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## CHAIRMANS REPORT FOR THE QUARTER ENDED JULY 31,2021

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, 2021 (the 'first quarter'). Lumber Depot operates a full-service hardware store in Papine that serves the needs of medium and small-scale building contractors, as well as homeowners and service professionals doing construction projects, renovations and repairs.

Lumber Depot Limited had an outstanding first quarter. Revenues of \$420 million represented an increase of 16% relative to the prior year. Profits for the first quarter were \$71.8 million, an increase of 139% over the prior year. Lumber Depot benefits from the favourable corporate income tax treatment associated with our being listed on the Junior Market of the Jamaica Stock Exchange.

The Lumber Depot business has been in operation for over 20 years and has established a market leading position in the communities we directly serve. The company benefits from its strategic location in Papine, which allows it to effectively provide hardware products to areas of the city now experiencing significant high-quality commercial, light-industrial and residential real estate development. Over the years, Lumber Depot has also developed an excellent reputation for service and for delivering good customer value.

Along with the core competitive strengths of Lumber Depot, the strong financial performance during the first quarter was directly related to successful efforts to negotiate adequate stock levels and reasonable cost prices for all key hardware items while maintaining fair selling prices to the market. We also worked hard to maintain commercially reasonable opening hours and staffing levels throughout the COVID 19 pandemic.

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. We are pleased that our team has succeeded in managing through these challenges while consistently prioritizing the safety of our customers and staff.

Lumber Depot now has the balance sheet to allow it to consider a range of strategic investment initiatives. The business has over \$390 million of equity and over \$268 million of cash, cash equivalents and investments. The board and management of Lumber Depot will prioritize projects that allow it to strengthen its overall long-term market position and drive the competitiveness of the core retail business.

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.

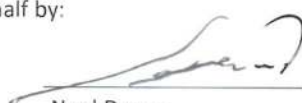
Jeffrey Hall

**LUMBER DEPOT LIMITED**  
**Statement of Financial Position**  
**As at July 31, 2021**

	<u>Unaudited</u> <u>July 31, 2021</u>	<u>Unaudited</u> <u>July 31, 2020</u>	<u>Audited</u> <u>April 30, 2021</u>
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20,274,277	16,320,638	21,490,560
Right of Use Assets	68,241,623	76,771,826	70,374,173
Investments	<u>118,226,692</u>	<u>100,526,913</u>	<u>117,466,351</u>
	<u>206,742,592</u>	<u>193,619,377</u>	<u>209,331,084</u>
<b>Current assets</b>			
Cash and cash equivalents	150,447,400	98,776,295	142,661,918
Accounts receivable and prepayments	52,059,056	30,954,017	42,230,837
Inventories	156,573,624	109,499,771	131,598,689
Due from related party	2,211,828	-	-
Taxation recoverable	<u>1,096,692</u>	<u>9,579,060</u>	<u>802,592</u>
	<u>362,388,600</u>	<u>248,809,143</u>	<u>317,294,036</u>
<b>Current liabilities</b>			
Accounts payable	103,600,189	122,004,822	126,524,540
Due to related company	-	-	4,393,739
Current Portion of Long Term Lease Liability	7,990,036	7,754,186	7,930,409
Taxation Payable	<u>-</u>	<u>9,876,450</u>	<u>-</u>
	<u>111,590,225</u>	<u>139,635,458</u>	<u>138,848,688</u>
<b>Net Current Assets</b>	<u>250,798,375</u>	<u>109,173,685</u>	<u>178,445,348</u>
<b>Total assets less current liabilities</b>	<u><b>457,540,967</b></u>	<u><b>302,793,062</b></u>	<u><b>387,776,432</b></u>
<b>EQUITY</b>			
Share capital	170,061,991	170,061,991	170,061,991
Retained earnings	<u>224,827,933</u>	<u>52,089,993</u>	<u>153,043,390</u>
	<u>394,889,924</u>	<u>222,151,984</u>	<u>323,105,381</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Loan	-	10,000,000	-
Long Term Lease Liability	<u>62,651,043</u>	<u>70,641,078</u>	<u>64,671,051</u>
	<u>62,651,043</u>	<u>80,641,078</u>	<u>64,671,051</u>
<b>Total equity and non-current liabilities</b>	<u><b>457,540,967</b></u>	<u><b>302,793,062</b></u>	<u><b>387,776,432</b></u>

Approved for issue by the Board of Directors on September 7, 2021 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, 2021**

	<b>Unaudited 3 Mths Ended <u>July 31, 2021</u></b>	<b>Unaudited 3 Mths Ended <u>July 31, 2020</u></b>	<b>Audited <u>April 30, 2021</u></b>
Revenue	420,078,954	361,197,851	1,429,310,437
Cost of revenue	<u>(316,610,284)</u>	<u>(294,621,196)</u>	<u>(1,135,860,850)</u>
<b>Gross profit</b>	<b>103,468,670</b>	<b>66,576,655</b>	<b>293,449,587</b>
Impairment losses on trade receivables reversed/recognised	6,436,888	(2,460,534)	3,173,921
Impairment losses on investments reversed	65,960	-	1,957,028
Administrative and other expenses	<u>(36,753,382)</u>	<u>(34,788,261)</u>	<u>(154,220,143)</u>
	<b>73,218,136</b>	<b>29,327,860</b>	<b>144,360,393</b>
Other income	<u>642,855</u>	<u>731,347</u>	<u>3,224,864</u>
Profit before net finance costs and taxation	<u>73,860,991</u>	<u>30,059,207</u>	<u>147,585,257</u>
Finance income	549,013	2,381,760	6,528,356
Finance cost	<u>(2,625,461)</u>	<u>(2,528,926)</u>	<u>(9,098,171)</u>
Net financial income/(cost)	<u>(2,076,448)</u>	<u>(147,166)</u>	<u>(2,569,815)</u>
<b>Profit for the period</b>	<b>71,784,543</b>	<b>29,912,041</b>	<b>145,015,442</b>
Taxation	-	-	(25,254)
<b>Profit attributable to members, being total comprehensive income for the period</b>	<b><u>71,784,543</u></b>	<b><u>29,912,041</u></b>	<b><u>144,990,188</u></b>
Earnings per stock unit	<u>\$ 0.10</u>	<u>\$ 0.04</u>	<u>\$ 0.21</u>

**LUMBER DEPOT LIMITED**  
**Statement of Changes in Equity**  
**Three months ended July 31, 2021**

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	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
Balances at April 30, 2020 (audited)	170,061,991	22,177,952	192,239,943
Total comprehensive income for the quarter	-	29,912,041	29,912,041
Balances as at July 31, 2020 (unaudited)	170,061,991	52,089,993	222,151,984
Balances as at April 30, 2021 (audited)	170,061,991	153,043,390	323,105,381
Profit for the period, being total comprehensive income for the quarter	-	71,784,543	71,784,543
Balances as at July 31, 2021 (unaudited)	<u>170,061,991</u>	<u>224,827,933</u>	<u>394,889,924</u>

**LUMBER DEPOT LIMITED**  
**Statement of Cash Flows**  
**Three months ended July 31, 2021**

	<b>Unaudited July 31, 2021</b>	<b>Unaudited July 31, 2020</b>	<b>Audited April 30, 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the quarter	71,784,543	29,912,041	144,990,188
<b>Adjustments for:</b>			
Depreciation	3,352,819	3,144,254	12,909,821
Adjustment to property, plant and equipment	(3,985)	-	(449)
Interest Income	(942,286)	(1,106,629)	(3,745,698)
Interest expense	539,618	2,528,926	2,872,431
Taxation	-	-	25,254
Cash generated before changes in working capital	74,730,709	34,478,592	157,051,547
Accounts receivables and prepayments	(9,828,219)	13,185,968	1,909,148
Inventories	(24,974,935)	(4,805,938)	(26,904,856)
Accounts payable	(22,924,351)	55,758,949	60,278,666
Due from/to related party	(6,605,567)	(9,228,504)	4,043,183
Taxation recoverable	(294,100)	-	(695,975)
Cash provided by operations	10,103,537	89,389,067	195,681,713
Taxation paid	-	-	(10,008,321)
Net cash provided/(used) by operating activities	10,103,537	89,389,067	185,673,392
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	-	-	(8,537,835)
Purchase of Investments, net	(760,342)	(669,109)	(16,740,332)
Interest paid	(539,618)	(2,528,926)	(2,872,431)
Interest received	942,286	405,068	2,877,483
Net cash used by investing activity	(357,674)	(2,792,967)	(25,273,115)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	-	-	(14,124,750)
Long term loan	-	(15,000,000)	(25,000,000)
Lease liability, net	(1,960,381)	(1,902,515)	(7,696,319)
Net cash (used) / provided by financing activities	(1,960,381)	(16,902,515)	(46,821,069)
Net increase in cash and cash equivalents	7,785,482	69,693,585	113,579,208
Cash and cash equivalents at beginning of the period	142,661,918	29,082,710	29,082,710
Cash and cash equivalents at end of period	150,447,400	98,776,295	142,661,918

# **LUMBER DEPOT LIMITED**

## **Notes to the Unaudited Financial Statements**

### **July 31, 2021**

#### **1 Identification and principal activities**

**Lumber Depot Limited (the company) was incorporated and domiciled in Jamaica on July 30, 2019.**

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 provisions of the Jamaican Companies Act.

#### **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, 2021.

#### **8 Inventories**

Inventories are measured at the lower of cost, determined on the weighted average basis, and net realisable value.



July 31, 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	181,538,726	25.7051
BLUE POWER GROUP LIMITED	101,989,250	14.4412
J KENNETH BENJAMIN & SHEILA BENJAMIN	59,954,650	8.4893
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	13,600,000	1.9257
PAM - POOLED EQUITY FUND	9,893,510	1.4009
MAYBERRY CO A/C 120008	9,837,370	1.3929
PRIME ASSET MANAGEMENT - JPS Employees Superannuation Fund	9,214,510	1.3047
<b>TOTAL UNITS OWNED BY TOP 10</b>	<b>456,528,507</b>	<b>64.6423</b>