

**Hardware & Lumber Limited**

**Unaudited Financial Statements  
30 September 2013**

# Hardware & Lumber Limited

Index

30 September 2013

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**Page**

## **CEO's Report**

## **Statements**

|  |        |
|--|--------|
| Unaudited Income Statement                             | 1      |
| Unaudited Statement of Comprehensive Income            | 2      |
| Unaudited Statement of Financial Position              | 3      |
| Unaudited Statement of Changes in Stockholders' Equity | 4      |
| Unaudited Statement of Cash Flows                      | 5      |
| Notes  | 6 - 11 |



**HARDWARE & LUMBER LIMITED**  
**UNAUDITED FINANCIAL RESULTS**  
**September 30, 2013**

Profit after tax for the nine-month period ended September 30, 2013 was \$89.9 million, representing a marked improvement when compared to the \$0.8 million (restated) for the same period in the previous year. This translated to earnings per stock unit of \$1.11, compared to \$0.01 (restated) for the comparative period in the previous year. Total revenue for the third quarter was \$1,720.0 million while profit after tax was \$36.8 million, representing increases of 10.8% and 396.7% respectively when compared with the corresponding quarter in the previous year.

Total revenue for the period was \$5,002.5 million representing a 7.4% increase over the \$4,657.7 million achieved in the same period last year. The Household, Hardware and Building segment operating under the banner of Rapid True Value, recorded increased revenue of 6.3% while the Agricultural Products and Equipment segment (Agro Grace) increased by 10.6%.

Gross profit for the nine-month period improved through increased focus on operational efficiencies and margin management. Total gross profit increased by 9.0% to end the period at \$1,300.9 million, at average margins of 26.0%, up from 25.4% for the corresponding period in the previous year. Margins of 25.4% achieved over the third quarter represented an improvement over the 25.1% achieved for the similar period in the previous year.

Total operating expenses increased by 5.2% to \$1,173.5 million. Included in this was a significant increase in the costs associated with the company's pension scheme and other retirement benefits, in keeping with the revision of the accounting rules governing such benefits which became effective January 1, 2013. For the first nine months, these changes have increased the Company's pension-related costs by \$58.8 million when compared with the amount charged in the same period last year. The Board of Directors has taken the decision to cease the company's participation in the GraceKennedy Defined Benefits (DB) pension scheme effective November 30, 2013, instead offering to employees the option to enroll in the GraceKennedy Defined Contributions (DC) pension scheme.

Throughout the nine-month period, there has also been steady improvement in the management of the company's working capital. At September 30, 2013 the company held \$1,130.9 million of inventory, being 11.2% below the balance at September 30, 2012. Inventory balances trended towards optimum levels despite increased costs due to the devaluation of the Jamaican dollar, given more effective buying and faster depletion of stocks. Trade and Other Receivables increased by 6.6% to \$486.9 million, driven by increased sales. The balances owed to Trade and Other Creditors decreased by 4.0% to end the period at \$778.8 million as the improved cash generation allowed payment to suppliers within credit terms.

At September 30, 2013, the Company held cash balances of \$387.8 million, representing a 125.4% increase over the balance held at September 30, 2012. Over the nine-month period, \$300.4 million was generated from operating activities while \$109.4 million was used to service loan commitments, pay dividends as well as to finance capital

improvements to the stores and other infrastructure. In August the company accessed a short-term loan of \$80.6 million to cover insurance expenses, scheduled to be repaid by January 2014.

Hardware & Lumber Limited, through its Rapid True Value and Agro Grace Divisions is committed to exceeding the expectations of our customers' requirements for agricultural, building and home improvement solutions. We constantly look for opportunities to bring innovative solutions to the market as we seek to grow our revenues and profitability. We relentlessly seek ways to provide an exceptional customer experience in our stores through improvement in the facilities and offerings as well as in the service to all who enter our stores. Recently we completed the refurbishment of the Rapid True Value stores in the Sovereign Centre and Manor Park Plaza to which our customers have responded favourably thus generating increased traffic in the stores. We continuously equip our staff with the requisite training while simultaneously reviewing our internal processes in order to drive step-changes in the efficiency and effectiveness of the organization.

We thank all our customers, suppliers and other stakeholders for their continued patronage and support which contributed to the significantly improved performance in the nine-months ended September 30, 2013. We also thank our fellow directors, management and colleagues for their commitment to the business. We look forward to serving all our customers and by extension, the entire nation, in the months and years ahead.



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**Erwin Burton - Chairman  
Officer**



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**Andrea D. Lewis-Coy – Chief Executive**

# Hardware & Lumber Limited

## Unaudited Income Statement 9 months to 30 September 2013 (expressed in Jamaican dollars)

|                                     | Note | 3 months to<br>30 September<br>2013<br>\$'000 | 9 months to<br>30 September<br>2013<br>\$'000 | (Restated) *<br>3 months to<br>30 September<br>2012<br>\$'000 | (Restated) *<br>9 months to<br>30 September<br>2012<br>\$'000 |
|-------------------------------------|------|---|---|---|---|
| <b>Revenue</b>                      |      | <b>1,709,913</b>                              | <b>5,002,520</b>                              | <b>1,543,190</b>  | <b>4,657,686</b>  |
| Cost of sales                       |      | (1,274,892)                                   | (3,701,609)                                   | (1,155,165)   | (3,475,208)   |
| <b>Gross Profit</b>                 |      | <b>435,021</b>                                | <b>1,300,912</b>                              | <b>388,025</b>  | <b>1,182,478</b>  |
| Other operating income              |      | 4,931   | 22,291  | 11,023  | 25,623  |
| Operating expenses                  |      | (380,724)                                     | (1,173,485)                                   | (359,985)   | (1,114,953)   |
| <b>Profit from Operations</b>       |      | <b>59,227</b>                                 | <b>149,718</b>                                | <b>39,063</b>   | <b>93,148</b>   |
| Finance costs                       | 3    | (6,633)                                       | (22,760)                                      | (15,026)  | (53,194)  |
| <b>Profit before Taxation</b>       |      | <b>52,595</b>                                 | <b>126,958</b>                                | <b>24,037</b>   | <b>39,954</b>   |
| Taxation                            |      | (15,778)                                      | (36,971)                                      | (16,625)  | (39,157)  |
| <b>Net Profit</b>                   |      | <b>36,816</b>                                 | <b>89,987</b>                                 | <b>7,412</b>  | <b>797</b>  |
| Number of stock units issued ('000) |      | 80,842  | 80,842  | 80,842  | 80,842  |
| <b>Earnings per Stock Unit</b>      |      | <b>\$0.46</b>                                 | <b>\$1.11</b>                                 | <b>\$0.09</b>   | <b>\$0.01</b>   |

\* The comparative numbers have been restated to give effect to the amendments to IFRS. See note 7.

# Hardware & Lumber Limited

## Unaudited Statement of Comprehensive Income

9 months to 30 September 2013

(expressed in Jamaican dollars)

|   | 3 months to<br>30 September<br>2013<br>\$'000 | 9 months to<br>30 September<br>2013<br>\$'000 | (Restated) *<br>3 months to<br>30 September<br>2012<br>\$'000 | (Restated) *<br>9 months to<br>30 September<br>2012<br>\$'000 |
|---|---|---|---|---|
| <b>Net Profit</b>   | <b>36,816</b>                                 | <b>89,987</b>                                 | <b>7,412</b>  | <b>797</b>  |
| <b>Other Comprehensive Income:</b>  |   |   |   |   |
| Remeasurement of retirement benefit obligation                            | (131,002)                                     | (158,906)                                     | 17,625  | 52,876  |
| Deferred Tax on IAS 19 remeasurements                                     | <u>39,301</u>                                 | <u>47,672</u>                                 | <u>(5,875)</u>  | <u>(17,625)</u>   |
| <b>(Loss)/Income, being Total Comprehensive<br/>Income for the Period</b> | <b><u>(94,186)</u></b>                        | <b><u>(21,247)</u></b>                        | <b><u>19,162</u></b>  | <b><u>36,048</u></b>  |

\* The comparative numbers have been restated to give effect to the amendments to IFRS. See note 7.

# Hardware & Lumber Limited

Statement of Financial Position

30 September 2013

(expressed in Jamaican dollars)

|                                      |      | September        | (Restated) *     | (Restated) *     |
|--------------------------------------|------|------------------|------------------|------------------|
|                                      |      | September        | September        | December         |
|                                      |      | 2013             | 2012             | 2012             |
|                                      | Note | \$'000           | \$'000           | \$'000           |
| <b>NET ASSETS EMPLOYED</b>           |      |                  |                  |                  |
| <b>Non-Current Assets</b>            |      |                  |                  |                  |
| Property, plant & equipment          |      | 594,140          | 606,673          | 615,730          |
| Intangible assets                    |      | 8,046            | 14,245           | 11,853           |
| Deferred tax asset                   |      | 204,278          | 260,044          | 193,576          |
|                                      |      | 806,464          | 880,962          | 821,159          |
| <b>Current Assets</b>                |      |                  |                  |                  |
| Inventories                          |      | 1,130,941        | 1,273,055        | 1,107,821        |
| Trade and other receivables          |      | 486,943          | 456,943          | 427,206          |
| Group companies                      | 5    | 4,586            | 13,176           | 8,661            |
| Taxation recoverable                 |      | 48,929           | 50,952           | 51,020           |
| Cash and bank balances               |      | 387,780          | 172,023          | 205,935          |
|                                      |      | 2,059,179        | 1,966,149        | 1,800,643        |
| <b>Current Liabilities</b>           |      |                  |                  |                  |
| Trade, other payables and provisions |      | 778,802          | 811,415          | 694,376          |
| Short-term loans                     | 6    | 53,737           | 50,000           | 0                |
| Group companies                      |      | 4,712            | 9,856            | 1,989            |
| Current portion of long-term debt    | 6    | 183,333          | 183,333          | 183,333          |
|                                      |      | 1,020,584        | 1,054,604        | 879,698          |
| <b>Net Current Assets</b>            |      | <u>1,038,595</u> | <u>911,545</u>   | <u>920,945</u>   |
|                                      |      | <u>1,845,060</u> | <u>1,792,507</u> | <u>1,742,104</u> |
| <b>Financed by:</b>                  |      |                  |                  |                  |
| Share capital                        |      | 616,667          | 616,667          | 616,667          |
| Capital reserve                      |      | 305,342          | 290,619          | 305,342          |
| Other reserve                        |      | 4,961            | 4,244            | 4,961            |
| Accumulated deficit                  |      | (263,730)        | (252,627)        | (242,481)        |
|                                      |      | 663,240          | 658,903          | 684,489          |
| <b>Non-Current Liabilities</b>       |      |                  |                  |                  |
| Long-term debt                       | 6    | 250,000          | 433,333          | 372,629          |
| Retirement benefit obligation        |      | 931,819          | 700,271          | 684,986          |
|                                      |      | <u>1,845,059</u> | <u>1,792,507</u> | <u>1,742,104</u> |

\* The comparative numbers have been restated to give effect to the amendments to IFRS. See note 7.

Approved for issue by the Board of Directors on and signed on its behalf by:



Erwin Burton

Chairman



Andrea D. Lewis-Coy

Director

# Hardware & Lumber Limited

## Unaudited Statement of Changes in Equity

### 9 months to 30 September 2013

(expressed in Jamaican dollars)

|   |        | 2013             |                  |                    |                        |                |
|---|--------|------------------|------------------|--------------------|------------------------|----------------|
|   |        | Share<br>Capital | Other<br>Reserve | Capital<br>Reserve | Accumulated<br>Deficit | Total          |
|   |        | \$'000           | \$'000           | \$'000             | \$'000                 | \$'000         |
| <b>Balance at 1 January 2013 (restated) *</b>           | Note 7 | 616,667          | 4,961            | 305,342            | (242,481)              | 684,489        |
| Profit, being total comprehensive income for the period |        | -                | -                | -                  | 89,987                 | 89,987         |
| Remeasurement of retirement benefit obligation          |        | -                | -                | -                  | (158,907)              | (158,907)      |
| Deferred Tax on IAS 19 remeasurements                   |        |                  |                  |                    | 47,671                 | 47,671         |
| <b>Balance at 30 September 2013</b>                     |        | <b>616,667</b>   | <b>4,961</b>     | <b>305,342</b>     | <b>(263,730)</b>       | <b>663,240</b> |

  

|   |        | 2012 (Restated) * |                  |                    |                        |                |
|---|--------|-------------------|------------------|--------------------|------------------------|----------------|
|   |        | Share<br>Capital  | Other<br>Reserve | Capital<br>Reserve | Accumulated<br>Deficit | Total          |
|   |        | \$'000            | \$'000           | \$'000             | \$'000                 | \$'000         |
| <b>Balance at 1 January 2012</b>                        | Note 7 | 616,667           | 4,244            | 290,619            | (288,675)              | 622,855        |
| Profit, being total comprehensive income for the period |        | -                 | -                | -                  | 797                    | 797            |
| Remeasurement of retirement benefit obligation          |        | -                 | -                | -                  | 52,876                 | 52,876         |
| Deferred Tax on IAS 19 remeasurements                   |        |                   |                  |                    | (17,625)               | (17,625)       |
| <b>Balance at 30 September 2012</b>                     |        | <b>616,667</b>    | <b>4,244</b>     | <b>290,619</b>     | <b>(252,627)</b>       | <b>658,903</b> |

\* The comparative numbers have been restated to give effect to the amendments to IFRS. See note 7.



# Hardware & Lumber Limited

Unaudited Statement of Cash Flows

9 Months to 30 September 2013

(expressed in Jamaican dollars)

|  | Sept. 30,<br>2013     | (Restated) *<br>Sept. 30,<br>2012 |
|--|-----------------------|-----------------------------------|
| <b>Cash Generated from Operating and Investing activities:</b> |                       |                                   |
| Operating activities:  |                       |                                   |
| Net Profit   | 89,987                | 797                               |
| Items not affecting cash                                       | 111,011               | 99,249                            |
|  | <u>200,998</u>        | <u>100,046</u>                    |
| Changes in non-cash working capital components                 | 99,374                | 115,634                           |
| Net cash provided by operating activities                      | <u>300,372</u>        | <u>215,680</u>                    |
| Net cash used in investing activities                          | <u>(9,092)</u>        | <u>(20,111)</u>                   |
| <b>Cash provided by operating and investing activities</b>     | <u>291,280</u>        | <u>195,569</u>                    |
| <b>Cash used in financing activities</b>                       | <u>(109,435)</u>      | <u>(343,205)</u>                  |
| Net increase/(decrease) in cash and cash equivalents           | 181,845               | (147,636)                         |
| Cash and cash equivalents at the beginning of the period       | <u>205,935</u>        | <u>319,659</u>                    |
| <b>Cash and cash equivalents at the end of the period</b>      | <u><u>387,780</u></u> | <u><u>172,023</u></u>             |
| <b>Comprised of:</b>   |                       |                                   |
| Cash at bank   | <u>387,780</u>        | <u>172,023</u>                    |
| <b>Cash and Cash Equivalents at the end of the period</b>      | <u><u>387,780</u></u> | <u><u>172,023</u></u>             |

\* The comparative numbers have been restated to give effect to the amendments to IFRS. See note 7.

# Hardware & Lumber Limited

## Notes to the Interim Financial Statements

### 30 September 2013

(expressed in Jamaican dollars)

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#### 1. Identification and Principal Activities

Hardware & Lumber Limited (the company) is a 58.1% subsidiary of GraceKennedy Limited. The company trades in hardware, lumber, household items and agricultural products. The company is a public company listed on the Jamaica Stock Exchange.

The company and GraceKennedy Ltd. are incorporated and domiciled in Jamaica. The registered office of the company is located at 697 Spanish Town Road, Kingston 11, Jamaica.

#### 2. Accounting Policies

##### Basis of preparation

The accounting policies used in the preparation of these unaudited interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2012 and comply with the requirements of IAS 34, Interim Financial reporting.

Certain amendments to existing standards have been published that became effective during the current financial year. In particular, amendments to IAS 19: Employee benefits, have resulted in the restatement of comparative information. The effects of adopting these amendments on the equity and net profit as previously reported are detailed in Note 8.

These financial statements are presented in Jamaican dollars unless otherwise indicated.

#### 3. Finance Costs

|                         | <b>September<br/>2013<br/>\$'000</b> | <b>September<br/>2012<br/>\$'000</b> |
|-------------------------|--------------------------------------|--------------------------------------|
| Interest expense        | 36,401                               | 52,739                               |
| Exchange (gains)/losses | (13,641)                             | 455                                  |
|                         | <u>22,760</u>                        | <u>53,194</u>                        |

# Hardware & Lumber Limited

## Notes to the Interim Financial Statements

### 30 September 2013

(expressed in Jamaican dollars)

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#### 4. Segment Reporting

Up to December 31, 2012, the Company operated under three main operating divisions:

- Wholesale of Hardware and Building Products ("H&L Wholesale")
- Retail of Household and Hardware Products ("Rapid True Value")
- Retail and Wholesale of Agricultural Products and Equipment ("AgroGrace")

Effective January 1, 2013, the company re-organised its operations into two operating divisions whereby the wholesale segment was subsumed into the retail segment. The operating divisions are now renamed:

- Household, Hardware and Building Products ("Rapid True Value")
- Agricultural Products and Equipment ("AgroGrace")

The company's operations are located in Jamaica. The summary financial details of its segments are as follows:

|                               | <b>9 months to 30 September 2013</b>                          |  |                     |
|-------------------------------|---|--|---------------------|
|                               | <b>Household<br/>Hardware<br/>&amp; Building<br/>Products</b> | <b>Agricultural<br/>Products &amp;<br/>Equipment</b> | <b>Consolidated</b> |
|                               | <b>\$' 000</b>  | <b>\$' 000</b>                                       | <b>\$' 000</b>      |
| External operating revenue    | <u>3,644,834</u>  | <u>1,357,687</u>                                     | <u>5,002,520</u>    |
| (Loss)/profit from operations | (62,565)  | 212,282  | 149,718             |
| Finance cost                  | (16,717)  | (6,043)  | (22,760)            |
| (Loss)/profit before tax      | <u>(79,282)</u>   | <u>206,240</u>                                       | <u>126,958</u>      |

|                               | <b>9 months to 30 September 2012 (Restated)</b>               |  |                     |
|-------------------------------|---|--|---------------------|
|                               | <b>Household<br/>Hardware<br/>&amp; Building<br/>Products</b> | <b>Agricultural<br/>Products &amp;<br/>Equipment</b> | <b>Consolidated</b> |
|                               | <b>\$' 000</b>  | <b>\$' 000</b>                                       | <b>\$' 000</b>      |
| External operating revenue    | <u>3,430,310</u>  | <u>1,227,376</u>                                     | <u>4,657,686</u>    |
| (Loss)/profit from operations | (33,930)  | 127,078  | 93,148              |
| Finance cost                  | (39,103)  | (14,091)   | (53,194)            |
| (Loss)/profit before tax      | <u>(73,033)</u>   | <u>112,987</u>                                       | <u>39,954</u>       |

# Hardware & Lumber Limited

Notes to the Interim Financial Statements  
**30 September 2013**  
 (expressed in Jamaican dollars)

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## 5. Group Companies and Other Related Party Transactions and Balances

(a) Due (to)/from group companies comprises:

|                              | <b>September<br/>2013<br/>\$'000</b> | <b>September<br/>2012<br/>\$'000</b> |
|------------------------------|--------------------------------------|--------------------------------------|
| Due to Grace                 | (1,103)                              | (7,593)                              |
| Due to fellow subsidiaries   | <u>(3,609)</u>                       | <u>(2,263)</u>                       |
|                              | <u><u>(4,712)</u></u>                | <u><u>(9,856)</u></u>                |
|                              |                                      |                                      |
| Due from Grace               | 125                                  | 990                                  |
| Due from fellow subsidiaries | <u>4,461</u>                         | <u>12,186</u>                        |
|                              | <u><u>4,586</u></u>                  | <u><u>13,176</u></u>                 |

(b) The statement of comprehensive income includes the following transactions with related parties;

|                              | <b>September<br/>2013<br/>\$'000</b> | <b>September<br/>2012<br/>\$'000</b> |
|------------------------------|--------------------------------------|--------------------------------------|
| Income:                      |                                      |                                      |
| Fellow subsidiaries          | 9,343                                | 12,715                               |
| Parent company               | 38                                   | 43                                   |
| Expenses:                    |                                      |                                      |
| Fellow subsidiaries          | 6,606                                | 60,763                               |
| Parent company               | 43,254                               | 47,626                               |
| Directors and key management | <u>59,064</u>                        | <u>53,480</u>                        |

# Hardware & Lumber Limited

Notes to the Interim Financial Statements  
**30 September 2013**  
 (expressed in Jamaican dollars)

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## 6. Short Term Loans

|  | <b>September<br/>2013<br/>\$'000</b> | <b>September<br/>2012<br/>\$'000</b> |
|--|--------------------------------------|--------------------------------------|
| Balance at the beginning of the period | -                                    | 593,198                              |
| Loans received                         | 80,605                               | 124,260                              |
| Loans repaid                           | <u>(26,868)</u>                      | <u>(667,458)</u>                     |
| Balance at the end of the period       | <u>53,737</u>                        | <u>50,000</u>                        |

During the quarter, the company received a short-term loan of \$80,605,000 from Sagicor Bank. The loan is repayable by January 31, 2014 in monthly installments and attracts a fixed interest rate of 3.19% per annum.

## Long Term Loans

|  | <b>September<br/>2013<br/>\$'000</b> | <b>September<br/>2012<br/>\$'000</b> |
|--|--------------------------------------|--------------------------------------|
| Balance at the beginning of the period | 550,000                              | 375,343                              |
| Loans received                         | -                                    | 500,000                              |
| Loans repaid                           | <u>(116,667)</u>                     | <u>(258,677)</u>                     |
| Balance at the end of the period       | <u>433,333</u>                       | <u>616,666</u>                       |
| <br>                                   |                                      |                                      |
| Current portion of long-term debt      | 183,333                              | 183,333                              |
| Long-term debt                         | <u>250,000</u>                       | <u>433,333</u>                       |
| Balance at the end of the period       | <u>433,333</u>                       | <u>616,666</u>                       |

In 2012, the company received a loan of \$500,000,000 from National Commercial Bank Jamaica Limited denominated in Jamaican dollars. The annual interest rate is 9.75%. The loan is repayable by 2017 in quarterly installments.

In 2011, the company accessed the sum of \$250,000,000 through a commercial paper arranged by First Global Financial Services Limited denominated in Jamaican dollars. The interest rate is 10.05%. The loan is repayable by 2013 in biannual installments.

# Hardware & Lumber Limited

## Notes to the Interim Financial Statements

### 30 September 2013

(expressed in Jamaican dollars)

#### 7. Effect of amendments to IFRS

Effective for annual periods beginning on or after 1 January 2013, IAS 19: Employee benefits, was amended with the impact on the company as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in Other Comprehensive Income (OCI) as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

The amended standard was applied retrospectively, resulting in the restatement of the prior year financial statements along with the opening statement of financial position for that year.

Below is a summary of the line items in the financial statements affected by the restatement.

|   | 31 December<br>2012<br>\$'000              | 31 December 2011<br>\$'000 | 30 September<br>2012<br>\$'000             |
|---|--|----------------------------|--|
| <b>Reconciliation of Equity at:</b>                                 |  |                            |  |
| Equity as previously reported                                       | <b>994,558</b>                             | <b>962,041</b>             | <b>976,252</b>                             |
| Increase in Deferred tax assets                                     | 103,358                                    | 169,593                    | 119,916                                    |
| Decrease in Pension plan asset                                      | (402,234)                                  | (472,503)                  | (419,801)                                  |
| Increase in Other post-employment obligations                       | (11,193)                                   | (36,276)                   | (17,462)                                   |
| Decrease in Retained earnings                                       | (310,069)                                  | (339,186)                  | (317,347)                                  |
| Equity as restated  | <b>684,489</b>                             | <b>622,855</b>             | <b>658,905</b>                             |
|   |  |                            |  |
| <b>Reconciliation of profit for the period ended:</b>               | 12 months to<br>31 December 2012<br>\$'000 |                            | 9 months to<br>30 September 2012<br>\$'000 |
| Profit as previously reported                                       | <b>27,182</b>                              |                            | <b>14,211</b>                              |
| Decrease in expenses  | 24,851                                     |                            | 18,638                                     |
| Increase in taxation  | (49,221)                                   |                            | (32,052)                                   |
| Decrease in net profit  | (24,370)                                   |                            | (13,414)                                   |
| Profit as restated  | <b>2,812</b>                               |                            | <b>797</b>                                 |
|   |  |                            |  |
| <b>Earnings per Stock Unit</b><br>(expressed in \$ per stock unit)  | 12 months to<br>31 December 2012           |                            | 9 months to<br>30 September 2012           |
| EPS as previously reported  | <b>\$0.34</b>                              |                            | <b>\$0.18</b>                              |
| Decrease due to restatement   | (\$0.30)                                   |                            | (\$0.17)                                   |
| EPS as restated   | <b>\$0.03</b>                              |                            | <b>\$0.01</b>                              |
|   |  |                            |  |
| <b>Reconciliation of comprehensive income for the period ended:</b> | 12 months to<br>31 December 2012<br>\$'000 |                            | 9 months to<br>30 September 2012<br>\$'000 |
| Total comprehensive income as previously reported                   | <b>41,905</b>                              |                            | <b>14,211</b>                              |
| Decrease in net profit  | (24,370)                                   |                            | (13,414)                                   |
| Remeasurement on retirement benefit obligation                      | 53,486                                     |                            | 35,251                                     |
| Increase in total comprehensive income, net of tax                  | 29,116                                     |                            | 21,837                                     |
| Total comprehensive income as restated                              | <b>71,021</b>                              |                            | <b>36,048</b>                              |

# Hardware & Lumber Limited

Notes to the Interim Financial Statements

**30 September 2013**

**(expressed in Jamaican dollars)**

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## 8. Subsequent events

The Board of Hardware & Lumber Ltd has decided to cease the company's participation in the GraceKennedy Defined Benefits pension scheme effective November 30, 2013, instead offering to employees the option to enroll in the GraceKennedy Defined Contributions pension scheme. The entire process for withdrawal from the Defined Benefits pension plan is expected to be completed by the end of the financial year ending December 31, 2013.