Courts Jamaica Limited 1999

Chairman's Statement

Our sales increased by 42% from $3.03 billion to $4.32 billion and profits grew by 31% from $396 million to $519 million before tax. Earnings per share at March 31st 1999 were 156.72 cents compared with 110.53 cents last year (restated to allow for 4:1 bonus issue). Unrealised profits of $625 million were deferred, swelling the deferred profit reserve to $1.34 billion.

Investment

At a time when many firms are cutting back we have invested in areas which will give us growth in even a declining market and put us in a good position for the upturn when it comes. We have expanded the Mandeville store and opened a separate warehouse and distribution centre for the southern region. We have further expanded our Christiana store. We purchased an existing furniture and appliance business and building in Linstead and moved into these premises.

We have tiled and air conditioned a number of branches to improve the showroom ambience and install state-of-the-art open plan offices at our head office in Cross Roads to increase efficiency and productivity.

New computer software is being tested in eight branches and a service record and management system has been installed in all branches. All branches are now inter-connected with dedicated lease lines for instant communication and shared databases. We have started building a new store in Liguanea to serve a large customer-base in the surrounding area better and to ease the peak period demands on our Kingston stores. This new store should be open in time for the 1999 Christmas season.

Credit

At the beginning of the third quarter we reduced the cost of credit and extended the length of terms offered to the public. This initiative, launched as 'Courts Ezee Payment Plan' just before the peak season made purchasing everything in our stores more affordable and increased our credit business for the year by more than fifty percent. This has raised our finance costs and has exposed us to more potential bad debt but this strategic move has nevertheless increased our market share, sales and profitability significantly.

Dividend

The directors have decided to recommend a final dividend of three cents ($0.03) per share making a total of five cents ($0.05) per share for the year, but with a bonus issue of one (1) new share for each share held. This is a significantly higher dividend disbursement on the increased share capital following the 4:1 bonus issue last year and we trust that our confidence in our continued potential for growth in sales and profits will not be impeded by any further deterioration of the economy.

Resignations and Appointment

Two UK based non-executive directors, William A. Stephens and Richard J. Cohen and one executive director, Alan R. Pascoe, Purchasing Director for Appliances, will resign following the annual general meeting. Following the end of the financial year Major Errol Alliman, Distribution and Services Director, was appointed to the board.

Prospects

We are pleased that there has been a relatively stable exchange rate with major currencies and that inflation has been kept under control. These are important factors for a trading company. However the high crime-rate, frequent civil disturbances and rising unemployment as well as relatively high interest rates and lack of direct investment, give us serious cause for concern. Nevertheless we are now in our 40th year of trading in Jamaica and have weathered many stormy times. Despite the continuing decline in the economy, we are looking forward to a good anniversary year based on sound strategy and management. I would like to congratulate Richard Coe on his award of the OBE, which was a well-deserved recognition for his many years of service to the people of Jamaica. 1 wish to thank the whole management team and all our staff for producing an outstanding year's results. They have worked well together to help with the continuing growth and development of the company of which we are all truly proud and in which we have much confidence in the future.

Bruce J. R. Cohen