

HARDWARE & LUMBER LIMITED

and its subsidiaries

Unaudited Financial Results,

30th September 2003.

The financial results for the nine month period ended 30th September 2003 showed net profits of \$40.2 million compared to \$37.9 million for the comparative period in 2002. Sales for the review period were \$1.388 billion compared to \$1.164 billion for 2002.

The Retail Division continued to produce good results with a sales increase of 19% over 2002. Gross profit margins have also improved substantially over the prior year and particularly in the Home Improvement sector of the business.

The wholesale hardware exceeded the prior years sales by 20%. However, intense competition in the trade continues to adversely impact gross profit margins.

The Agriculture, Marine and Office Services Divisions produced marginal results due to depressed market conditions.

The Company signed an exchange of share agreement with Grace, Kennedy & Company Ltd. on 4th September 2003 to purchase Rapid & Sheffield Company Ltd. and Agro-Grace Ltd. through the issue of 27,368,421 new ordinary Hardware

& Lumber shares. The share transfer process was completed in October and therefore the results of Rapid & Sheffield Company Ltd. and Agro-Grace Ltd. are not included in these accounts, and neither are the additional shares reflected in the issued share capital.

At the board meeting of 2003 September 8, the following directors resigned:- Cyril Thompson, A. Anthony Holness, Oscar P. Kerr, Jnr., Cordel Samuels, Paul Facey, Maurice W. Facey, C. A. Lloyd Facey and James E. Morrison. The following directors were appointed:- Douglas R. Orane, John P. Mahfood, Don G. Wehby, Erwin M. Burton and Gordon V. Shirley.

At the board meeting of 2003 October 29, Mr. Douglas R. Orane was elected Chairman and John P. Mahfood was appointed Chief Executive Officer.

On completion of the merger, the Group will have twenty (20) retail stores island-wide. This will lead to improved customer service, a wider choice of products and ultimately the likelihood of increased shareholder value.

Unaudited Consolidated Profit and Loss Account

9-Months to 30 September 2003.

	3-months to September 2003	3-months to September 2002	9-Months to September 2003	9-Months to September 2002
	\$'000	\$'000	\$'000	\$'000
Sales	508,259	414,980	1,388,214	1,164,418
Cost of Sales	374,434	303,975	1,006,386	856,598
Gross Profit	133,825	111,005	381,828	307,820

Other Operating Income	4,770	338	8,061	3,391
	<u>138,595</u>	<u>111,343</u>	<u>389,889</u>	<u>311,211</u>
Operating Expenses	103,959	89,151	321,470	259,061
Operating Profit	34,636	22,192	68,419	52,150
Finance costs - net	5,488	2,089	12,760	10,579
Profit before Taxation	29,148	20,103	55,659	41,571
Taxation	12,686	3,000	15,483	3,623
Net Profit	<u>16,462</u>	<u>17,103</u>	<u>40,176</u>	<u>37,948</u>
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Number of 50c Stock Units Issued ('000)	40,000	40,000	40,000	40,000
Earnings per Stock Unit	\$0.41	\$0.43	\$1.00	\$0.95

Unaudited Consolidated Balance Sheet

30 September 2003

	September 2003 \$'000	December 2002* \$'000	September 2002* \$'000
Net Assets Employed			
Fixed Assets	182,294	188,952	192,000
Investments	24	24	24
Long Term Receivables	21	21	21

Holding Company and Fellow Subsidiaries		2,709	744
Current Assets	591,795	537,296	568,604
Current Liabilities	(382,323)	(364,708)	(398,042)
Net Current Assets	<u>209,472</u>	<u>172,588</u>	<u>170,562</u>
	391,811	364,294	363,351
	=====	=====	=====
Financed by:			
Share Capital	20,000	20,000	20,000
Capital and Fair Value Reserves	371,468	335,812	330,276
	<u>391,468</u>	<u>355,812</u>	<u>350,276</u>
Long Term Liabilities		5,634	8,912
Finance Lease Obligation	343	765	1,585
Holding Company and Fellow Subsidiaries		2,083	2,578
	<u>391,811</u>	<u>364,294</u>	<u>363,351</u>
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*Restated to comply with IFRS

Unaudited Statement of Changes in Equity

9-Months to 30 September 2003

	September 2003 \$'000	December 2002 \$'000	September 2002 \$'000
Equity as at 1 January	419,030	379,945	379,945
- as previously reported			

- effect of adopting IFRS			
IAS 12 - Income Taxes	5,937	5,937	15,780
IAS 16 - Property, Plant & Equipment	(65,274)	(65,274)	(70,742)
IAS 19 - Employee Benefits	(3,881)	(3,881)	(6,655)
	<u>355,812</u>	<u>316,727</u>	<u>318,328</u>
Net profit for the period	40,176	48,085	37,948
- as restated	395,988	364,812	356,276
Dividend paid & proposed	(4,520)	(9,000)	(6,000)
Equity at end of period	<u>391,468</u>	<u>355,812</u>	<u>350,276</u>

Unaudited Consolidated Statement of Cash Flow

9-Months to 30 September 2003

	September 2003 \$'000	December 2002 \$'000	September 2002 \$'000
CASH RESOURCES WERE PROVIDED BY/ (USED IN):			
Operating Activities			
Net Profit	40,176	48,085	37,948
Items not affecting cash resources	10,154	13,850	9,983
	<u>50,330</u>	<u>61,935</u>	<u>47,331</u>
Changes in non-cash working capital components	(116,475)	(39,005)	(63,453)
Funds provided by/(used in) operating activities	<u>(66,145)</u>	<u>22,930</u>	<u>(15,622)</u>

Financing Activities

Funds used in Financing Activities	(9,950)	(49,594)	(38,435)
Funds used in Investing Activities	(3,496)	(4,116)	(3,197)
(Decrease)/increase In cash resources	(79,591)	(30,780)	(57,254)
Net cash balance at beginning of pedod	(48,422)	(17,642)	(17,642)
NET CASH BALANCE AT END OF PERIOD	(128,013)	(48,422)	(74,896)

Represented by:

Bank deposits	867	996	996
Cash at Bank and in hand	-	16,090	9,231
Bank Loans and Overdrafts	(128,880)	(65,508)	(85,123)
	(128,013)	(48,422)	(74,896)