HARDWARE & LUMBER LTD

The performance of the Hardware & Lumber Group continues to be good. For the nine (9) month period ended September 30, 2000 revenues grew by a modest 12% to $988.7 million (1999: $879.7 million) but net profits increased significantly 71 % to $31.2 million (1999: $18.2 million).

In face of an obvious slowdown in consumer spending, our retail division headed by H&L True Value performed creditably, showing a 14% increase over the same period last year. The coming fourth quarter 6 the strongest for the retail business. The wholesale business continues to perform well posting a sales Increase of 22% over 1999 an indication of H&L enlarging. Its market share.

The agricultural division continues to suffer from the prolonged drought earlier this year generating sales 5% below 1999. Our office maintenance and scaffolding business has performed satisfactorily with sales 35% above last year.

With a strong fourth quarter expected In the retail operations, your Directors believe the results for the three quarters to date are indicative of the final outcome for the entire financial year.

Unaudited Group Results
Nine Months Ended September 30, 2000

	Nine Months Ended Sept,2000	Nine Months Ended Sept 30,1999
	$'000	$'000
Turnover	**988,740**	**879,684**
Cost of Sales	718,971	649,975
Gross Profit	269,769	229,709
Other Operating Income	19,460	14,842
	289,229	244,551
Admin & Operating Expenses	228,854	203,258
	60,375	41,293
Interest Expenses	14,366	14,861
Group Profit before taxation	**46,009**	**26,432**
Taxation	14,850	8,225
Group Profit After Taxation	31,159	18,207
Average Issued capital		
Number of 50c Stock Units	40,000	40,000
Earnings per Stock Unit	$0.78	$0.40

Unaudited Group Balance Sheet
As at September 30, 2000

	September 2000 $'000	December 1999 $'000
Net Assets Employed		
Fixed Assets	278,457	278,742
Investments	24	24

Long Term Receivables	106	106
Deferred Expenditure	525	887
Current Assets		
Inventories	324,647	310,036
Receivables & Taxation Recoverable	125,630	110,830
Cash and Short Term Investments	7,313	34,066
	457,590	454,932
Current Liabilities		
Payables	218,443	266,219
Bank Loans & Overdraft	96,907	63,140
Taxation Payable	11,572	8,392
	326,922	337,751
Net Current Assets	130,668	117,181
	409,780	**396,940**
Financed by:		
Share Capital	20,000	20,000
Reserves	381,331	350,172
	401,331	370,172
Long Term Liabilities	6,121	23,728
Holding Company and Fellow Subsidiaries	(2,326)	3,040
	405,126	396,940

Statement of Changes in Equity

	9-Months	**12-Months**
Equity at beginning of period	370,172	294,404
Net Profit for period	31,159	31,901
Revaluation surplus	-	43,867
Equity at end of period	401,331	370,172