

# **HARDWARE & LUMBER LIMITED**

**and its subsidiaries**

**Unaudited Group Results**

**Three Months Ended March 31, 2003**

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The financial results for the first quarter ended 31st March 2003 show net profits of \$9.3M compared to \$8.6M for 2002. These profits were generated on sales of \$433M (2001: \$371M). During this three month period, the results were severely affected by the devaluation of the currency with a substantial charge for foreign exchange losses.

The Retail Division continues to drive the performance of the group with strong sales and good gross profit margins. The Hardware Wholesale and Agricultural Divisions produced marginal results due to depressed margins, devaluation losses and adverse market conditions. Office Services recorded improvement in its performance for period.

Richard O. Byles  
Chairman

A. Anthony Holness  
Managing Director

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**Unaudited Consolidated Profit  
and Loss Account**

|                               | <b>3-Months to<br/>March<br/>2003<br/>\$'000</b> | <b>3-Months to<br/>March<br/>2002<br/>\$'000</b> |
|-------------------------------|--|--|
| <b>Sales</b>                  | 433,326  | 371,786  |
| Cost of Sales                 | 316,251  | 279,184  |
| <b>Gross Profit</b>           | 117,075  | 92,602   |
| Other Operating Income        | <u>1,173</u>                                     | <u>1,734</u>                                     |
|                               | 118,248  | 94,336   |
| Admin & Operating Expenses    | <u>105,020</u>                                   | <u>81,069</u>                                    |
| <b>Operating Profit</b>       | 13,228   | 13,267   |
| Finance costs - net           | <u>3,350</u>                                     | <u>3,298</u>                                     |
| <b>Profit before Taxation</b> | 9,878  | 9,969  |
| Taxation                      | 500  | 1,308  |
| <b>Net Profit</b>             | <u>9,378</u><br>=====                            | <u>8,661</u><br>=====                            |

|  |        |        |
|--|--------|--------|
| Number of 50c Stock<br>Units Issued ('000) | 40,000 | 40,000 |
| <b>Earnings per<br/>Stock Unit</b>         | \$0.23 | \$0.22 |

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## Unaudited Consolidated Balance Sheet

31 March 2003

|  | 3-months to<br>March<br>2003<br>\$'000 | 3-Months to<br>March<br>2002<br>\$'000 |
|--|--|--|
| <b>Net Assets Employed</b>                 |  |  |
| Fixed Assets                               | 250,613                                | 254,226                                |
| Investments                                | 24                                     | 24                                     |
| Long Term Receivables                      | 21                                     | 21                                     |
| Holding Company and<br>Fellow Subsidiaries | 739                                    | 2,709                                  |
| Current Assets                             | 569,150                                | 531,358                                |
| Current Liabilities                        | (390,697)                              | (360,826)                              |
| Net Current Assets                         | <u>178,453</u>                         | <u>170,532</u>                         |
|  | <u>429,850</u>                         | <u>427,512</u>                         |
|  | =====                                  | =====                                  |
| <b>Financed by:</b>                        |  |  |
| Share Capital                              | 20,000                                 | 20,000                                 |
| Reserves                                   | <u>406,408</u>                         | <u>399,030</u>                         |

|  |         |         |
|--|---------|---------|
| Long Term Liabilities                      | 426,408 | 419,030 |
| Holding Company and<br>Fellow Subsidiaries | 1,109   | 6,399   |
|  | 2,333   | 2,093   |
|  | 429,850 | 427,512 |
|  | =====   | =====   |

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**Unaudited Consolidated Statement of  
Changes in Equity**

|                                      | <b>March<br/>2003<br/>\$ '000</b> | <b>March<br/>2002<br/>\$ '000</b> |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Equity at the<br>beginning of period | 419,030                           | 359,945                           |
| Net profit for the period            | 9,378                             | 8,661                             |
| Dividends paid and proposed          | <u>(2,000)</u>                    |                                   |
| Balance at end of period             | 426,408                           | 368,606                           |
|                                      | =====                             | =====                             |

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**Unaudited Consolidated Statement of Cash Flow**

|   | <b>March<br/>2003<br/>\$'000</b> | <b>March<br/>2002<br/>\$'000</b> |
|---|----------------------------------|----------------------------------|
| CASH RESOURCES WERE<br>PROVIDED BY/(USED IN) :    |                                  |                                  |
| <b>Operating Activities</b>                       |                                  |                                  |
| Net Profit  | 7,378                            | 8,661                            |
| Items not affecting cash resources                | <u>5,047</u>                     | <u>5,071</u>                     |
|   | 12,425                           | 13,732                           |
| Changes in non-cash working<br>capital components | <u>(38,249)</u>                  | <u>(45,210)</u>                  |
|   | (25,824)                         | (31,479)                         |
| <b>Financing Activities</b>                       | (1,069)                          | (1,514)                          |
| <b>Investing Activities</b>                       | <u>(1,423)</u>                   | <u>(23,706)</u>                  |
| (Decrease)/increase in<br>cash resources          | (28,316)                         | (56,698)                         |
| Net cash balance at<br>beginning of period        | <u>(48,422)</u>                  | <u>(17,642)</u>                  |
| NET CASH BALANCE AT<br>END OF PERIOD              | <u>(76,738)</u>                  | <u>(74,340)</u>                  |
| <b>Represented by:</b>                            |                                  |                                  |
| Bank deposits                                     | 996                              | 7,148                            |
| Cash at Bank and in hand                          | 20,021                           | 9,603                            |
| Bank Loans and Overdrafts                         | <u>(97,755)</u>                  | <u>(91,091)</u>                  |
|   | <u>(76,738)</u>                  | <u>(74,340)</u>                  |
|   | =====                            | =====                            |

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