

**BLUE POWER GROUP LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**JULY 31, 2010**

**BLUE POWER GROUP LIMITED**

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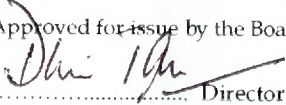

**UNAUDITED FINANCIAL STATEMENTS**

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**BLUE POWER GROUP LIMITED**  
**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**  
**THREE MONTHS TO JULY 31, 2010**

	Note	Three months 31 July 2010 \$	Three months 31 July 2009 \$
REVENUE		185,668,096	164,810,118
COST OF SALES		<u>(154,914,531)</u>	<u>(135,882,424)</u>
GROSS PROFIT		30,753,565	28,927,694
ADMINISTRATIVE AND OTHER EXPENSES		<u>(20,659,892)</u>	<u>(12,348,614)</u>
PROFIT FROM OPERATIONS		<u>10,093,673</u>	<u>16,579,080</u>
OTHER INCOME -			
Interest income		867,943	530,753
Rental income		192,495	239,597
Other income		543,373	-
		<u>1,603,811</u>	<u>770,350</u>
		11,697,484	17,349,430
FINANCIAL EXPENSES	3	<u>(2,543,552)</u>	<u>(2,207,380)</u>
NET PROFIT - before taxation		9,153,932	15,142,050
TAXATION	4	<u>(990,031)</u>	<u>(5,066,001)</u>
NET PROFIT - after taxation		<u>8,163,901</u>	<u>10,076,049</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Stockholders of the company		<u>8,163,901</u>	<u>10,076,049</u>
Number of stock units issued		56,497,800	1,130
Earnings per stock unit for profit attributable to stockholders of the company during the period -		<u>\$ 0.14</u>	<u>\$ 8,916.86</u>

**BLUE POWER GROUP LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
**AT JULY 31, 2010**

	31 July 2010 \$	30 April 2010 \$	31 July 2009 \$
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	47,389,346	44,929,052	42,498,607
Deferred tax asset	-	1,354,953	1,557,020
Deferred expense	164,145	164,145	127,545
	<u>47,553,491</u>	<u>46,448,150</u>	<u>44,183,172</u>
<b>Current Assets</b>			
Inventories	103,563,646	99,664,204	93,294,072
Receivables and prepayments	54,584,395	74,340,327	38,195,963
Cash and cash equivalents	53,185,527	47,408,627	34,352,078
	<u>211,333,568</u>	<u>221,413,158</u>	<u>165,842,113</u>
<b>Current Liabilities</b>			
Payables	57,047,687	70,500,001	44,798,979
Bank overdraft	-	-	1,902,780
Director's account	-	-	2,139,847
Current portion of long term liability	3,333,333	3,333,333	5,333,333
Taxation	9,525,848	12,378,351	9,684,540
	<u>69,906,868</u>	<u>86,211,685</u>	<u>63,859,479</u>
<b>Working Capital - surplus</b>	<u>141,426,700</u>	<u>135,201,473</u>	<u>101,982,634</u>
<b>NON-CURRENT LIABILITIES</b>			
Shareholders' advances	18,033	18,033	26,626,339
Related parties advances	99,686	99,686	12,020,862
Director's loan	-	-	23,955,884
Long-term loan	-	-	9,333,334
Long-term liability	29,500,001	30,333,334	23,000,000
	<u>29,617,720</u>	<u>30,451,053</u>	<u>94,936,419</u>
<b>TOTAL NET ASSETS</b>	<u>159,362,471</u>	<u>151,198,570</u>	<u>51,229,387</u>
<b>EQUITY</b>			
<b>Shareholders' Equity</b> (attributable to equity holders of the company)			
Share capital	86,900,147	86,900,147	5,853,395
Retained earnings	72,462,324	64,298,423	45,375,992
Approved for issue by the Board of Directors and signed on its behalf by:			
 Director	 Director		
Dr. Dhiru Tanna	Kenneth Benjamin		
	<u>159,362,471</u>	<u>151,198,570</u>	<u>51,229,387</u>

**BLUE POWER GROUP LIMITED**  
**UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**THREE MONTHS ENDED JULY 31, 2010**

JULY 31, 2010

	Ordinary Shares	Share Capital Shares \$	Retained Earnings \$	Total \$
Balance as at May 1, 2010	56,497,800	86,900,147	64,298,423	151,198,570
Total comprehensive income for the period	-	-	8,163,901	8,163,901
<b>Balance at July 31, 2010</b>	<b>56,497,800</b>	<b>86,900,147</b>	<b>72,462,324</b>	<b>159,362,471</b>

JULY 31, 2009

	Ordinary Shares	Share Capital Shares \$	Retained Earnings \$	Total \$
Balance as at May 1, 2009	1,130	5,853,395	35,299,943	41,153,338
Total comprehensive income for the period	-	-	10,076,049	10,076,049
<b>Balance at July 31, 2009</b>	<b>1,130</b>	<b>5,853,395</b>	<b>45,375,992</b>	<b>51,229,387</b>



**BLUE POWER GROUP LIMITED**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
**THREE MONTHS ENDED JULY 31, 2010**

	Three months 31 July 2010 \$	Three months 31 July 2009 \$
<b>CASH FLOWS WERE PROVIDED BY/ (USED IN):</b>		
<b>Operating Activities</b>		
<b>Net profit</b>	8,163,901	10,076,049
Items not affecting cash resources :		
Deferred tax	1,354,953	(414,320)
Depreciation	1,065,497	668,164
	<u>10,584,351</u>	<u>10,329,893</u>
Changes in non-cash working capital components:		
Inventories	(3,899,442)	(8,593,736)
Receivables	19,755,932	(1,451,011)
Payables	(13,452,314)	(4,952,044)
Director's current account	-	2,139,847
Taxation	(2,852,503)	5,185,613
<b>Cash provided by operating activities</b>	<u>10,136,024</u>	<u>2,658,562</u>
<b>FINANCING ACTIVITIES</b>		
Long-term loan (repaid)/received	-	(14,622,550)
Shareholders' advances repaid	-	1,480,729
Related party advances	-	35,320
Director's loan	-	23,955,884
Long term liabilities repaid	(833,333)	(11,872,271)
<b>Cash used in financing activities</b>	<u>(833,333)</u>	<u>(1,022,888)</u>
<b>INVESTMENT ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,525,791)	(106,208)
<b>Cash used in investment activities</b>	<u>(3,525,791)</u>	<u>(106,208)</u>
<b>INCREASE IN NET CASH BALANCES</b>	5,776,900	1,529,466
<b>NET CASH BALANCES - Beginning of year</b>	<u>47,408,627</u>	<u>30,919,832</u>
<b>NET CASH BALANCES - End of year</b>	<u>53,185,527</u>	<u>32,449,298</u>
<b>REPRESENTED BY:</b>		
Cash and cash equivalents	53,185,527	34,352,078
Bank overdraft	-	(1,902,780)
	<u>53,185,527</u>	<u>32,449,298</u>

**BLUE POWER GROUP LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**JULY 31, 2010**

**1. INCORPORATION AND IDENTITY**

Blue Power Group Limited (formerly Lumber Depot Limited) is incorporated and domiciled in Jamaica. The registered office of the company is located at 4 Victoria Avenue, Kingston CSO. The company changed its name to Blue Power Group Limited on 19th April 2010 and became listed on the Junior Market of the Jamaica Stock Exchange on 22nd. April 2010.

Effective 1st. January 2010 the company amalgamated the operations of its subsidiary, Blue Power Limited with its operations as a *going concern* assuming all its assets and liabilities at that date.

The main activities carried out by the company during the period under review include the manufacture and sale of laundry soaps and the sale of lumber, hardware supplies and related products from distribution outlets located at 4 Victoria Avenue and Papine in Kingston and St. Andrew.

**2. ACCOUNTING POLICIES****Basis of preparation**

The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended April 30, 2010 and comply with the requirements of the International Financial Reporting Standards (IAS 34, Interim Financial Reporting).

**3. FINANCIAL EXPENSE**

	July 31, 2010	July 31, 2009
	\$	\$
Interest expense	1,152,155	1,574,630
Bank charges and fees	489,055	632,750
Exchange loss	902,342	-
	<u>2,543,552</u>	<u>2,207,380</u>

**4. TAXATION**

Remission of income tax:

The company's shares were listed on the Junior Market of the Jamaica stock Exchange, effective 22nd April 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 remission. The prior year tax adjustment represents the proportionate tax reprieve from April 23, to April 30, 2010 and the write off of the deferred tax asset as this is not expected to be utilised in the near future. Taxation charge for the period comprise: -

	2010	2009
	\$	\$
Current tax	-	5,066,001
Adjustment for the effect of remission:		
Prior year tax	(364,922)	-
Deferred Tax	1,354,953	-
	<u>990,031</u>	<u>5,066,001</u>



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17C GORDON TOWN ROAD  
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PHONE: 876-977-5075  
FAX: 876-970-1302

Chairman's Report  
Financial Statements Quarter ended July 31, 2010

Company revenue for the quarter, when compared to the same quarter in 2009, increased from \$164.8 million to \$185.7 million or 12.7%. Gross profit during the same period increased from \$29.9 million to \$30.8 million or 6.6%.

Profits after tax declined from \$10.1 million to \$8.2 million or app. 19% due largely to an increase in administrative expenses. The first quarter in 2010 fully reflects the one-time rationalization of salaries for senior management which was mentioned in the end of April report. In addition, due to the revaluation of the J\$, the Group incurred exchange losses amounting to app. \$1 million. The results also include a provision for bonuses which will be distributed based on the performance of the Group. It should be noted that when comparing profit before tax for the two periods, the decline in 2010 is much larger (39%) due to the factors listed above.

The auditors have also taken the opportunity to write off app. \$1.4 million of deferred taxation, thus reducing the overall profit by that amount. At the same time, the accounts reflect a write-back of taxation which was overprovided in previous statements. The net effect of these two tax-related transactions is minus \$0.99 million.

Directors and management recognize the need to hold administrative expenses under control but feel strongly that the new remuneration structure implemented in January 2010 properly reflects market conditions and offers sufficient incentive for senior members of the team to perform.

Receivables at the end of June 2010 were \$54.6 million as compared to \$74.3 million at April 2010, an improvement of 43% due to the collection of amounts due from the large customer mentioned in the April report. Retained earnings at the end of June 2010 stood at \$74.5 million.

The roll-out of new products in the Blue Power (soap) division has begun and is having a positive effect on overall sales despite the decline in export sales.

A handwritten signature in black ink, appearing to read "Dhuru Tanna", with a horizontal line extending to the right.

Dhuru Tanna  
Chairman  
September 8, 2010