HARDWARE & LUMBER LIMITED

and its subsidiaries

Unaudited Group Results

Three Months Ended March 31, 2004

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	3- MONTHS TO MARCH 2004	Restated* 3- MONTHS TO MARCH 2003
		$'000	$'000
Sales	2	1,305,261	433,326
Cost of Sales		971,004	316,251
Gross Profit		334,257	117,075
Other Operating Income		12,896	1,173
		347,153	118,248
Operating Expenses		303,322	103,537
Operating Profit		43,831	14,711
Finance Costs-net		10,946	3,350

Profit before Taxation		32,885	11,361
Taxation		10,962	1,096
Net Profit		21,923	10,265
		==========	=========
Number of 50c Stock Units Issued ('000)	3	67,368	40,000
Earnings per Stock Unit		**$0.33**	**$0.26**

* "restated to comply with IFRS".

UNAUDITED CONSOLIDATED BALANCE SHEET

	Note	**MARCH 2004 $'000**	**DECEMBER 2003 $'000**	**MARCH 2003 $'000**
Net Assets Employed				
Non-Current Assets				
Property, plant and equipment		368,689	337,028	163,409
Goodwill		5,722	6,259	0
Group companies		3,194	42,499	739
Deferred tax assets	1(b)	6,951	6,951	2,838
Retirement plan asset	1(c)	135,391	135,391	5,988
Current Assets		1,270,323	1,262,541	567,633
Current Liabilities		(988,452)	(1,007,488)	(388,333)
Net Current Assets		281,871	255,053	179,300
		801,818	783,181	352,274
		==========	==========	==========

Financed by:				
Share capital	3	33,684	33,684	20,000
Share premium		244,881	244,881	25,934
Capital reserve		100,699	100,699	83,424
Retained earnings		248,010	226,087	192,414
		627,274	605,351	321,772
Non-Current Liabilities				
Long term debt		34,224	37,510	344
Finance lease obligations		4,510	4,510	765
Deferred taxation		24,453	24,453	19,576
Retirement plan obligations		111,357	111,357	9,817
		801,818	783,181	352,274

Approved for issue by the Board of Directors on April 26, 2004 and signed on its behalf by:

Douglas R. Orane
Chairman

John Mahfood
Director

Unaudited Group Statement of Changes in Stockholders' Equity

	Note	MARCH 2004 $'000	DECEMBER 2003 $'000	MARCH 2003 $'000
Equity at the beginning of period		605,351	313,507	313,507
Issue of capital	3	0	232,631	0
Net profit		21,923	44,583	8,265
Dividends		0	(4,520)	0
Net revaluation surplus		0	19,150	0
Equity at end of period		627,274	605,351	321,772

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW

	MARCH 2004 $'000	DECEMBER 2003 $'000	MARCH 2003 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):			
Operating Activities			
Net Profit	21,923	44,583	10,265
Items not affecting cash resources	14,106	121,847	4,950
	36,029	166,430	15,215
Changes in non-cash working capital components	66,707	(153,573)	(17,418)
Funds provided by/(used in) operating activities	102,736	12,857	(2,203)
Financing Activities			

Funds (used) in/provided by Financing Activities	(3,286)	8,223	(5,290)
Funds used in Investing Activities	(45,230)	(77,320)	(1,423)
Increase /(Decrease) in cash resources	54,219	(56,240)	(8,916)
Net cash balance at beginning of period	(63,557)	(7,317)	(7,317)
NET CASH BALANCE AT END OF PERIOD	(9,338)	(63,557)	(16,233)
Represented by:			
Cash at Bank and in hand	70,381	15,094	21,017
Overdraft	(79,719)	(78,651)	(37,250)
	(9,338)	(63,557)	(16,233)

Notes to the Financial Statements March 31, 2004.

1. Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment.
The Group adopted International Financial Reporting Standards as at 1 January 2003.

(b) Income Taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods.

Deferred tax is provided on temporary differences arising investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account.

(c)Employee benefits

(i) Pension obligations

The company and its subsidiaries operate a number of defined benefit plans, the assets of which are generally held in separate trustee administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of qualified actuaries.

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year in accordance with IAS 19. The pension obligation is measured at the present value of the estimated future cash flows using estimated discount rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

A portion of actuarial gains and losses is recognised in the profit and loss account if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10 percent of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the profit and loss account over the average remaining, service lives of the participating employees.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the balance sheet date are discounted to present value.

(ii) Other post-retirement obligations
The group also provides supplementary health, life insurance and other benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by qualified actuaries.

2. Acquisition of Subsidiaries

On 1 October 2003 the group acquired 100% of the share capital of Agro-Grace Limited (Agro) and Rapid & Sheffield Limited (Rapid). The acquired businesses contributed combined revenues of $710,015,000 and operating profits of $47,370,000 to the group for the period from 1 October 2003 to 31 December 2003, and revenues of $823,868,000 and operating profits of $23,359,000 for the period January to March 2004. Their combined assets and liabilities at 31 December 2003 were $1,033,012,000 and $792,908,000, respectively, and details of net assets acquired and goodwill are as follows:

2003	
	$'000
Purchase consideration -	
Fair value of shares issued	232,631
Fair value of net assets acquired	(233,962)
Negative goodwill	(1,331)

The fair value of the net assets approximated to the book value of the net assets acquired, and no restructuring provisions were established.

3. Share Capital

	2003	2002
	$'000	$'000
Authorised-		
70,000,000 (2002 - 50,000,000) Ordinary shares of 50 cents each	35,000	25,000
Issued and fully paid-		
67,368,000 (2002 - 40,000,000) Ordinary stock units of 50 cents each	33,684	20,000

At a Board of Directors meeting held on 27 August 2003, the following ordinary resolutions were passed:

(a) The authorised share capital was increased to $35,000,000 by the creation of 20,000,000 ordinary shares of 50 cents each. Such new shares to rank pari passu in all respects with the existing ordinary shares in the company.

(b) The issue of 27,368,000 ordinary shares to Grace, Kennedy and Company Limited (Grace), such shares being treated as wholly paid up in exchange for the transfer by Grace to the company of the entire issued share capital of

Rapid and Agro. The effective date of this transaction was 1 October 2003.