

# HARDWARE & LUMBER LTD 2001

## Quarterly Financial Results for Nine Months Ended September 30, 2001

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The performance of the Hardware& Lumber Group has been disappointing, particularly with regards to the year adjustment of \$30 million (\$20 million after Tax) affecting inventory valuation.

The Group recorded net profits of \$20.9 million for the nine month period ended September 30, 2001 compared to \$16.1 million for the comparative period of 2000 (after prorata adjustment from \$30 million previously reported). These profits were generated on sales of \$1,109 million and \$988 million for September 30, 2001 and September 30, 2000, respectively

Retail activity remains buoyant reflecting an 18% increase over last year. Market forces, however, impacted negatively on gross profit margins which declined compared to the corresponding period of 2000.

The Wholesale Division recorded a modest 4% in sales over 2000 reflecting the slow down in construction activity and the higher level of competition within the trade.

The Agriculture and Marine Division also recorded increased sales of 18% over 2000. The traditional agricultural sectors of banana and sugar showed stagnant demand over the period with improvements in the vegetable, fruit and veterinary sectors. The marine business also performed creditably during the period.

Office Services Limited continues to provide a positive contribution to profits.

The prior year adjustment arose as a result of errors made in the inventory costings at December 31, 2000. These losses remained undetected until September 30, 2001 when a physical stock count was undertaken. The inventory losses are significant and are subject to continued investigation.

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UNAUDITED GROUP RESULTS

Nine Months Ended September 30, 2001

	Sept	Restated Sept
	2,001	2,000
	\$'000	\$'000
Turnover	1,109,363	988,740
Cost of Sales	<u>843,989</u>	<u>741,471</u>
Gross Profit	265,374	247,269
Other Operating Income	<u>6,878</u>	<u>19,460</u>
	272,252	266,729
Admin & Operating Expenses	<u>232,046</u>	<u>228,854</u>
Operating Profit	40,206	37,875
Finance Costs - Net	<u>13,437</u>	<u>14,366</u>
Group Profit before Taxation	26,769	23,509
Taxation	<u>5,795</u>	<u>7,350</u>
Group Profit after Taxation	<u>20,974</u>	<u>16,159</u>
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Average Issued Capital Number of 50c Stock Units	40,000	40,000
Earnings per Stock Unit	52c	40c

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Unaudited Group Balance Sheet

As at September 30, 2001

	Sept 2,001 \$'000	Restated Sept 2,000 \$'000
Net Assets Employed	272,857	277,522
Fixed Assets	24	24
Investments	113	113
Long Term Receivables	0	360
Deferred Expenditure		
Current Assets	323,894	313,279
Inventories	128,503	134,009
Receivables & Taxallon Recoverable	<u>12,513</u>	<u>13,165</u>
Cash and Short Term Investments	<u>464,910</u>	<u>460,453</u>
Current Liabilities		
Payables	248,744	241,130
Bank Loan & Overdraft	63,324	120,363
Taxation Payable	<u>1,767</u>	<u>0</u>
	<u>313,835</u>	<u>361,493</u>
Net Current Assets	<u>151,075</u>	<u>98,960</u>
	424,069	376,979
	=====	=====
Financed by.		
Share Capital	20,000	20,000
Reserves	<u>373,825</u>	<u>352,851</u>
	393,825	372,851
Long Term Liabilities	28,306	3,828
Holding Company and Fellow Subsidiaries	<u>1,938</u>	<u>300</u>
	424,069	376,979
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Statement of Changes In Equity		
Equity at beginning of period as previously stated	392,851	370,172
Prior year adjustment	<u>(20,000)</u>	<u>0</u>
Restated equity	372,851	370,172

Net profit for period as previously reported	20,974	42,619
Adjustment	<u>0</u>	<u>(20,000)</u>
Profit as restated	20,974	22,619
Dividend paid and proposed	0	(8,650)
Goodwill arising on acquisition of subsidiary	<u>0</u>	<u>(11,290)</u>
Balance at end of period	393,825	372,851
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