

HARDWARE & LUMBER LIMITED

UNAUDITED FINANCIAL RESULTS MARCH 31, 2007

The financial results for the three months ending March 31, 2007 showed net Profit of \$24.6 Million compared to net profit of \$3.1 Million for the comparative period in 2006. Sales increased by 26% moving from \$1,269 Million in 2006 to \$1,599 Million in 2007.

The results for the quarter reflect a significant improvement in the Company's performance compared to 2006 when the industry experienced a crisis with the supply of cement. The stability in the merchandise supply side of the business, coupled with a rebound in the construction sector has contributed to the overall business performance.

The Retail Division had brisk activity during the period with the Home Centre store format continuing to generate acceptable levels of consumer traffic. The general availability of merchandise at the store level, attainment of gross profit targets and customer experience, are primary considerations for this Division and are measured frequently. We continue to work on enhancing our market presence with bi-monthly full colour Circulars along with several other promotional initiatives.

The Rapid True Value St. Ann's Bay branch (formerly known as Colour Choice) was closed on the 16th March 2007. It had been determined that the unit was no longer viable given its size, offerings and changing market conditions. Our customers can now benefit from an enhanced shopping environment with a wide range of merchandise at the new store in Ocho Rios.

The Agricultural Division performed to expectation during the period achieving overall revenue and profit targets. The vegetable sector of the business continues to be our prime contributor to profits.

The Wholesale and Projects Division had good results for the quarter as we continue to increase our involvement in the projects side of the industry.

We are currently in the process of selecting a new Information Technology system and expect this to be fully implemented by the end of the year.

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

HARDWARE & LUMBER LIMITED
UNAUDITED PROFIT AND LOSS ACCOUNT
3 MONTHS TO 31 MARCH 2007

3 MONTHS TO MARCH
2007

3 MONTHS TO MARCH
2006

	\$'000	\$'000
Sales	1,598,945	1,268,612
Cost of Sales	1,204,920	940,430
Gross Profit	394,025	328,182
Other Operating Income	10,214	21,182
	404,239	349,364
Operating Expenses	341,306	317,948
Operating Profit	62,933	31,416
Finance Costs-net	25,985	26,825
Profit before Taxation	36,948	4,591
Taxation	12,311	1,530
Net Profit	24,637	3,061
Number of Stock Units Issued ('000)	80,842	80,842
Earnings per Stock Unit	\$0.30	\$0.04

HARDWARE & LUMBER LIMITED
UNAUDITED BALANCE SHEET
31 MARCH 2007

	MARCH 2007 \$'000	DECEMBER 2006 \$'000	<i>Restated</i> MARCH 2006 \$'000
Net Assets Employed			
Non-Current Assets			
Property, plant and equipment	416,471	425,823	444,124
Intangible assets	38,685	43,920	63,868
Retirement plan asset	186,598	180,408	157,702
Current Assets			
Inventories	1,426,195	1,605,896	1,285,707
Receivables	382,531	397,123	382,352
Group companies	36,502	49,590	13,820
Taxation recoverable	56,408	57,222	27,097
Cash and bank balances	267,762	215,152	148,225
	2,169,398	2,324,983	1,857,201
Current Liabilities			
Bank overdrafts	206,023	181,176	176,594
Payables	661,178	827,754	553,757
Short term loans	557,000	594,940	477,331
Taxation payable	0	0	0
Group companies	7,076	13,361	3,340
Current portion of long term loans	1,810	13,917	38,410
Current portion of obligations under finance leases	6,191	7,206	151
	1,439,278	1,638,354	1,249,583
Net Current Assets	730,120	686,629	607,618
	1,371,874	1,336,780	1,273,312
Financed by:			
Share capital	616,667	616,667	40,421
Share premium	0	0	576,246
Capital reserve	94,348	94,348	94,348
Retained earnings	417,122	392,485	357,828
	1,128,137	1,103,500	1,068,843
Non-Current Liabilities			
Long term debt	53,606	44,569	51,095
Finance lease obligations	9,133	9,834	0
Deferred taxation	13,766	18,585	12,531
Retirement plan obligations	167,232	160,292	140,843
	1,371,874	1,336,780	1,273,312

Approved for issue by the Board of Directors on April 18, 2007 and signed on its behalf by:

Douglas R. Orane

Chairman

A. A. Holness

Director

HARDWARE & LUMBER LIMITED
Unaudited Statement of Changes in Stockholders' Equity
3 MONTHS TO 31 MARCH 2007

	MARCH 2007 \$'000	DECEMBER 2006 \$'000	<i>Restated</i> MARCH 2006 \$'000
Equity at the beginning of period	1,103,500	1,065,782	1,065,782
Net profit	24,637	37,718	3,061
	-	-	-
	-	-	-
Equity at end of period	<u>1,128,137</u>	<u>1,103,500</u>	<u>1,068,843</u>

HARDWARE & LUMBER LIMITED
UNAUDITED STATEMENT OF CASH FLOW
3 MONTHS TO 31 MARCH 2007

	MARCH 2007 \$'000	DECEMBER 2006 \$'000	MARCH 2006 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):			
Operating Activities			
Net Profit	24,637	37,718	3,061
Items not affecting cash resources	50,952	183,790	39,584
	<u>75,589</u>	<u>221,508</u>	<u>42,645</u>
Changes in non-cash working capital components	(18,468)	(261,862)	(121,124)
Funds provided by/(used in) operating activities	<u>57,121</u>	<u>(40,354)</u>	<u>(78,479)</u>
Funds used in Financing Activities	(26,898)	(21,041)	(36,794)
Funds used in Investing Activities	(2,460)	(21,608)	(30,075)
Increase /(Decrease) in cash resources	<u>27,763</u>	<u>(83,003)</u>	<u>(145,348)</u>
Net cash balance at beginning of period	33,976	116,979	116,979
Cash and Cash Equivalents at end of period	<u>61,739</u>	<u>33,976</u>	<u>(28,369)</u>

HARDWARE & LUMBER LIMITED
3 MONTHS TO 31 MARCH 2007
Financial Information by Business Segment

	2007			
	Wholesale	Retail	Agricultural s	Consolidated
	Hardware	Household		
	\$' 000	\$' 000	\$' 000 0	\$' 000
External operating revenue	290,091	1,025,059	283,795	1,598,945
Profit from operations	13,080	25,989	23,864	62,933
Finance cost, net				<u>(25,985)</u>
Profit before tax				36,948
Taxation				<u>(12,311)</u>
Net profit				<u>24,637</u>

	2006			
	Wholesale	Retail	Agricultural s	Consolidated
	Hardware	Household		
	\$' 000	\$' 000	\$' 000 0	\$' 000
External operating revenue	220,937	812,433	235,242	1,268,612
Profit from operations	2,814	17,354	11,248	31,416
Finance cost, net				<u>(26,825)</u>
Profit before tax				4,591
Taxation				<u>(1,530)</u>
Net profit				<u>3,061</u>