

# **HARDWARE & LUMBER LIMITED**

**UNAUDITED FINANCIAL RESULTS SEPTEMBER 30, 2006**

The financial results for the nine months ending September 30, 2006 showed net Profit of \$4.9 million compared to net profit of \$44.5 million for the comparative period in 2005. Sales were \$3,966 million compared to \$3,999 million for the comparable period last year.

The results for the last three months reflect an improvement in the company's performance compared to the earlier part of the year, despite the continuing shortage in the supply of cement. The supply of cement was regularized at the end of September 2006 with importation of a substantial quantity, which has closed the gap between demand and local production.

The Home Centre stores continue to generate acceptable levels of consumer traffic thereby alleviating the shortfall in sales experienced by the traditional hardware (contractor) stores. These sales are partly driven by improvements in merchandise availability along with increased marketing presence in the form of bi- monthly full colour catalogues and the 'Grand Frontier' promotion. Our focus continues to be on building a high level of customer service through ongoing training programs.

The new Rapid TrueValue Ocho Rios Superstore continues to achieve projections with increased traffic through the store. The former H&L True Value store was closed at the end of July 2006 and consolidated in the new store.

The Agricultural Division achieved overall revenue and profit targets for the nine-month period to September 2006 with all sectors of the business making a positive contribution to this performance. The vegetable sector continues to be our best performer.

We are projecting an improvement in the 4<sup>th</sup> quarter as a result of the improvement in the supply of general merchandise and the traditional higher consumer spend associated with the season.

We wish to thank our employees, customers and other stakeholders for their continued commitment and support.