BLUE POWER Group Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

2015

BLUE POWER Group Limited

Board Of Directors

Felice Campbell
Founder and CEO of ariLabs
Member of Audit and
Compensation Committees

Lisa Kong
Company Secretary
& Financial Controller

Laura Tanna
Author and Columnist
Member of Audit and
Compensation Committees

Major (ret'd) Noel Dawes
Managing Director of the Group

Dhiru Tanna
Founder of the Blue Power Group
and Chairman of The Board

Hon. Kenneth Benjamin, OJ, CD
Founder of the Guardsman Group
and Chairman of the
Compensation Committee

Jeffrey Hall
Managing Director of
Jamaica Producers Group Ltd.
Chairman of Audit Committee and Member
of the Compensation Committee

Peter Millingen
Partner in the law firm of
McDonald Millingen and
Member of the Audit Committee

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Managing Director Noel Dawes in his Lumber Depot vest

A very satisfied customer at Lumber Depot

Managing Director chatting with Mr. Staple after an AGM

Director Jeffery Hall and Lisa Kong displaying the new Blue Power soaps

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company will be held at 4 pm on Tuesday, September 15, 2015 at the Guardsman Group Office, 107 Old 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 and the Group for the year ended April 30, 2015:**

RESOLUTION:
"THAT the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company and the Group for the year ended April 30, 2015 be and are hereby adopted."

2. **To fix the remuneration of the Auditors for 2015 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 the year ended April 30, 2015, be and is hereby approved."

3. **To ratify interim dividends and declare them final:**

RESOLUTION:
"THAT the interim dividend of 15¢ per stock unit on record date July 27, 2015 be and is hereby ratified and declared final for 2014-15."

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 2015-16."

5. **To elect Directors:**

RESOLUTIONS:
a) "THAT Dr. Dhiru Tanna who retires by rotation, be and is hereby re-elected a Director of the Company."
b) "THAT Hon. Kenneth Benjamin, O.J. 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, 2015 for Directors' fees be and is hereby approved."

7. **Any other business**

Dated this 20th day of July, 2015. By Order of the Board

Lisa Kong
Company Secretary

A form of proxy accompanies this Notice of Annual General Meeting. A shareholder who is entitled to attend a 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.

GROUP FINANCIAL HIGHLIGHTS 2011-2015
IN THOUSANDS OF J$

	2015	2014	2013	2012	2011
Balance Sheet					
Total Assets	565,638	500,480	433,780	308,974	317,880
Net Current Assets (Working Capital)	426,832	379,752	302,312	208,662	196,891
Cash and Cash Equivalents	166,008	136,284	145,350	58,435	18,076
Total Borrowings	(9,221)	-	(553)	(3,053)	(39,725)
Stockholders Equity	491,418	429,936	345,309	247,262	205,806
Profit and Loss					
Gross revenues	**1,060,258**	**1,045,837**	**1,044,906**	**863,004**	**791,406**
-Hardware Division	734,754	728,029	741,731	619,869	591,990
-Soap Division	325,504	317,808	303,175	243,135	199,416
Profit Attributable to stockholders	69,957	93,103	103,980	47,106	54,608
Dividends Paid	8,475	8,475	5,932	5,650	-
Earnings per stock unit J$	1.24	1.65	1.84	0.83	0.97
Financial Ratios					
Return on Sales	6.60%	8.90%	9.95%	5.46%	6.90%
Return on Equity	14.24%	21.66%	30.11%	19.05%	26.53%
Return on Total Assets	12.37%	18.60%	23.97%	15.25%	17.18%
Debt:Equity Ratio	1.88%	0.00%	0.16%	1.23%	19.30%
Current Ratio	7.42:1	6.38:1	4.42:1	4.41:1	3.52:1
Dividend Cover	8.25	10.99	17.53	8.34	-
Market Statistics					
Closing Stock Price J$	7.51	9.01	5.50	4.85	4.85

Auditors

KPMG
P O Box 76, 6 Duke Street
Kingston, Jamaica

Bankers

Jamaica National Building Society
17c Gordon Town Road
Papine, Kingston 6, Jamaica

National Commercial Bank of Jamaica Ltd
Duke and Barry Streets
Kingston 6, Jamaica

Attorneys

Patterson Mair Hamilton
85 Hope Road
Kingston 6, Jamaica

Registrars

JCSD Registrar Services Unit
40 Harbour Street
Kingston, Jamaica

Total sales for year ended April 30, 2015 increased by $14 million or 1.4% over the previous year in the face of a challenging year for the Jamaican economy. Both divisions saw small increases in sales, Lumber Depot division rising from $728 million in 2014 to $735 million in 2015 while Blue Power division grew from $318 million to $325 million in the year under review.

Profits after tax stood at $70 million compared to $93 million last year, a decline of 25%. For the first time since listing on the Junior Market of Jamaica Stock Exchange five years ago, we became liable to corporation tax in the last week of April, 2015 albeit at 50% of the rate normally paid by companies. Lumber Depot division contributed $26 million to our net profits while the Blue Power soap division injected $45 million to the overall tally.

The Board of Directors authorized increased spending in the areas of advertising, promotion, training, refurbishing and addition of more qualified staff which, when combined with normal salary increases and provisions for accounts in arrears over 90 days, resulted in higher administrative expenses of $24 million when compared to the previous year. Had our attempts to increase prices and improve the level of sales been successful, we would have been able to recoup some of these increased expenses. However, these objectives were not realized during the period under review although the expectations are that the next period will see some of the benefits from the efforts made. It is important to note that during the fourth quarter of the year 2014-15, conditions in the market for the soap division were extremely challenging which resulted in very low levels of sales, margins and profits.

During the course of the financial year we completed solar installations at all our locations and were able to work with JPS to have meters installed to enable us to sell our excess production of electricity back to the grid. Based on preliminary results, we expect to see a 50% reduction in our energy costs resulting in a pay back of our investment within five years. We were also able to commission our new wrapping machine from Turkey which will allow us to package our soaps in polypropylene film which can be attractively printed enabling us to sell the products at affordable prices.

Utilising the new wrapping machine, we introduced in the fourth quarter a number of fragrances under the Blue Power Castile label, wrapped in printed poly material, which we hope will present an economical and attractive alternative to the Jamaican consumer. We are seeking help from Jamaican retailers to allow us space on their shelves to display our products and encourage the Jamaican public to at least try our offerings. We have started a relationship with MegaMart which we hope will enable

more Jamaicans to try our excellent products whose distribution has been confined to the downtown areas served by wholesalers and street vendors.

On July 15, 2015 we were notified that Mayberry West Indies reached their goal of owning 20% of Blue Power's outstanding shares. We welcome their support and expect to work with them to produce better performance for the benefit of all our shareholders.

Congratulations are due to Director Laura Tanna Ph.D. who was honoured by the Government of Jamaica with the award of an Order of Distinction (Hon.) for her contribution to Jamaican culture and literature. Hon Kenneth Benjamin, O.J. CD, LLD (Hon), JP was honoured by the American Friends of Jamaica with the Hummingbird Award for International Philanthropy.

Dhiru Tanna
July 22, 2015

A Shot from a board meeting (from left: Peter Millingen, Lisa Kong, Noel Dawes, Dr. Dhiru Tanna)

Core Activities

The Blue Power Group consists of two divisions. Blue Power soap division, located at 4 Victoria Avenue, Kingston, which manufactures laundry and beauty soaps while the Lumber Depot division, located at 17c Gordon Town Road, Papine, Kingston 6 offers a wide range of construction and hardware supplies.

Performance Summary 2014-15

Combined sales for the year ended April 30, 2015 were $1,060 million as compared to $1,046 million for the previous year, an increase of $14 million or 1.4%. Lumber Depot division saw a small increase in sales from $728 million to $735 million. Sales for the Blue Power division, increased from $318 million to $325 million.

Profits for the year stood at $71 million before tax and $70 million after tax compared to $93 million last year, a decline of 25%. The tax liability is due to the fact that we completed 5 years of being on the junior market in the third week of April 2015. The contribution of Lumber Depot division to the tally was $26 million ($42 million in 2014), while Blue Power division added $45 million ($51 million in 2014). Our expenses were over $24 million higher than in the previous year with significant increases in advertising costs, salary increases and provisions for accounts receivables. Because of market conditions, we were not able to recover these increased costs either through price or sales increases. In the fourth quarter, our margins in the Blue Power division suffered as a result of our attempts to keep production going through price cuts in the face of a significant reduction of orders from one of the companies for whom we do co-packing. Earnings per stock unit moved down from $1.65 to $1.24.

Cost of Sales, Gross Profit and Profit from Operations

The following table summarizes the highlights for the year for both divisions with comparisons against actual results for 2014.

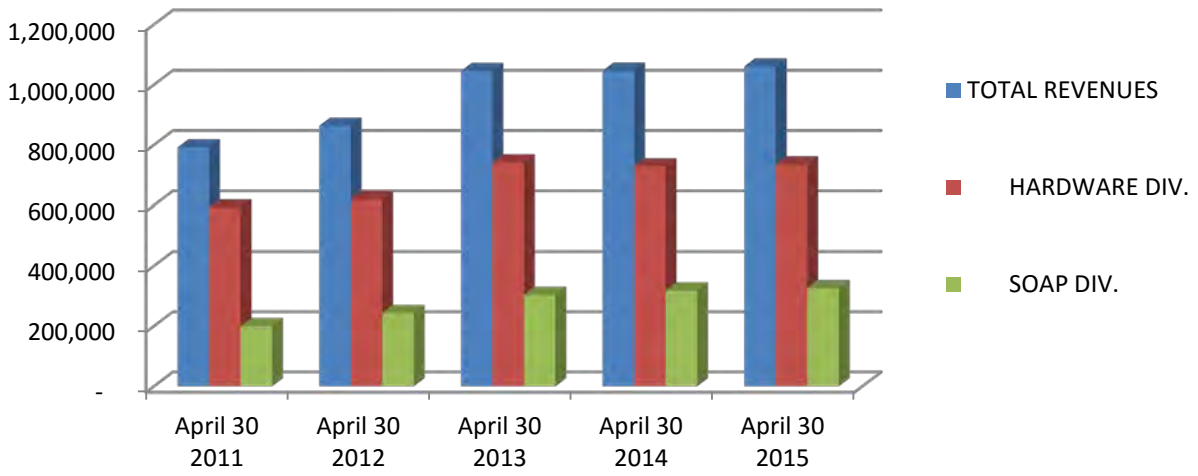
	Three months	Twelve months	Three months	Twelve months	Diff. %
	4Q 2015	April 30, 2015	4Q 2014	April 30, 2014	YTD
Revenue	259.90	1,060.26	265.92	1,045.84	1.38
Lumber Depot Division	189.07	734.75	185.04	728.03	0.92
Blue Power Soap Division	70.83	325.51	80.88	317.81	2.42
Export sales	8.50	35.64	8.42	26.30	35.51
Profit from operations	7.18	64.58	21.75	83.34	-22.51
Net Profit after tax	6.68	69.96	22.70	93.10	-24.85
Lumber Depot Division	5.36	26.09	5.16	42.44	-38.52
Blue Power Soap Division	1.32	44.52	17.54	50.66	-12.12
Receivables	75.38	75.38	77.86	77.86	-3.19

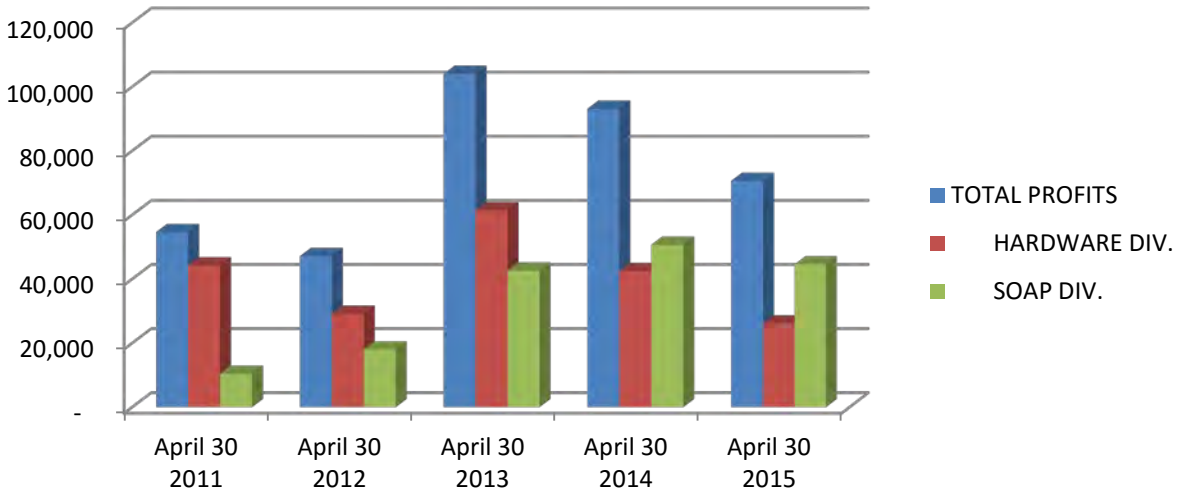
Cost of revenue for 2015 and 2014 was almost the same at just over 79% of Sales with Gross Profit at just below 21% in both years. The major difference between the two periods was in administrative expenses which were 12.90% of Sales in 2014 and 14.77% of Sales in 2015. This difference of $24 million could not be recouped from increases in prices or sales, leading to the negative variance between the two periods. Needless to say, increased expenses in the areas of advertising, refurbishing of Papine store, staff training, introduction of new products, etc. were undertaken in the expectation that a reasonable improvement in sales would be achieved. Challenges faced in the market place by our customers resulted in lower than planned revenues, which in turn, caused the unfavourable comparison with the previous year.

To provide context to the discussion above, we have provided below a five-year history of the revenues earned by the company and each of its divisions along with the contribution made by each division to profits.

REVENUE AND PROFITS IN $000

	April 30 2011	April 30 2012	April 30 2013	April 30 2014	April 30 2015
TOTAL REVENUES	**791,406**	**863,004**	**1,044,906**	**1,045,837**	**1,060,258**
HARDWARE DIV.	591,990	619,869	741,731	728,029	734,754
SOAP DIV.	199,416	243,135	303,175	317,808	325,504
PROFITS	**54,608**	**47,106**	**103,980**	**93,103**	**70,610**
HARDWARE DIV.	44,214	29,127	61,364	42,447	26,092
SOAP DIV.	10,394	17,979	42,616	50,656	44,518
EARNINGS PER STOCK UNIT	0.97	0.83	1.84	1.65	1.24





Balance Sheet

The value of our plant and equipment increased from $50.1 million to $72.3 million as a result of substantial investments in the solar system at our factory on Victoria Avenue. We also purchased a new wrapping machine for our new soap products which are being introduced in the first quarter of the new year. Cash and cash equivalents rose from $136.3 million to $166 million partly as a result of the discontinuation of a pre-purchase agreement which required substantial cash to acquire inventory at a discount. Despite this, our inventory level rose because raw materials which come from the Far East were purchased based on targets which had been established

earlier. However, the decline in Sales compared to targets resulted in inventory increases in the Blue Power division.

Risk Management

It is the responsibility of management to monitor and evaluate risks involved in the nature of our businesses. From the inception of our company, management has strived to be conservative by limiting or mitigating exposure while maximizing returns. The measures taken in the previous year to enhance security arrangements at both locations and to attract a higher caliber of staff resulted in fewer incidents as well as better service to customers, especially at the Papine location.

In all matters, we strive to adhere to existing laws and regulations while reducing any negative impact of our activities on the environment. Insurance coverage to meet anticipated eventualities and natural disasters also lies at the very centre of our approach to risk management. Our financial statements are presented in accordance with International Financial Reporting Standards (IFRS) to enable management, directors and shareholders to provide an acceptable basis for comparisons between companies and over different time periods.

The Board of Directors has overall responsibility for the monitoring and oversight of the risk management framework of the group. This Audit Committee, which was strengthened last year with the addition of two new directors, along with management, regularly assess the economic climate and, where necessary, develop contingency plans to deal with all the major issues which could impact negatively on the performance of the company.

Corporate Social Responsibility

We continue to support community-based projects in both the neighbourhoods in which we operate. Although the level of our support in cash or kind is often small, our involvement regularly elicits support from others who operate in the same area. We are always gratified by the expressions of heartfelt gratitude from the recipients.

The Hope Zoo Foundation is now a major feature of the Kingston landscape and we are very proud to continue being a small part of this major enterprise which has transformed the city. The whole project was led and guided by a true visionary, Hon. Kenneth Benjamin, O.J., who is also a valuable member of our Board.

Future Strategy and Prospects

The successful completion of the second year of the IMF programme is the background against which our strategy for the future is based. For the Lumber Depot division, we will continue to seize opportunities for discounts and better prices in order to offer a better deal for our customers while maintaining our margins at an acceptable level. For those who know the store and our very efficient staff, there is no doubt that the satisfaction level is extremely high. Towards the end of the financial year our advertising campaign began with our dedicated web site (lumberdepotja.com) and promotions on television and radio backed by a refurbished store supported by re-energised staff. We have already seen a substantial increase in the request for quotations by email, many of which have turned into sales later. Thus the results so far suggest a modest level of success in attracting new customers who are satisfied with the experience.

At the soap division, we have added a number of products with new fragrances and colours under the Blue Power Castile label utilizing more economical packaging. Our customer surveys are pointing the way to determining the range of products which will eventually form our core range. In this respect, we have entered into an arrangement with MegaMart to rent end caps for a limited period in all their four stores for the display and sale of the Blue Power range. We are already learning some valuable lessons from the interaction with consumers. We have also started a familiarization programme on Facebook to reach a range of customers who are more attuned to social media. This will be followed by a campaign to offer prizes to lucky participants in a “selfie” contest. The web page is facebook.com/bluepowerja.

In the export arena, we have changed our distributors in the USA to Iberia Foods Corp. who are well known especially in the expanding ethnic markets. The Company has a dedicated sales force and services over 10,000 supermarkets, club stores, wholesalers and distributors in Eastern USA. We expect that their focus on the Hispanic and Caribbean markets will help to boost our sales, especially of laundry soap. We have also appointed a distributor in Guyana who is excited by the opportunities offered by the range of Blue Power products. The Facebook page for Guyana is facebook.com/bluepowerguyana.

Corporate Governance

Our two new directors, Ms. Felice Campbell and Dr. Laura Tanna have provided excellent support to the Board and to management. The table below provides the attendance record of directors at various meetings.

	Governance & Compensation Committee	Audit Committee	Board
Total Number of Meetings	**1**	**5**	**8**
Kenneth Benjamin	1		8
Felice Campbell	1	4	7
Noel Dawes			8
Jeffrey Hall	1	4	7
Peter Millingen		5	8
Dhiru Tanna			8
Laura Tanna	1	5	8

Capital Expenditure

All our locations now have grid-tied solar installations which are supported by net metering. Our actual expenditure on electricity has dropped by 50% when compared to the period without any solar support. We expect the payback period for the investment to be less than five years.

Development Bank of Jamaica offers an attractive line of credit in Jamaican currency for entities wishing to convert to solar. We were qualified for this line and used the opportunity of the solar installation at Victoria Avenue to access the credit with a tenor of five years through our investment brokers, JN Fund Managers Ltd.

Blue Power division has acquired a new wrapping machine from Turkey which will enable the introduction of new products quickly, utilizing one of the most economical ways of packaging our products.

IMF and the Economy

With the significant devaluation of the Jamaican currency it is clear that we are not keeping pace with inflation in terms of Sales and Profits. At the same time, we are unable to contain the increases in costs arising from price increases (in J$) for local and imported inputs, wage adjustments, tax impositions, etc. Given market conditions, our ability to pass on these increases is extremely limited. Our approach is concentrated on increasing market share locally and gaining extra sales in export markets. Promotions and advertising spend for both Lumber Depot and Blue Power divisions will continue to be at a high level to achieve more local sales while greater monitoring and support for our distributors abroad will characterize the new financial year.

Our Service and Products

Both our level of service and the quality of our products continue to receive high marks from customers and suppliers whom we wish to thank for their support along with our dedicated staff who make the whole effort possible.

Noel Dawes
July 22, 2015

Director Felice Campbell (left) and Company Secretary Lisa Kong (right) Presenting Blue Power Group's Donation to Hope Zoo's Chairman, Kenny Benjamin

Dhiru Tanna

Holds a Ph.D. from the University of California, Berkeley and a B.Sc.(Econ) from the University of London. Presently serves as Deputy Chairman of Jamaica National Building Society and a Director of Development Bank of Jamaica. His past experience includes lecturing at UWI, being special advisor to the Minister of Public Utilities and Transport, heading Jamaica National Investment Co. Ltd., serving on the Board of Neal & Massy Holdings in Trinidad and as Chairman of Neal & Massy Group in Jamaica. He serves as Chairman of Blue Power Group Ltd.

Noel Dawes

Has over twelve years' military experience with the Jamaica Defence Force (JDF) and has served in several Units throughout the organization retiring at the rank of Major. He received military training in Canada, the United Kingdom and the United States. He has held senior management positions in other organizations including General Manager - Securicor Jamaica Limited, Operations Manager- Port Security Corps, and Operations Officer for Gand International (Norway). Besides his military qualifications, he holds a Diploma in Management Studies from the Jamaica Institute of Management. He has been a member of the Blue Power Group since 1998 and was instrumental in the construction and startup of the Lumber Depot Division at Papine in 1999. He currently serves as the Managing Director of Blue Power Group.

Lisa Kong

A graduate of the University Of Technology Jamaica, she is an accountant by profession with over 20 years experience in her field. Her past employments include Snr. Assistant at KPMG, Snr. Accountant and IT Manager at Neal and Massy Group Ja. Ltd., Financial Controller at Silver Sands Villas and Caribbean Casting and Engineering Ltd. She joined the Blue Power Group Ltd. in 2001 as Financial Controller and also serves as Company Secretary.

Kenneth Benjamin

Previously an accountant, he started the Guardsman Group in 1977 with the establishment of Guardsman Limited. He has since expanded the conglomerate to include many companies - each regarded as a leader of their specialized field - and serves as the Executive Chairman of the Guardsman Group. He has been instrumental in establishing the foundation upon which other security providers have built. In 1993, he was appointed to a committee responsible for ensuring that the Private Security Regulation Authority Act was implemented and adhered to and was re-appointed to this position in 2002. He serves as Chairman of the JSPCA, Chairman of the Bustamante Children's Hospital and has been the moving force behind the establishment of the Hope Zoo. He has received several awards for his contributions to Jamaica, including the prestigious Order of Jamaica and the Order of Distinction Commander Class (2006). He is the Chairman of the Board Compensation and Governance Committee.

Felice Campbell

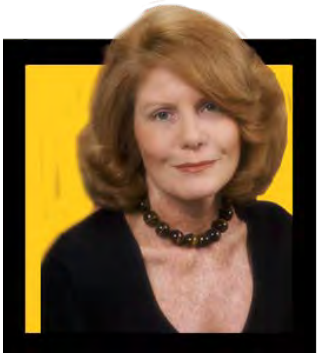
Holds an MBA from Graziadio School of Business and Management at Pepperdine University and a B.Sc. from the University of the West Indies. She is the CEO and Co-Founder of ariLabs, a skin care product development company focusing on over-the-counter solutions for common skin conditions in ethnic skin. Her experience includes being a Director, Corporate Development at Sage Software, SGE(LON); a Director, Mergers and Acquisitions at The First American Corporation, FAF(NYSE); a Senior Associate at Citi Capital Strategies, President and Managing Director of Jamaica Pre-Pack Group, a Brand Manager at GK Foods as well as a Branch Manager at HiLo Food Stores. She is a member of the Audit and Compensation and Governance Committees.

Jeffrey Hall

Holds a JD from Harvard Law School, a MPP from Harvard University and a BA from Washington University. He was appointed Group Managing Director of Jamaica Producers Group Ltd in 2007 after joining the Board in 2004 and the Group in 2002. He also serves as Chairman of Kingston Wharves Ltd., Chairman of Scotia Investments Ltd., a Director of Jamaica Producers Group Ltd., Scotia Group Jamaica Ltd, and a Director of JAMPRO and is a Member of the Council of the Institute of Jamaica. He has practiced law as a member of the New York Bar. He is the Chairman of the Audit Committee and a member of the Compensation and Governance Committee.

Peter Millingen

Is a Barrister-at-Law, having been called to the bar in the U.K. He is a partner in the legal firm of McDonald Millingen which he joined after retiring as Managing Partner in the firm of Clinton Hart & Co. He is a director of the Kingston College Trust Fund. In the past, he has served as Chairman of Clarendon Alumina Partners, a Director of National Housing Trust, a Director of National Housing Corporation and Deputy Chairman of the Rent Board. He serves as a member of the Audit Committee.



Laura Tanna

Holds a BA degree from the University California, Berkeley and MA and PhD degrees from the University of Wisconsin, Madison in African Languages and Literature and is author of *Jamaican Folk Tales and Oral Histories* and *Baugh: Jamaica's Master Potter* as well as hundreds of publications including interviews with leaders in business, politics, and the arts plus articles on travel. She served on the Council of the Institute of Jamaica, the boards of the Jamaica Memory Bank, the African Caribbean Institute of Jamaica, the Creative Production and Training Centre, the Museums of History and Ethnography (now Jamaica National Museum), the King's House Foundation and currently is a Director of the American Friends of Jamaica. Her contributions to Jamaican culture and literature were recognized with the award of an O.D. (Hon) by the Government in 2014. She is a member of the Audit as well as Compensation and Governance Committees.

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SHAREHOLDINGS
APRIL 30, 2015

APRIL 30, 2015
TOTAL SHARES OUTSTANDING: 56,499,000

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
KENNETH BENJAMIN**	SELF	3,175,200	5.6199
FELICE CAMPBELL	SELF	0	0.0000
NOEL DAWES***	SELF	1,412,715	2.5004
JEFFREY HALL (SWEE TEEN CHUA)	SELF	257,070	0.4550
PETER MILLINGEN	SELF	921,100	1.6303
DHIRU TANNA* (LAURA TANNA)	SELF	10,000	0.0177
LAURA TANNA*	SELF	0	0.0000
*ANTIBES HOLDINGS LTD	CONNECTED PARTY	28,300,800	50.0908
**GUARDSMAN GROUP	CONNECTED PARTY	687,285	1.2165
***KAREL DAWES	CONNECTED PARTY	3,807	0.0067

SENIOR MANAGERS REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
LISA KONG	SELF	0	0.0000
VERONICA LOWE	SELF	0	0.0000

TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)		UNITS	PERCENTAGE
ANTIBES HOLDINGS LIMITED		28,300,800	50.09
MAYBERRY WEST INDIES LIMITED		9,343,883	16.54
KENNETH BENJAMIN		3,175,200	5.62
JANE FRAY		3,095,400	5.48
SILVER INVESTMENTS LIMITED		2,927,816	5.18
NOEL DAWES		1,412,715	2.50
JPS EMPLOYEE SUPERANNUATION FUND		921,451	1.63
PETER MILLINGEN		921,100	1.63
PRIME ASSET MANAGEMENT RET. SCHEME		891,451	1.58

KPMG
Chartered Accountants
The Victoria Mutual Building
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Kingston
Jamaica, W.I.

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INDEPENDENT AUDITORS' REPORT

To the Members of
BLUE POWER GROUP LIMITED

Report on the Financial Statements

We have audited the financial statements of Blue Power Group Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages **22** to **57**, which comprise the group's and the company's statement of financial position as at April 30, 2015, the group's and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa
Patricia D. Dalley-Smith
Linda J. Marshall
Cynthia L. Lawrence
Rajan Thakar

Norman O. Rainford
Nigel R. Chambers
W. Dihan C. de Mel
Nyasa A. Johnson
Wilbert A. Spence

INDEPENDENT AUDITORS' REPORT

To the Members of
BLUE POWER GROUP LIMITED

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the group and the company as at April 30, 2015, and of the group's and the company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

June 26, 2015

GROUP STATEMENT OF FINANCIAL POSITION
APRIL 30, 2015

	Notes	2015	2014
NON-CURRENT ASSET			
Property, plant and equipment	3(a)	72,321,671	50,183,909
CURRENT ASSETS			
Cash and cash equivalents	4	166,007,884	136,283,747
Accounts receivable and prepayments	5	75,374,886	77,859,110
Inventories	6	249,516,246	234,444,144
Taxation recoverable		2,416,874	1,708,980
		493,315,890	450,295,981
CURRENT LIABILITIES			
Accounts payable	7	64,157,906	70,356,085
Due to related party	8(b)	349,590	187,495
Current portion of long term liabilities	9	1,976,004	-
		66,483,500	70,543,580
NET CURRENT ASSETS		426,832,390	379,752,401
TOTAL ASSETS LESS CURRENT LIABILITIES		$499,154,061	429,936,310
EQUITY			
Share capital	10	86,900,147	86,900,147
Retained earnings		404,518,314	343,036,163
		491,418,461	429,936,310
NON-CURRENT LIABILITIES			
Long-term loan	9	7,245,328	-
Deferred taxation	11	490,272	-
		7,735, 600	-
TOTAL EQUITY AND NON-CURRENT LIABILITIES		$499, 154,061	429,936,310

The financial statements on pages 22 to 57 were approved for issue by the Board of Directors on June 26, 2015 and signed on its behalf by:

Dr. Dhiru Tanna — Director

Peter Millingen — Director

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

GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED APRIL 30, 2015

	Notes	2015	2014
Revenue	12	1,060,257,891	1,045,837,048
Cost of revenue		(838,984,243)	(827,540,842)
Gross profit		221,273,648	218,296,206
Administrative and other expenses		(156,692,137)	(134,958,430)
		64,581,511	83,337,776
Other income		2,157,621	2,206,611
Profit before net finance income and taxation		66,739,132	85,544,387
Finance income	13	7,736,912	10,775,079
Finance costs	13	(3,865,280)	(3,217,054)
Net finance income	13	3,871,632	7,558,025
Profit before taxation		70,610,764	93,102,412
Taxation	14	(653,763)	-
Profit attributable to members, being total comprehensive income for the year	15	$ 69,957,001	93,102,412
Earnings per stock unit	16	$ 1.24	1.65

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

GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED APRIL 30, 2015

	Share capital (note 10)	Retained earnings	Total
Balances at April 30, 2013	86,900,147	258,408,601	345,308,748
Dividends paid (note 17)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	93,102,412	93,102,412
Balances at April 30, 2014	86,900,147	343,036,163	429,936,310
Dividends paid (note 17)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	69,957,001	69,957,001
Balances as at April 30, 2015	86,900,147	404,518,314	491,418,461

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

GROUP STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2015

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		69,957,001	93,102,412
Adjustments for:			
Depreciation	3(a)	3,988,870	5,150,101
Interest income	13	(3,485,463)	(3,602,259)
Interest expense	13	222,293	28,509
Taxation	14	653,763	-
Cash generated before changes in working capital		71,336,464	94,678,763
Accounts receivable and prepayments		2,484,224	(10,532,822)
Inventories		(15,072,102)	(57,591,390)
Accounts payable		(6,198,179)	(16,735,937)
		52,550,407	9,818,614
Taxation deducted at source		(871,385)	(455,704)
Interest paid		(222,293)	(28,509)
Interest received		3,485,463	3,602,259
Cash provided by operating activities		54,942,192	12,936,660
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment, being Cash used by investing activity	3(a)	(26,126,632)	(12,337,302)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loan		9,880,000	-
Repayment of long-term loan		(658,668)	(552,525)
Related party advances received/(repaid)		162,095	(303,095)
Cash provided/(used) by financing activities		9,383,427	(855,620)
Net cash provided/(used) before dividends		38,198,987	(256,262)
Dividends paid	17	(8,474,850)	(8,474,850)
Net increase/(decrease) in cash and cash equivalents		29,724,137	(8,731,112)
Cash and cash equivalents at beginning of year		136,283,747	145,014,859
Cash and cash equivalents at end of year		$166,007,884	136,283,747

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

COMPANY STATEMENT OF FINANCIAL POSITION
APRIL 30, 2015

	Notes	2015	2014
NON-CURRENT ASSETS			
Property, plant and equipment	3(b)	56,438,191	33,973,896
Interest in subsidiary	8(a)	17,189,612	17,189,612
		73,627,803	51,163,508
CURRENT ASSETS			
Cash and cash equivalents	4	166,007,884	136,283,747
Accounts receivable and prepayments	5	75,374,886	77,859,110
Inventories	6	249,516,246	234,444,144
Taxation recoverable		2,416,874	1,708,980
		493,315,890	450,295,981
CURRENT LIABILITIES			
Accounts payable	7	64,157,906	70,356,085
Due to related party	8(b)	349,590	187,495
Current portion of long-term liabilities	9	1,976,004	-
		66,483,500	70,543,580
NET CURRENT ASSETS		426,832,390	379,752,401
TOTAL ASSETS LESS CURRENT LIABILITIES		$500,460,193	430,915,909
EQUITY			
Share capital	10	86,900,147	86,900,147
Retained earnings		405,824,446	344,015,762
TOTAL EQUITY		492,724,593	430,915,909
NON-CURRENT LIABILITIES			
Long term loan	9	7,245,328	-
Deferred taxation	11	490 272	-
		7,735,600	-
TOTAL EQUITY AND NON-CURRENT LIABILITIES		$500,460,123	430,915,909

The financial statements on pages 22 to 57 were approved for issue by the Board of Directors on June 26, 2015 and signed on its behalf by:

Dr. Dhiru Tanna — Director

Peter Millingen — Director

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

COMPANY STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED APRIL 30, 2015

	Notes	2015	2014
Revenue	12	1,060,257,891	1,045,837,048
Cost of revenue		(838,984,243)	(827,540,842)
Gross profit		221,273,648	218,296,206
Administrative and other expenses		(156,365,604)	(134,631,897)
		64,908,044	83,664,309
Other income		2,157,621	2,206,611
Profit before net finance income and taxation		67,065,665	85,870,920
Finance income	13	7,736,912	10,775,079
Finance costs	13	(3,865,280)	(3,217,054)
Net finance income	13	3,871,632	7,558,025
Profit before taxation		70,937,297	93,428,945
Taxation	14	(653,763)	-
Profit attributable to members, being total comprehensive income for the year	15	$ 70,283,534	93,428,945

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

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED APRIL 30, 2015

	Share capital (note 10)	Retained earnings	Total
Balances at April 30, 2013	86,900,147	259,061,667	345,961,814
Dividends paid (note 17)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	93,428,945	93,428,945
Balances at April 30, 2014	86,900,147	344,015,762	430,915,909
Dividends paid (note 17)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	70,283,534	70,283,534
Balances as at April 30, 2015	$86,900,147	405,824,446	492,724,593

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

COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2015

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		70,283,534	93,428,945
Adjustments for:			
Depreciation	3(b)	3,662,337	4,823,568
Interest income	13	(3,485,463)	(3,602,259)
Interest expense	13	222,293	28,509
Taxation	14	653,763	-
Cash generated before changes in working capital		71,336,463	94,678,763
Accounts receivable and prepayments		2,484,224	(10,532,822)
Inventories		(15,072,102)	(57,591,390)
Accounts payable		(6,198,179)	(16,735,937)
		52,550,407	9,818,614
Taxation deducted at source		(871,385)	(455,704)
Interest paid		(222,293)	(28,509)
Interest received		3,485,463	3,602,259
Cash provided by operating activities		54,942,192	12,936,660
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment, being cash used by investing activity	3(b)	(26,126,632)	(12,337,302)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loan		9,880,000	-
Repayment of long-term loan		(658,668)	(552,525)
Related party advances received/(repaid)		162,095	(303,095)
Cash provided/(used) by financing activities		9,383,427	(855,620)
Net cash provided/(used) before dividends		38,198,987	(256,262)
Dividends paid	17	(8,474,850)	(8,474,850)
Net increase/(decrease) in cash and cash equivalents		29,724,137	(8,731,112)
Cash and cash equivalents at beginning of year		136,283,747	145,014,859
Cash and cash equivalents at end of year		$166,007,884	136,283,747

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

1. Incorporation and identity

Blue Power Group Limited (the company) is incorporated and domiciled in Jamaica. The registered office of the company is located at 4 Victoria Avenue, Kingston CSO. The company is listed on the Junior Market of the Jamaica Stock Exchange.

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

2. Basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

New standards, interpretations and amendments that became effective during the year

Certain new, amended and revised standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its financial statements, viz:

- Amendments to IAS 32, *Offsetting of Financial Assets and Financial Liabilities* which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognised amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously. The adoption of this amendment did not result in any change to the presentation and disclosures in the financial statements.

- Amendments to IAS 36 *Impairment of Assets*: *Recoverable Amount Disclosures for Non-financial Assets* (effective January 1, 2014) reverse the unintended requirement in IFRS 13 *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed. The adoption of this amendment did not result in any significant amendment to the amounts reported or disclosed in the financial statements.

2. Basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New standards, interpretations and amendments that became effective during the year (cont'd)

Certain new, amended and revised standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its financial statements, viz (cont'd):

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in Other Entities and* IAS 27 *Consolidated and Separate Financial Statements* (effective January 1, 2014). The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries in its financial statements. In addition, the amendments introduce new disclosure requirements related to investment entities in IFRS 12 *Disclosure of Interests in Other Entities and IAS 27 Separate financial Statements.* The group reviewed the definition of an investment entity and has determined that none of its related entities fall within that definition.

New standards, interpretations and amendments to existing standards not yet effective

At the date of approval of the financial statements, there were certain standards, interpretations and amendments to existing standards which were in issue but not yet effective. Those which management considered relevant to the group are as follows:

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

2. Basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2017. It replaces IAS 11 *Construction Contracts*, IAS 18 Revenue, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

- IAS *1 Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard
  - the order of notes to the financial statements is not prescribed.
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Lines items can be aggregated if they are not material.
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement requirements for the statement of profit or loss and OCI.
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounting for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.
  -

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.
  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38, *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

2. Basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

- Improvements to IFRS 2010-2012 and 2011–2013 cycle contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the group are as follows:

  - *IFRS 13 Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*. The standards have been amended to clarify that, at the date of revaluation:

  (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or

  (ii) the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

- IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

2. Basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

- Improvements to IFRS, 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the group are as follows:

  - IFRS 5, Non-current Assets Held for Sale and Discontinued Operations has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

  - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

  Management is currently in the process of evaluating the impact, if any, on the financial statements in the future when the standards are adopted.

2. Basis of preparation and significant accounting policies (cont'd)

(b) Basis of measurement and functional currency:

The financial statements are prepared using the historical cost basis and are presented in Jamaica dollars ($), which is the functional currency of the group.

(c) 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, based on default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

(ii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

2. Basis of preparation and significant accounting policies (cont'd)

(c) Use of estimates and judgements (cont'd):

(iii) Residual value and expected useful life of property, plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end. If expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the group.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

(d) Basis of consolidation:

(i) A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the company and its wholly-owned subsidiaries, Papine Properties Limited and Cotrade Limited made up to April 30, 2015. Cotrade Limited is a wholly owned subsidiary of Papine Properties Limited, which is owned by Blue Power Group Limited. The company and its subsidiaries are collectively referred to as "the group". These subsidiaries are currently dormant and the shareholdings are the same for 2015 and 2014. Papine Properties Limited is registered in the British Virgin Islands and Cotrade Limited is registered in Jamaica.

(ii) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the group and its subsidiaries are eliminated to the extent of the group's interest in the subsidiary. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Basis of preparation and significant accounting policies (cont'd)

(e) Property, plant and equipment:

(i) Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in profit and loss.

(ii) Depreciation:

Depreciation is computed on a straight-line basis at annual rates estimated to write down the cost of the assets to their estimated residual values at the end of their expected useful lives. No depreciation is charged on freehold land or capital work-in-progress. Annual depreciation rates are as follows:

Buildings	2.5%
Leasehold improvements	10%
Plant and machinery	10%
Furniture, fixtures and office equipment	10 - 15%
Computers	22.50%
Motor vehicle	20%

The depreciation methods, useful lives and residual values are reassessed at the reporting date.

(f) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and resale agreements.

Resale agreements are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price.

The difference between the purchase and resale considerations is recognised as interest income on the accrual basis over the period of the agreements, using the effective interest method.

Bank overdraft, repayable on demand and forming an integral part of the group's cash management activities, is included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2. Basis of preparation and significant accounting policies (cont'd)

(g) Inventories:

Inventories are stated at the lower of cost, determined on the weighted average basis, and net realisable value. The cost of finished goods and work-in-progress comprises raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. In the case of manufactured inventories, net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Accounts receivable:

Trade and other accounts receivables are stated at amortised cost, less impairment losses.

(i) Accounts payable:

Trade and other payables are stated at amortised cost.

(j) Impairment:

The carrying amounts of the group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or group of operating assets exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the group of operating assets to which the asset belongs.

2. Basis of preparation and significant accounting policies (cont'd)

(j) Impairment(cont'd):

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Borrowings:

Banks and other loans are recognised initially at cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

(l) Employee benefits:

Employees' entitlement to annual leave and other benefits are recognised when they accrue to employees.

(m) Revenue:

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

(n) Net finance cost:

(i) Interest income arises mainly on bank deposits and is recognised in profit or loss as it accrues, taking into account the yield on the asset.

(ii) Finance cost comprises interest payable on long-term loan, calculated using the effective interest rate method, material bank charges and foreign exchange losses and is recognised in profit or loss.

2. Basis of preparation and significant accounting policies (cont'd)

(o) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

2. Basis of preparation and significant accounting policies (cont'd)

(q) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(c) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(r) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

2. Basis of preparation and significant accounting policies (cont'd)

(r) Segment reporting (cont'd):

The group has two reportable segments, as described below, which are the group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The primary reportable segments are:

(i) Soap division - Manufacture and sale of soap
(ii) Lumber division - Sale of lumber, hardware supplies and related products

The manufacturing operations are conducted at 4 Victoria Avenue, Kingston, Jamaica and the lumber division operations are carried out mainly at Papine in St. Andrew, Jamaica.

Transactions between business segments have been eliminated.

(s) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents and accounts receivable and prepayments and due from related party. Similarly, financial liabilities include bank overdraft, accounts payable, due to related party and long term liability.

(t) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other generally accepted valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Property, plant and equipment

(a) The Group:

	Land and building	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers and office equipment	Motor vehicle	Total
At cost:							
April 30, 2013	17,189,612	9,229,043	44,498,503	6,112,947	7,197,926	-	84,228,031
Additions	-	-	8,497,104	3,152,497	687,701	-	12,337,302
April 30, 2014	17,189,612	9,229,043	52,995,607	9,265,444	7,885,627	-	96,565,333
Additions	-	-	19,903,940	456,855	525,494	5,240,343	26,126,632
April 30, 2015	17,189,612	9,229,043	72,899,547	9,722,299	8,411,121	5,240,343	122,691,965
Depreciation:							
April 30, 2013	653,066	4,902,808	24,937,903	5,413,358	5,324,188	-	41,231,323
Charge for the year	326,533	776,923	3,214,323	173,048	659,274	-	5,150,101
April 30, 2014	979,599	5,679,731	28,152,226	5,586,406	5,983,462	-	46,381,424
Charge for the year	326,533	756,181	2,126,129	197,401	582,626	-	3,988,870
April 30, 2015	1,306,132	6,435,912	30,278,355	5,783,807	6,566,088	-	50,370,294
Net book values:							
April 30, 2015	$15,883,480	2,793,131	42,621,192	3,938,492	1,845,033	5,240,343	72,321,671
April 30, 2014	$16,210,013	3,549,312	24,843,381	3,679,038	1,902,165	-	50,183,909

(b) The Company:

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers and office equipment	Motor vehicle	Total
At cost:						
April 30, 2013	9,229,043	44,498,503	6,112,947	7,197,926	-	67,038,419
Additions	-	8,497,104	3,152,497	687,701	-	12,337,302
April 30, 2014	9,229,043	52,995,607	9,265,444	7,885,627	-	79,375,721
Additions	-	19,903,940	456,855	525,494	5,240,343	26,126,632
April 30, 2015	9,229,043	72,899,547	9,722,299	8,411,121	5,240,343	105,502,353
Depreciation:						
April 30, 2013	4,902,808	24,937,903	5,413,358	5,324,188	-	40,578,257
Charge for the year	776,923	3,214,323	173,048	659,274	-	4,823,568
April 30, 2014	5,679,731	28,152,226	5,586,406	5,983,462	-	45,401,825
Charge for the year	756,181	2,126,129	197,401	582,626	-	3,662,337
April 30, 2015	6,435,912	30,278,355	5,783,807	6,566,088	-	49,064,162
Net book values:						
April 30, 2015	$2,793,131	42,621,192	3,938,492	1,845,033	5,240,343	56,438,191
April 30, 2014	$3,549,312	24,843,381	3,679,038	1,902,165	-	33,973,896

4. Cash and bank balances

	The Group and the Company	
	2015	2014
Cash in hand	12,713,487	4,230,142
Call deposits (a)	20,763,511	52,058,987
Resale agreements (b)	132,530,886	79,994,618
	$166,007,884	136,283,747

(a) Call deposits include US$15,105 (2014: US$35,616) which earns interest at an average rate of 0.20% (2014: 0.20%).

(b) The fair value of securities obtained by the company under resale agreements approximates the carrying value of the agreements. The resale agreements are held with JN Fund Managers Limited and include J$12,075,325 (2014: J$17,792,175) and US$1,046,913 (2014: US$565,477) which earn interest at a rate of 4.48% - 6.10% (2014: 3.00% - 6.00%) and 1.75% - 5.75% (2014: 2.00% - 3.10%) respectively. During the year, the company's chairman also served as chairman of JN Fund Managers Limited.

5. Accounts receivable and prepayments

	The Group and the Company	
	2015	2014
Trade receivables (a)	76,899,757	71,776,266
Deposits and prepayments	3,854,528	5,676,512
General consumption tax recoverable	-	1,825,164
Other (b)	3,371,639	3,318,868
	84,125,924	82,596,810
Less: Allowances for impairment losses	(8,751,038)	(4,737,700)
	$75,374,886	77,859,110

(a) Included in trade receivables is $4,164,336 (2014: $8,340,775) due from related parties in the ordinary course of business.

(b) Other receivables include $658,998 (2014: $449,254) due from a director and a related party in the ordinary course of business.

The aging of trade receivables at the reporting date was:

	The Group and the Company			
	2015		2014	
	Gross	Impairment	Gross	Impairment
Not past due	44,832,792	-	32,862,255	-
Past due 31-90 days	23,315,927	-	30,651,802	-
More than 90 days	8,751,038	8,751,038	8,262,209	4,737,700
	$76,899,757	8,751,038	71,776,266	4,737,700

5. Accounts receivable and prepayments (cont'd)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	The Group and the Company	
	2015	2014
Balance at beginning of year	4,737,700	5,495,289
Impairment loss recognized/(writeback)	4,013,338	(757,589)
Balance at end of year	$8,751,038	4,737,700

6. Inventories

	The Group and the Company	
	2015	2014
Merchandise	75,973,217	89,504,115
Raw materials	111,170,071	58,465,944
Packaging materials	18,442,240	17,417,111
Manufactured finished goods	6,035,189	6,510,966
Work in progress	721,004	1,053,704
	212,341,721	172,951,840
Goods in transit	37,174,525	63,492,304
	249,516,246	236,444,144
Less: Allowance for impairment	-	(2,000,000)
	$249,516,246	234,444,144

No provision has been made in these financial statements for duties and other expenses to be incurred in clearing goods-in-transit.
During the year, raw materials, merchandise and changes in finished goods included in cost of revenue amounted to $813,803,403 (2014: $803,603,101).

7. Accounts payable

	The Group and the Company	
	2015	2014
Trade payables	32,263,122	39,020,589
Other payable, accruals and provisions	27,806,772	29,485,316
Statutory payables	1,965,947	1,850,180
General consumption tax payable	2,122,065	-
	$64,157,906	70,356,085

Included in other payable, accruals and provisions is $6,575,000 (2014: Nil) due to a director.

8. Due from/(to)related parties

(a) Interest in subsidiary:

	The Company	
	2015	2014
(i) Due from a subsidiary after twelve months:		
Cotrade Limited	17,189,512	17,189,512
(ii) Shares at cost in Papine Properties Limited	100	100
	$17,189,612	17,189,612

The balance due from Cotrade Limited is classified as non-current by the Board of Directors of the company, is interest free and not subject to any fixed repayment terms.

(b) Due to related party within twelve months:

	The Group and the Company	
	2015	2014
Alacrity Limited	$349,590	187,495

(c) Related party transactions:

Charged/(credited) to income:

	The Group and the Company	
	2015	2014
	$	$
Rental from a related party	(1,916,256)	(1,197,846)
Rental to a related party	1,440,000	1,299,000
Sales to a related party	(8,242,538)	(31,285,990)
Key management personnel expense – short-term benefits	30,842,400	28,923,333

9. Long-term liability

	The Group and the Company	
	2015	2014
JN Fund Managers Limited		
Loan	9,221,332	-
Less: Current portion	(1,976,004)	-
	$7,245,328	-

The loan was granted by JN Fund Managers Limited to facilitate the financing of the company's energy saving capital expenditure programme. It bears interest at 9.5%, is paid monthly, in the amount of $164,667 plus interest. The loan is secured by legal mortgage over a property owned by the company and the assignment of all risk peril insurance over the buildings.

10. Share capital

	2015	2014
Authorised:		
99,000,000 (2014: 99,000,000) ordinary shares of no par value		
Stated capital:		
Issued and fully paid:		
56,499,000 (2014: 56,499,000) ordinary stock units of no par value	$86,900,147	86,900,147

11. Deferred taxation

Deferred tax liability is attributable to the following:

	The Group and the Company		
		Recognised in	
	April 30, 2014	Income	April 30, 2015
Property plant and equipment	-	(396,498)	(396,498)
Interest receivable	-	(93,774)	(93,774)
	$ -	(490,272)	(490,272)

12. Revenue

Revenue represents the sale of soaps, construction and related hardware supplies and is stated net of General Consumption Tax and after deducting discounts and rebates.

13. Net finance costs

	The Group and the Company	
	2015	2014
Finance income:		
Interest income	3,485,463	3,602,259
Foreign exchange gain	4,251,449	7,172,820
	7,736,912	10,775,079
Finance costs:		
Interest expense	(222,293)	(28,509)
Bank charges and fees	(3,642,987)	(3,188,545)
	(3,865,280)	(3,217,054)
	$3,871,632	7,558,025

14. Taxation

(a) The expense is based on the profit for the year adjusted for tax purposes and is made up as follows:

	2015 $	2014 $
Current tax expenses:		
Income tax	163,491	-
Deferred tax expenses:		
Origination and reversal of other temporary Difference	490,272	-
Total taxation expense	653,763	-

(b) Reconciliation of actual tax charge/(credit):

	The Group		The Company	
	2015	2014	2015	2014
Profit for the year	70,610,764	93,102,412	70,937,297	93,428,945
Computed "expected" tax at 25% (2014: 25%)	17,652,691	23,275,603	17,734,324	23,357,236
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	(1,469,467)	1,359,546	(1,551,100)	1,277,913
	(774,413)	(247,520)	(774,413)	(247,520)
Expenses not allowable	15,408,811	24,387,629	15,408,811	24,387,629
Adjustment for the effect of tax remission [note (c)]	(14,755,048)	(24,387,629)	(14,755,048)	(24,387,629)
	$ 653,763	-	653,763	-

(c) Remission of income tax:

The company's shares were listed on the Junior Market of the Jamaica Stock exchange, effective April 22, 2010. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

Years 1 to 5	100%
Years 5 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

15. Disclosure of expenses

Profit attributable to members is stated after charging/(crediting):

	The Group		Company	
	2015 $	2014 $	2015 $	2014 $
Depreciation	3,988,870	5,150,101	3,662,337	4,823,568
Directors' emoluments:				
Fees	1,600,000	1,600,000	1,600,000	1,600,000
Management remuneration	30,842,400	28,923,333	30,842,400	28,923,333
Auditors' remuneration	2,335,000	2,155,000	2,335,000	2,155,000

16. Earnings per stock unit

Earnings per ordinary stock unit, is calculated by dividing the profit attributable to shareholders by the weighted average number of stock units in issue during the year.

	2015 $	2014 $
Profit attributable to shareholders	69,957,001	93,102,412
Weighted average number ordinary stock units in issue	56,499,000	56,499,000
Basic and diluted earnings per stock unit	1.24	1.65

17. Dividends

	2015	2014
15 cents per qualifying ordinary stock unit	$8,474,850	8,474,850

During the year, a dividend of $0.15 (2014: $0.15) per stock unit was declared on June 23, 2014 (2014: June 30, 2013) and paid on August 15, 2014 (2014: August 16, 2013).

18. Segment financial information

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

18. Segment financial information (cont'd)

	2015		
	The Group		
	Lumber Division $	Soap Division $	Total $
Revenue	734,754,349	325,503,542	1,060,257,891
Profit from operations	23,934,732	40,646,779	64,581,511
Other income	2,157,621	-	2,157,621
Net finance income	-	3,871,632	3,871,632
Profit for the year	26,092,353	44,518,411	70,610,764
Segment assets			
Non-current asset	32,349,941	39,971,730	72,321,671
Current assets	269,903,656	223,412,234	493,315,890
	302,253,597	263,383,964	565,637,561
Segment liabilities			
Current liabilities	53,724,513	12,758,987	66,483,500
Other segment items:			
Capital expenditure	6,560,592	19,566,040	26,126,632
Depreciation	1,575,809	2,413,061	3,988,870

	2014		
	The Group		
	Lumber Division $	Soap Division $	Total $
Revenue	728,028,841	317,808,207	1,045,837,048
Profit from operations	37,835,952	45,501,824	83,337,776
Other income	2,206,611	-	2,206,611
Net finance income	2,403,975	5,154,050	7,558,025
Profit for the year	42,446,538	50,655,874	93,102,412
Segment assets			
Non-current asset	27,365,158	22,818,751	50,183,909
Current assets	231,453,450	218,842,531	450,295,981
	258,818,608	241,661,282	500,479,890

18. Segment financial information (cont'd)

	2014		
	The Group		
	Lumber Division	Soap Division	Total
	$	$	$
Segment liabilities			
Current liabilities	45,526,640	25,016,940	70,543,580
Other segment items:			
Capital expenditure	8,116,283	4,221,019	12,337,302
Depreciation	1,391,748	3,758,353	5,150,101

19. Financial instruments

The group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

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

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and group's activities.

19. Financial instruments (cont'd)

(a) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group is exposed to foreign currency risk, primarily on purchases that are denominated in a currency other than the Jamaica dollar. The main currency giving rise to this risk is the United States dollars (US$).

The group manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

The table below shows the group's main foreign currency exposure at the reporting date.

	The Group and the Company Net foreign currency monetary assets/(liabilities)			
	2015		2014	
	US$	J$	US$	J$
Cash and cash equivalents	616,137	70,891,368	601,093	65,843,367
Accounts payable	(23,091)	(2,670,474)	(120,683)	(13,294,172)
Net position	593,046	68,220,894	480,410	52,549,195

Exchange rates for the US dollar, in terms of Jamaica dollars ($), were as follows:

April 30, 2015	$115.06
April 30, 2014	$109.54

19. Financial instruments (cont'd)

(a) Market risk (cont'd):

(i) Currency risk (cont'd):

Sensitivity analysis

A 10% (2014: 15%) strengthening of the US$ against the Jamaica dollar would have increased profit for the year by $6,823,457 (2014: $7,893,568) respectively.

A 1% (2014: 1%) weakening of the US$ against the Jamaica dollar would have decreased profit for the year by $682,345 (2014: $526,237) respectively.

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis for 2014.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest-bearing financial assets mainly comprise bank deposits and resale agreements, which have been contracted at variable interest rates for the duration of their terms.

The company's cash and cash equivalents are subject to interest rate risk; however, it manages this risk by maintaining deposits and negotiating the most advantageous interest rates. Interest rates on certain loan are fixed and are not affected by fluctuations in market interest rates.

19. Financial instruments (cont'd)

(a) Market risk (cont'd):

(ii) Interest rate risk (cont'd):

At the reporting date the interest profile of the group's interest bearing financial instruments was:

	The Group and the Company	
	2015	2014
Fixed rate:	$	$
Assets	15,663,276	50,117,069
Liabilities	9,221,332	-
	24,884,608	50,117,069
Variable rate:		
Assets	132,530,886	79,994,618

Fair value sensitivity analysis for fixed rate instruments

The group does not hold any financial instruments that are carried at fair value. Therefore, a change in interest rates, at the reporting dates, would not affect profit or loss or the value of the group's financial instruments.

Cash flow sensitivity analysis for variable rate instruments

An increase of 250 basis points (2014: 250 basis points) in interest rates at the reporting date would have increased profit by $3,313,272 (2014: $1,999,865) while a 100 basis points (2014:100 basis points) decline in interest rates at the reporting date would have decreased profit by $1,325,309 (2014: $799,946).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

(b) 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. Credit exposures arise principally from the group's receivables from customers and deposits held with financial institutions.

At reporting date, 80% (2014: 59%) of the company's cash resources were held with one financial institution which is believed to be a substantial counter-party with a minimal risk of default. Otherwise, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial assets on the statement of financial position.

19. Financial instruments (cont'd)

(b) Credit risk (cont'd):

Cash and cash equivalents

Cash and cash equivalents are maintained with financial institutions that are appropriately licensed and regulated, therefore management believes that the risk of default is low.

Trade receivables

The group's exposure to this risk is minimal in that approximately 88% of its trade debtors are under 90 days. Management has established a credit policy under which each customer is analysed for creditworthiness prior to being offered a credit facility. Each customer is given a maximum time allowed for having balances outstanding and procedures are in place to restrict customer orders if outstanding debts are not cleared within the credit period.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables (see note 5).

(c) Liquidity risk:

Liquidity risk is the risk that the group will not meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The management of the group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments, and has a revolving line of credit in place on which the company can draw amounts when needed and repay without penalty.

19. Financial instruments (cont'd)

(c) Liquidity risk(cont'd):

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	The Group and the Company					
	Carrying amount	Contractual cashflow	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years
April 30, 2015:						
Accounts payable	64,157,906	64,157,906	64,157,906	-	-	-
Long-term liability	9,221,332	11,468,701	1,409,900	1,356,542	2,578,722	6,123,537
Due to related party	349,590	349,590	349,590	-	-	-
	$73,728,828	75,976,197	65,917,396	1,356,541	2,578,721	6,123,537
April 30, 2014:						
Accounts payable	70,356,085	70,356,085	70,356,085	-	-	-
Due to related party	187,495	187,495	187,495	-	-	-
	$70,543,580	70,543,580	70,543,580	-	-	-

(d) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors, other than financial risks, such as those arising from legal, regulatory requirements and other natural disasters.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management.

19. Financial instruments (cont'd)

(e) Capital management:

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements.

The Board of Directors monitors the return on capital, which is defined as profit for the year divided by total stockholders' equity.

The group is not subject to any externally imposed capital requirements.

(f) Fair value disclosure:

The carrying value of cash and cash equivalents, accounts receivable and prepayments, amount due to related party, accounts payable and related party balances are assumed to approximate their fair values due to their short-term nature. Long-term liability is carried at contracted settlement value, which is believed to approximate fair value as the loan is at market rates and terms.

Director Tanna serving customers at Lumber Depot

Blue Power Products on display at MegaMart

Mr. Brammy in the guard house at Blue Power

Director Tanna with worker Mr. Dennis Brown

BLUE POWER GROUP LIMITED (THE COMPANY) - FORM OF PROXY

I/We _____ (insert name)
of _____ (address)
being a shareholder(s) 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 be held at 4 pm on September 15, 2015 at 107 Old Hope Road, Guardsman Group Office, Kingston 6 and any adjournment thereof, I desire this form to be used for/against the resolutions as follows:

RESOLUTION DETAILS	YES	NO
1. "THAT the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company and the Group for the year ended April 30, 2015 be and are hereby adopted."	☐	☐
2. "THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2014-15, be and is hereby approved."	☐	☐
3. "THAT the interim dividend of 15¢ per stock unit on record date July 27, 2015 be and is hereby ratified and declared final for 2014-15."	☐	☐
4. "THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2015-16."	☐	☐
5a) "THAT Dr. Dhiru Tanna who retires by rotation, be and is hereby re-elected a Director of the Company."	☐	☐
5b) "THAT Hon. Kenneth Benjamin, O.J. 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, 2015 for Directors' fees be and is hereby approved."	☐	☐

Unless otherwise directed the proxy will vote as he thinks fit
Signed this _____ day _____2015

_____
Signature of Shareholder

BLUE POWER GROUP LIMITED

NOTES REGARDING THE USE OF THE FORM OF PROXY

1. A $100 stamp should be attached to the Proxy Form.

2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead.

3. If the appointer is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.

4. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.

5. If the form is returned without any indication as to how the person appointed proxy shall vote, the proxy shall exercise his discretion as to how he votes or whether to abstain from voting.

6. To be valid this proxy must be deposited with the Registrar and Transfer Agent, JCSD Registrar Services Unit, 40 Harbour Street, Kingston, Jamaica, not less than 48 hours before the time appointed for holding the meeting.

6. A proxy need not be a member of the Company.

BLUE POWER Group Limited

NOTES

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