HEAD OFFICE & BLUE POWER DIVISION
4 VICTORIA AVENUE
KINGSTON CSO, JAMAICA
PHONE: 876-928-1882
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17C GORDON TOWN ROAD
PAPINE, KINGSTON 6
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Chairman's Report
Financial Statements Year ended April 30, 2011

Net profit after tax for the combined operations of Blue Power Group Ltd. was $54.7 million in 2010/11 compared to $29.0 million in 2009/10, an increase of 88.6%. There was a marked improvement in performance as profits from operations increased by $12.7 million or 27% from $47.9 million to $60.2 million.

Combined sales for the twelve-month period May 2010 to April 2011 were $791 million compared to $696 million for the same period last year, an increase of $95 million or 13.63%.

The final quarter saw a reversal of the trend towards falling hardware sales which had been observed in the first three quarters of the financial year. This was largely as a result of the award of a significant supply contract funded by a foreign agency which enabled the Lumber Depot division to produce an increase of 4.5% in sales over the previous year. The Blue Power soap division continued to perform well in terms of sales, achieving an increase of over 53% due to the introduction of bathing soaps and some price increases. It is clear that our products are continuing to enjoy ready acceptance in the country.

Raw material prices for the Manufacturing Division increased at a rapid rate during the course of the year under review. However, it was not possible to pass on these increases in terms of selling prices due to competitive pressures, causing our gross margins to drop. When combined with the increased expenditure on product development and improvements to the facilities, the overall profitability of the soap division declined despite the substantial increase in sales.

At the very end of the financial year, receivables spiked significantly because there was a slight delay in receiving payment from the foreign agency which caused the company to arrange some short-term financing to meet its obligations. The receivables were back to normal by the second week of May and the company will again show a healthy cash flow position at the end of the first quarter of 2011/12.

We were very pleased to welcome Maj. Noel Dawes to the Board of Directors during the financial year. I wish to take this opportunity to thank our customers, suppliers, shareholders, staff and members of the Board for their support during the first year of our existence as a listed company.

Dhiru Tanna
Chairman
June 3, 2011

DIRECTORS: KENNETH BENJAMIN, C.D., NOEL DAWES, JEFFREY HALL, ANTONY HART, C.D., PETER MILLINGEN, DHIRU TANNA (MANAGING)

BLUE POWER Group Limited

APRIL 30, 2011

DIRECTORS AND CONNECTED PARTIES REPORT: DIRECTORS

NAME	POSITION	RELATIONSHIP	UNITS	%
Kenneth Benjamin, C.D.	Director	Self	3,130,200	5.5403
Major Noel Dawes	Director	Self	2,100,000	3.7169
Dhiru Tanna	Director			
	Antibes Holdings Ltd	Connected Party	28,300,800	50.0908
Peter Millingen	Director	Self	908,100	1.6073
Antony Hart, C.D.	Director	Self	605,400	1.0715
	Appleton Hall Ltd	Connected Party	2,520,000	4.4603
	Combined Holding		3,125,400	5.5318
Jeffrey Hall	Director	Self	257,070	0.4550

DIRECTORS AND CONNECTED PARTIES REPORT: SENIOR MANAGERS

NAME	POSITION	RELATIONSHIP	UNITS	%
Veronica Lowe	Senior Manager	Self	854,430	1.5050
Major Noel Dawes	Senior Manager	Self	2,100,000	3.7169
Lisa Kong	Senior Manager	Self	650,000	1.1505

TOP 10 SHAREHOLDERS

Holder	Units	%
Antibes Holdings Ltd	28,300,800	50.09
Silver Investments Ltd	3,750,000	6.64
Kenneth Benjamin, C.D.	3,130,200	5.54
Jane Fray	3,095,400	5.48
Mark Hart	3,095,400	5.48
Appleton Hall Limited	2,520,000	4.46
Noel Dawes	2,100,000	3.72
Peter Millingen	908,100	1.61
Cecil McIver (Rosemarie McIver)	900,337	1.59
Veronica Lowe	854,430	1.51

BLUE POWER GROUP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2011

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Crooks Jackson Burnett
Chartered Accountants

11 Carvalho Drive, Kingston 10, Jamaica W.I.
Telephone: (876) 754-4346; 908-0973
Facsimile: (876) 906-6921

Independent Auditors' Report

To the Members of
Blue Power Group Limited

We have audited the accompanying financial statements of Blue Power Group Limited set out on pages 6 to 25, which comprise the statement of financial position as at April 30, 2011 and the statement of comprehensive Income, statements of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these 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 whether the financial statements are free form material misstatements.

Our audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

In our opinion, the accompanying financial statements give a true and fair view of the company's financial position as at April 30, 2011, and of its the financial performance of its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements
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 kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

Crooks Jackson Burnett

Chartered Accountants
June 3, 2011

Principal: Effie M. Crooks, F.C.A; *Associates: John H. Jackson, F.C.A.; Mark A. Jackson, BSc., MSc. (Econ.), F.C.A.*

BLUE POWER GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED APRIL 30, 2011

	Note	2011 $	2010 $
REVENUE		**791,406,661**	696,455,723
COST OF SALES		**(639,849,811)**	(569,567,457)
GROSS PROFIT		**151,556,850**	126,888,266
ADMINISTRATIVE AND OTHER EXPENSES		**(91,373,103)**	(79,391,003)
PROFIT FROM OPERATIONS		**60,183,747**	47,497,263
OTHER INCOME -			
Interest income		**1,762,626**	1,181,104
Rental income		**1,597,864**	1,425,316
Other income		**197,576**	148,625
Realised exchange gains		**-**	1,385,263
		3,558,066	4,140,308
		63,741,813	51,637,571
FINANCIAL EXPENSES	7	**(8,074,247)**	(8,051,726)
NET PROFIT - before taxation		**55,667,566**	43,585,845
TAXATION	8	**(1,060,205)**	(14,587,365)
NET PROFIT - after taxation		**54,607,361**	28,998,480
PROFIT ATTRIBUTABLE TO:			
Stockholders of the company		**54,607,361**	28,998,480
Earnings per stock unit for profit attributable to stockholders of the company during the year -	9	**$ 0.97**	**$ 0.84**

BLUE POWER GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AT APRIL 30, 2011

	Note	2011 $	2010 $	
ASSETS				
Non-current Assets				
Property, plant and equipment	19	**42,793,459**	44,929,052	
Deferred tax asset	10	**-**	1,354,953	
Deferred expense		**-**	164,145	
		42,793,459	46,448,150	
Current Assets				
Inventories	11	**133,277,590**	99,664,204	
Receivables and prepayments	12	**123,269,965**	74,340,327	
Taxation recoverable		**469,647**	-	
Cash and cash equivalents	13	**18,076,041**	47,408,627	
		275,093,243	221,413,158	
Current Liabilities				
Payables	14	**63,567,853**	70,500,001	
Short-term loan - related party	15	**8,699,686**	99,686	*
Current portion of long term liability	17	**5,864,335**	3,333,333	
Taxation		**70,174**	12,378,351	
		78,202,048	86,311,371	
Working Capital - surplus		**196,891,195**	135,101,787	
NON-CURRENT LIABILITIES				
Shareholders' advances	16	**18,033**	18,033	
Long-term liability	17	**33,860,690**	30,333,334	
		33,878,723	30,351,367	
TOTAL NET ASSETS		**205,805,931**	151,198,570	
EQUITY				
Shareholders' Equity (attributable to equity holders of the company)				
Share capital	18	**86,900,147**	86,900,147	
Retained earnings		**118,905,784**	64,298,423	
		205,805,931	151,198,570	

Approved for issue by the Board of Directors and signed on its behalf by:

..... Director
Dr. Dhiru Tanna

..... Director
Peter Millingen

* Restated to conform with current year's presentation.

BLUE POWER GROUP LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

YEAR ENDED APRIL 30, 2011

	Share Capital			
	Ordinary Shares	Preference Shares	Retained Earnings	Total
	$	$	$	$
Balance as at May 1, 2009	913,395	4,940,000	35,299,943	41,153,338
Conversion of preference shares to ordinary shares	4,940,000	(4,940,000)	-	-
Issue of shares, net of transaction costs	81,046,752	-	-	81,046,752
Total comprehensive income for the year	-	-	28,998,480	28,998,480
Balance at April 30, 2010 (*see note 18*)	86,900,147	-	64,298,423	151,198,570
Total comprehensive income for the year	-	-	54,607,361	54,607,361
Balance at April 30, 2011 *(See note 18)*	**86,900,147**	**-**	**118,905,784**	**205,805,931**

BLUE POWER GROUP LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2011

	2011	2010
	$	$
CASH FLOWS WERE PROVIDED BY/ (USED IN):		
Operating Activities		
Net profit	**54,607,361**	28,998,480
Items not affecting cash resources :		
Deferred tax	**1,354,953**	(212,253)
Depreciation	**6,301,251**	4,903,799
	62,263,565	33,690,026
Changes in non-cash working capital components:		
Inventories	**(33,613,386)**	(14,963,868)
Receivables	**(48,929,638)**	(37,595,375)
Payables	**(6,932,148)**	20,748,979
Taxation	**(12,777,824)**	7,879,424
Cash (used in)/provided by operating activities	**(39,989,431)**	9,759,186
FINANCING ACTIVITIES		
Issue of shares	**-**	81,046,752
Long-term loan received	**25,000,000**	
Long-term loan repaid	**(18,941,642)**	(23,955,884)
Shareholders' advances repaid	**-**	(25,127,577)
Related party advances received/(repaid)	**8,600,000**	(11,885,857)
Long term liabilities	**-**	(6,538,937)
Cash provided by financing activities	**14,658,358**	13,538,497
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	**(4,165,658)**	(6,772,288)
Deferred expenses	**164,145**	(36,600)
Cash used in investment activities	**(4,001,513)**	(6,808,888)
INCREASE IN NET CASH BALANCES	**(29,332,586)**	16,488,795
NET CASH BALANCES - Beginning of year	**47,408,627**	30,919,832
NET CASH BALANCES - End of year	**18,076,041**	47,408,627
REPRESENTED BY:		
Cash and cash equivalents	**18,076,041**	47,408,627
	18,076,041	47,408,627

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 soaps and the sale of lumber, hardware supplies and related products.

2. BASIS of PREPARATION and SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and statement of compliance

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention and the relevant requirements of the Jamaican Companies Act.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed under their respective headings.

Standards, Interpretations and amendments to published accounting standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published that become effective during the current year. The company has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are relevant to its operations.

IAS 36 (Amendment), 'Impairment of assets'

The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purpose of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segment' (that is, before the aggregation of segments with similar economic characteristics).

IFRS 8 (Amended) 'Operating Segments'

The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the Chief Operating Decision Maker (CODM). The company reports on such information, as such that information is disclosed in note 4, of these financial statements.

2. BASIS of PREPARATION and SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Standards, Interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the company.

Certain new standards, interpretations and amendments to existing standards have been published that will become effective in subsequent periods, but the company has not elected for early adoption. The following new standards, interpretations and amendments may be relevant to the company's operations and are being assessed by management.

IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1st January 2011). Retroactive application required. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 24, (Revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, Related party disclosures', issued in 2003. IAS 24 (Revised) is mandatory for periods beginning on or after 1st January 2011. Earlier application, in whole or in part is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The company will apply the new standard from 1st May 2011.

IAS 34, 'Interim financial reporting' (effective for annual periods beginning on or after 1st January 2011). Retroactive application required. Provide guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification;
- Transfer of financial instruments between different levels of the fair value hierarchy;
- Changes in the classification of financial assets; and
- Changes in contingent liabilities and assets

IFRS 7, 'Financial instruments' (effective for annual periods beginning on or after 1st January 2011). Retroactive application required. Emphasises the interaction between quantitative and qualitative disclosure about the nature and extent of risks associated with financial statements.

(b) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is recognised when services have been performed and there is acceptance by the customer.

No revenue is recorded if there are significant uncertainties regarding recovery of the consideration due, the associated costs.

Revenue is shown net of Consumption Tax, returns, rebates and discounts. Interest income is recognised as it accrues, unless collectibility is in doubt.

2. BASIS of PREPARATION and SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign Currency Translation

i. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the *functional currency).* The financial statements are presented in Jamaican dollars, which is the company's functional and presentational currency.

ii. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains or losses arising from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Plant, Machinery and Equipment

Plant, machinery and equipment and other assets are carried at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is calculated on a straight line basis at rates estimated to write off the cost of the assets over their expected useful lives. Annual rates used are as follows:

Leasehold improvements	10%
Furniture, fixtures and equipment	10% - 15%
Computer systems	22.50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses and disposal of plant, machinery and equipment are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenance expenditure are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company.

(e) Impairment of Non-Current Assets

Plant, machinery and equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of the asset's net selling price and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows.

(f) Inventories

Inventories are stated at lower of cost and net realisable value, cost being determined on the weighted average cost method. Cost represents invoiced cost plus direct inventory related expenses and the cost of finished goods and work-in-progress comprises raw material, direct labour, other direct costs and related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2. BASIS of PREPARATION and SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) **Receivables and Payables**

Receivables and payables are carried at original invoice amounts. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount. Bad debts are written-off during the year in which they are identified.

(h) **Cash and Short-term Deposits**

Cash and short-term deposits consist of cash on hand, deposits held on call with banks and other short-term highly liquid investments with less than 90 days' maturity from the date of acquisition. These are carried in the statement of financial position at cost.

(i) **Borrowings**

Bank and other loans are recorded at proceeds received. Finance charges, including direct issue costs are accounted for on an accrual basis in the statement of comprehensive income and are added to the carrying amount of the loan to the extent that they are not settled in the period in which they arise.

(j) **Employee Benefits**

Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. At year-end the company had no liability for annual leave as a result of services rendered by employees.

(k) **Financial Instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial Assets

The company's financial assets comprise cash, investments, bank balances, deposits and accounts receivables. The particular recognition methods are disclosed in the individual policy statement associated with each item.

Financial liabilities

The company's financial liabilities comprise trade payables, loans, and other liabilities. They are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.

(l) **Segment Reporting**

A business segment is the group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performances of the operating segments, has been identified as the Management Committee that makes strategic decisions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

i. Enterprises and individuals owning directly or indirectly an interest in the voting power of the company and has significant influence over the company's affairs.
ii. Key management personnel, that is those persons having authority and responsibility for planning, directing and controlling the company's operations.

These include close members of the families .

(n) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity.

(o) Taxation

Taxation expense in the statement of comprehensive income comprises both current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income except, to the extent that the tax arises from a transaction or event is recognised in the same or a different period, directly in equity.

A deferred tax charge is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes. The tax rates used in these financial statements are those enacted at statement of financial position date.

Deferred tax charges are recognised for temporary differences between the carrying amounts of assets and liabilities and the amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax liabilities are measured at the rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on the enacted rates.

The carrying amounts of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax to be utilised. Specific information relating to the company's tax policies are set out in note 8 of these financial statements.

(p) Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparatives have been extended to reflect the requirements of the New IFRS, as well as, amended to and interpretation of existing IFRS.

3. FINANCIAL INSTRUMENTS (continued)

The company's activities exposes it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company seeks to manage these by close monitoring of each class of its financial instruments as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is exposed to currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than Jamaican Dollar. Foreign exchange risk arises from commercial transactions , primarily with respect to purchases, which are denominated in United States dollars. The company does not earn foreign currency to counter the full effects of the fluctuation in exchange rates.

The company manages this risk by purchasing foreign currency in advance and maintaining foreign currency accounts to satisfy its foreign creditors.

The balance sheet at April 30, 2011 includes foreign currency assets of US$15,883 (2010 = US$63,434) in respect of deposits at bank and US$35,012 (2010 = US$38,778) in respect of foreign currency liabilities at that date.

The exchange rates applicable at balance sheet date are US$ 1 = J$85.73 (2010 = J$89.07) in respect of foreign currency liabilities and J$85.36 (2010 - J$88.79) in respect of foreign currency assets.

Foreign currency sensitivity

Due to the nature of the company's operations and the very short term nature of balances denominated in currencies other than the Jamaican dollar, there is no material impact on its operations as a result of changes in foreign currency rates.

(ii) **Price risk**

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded on the market.

The company's financial assets are not highly exposed to this element of risk.

(iii) **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. 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 loans are fixed and are not affected by fluctuations in market interest rates.

Interest rate sensitivity

Changes in interest rate will have little or no effect on the company's comprehensive income as all borrowings were at fixed rates.

3. FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally from the company's receivables from customers and to a lesser degree investment activities

Trade and other receivables

The company's exposure to this risk is minimal in that approximately 98% 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.

Aging Trade and Other Receivables

	2011 Current J$	2011 31 - 90 days J$	2011 Over 90 days J$	2011 Total J$
Trade receivables	20,107,360	77,349,728	1,361,171	98,818,259
Deposits, prepayments and other receivables	3,268,754	3,761,598	17,421,354	24,451,706
	23,376,114	81,111,326	18,782,525	123,269,965

Aging Trade and Other Receivables (prior year)

	2010 Current J$	2010 31 - 90 days J$	2010 Over 90 days J$	2010 Total J$
Trade receivables	20,416,896	33,744,069	3,935,624	58,096,589
Deposits, prepayments and other receivables	15,498,979	581,774	162,985	16,243,738
	35,915,875	34,325,843	4,098,609	74,340,327

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. Its financial liability comprise long-term loans, payables and accruals.

The company's financial liabilities at 30th April 2011 and 2010 comprise long-term loans, payables and accruals as set out below:

	Within 3 months $	3 to 12 months $	1 to 2 years $	Over 2 years $	Total $
As at 30th April 2011					
Payables	54,208,267	9,359,586	-	-	63,567,853
Borrowings *	1,489,335	4,375,000	4,500,000	29,360,690	39,725,025
	55,697,602	13,734,586	4,500,000	29,360,690	103,292,878

3. FINANCIAL INSTRUMENTS (continued)

	Within 3 months $	3 to 12 months $	1 to 2 years $	Over 2 years $	Total $
As at 30th April 2010					
Payables	63,700,001	6,800,000	-	-	70,500,001
Borrowings	833,333	2,500,000	3,333,334	27,000,000	33,666,667
	64,533,334	9,300,000	3,333,334	27,000,000	104,166,668

*Borrowings

Borrowings analysed above do not include related party loans and advances as the shareholders/ directors have indicated that they will not call on the company to repay these amounts in the near future. The interest bearing loans stated in the financial statements are disclosed in note 17.

Assets available to meet all the above liabilities and to cover financial liabilities are substantially bank balances and receivables, which are current and are well managed {See note 3(b)}.

Other than the financial liabilities quantified in these financial statements there are no ***off balance sheet*** items, contingent liabilities or capital commitments.

(d) Cash flow interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rates fluctuate according to the prevailing levels of market interest rates and as such may increase or decrease interest margin in the next financial year.

(e) Capital management

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns to stockholders 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 the company defines as net operating income divided by total stockholders' equity. The gearing ratios at 2011 and 2010 were as follows:

	2011 $	2010 $	
Total long term borrowings (*notes 16 & 17*)	39,743,058	33,684,700	*
Total stockholders' equity	205,805,931	151,198,570	
Gearing ratio %	19%	22%	

The company complied with all externally imposed capital requirements to which it is subjected.

4. SEGMENT FINANCIAL INFORMATION

The company is organised into the following business segments:

i. Soap division - Manufacture of soaps
ii. Lumber division - Sale of lumber, hardware supplies and allied products

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

Transactions between business segments have been eliminated.

Year ended 30 April 2011

	Lumber Division	Soap Division	Total
	$	$	$
Turnover	591,990,448	199,416,213	791,406,661
Profit from operations	46,678,856	13,504,891	60,183,747
Other income:	2,977,602	580,464	3,558,066
Financial expenses	(4,843,757)	(3,230,490)	(8,074,247)
Net profit before taxation	44,812,701	10,854,865	55,667,566
Taxation	(599,114)	(461,091)	(1,060,205)
Net profit after taxation	**44,213,587**	**10,393,774**	**54,607,361**
Net profit attributable to shareholders			**54,607,361**
Segment assets			
Non-current	20,600,855	4,839,047	25,439,902
Unallocated assets			17,353,557
			42,793,459
Current assets	206,264,797	68,828,446	275,093,243
			317,886,702
Segment liabilities			
Non-current liabilities	19,527,408	14,351,315	33,878,723
			33,878,723
Current liabilities	65,209,215	12,992,833	78,202,048
			78,202,048
			112,080,771
Other segment items:			
Capital expenditure	567,275	3,598,383	4,165,658
Depreciation	2,827,297	3,473,954	6,301,251

4. SEGMENT FINANCIAL INFORMATION (continued)

Year ended 30 April 2010

	Lumber Division	Soap Division	Total	
	$	$	$	
Turnover	566,483,862	129,971,861	696,455,723	
Profit from operations	27,335,041	20,162,222	47,497,263	
Other income:	3,370,747	769,561	4,140,308	
Financial expenses	(6,244,883)	(1,806,843)	(8,051,726)	
Net profit before taxation	24,460,905	19,124,940	43,585,845	
Taxation	(8,212,385)	(6,374,980)	(14,587,365)	
Net profit after taxation	**16,248,520**	**12,749,960**	**28,998,480**	
Net profit attributable to shareholders			**28,998,480**	
Segment assets				
Non-current	7,452,660	21,641,933	29,094,593	
Unallocated assets			17,353,557	
			46,448,150	
Current assets	155,409,386	66,003,772	221,413,158	
			267,861,308	
Segment liabilities				
Non-current liabilities	23,018,033	7,333,334	30,351,367	*
			30,351,367	
Current liabilities	70,786,132	15,417,795	86,203,927	*
Unallocated liabilities			107,444	
			86,311,371	
			116,662,738	
Other segment items:				
Capital expenditure	3,989,297	2,782,991	6,772,288	
Depreciation	1,639,171	3,264,628	4,903,799	

5. REVENUE

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

6. OPERATING PROFIT

The following items have been charged in arriving at operating profit:

	2011	2010
	$	$
Depreciation	6,301,250	4,903,799
Directors' fees and remuneration	8,660,000	5,860,000
Auditors' fee	1,960,000	1,300,000
Repairs and maintenance	8,581,432	5,379,941
Rent, security and insurance	9,627,532	8,664,876
Utilities	6,999,985	4,065,831
Staff costs	56,306,203	45,196,573

(b) **Staff costs**

Salaries	44,865,562	29,587,517
Bonus	6,448,500	10,331,309
Statutory contributions	4,338,739	5,075,771
Staff welfare	653,402	201,976
	56,306,203	45,196,573

7. FINANCIAL EXPENSE

	$	$
Interest expense	4,482,204	6,068,915
Bank charges and fees	1,667,686	1,809,573
Bad debt provision	1,496,928	173,238
Foreign exchange loss	427,429	-
	8,074,247	8,051,726

8. TAXATION

(a). Taxation is based on profits for the year adjusted for taxation purposes, and is calculated at the rate of 33 1/3%. Taxation charge for the year comprise: -

	2011	2010
	$	$
Current tax	70,174	14,799,618
Prior year overprovision	(364,922)	
Deferred taxation *(See note 10)*	1,354,953	(212,253)
	1,060,205	14,587,365

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

Profit for the year before taxation	55,667,566	43,585,845
Computed "expected" tax at 33 1/3%	18,555,855	14,528,615
Income tax consequence of the following:		
Prior period tax overprovision - adjustment for tax remission	(364,922)	-
Deferred tax - reversal of provision	1,354,953	-
Expenses not allowable for tax purposes	70,174	58,750
	19,616,060	14,587,365
Adjustment for the effect of tax remission	(18,555,855)	-
	1,060,205	14,587,365

8. TAXATION (continued)

(c). 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 tax remissions.

9. EARNINGS PER STOCK UNIT

Basic earnings per ordinary stock unit is calculated by dividing the net profit attributable to equity holders by the weighted average number of stock units in issue during the year.

	2011	2010
	$	$
Net profit attributable to equity holders of the company	**54,607,361**	28,998,480
Weighted average number of ordinary stock units in issue	**56,499,000**	34,457,236
Basic earnings per stock unit	**0.97**	0.84

In the prior period the weighted average number of shares in issue at year end reflected the 30,000 : 1 split in the number of shares in issue up to 22nd April 2010 and the new issue of 22,599,000 at that date.

10. DEFERRED TAX

Deferred income tax is calculated on all temporary differences under the liability method using the rate of 331/3%. Deferred income tax (asset)/liability resulted as follows: -

	2011	2010
	$	$
Deferred tax assets at the beginning of year	**(1,354,953)**	(1,142,700)
Plant and equipment *(see note 8a)*	**-**	(212,253)
Reversal of provision	**1,354,953**	
	-	(1,354,953)

11. INVENTORIES

Inventories comprise:

	2011	2010
	$	$
Merchandise	**67,546,302**	60,383,964
Raw materials	**30,256,650**	22,720,199
Packaging materials	**6,739,867**	1,217,742
Manufactured finished goods	**2,587,788**	5,082,017
Work in progress	**588,252**	-
	107,718,859	89,403,922
Goods in transit	**25,558,731**	10,260,282
	133,277,590	99,664,204

12. ACCOUNTS RECEIVABLE

	2011	2010
	$	$
Trade	98,818,259	58,096,589
Deposits and prepayments	3,591,601	1,354,076
General consumption tax recoverable	19,797,484	13,122,666
Other	1,062,621	1,766,996
	123,269,965	74,340,327

13. CASH and BANK BALANCES

	2011	2010
	$	$
Cash and current account balance	10,370,941	10,956,526
Savings - Jamaican Dollar Account	6,836,029	30,835,074
Savings - United States Dollar Account	869,071	5,617,127
	18,076,041	47,408,727

Amounts held in savings accounts are denominated in United States Dollar and Jamaican Dollar and attract interest at the rates of .55% and 2% per annum respectively.

14. ACCOUNTS PAYABLE

	2011	2010
	$	$
Trade	42,835,878	52,114,130
Statutory payables	1,127,135	2,481,249
Other	19,604,840	15,904,622
	63,567,853	70,500,001

15. SHORT-TERM LOAN - RELATED PARTY

	2011	2010
	$	$
Antibes Holdings Limited:		
US$1,159	99,686	99,686
US$100,000	8,600,000	
	8,699,686	99,686

On April 28th 2011 Antibes Holdings Limited, a company related by means of common directors, granted a loan to the company for a period of fourteen (14) day at an interest rate of 4% per annum.

16. SHAREHOLDERS' ADVANCES:

	2011	2010
	$	$
These comprise advances made by:		
Appleton Hall Limited	**3,561**	3,561
Mark Hart	**3,561**	3,561
Jane Fray	**3,561**	3,561
Silvers Investment Limited	**4,758**	4,758
Kenneth Benjamin	**2,592**	2,592
	18,033	18,033

17. LONG TERM LIABILITIES

		2011	2010
		$	$
JN Fund Managers Limited			
Loan #1		**7,975,034**	23,000,000
Loan #2		**14,034,341**	-
EXIM			
Loan #1	(expires February 2012)	**1,364,335**	2,666,667
Loan #2	(expires March 2014)	**6,000,000**	8,000,000
Loan #3	(expires January 2015)	**10,351,315**	-
		39,725,025	33,666,667
Current portion		**(5,864,335)**	(3,333,333)
		33,860,690	30,333,334

JN Fund Managers' Loans

These are revolving loans granted by JN Fund Managers Limited. There are no fixed repayment dates and they are secured by means of a mortgage over premises located at 17C Gordon Town Road, Kingston 6, in the parish of St. Andrew.

The loans attract interest at the rate of 14.5% per annum.

EXIM Loan

These loans were granted by the EXIM Bank through JN Fund Managers Limited for the company's financing of its capital expenditure programme. The interest rate is fixed at 12% per annum in respect of loans #1 and #2 and 11% per annum in respect of loan #3.

These loans are guaranteed by Antibes Holdings Ltd, a related company, and supported by *assignment/ hypothecation* and *Power of Offset* over the guarantor's investments with JN Fund Managers Limited.

Related Party Disclosure

At the statement of financial position date, the company had loan balances amounting to $39,725,025 from JN Fund Managers Limited. The company's chairman and chief executive officer also serves as chairman of JN Fund Managers Limited.

18. SHAREHOLDERS EQUITY:

Share capital:

	2011	2010
	$	$
Authorised:		
99,000,000 (2010 = 99,00,000) Ordinary shares		
Issued and fully paid:		
56,499,000 (2010 = 56,499,000) Ordinary shares	93,758,837	93,758,837
Less: Transaction costs	(6,858,690)	(6,858,690)
	86,900,147	86,900,147

19. PROPERTY, PLANT, MACHINERY and EQUIPMENT -

	Land and Building	Leasehold Improvement	Machinery and Equipment	Furniture and Fixtures	Computer and office Equipment	Total
At cost	$	$	$	$	$	$
At May 1, 2009	17,189,612	6,410,806	29,225,612	6,032,372	2,131,015	60,989,417
Additions	-	-	4,426,870	18,000	2,327,418	6,772,288
At April 30, 2010	17,189,612	6,410,806	33,652,482	6,050,372	4,458,433	67,761,705
Additions	-	2,818,237	100,700	255,077	1,078,014	4,252,028
Adjustment	-	-	-	-	(86,370)	(86,370)
At April 30, 2011	17,189,612	9,229,043	33,753,182	6,305,449	5,450,077	71,927,363
Accumulated depreciation						
At May 1, 2009	-	1,662,459	9,844,413	4,565,254	1,856,728	17,928,854
Charge for the year	-	641,080	3,738,545	197,414	326,760	4,903,799
At April 30, 2010	-	2,303,539	13,582,958	4,762,668	2,183,488	22,832,653
Adjustment	-	-	-	-	(19,433)	(19,433)
Charge for the year	-	835,646	4,095,751	213,686	1,175,601	6,320,684
At April 30, 2011	-	3,139,185	17,678,709	4,976,354	3,339,656	29,133,904
Net book value at April 30, 2011	**17,189,612**	**6,089,858**	**16,074,473**	**1,329,095**	**2,110,421**	**42,793,459**
Net book value at April 30, 2010	17,189,612	4,107,267	20,069,524	1,287,704	2,274,945	44,929,052
Net book value at April 30, 2009	17,189,612	4,748,347	19,381,199	1,467,118	274,287	43,060,563