

Chairman's Statement

We have again experienced another year of positive growth with sales increasing by 21% from \$4.3 billion in 1999, to \$5.2 billion in 2000. Our profits before deferral increased by 17% to \$1.34 billion, and our pre tax profits by 48% to \$771 million, after transferring \$569 million to our deferred profit reserve. Our deferred profit now stands at \$1.9 billion, a 42% increase on last year and this will flow into our bottom line profits within the next two and a half years. Our earnings per stock unit were \$1.13 per unit which is 45% up on the previous year.

INVESTMENT

During this financial year, as in the previous three years, the Jamaican economy did not grow. Nevertheless, we continue to invest in the market, as we believe that this negative trend should soon be reversed.

Our 24th store in Liguanea was opened in October 1999, and despite the impact of the road works in the Hope Road area, this store continues to meet our expectations. We look forward to the completion of the road project by the end of the year, when this store should reach its full potential.

Our new Bargain Centre adjacent to our Cross Roads store also opened its doors in October, and provides us with an avenue to sell and dispose of shop soiled and secondhand items at much improved margins than we previously obtained. At the same time we have continued our programme of upgrading and air conditioning our stores on a phased basis.

The installation of our new computer system throughout our branch network, which I alluded to in my last year's report, has been completed. Reports from users so far have been extremely positive, and this system will significantly improve our efficiency and provide accurate and real-time information for our staff and our customers.

We have developed an Intranet site for use internally, which allows customers who visit our smaller branches to view on a monitor, items which may not be stocked at that location, along with prices and availability.

Our Internet site has been launched (www.courts.com.jm) and will be a part of the Group's thrust towards e-commerce.

CREDIT

Our "Dollar Down" campaign launched during the third quarter was the major reason for the upturn in business at this very crucial pre-Christmas period. The uplift in sales and resultant growth in our Hire Purchase portfolio has increased our borrowing costs and provision for bad debt. Strong action has been taken to address delinquencies with additional resources in systems and personnel being deployed.

DIVIDEND

The Directors have recommended the payment of a final dividend of \$16.780m (1999 \$14.383m) which, together with the interim dividend paid of \$6.233m (1999 \$4.794m) makes a total distribution for the year of \$23.013m (1999 \$19.177m). The proposed dividend per share, based upon the enlarged share capital following the proposed bonus issue to be implemented in October 2000, is 1.75 cents (1999 1.5 cents) making a total dividend for the year of 2.40 cents (1999 2.00 cents), an increase of 20%.

DIRECTORS

At the last Annual General Meeting, Directors William A. Stephens, Richard J. Cohen and Alan R. Pascoe resigned, and Errol Alliman was appointed to the Board.

Richard Coe was transferred to the United Kingdom in January 2000, but will remain on the Board as the Deputy Chairman and Consultant for the Jamaican company.

Hayden Singh was appointed Managing Director in October 1999, and with the return of Richard to the UK, he has now taken over full management responsibility for the company. A team of capable and professional Directors ably supports him, and together they will ensure the company's continuing success.

In October 1999, Ouida Ridgard retired from the company after 32 years of exemplary service with Courts (Jamaica) Limited. During her tenure she has endeared herself to all who have come into contact with her, and has been a confidante and mother to several of our colleagues in their times of need. We would like to wish her a long and happy retirement.

PROSPECTS

During this financial year under review we have seen a decline in the value of the Jamaican dollar, although there has been recent stability in the currency. Inflation has been kept under control despite the decline in interest rates over the year. These factors are extremely important to ensure a stable business environment on which we can build and expand our business. We are hopeful that interest rates should continue to decline during this year and this will provide the impetus and confidence for investment so that our business can maintain its growth and development thus creating much needed further employment.

In the current year to date deliveries at the merchandise sales level are ahead of last year, with cash sales providing the major boost. Although our current order levels are disappointing, we have a strong promotional programme planned for the

months ahead. Although our continued success will be very, dependent on the improvement of the economy, I am confident that we will produce a satisfactory performance by the end of the year.

Bruce J.R. Cohen
