

Hardware and Lumber

The Directors are pleased to report that the H&L Group continued its profitable growth performance for 2000 with net profits of \$42.6 million compared to \$31.9 million for 1999. These profits were generated on sales of \$1.365 billion compared to \$1,216 million for 1999.

The Retail Division recorded a 14% increase in sales over 1999 despite the sluggish state of the Industry, all but one of our stores recorded sales growth above inflation over the period.

The Wholesale Division achieved a 13% increase in sales for 2000 over 1999. This performance is partially attributable to the withdrawal from the market of a major competitor and the subsequent purchase of that business by H&L.

Our Agricultural Division recorded a 1% decline in sales for 2000 compared to 1999. The general demand for agricultural inputs was affected negatively by the acute drought conditions that existed for the greater part of the year and the insecurities in the world market conditions for banana and sugar cane in particular.

Office Services Division, comprising Office Maintenance and Scaffolding, made a positive contribution to group profits and recorded a 22% increase in sales over 1999.

Richard O. Byles
Chairman

A. Anthony Holness
Managing Director

Audited Group Results
Year Ended December 31, 2000

	2000 \$'000	1999 \$'000
Turnover	1,365,206	1,216,599
Cost of Sales	<u>987,150</u>	<u>889,145</u>
Gross Profit	378,056	327,454
Other Operating income	<u>22,230</u>	<u>39,096</u>
	400,286	366,550
Admin & Operating Expenses	<u>314,682</u>	<u>308,938</u>
Operating Profit	<u>85,604</u>	<u>51,612</u>
Finance Costs - Net	26,756	15,217
Group Profit before Taxation	58,948	42,395
Taxation	<u>16,229</u>	<u>9,209</u>
Group Profit After Taxation	42,619	33,196
Extraordinary item	-	1,285
Net Profit	<u>42,619</u>	<u>31,901</u>
Average Issued Capital number of 50c Stock Units	40,000	40,000
EARNINGS PER STOCK UNIT		
Before extraordinary items	\$1.06	\$0.83
After extraotditiary Iteons	\$1.06	\$0.80

Audited Group Balance- Sheet
As at December 31, 2000

	2000 \$'000	1999 \$'000
Net Asset Employed		
Fixed Assets	277,522	278,742
Investments	24	24
Long Term Receivables	113	106
Deferred Expenditure	360	887
Current. Assets		
Inventories	343,279	310,036
Receivables & Taxation Recoverable	131,255	110,830
Cash and Short Term Investments	<u>13,165</u>	<u>34,066</u>
	<u>487,699</u>	<u>454,932</u>
Current Liabilities		
Payables	241,130	266,219
Bank Loans & Overdraft	120,363	68,140
Taxation Payable	<u>7,246</u>	<u>3,392</u>
	<u>368,739</u>	<u>337,751</u>
Net Current Assets	<u>118,960</u>	<u>117,181</u>
	<u>396,979</u>	<u>395,940</u>
Financed by,		
Share Capital	20,000	20,000
Reserves	<u>372,851</u>	<u>350,172</u>
	<u>392,851</u>	<u>370,172</u>
Long Term Liabilities	3,828	23,728
Holding Company and Fellow Subsidiaries	300	3,040
	<u>396,979</u>	<u>396,940</u>

Statement of Changes in Equity

Equity at beginning of the year	370,172	214,404
Net Profit for the year	42,619	31,901
Dividend paid & proposed	(8,650)	-
Goodwill arising on acquisition		

of subsidiary	(11,290)	-
Revaluation surplus	-	<u>43,862</u>
Equity at end of the year	<u>372,851</u>	<u>370,172</u>