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Chairman's Report  
Consolidated Financial Statements: Quarter ended July 31, 2011

Net profit after tax for the combined operations of Blue Power Group Ltd. in the first quarter of the financial year 2011/12 was \$9.3 million compared to \$8.2 million in the same quarter of 2010/11, an increase of 14.3%.

Combined sales for the three-month period May 2011 to July 2011 were \$208.5 million compared to \$185.7 million for the same period last year, an increase of \$22.8 million or 12.3%.

The first quarter saw a resumption of the industry-wide trend towards falling or stable hardware sales which had been observed in the first three quarters of the previous financial year. The Blue Power Soap Division continued to perform well in terms of sales, achieving an increase of over 51% compared to the same quarter last year.

Raw material prices for the Blue Power Soap Division maintained the high levels experienced in the previous financial year and some adjustments were made in our selling prices. Increased sales combined with higher prices resulted in an increase in profits for the soap division of 56% when compared to the previous year.

Our balance sheet improved dramatically as we repaid EXIM Bank and JNFM over \$33 million. We are in the process of completing agreements to maintain our lines of credit with both these institutions on a revolving basis so as to minimize our finance charges.


A handwritten signature in black ink, appearing to read "Dhiru Tanna", with a long horizontal flourish extending to the right.

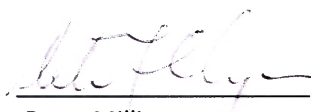
Dhiru Tanna  
Chairman  
September 6, 2011

Blue Power Group Limited  
 Unaudited Statement of Financial Position  
 Three months ended July 31, 2011

	<u>July 31, 2011</u>	<u>July 31, 2010</u>	<u>Audited</u> <u>April 30, 2011</u>
	\$	\$	\$
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	41,872,407	47,389,346	42,793,459
Deferred expense	-	164,145	-
	<u>41,872,407</u>	<u>47,553,491</u>	<u>42,793,459</u>
<b>Current assets</b>			
Inventories	116,084,087	103,563,646	133,277,590
Receivables	74,256,458	54,584,395	123,269,965
Taxation recoverable	718,078	-	469,647
Cash and cash equivalents	<u>51,763,428</u>	<u>53,185,527</u>	<u>18,076,041</u>
	<u>242,822,051</u>	<u>211,333,568</u>	<u>275,093,243</u>
<b>Current liabilities</b>			
Payables	63,677,318	57,047,687	63,567,853
Short-term loan - related party	-	-	8,699,686
Current portion of long-term liability	-	3,333,333	5,864,335
Taxation	-	9,525,848	70,174
	<u>63,677,318</u>	<u>69,906,868</u>	<u>78,202,048</u>
Working Capital - surplus	<u><b>179,144,733</b></u>	<u><b>141,426,700</b></u>	<u><b>196,891,195</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Shareholders' advances	4,758	18,033	18,033
Related parties advances	-	99,686	-
Long-term liabilities	<u>5,875,001</u>	<u>29,500,001</u>	<u>33,860,690</u>
	<u>5,879,759</u>	<u>29,617,720</u>	<u>33,878,723</u>
<b>TOTAL NET ASSETS</b>	<u><b>215,137,381</b></u>	<u><b>159,362,471</b></u>	<u><b>205,805,931</b></u>
<b>EQUITY</b>			
Share capital	86,900,147	86,900,147	86,900,147
Retained earnings	<u>128,237,234</u>	<u>72,462,324</u>	<u>118,905,784</u>
	<u><b>215,137,381</b></u>	<u><b>159,362,471</b></u>	<u><b>205,805,931</b></u>

Approved for issue by the Board of Directors on Sept. 6, 2011 and signed on its behalf by:

  
 Director  
 Dhuru Tanna

  
 Director  
 Peter Millingen

Blue Power Group Limited  
 Unaudited Statement of Comprehensive Income  
 Three months ended July 31, 2011

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	<b>Quarter ended July 31, 2011</b>	<b>Quarter ended July 31, 2010</b>
	\$	\$
Revenue	208,457,044	185,668,096
Cost of sales	<u>(174,971,866)</u>	<u>(154,914,531)</u>
Gross profit	33,485,178	30,753,565
Administrative and other expenses	<u>(24,479,446)</u>	<u>(20,659,892)</u>
<b>Profit from operations</b>	<b><u>9,005,732</u></b>	<b><u>10,093,673</u></b>
Other income:		
Interest income	626,807	867,943
Rental income	594,852	192,495
Sundry	315,080	543,373
	<u>1,536,739</u>	<u>1,603,811</u>
	<b>10,542,471</b>	<b>11,697,484</b>
<b>Financial expenses</b>	<u>(1,211,021)</u>	<u>(2,543,552)</u>
Net Profit before taxation	9,331,450	9,153,932
Taxation	-	(990,031)
<b>Profit for the period</b>	<b><u>9,331,450</u></b>	<b><u>8,163,901</u></b>
<b>Earnings per stock unit</b>	<b><u>0.17</u></b>	<b><u>0.14</u></b>

Blue Power Group Limited  
 Unaudited Statement of Changes in Equity  
Three months ended July 31, 2011

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
Balances as at April 30, 2010	86,900,147	64,298,423	151,198,570
Total comprehensive income for the quarter	-	<u>8,163,901</u>	<u>8,163,901</u>
Balances as at July 31, 2010	<u>86,900,147</u>	<u>72,462,324</u>	<u>159,362,471</u>
Balances as at April 30, 2011	86,900,147	118,905,784	205,805,931
Total comprehensive income for the quarter	-	<u>9,331,450</u>	<u>9,331,450</u>
Balance as at July 31, 2011	<u>86,900,147</u>	<u>128,237,234</u>	<u>215,137,381</u>

Blue Power Group Limited  
 Unaudited Statement of Cash Flows  
 Three months ended July 31, 2011

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	<u>July 31, 2011</u>	<u>July 31, 2010</u>
	\$	\$
<b>Cash flows from operations</b>		
Profit for the quarter	9,331,450	8,163,901
Deferred tax	-	1,354,953
Depreciation	1,443,044	1,065,497
	<u>10,774,494</u>	<u>10,584,351</u>
Decrease/(Increase) in inventories	17,193,503	(3,899,442)
Decrease in receivables	49,013,507	19,755,932
Increase/(Decrease) in payables	109,465	(13,452,314)
Decrease in taxation	(318,605)	(2,852,503)
<b>Cash provided by operating activities</b>	<u><b>76,772,364</b></u>	<u><b>10,136,024</b></u>
<b>Financing activities</b>		
Shareholders' advances repaid	(13,275)	-
Related party advances	(8,699,686)	-
Long-term liabilities repaid	(33,850,024)	(833,333)
<b>Cash used in financing activities</b>	<u><b>(42,562,985)</b></u>	<u><b>(833,333)</b></u>
<b>Cash used in investing activity</b>		
Purchase of property, plant and equipment	(521,992)	(3,525,791)
	<u><b>(521,992)</b></u>	<u><b>(3,525,791)</b></u>
Net increase in cash and cash equivalents	33,687,387	5,776,900
Cash and cash equivalents at beginning of the period	18,076,041	47,408,627
<b>Cash and cash equivalents at end of period</b>	<u><u><b>51,763,428</b></u></u>	<u><u><b>53,185,527</b></u></u>

Blue Power Group Limited  
 Segment Reporting  
Three months ended July 31, 2011

	<b>Lumber Depot Division \$</b>	<b>Blue Power Soap Division \$</b>	<b>Total \$</b>
Turnover	144,989,834	63,467,210	208,457,044
Profit from operations	3,191,179	5,814,553	9,005,732
Other income	1,221,659	315,080	1,536,739
Financial expenses	(765,037)	(445,984)	(1,211,021)
<b>Profit for the period</b>	<b>3,647,801</b>	<b>5,683,649</b>	<b>9,331,450</b>
<b>Segment assets</b>			
Non-current	22,083,810	19,788,597	41,872,407
Current assets	133,227,037	109,595,014	242,822,051
	<u>155,310,847</u>	<u>129,383,611</u>	<u>284,694,458</u>
<b>Segment liabilities</b>			
Non-current liabilities	4,758	5,875,001	5,879,759
Current liabilities	58,482,502	5,194,816	63,677,318
	<u>58,487,260</u>	<u>11,069,817</u>	<u>69,557,077</u>
<b>Other segment items:</b>			
Capital expenditure	521,992	-	521,992
Depreciation	466,917	976,127	1,443,044

Blue Power Group Limited  
 Segment Reporting  
 Three months ended July 31, 2010

	<b>Lumber Depot Division</b>	<b>Blue Power Soap Division</b>	<b>Total</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>
Turnover	143,788,520	41,879,576	185,668,096
Profit from operations	6,693,548	3,400,125	10,093,673
Other income	1,147,645	456,166	1,603,811
Financial expenses	(2,330,052)	(213,500)	(2,543,552)
Profit before taxation	5,511,141	3,642,791	9,153,932
Taxation	(990,031)	-	(990,031)
<b>Profit for the period</b>	<b>4,521,110</b>	<b>3,642,791</b>	<b>8,163,901</b>
<b>Segment assets</b>			
Non-current	23,928,904	23,460,442	47,389,346
Unallocated assets	-	-	164,145
	23,928,904	23,460,442	47,553,491
Current assets	134,128,245	77,205,323	211,333,568
	158,057,149	100,665,765	258,887,059
<b>Segment liabilities</b>			
Non-current liabilities	23,117,720	6,500,000	29,617,720
Current liabilities	54,782,274	15,124,594	69,906,868
	77,899,994	21,624,594	99,524,588
<b>Other segment items:</b>			
Capital expenditure	1,313,974	2,211,817	3,525,791
Depreciation	477,292	588,205	1,065,497

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

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 April 19, 2010 and became listed on the Junior Market of the Jamaica Stock Exchange on April 22, 2010.

Effective January 1, 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 of the company are the manufacture and sale of soaps and the sale of lumber, hardware supplies and other related products.

### **2. Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act. These financial statements are presented in Jamaica dollars.

### **3. Segment reporting**

The activities of the company are organised into the following business segments:

- i. Blue Power Soap Division - manufacturing and sale of soaps
- ii. Lumber Depot Division - sale of lumber, hardware supplies and related 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.

### **4. Significant accounting policies**

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended April 30, 2011.



# BLUE POWER Group Limited

JULY 31, 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	554,430	0.9813
Major Noel Dawes	Senior Manager	Self	2,100,000	3.7169
Lisa Kong	Senior Manager	Self	550,000	0.9735

## 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 Mclver (Rosemarie Mclver)	900,337	1.59
Jamaica Money Market Brokers Ltd	700,000	1.24