

HARDWARE & LUMBER LIMITED
UNAUDITED PROFIT AND LOSS ACCOUNT
31 MARCH 2008

	3 MONTHS TO 31/03/2008 \$'000	3 MONTHS TO 31/03/2007 \$'000
Revenue	1,789,539	1,598,945
Cost of Sales	1,340,313	1,204,428
Gross Profit	449,226	394,517
Other Operating Income	5,887	10,214
	455,113	404,731
Operating Expenses	397,972	341,798
Profit from operations	57,141	62,933
Finance Costs-net	(24,048)	(25,985)
Profit before Taxation	33,093	36,948
Taxation	(11,027)	(12,311)
Profit for the period	22,066	24,637
Number of Stock Units Issued ('000)	80,842	80,842
Earnings per Stock Unit	0.27	0.30

HARDWARE & LUMBER LIMITED
UNAUDITED BALANCE SHEET
31 MARCH 2008

	MARCH	MARCH*
	2008	2007
	\$'000	\$'000
Net Assets Employed		
Non-Current Assets		
Property , plant and equipment	429,397	416,471
Intangible assets	140,502	38,685
Retirement plan asset	210,649	186,598
Current Assets		
Inventories	1,653,941	1,426,195
Receivables	524,352	500,169
Group Companies	13,613	54,765
Taxation recoverable	59,833	12,591
Cash and bank balances	227,987	267,762
	2,479,726	2,261,482
Current Liabilities		
Bank overdrafts	90,819	206,023
Payables	826,648	691,002
Short term loans	725,342	557,000
Group companies	13,270	3,652
Current portion of long term loans	12,711	1,810
Current portion of obligations under finance leases	-	6,191
	1,668,790	1,465,678
Net Current Assets	810,936	795,804
	<u>1,591,484</u>	<u>1,437,558</u>
Financed by:		
Share capital	616,667	616,667
Capital reserve	94,348	94,348
Retained earnings	522,315	480,429
	1,233,330	1,191,444
Non-Current Liabilities		
Long term debt	138,218	53,606
Finance lease obligations	-	9,133
Deferred taxation	18,365	16,143
Retirement plan obligations	201,571	167,232
	<u>1,591,484</u>	<u>1,437,558</u>

Approved for issue by the Board of Directors on

Douglas R Orane

Chairman

* 2007 restated for comparative presentation purposes

and signed on its behalf by:

A. A. Holness

Director

HARDWARE & LUMBER LIMITED**Unaudited Statement of Changes in Stockholders' Equity
3 MONTHS TO 31 MARCH 2008**

	MARCH 2008 \$'000	MARCH 2007 \$'000
Equity at the beginning of period	1,211,264	1,166,807
Net Profit	22,066	24,637
Equity at end of period	1,233,330	1,191,444

HARDWARE & LUMBER LIMITED**UNAUDITED STATEMENT OF CASH FLOW
3 MONTHS TO 31 MARCH 2008**

	MARCH 2008 \$'000	MARCH 2007 \$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Net Profit	22,066	24,637
Items not affecting cash resources	19,315	50,952
	41,381	75,589
 Changes in non-cash working capital components	 (36,970)	 (18,468)
Funds provided by operating activities	4,411	57,121
 Funds used in Financing Activities	 (2,823)	 (26,898)
Funds used in Investing Activities	(44,051)	(2,460)
(Decrease)/Increase in cash resources	(42,463)	27,763
Net cash balance at beginning of period	179,631	33,976
Cash and Cash Equivalents at end of period	137,168	61,739
 Represented by:		
Cash at Bank	227,987	267,762
Bank Overdraft	(90,819)	(206,023)
	137,168	61,739

HARDWARE & LUMBER LIMITED
3 MONTHS TO 31 MARCH 2008
Financial Information by Business Segment

	2008			
	Wholesale Hardware	Retail Household	Agricultural	Consolidated
	\$' 000	\$' 000	\$' 000	\$' 000
External operating revenue	414,817	1,066,837	307,885	1,789,539
Profit from operations	27,212	21,970	7,959	57,141
Finance cost, net				(24,048)
Profit before tax				33,093
Taxation				(11,027)
Net profit				22,066

	2007			
	Wholesale Hardware	Retail Household	Agricultural	Consolidated*
	\$' 000	\$' 000	\$' 000	\$' 000
External operating revenue	290,091	1,025,059	283,795	1,598,945
Profit from operations	21,449	30,238	11,246	62,933
Finance cost, net				(25,985)
Profit before tax				36,948
Taxation				(12,311)
Net profit				24,637

* 2007 restated for comparative presentation purposes



UNAUDITED FINANCIAL RESULTS MARCH 31, 2008

The financial results for the three months ending March 31, 2008 showed net profit of \$22.1 million compared to net profit of \$24.6 million for the comparative period in 2007. Sales were \$1,790 million compared to \$1,599 million for the comparable period last year.

The results for the quarter, though marginally below 2007 performance, reflect stability in the business and generally in the construction industry. The Retail and Agro Grace divisions showed fair performance for the period, while the Wholesale division continues to show a significant improvement in performance. Operating expenses increased disproportionately to revenue growth due in part to certain non recurring costs.

The Retail division had a fair Quarter with a same-store sales increase of 6.7% over 2007, while the division's sales increase was only 4% due to the closure of the St. Ann's Bay branch in March 2007. Sales were impacted by sluggish activity for construction material in certain market segments and the Easter holidays being in the first quarter of 2008.

Customer Service training continues to be an area of primary focus for the division with increased investment and periodic measurement by way of customer satisfaction surveys and mystery shopper, in order to assess overall effectiveness.

The performance of the Agricultural division was impacted by the increased fertilizer prices on the agricultural sector. The vegetable sector of the business continues to be the best performer.

The Wholesale and Projects division had good results for the Quarter. This performance is a combination of growth from existing and new market segments in the hotel industry and new housing schemes. The project sector has shown significant improvement in revenues and this is further supported by continued good results in the reseller market.

The new Information Technology system was commissioned on the 3rd of March 2008 and has delivered to expectations. It is expected that the system will enhance the efficiencies in the business particularly in the areas of procurement, distribution and control.

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

A handwritten signature in blue ink, consisting of a large, stylized 'A' followed by a series of horizontal strokes.

commitment and support.

A. Anthony Holness

CHIEF EXECUTIVE OFFICER