

**HARDWARE & LUMBER LIMITED**  
**UNAUDITED PROFIT AND LOSS ACCOUNT**  
**6 MONTHS TO 30 JUNE 2006**

	3 MONTHS TO JUNE 2006	3 MONTHS TO June 2005	6 MONTHS TO JUNE 2006	6 MONTHS TO JUNE 2005
	\$'000	\$'000	\$'000	\$'000
<b>Sales</b>	1,259,997	1,359,026	2,528,609	2,713,330
Cost of Sales	(943,374)	(978,988)	(1,883,804)	(1,978,622)
<b>Gross Profit</b>	316,623	380,038	644,805	734,708
Other Operating Income	17,537	2,699	38,719	29,611
	334,160	382,737	683,524	764,319
Operating Expenses	(332,978)	(335,168)	(657,299)	(661,241)
<b>Operating Profit</b>	1,182	47,569	26,225	103,078
Finance Costs-net	(19,794)	(29,969)	(40,246)	(50,943)
<b>(Loss)/Profit before Taxation</b>	(18,612)	17,600	(14,021)	52,135
Taxation	6,203	(6,182)	4,673	(17,735)
<b>Net Profit</b>	(12,409)	11,418	(9,348)	34,400
Number of 50c Stock Units Issued ('000)	80,842	80,842	80,842	80,842
<b>Earnings per Stock Unit</b>	<b>(0.15)</b>	<b>0.14</b>	<b>(0.12)</b>	<b>0.48</b>

**UNAUDITED BALANCE SHEET  
30 JUNE 2006**

	<b>JUNE 2006 \$'000</b>	<b>DECEMBER 2005 \$'000</b>	<i>Restated</i> <b>JUNE 2005 \$'000</b>
<b>Net Assets Employed</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	437,559	427,410	368,087
Intangible assets	59,515	68,906	37,004
Retirement plan asset	163,976	151,512	136,750
<b>Current Assets</b>			
Inventories	1,318,192	1,425,959	1,355,059
Receivables	416,155	458,157	511,456
Group companies	4,628	8,773	2,840
Cash and bank balances	135,526	233,074	272,430
	1,874,501	2,125,963	2,141,785
<b>Current Liabilities</b>			
Bank overdrafts	183,702	116,095	246,034
Payables	432,856	785,185	634,119
Short term loans	472,285	449,617	406,259
Taxation payable	0	11,261	15,942
Long term liabilities-current portion	78,432	76,413	59,874
	1,167,275	1,438,571	1,362,228
<b>Net Current Assets</b>	<u>707,226</u>	<u>687,392</u>	<u>779,557</u>
	<u>1,368,276</u>	<u>1,335,220</u>	<u>1,321,398</u>
<b>Financed by:</b>			
Share capital	40,421	40,421	40,421
Share premium	576,246	576,246	576,246
Capital reserve	94,348	94,348	94,348
Retained earnings	407,588	416,936	381,858
	1,118,603	1,127,951	1,092,873
<b>Non-Current Liabilities</b>			
Long term debt	72,715	58,585	72,158
Finance lease obligations	13,083	187	1,550
Deferred taxation	16,092	14,594	36,015
Retirement plan obligations	147,783	133,903	118,802
	<u>1,368,276</u>	<u>1,335,220</u>	<u>1,321,398</u>

Approved for issue by the Board of Directors on July 31, 2006 and signed on its behalf by:

John Mahfood

**Director**

A. Anthony  
Holness

**Director**

**Unaudited Statement of Changes in Stockholders' Equity**  
**6 MONTHS TO 30 JUNE 2006**

	<b>JUNE</b>	<b>DECEMBER</b>	<i>Restated</i>
	<b>2,006</b>	<b>2,005</b>	<b>JUNE</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Equity at the beginning of period	1,127,951	720,371	720,371
Issue of capital / Rights issue	-	338,102	338,102
Net (Loss)/Profit	(9,348)	69,478	34,400
Dividends	-	-	-
Net revaluation surplus	-	-	-
<b>Equity at end of period</b>	<u>1,118,603</u>	<u>1,127,951</u>	<u>1,092,873</u>

**UNAUDITED STATEMENT OF CASH FLOW**  
**6 MONTHS TO 30 JUNE 2006**

	<b>JUNE</b>	<b>DECEMBER</b>	<b>June</b>
	<b>2006</b>	<b>2005</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>CASH RESOURCES WERE PROVIDED BY/(USED IN):</b>			
<b>Operating Activities</b>			
Net (Loss)/Profit for the period	(9,348)	69,478	34,400
Items not affecting cash resources	48,618	183,693	44,221
	<u>39,270</u>	<u>253,171</u>	<u>78,621</u>
Changes in non-cash working capital components	(191,568)	(309,057)	(360,974)
Funds used in operating activities	<u>(152,298)</u>	<u>(55,886)</u>	<u>(282,353)</u>
Funds provided by Financing Activities	33,766	467,331	504,124
Funds used in Investing Activities	(46,623)	(143,218)	(44,310)
Increase /(Decrease) in cash resources	(165,155)	268,227	177,461
Net cash balance at beginning of period	116,979	(151,248)	(151,065)
<b>NET CASH BALANCE AT END OF PERIOD</b>	<u>(48,176)</u>	<u>116,979</u>	<u>26,396</u>

**HARDWARE & LUMBER LIMITED**  
**6 MONTHS TO 30 JUNE 2006**  
**Financial Information by Business Segment**

	<b>2006</b>				
	<b>Wholesale</b>	<b>Retail</b>	<b>Agricultural</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>Hardware</b>	<b>Household</b>			
	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>
External operating revenue	400,225	1,667,004	461,380		2,528,609
Profit / (loss) from operations	(3,760)	5,335	24,650		26,225
Finance cost, net					(40,246)
Profit before tax					(14,021)
Taxation					4,673
Net profit					(9,348)

	<b>2005</b>				
	<b>Wholesale</b>	<b>Retail</b>	<b>Agricultural</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>Hardware</b>	<b>Household</b>			
	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>	<b>\$' 000</b>
External operating revenue	470,283	1,800,151	442,896		2,713,330
Operating revenue from other segments	756,463	83,938	2,342	(842,743)	
Operating revenue	1,226,746	1,884,089	445,238	(842,743)	2,713,330
Profit / (loss) from operations	(8,542)	71,980	39,639		103,078
Finance cost, net					(50,943)
Profit before tax					52,135
Taxation					(17,735)
Net profit					34,400