

HARDWARE & LUMBER LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 30 SEPTEMBER 2008
(unaudited)

	3 months to 30/09/2008 \$'000	9 months to 30/09/2008 \$'000	3 months to* 30/09/2007 \$'000	9 months to* 30/09/2007 \$'000
Revenue	1,595,703	5,154,109	1,683,895	4,800,059
Cost of Sales	1,188,153	3,848,669	1,253,000	3,651,155
Gross Profit	407,550	1,305,440	430,895	1,148,904
Other Operating Income	6,080	21,452	7,030	29,911
	413,630	1,326,892	437,925	1,178,815
Operating Expenses	416,048	1,234,950	366,310	1,017,826
(Loss)/Profit from operations	(2,418)	91,942	71,615	160,989
Finance Costs	32,446	84,330	26,571	69,455
Profit before Taxation	(34,864)	7,612	45,044	91,534
Taxation credit/(charge)	11,621	(2,536)	(15,009)	(30,490)
(Loss)/Profit for the period	(23,243)	5,076	30,035	61,044
Number of Stock Units Issued ('000)	80,842	80,842	80,842	80,842
(Loss)/Earnings per Stock Unit	(0.29)	0.06	0.37	0.76

HARDWARE & LUMBER LIMITED

BALANCE SHEET
30 SEPTEMBER 2008
(unaudited)

	SEPTEMBER 2008 \$'000	DECEMBER 2007 \$'000	SEPTEMBER * 2007 \$'000
Net Assets Employed			
Non-Current Assets			
Fixed Assets	417,434	418,859	413,799
Intangible assets	116,048	124,785	106,462
Pension plan asset	206,597	204,725	198,801
	740,079	748,369	719,062
Current Assets			
Inventories	1,792,248	1,818,413	1,449,576
Receivables	542,817	485,882	468,736
Group companies	15,552	20,763	32,368
Taxation recoverable	69,202	-	28,871
Cash and deposits	116,804	274,257	392,167
	2,536,623	2,599,315	2,371,718
Current Liabilities			
Bank overdraft	102,504	83,692	88,523
Payables	688,759	949,605	638,256
Short term loans	778,049	691,666	834,991
Group companies	3,278	13,322	7,369
Taxation payable	-	3,204	-
Current portion of long term loans	25,229	18,191	151
	1,597,819	1,759,680	1,569,290
Net Current Assets	938,804	839,635	802,428
	1,678,883	1,588,004	1,521,490
Financed by:			
Share capital	616,667	616,667	616,667
Capital reserve	94,348	94,348	94,348
Retained earnings	505,327	500,251	453,529
	1,216,342	1,211,266	1,164,544
Non-Current Liabilities			
Long term debt	227,940	163,677	153,227
Deferred taxation	17,155	20,897	20,961
Retirement plan obligations	217,446	192,164	182,758
	1,678,883	1,588,004	1,521,490

Approved for issue by the Board of Directors on

and signed on its behalf by:

Douglas R Orane

A. A. Holness

Chairman

Director

* Restated for comparative purposes

HARDWARE & LUMBER LIMITEDSTATEMENT OF CHANGES IN EQUITY
PERIOD ENDED 30 SEPTEMBER 2008
(unaudited)

	SEPTEMBER 2008 \$'000	SEPTEMBER * 2007 \$'000
Equity at the beginning of period	1,211,266	1,103,500
Net Profit	5,076	61,044
Equity at end of period	1,216,342	1,164,544

HARDWARE & LUMBER LIMITEDSTATEMENT OF CASH FLOWS
PERIOD ENDED 30 SEPTEMBER 2008
(unaudited)

	SEPTEMBER 2008 \$'000	SEPTEMBER * 2007 \$'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Net Profit	5,076	61,044
Items not affecting cash resources	80,742	93,196
	<u>85,818</u>	<u>154,240</u>
Changes in non-cash working capital components	<u>(300,664)</u>	<u>(97,616)</u>
Cash provided by operating activities	<u>(214,846)</u>	<u>56,624</u>
Cash provided by financing activities	135,796	317,903
Cash used in investing activities	<u>(86,281)</u>	<u>(104,859)</u>
(Decrease)/Increase in cash and cash equivalents	(165,331)	269,668
Cash and cash equivalents at beginning of period	<u>179,631</u>	<u>33,976</u>
Cash and Cash Equivalents at end of period	<u>14,300</u>	<u>303,644</u>
Represented by:		
Cash at Bank	116,804	392,167
Bank Overdraft	<u>(102,504)</u>	<u>(88,523)</u>
	<u>14,300</u>	<u>303,644</u>

HARDWARE & LUMBER LIMITED
PERIOD ENDED 30 SEPTEMBER 2008
Financial Information by Business Segment
(Unaudited)

	2008			
	Wholesale Hardware	Retail Household	Agricultural	Consolidated
	\$' 000	\$' 000	\$' 000	\$' 000
External operating revenue	1,055,333	3,129,288	969,488	5,154,109
Profit from operations	16,217	55,207	20,518	91,942
Finance cost				<u>(84,330)</u>
Profit before tax				7,612
Taxation				<u>(2,536)</u>
Net profit				<u>5,076</u>

	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 from operations	57,637	67,066	36,286	160,989
Finance cost				<u>(69,455)</u>
Profit before tax				91,534
Taxation				<u>(30,490)</u>
Net profit				<u>61,044</u>

HARDWARE & LUMBER LIMITED

UNAUDITED FINANCIAL RESULTS

SEPTEMBER 30, 2008

For the three months ending September 30, 2008, revenues and net losses were \$1,595 million and \$(23.2) million respectively compared to revenue of \$1,683 million and net profit of \$30 million for the comparative period in 2007. Year-to-date revenues and net profit were \$5,154 million and \$5.1 million respectively compared to \$4,800 million and \$61 million for the comparable period last year.

A general slowdown in economic conditions across Jamaica and the aftermath of Tropical Storm Gustav in the third quarter reversed the growth experienced in the retail and wholesale divisions during the first half of the year. During the quarter, retail and wholesale revenues declined by 8% and 15% respectively though still showing an overall increase year-to-date of 2%-retail and 10%-wholesale. Wholesale hardware revenues were further affected by increased competition from existing and new entrants into the marketplace.

The agricultural division continued to show strong growth with revenues increasing by 23% in the third quarter and year-to-date driven by inputs to the vegetable and other sectors; while sales of fertilizer and animal feeds have slowed considerably due to rising costs and a decline in demand.

Despite the overall increase in revenues, operating expenses such as occupancy costs continued to trend above the prior year. Increases in finance costs and depreciation were as a result of the implementation in the first half of the year of the new information technology system.

Based on local and international economic trends, the outlook for the coming months is for continued soft demand. We therefore intend to intensify marketing programmes during the fourth quarter to stimulate consumer interest in completing projects around the home and 'dressing', up for the traditionally high revenue-yielding, Christmas and New Year periods. In addition, greater focus will be placed on reducing operating expenses and improving working capital management.



UNAUDITED FINANCIAL RESULTS
SEPTEMBER 30, 2008

We will also continue our focus on customer service training and periodic measurement of customer satisfaction in order to assess overall effectiveness of our efforts.

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

A. Anthony Holness
CHIEF EXECUTIVE OFFICER