

**COURTS (JAMAICA) LTD
BALANCE SHEET**

Non-Current Assets

	Un-audited 01-Oct-06 \$000s	* Un-audited 02-Oct-05 \$000s	Audited 31-Mar-06 \$000s
Property, plant and equipment	1,745,695	1,195,142	1,719,261
Retirement benefit asset	275,769	255,606	275,769
Hire purchase receivables	2,234,424	2,081,858	2,060,288
	4,255,888	3,532,606	4,055,318

Current Assets

Receivables	2,577,816	2,504,425	2,973,945
Inventories	1,158,139	1,288,020	825,465
Due from fellow subsidiaries	6,017	14,341	6,200
Cash & short term investments	433,915		238,033
	4,175,887	3,806,786	4,043,643

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	4,746,317	4,017,077 *	4,362,213
	6,892,862	5,743,144	6,508,758

Non-current Liabilities

Deferred tax liabilities	889,326	788,865	917,330
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Current Liabilities

Payables & Provisions	90,236	138,433 *	244,123
Due to parent company	3,472	3,064	4,550
Due to fellow subsidiaries	234,234	174,626	57,354
Borrowings	-	217,197	48,706
Taxation payable	321,645	274,063	318,140
	649,587	807,383	672,873

	8,431,775	7,339,392	8,098,961
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* Restated in accordance with IFRS

Approved for issue by the Board of Directors on 25th October 2006 and signed on its behalf by:



Hayden Singh (Director)



Keith Fredricks (Director)

**COURTS (JAMAICA) LTD
PROFIT & LOSS ACCOUNT**

	Un-audited 3 Months ended 01-Oct-06 \$000s	* Un-audited 3 Months ended 02-Oct-05 \$000s	Un-audited 6 Months ended 01-Oct-06 \$000s	* Un-audited 6 Months ended 02-Oct-05 \$000s	Audited 12 Months ended 31-Mar-06 \$000s
Goods Sold	999,117	920,026	2,002,222	1,931,162	4,591,907
Credit Charges -					
Total arising on contracts written during the period	406,093	423,424	844,956	822,356	2,089,349
Net transfer (to)/from unearned hire purchase credit charges	37,158	40,104	58,279	94,708	(107,505)
Earned Income	443,251	463,528	903,235	917,064	1,981,844
Turnover	1,442,368	1,383,554	2,905,457	2,848,226	6,573,751
Cost of sales	(886,339)	(846,396) *	(1,750,940)	(1,723,818) *	(4,021,478)
Gross Profit	556,029	537,158	1,154,517	1,124,408	2,552,273
Other operating income	24,642	12,718 *	38,916	29,103 *	53,946
Selling & marketing costs	(98,008)	(94,062)	(197,848)	(180,930)	(404,770)
Administration expenses	(227,817)	(211,253) *	(447,059)	(400,397) *	(834,027)
Finance Income	18,686	10,574 *	30,070	17,444 *	14,378
Finance costs	(2,248)	(7,132) *	(2,465)	(14,545) *	(35,687)
Profit Before Tax	271,284	248,003	576,131	575,083	1,346,113
Taxation	(90,427)	(82,686)	(192,027)	(191,696)	(451,003)
Net Profit	180,857	165,317	384,104	383,387	895,110
Earnings per Stock Unit (Cents) (Adjusted for treasury stock)	7.6	6.9 **	16.1	16.1 **	37.6

* Restated in accordance with IFRS

** Restated EPS in accordance with IFRS

COURTS (JAMAICA) LTD
ABRIDGED STATEMENT OF CASH FLOWS

	Un-audited 6 Months ended 01-Oct-06 \$000s	Un-audited 6 Months ended 02-Oct-05 \$000s
Net Profit	384,104	383,387
Items not affecting cash:		
Depreciation	28,027	20,288
Gain on disposal of property, plant and equipment		(7,175)
	412,131	396,500
Changes in non-cash working capital	(113,081)	(390,559)
Cash provided by operating activities	299,050	5,941
Cash used in investing activities	(54,462)	(18,645)
Increase/(Decrease) in cash & cash equivalents	244,588	(12,704)
Net cash & cash equivalents at beginning of the period	189,327	(204,493)
Net cash & cash equivalents at end of the period	433,915	(217,197)

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	-	-	-	-	383,387	383,387
Issue of Treasury Stock	833	470	-	-	-	470
Balance as at 2nd October 2005	<u>2,379,830</u>	<u>1,192,763</u>	<u>390,565</u>	<u>142,739</u>	<u>4,017,077</u>	<u>5,743,144</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	-	-	-	-	384,104	384,104
Balance as at 1st October 2006	<u>2,379,830</u>	<u>1,192,763</u>	<u>811,043</u>	<u>142,739</u>	<u>4,746,317</u>	<u>6,892,862</u>

* Restated in accordance with IFRS

REPORT TO STOCKHOLDERS FOR QUARTER ENDED 1ST OCTOBER 2006

The Directors are pleased to present the un-audited financial statements for the 2nd quarter ending 1st October 2006. These statements have been prepared in accordance with International Financial Reporting Standards.

The Company recorded sales for the quarter of \$1,442m, 4% up on the comparable period last year and a profit before tax of \$271m, up by 9% compared to the corresponding period last year. The earnings per stock unit for the quarter were 7.6 cents, compared to the restated earnings per stock unit of 6.9 cents for the corresponding period of last year.

The Company's half year results show sales of \$2,905m, 2% up on the same period last year with profit before tax slightly above last year's figure of \$383m for the equivalent period. The earnings per stock unit for the half year were 16.1 cents, compared to last year's restated earnings per stock unit of 16.1 cents for the comparable period.

Performance Highlights

	Un-audited 3 Months ended 01-Oct-06 \$m	Un-audited 3 Months ended 02-Oct-05 \$m	Un-audited 6 Months ended 01-Oct-06 \$m	Un-audited 6 Months ended 02-Oct-05 \$m	Audited 12 Months ended 31-Mar-06 \$m
Sales	1,442	1,384	2,905	2,848	6,574
Profit before tax	271	248	576	575	1,346
Profit after tax	181	165	384	383	895
Earnings Per Stock Unit (Cents)	7.6	6.9	16.1	16.1	37.6
Net Cash/(Borrowings)			434	(217)	189
Hire Purchase Receivables			4,579	4,412	4,912
Other Current Receivables			233	174	122
Stockholders' Equity			6,893	5,743	6,509

Trading Overview

Sales for the quarter were positively affected by the World Cup in July. The company continued its strong promotional offerings to the public who responded well, with a significant improvement in sales in both August and September.

Over the quarter, all of the company's main product categories generated good sales levels. In particular, sales of computers and related products have significantly increased during the year, as result of an expanded range of new products at highly competitive and affordable prices. The credit business has also increased in line with expectations as a result of the strong credit offers and increased promotion of the company's Ready Finance facility.

Due to our sound purchasing strategies, margins were preserved during the quarter, whilst costs were strictly controlled.

During the quarter, the Company renovated the store on King Street in Kingston which now has larger and improved display areas. Several other locations are currently being renovated in time for the Christmas period and the company will shortly be opening an additional branch.

Hire Purchase Receivables

Included in the company's receivables is the hire purchase portfolio which stood at \$4,579m at the end of the 2nd quarter- an increase of \$167m or 4% over the level at the end of the corresponding quarter last year. This increase has been achieved without any negative impact on the quality of the hire purchase portfolio.

Funding

At the end of the 2nd trading quarter, net cash in hand stood at \$434m, up from a net borrowing position of \$217m 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 2nd quarter, stockholders' equity had increased by 20% to \$6,893m from \$5,743m at the end of the 2nd quarter last year.

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.

The Board has been informed at the date of this release that negotiations are continuing."

Future Prospects

During the 2nd quarter, management finalised arrangements for the Christmas season with finishing touches to the product ranges, final scheduling of imports and implementation of operational and logistical plans. Together with store improvements, this will enhance our customers' shopping experience, with comfortable environments, strong customer offers and wide ranges of products on display at the best possible prices.

The 3rd quarter has started in line with expectations and the directors look forward positively to the quarter, the company's peak trading period.

A handwritten signature in black ink, appearing to read 'R. Hayden Singh', with a long horizontal stroke 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 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 stock units in the company under a stock option plan. 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.

(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 stock units 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 1st October 2006

The ten largest stockholders were:

	Number of Stock Units
Courts Group International Limited	1,914,368,449
Scotia Ja Investment Management Ltd A/c 542	28,518,753
Life of Jamaica Pooled Equity Fund No. 1	23,012,705
Donwis Limited	22,700,000
Jamaica Development Bank	22,666,650
Courts (Jamaica) Limited – Employee Share Scheme	17,292,537
National Insurance Fund	16,698,337
Pan Caribbean Merchant Bank A/c 1996	13,679,000
NCB Capital Markets Ltd A/c 2231	13,324,344
Keith Fredricks	10,000,000

Stockholdings of Directors and Senior Management

Five Directors held stock units in the company as follows:

	Number of Stock 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.