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August 25, 2021

Dear Shareholder:

**RE: ANNUAL REPORT**

I am pleased to provide the following documents for your information in respect of Lumber Depot Limited for the year ended April 30, 2021.

Enclosed are: Notices of the Meetings, Chairman's Statement, Management Discussion and Analysis, Directors' Report, Directors and Officers, Stockholding of Directors and Officers, Top Ten Stockholders, Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and Proxy Forms. The complete set of audited financial statements and accompanying notes as well as the current Lumber Depot Corporate Governance Policy are available to shareholders and the public on the website of the Jamaica Stock Exchange ([jamstockex.com](http://jamstockex.com)).

We would respectfully ask that any shareholder who requires a printed copy of the financial statements please contact us at our registered office with his/her contact details and we will make a copy available by mail.

Yours truly:

LISA KONG-LEE  
Lumber Depot Limited  
Company Secretary

# NOTICE OF ANNUAL GENERAL MEETING

LUMBER DEPOT LIMITED

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at 4 pm Friday, October 8, 2021, at Serengeti, Hope Zoo, Hope Road, Kingston 6 for shareholders to transact the business set out below and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and consider the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company for the year ended April 30, 2021:

**RESOLUTION:**

"THAT the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company for the year ended April 30, 2021, be and are hereby adopted."

2. To fix the remuneration of the Auditors for 2021 or to determine the manner in which such remuneration is to be fixed:

**RESOLUTION:**

"THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2021, be and is hereby approved."

3. To ratify interim dividends and declare them final:

**RESOLUTION:**

"THAT the interim dividend of 4.0 cents per stock unit on record date September 3, 2021, to be paid on September 14, 2021, be and is hereby ratified and declared final for 2020-21."

4. To re-appoint the Auditors:

**RESOLUTION:**

"THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2021-22."

5. To elect Directors:

**RESOLUTIONS:**

"THAT Jeffrey Hall who retires by rotation, be and is hereby re-elected Chairman of the Company."

"THAT Lisa Kong-Lee who retires by rotation, be and is hereby re-elected a Director of the Company."

6. To fix the remuneration of Directors:

**RESOLUTION:**

"THAT the amount shown in the Accounts for the year ended April 30, 2021, for Directors' fees be and is hereby approved."

7. Any Other Business.

Dated this 25<sup>th</sup> day of August 2021. By Order of the Board.

LISA KONG-LEE  
Company Secretary

A form of proxy accompanies this Notice of Annual General Meeting. A shareholder who is entitled to attend and vote at the Annual General Meeting of the Company may appoint one or more persons to attend in his/her place. A proxy need not be a shareholder of the Company. All completed original proxy forms must be deposited together with the power of attorney or other document appointing the proxy at the registered office of the Company at least 48 hours before the Annual General Meeting.

# AGM COVID-19 SAFETY MEASURES

LUMBER DEPOT LIMITED

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Meeting Date: October 8, 2021 at 4 pm.

Lumber Depot Limited wishes to assure shareholders of the company that we will be implementing measures to protect their health and safety and to ensure that the 2021 Annual General Meeting is legally compliant. We are aware that members of the company may wish to strictly adhere to government guidelines on health and safety and to the legal requirements set out in the Disaster Risk Management (Enforcement Measures) Order, 2020. We strongly support the shareholders in this effort and as such, the following measures will be implemented to ensure the company and its shareholders remain compliant with the law, while also respecting the desire of members of the company to participate in the meeting:

1. Shareholders are encouraged to vote by proxy. Shareholders who are unable to attend the meeting are encouraged to send any questions by email to [lumberdepotblue@gmail.com](mailto:lumberdepotblue@gmail.com);
2. The meeting agenda will be limited to the formal business of the company as set out in the Notice of Meeting;
3. No refreshments will be served, and no materials will be distributed at the meeting;
4. All attendees will be required to wear masks, to submit to a temperature check and to sanitize hands before entry;
5. Seating will be provided in accordance with legal regulations and social distancing best practices.

# NOTICE OF EXTRAORDINARY GENERAL MEETING

LUMBER DEPOT LIMITED

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**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Lumber Depot Limited (the “Company”) will be held at 5:30 pm on October 8, 2021, at Serengeti, Hope Zoo, Hope Road Kingston 6 for shareholders of the Company (or their appointed proxy) to consider and if thought fit to pass a special resolution in relation to the following matters:

## **SPECIAL RESOLUTION**

To increase the number of directors who may be appointed to the Board of Directors of the Company:

That the Company’s Articles of Incorporation be and are hereby amended to read:

“Unless otherwise determined by a general meeting, the number of directors of the Company shall be not less than six (6) and no more than eight (8).”

Dated this 25<sup>th</sup> day of August 2021. By Order of the Board.

LISA KONG-LEE  
Company Secretary

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. Proxy forms must be lodged at the Company’s registered office at 4 Victoria Avenue, Kingston CSO not less than 48 hours before the date of the meeting.

# CHAIRMAN'S STATEMENT

## LUMBER DEPOT LIMITED

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Lumber Depot Limited (Lumber Depot) has done an excellent job of capitalizing on the commercial opportunities arising from the ongoing development of Jamaica's construction sector. For the year ended April 30, 2021, Lumber Depot grew revenues by 14.7% to \$1.43 billion and more than tripled its profits. Profits for the 2021 financial year were \$145 million. During the course of the year, Lumber Depot, grew shareholders equity by 68% and quintupled its cash position.

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 doing construction projects, renovations and repairs. The Lumber Depot business has been in operation for over two decades and during this time has established a market leading position in the communities we directly serve and a strong reputation for excellent service, good value and strong availability in key hardware items across the wider corporate area. Lumber Depot Limited acquired the assets and liabilities of the Lumber Depot business from the Blue Power Group Limited with effect from August 1, 2019. The company was then listed on the Junior Market of the Jamaica Stock Exchange (JSE) with effect from December 16, 2019.

We now compare Lumber Depot Limited's performance for the twelve-months of this financial year with the performance of the business during the comparable twelve-month period of the prior year, when it was owned and operated by the Blue Power Group for the first quarter and owned and operated by this company for the remainder of the year.

Despite the challenges generally associated with trading during the COVID 19 pandemic, Lumber Depot has continued to trade positively. Lumber Depot is clearly generating returns from the growth in Jamaica's construction sector and to some extent from its improved tax status arising from its listing on the Junior Market of the JSE. Over the medium term, we expect Jamaica's construction and home improvement industry to continue to benefit from increased liquidity in the financial services sector as well as improved overall competitiveness of the Jamaican economy. Lumber Depot – with its Kingston 6 retail location, strong balance sheet and experienced team -- is well positioned to maintain its competitive standing and to secure its fair share of the industry growth prospects.

Lumber Depot recognizes that the COVID-19 pandemic and the associated restrictions on movement and operating hours presents short term challenges for the Jamaican economy and, in turn, the business. In recent months, this challenge has been compounded by increased prices of certain key hardware items as a result of the depreciation of the Jamaican dollar as well as a spike in global demand. Our strategy has been to consistently offer competitive prices on our products and to maintain our service standards while prioritizing the safety of our customers and staff. During the period under review, a major area of focus for us was to maintain consistent inventory levels in all of the key hardware supplies – including lumber, steel and cement products – regardless of the factors affecting production and transportation of these items. We have proactively developed relationships with key suppliers of construction inputs both in Jamaica and overseas and sought to buy strategically in order to contain the impact of rapidly increasing global commodity prices and transport costs. We have been generally successful with this and, in turn, this has improved our standing with key customers and improved our confidence in the outlook for the business. The immediate area of focus will now be to enhance our operating facilities and systems capabilities to better accommodate growth, while maintaining our controls and flexibility.

I thank our management and staff for their outstanding work in successfully managing through a challenging business environment to deliver strong results for shareholders. I thank the board for their dedicated judgment and oversight.



JEFFREY HALL  
Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## LUMBER DEPOT LIMITED

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MAJOR NOEL DAWES, Managing Director

### COMPANY PROFILE

#### CORE BUSINESS

Lumber Depot Limited (the “Company”) is a full service, hardware and building materials company that has been in operation in the Jamaican building supplies sector since 1998.

The Company was incorporated and domiciled in Jamaica on July 30, 2019, but commenced operations over 20 years ago as a division of Blue Power Group Limited. The registered office of the Company is located at 4 Victoria Avenue Kingston CSO and the Company has been listed on the Junior Market of the Jamaica Stock Exchange since December 16, 2019.

Lumber Depot Limited provides customers with over-the-counter service at competitive prices at its retail outlet at 17c Gordon Town Road in Papine, St. Andrew. The outlet carries an extensive inventory of construction materials, hardware, plumbing and electrical fixtures. The site includes purpose-built warehousing, loading bays, retail space and office facilities. The Company also facilitates online quotations and pre-ordering for customers at [lumberdepotja.com](http://lumberdepotja.com).

#### CUSTOMERS AND SUPPLIERS

The vast majority of customers at the Lumber Depot are small contractors or owners of homes and commercial buildings. The central location of the retail office at the “exit of the city” allows the Company to service the ongoing commercial developments in Kingston and the communities in rural St. Andrew area. Approximately 50% of sales consist of cement, steel, lumber and paints while the other 50% comprise a large number of items including plumbing and electrical supplies and other house improvement supplies.

Most of the supplies are obtained locally from established local specialist companies with market leading cement, lumber and steel and paint products.

Ply board, treated lumber and a few basic items are imported when the competitive situation warrants. The Lumber Depot team prides itself on maintaining good relationships with many suppliers and brokers and is able to negotiate very attractive pricing on a range of imports including ‘form ply’ from South America and ‘dressed ply’ from Asia.

### PERFORMANCE SUMMARY

Lumber Depot Limited’s Financial Year covers May 1, 2020 to April 30, 2021. The prior year covered a nine-month period August 2019 - April 2020 due to the separation of Lumber Depot Limited from Blue Power Group in August 2019. The Company performed creditably for the twelve months period despite numerous challenges encountered over the period. Revenues increased by 14.7 %, despite the impact that the COVID-19 virus had on the global and local economy.

The construction sector displayed great resilience and continues to lay the foundation as we navigate uncharted territories in moving forward. The complexities created by the pandemic led to several challenges which were continuously managed as our sales growth rebounded after the downturn in the fourth quarter of the previous financial year from the initial pandemic onset. Consumers invested more on household goods and home improvement while restricted at home rather than services like travelling and dining, a large amount of which was closed down or significantly impacted throughout the initial months of the pandemic. The steep increase in the demand for goods led to unusual measures to ensure the availability of stock to meet consumer demand in a period of local and overseas supply chain problems resulting in a significant spike in shipping costs and other associated transportation and logistics costs. These dynamics challenged management to pivot and change or renegotiate sourcing arrangements to respond in a timely manner to ensure minimum disruption to our customers.

Profits totalled \$145m a 554% increase over the prior period. Lumber Depot Limited currently enjoys a 100% tax free incentive. This tax incentive arises from our listing on the Jamaica Stock Exchange, Junior Market and will support the expansion of our business.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LUMBER DEPOT LIMITED

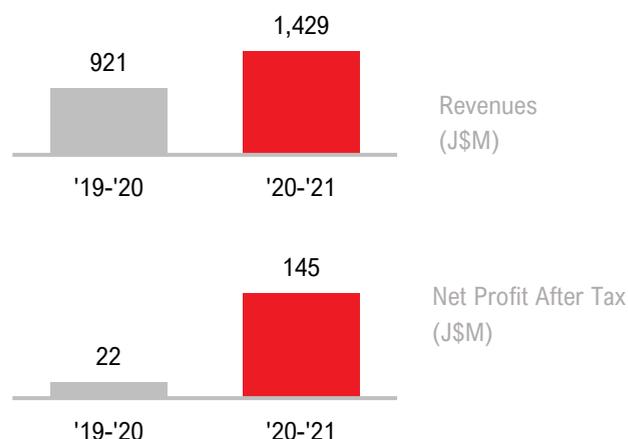
### Financial Highlights (J\$'000)

	9 months	12 months
	'19-'20	'20-'21
<b>BALANCE SHEET</b>		
Total Assets	374,011	526,625
Net Current Assets (Working Capital)	78,747	178,445
Investments, Cash and Cash Equivalents	128,941	260,128
Stockholders' Equity	192,240	323,105
<b>PROFIT AND LOSS</b>		
Gross Revenue	921,454	1,429,310
Profit Attributable to Stockholders	22,178	144,990
Earnings per stock unit	\$0.03	\$0.21
<b>FINANCIAL RATIOS</b>		
Return on Sales	4.14%	10.33%
Return on Equity	11.54%	44.87%
Return on Total Assets	5.93%	27.53%
Debt: Equity Ratio	0.55	0.22
Current Ratio	1.79:1	2.29:1
<b>MARKET STATISTICS</b>		
Closing Stock Price	\$1.13	\$2.88

### BALANCE SHEET

As at April 30, 2021, the Company had total assets of \$527 million and shareholders' equity of \$323 million. The Company continues to have a strong cash position to meet unexpected eventualities as can be observed from our current ratio of 2.29:1. This shows that we are able to deploy current assets to cover more than two times the amount of our current liabilities.

We continue to invest in mainly US currency denominated longer-dated bonds issued by solid businesses in order to maximize on any gains in the US dollar against the JMD. Our debt-equity ratio reduced from 55% in prior year to 22% due to repayment of the \$25M long-term loan from Blue Power Group Limited during the year to facilitate the separation between the two businesses. The \$25M was balance owing from the assets and liabilities transferred.



### FUTURE STRATEGIES AND PROSPECTS

Over the next twelve months the Company will aggressively seek to build on the solid foundation established. An additional off-site warehousing facility downtown was developed over the last financial year and we are now in a position, subject to market conditions, to capitalize on larger volumes of a wider range of imported products through strategic purchases to meet customer demand. We will also continue to grow our digital footprint for new and existing customers to minimize traffic in the store and seek to expand our customer base with the introduction of new products. We will aim to maintain cutting edge technology to make contemporary building systems available to the construction sector to ensure our cadre of existing contractors are duly updated by virtual means on new trends in the industry and where suitable provide liaison and supply chain solutions for these products.

A new location is now under consideration and may be developed through merger, acquisition or a greenfield project and the groundwork is now being laid to bring this to reality.

### CONCLUSION

We have had tremendous support from our customers which, when combined with the dedication of our staff to provide excellent service, has given us the ability to produce excellent results for our shareholders. I would like to thank our loyal customers, shareholders, fellow directors and committed staff for maintaining their faith in us.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LUMBER DEPOT LIMITED

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### RISK MANAGEMENT

The Board of Directors, together with management, has overall responsibility for the establishment and oversight of the Company's risk management framework.

#### OPERATIONAL RISK

It is management's responsibility to monitor and evaluate operational risks involved in the nature of our business. Over the period, management has striven to be conservative by limiting or mitigating exposure while maximizing returns. The Lumber Depot business has undertaken considerable effort to strengthen measures for security arrangements and to attract a high calibre of staff while maintaining the excellent delivery of customer service.

#### Economic Conditions

Business operations and financial results of the Company partly depend on general economic conditions and the performance of the construction industry.

The Board's Audit Committee and the Company's management regularly assess the economic climate, developing as necessary, contingency plans to address major issues that could impact the performance of the Company negatively.

Despite the challenges due to the impact of COVID-19, the construction industry has continued to experience growth. New buildings continue to be constructed and renovations are being done for commercial and residential buildings. We, nonetheless, anticipate that as we go forward the growth and confidence in the construction industry will possibly outpace previous years, all things being equal. Lumber Depot Limited is therefore seeking to achieve further scale to support this growth and will leverage expansion opportunities that may arise through acquisitions or mergers.

#### Market and Competition

Construction and hardware is a competitive space in the local market with established players commanding a sizeable segment of the market share. Lumber Depot Limited continues to operate as a reputable and consistent supplier of construction needs with excellent customer service and competitive prices.

#### Security and Safety

Lumber Depot Limited remains committed to the safety and security of its stakeholders and continues to operate in line

with best practices to ensure a safe and secure business environment for all that come into contact with our operations.

To ensure education and compliance in the months since COVID-19, in addition to the normal risk compliance activities, Lumber Depot Limited has had teams from the Ministry of Health visit our staff to share information, mounted signage and welcomed regular inspections by government officials to ensure safety measures are being observed to protect our staff and customers.

#### Business Continuity Plan

Lumber Depot Limited is continually developing comprehensive business continuity plans to ensure that the business operations will recover in the shortest possible time in the event of a potential threat or major disruption to business activities.

### FINANCIAL RISK

The Company has exposure to market risk, credit risk and liquidity risk from its use of financial instruments.

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities. The Company manages interest rate risk by maintaining deposits and negotiating the most advantageous interest rates.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. Management mitigates this risk by maintaining an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The COVID-19 pandemic has caused significant market volatility which may increase the Company's impact risk. Management has established a credit policy under which its customers are analysed for creditworthiness prior to being offered with a credit facility.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LUMBER DEPOT LIMITED

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### FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements accompanying this annual report and all other information in the report.

The Company's financial statements are presented in accordance with International Financial Reporting Standards (IFRS) to enable management, directors and shareholders to provide an acceptable basis for examination and comparisons.

### INSURANCE ARRANGEMENTS

The Company has procured reasonable insurance coverage for major risks facing its leased premises at 17c Gordon Town Road and off-site storage facilities at 4 Musgrave Avenue taking into account the capacity of the insurance market for certain commercial risks is limited while the price of insuring certain others may be uneconomic.

### GIVING BACK TO THE COMMUNITY

At Lumber Depot, giving back is an important part of what we do. We continue to adopt a community-based approach to supporting churches, schools, social clubs, disadvantaged individuals and others in need who form part of our neighbourhood. These groups and individuals have expressed gratitude for the assistance received, as have charitable organizations whom we have assisted to refurbish and maintain their physical environment.

### PAVING THE WAY FOR OUR CHILDREN

We believe in contributing to the overall development of the communities we serve, and especially those who are most vulnerable within these communities such as children and those with special needs. Inspired by this core belief, we have contributed to projects within educational institutions in surrounding communities.

### SUPPORTING OUR ELDERLY

"The true measure of any society can be found in how it treats its most vulnerable members" – Mahatma Gandhi. Our elderly are also among the most vulnerable and must be cared for – especially those without the assistance of relatives – by the society at large. Guided by this belief, we continue to support efforts that benefit the elderly.

### SAFEGUARDING OUR ENVIRONMENT

With the construction industry being among the major industries that we supply, investing in environmental sustainability is a natural part of what we do. We have continued to contribute annually to the Hope Zoo Preservation Foundation and we have recently supported the Nature Preservation Foundation, which has responsibility for the management of the Hope Royal Botanic Gardens in St. Andrew.

# DIRECTORS' REPORT

## LUMBER DEPOT LIMITED

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The Directors of Lumber Depot Limited are pleased to present their report for the year ended April 30, 2021.

### FINANCIAL RESULTS

The Statement of Profit or Loss and Other Comprehensive Income shows pre-tax profit of \$145 million from \$1.4 billion in revenue.

Details of these results along with the state of affairs of the Company are set out in the Management Discussion & Analysis and the Financial Statements which are included as part of this Annual Report.

### DIVIDENDS

An interim dividend of 2 cents per stock unit on record date December 22, 2020 was paid to stockholders on January 18, 2021 for the nine-month period ended April 30, 2020.

An interim dividend of 4 cents per stock unit on record date September 3, 2021 will be paid to stockholders on September 14, 2021 for the financial year ended April 30, 2021. The Directors recommend that this interim dividend be ratified and declared as final and that no further dividend be paid in respect of the year under review.

### DIRECTORS

The Directors of Lumber Depot Limited as at April 30, 2021 were: Jeffrey Hall, Noel Dawes, Lisa Kong-Lee, Symone Mayhew, Vikram Dhiman and George Overton.

Jeffrey Hall and Lisa King-Lee retire by rotation and being eligible, offer themselves for re-election in accordance with the Articles of Incorporation.

### AUDITORS

The Auditors, KPMG, Chartered Accountants, 6 Duke Street, Kingston, Jamaica have expressed their willingness to continue in office.

On behalf of the Board of Directors,

JEFFREY HALL

Chairman

August 25, 2021

# DIRECTORS AND OFFICERS

## LUMBER DEPOT LIMITED

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### **JEFFREY HALL**

**BA, MPP, JD**

Chairman and Mentor

Mr. Hall is the Chairman of the Board of Directors of the Company and the Chief Executive Officer of Jamaica Producers Group Limited and has worked with that company since 2002. He is also the Chairman of Kingston Wharves Limited, Scotia Group Jamaica Limited and a member of the Board of Directors of several companies, including Blue Power Group Limited and Epley Caribbean Property Fund Limited SCC. He has practiced as an Attorney-at-Law and has served as a Director of the Jamaica Stock Exchange and the Bank of Jamaica.

Mr. Hall is a graduate of the Harvard Law School; and holds a Master of Public Policy from Harvard University, USA. He also earned a Bachelor of Arts (BA) degree in Economics from Washington University, USA.



### **MAJOR (RET'D) NOEL DAWES**

**Dip. Mgmt.**

Managing Director

Major Noel Dawes (Ret'd) is the Managing Director of the Company and also serves as a Director of Blue Power Group Limited. He has been a member of the Hardware Business' executive team since it commenced operations at the Papine location in November 1999.

Prior to joining the Hardware Business Major Dawes served as a commissioned officer in the Jamaica Defence Force for over 10 years. In that capacity he trained at various military institutions in Canada, the United States, and the United Kingdom.

Besides his military qualifications Major Dawes holds a Diploma in Management from the Jamaica Institute of Management.



### **VIKRAM DHIMAN**

**BSc, FCA, MBA,**

Independent Non-Executive Director

Vikram Dhiman is the Chief Operating Officer of ICD Group Holdings Limited, a Jamaican-based Investment Holding Company with regional and global interests in Real Estate, Construction, Property Management, General Insurance, Insurance Broking, Business Process Outsourcing and E-Commerce businesses.

Mr. Dhiman attained a First Class Bachelor's degree in Mathematics from Christ Church College (1987), Kanpur India; is a past member of the Institute of Chartered Accountants of India, Fellow Member (Not in Practice) of the Institute of Chartered Accountants of Jamaica and has passed the CPA examination of the American Institute of Certified Public Accountants; and holds an MBA from INSEAD, Fontainebleau, France (2000).

# DIRECTORS AND OFFICERS

## LUMBER DEPOT LIMITED

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### **LISA KONG-LEE**

Level 2 ACCA, Dip. BA

Non-Executive Director and  
Company Secretary

Lisa Kong-Lee is the Company Secretary of Lumber Depot Limited and was appointed General Manager of Blue Power Group Limited effective March 1, 2020. She is also the Financial Controller of Blue Power Group Limited. She joined Blue Power Group Limited in August 2001. Mrs. Kong-Lee has also been the Financial Controller at Caribbean Casting and Engineering Ltd, Delta Supply Company, Automotive Power Limited, Silver Sands Estate and held accountancy roles at Neal and Massy Jamaica Limited and KPMG.



### **SYMONE MAYHEW**

QC

Independent Non-Executive Director

Symone Mayhew currently manages her own legal practice specializing in the areas of Civil and Commercial Litigation, Labour and Industrial Relations and Disputes to include Arbitration. She has appeared as counsel at all levels of the court system including the Privy Council and the Caribbean Court of Justice.

Mrs. Mayhew is a member of the Jamaican Bar Association and has served on different committees of the General Legal Council. She tutors at the Norman Manley Law School and has authored several papers and presentations.

A graduate of the University of the West Indies and the Norman Manley Law School, she was called to the Jamaican Bar in 1997. Mrs. Mayhew was appointed Queen's Council (QC) in February 2020.



### **LIEUTENANT COMMANDER (RET'D) GEORGE OVERTON**

JP

Independent Non-Executive Director

Lt. Cdr. George Overton (Ret'd) represents the Guardsman Group at the Private Sector Organisation of Jamaica (PSOJ) where he chairs the Standing Committee on National Security and Justice. He also represents the PSOJ on the National Council of Justice.

For the past eight years, he has served as the president of the Jamaica Society for Industrial Security (JSIS) and is currently the second vice-president of the St. Andrew Justices of the Peace Association.

He served the country as a naval officer where he developed his skills as a security consultant and received training at the Britannia Naval College and U.S. Naval War College.

# DIRECTORS AND CONNECTED PARTIES REPORT

LUMBER DEPOT LIMITED

APRIL 30, 2021

TOTAL SHARES OUTSTANDING: 706,237,500

## DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
NOEL DAWES*	SELF	15,627,150	2.2127
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
*RICHARD MAYHEW	CONNECTED PARTY	176,495	0.0200

## TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)	UNITS	PERCENTAGE
MAYBERRY JAMAICAN EQUITIES LTD	178,889,948	25.3300
BLUE POWER GROUP LIMITED	113,989,250	16.1404
J KENNETH BENJAMIN & SHEILA BENJAMIN	49,954,650	7.0733
MARY J. FRAY	30,954,000	4.3829
JN FUND MANAGERS LIMITED	23,919,341	3.3869
NOEL DAWES	15,627,150	2.2127
QWI INVESTMENTS LTD	12,500,000	1.7699
PAM - POOLED EQUITY FUND	9,893,510	1.4009
MAYBERRY CO A/C 120008	9,837,370	1.3929
CONRAD GEORGE & JUDITH MARKES	9,538,456	1.3506
TOTAL UNITS OWNED BY TOP 10	455,103,675	64.4406

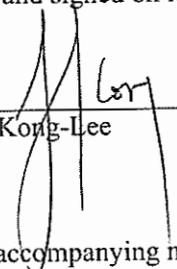
LUMBER DEPOT LIMITED

Statement of Financial Position  
As at April 30, 2021

(with the comparative period nine months ended April 30, 2020)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	21,490,560	17,331,894
Right of use asset	14(a)	70,374,173	78,904,376
Investments	6	<u>117,466,351</u>	<u>99,857,804</u>
		<u>209,331,084</u>	<u>196,094,074</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	142,661,918	29,082,710
Accounts receivable and prepayments	8	42,230,837	44,139,985
Inventories	9	131,598,689	104,693,833
Taxation recoverable		<u>802,592</u>	<u>-</u>
		<u>317,294,036</u>	<u>177,916,528</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	10	126,524,540	66,245,874
Due to related party	11(a)	4,393,739	350,556
Current portion of lease liability	14(b)	7,930,409	7,696,318
Current portion of long-term loan	13	-	15,000,000
Taxation payable		<u>-</u>	<u>9,876,450</u>
		<u>138,848,688</u>	<u>99,169,198</u>
<b>NET CURRENT ASSETS</b>		<u>178,445,348</u>	<u>78,747,330</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>\$387,776,432</u>	<u>\$274,841,404</u>
<b>EQUITY</b>			
Share capital	12	170,061,991	170,061,991
Retained earnings		<u>153,043,390</u>	<u>22,177,952</u>
		<u>323,105,381</u>	<u>192,239,943</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	13	-	10,000,000
Lease liability	14(b)	<u>64,671,051</u>	<u>72,601,461</u>
		<u>64,671,051</u>	<u>82,601,461</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>		<u>\$387,776,432</u>	<u>\$274,841,404</u>

The financial statements on pages 8 to 40 were approved for issue by the Board of Directors on July 14, 2021 and signed on its behalf by:

  
\_\_\_\_\_  
Lisa Kong-Lee Director

  
\_\_\_\_\_  
George Overton Director

The accompanying notes form an integral part of the financial statements.

## LUMBER DEPOT LIMITED

Statement of Profit or Loss and Other Comprehensive Income  
For the year ended April 30, 2021  
(with the comparative period nine months ended April 30, 2020)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Revenue	15	1,429,310,437	921,453,856
Cost of sales	16	<u>(1,135,860,850)</u>	<u>(754,010,475)</u>
Gross profit		293,449,587	167,443,381
Impairment losses on trade receivables reversed/(recognised)	8	3,173,921	( 20,284,625)
Impairment losses on investment reversed/(recognised)	6(i), 7(b)	1,957,028	( 3,023,774)
Administrative and other expenses	16	<u>( 154,220,143)</u>	<u>(108,290,582)</u>
		144,360,393	35,844,400
Other income		<u>3,224,864</u>	<u>2,318,889</u>
Profit before net finance income and taxation		147,585,257	38,163,289
Finance income	17	6,528,356	993,398
Finance costs	17	<u>( 9,098,171)</u>	<u>( 7,102,285)</u>
Net finance costs	17	<u>( 2,569,815)</u>	<u>( 6,108,887)</u>
Profit before taxation		145,015,442	32,054,402
Taxation	18	<u>( 25,254)</u>	<u>( 9,876,450)</u>
Profit for the period attributable to members, being total comprehensive income		<u>\$ 144,990,188</u>	<u>\$ 22,177,952</u>
Earnings per stock unit	20	<u>\$ 0.21</u>	<u>\$ 0.03</u>

The accompanying notes form an integral part of the financial statements.

LUMBER DEPOT LIMITED

Statement of Changes in Equity

For the year ended April 30, 2021

(with the comparative period nine months ended April 30, 2020)

	<u>Share capital</u> (note 12)	<u>Retained earnings</u>	<u>Total</u>
Issue of shares	170,061,991	-	170,061,991
Total comprehensive income:			
Profit for the period, being total comprehensive income	<u>-</u>	<u>22,177,952</u>	<u>22,177,952</u>
Balances at April 30, 2020	\$170,061,991	22,177,952	192,239,943
Profit for the period, being total comprehensive income	-	144,990,188	144,990,188
Dividends paid (note 12c)	<u>-</u>	<u>( 14,124,750)</u>	<u>( 14,124,750)</u>
Balances at April 30, 2021	<u>\$170,061,991</u>	<u>153,043,390</u>	<u>323,105,381</u>

The accompanying notes form an integral part of the financial statements.

**LUMBER DEPOT LIMITED**

Statement of Cash flow

For the year ended April 30, 2021

(with the comparative period nine months ended April 30, 2020)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year/period		144,990,188	22,177,952
Adjustments for:			
Depreciation	5,14(a)	12,909,821	9,426,071
Adjustment to property, plant and equipment	5	( 449)	-
Interest income	17	( 3,745,698)	( 377,457)
Interest expense		2,872,431	2,881,167
Taxation	18	<u>25,254</u>	<u>9,876,450</u>
Cash generated before changes in working capital		157,051,547	43,984,183
Accounts receivable and prepayments		1,909,148	( 44,139,985)
Inventories		( 26,904,856)	(104,693,833)
Accounts payable		60,278,666	66,245,874
Due to related party		4,043,183	( 18,228,269)
Taxation recoverable		( 695,975)	-
Cash provided by operations		195,681,713	( 56,832,030)
Taxation paid		( 10,008,321)	-
Net cash provided/(used) by operating activities		185,673,392	( 56,832,030)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	5	( 8,537,835)	( 1,216,497)
Purchase of investments, net		( 16,740,332)	( 99,611,000)
Interest paid		( 2,872,431)	( 2,881,167)
Interest received		<u>2,877,483</u>	<u>130,653</u>
Net cash used by investing activities		( 25,273,115)	(103,578,011)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares	12	-	169,497,000
Dividends paid		( 14,124,750)	-
Long-term loan		-	25,000,000
Repayment of Long-term loan	13	( 25,000,000)	-
Lease liability, net	14	( 7,696,319)	( 5,004,249)
Net cash (used)/provided by financing activities		( 46,821,069)	<u>189,492,751</u>
Net increase in cash and cash equivalents		113,579,208	29,082,710
Cash and cash equivalents at beginning of period		<u>29,082,710</u>	-
Cash and cash equivalents at end of period		<u>\$142,661,918</u>	<u>\$ 29,082,710</u>

The accompanying notes form an integral part of the financial statements.

**LUMBER DEPOT LIMITED - FORM OF PROXY**

I/We ----- (insert name)  
of ----- (address)  
being a shareholder /shareholders of the above-named Company, hereby appoint:  
----- (proxy name)  
of ----- (address)  
or failing him----- (alternate proxy name)  
of ----- (address)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to held at 4:pm pm on October 8, 2021 at Serengeti, Hope Zoo, Hope Road, Kingston 6 and any adjournment thereof, I desire this form to be used for/against the resolutions as follows:

	YES	NO
1. "THAT the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company for the year ended April 30, 2021 be and are hereby adopted."		
2. "THAT the interim dividend of 4.0 cents per stock unit on record date September 3, 2021, paid on September 14, 2021, be and is hereby ratified and declared final for 2020-21."		
3. "THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2021, be and is hereby approved."		
4. "THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2021-22."		
5. a) "THAT Jeffrey Hall who retires by rotation, be and is hereby re-elected Chairman of the Company."		
b) "THAT Lisa Kong-Lee, who retires by rotation, be and is hereby re-elected a Director of the Company."		
6. "THAT the amount shown in the Accounts for the year ended April 30, 2021 for Directors' fees be and is hereby approved."		

Unless otherwise directed the proxy will vote as he thinks fit.

Signed this \_\_\_\_\_ day \_\_\_\_\_ 2021

-----  
Signature of Shareholder

**EXTRAORDINARY GENERAL MEETING**

**LUMBER DEPOT LIMITED - FORM OF PROXY**

I/We ----- (insert name)

of ----- (address)

being a shareholder /shareholders of the above-named Company, hereby appoint:

----- (proxy name)

of ----- (address)

or failing him----- (alternate proxy name)

of ----- (address)

as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to held at 5:30 pm on October 8, 2021, at Serengeti, Hope Zoo, Hope Road, Kingston 6, and any adjournment thereof, I desire this form to be used for/against the resolutions as follows:

1. "THAT the Company's Articles of Incorporation be amended to read, Unless otherwise determined by a general meeting, the number of Directors of the Company shall be not less than six (6) and no more than eight (8) be and are hereby adopted."

YES	NO

Unless otherwise directed the proxy will vote as he thinks fit.

Signed this \_\_\_\_\_ day \_\_\_\_\_ 2021

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Signature of Shareholder

