across our network, when our new Christmas ranges are launched. We continue to focus on costs, which we are pleased to report were controlled satisfactorily during the September quarter.

Management remains optimistic about the prospects for the remainder of the financial year.

Performance highlights

	Sep-05	Sep-04	Sep-05	Sep-04	Mar-05
	Qtr	Qtr	Half Yr	Half Yr	Full Yr
	\$m	\$m	\$m	\$m	\$m
Turnover	1,384	1,119	2,848	2,362	6,117
Profit before tax	248	175	575	446	1,291
Net Borrowings	217	559	217	559	204
Hire Purchase Receivables	4,412	4,086	4,412	4,086	4,528
Earnings Per Share (Cents)	6.90	4.54	15.99	12.04	35.75

The directors and management are pleased with the results considering the prevailing economic and trading conditions.

Turnover & Expenses

Compared with the corresponding periods of last year, turnover was up by 21% for the half-year and by 24% for the quarter. This was a result of increased marketing activity, successful promotions and aggressively priced products, as the company has been sensitive to the economic environment in Jamaica and has been slow to pass on supplier price increases to its customers. Gross profit was also higher – up 24% for the half year and 32% for the quarter. This was due the higher volume of business generated, including a significant increase in our credit trade.

Costs were generally in line with expectations, despite significant increases in fuel prices and utility bills. However, finance costs were lower due to the company's reduced borrowing position.

Profits

For the half year, Profit before Tax rose to \$575m - up 29% over the corresponding period of last year, whilst Earnings per Stock Unit of 15.99 cents were 33% higher than the 12.04 cents earned in the corresponding period of last year. The September quarter produced a Profit before Tax of \$248m- up 42%, whilst Earnings per Stock Unit rose to 6.9 cents - up 52% on the 4.54 cents earned in the corresponding quarter of last year.

Funding

Since September 2004, due to strong cash generation from cash sales, Net Borrowings have been reduced significantly - by \$342m. However, since March 2005, there has been a slight increase of \$13m in Net Borrowings. This is the usual seasonal trend as the company builds up stocks for the Christmas period.

Hire Purchase Receivables

Since September 2004, Hire Purchase Receivables have increased by \$326m or 8%. However, despite the challenges of the economy, there has been no negative impact on the integrity of the portfolio.

Equity

Our equity base continues to grow significantly - up \$688m on September 2004 and up \$383m on March 2005.

Parent Company Update

Shareholders were informed on 20 September 2005 that the Administrators had entered into discussions with a number of potential purchasers regarding the sale of the Caribbean assets of Courts plc, including Courts (Jamaica) Limited. The process to find a purchaser is well advanced. If successfully concluded, it is likely that the resulting transaction will involve, as part of the acquisition of Courts plc's Caribbean assets, an offer being made to all shareholders of Courts (Jamaica) Limited to acquire all of their shares. Although discussions with potential purchasers are, we understand, at an advanced stage the timetable and outcome are uncertain. Notwithstanding this, the Board is putting itself in a position to respond appropriately and on a timely basis in accordance with applicable regulatory requirements should an offer for Courts (Jamaica) Limited be made.

Future Prospects

The current economic environment is resulting in difficult trading conditions as continued high inflation and increasing oil prices are negatively impacting on the net disposable income of the public.

Despite this, Management looks forward to a positive December quarter, which traditionally is the Company's busiest trading period.

A handwritten signature in black ink, appearing to read 'R. Hayden Singh', with a long horizontal line extending to the right.

R. HAYDEN SINGH
Managing Director

SIGNIFICANT 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 property, plant and equipment.

(b) Property, Plant & Equipment

Freehold land and buildings are initially recorded at cost and subsequently shown at market valuations by external independent valuers, less subsequent depreciation of buildings. All other fixed assets are stated at cost less accumulated depreciation.

(c) Employee Benefits

(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 asset or liability in respect of the plan is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, together with adjustments for actuarial gains and 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 discounting 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 employees.

The retirement benefit asset or liability is only measured at the end of the company's financial year. Similar values are carried in the un-audited quarterly financial statements until the end of the next financial year when the retirement asset or liability is again measured.

(ii) Equity compensation benefit

Stock options are granted to management and key employees. Under the stock 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.

(d) Hire purchase receivables

Hire purchase receivables are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(e) Inventories
Inventories are stated at the lower of cost or net realisable value, cost being determined on a weighted average basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Provision is made for slow-moving items.

(f) Cash & cash equivalents
Cash & cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise balances, which mature within 90 days of the date of acquisition, including cash, short-term investments, bank overdraft and short-term loans.

(g) Income Taxes
Taxation expense in the profit and loss account comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the balance sheet date.

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 temporary 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 which the temporary differences can be utilised.

(h) Revenue Recognition and unearned income
Sales to customers are recognised upon delivery of goods and customer acceptance. Gross margin is recognised at the time of sale. Hire purchase credit charges are recognised in the profit and loss account over the life of the related hire purchase contract so as to produce a constant rate of return on the net investment.

Hire purchase receivables at the balance sheet date are carried net of the unearned portion of the credit charges applicable to future periods.

(i) Earnings per Stock Unit
Earnings per Stock Unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the period.

There was no dilution of earnings per share as a result of the share options outstanding at the end of the period.

(j) Dividends
Dividends are recognised as a deduction from stockholders' equity in the period in which they are approved.

(k) Segment Reporting

A segment is a distinguishable component of the company that is engaged in either providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Directors are of the view that there are no material segments into which the company's business should be separated that would enhance the proper understanding of the company's financial statements.

(l) Comparative Information

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

STOCKHOLDINGS AS AT 2nd October 2005

The ten largest stockholders were:

	Number of Units
Courts Group International Limited	1,914,368,449
Scotia Ja Investment Management Ltd A/c 542	35,189,988
Donwis Limited	22,670,000
Jamaica Development Bank	22,666,650
Life of Jamaica Pooled Equity Fund No. 1	18,060,876
Courts (Jamaica) Limited – Employee Share Scheme	17,292,537
Pan Caribbean Merchant Bank A/c 1996	16,679,000
Guardian Life Limited	15,440,179
Keith Fredricks	10,000,000
Manchester Pension Trust Fund Ltd	9,531,010

Shareholdings of Directors and Senior Management

Five Directors held stock units in the company as follows:

	Number of Units
Keith M. Fredricks	10,000,000
R. Hayden Singh	1,999,985
Dennis L. Harris	1,333,350
Peter Thomson	250,000
Roy Collister	249

In addition, 6 Senior Officers of the Company held a total of 253,000 stock units.