

**COURTS (Jamaica) Ltd
BALANCE SHEETS**

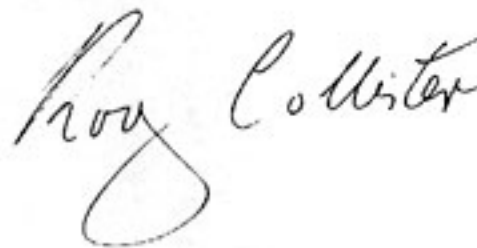
	Unaudited 02-Jul-06 \$000s	** Unaudited 03-Jul-05 \$000s	Audited 31-Mar-06 \$000s
Non-Current Assets			
Property, plant and equipment	1,727,697	1,183,838	1,719,261
Retirement benefit asset	275,769	255,606	275,769
Hire purchase receivables	2,328,077	2,126,786	2,060,288
	<u>4,331,543</u>	<u>3,566,230</u>	<u>4,055,318</u>
Current Assets			
Receivables	2,681,006	2,477,571	2,973,945
Inventories	812,619	869,745	825,465
Due from fellow subsidiaries	4,588	13,374	6,200
Cash & short term investments	309,846	-	238,033
	<u>3,808,059</u>	<u>3,360,690</u>	<u>4,043,643</u>
	<u>8,139,602</u>	<u>6,926,920</u>	<u>8,098,961</u>
Stockholders' Equity			
Share capital	1,192,763	1,192,763 **	1,192,763
Capital reserve	811,043	390,565	811,043
Dividends proposed	142,739	142,739 **	142,739
Retained earnings	4,565,461	3,851,758 **	4,362,213
	<u>6,712,006</u>	<u>5,577,825</u>	<u>6,508,758</u>
Non-current Liabilities			
Deferred tax liabilities	917,330	788,865	917,330
Current Liabilities			
Payables and provisions	91,593	123,855 **	244,123
Due to parent company	2,481	20,168	4,550
Due to fellow subsidiaries	104,263	87,418	57,354
Borrowings	-	71,705	48,706
Taxation payable	311,929	257,084	318,140
	<u>510,266</u>	<u>560,230</u>	<u>672,873</u>
	<u>8,139,602</u>	<u>6,926,920</u>	<u>8,098,961</u>

** Restated in accordance with IFRS

Approved for issue by the Board of Directors on 27th July 2006 and signed on its behalf by:



Hayden Singh (Director)



Roy Collister (Director)

COURTS (Jamaica) Ltd
PROFIT & LOSS ACCOUNTS

	Unaudited 3 Months ended 02-Jul-06 \$000s	Unaudited 3 Months ended 03-Jul-05 \$000s	Audited 12 Months ended 31-Mar-06 \$000s
Goods Sold	1,003,105	1,011,136	4,591,907
Credit Charges -			
Total arising on contracts written during the period	438,864	398,932	2,089,349
Net transfer (to)/from unearned hire purchase credit charges	21,120	54,605	(107,505)
Earned Income	<u>459,984</u>	<u>453,537</u>	<u>1,981,844</u>
Sales	1,463,089	1,464,673	6,573,751
Cost of sales	<u>(864,602)</u>	<u>(877,373)</u>	<u>(4,021,478)</u>
Gross Profit	598,487	587,300	2,552,273
Other operating income	14,275	16,383	53,946
Selling & marketing costs	(99,840)	(86,868)	(404,770)
Administration expenses	(219,241)	(189,194)	(834,027)
Finance income	11,384	6,870 *	14,378
Finance costs	<u>(217)</u>	<u>(7,413) *</u>	<u>(35,687)</u>
Profit Before Tax	304,848	327,078	1,346,113
Taxation	<u>(101,600)</u>	<u>(109,010)</u>	<u>(451,003)</u>
Net Profit	<u>203,248</u>	<u>218,068</u>	<u>895,110</u>
Earnings per Stock Unit (Cents) (Adjusted for treasury stock)	8.5	9.2 **	37.6

* Restated in accordance with IFRS

** Restated EPS (for treasury stock)

COURTS (Jamaica) Ltd
STATEMENT OF CHANGES IN EQUITY

	No. of Stock Units '000s	Share Capital \$000s	Capital Reserve \$000s	Dividends Proposed \$000s	Retained Earnings \$000s	Total \$000s
Balance as at 1st April 2005 as previously reported	** 2,378,997	1,192,293	390,565	142,739	3,633,690	5,359,287
Net profit					218,068	218,068
Issue of Treasury Stock	833	470				470
Balance as at 3rd July 2005	<u>2,379,830</u>	<u>1,192,763</u>	<u>390,565</u>	<u>142,739</u>	<u>3,851,758</u>	<u>5,577,825</u>

	No. of Stock Units '000s	Share Capital \$000s	Capital Reserve \$000s	Dividends Proposed \$000s	Retained Earnings \$000s	Total \$000s
Balance as at 1st April 2006 as previously reported	** 2,379,830	1,192,763	811,043	142,739	4,362,213	6,508,758
Net profit					203,248	203,248
Balance as at 2nd July 2006	<u>2,379,830</u>	<u>1,192,763</u>	<u>811,043</u>	<u>142,739</u>	<u>4,565,461</u>	<u>6,712,006</u>

** Restated in accordance with IFRS

COURTS (Jamaica) Ltd
 ABRIDGED STATEMENTS OF CASH FLOWS

	Unaudited 3 Months ended 02-Jul-06 \$000s	Unaudited 3 Months ended 03-Jul-05 \$000s
Net Profit	203,248	218,068
Items not affecting cash:		
Depreciation	10,983	10,139
Gain on disposal of property, plant and equipment	-	(6,686)
	<u>214,231</u>	<u>221,521</u>
Changes in non-cash working capital	<u>(74,293)</u>	<u>(91,053)</u>
Cash provided by operating activities	139,938	130,468
Cash (used in) / provided by investing activities	<u>(19,419)</u>	<u>2,320</u>
Increase in cash & cash equivalents	120,519	132,788
Net cash & cash equivalents at beginning of year	<u>189,327</u>	<u>(204,493)</u>
Net cash & cash equivalents at end of period	<u>309,846</u>	<u>(71,705)</u>

Report to stockholders for Quarter ended 2nd July 2006

The Directors are pleased to present the results for the quarter to 2nd July 2006, which have been prepared in accordance with International Financial Reporting Standards.

The Company recorded a profit after tax of \$203m for the quarter. The earnings per share for the quarter were 8.5 cents, 8% down on last year's restated earnings per share of 9.2 cents.

Performance Highlights

	Un-audited 3 Months ended 02-Jul-06 \$m	Un-audited 3 Months ended 03-Jul-05 \$m	Audited 12 Months ended 31-Mar-06 \$m
Sales	1,463	1,465	6,574
Profit before tax	305	327	1,346
Profit after tax	203	218	895
Earnings Per Stock Unit (Cents)	8.5	9.2	37.6
Net Cash/(Borrowings)	310	(72)	189
Receivables (current & non-current)	5,009	4,604	5,034

Trading Overview

For the 1st trading quarter ending 2nd July 2006, sales were slightly down, with profit before tax lower by 7% compared to the corresponding period last year.

The trading environment has been very challenging for the entire quarter with the economy affected by the cement crisis and resulting job losses. In June, the football World Cup also had a greater negative impact on foot traffic in the stores than anticipated. These factors resulted in lower than expected sales volumes for the quarter. Despite this, the company has seen strong increases in its vision and cellular phone sales. The company's trading margins have been preserved due to sound purchasing strategies and the credit business continues to grow. Expenses however, have increased in line with inflation despite being impacted by high oil prices.

The increase in expenses and reduction in sales, compared to last year quarter has resulted in a reduction of 7% in the Company's profit after tax.

To maximize revenues and profits in the current trading environment, the Company has enhanced its future promotional calendar with additional attractive value for money offers to the public. A review of our purchasing strategies and general overhead costs has been undertaken resulting in several initiatives being put into place. Management looks forward to positive results from those initiatives for the remainder of the trading year.

Hire Purchase Receivables

Included in the company's receivables is the hire purchase portfolio which stood at \$4,741m at the end of the 1st quarter, an increase of \$328m or 7% over the corresponding quarter last year. Despite the challenges of the economy, there has been no negative impact on the quality of the hire purchase portfolio.

Funding

The company continues to generate cash in line with expectations. At the end of the 1st trading quarter, net cash in hand was \$310m, up from a net borrowing position of \$72m at the end of the corresponding quarter last year. The net cash position as at 31st March 2006 was \$189m.

Stockholders' Equity

By the end of the 1st quarter, stockholders' equity had increased by 20% to \$6,712m from \$5,577m at the end of the 1st quarter last year.

Extraordinary General Meeting

The Company held an EGM to adopt Articles of Incorporation on July 20th 2006. The two resolutions to delete the Memorandum of Association and to adopt the Articles of Association with amendments as Articles of Incorporation were passed unanimously by stockholders at the meeting.

Parent Company Update

The Board of Directors announced on 28th July 2006, an update on the possible sale by Courts PLC (in Administration) of its controlling interest in Courts (Jamaica) Limited.

"Negotiations with the preferred bidder regarding the sale of the Courts Caribbean businesses including Courts (Jamaica) Limited are continuing, however the transaction is subject to financing and signing of mutually agreeable legal documentation. The outcome of these discussions and negotiations with the Administrators and the providers of finance and the possible timetable for completion remain uncertain and could be protracted.

The Board of Courts (Jamaica) Limited is preparing to respond on a timely basis to any offer for the company which may be made. Stockholders will be kept informed of relevant developments as they become known to the Board."

Future Prospects

The trading environment continues to be challenging. However, the directors are optimistic that the year ahead will see further growth in the company's business.



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 property, plant and equipment are shown at historical cost less accumulated depreciation.

(c) Employee Benefits

(i) Pension Scheme

The company operates a defined benefit pension plan, the assets of which are 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

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.

(d) Hire purchase receivables

Hire purchase receivables are carried at original invoice amount less unearned hire purchase credit charges. A provision for impairment of these receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the hire purchase contract. The amount of the provision is the difference between the carrying amount and the recoverable amount.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on a first-in, first-out (FIFO) 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 profit after tax attributable to stockholders by the weighted average number of ordinary stock units in issue during the period adjusted for the shares held by the Company's Share Option Trust.
- (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. In particular, the comparatives have been adjusted or extended to reflect the requirements of new IFRSs, as well as amendments to and interpretations of existing IFRSs.

STOCKHOLDINGS AS AT 2nd July 2006

The ten largest stockholders were:

	Number of Units
Courts Group International Limited	1,914,368,449
Scotia Ja Investment Management Ltd A/c 542	28,518,753
Donwis Limited	22,671,000
Jamaica Development Bank	22,666,650
Life of Jamaica Pooled Equity Fund No. 1	21,329,110
National Insurance Fund	20,158,337
Courts (Jamaica) Limited – Employee Share Scheme	17,292,537
Pan Caribbean Merchant Bank A/c 1996	16,679,000
NCB Capital Markets Ltd A/c 2231	13,324,344
Keith Fredricks	10,000,000

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, six senior Officers of the Company held a total of 203,000 stock units.