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Head Office  
4 Victoria Avenue  
Kingston CSO  
Tel.: (876)648-5652

September 12, 2022

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, 2022.

Enclosed are: Notice of the Meeting, Chairman's Statement, Financial Highlights, Directors' Report, Directors and Officers, Stockholding of Directors and Officers, Top Stockholders, Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and Form of Proxy. The complete set of audited financial statements and accompanying notes are available to shareholders and the public on our website ([www.lumberdepotjm.com](http://www.lumberdepotjm.com)) and the website of the Jamaica Stock Exchange ([www.jamstockex.com](http://www.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

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Lumber Depot Limited (the “Company”) will be held at “The Summerset Suite” at Courtleigh Hotel and Suites, 85 Knutsford Boulevard, Kingston 10 on Tuesday November 8, 2022 at 4pm 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’ Report and Audited Financial Statements of the Company for the year ended April 30, 2022:

**RESOLUTION:**

**“THAT the Directors’ Report, Auditors’ Reports and Audited Financial Statements of the Company for the year ended April 30, 2022 be and are hereby adopted.”**

2. To fix the remuneration of the Auditors for 2022 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 2022, be and is hereby approved.”**

3. To ratify interim dividends and declare them final:

**RESOLUTION:**

**“THAT the interim dividend of 5.2 cents per stock unit on record date September 30, 2022 to be paid on October 14, 2022 be and is hereby ratified and declared final for 2021-22.”**

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 2022-23.”**

5. To elect Directors:

**RESOLUTIONS:**

- a) **“THAT George Overton who retires by rotation, be and is hereby re- elected a Director of the Company.”**
- b) **“THAT Paul B. Scott who retires after having been appointed to the Board since the last Annual General Meeting, be and is hereby elected a Director of the Company.”**
- c) **“THAT Melanie Subratie who retires after having been appointed to the Board since the last Annual General Meeting, be and is hereby 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, 2022 for Directors’ fees be and is hereby approved.”**

7. Any Other Business.

Dated this 12<sup>th</sup> day of September 2022. 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.

# CHAIRMAN'S STATEMENT

## LUMBER DEPOT LIMITED

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On behalf of the Board of Directors of Lumber Depot Limited, I am pleased to share with you the results of our operations for year ended April 30, 2022. Lumber Depot had a strong year. Our profits increased by 27% to 184 million. Our revenues were up by 10% from \$1.429 billion to \$1.574 billion. Our shareholders equity increased by 48% to \$479 million.

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 20 years and during this time has established a market leading position in the communities we directly serve and a strong reputation for excellent service and good value across the wider corporate area.

Despite the challenges generally associated with trading during the COVID-19 pandemic, Lumber Depot has continued to trade positively and to deliver strong results. We are operating in the context of interest rate increases as well as commodity price increases and logistics challenges that have been made worse by the outbreak of war in Europe. Our strategy is to consistently offer competitive prices on our products and to maintain our service standards and inventory availability while prioritizing the safety of our customers and staff. We have been generally successful with this and in turn this has improved our standing with key customers.

We consider our location in Papine to be an important part of our success. Papine is a vibrant and fast-growing university community that also serves as a main access point to the St. Andrew hills. Our location is immediately outside the most trafficked part of the community, is purpose built and well established. Prior to this year, we occupied the property as a tenant. During the year we made the decision to acquire the property at a price in line with market value. We have now completed the purchase and we believe this will allow the business greater flexibility to develop and optimize the property while gaining security of tenure and reducing the expenses associated with lease payments.

Over the year ahead, we will continue to judiciously manage our cash and inventory levels with a view to improving shareholder returns while allowing the business to seize opportunities for investment and growth that we expect to arise in Jamaica when economic normalcy returns.

I thank our board, management and staff for their effective work in successfully managing through a challenging business environment to deliver strong results for shareholders.



JEFFREY HALL  
Chairman

# FINANCIAL HIGHLIGHTS

## LUMBER DEPOT LIMITED

	2022 \$ '000	2021 \$ '000	2020 (9 months) \$ '000
<b>Balance Sheet</b>			
Total Assets	583,254	526,625	374,011
Net Current Assets (Working Capital)	187,774	178,445	78,747
Investments, Cash and Cash Equivalents	193,944	260,128	128,941
Stockholders' Equity	<u>478,745</u>	<u>323,105</u>	<u>192,240</u>
<b>Profit and Loss</b>			
Gross revenues	1,573,826	1,429,310	921,454
Profit attributable to stockholders	183,889	144,990	22,178
Dividends Paid	<u>28,250</u>	<u>14,125</u>	<u>-</u>
Earnings per stock unit J\$	\$ 0.26	\$ 0.21	\$ 0.03
<b>Financial Ratios</b>			
Return on Sales	11.68%	10.33%	4.14%
Return on Equity	38.41%	44.87%	11.54%
Return on Total Assets	31.53%	27.53%	5.93%
Debt:Equity Ratio	-	0.22%	0.55%
Current Ratio	2.80:1	2.29:1	1.79:1
Dividend Cover	6.51	10.26	-
<b>Market Statistics</b>			
Closing Stock Price J\$	\$ 3.57	\$ 2.88	\$ 1.13

# 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, 2022.

### FINANCIAL RESULTS

The Statement of Profit or Loss and Other Comprehensive Income shows pre-tax profit of \$184 million from \$1.6 billion in revenue.

### DIVIDENDS

An interim dividend of 4 cents per stock unit on record date September 3, 2021 was paid to stockholders on September 14, 2021 for the financial year ended April 30, 2021.

An interim dividend of 5.2 cents per stock unit on record date September 30, 2022 will be paid to stockholders on October 14, 2022 for the financial year ended April 30, 2022.

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, 2022 were: Jeffrey Hall, Noel Dawes, Vikram Dhiman, Lisa Kong-Lee, Symone Mayhew, George Overton, Paul B. Scott and Melanie Subratie.

George Overton retires by rotation and being eligible, offers himself for re-election in accordance with the Articles of Incorporation.

Paul B. Scott and Melanie Subratie were appointed to the Board of Directors on December 31, 2021. They retire in accordance with the Articles of Incorporation and being eligible, offer themselves for election.

Simone Mayhew QC resigned as a member of the Board and Audit Committee of the Company effective June 30, 2022. We thank Mrs. Mayhew for her advice and counsel throughout her tenure.

### 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

September 12, 2022

# DIRECTORS & OFFICERS

## LUMBER DEPOT LIMITED



### JEFFREY HALL

CD, BA, MPP, JD

Chairman and Mentor

Jeffrey Hall is the Chairman of the Board of Directors of the Company and the Chief Executive Officer of Jamaica Producers Group Limited. He is also the Chairman of Blue Power Group Limited, Kingston Wharves Limited, Scotia Group Jamaica Limited and a member of the Board of Directors of several companies, including SAJE Logistics Infrastructure 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, CA, CPA, MBA

Independent Non-Executive Director

Vikram Dhiman is the Chief Operating Officer of ICD Group Holdings Limited. He has worked in several countries in multiple sectors and as a strategy consultant to several Fortune 500 companies. Vikram's experience includes managing large businesses, startups, mergers, acquisitions, divestments, and the development of strategy and leading of change programmes for companies and organisations that he has worked with.

Vikram mentors young men and women and has been responsible for developing the National Junior Golf programme for the Jamaica Golf Association and raising funds for the development of squash and golf in Jamaica.

# DIRECTORS & OFFICERS

## LUMBER DEPOT LIMITED



### LISA KONG-LEE

Level 2 ACCA, Dip. BA

Non-Executive Director and  
Company Secretary

Lisa Kong-Lee is the Company Secretary and Financial Controller of Lumber Depot Limited. She was appointed Executive Director of Blue Power Group Limited effective June 1, 2022 after previously having the role of General Manager. 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 & OFFICERS

## LUMBER DEPOT LIMITED

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### PAUL B. SCOTT

CD

Independent Non-Executive Director

Paul B. Scott is the Chairman, Chief Executive Officer and principal shareholder of the Musson Group. His chairmanship extends to Musson's subsidiaries and affiliates; namely Facey Group Ltd, T. Geddes Grant (Distributors) Ltd., General Accident Insurance Company Ltd., Seprod Ltd. and PBS Group Ltd.

In addition to his responsibilities at Musson, he serves on several boards and commissions which include being Chairman of the Development Bank of Jamaica. He is also trustee of the American International School of Kingston. He is a former President of the Private Sector Organization of Jamaica.



### MELANIE SUBRATIE

BSc (Hons.)

Independent Non-Executive Director

Melanie Subratie is the Deputy Chairman of Musson (Jamaica) Limited and is the Chairman and CEO of Stanley Motta Limited and Felton Property Management. Additionally, she is the Executive Chairman of the Musson Foundation and the Seprod Foundation. She is the Vice-Chairman of General Accident Insurance Company Limited and T. Geddes Grant Limited, a director of Facey Group, Interlinc Limited, Eppley Limited, Eppley Caribbean Property Fund, PBS Group and all its subsidiaries, and Seprod Limited and all its subsidiaries.

Mrs. Subratie is Chairman of the Audit Committees for Seprod Limited, Interlinc Limited, and PBS Group. A keen angel investor, she is a director of First Angels, and a director of Bookfusion Limited. She is the First Vice President of the Jamaica Chamber of Commerce.

Mrs. Subratie is a graduate of the London School of Economics.



# DIRECTORS AND CONNECTED PARTIES REPORT

LUMBER DEPOT LIMITED

APRIL 30, 2022

TOTAL SHARES OUTSTANDING: 706,237,500

## DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
NOEL DAWES*	SELF	16,627,150	2.3543
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
JEFFREY HALL (SWEE TEEN CHUA)***	SELF	0	0.0000
PAUL SCOTT****	SELF	0	0.0000
MELANIE SUBRATIE****	SELF	0	0.0000
KAREL DAWES*	CONNECTED PARTY	38,070	0.0054
RICHARD MAYHEW**	CONNECTED PARTY	176,495	0.0250

## TOP 11 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)	UNITS	PERCENTAGE
STONY HILL CAPITAL LIMITED****	116,189,064	16.4518
BLUE POWER GROUP LIMITED***	116,189,064	16.4518
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
QWI INVESTMENTS LTD	17,783,269	2.5180
NOEL DAWES	16,627,150	2.3543
PAM -POOLED EQUITY FUND	15,393,510	2.1797
THE MAYBERRY FOUNDATION LTD.	10,000,000	1.4160
JPS EMPLOYEES SUPERAN. FUND - PRIME ASSET MANAGEMENT	9,214,510	1.3047
BRIAN JOHN VAUGHN MILLINGEN	8,311,000	1.1768

TOTAL UNITS OWNED BY TOP 11	424,535,558	60.1123
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**LUMBER DEPOT LIMITED**

**Statement of Financial Position  
As at April 30, 2022**

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	179,835,007	21,490,560
Right of use asset	12(a)	-	70,374,173
Investments	5	<u>111,135,448</u>	<u>117,466,351</u>
		<u>290,970,455</u>	<u>209,331,084</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	82,808,589	142,661,918
Accounts receivable and prepayments	7	39,800,066	42,230,837
Inventories	8	167,852,845	131,598,689
Taxation recoverable		<u>1,821,875</u>	<u>802,592</u>
		<u>292,283,375</u>	<u>317,294,036</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	102,635,452	126,524,540
Due to related party	10(a)	1,873,618	4,393,739
Current portion of lease liability	12(b)	<u>-</u>	<u>7,930,409</u>
		<u>104,509,070</u>	<u>138,848,688</u>
<b>NET CURRENT ASSETS</b>		<u>187,774,305</u>	<u>178,445,348</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>\$478,744,760</u>	<u>\$387,776,432</u>
<b>EQUITY</b>			
Share capital	11	170,061,991	170,061,991
Retained earnings		<u>308,682,769</u>	<u>153,043,390</u>
		<u>478,744,760</u>	<u>323,105,381</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	12(b)	<u>-</u>	<u>64,671,051</u>
		<u>478,744,760</u>	<u>64,671,051</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>		<u>\$478,744,760</u>	<u>\$387,776,432</u>

The financial statements on pages 7 to 42 were approved for issue by the Board of Directors on July 20, 2022 and signed on its behalf by:

 Director  
Noel Dawes

 Director  
George Overton

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, 2022

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	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Revenue	13	1,573,825,502	1,429,310,437
Cost of sales	14	(1,233,511,236)	(1,135,860,850)
Gross profit		340,314,266	293,449,587
Impairment losses on trade receivables reversed	7	2,588,044	3,173,921
Impairment losses on investment reversed	5(i),6(b)	844,263	1,957,028
Administrative and other expenses	14	( 165,374,290)	( 154,220,143)
		178,372,283	144,360,393
Other income	15	<u>12,771,189</u>	<u>3,224,864</u>
Profit before net finance income and taxation		191,143,472	147,585,257
Finance income	16	3,145,381	6,528,356
Finance costs	16	( 10,399,974)	( 9,098,171)
Net finance costs	16	( 7,254,593)	( 2,569,815)
Profit before taxation		183,888,879	145,015,442
Taxation	17	<u>-</u>	( 25,254)
Profit for the period attributable to members, being total comprehensive income		<u>\$ 183,888,879</u>	<u>\$ 144,990,188</u>
Earnings per stock unit	19	<u>\$ 0.26</u>	<u>\$ 0.21</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, 2022

	<u>Share capital</u> (note 11)	<u>Retained earnings</u>	<u>Total</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 11c)	<u>-</u>	( <u>14,124,750</u> )	( <u>14,124,750</u> )
Balances at April 30, 2021	\$170,061,991	153,043,390	323,105,381
Profit for the period, being total comprehensive income	-	183,888,879	183,888,879
Dividends paid (note 11c)	<u>-</u>	( <u>28,249,500</u> )	( <u>28,249,500</u> )
Balances at April 30, 2022	<u>\$170,061,991</u>	<u>308,682,769</u>	<u>478,744,760</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, 2022

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		183,888,879	144,990,188
Adjustments for:			
Depreciation	4,12(a)	10,544,609	12,909,821
Adjustment to property, plant and equipment	5	( 3,985)	( 449)
Interest income	16	( 3,145,381)	( 3,745,698)
Interest expense		1,064,497	2,872,431
Taxation	17	<u>-</u>	<u>25,254</u>
Cash generated before changes in working capital		192,348,619	157,051,547
Accounts receivable and prepayments		2,559,575	1,909,148
Inventories		( 36,254,156)	( 26,904,856)
Accounts payable		( 23,889,088)	60,278,666
Due to related party		( 2,520,121)	4,043,183
Taxation recoverable		( <u>1,019,283</u> )	( <u>695,975</u> )
Cash provided by operations		131,096,742	195,681,713
Taxation paid		<u>-</u>	( <u>10,008,321</u> )
Net cash provided by operating activities		131,096,742	185,673,392
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(165,935,268)	( 8,537,835)
Sale/(purchase) of investments*		6,330,903	( 16,740,332)
Interest paid		( 1,064,497)	( 2,872,431)
Interest received		<u>3,016,577</u>	<u>2,877,483</u>
Net cash used by investing activities		(157,523,481)	( 25,273,115)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		( 28,249,500)	( 14,124,750)
Repayment of Long-term loan		-	( 25,000,000)
Lease liability, net	12	( <u>5,177,090</u> )	( <u>7,696,319</u> )
Net cash used by financing activities		( <u>33,426,590</u> )	( <u>46,821,069</u> )
Net (decrease)/increase in cash and cash equivalents		( 59,853,329)	113,579,208
Cash and cash equivalents at beginning of period		<u>142,661,918</u>	<u>29,082,710</u>
Cash and cash equivalents at end of period		<u>\$ 82,808,589</u>	<u>\$142,661,918</u>

\*During the year, corporate bond matured in the amount of \$50 million and the funds were used to purchase property in the sum of \$10 million and the remaining \$40 million was reinvested in mutual funds.

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