

# **HARDWARE & LUMBER LTD**

**and its subsidiaries**

**Six Months Ended June 30, 2003**

**Unaudited Group Results**

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## **Chairman's Report**

The financial results for the Hardware & Lumber Group were prepared in compliance with International Accounting Standards (IAS) and show net profits of \$15.7 Million for the six-month period ended June 30, 2003 compared to \$10.8 Million for the comparative period in 2002. The results were impacted by a substantial charge for foreign exchange losses resulting from the devaluation of the Jamaican Dollar and provisions relating to IAS. Sales for the period were \$880 Million compared to \$749 Million in 2002.

The Retail sales continue to drive the performance of the Group in respect of revenue and gross profit margins. Wholesale turnover showed growth above inflation for the period, however, intense competition in the hardware trade coupled with depressed market conditions in agriculture, continue to adversely affect gross profit margins.

The Directors have signed a Heads of Agreement with Pan-Jamaican Investment Trust and Grace, Kennedy & Co. intended to merge Hardware & Lumber with Rapid & Sheffield and Agro-Grace. An Extraordinary General Meeting will be convened on August 27, 2003, to allow shareholders the opportunity to consider the Resolutions increasing the share capital and recommending

the merger of these entities.

**Richard O. Byles**  
Chairman

**A. Anthony Holness**  
Managing Director

## Unaudited Consolidated Balance Sheet

30 June 2003

	June 2003 \$'000	December 2002 \$'000
<b>Net Assets Employed</b>		
Fixed Assets	247,153	254,226
Trade Investments	24	24
Long Term Receivables	21	21
Fellow Subsidiaries	4,162	2,709
Current Assets	606,676	529,445
Current Liabilities	(422,722)	(356,594)
Net Current Assets	<u>182,954</u>	<u>172,851</u>
	<u>435,314</u>	<u>429,831</u>
	=====	=====
<b>Financed by:</b>		
Share Capital	20,000	20,000

Reserves	412,530	401,349
	<u>432,530</u>	<u>421,349</u>
Long Term Loans	-	5,634
Finance Lease Obligations	451	765
Holding Company	<u>2,333</u>	<u>2,083</u>
	<u>435,314</u>	<u>429,831</u>
	=====	=====

## Unaudited Consolidated Profit and Loss Account

### 6 Months to 30 June 2003

	3 Months to June 2003 \$'000	3 Months to June 2002 \$'000	6 Months to June 2003 \$'000	6 Months to June 2002 \$'000
<b>Sales</b>	446,629	377,652	879,955	749,438
Cost of Sales	<u>315,701</u>	<u>273,439</u>	<u>631,952</u>	<u>552,623</u>
<b>Gross Profit</b>	130,928	104,213	248,003	196,815
Other Operating Income	<u>2,118</u>	<u>1,319</u>	<u>3,291</u>	<u>3,053</u>
	133,046	105,532	251,294	199,868
Operating Expenses	<u>119,133</u>	<u>91,354</u>	<u>224,153</u>	<u>179,583</u>
<b>Operating Profit</b>	13,913	14,178	27,141	20,285
Finance costs - net	<u>3,922</u>	<u>5,192</u>	<u>7,272</u>	<u>8,490</u>
<b>Profit before Taxation</b>	9,991	8,986	19,869	11,795
Taxation	<u>2,402</u>	<u>310</u>	<u>4,168</u>	<u>965</u>
<b>Net Profit</b>	7,589	8,676	15,701	10,830

	=====	=====	=====	=====
Number of 50c Stock Units Issued (`000)	40,000	40,000	40,000	40,000
<b>Earnings per Stock Unit</b>	<b>19 cents</b>	<b>22 cents</b>	<b>39 cents</b>	<b>27cents</b>

**Unaudited Consolidated Statement  
of Changes in Stockholders' Equity**

**30 June, 2003**

	<b>June 2003 \$'000</b>	<b>June 2002 \$'000</b>
Equity as at 1 January		
- as previously reported	419,030	379,945
- effect of adopting IFRS		
IAS 12 - Income Taxes	6,200	16,319
IAS 19 - Employee Benefits	<u>(3,881)</u>	<u>(6,655)</u>
Equity as restated	421,349	388,609
Net profit for the period	15,701	10,830
Dividends paid and proposed	(4,520)	<u>-</u>
Balance at end of period	<u>432,530</u>	<u>400,439</u>

\*Restated for effect of adopting IFRS

## Unaudited Consolidated Statement of Cash Flows

6 Months to 30 June 2003

	June 2003 \$'000	June 2002 \$'000
CASH RESOURCES WERE PROVIDED BY/ (USED IN) :		
<b>Operating Activities</b>		
Net Profit	15,701	10,830
Items not affecting cash resources	<u>12,283</u>	<u>9,575</u>
	27,984	20,405
Changes in non-cash working capital components	<u>(77,498)</u>	<u>(52,147)</u>
	(49,514)	(31,742)
<b>Financing Activities</b>	(1,940)	(2,464)
<b>Investing Activities</b>	(10,150)	<u>(34,573)</u>
(Decrease)/increase in cash resources	(61,604)	(68,779)
Net cash balance at beginning of period	<u>(48,422)</u>	<u>(17,642)</u>
NET CASH BALANCE AT END OF PERIOD	<u>(110,026)</u> =====	<u>(86,421)</u> =====

**Represented by:**

Bank deposits	1,623	672
Cash at Bank and in hand	1,064	1,474
Bank Loans and Overdrafts	(112,713)	(88,567)
	(110,026)	(86,421)
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**Note:**

**Accounting Policies**

The accounting policies previously used have been modified by the adoption of International Financial Reporting Standards (IFRS).

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