



17C Gordon Town Road, Papine
Kingston 6, Jamaica
Phone: 876-977-5075
Fax: 876-970-1302
Email: lumberdepotblue@gmail.com

Head Office
4 Victoria Avenue
Kingston CSO
Phone: 876-928-1882
Fax: 876-930-3283

Chairman's report for the first quarter ended July 31, 2020

On behalf of the board of directors of Lumber Depot Limited, I am pleased to share with you the results for the three-month period ending July 31, 2020 (the 'first quarter'). Lumber Depot operates a full-service hardware store in Papine that serves the needs of large and small-scale building contractors, as well as homeowners and service professionals doing construction projects, renovations and repairs.

The business of Lumber Depot has been in operation for over 20 years and has established a market leading position in the communities we directly serve. Lumber Depot Limited – acquired the Lumber Depot business assets and liabilities from the Blue Power Group Limited with effect from August 1, 2019. This company was then listed on the Junior Market of the Jamaica Stock Exchange with effect from December 16, 2019. We have compared the company's performance with the performance of the Lumber Depot business during the comparable three-month period of the prior year, when the Lumber Depot business was owned and operated by the Blue Power Group.

Lumber Depot had a successful first quarter. Revenues increased 11% relative to the comparable period in the prior year. Net after-tax profits increased 40% to \$29.91 million and shareholders' equity increased by 15%. The Lumber Depot business benefitted from strong sales growth as well as the favourable corporate income tax treatment associated with our being listed on the Junior Market of the Jamaica Stock Exchange. The solid growth in revenues was directly related to our successful efforts to secure adequate stock levels and to maintain competitive pricing for all key hardware items.

Lumber Depot recognizes that the COVID 19 pandemic presents significant challenges for the Jamaican economy. Curfews, travel restrictions and new workplace rules have presented risks to our supply chain, have strained consumer and business confidence and have resulted in increased volatility in exchange rates. Our strategy is to manage through these challenges while consistently offering competitive prices on our products, upholding our service standards and prioritizing the safety of our customers and staff. We are also working very closely with our key customers and suppliers to maintain our strong working capital position and overall balance sheet.

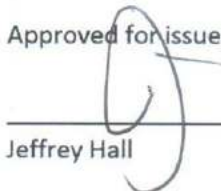
I thank our board, management and staff for their effective work in successfully navigating the Lumber Depot business through challenging business conditions and delivering a solid first quarter result for shareholders.


Jeffrey Hall
Chairman

Lumber Depot Limited
Statement of Financial Position
As at July 31, 2020

	Unaudited	Audited
	July 31, 2020	9 mths ended April 30, 2020
ASSETS:		
Non-current assets		
Property, Plant and equipment	16,320,638	17,331,894
Right of Use Assets	76,771,826	78,904,376
Investments	<u>100,526,913</u>	<u>99,857,804</u>
	<u>193,619,377</u>	<u>196,094,074</u>
Current assets		
Cash and cash equivalents	98,776,295	29,082,710
Accounts receivable and prepayments	30,954,017	44,139,985
Inventories	109,499,771	104,693,833
Due from related party	<u>9,579,060</u>	<u>-</u>
	<u>248,809,143</u>	<u>177,916,528</u>
Current liabilities		
Accounts payable	122,004,823	66,245,874
Due to related company	-	350,556
Current Portion of Long -Term Lease Liability	7,754,186	7,696,318
Current Portion of Long-Term Loan	-	15,000,000
Taxation Payable	<u>9,876,450</u>	<u>9,876,450</u>
	<u>139,635,458</u>	<u>99,169,198</u>
Net Current Assets	<u>109,173,685</u>	<u>78,747,330</u>
Total assets less current liabilities	<u>302,793,062</u>	<u>274,841,404</u>
EQUITY		
Share capital	170,061,991	170,061,991
Retained earnings	<u>52,089,992</u>	<u>22,177,952</u>
	<u>222,151,983</u>	<u>192,239,943</u>
NON-CURRENT LIABILITIES		
Long Term Loan	10,000,000	10,000,000
Long Term Lease Liability	<u>70,641,078</u>	<u>72,601,461</u>
	<u>80,641,078</u>	<u>82,601,461</u>
Total equity and non-current liabilities	<u>302,793,062</u>	<u>274,841,404</u>

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


 _____ Director
 Jeffrey Hall


 _____ Director
 Noel Dawes

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

	Unaudited 3 Mths Ended July 31, 2020	Audited 9 Mths Ended April 30, 2020
Revenue	361,197,851	921,453,856
Cost of revenue	<u>(294,621,196)</u>	<u>(754,010,475)</u>
Gross profit	66,576,655	167,443,381
Impairment losses on trade receivables	(2,460,534)	(20,284,625)
Impairment losses on investments	-	(3,023,774)
Administrative and other expenses	<u>(34,788,261)</u>	<u>(108,290,582)</u>
	29,327,860	35,844,400
Other income	<u>731,347</u>	<u>2,318,889</u>
Profit before net finance costs and taxation	<u>30,059,207</u>	<u>38,163,289</u>
Finance income	2,381,760	993,398
Finance cost	<u>(2,528,926)</u>	<u>(7,102,285)</u>
Net financial income/(cost)	<u>(147,166)</u>	<u>(6,108,887)</u>
Profit for the period	29,912,041	32,054,402
Taxation	<u>-</u>	<u>(9,876,450)</u>
Profit attributable to members, being total comprehensive income for the period	<u>29,912,041</u>	<u>22,177,952</u>
Earnings per stock unit	<u>\$ 0.04</u>	<u>\$ 0.03</u>

Lumber Depot Limited
Statement of Changes in Equity
Three months ended July 31, 2020

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
Balances as at April 30, 2020 (audited)	170,061,991	22,177,952	192,239,943
Total comprehensive income for the quarter	<u>-</u>	<u>29,912,041</u>	<u>29,912,041</u>
Balances as at July 31, 2020 (unaudited)	<u>170,061,991</u>	<u>52,089,993</u>	<u>222,151,984</u>

Lumber Depot Limited
Statement of Cash Flows
Three months ended July 31, 2020

	Unaudited July 31, 2020	Audited 9 Mths Ended April 30,2020
Cash Flows From Operating Activities		
Profit for the quarter	29,912,041	22,177,952
Adjustments for:		
Depreciation	3,144,254	9,426,071
Interest Income	(1,106,629)	(377,457)
Interest expense	2,528,926	2,881,167
Taxation	-	9,876,450
Cash generated before changes in working capital	34,478,592	43,984,183
Accounts receivables and prepayments	13,185,968	(44,139,985)
Inventories	(4,805,938)	(104,693,833)
Accounts payable	55,758,949	66,245,874
Due to related party	(9,228,504)	(18,228,269)
Cash provided by operating activities	89,389,067	(56,832,030)
Cash Flows From Investing Activity		
Purchase of property, plant and equipment	-	(1,216,497)
Purchase of Investments	(669,109)	(99,611,000)
Interest paid	(2,528,926)	(2,881,167)
Interest received	405,068	130,653
Cash(used)/provided by investing activity	(2,792,967)	(103,578,011)
Cash Flows From Financing Activities		
Issue of shares	-	169,497,000
Long term loan	(15,000,000)	25,000,000
Lease liability, net	(1,902,515)	(5,004,249)
Cash (used) by Financing Activities	(16,902,515)	189,492,751
Net increase in cash and cash equivalents	69,693,585	29,082,710
Cash and cash equivalents at beginning of the period	29,082,710	-
Cash and cash equivalents at end of period	98,776,295	29,082,710

Lumber Depot Limited

Notes to the Unaudited Financial Statements

July 31, 2020

1 Identification and principal activities

Lumber Depot Limited (the company) was incorporated and domiciled in Jamaica on July 30, 201

The registered office of the company is located at 4 Victoria Avenue Kingston CSO, with retail outlet at 17c Gordon Town Road, Kingston 6.

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 as at that date as a going concern with no change to the management team of the Hardware Business. The company is listed on the Junior Market of the Jamaica Stock Exchange since December 16, 2019. The tax remission benefits derived from the listing on the Junior Stock Exchange took effect from January 1, 2020.

The main activities of the company comprise the sale of lumber, hardware supplies and related products.

2 Basis of preparation

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 Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates.

4 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investments, cash and cash equivalents and accounts receivable. Financial liabilities comprise accounts payable and due to related party.

5 Revenue:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

6 Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are measured at historical cost, are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates

are recognised in profit or loss.

7 Significant accounting policies

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the period ended April 30, 2020.

8 Leases:

Policy applicable from August 1, 2019.

At inception of a contract, the company assesses whether a contract is, or contains a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16

This policy is applied to contracts entered into, on or after August 1, 2019.



JULY 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	2.0711
JEFFREY HALL (SWEE TEEN CHUA)	SELF	2,374,338	0.3362
VIKRAM DHIMAN	SELF	100,000	0.0142
SYMONE MAYHEW	SELF	100,000	0.0142
LISA KONG	SELF	100,000	0.0142
GEORGE OVERTON	SELF	100,000	0.0142
*KAREL DAWES	CONNECTED PARTY	38,070	0.0054
*RICHARD MAYHEW	CONNECTED PARTY	176,495	0.0250

TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)	UNITS	PERCENTAGE
MAYBERRY JAMAICAN EQUITIES LTD	179,699,948	25.4447
BLUE POWER GROUP LIMITED	113,989,250	16.1404
J KENNETH BENJAMIN & SHEILA BENJAMIN	49,954,650	7.0733
JN FUND MANAGERS LIMITED	46,854,336	6.6344
MARY J. FRAY	30,954,000	4.3829
NOEL DAWES	14,627,150	2.0711
SILVER INVESTMENTS LIMITED	10,778,160	1.5261
MAYBERRY CO A/C 12008	9,837,370	1.3929
CONRAD GEORGE & JUDITH MARKES	9,538,456	1.3506
PRIME ASSET MANAGEMENT JPS EMPLOYEES - SUPERANNUATION FUND	9,214,510	1.3047

TOTAL UNITS OWNED BY TOP 10	475,447,830	67.3212
-----------------------------	-------------	---------