

HARDWARE & LUMBER LIMITED
UNAUDITED PROFIT AND LOSS ACCOUNT
31 DECEMBER 2007

	3 MONTH TO 31/12/2007 \$'000	12 MONTHS TO 31/12/2007 \$'000	3 MONTHS TO 31/12/2006 \$'000	12 MONTHS TO 31/12/2006 \$'000
Revenue	1,848,007	6,648,066	1,631,161	5,597,276
Cost of Sales	1,365,626	5,021,281	1,253,824	4,207,768
Gross Profit	482,381	1,626,785	377,337	1,389,508
Other Operating Income	12,749	42,660	11,474	57,922
	495,130	1,669,445	388,811	1,447,430
Operating Expenses	369,058	1,382,384	306,453	1,285,752
Profit from operations	126,072	287,061	82,358	161,678
Finance Costs-net	18,974	88,429	34,297	106,226
Profit before Taxation	107,098	198,632	48,061	55,452
Taxation	(38,032)	(68,522)	(15,223)	(17,734)
Profit for the period	69,066	130,110	32,838	37,718
Number of Stock Units Issued ('000)	80,842	80,842	80,842	80,842
Earnings per Stock Unit	0.85	1.61	0.41	0.47

HARDWARE & LUMBER LIMITED
UNAUDITED BALANCE SHEET
31 DECEMBER 2007

	DECEMBER	DECEMBER
	2007	2006
	\$'000	\$'000
Net Assets Employed		
Non-Current Assets		
Property, plant and equipment	418,859	425,823
Intangible assets	124,785	43,920
Retirement plan asset	204,725	180,408
Current Assets		
Inventories	1,819,537	1,605,896
Receivables	471,553	397,123
Group Companies	20,796	49,590
Taxation recoverable	-	57,222
Cash and bank balances	282,565	215,152
	<u>2,594,451</u>	<u>2,324,983</u>
Current Liabilities		
Bank overdrafts	83,692	181,176
Payables	944,713	827,754
Short term loans	721,661	594,940
Taxation payable	6,578	-
Group companies	13,355	13,361
Current portion of long term loans	36,221	13,917
Current portion of obligations under finance leases	-	7,206
	<u>1,806,220</u>	<u>1,638,354</u>
Net Current Assets	<u>788,231</u>	<u>686,629</u>
	<u><u>1,536,600</u></u>	<u><u>1,336,780</u></u>
Financed by:		
Share capital	616,667	616,667
Share premium	-	-
Capital reserve	94,348	94,348
Retained earnings	496,811	392,485
	<u>1,207,826</u>	<u>1,103,500</u>
Non-Current Liabilities		
Long term debt	115,647	44,569
Finance lease obligations	-	9,834
Deferred taxation	20,963	18,585
Retirement plan obligations	192,164	160,292
	<u>1,536,600</u>	<u>1,336,780</u>

** Retained Earnings has been restated for net differences emanating from the incomplete processing of transactions pertaining to inter-company transfers prior to the company's group reorganisation in 2005.

Approved for issue by the Board of Directors on

and signed on its behalf by:

Douglas R Orane

A. A Holness

Chairman

Director

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

	DECEMBER 2007	DECEMBER 2006
	\$'000	\$'000
Equity at the beginning of period	1,103,500	1,065,782
Net Profit	130,110	37,718
Dividend Payment	(25,784)	-
Equity at end of period	<u>1,207,826</u>	<u>1,103,500</u>

HARDWARE & LUMBER LIMITED
UNAUDITED STATEMENT OF CASH FLOW
12 MONTHS TO 31 DECEMBER 2007

	DECEMBER 2007	DECEMBER 2006
	\$'000	\$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	130,110	37,718
Items not affecting cash resources	93,907	183,790
	<u>224,017</u>	<u>221,508</u>
Changes in non-cash working capital components	(95,167)	(261,862)
Funds provided by/(used in) operating activities	<u>128,850</u>	<u>(40,354)</u>
Funds used in Financing Activities	211,529	(21,041)
Funds used in Investing Activities	(175,482)	(21,608)
Increase/(Decrease) in cash resources	164,897	(83,003)
Net cash balance at beginning of period	33,976	116,979
Cash and Cash Equivalents at end of period	<u>198,873</u>	<u>33,976</u>
Represented by:		
Cash at Bank	282,565	215,152
Bank Overdraft	(83,692)	(181,176)
	<u>198,873</u>	<u>33,976</u>

HARDWARE & LUMBER LIMITED
12 MONTHS TO 31 DECEMBER 2007
Financial Information by Business Segment

	2007			
	Wholesale	Retail	Agricultural	Consolidated
	Hardware	Household		
	\$' 000	\$' 000	\$' 000	\$' 000
External operating revenue	1,274,643	4,286,112	1,087,311	6,648,066
Profit from operations	78,394	152,811	55,856	287,061
Finance cost, net				(88,429)
Profit before tax				198,632
Taxation				(68,522)
Net profit				130,110

	2006			
	Wholesale	Retail	Agricultural	Consolidated
	Hardware	Household		
	\$' 000	\$' 000	\$' 000	\$' 000
External operating revenue	873,716	3,766,846	956,714	5,597,276
Profit from operations	42,704	93,731	25,243	161,678
Finance cost, net	0	0	0	(106,226)
Profit before tax				55,452
Taxation				(17,734)
Net profit				37,718

HARDWARE & LUMBER LIMITED

UNAUDITED FINANCIAL RESULTS DECEMBER 31, 2007

The unaudited financial results for the year ended December 31, 2007 showed net Profit of \$130.1 Million compared to net profit of \$37.7 Million for the comparative period in 2006. Sales were \$6,648 Million compared to \$5,597 Million for the comparable period last year.

The fourth quarter results reflected a significant improvement in the Company's performance, compared to 2006 with strong growth in both revenues and profit. The results were driven primarily by robust activity in the retail, wholesale and agricultural divisions of the business.

The Retail Division posted positive revenue results, surpassing prior Quarter and the comparative Quarter of 2006 by 13.7% and 10.3% respectively. Both 'Home Centre' and 'Hardware' store formats, improved on past performance.

Several marketing initiatives were undertaken in the fourth quarter, in support of a period where consumer home improvement activity peaks. These initiatives included the launch of a new television campaign reinforcing our range and quality attributes, the great paint event promotion, and the relaunch of our 'do it yourself' series of in store consumer product demonstrations.

The Wholesale and Projects Division continues to experience strong sales with fourth quarter results surpassing 2006 by 21%. The Agricultural Division also performed well, recording 18% increase in revenues for the quarter as compared to 2006.

Hardware & Lumber Limited made a dividend payment on December 28, 2007 of 32 cents per stock unit or a total of \$25.8m to shareholders on record as at December 14, 2007.

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



A. Anthony Holness
CHIEF EXECUTIVE OFFICER