

# HARDWARE & LUMBER LIMITED

and its subsidiaries

## Unaudited Consolidated Profit and Loss Account 9-Months to 30 September 2002

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	3-Months to September 2002	3-Months to September 2001	9-Months to September 2002	9-Months to September 2001
	\$' 000	\$' 000	\$' 000	\$' 000
<b>Sales</b>	414,980	362,406	1,164,418	1,109,363
Cost of Sales	<u>303,975</u>	<u>280,309</u>	<u>856,598</u>	<u>843,989</u>
<b>Gross Profit</b>	111,005	82,097	307,820	265,374
Other Operating Income	<u>338</u>	<u>101</u>	<u>3,391</u>	<u>6,878</u>
	<u>111,343</u>	<u>82,198</u>	<u>311,211</u>	<u>272,252</u>
<b>Expenses</b>				
Operating	90,518	74,714	263,364	232,046
Interest	<u>2,089</u>	<u>3,911</u>	<u>10,579</u>	<u>13,437</u>
	<u>92,607</u>	<u>78,625</u>	<u>273,943</u>	<u>245,483</u>

<b>Profit before Taxation</b>	18,736	3,573	37,268	26,769
Taxation	<u>3,000</u>	<u>408</u>	<u>3,623</u>	<u>5,795</u>
<b>Net Profit</b>	<u>15,736</u>	<u>3,165</u>	<u>33,645</u>	<u>20,974</u>
	=====	=====	=====	=====
Number of 50c Stock Units				
Issued ('000)	40,000	40,000	40,000	40,000
<b>Earnings per Stock Unit</b>	<b>\$0.39</b>	<b>\$0.08</b>	<b>\$0.84</b>	<b>\$0.52</b>

### Unaudited Consolidated Balance Sheet

	<b>September</b>	<b>December</b>
	<b>2002</b>	<b>2001</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>Net Assets Employed</b>		
Fixed Assets	258,641	269,336
Investments	24	24
Long Term Receivables	21	113
Holding Company and Fellow Subsidiaries	743	254
Current Assets	557,130	417,344
Current Liabilities	(395,894)	(280,037)
Net Current Assets	<u>161,236</u>	<u>137,307</u>
	<u>420,665</u>	<u>407,034</u>
	=====	=====
<b>Financed by:</b>		
Share Capital	20,000	20,000
Reserves	<u>387,590</u>	<u>359,945</u>
	407,590	379,945
Long Term Liabilities	10,498	26,054
Holding Company and Fellow Subsidiaries	<u>2,577</u>	<u>1,035</u>

420,665	407,034
=====	=====

**Unaudited Consolidated Statement of Changes in Equity**

	<b>September 2002 \$' 000</b>	<b>September 2001 \$' 000</b>
Equity at beginning of period	379,945	372,851
Net profit for the period	33,645	20,974
Dividends paid and proposed	<u>(6,000)</u>	<u>-</u>
Equity at end of period	<u>407,590</u>	<u>393,825</u>
	=====	=====

**Unaudited Consolidated Statement of Cash Flow**

	<b>September 2002 \$' 000</b>	<b>September 2001 \$' 000</b>
CASH RESOURCES WERE PROVIDED BY/(USED IN) :		
<b>Operating Activities</b>		
Net Profit	32,045	20,974
Items not affecting cash resources	<u>13,984</u>	<u>13,721</u>
	46,029	34,695
Changes in non-cash working capital components	<u>(61,652)</u>	<u>11,472</u>
	(15,623)	46,167

<b>Financing Activities</b>	(38,434)	(15,340)
<b>Investing Activities</b>	(3,197)	(8,697)
(Decrease)/increase in cash resources	<u>(57,254)</u>	<u>22,130</u>
Net cash balance at beginning of period	(17,642)	(72,941)
NET CASH BALANCE AT END OF PERIOD	<u>(74,896)</u>	<u>(50,811)</u>
	=====	=====

**Represented by:**

Bank deposits	996	3,510
Cash at Bank and in hand	9,231	9,003
Bank Loans and Overdrafts	<u>(85,123)</u>	<u>(63,324)</u>
	(74,896)	(50,811)
	=====	=====

**Note:**

Accounting Policies

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2001.

**30 September 2002**

The H&L Group recorded net profits of \$33.6 million for the period ended 30 September 2002 compared to \$20.9 million for the comparative period in 2001. These profits were generated on sales of \$1,164 million compared to \$1,109 in the previous year.

The activity level in the retail business, particularly the "home improvement" sector, continues to be satisfactory with significantly improved profitability.

The Wholesale Division marginally increased sales but suffered a decline in profit due to lower gross margins resulting from increased competition. The Agriculture and Marine Division has been affected by the poor weather conditions for the period May to September 2002. Both sales and profit consequently showed marginal decline compared to 2001.

Office Services comprising scaffolding rental and office maintenance continues to provide a positive contribution.

Richard O. Byles  
Chairman

A. Anthony Holness  
Managing Director