# **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 16<sup>th</sup> 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

Net Assets Employed         2007 \$000         2006 \$000				Restated
Net Assets Employed         2007 \$000         2006 \$000		MARCH	DECEMBER	MARCH
Non-Current Assets		_	=	2006
Net Assets Employed           Non-Current Assets           Property, plant and equipment         416,471         425,823         444           Intangible assets         38,685         43,920         63           Retirement plan asset         186,598         180,408         157           Current Assets           Inventories         1,426,195         1,605,896         1,285           Receivables         382,531         397,123         382           Group companies         36,502         49,590         13           Taxation recoverable         56,408         57,222         27           Cash and bank balances         267,762         215,152         148           Z,169,398         2,324,983         1,857           Current Liabilities           Bank overdrafts         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,1810				\$'000
Non-Current Assets           Property, plant and equipment Intangible assets         416,471         425,823         444 latangible assets         38,685         43,920         63 streament plan asset         63 streament plan asset         186,598         180,408         157           Current Assets           Inventories         1,426,195         1,605,896         1,285           Receivables         382,531         397,123         382           Group companies         36,502         49,590         13           Taxation recoverable         56,408         57,222         27           Cash and bank balances         267,762         215,152         148           Current Liabilities         206,023         181,176         176           Bank overdrafts         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         1,7206           Verternet portion of obligations under finance leases		\$ 000	\$ 000	\$ 000
Property, plant and equipment         416,471         425,823         444           Intangible assets         38,685         43,920         63           Retirement plan asset         186,598         180,408         157           Current Assets           Inventories         1,426,195         1,605,896         1,285           Receivables         382,531         397,123         382           Group companies         36,502         49,590         13           Taxation recoverable         56,408         57,222         27           Cash and bank balances         267,762         215,152         148           Current Liabilities         Bank overdrafts         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         13,3917         36           Current portion of obligations under finance leases         6,191         7,206           Financed by:	Net Assets Employed			
Intangible assets   38,685   43,920   63   Retirement plan asset   180,408   157	Non-Current Assets			
Intangible assets   38,685   43,920   63   Retirement plan asset   180,408   157	Property, plant and equipment	416,471	425,823	444,124
Retirement plan asset         186,598         180,408         157           Current Assets         Inventories         1,426,195         1,605,896         1,285           Receivables         382,531         397,123         382           Group companies         36,502         49,590         13           Taxation recoverable         56,408         57,222         27           Cash and bank balances         267,762         215,152         148           Current Liabilities         206,023         181,176         176           Bank overdrafts         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         13,917         38           Current portion of obligations under finance leases         6,191         7,206         60           Net Current Assets         730,120         686,629         607           Share capital         616,667         616,667         40 </td <td></td> <td>38,685</td> <td></td> <td>63,868</td>		38,685		63,868
Current Assets           Inventories         1,426,195         1,605,896         1,285           Receivables         382,531         397,123         382           Group companies         36,502         49,590         13           Taxation recoverable         56,408         57,222         27           Cash and bank balances         267,762         215,152         148           Zanton,398         2,324,983         1,857           Current Liabilities           Bank overdrafts         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         13,917         38           Current portion of obligations under finance leases         6,191         7,206           Net Current Assets         730,120         686,629         607           Financed by:           Share capital         616,667         616,667         40	· · · · · · · · · · · · · · · · · · ·	•	•	157,702
Inventories   1,426,195   1,605,896   1,285   Receivables   382,531   397,123   382   382,531   397,123   382   382,531   397,123   382   382,531   397,123   382   382,531   397,123   382   382,531   397,123   382   382,531   397,122   275   282   282,762   215,152   148   267,762   215,152   148   267,762   215,152   148   27,169,398   2,324,983   1,857   20,000   20				
Receivables         382,531         397,123         382           Group companies         36,502         49,590         13           Taxation recoverable         56,408         57,222         27           Cash and bank balances         267,762         215,152         148           2,169,398         2,324,983         1,857           Current Liabilities           Bank overdrafts         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         13,917         38           Current portion of obligations under finance leases         6,191         7,206         1           Net Current Assets         730,120         686,629         607           Thanked by:         357,087         40,666         40,666           Share capital         616,667         616,667         40           Share premium         0         0         0         0	Current Assets			
Group companies         36,502         49,590         13           Taxation recoverable         56,408         57,222         27           Cash and bank balances         267,762         215,152         148           2,169,398         2,324,983         1,857           Current Liabilities           Bank overdrafts         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         13,917         38           Current portion of obligations under finance leases         6,191         7,206         7,206           Net Current Assets         730,120         686,629         607           1,371,874         1,336,780         1,273           Financed by:           Share premium         0         0         0         576           Capital reserve         94,348         94,348         94           Retained earnings         417,122         392,485	Inventories	1,426,195	1,605,896	1,285,707
Taxation recoverable         56,408         57,222         27           Cash and bank balances         267,762         215,152         148           2,169,398         2,324,983         1,857           Current Liabilities           Bank overdrafts         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         13,917         38           Current portion of obligations under finance leases         6,191         7,206           Net Current Assets         730,120         686,629         607           Financed by:         5hare capital         616,667         616,667         40           Share premium         0         0         0         576           Capital reserve         94,348         94,348         94,348         94           Retained earnings         417,122         392,485         357           Non-Current Liabilities         1,128,137	Receivables	382,531	397,123	382,352
Cash and bank balances         267,762         215,152         148           2,169,398         2,324,983         1,857           Current Liabilities         206,023         181,176         176           Payables         661,178         827,754         553           Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         13,917         38           Current portion of obligations under finance leases         6,191         7,206         1           Net Current Assets         730,120         686,629         607           1,371,874         1,336,780         1,273           Financed by:           Share premium         0         0         576           Capital reserve         94,348         94,348         94           Retained earnings         417,122         392,485         357           Non-Current Liabilities         Long term debt         53,606         44,569         51           Finance lease obligations         9,133         9,834	Group companies	36,502	49,590	13,820
Current Liabilities         Bank overdrafts       206,023       181,176       176         Payables       661,178       827,754       553         Short term loans       557,000       594,940       477         Taxation payable       0       0       0         Group companies       7,076       13,361       3         Current portion of long term loans       1,810       13,917       38         Current portion of obligations under finance leases       6,191       7,206         Net Current Assets       730,120       686,629       607         1,371,874       1,336,780       1,273         Financed by:       5hare capital       616,667       616,667       40         Share premium       0       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       Long term debt       53,606       44,569       51         Finance lease obligations       9,133       9,834	Taxation recoverable	56,408	57,222	27,097
Current Liabilities         Bank overdrafts       206,023       181,176       176         Payables       661,178       827,754       553         Short term loans       557,000       594,940       477         Taxation payable       0       0       0         Group companies       7,076       13,361       3         Current portion of long term loans       1,810       13,917       38         Current portion of obligations under finance leases       6,191       7,206       7,206         Net Current Assets       730,120       686,629       607         1,371,874       1,336,780       1,273         Financed by:       Share capital       616,667       616,667       40         Share premium       0       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       1,128,137       1,103,500       1,068         Non trip trip trip trip trip trip trip trip	Cash and bank balances	267,762	215,152	148,225
Bank overdrafts       206,023       181,176       176         Payables       661,178       827,754       553         Short term loans       557,000       594,940       477         Taxation payable       0       0       0         Group companies       7,076       13,361       3         Current portion of long term loans       1,810       13,917       38         Current portion of obligations under finance leases       6,191       7,206       7,206         Net Current Assets       730,120       686,629       607         1,371,874       1,336,780       1,273         Financed by:         Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       1,128,137       1,103,500       1,068         Nong term debt       53,606       44,569       51         Finance lease obligations       9,133       9,834		2,169,398	2,324,983	1,857,201
Bank overdrafts       206,023       181,176       176         Payables       661,178       827,754       553         Short term loans       557,000       594,940       477         Taxation payable       0       0       0         Group companies       7,076       13,361       3         Current portion of long term loans       1,810       13,917       38         Current portion of obligations under finance leases       6,191       7,206       7,206         Net Current Assets       730,120       686,629       607         1,371,874       1,336,780       1,273         Financed by:         Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       1,128,137       1,103,500       1,068         Nong term debt       53,606       44,569       51         Finance lease obligations       9,133       9,834				
Payables       661,178       827,754       553         Short term loans       557,000       594,940       477         Taxation payable       0       0       0         Group companies       7,076       13,361       3         Current portion of long term loans       1,810       13,917       38         Current portion of obligations under finance leases       6,191       7,206       7,206         Net Current Assets       730,120       686,629       607         Financed by:         Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348 <td></td> <td></td> <td></td> <td></td>				
Short term loans         557,000         594,940         477           Taxation payable         0         0         0           Group companies         7,076         13,361         3           Current portion of long term loans         1,810         13,917         38           Current portion of obligations under finance leases         6,191         7,206           Net Current Assets         730,120         686,629         607           1,371,874         1,336,780         1,273           Financed by:         Share capital         616,667         616,667         40           Share premium         0         0         576           Capital reserve         94,348         94,348         94           Retained earnings         417,122         392,485         357           1,128,137         1,103,500         1,068           Non-Current Liabilities         53,606         44,569         51           Finance lease obligations         9,133         9,834	Bank overdrafts	· ·	· ·	176,594
Taxation payable       0       0         Group companies       7,076       13,361       3         Current portion of long term loans       1,810       13,917       38         Current portion of obligations under finance leases       6,191       7,206         Net Current Assets       730,120       686,629       607         Financed by:         Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       1,128,137       1,103,500       1,068         Nong term debt       53,606       44,569       51         Finance lease obligations       9,133       9,834	Payables	661,178	827,754	553,757
Group companies       7,076       13,361       3         Current portion of long term loans       1,810       13,917       38         Current portion of obligations under finance leases       6,191       7,206       7,206         Net Current Assets       730,120       686,629       607         Financed by:         Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       1,128,137       1,103,500       1,068         Nong term debt       53,606       44,569       51         Finance lease obligations       9,133       9,834	Short term loans	557,000	594,940	477,331
Current portion of long term loans       1,810       13,917       38         Current portion of obligations under finance leases       6,191       7,206         Net Current Assets       730,120       686,629       607         Financed by:         Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       1,128,137       1,103,500       1,068         Non-Current Liabilities       53,606       44,569       51         Finance lease obligations       9,133       9,834	Taxation payable	0	0	0
Current portion of obligations under finance leases       6,191       7,206         1,439,278       1,638,354       1,249         Net Current Assets       730,120       686,629       607         1,371,874       1,336,780       1,273         Financed by:         Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       1,128,137       1,103,500       1,068         Non-Current Liabilities       53,606       44,569       51         Finance lease obligations       9,133       9,834	Group companies	7,076	13,361	3,340
Net Current Assets     730,120     686,629     607       1,371,874     1,336,780     1,273       Financed by:       Share capital     616,667     616,667     40       Share premium     0     0     576       Capital reserve     94,348     94,348     94       Retained earnings     417,122     392,485     357       Non-Current Liabilities     1,128,137     1,103,500     1,068       Non-Current Liabilities     53,606     44,569     51       Finance lease obligations     9,133     9,834	Current portion of long term loans	1,810	13,917	38,410
Net Current Assets         730,120         686,629         607           1,371,874         1,336,780         1,273           Financed by:         Share capital         616,667         616,667         40           Share premium         0         0         576           Capital reserve         94,348         94,348         94           Retained earnings         417,122         392,485         357           Non-Current Liabilities         Long term debt         53,606         44,569         51           Finance lease obligations         9,133         9,834	Current portion of obligations under finance leases	6,191	7,206	151
1,371,874     1,336,780     1,273       Financed by:       Share capital     616,667     616,667     40       Share premium     0     0     576       Capital reserve     94,348     94,348     94       Retained earnings     417,122     392,485     357       Non-Current Liabilities       Long term debt     53,606     44,569     51       Finance lease obligations     9,133     9,834		1,439,278	1,638,354	1,249,583
1,371,874     1,336,780     1,273       Financed by:       Share capital     616,667     616,667     40       Share premium     0     0     576       Capital reserve     94,348     94,348     94       Retained earnings     417,122     392,485     357       Non-Current Liabilities       Long term debt     53,606     44,569     51       Finance lease obligations     9,133     9,834				
Financed by:         Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         Non-Current Liabilities       1,128,137       1,103,500       1,068         Nong term debt       53,606       44,569       51         Finance lease obligations       9,133       9,834	Net Current Assets		· · · · · · · · · · · · · · · · · · ·	607,618
Share capital       616,667       616,667       40         Share premium       0       0       576         Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         1,128,137       1,103,500       1,068         Non-Current Liabilities         Long term debt       53,606       44,569       51         Finance lease obligations       9,133       9,834		1,371,874	1,336,780	1,273,312
Share premium         0         0         576           Capital reserve         94,348         94,348         94           Retained earnings         417,122         392,485         357           1,128,137         1,103,500         1,068           Non-Current Liabilities         53,606         44,569         51           Finance lease obligations         9,133         9,834	Financed by:			
Capital reserve       94,348       94,348       94         Retained earnings       417,122       392,485       357         1,128,137       1,103,500       1,068         Non-Current Liabilities       53,606       44,569       51         Finance lease obligations       9,133       9,834	Share capital	616,667	616,667	40,421
Retained earnings         417,122         392,485         357           1,128,137         1,103,500         1,068           Non-Current Liabilities         53,606         44,569         51           Finance lease obligations         9,133         9,834	Share premium	0	0	576,246
1,128,137   1,103,500   1,068	Capital reserve	94,348	94,348	94,348
Non-Current Liabilities53,60644,56951Long term debt53,60644,56951Finance lease obligations9,1339,834	Retained earnings	417,122	392,485	357,828
Long term debt         53,606         44,569         51           Finance lease obligations         9,133         9,834		1,128,137	1,103,500	1,068,843
Finance lease obligations 9,133 9,834	Non-Current Liabilities			
Finance lease obligations 9,133 9,834	Long term debt	53,606	44,569	51,095
				0
Deferred taxation 15,700 18,585 12	Deferred taxation	13,766	18,585	12,531
				140,843
,,,,,,,		,	. 30,-0-	
<u>1,371,874</u>		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

A. A. Holness

Chairman Director

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

3 MONTHS TO 31 MARCH 2007	MARCH 2007 \$'000	DECEMBER 2006 \$'000	Restated 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	1,128,137	1,103,500	1,068,843
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
•	75,589	221,508	42,645
Changes in non-cash working capital components	(18,468)	(261,862)	(121,124)
Funds provided by/(used in) operating activities	57,121	(40,354)	(78,479)
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 Net cash balance at beginning of period	27,763	(83,003)	(145,348)
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Cash and Cash Equivalents at end of period	33,976 61,739	116,979 33,976	116,979 (28,369)

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

			2007	
	Wholesale	Retail		
	Hardware	Household	Agricultural s	Consolidated
	\$' 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				(25,985)
Profit before tax			_	36,948
Taxation				(12,311)
Net profit			_	24,637

	2006			
	Wholesale Hardware	Retail Household	Agriculturals	Consolidated
	\$' 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				(26,825)
Profit before tax			_	4,591
Taxation				(1,530)
Net profit			_	3,061