

**HARDWARE & LUMBER LIMITED
UNAUDITED BALANCE SHEET
30 SEPTEMBER 2007**

	SEPTEMBER 2007 \$'000	DECEMBER 2006 \$'000	Restated SEPTEMBER 2006 \$'000
Net Assets Employed			
Non-Current Assets			
Property , plant and equipment	413,799	425,823	435,530
Intangible assets	106,462	43,920	53,569
Retirement plan asset	198,801	180,408	170,082
Current Assets			
Inventories	1,449,576	1,605,896	1,464,424
Receivables	468,736	397,123	381,061
Group Companies	32,368	49,590	12,408
Taxation recoverable	28,871	57,222	43,097
Cash and bank balances	392,167	215,152	121,673
	<u>2,371,718</u>	<u>2,324,983</u>	<u>2,022,663</u>
Current Liabilities			
Bank overdrafts	88,523	181,176	226,561
Payables	638,255	827,754	555,561
Short term loans	834,991	594,940	585,350
Taxation payable	-	-	-
Group companies	7,369	13,361	12,997
Current portion of long term loans	33,938	13,917	21,099
Current portion of obligations under finance leases	151	7,206	6,359
	<u>1,603,228</u>	<u>1,638,354</u>	<u>1,407,927</u>
Net Current Assets	<u>768,490</u>	<u>686,629</u>	<u>614,736</u>
	<u><u>1,487,552</u></u>	<u><u>1,336,780</u></u>	<u><u>1,273,917</u></u>
Financed by:			
Share capital	616,667	616,667	616,667
Share premium	-	-	-
Capital reserve	94,348	94,348	94,348
Retained earnings	453,529	392,485	359,648
	<u>1,164,544</u>	<u>1,103,500</u>	<u>1,070,663</u>
Non-Current Liabilities			
Long term debt	119,289	44,569	31,558
Finance lease obligations	-	9,834	12,226
Deferred taxation	20,963	18,585	4,747
Retirement plan obligations	182,756	160,292	154,723
	<u>1,487,552</u>	<u>1,336,780</u>	<u>1,273,917</u>

** Retained Earnings has been restated for net differences emanating from the incomplete processing of transactions pertaining to inter-company transfers prior to the company's group reorganisation in 2005.

Approved for issue by the Board of Directors on

and signed on its behalf by:

Douglas R Orane

A. A Holness

Chairman

Director

HARDWARE & LUMBER LIMITED
UNAUDITED PROFIT AND LOSS ACCOUNT
30 SEPTEMBER 2007

	3 MONTH TO 30/9/2007 \$'000	9 MONTHS TO 30/9/2007 \$'000	3 MONTHS TO 30/9/2006 \$'000	9 MONTHS TO 30/9/2006 \$'000
Revenue	1,683,895	4,800,059	1,437,506	3,966,115
Cost of Sales	1,253,000	3,655,655	1,070,140	2,953,944
Gross Profit	430,895	1,144,404	367,366	1,012,171
Other Operating Income	7,030	29,911	7,729	46,448
	437,925	1,174,315	375,095	1,058,619
Operating Expenses	366,310	1,013,326	322,000	979,299
Profit from operations	71,615	160,989	53,095	79,320
Finance Costs-net	26,571	69,455	31,683	71,929
Profit/(Loss) before Taxation	45,044	91,534	21,412	7,391
Taxation	(15,009)	(30,490)	(7,184)	(2,511)
Profit for the period	30,035	61,044	14,228	4,880
Number of Stock Units Issued ('000)	80,842	80,842	80,842	80,842
Earnings per Stock Unit	0.37	0.76	0.18	0.06

HARDWARE & LUMBER LIMITED
Unaudited Statement of Changes in Stockholders' Equity
9 MONTHS TO 30 SEPTEMBER 2007

	SEPTEMBER 2007	DECEMBER 2006	Restated SEPTEMBER 2006
	\$'000	\$'000	\$'000
Equity at the beginning of period	1,103,500	1,065,782	1,065,783
Net (Loss)/Profit	61,044	37,718	4,880
Equity at end of period	<u>1,164,544</u>	<u>1,103,500</u>	<u>1,070,663</u>

HARDWARE & LUMBER LIMITED
UNAUDITED STATEMENT OF CASH FLOW
9 MONTHS TO 30 SEPTEMBER 2007

	SEPTEMBER 2007	DECEMBER 2006	Restated SEPTEMBER 2006
	\$'000	\$'000	\$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):			
Operating Activities			
Net Profit	61,044	37,718	4,880
Items not affecting cash resources	138,045	183,790	49,988
	<u>199,089</u>	<u>221,508</u>	<u>54,868</u>
Changes in non-cash working capital components	(142,466)	(261,862)	(289,685)
Funds provided by/(used in) operating activities	<u>56,623</u>	<u>(40,354)</u>	<u>(234,817)</u>
Funds used in Financing Activities	317,903	(21,041)	56,905
Funds used in Investing Activities	(104,859)	(21,608)	(43,955)
Increase/(Decrease) in cash resources	269,668	(83,003)	(221,867)
Net cash balance at beginning of period	33,976	116,979	116,979
Cash and Cash Equivalents at end of period	<u>303,644</u>	<u>33,976</u>	<u>(104,888)</u>
Represented by:			
Cash at Bank	392,167	215,152	121,673
Bank Overdraft	(88,523)	(181,176)	(226,561)
	<u>303,644</u>	<u>33,976</u>	<u>(104,888)</u>

HARDWARE & LUMBER LIMITED
9 MONTHS TO 30 SEPTEMBER 2007
Financial Information by Business Segment

	2007			
	Wholesale Hardware	Retail Household	Agricultural	Consolidated
	\$' 000	\$' 000	\$' 000	\$' 000
External operating revenue	955,518	3,058,447	786,094	4,800,059
Profit/(loss) from operations	73,168	43,175	44,646	160,989
Finance cost, net				(69,455)
Profit before tax				91,534
Taxation				(30,490)
Net profit				61,044

	2006			
	Wholesale Hardware	Retail Household	Agricultural	Consolidated
	\$' 000	\$' 000	\$' 000	\$' 000
External operating revenue	609,647	2,654,043	702,425	3,966,115
Profit/(loss) from operations	64,450	3,708	11,162	79,320
Finance cost, net	0	0	0	(71,929)
Profit before tax				7,391
Taxation				(2,511)
Net profit				4,880

HARDWARE & LUMBER LIMITED

UNAUDITED FINANCIAL RESULTS SEPTEMBER 30, 2007

The financial results for the nine months ending September 30, 2007 showed net Profit of \$61 million compared to net profit of \$4.9 million for the comparative period in 2006. Sales were \$4,800 million compared to \$3,966 million for the comparable period last year.

The results for the last three months reflect an improvement in the company's performance compared to 2006 and also the two previous quarters of 2007, these results were driven primarily by the wholesale and projects business and also the retail sector which has achieved a level of stability.

The Retail Division posted strong revenue results, surpassing prior Quarter and the comparative Quarter of 2006 by 13.3% and 9.4% respectively. Both 'Home Centre' and 'Hardware' store formats, attracted and maintained robust consumer and contractor activity despite the distraction of the General Elections and the seasonal decline associated with the 'back-to-school' consumer focus.

Marketing and Merchandising activities were heightened during the Quarter with the continued roll-out of our 'Range and Quality' message supported by a Press and Billboard campaign. Other elements are scheduled for launch during Quarter IV. On the merchandising side, we added the prestigious Ralph Lauren brand of paint to our range, earning the distinction of being the first non-North American retailer to be awarded representational rights.

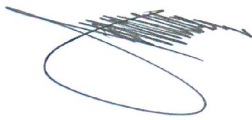
The Wholesale and projects division continues to produce strong sales particularly in the third quarter with sales exceeding prior year by 70%. These

sales were positively impacted by increased demand from the enhanced level of customer service offered to the market.

The Agricultural Division recorded a 12% increase in revenues for the period to September 2007

The new information technology system will be implemented in early 2008.

We wish to thank our employees, customers and other stakeholders for their continued commitment and support.

A handwritten signature in blue ink, consisting of a large, stylized 'A' followed by a series of horizontal lines and a final flourish.

A. Anthony Holness

CHIEF EXECUTIVE OFFICER