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Chairman's Report for Quarter ended January 31,2020

Lumber Depot Limited ("Lumber Depot" or "the company") commenced operations this year with our acquisition of the operating assets and liabilities of the Lumber Depot Division of the Blue Power Group. The Lumber Depot business has been in operation for approximately 20 years and now operates a full-service retailer of lumber, steel, cement, hardware supplies and fixtures and fittings. Our customers include contractors, developers, tradesmen and other participants in Jamaica's construction industry, as well as businesses and households. Our economic interest in this well-established business took effect from August 1, 2019. Since that time, we have settled the corporate governance, management, staffing and other arrangements for the ongoing operations of the business and have listed the company on the Junior Market of the Jamaica Stock Exchange. We have designated May 1, as the start of our financial year.

On behalf of the board of directors of Lumber Depot, I now present the financial results of the company for the three-month period (the "Third Quarter") and six-month period (the "Six-Month Period") ending on January 31, 2020. For your information, we will compare the performance of the business to the comparable period in the prior year when it was owned and controlled by the Blue Power Group Limited.

The Lumber Depot revenues for the Six-Month Period were \$628.4 million. Profits for the Six-Month Period were \$37.5 million. The revenues for the Six-Month Period represented an increase of 6% relative to the revenues for the comparable period in 2019. Profits for the Six-Month Period increased by 36% relative to the performance of the business in 2019. The Lumber Depot Revenues for the Third Quarter of \$311.4 million increased by 4% (relative to the comparable revenues for 2019). Profits for the Third Quarter increased by 12% to \$22.06 million. These results are currently in line with the projected figures outlined in the IPO's Prospectus. Our balance sheet remains solid with \$213.7 million in net assets including cash resources of \$135 million an increase of \$96.3 million relative to the start of the Third Quarter, primarily as a result of our decision to access the Junior Market of the Jamaica Stock Exchange.

The improved performance of the Lumber Depot business reflects our ability to identify and participate in a growing number of residential construction and renovation projects. We have been able to maintain product availability and price competitiveness in all our core product lines and this has allowed us to maintain a strong and profitable market position.

We have entered into an administrative services agreement with Blue Power Group Limited. This allows us to benefit from shared overhead costs for certain financial control and inventory management functions. This outsourcing arrangement is working very efficiently for us and we value the expertise, professionalism and ongoing commitment that the Blue Power Group Limited and its executive leadership brings to our business.

We remain optimistic about the opportunities for further growth in the business in line with relatively low interest rates and the prospect of improved supply conditions for our core product lines. We are, however, mindful of the possibility of some immediate loss of business confidence and consumer confidence in Jamaica arising from the global outbreak of the coronavirus. Our response will be to maintain high service standards at our Papine location while containing overheads and securing strong availability and price competitiveness for our core product lines.

Lumber Depot Limited benefits from a dedicated team of managers, supported by a strong and loyal group of associates that serve our customers well. On behalf of the board, I thank them for their commitment to the success of this business.

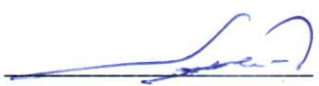
Jeffrey Hall
Chairman

Lumber Depot Limited
Statement of Financial Position
Six months ended January 31, 2020

	Unaudited 6 Mths Ended January 31, 2020	Unaudited Opening August 01, 2019
ASSETS:		
Non-current assets		
Property, plant and equipment	59,319,964	64,921,260
	<u>59,319,964</u>	<u>64,921,260</u>
Current assets		
Cash and cash equivalents	134,973,089	38,635,124
Accounts receivable and prepayments	47,457,601	50,413,434
Inventories	108,852,148	116,536,673
	<u>291,282,838</u>	<u>205,585,231</u>
Current liabilities		
Accounts payable	62,903,101	86,751,854
Current Portion of Long Term Lease Liability	2,189,077	5,801,296
Due to related company	5,188,490	111,902,303
Taxation	7,291,930	-
	<u>77,572,598</u>	<u>204,455,453</u>
Net Current Assets	<u>213,710,240</u>	<u>1,129,778</u>
Total assets less current liabilities	<u>273,030,204</u>	<u>66,051,038</u>
EQUITY		
Share capital	170,061,991	564,991
Retained earnings	37,482,166	-
	<u>207,544,157</u>	<u>564,991</u>
NON-CURRENT LIABILITIES		
Deferred tax liability	490,272	490,272
Long Term Loan	25,000,000	25,000,000
Long Term Lease Liability	39,995,775	39,995,775
	<u>65,486,047</u>	<u>65,486,047</u>
Total equity and non-current liabilities	<u>273,030,204</u>	<u>66,051,038</u>

Approved for issue by the Board of Directors on March 10, 2020 and signed on its behalf by:


 _____ Director
 Jeffrey Hal


 _____ Director
 Noel Dawes

Lumber Depot Limited
Statement of Profit or loss and Other Comprehensive Income
Six months ended January 31, 2020

Unaudited
6 Mths
August 1,2019 - January 31,2020

Revenue	628,401,408
Cost of revenue	<u>(505,768,286)</u>
Gross profit	122,633,122
Administrative and other expenses	<u>(74,328,480)</u>
	48,304,642
Other income	<u>-</u>
Profit before net finance costs and taxation	<u>48,304,642</u>
Finance income	58,475
Finance cost	<u>(3,582,876)</u>
Net financial cost	<u>(3,524,401)</u>
Profit for the period	44,780,241
Taxation	<u>(7,298,075)</u>
Profit attributable to members, being total comprehensive income for the period	<u>37,482,166</u>
Earnings per stock unit	<u>\$ 0.05</u>

Lumber Depot Limited
Statement of Changes in Equity
Six months ended January 31, 2020

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
Balances as at August 1, 2019 (unaudited)	564,991	-	564,991
Ordinary Share Issue December 16,2019	169,497,000	-	169,497,000
Total comprehensive income for the quarter	<u>-</u>	<u>37,482,166</u>	<u>37,482,166</u>
Balances as at January 31, 2020 (unaudited)	<u><u>170,061,991</u></u>	<u><u>37,482,166</u></u>	<u><u>207,544,157</u></u>

Lumber Depot Limited
Statement of Cash Flows
Six months ended January 31, 2020

Unaudited
August 1 - January 31, 2020

Cash Flows From Operating Activities

Profit for the quarter	37,482,166
Adjustments for:	
Interest Income	(56,698)
Depreciation	6,871,433
Taxation	<u>7,298,075</u>
Cash generated before changes in working capital	51,594,976
Inventories	7,684,525
Accounts receivables and prepayments	2,955,833
Accounts payable	(23,848,753)
Due to related party	<u>(106,713,813)</u>
Cash provided by operations	(68,327,232)
Taxation paid	<u>(6,145)</u>
Cash provided by operating activities	<u>(68,333,377)</u>

Cash Flows From Investing Activity

Purchase of property, plant and equipment	(1,270,137)
Interest received	<u>56,698</u>
Cash(used)/provided by Investing activity	<u>(1,213,439)</u>

Cash Flows From Financing Activities

Lease liability paid	(3,612,219)
Ordinary Share Issued	169,497,000
Dividends paid	-
Cash (used)/provided by Financing activities	<u>165,884,781</u>

Net increase in cash and cash equivalents	96,337,965
Cash and cash equivalents at beginning of the period	<u>38,635,124</u>
Cash and cash equivalents at end of period	<u>134,973,089</u>

1 Identification and principal activities

Lumber Depot Limited was incorporated on July 30, 2019 and domiciled in Jamaica. The registered office of the company is located at 4 Victoria Avenue, Kingston CSO., and the operations are carried out at 17c Gordon Town Road Papine.

On 1 August 2019 the Company entered into a Intragroup Reconstruction Agreement with Blue Power Group Limited ("Blue Power"), pursuant to which the Company assumed the benefit and burden of the Hardware Business as at the Accounting Date with the transfer of assets of the Hardware Business taking place on 1 August 2019 as a going concern with no change to the management team of the Hardware Business.

The company was listed on the Junior Market of the Jamaica Stock Exchange on December 16, 2019.

2 Basis of preparation

The unaudited interim financial statements are prepared in accordance with IAS 34 "Interim Financial Statements". The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act. These financial statements are presented in Jamaica dollars.

3 Significant accounting policies

The company has applied significant accounting policies in these interim financial statements.

The company has initially adopted IFRS 16 'Leases' from 1 August 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the company, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments.

Under IFRS16, the company recognises right-of-use assets and lease liabilities for most leases, that is, these leases are on-balance-sheet. The company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising

from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The company has applied judgement to determine the lease term for the lease contract in which it is a lessee that includes renewal options. The assessment of whether the company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The adoption of IFRS 16 resulted in an increase in the lease liability of approximately \$45 million and a corresponding increase in the right-of-use asset of \$45 million on August 1, 2019, for a leased property.

Lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 August 2019 of 3%.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any pre-paid or accrued lease payments.



JANUARY 31, 2020
 TOTAL SHARES OUTSTANDING:
 706,237,500

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
NOEL DAWES*	SELF	14,627,150	2.0700
JEFFREY HALL (SWEE TEEN CHUA)	SELF	2,374,338	0.3300
VIKRAM DHIMAN	SELF	100,000	0.0100
SYMONE MAYHEW	SELF	100,000	0.0100
LISA KONG	SELF	100,000	0.0100
GEORGE OVERTON	SELF	100,000	0.0100
*KAREL DAWES	CONNECTED PARTY	38,070	0.0011

TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)	UNITS	PERCENTAGE
MAYBERRY JAMAICAN EQUITIES LTD	172,000,150	24.3544
BLUE POWER GROUP LIMITED	110,989,250	15.7156
JN FUND MANAGERS LIMITED	27,167,493	3.8468
KENNETH BENJAMIN & SHEILA BENJAMIN	49,954,650	7.0733
MARY J. FRAY	30,954,000	4.3829
NOEL DAWES	14,627,150	2.0711
CONRAD GEORGE & JUDITH MARKES	12,106,409	1.7142
ISSA TRUST FUND LIMITED	11,000,000	1.5575
SILVER INVESTMENTS LIMITED	10,778,160	1.5261
PRIME ASSET MANAGEMENT JPS EMPLOYEES - SUPERANNUATION FUND	9,214,510	1.3047

TOTAL UNITS OWNED BY TOP 10	473,711,113	67.0753
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