Blue Power Soap Division
and Head Office
4 Victoria Avenue
Kingston CSO, Jamaica
Phone: 876-928-1882
Fax: 876-930-3283

Lumber Depot Division
17C Gordon Town Road, Papine
Kingston 6, Jamaica
Phone: 876-977-5075
Fax: 876-970-1302

Chairman's Report
Financial Statements for the Quarter ended January 31, 2012

Profit for the third quarter ended January 31, 2012 of Blue Power Group Ltd. was $15.52 million compared to $11.52 million in the same quarter of 2010/11, an increase of 34.72%. For the nine-month period, May 2011 to January 2012, net profit improved from $28.12 million to $35.08 million or 24.75% when compared to the same period in the previous year.

Combined sales for the three-month period November to January 2012 were $235.77 million compared to $185.31 million for the same period last year, an increase of $50.46 million or 27.23%. For the nine-month period, sales for the two divisions were $639.32 million compared to $551.42 million for the same period last year, an increase of $87.90 million or 15.94%.

The third quarter saw a significant increase in sales of hardware items from $129.75 million to $182.3 million while soap sales saw a very slight decline when compared to the same quarter in the previous year. Lumber Depot division was the beneficiary of a supply contract from a foreign agency which accounts for the increase in its sales while the Blue Power soap division experienced some difficulties with the supply of key ingredients. Corrective measures were implemented immediately as a result of which production and sales levels for the fourth quarter are expected to resume their normal progression. Despite the difficulties in the Blue Power soap division, year-to-date sales for both divisions showed healthy increases.

Raw material prices for the Manufacturing Division continue to be high, exacerbated by the uncertainty in oil prices. But due to the very competitive nature of the market caused partly by low-priced imports, it has not been possible to pass on the full extent of the cost increases. Inflationary pressures impacting our administrative and production costs continue unabated, requiring careful management of our resources and extra efforts in improving sales.

The balance sheet reflects a very low level of debt along with a healthy cash position. Receivables spiked at the end of January because of credit extended to a foreign agency. However, this should be back to normal by the end of the fourth quarter.

On behalf of the Board, I am pleased to report that Maj. Noel Dawes was appointed as the Managing Director of Blue Power Group Ltd. with effect from March 6, 2012. The undersigned will continue to serve as Chairman.

Dhiru Tanna
Chairman
6 March, 2012

Blue Power Group Limited

Unaudited Consolidated Statement of financial Position

January 31, 2012

	January 31, 2012	January 31, 2011	Audited April 30, 2011
	$	$	$
Non-current assets			
Property, plant and equipment	39,385,544	45,486,395	42,793,459
Deferred expense	-	164,145	-
	39,385,544	45,650,540	42,793,459
Current assets			
Inventories	114,524,839	98,630,227	133,277,590
Receivables	118,530,083	62,571,288	123,269,965
Taxation recoverable	819,949	-	469,647
Cash and cash equivalents	40,714,979	53,699,406	18,076,041
	274,589,850	214,900,921	275,093,243
Current liabilities			
Payables	74,788,184	34,013,298	63,567,853
Short-term loan - related party	-	-	8,699,686
Current portion of long term liability	-	3,333,333	5,864,335
Taxation	-	5,931,395	70,174
	74,788,184	43,278,026	78,202,048
Working Capital - surplus	**199,801,666**	**171,622,895**	**196,891,195**
Non-current liabilities			
Shareholders' advances	-	18,033	18,033
Related parties advances	-	99,686	-
Long-term liability	3,952,526	37,833,334	33,860,690
	3,952,526	37,951,053	33,878,723
	235,234,684	**179,322,382**	**205,805,931**
Equity			
Share capital	86,900,147	86,900,147	86,900,147
Retained earnings	148,334,537	92,422,235	118,905,784
	235,234,684	**179,322,382**	**205,805,931**

Approved for issue by the Board of Directors on March 5, 2012 and signed on its behalf by:

Director
Dr. Dhiru Tanna

Director
Kenneth Benjamin

Blue Power Group Limited

Unaudited Consolidated Statement of Comprehensive Income

Nine months ended January 31, 2012

	3 months to January 31, 2012	3 months to January 31, 2011	9 months to January 31, 2012	9 months to January 31, 2011
	$	$	$	$
Revenue	235,771,532	185,313,030	639,322,222	551,424,591
Cost of sales	(190,552,427)	(152,263,540)	(523,419,856)	(454,791,441)
Gross profit	45,219,105	33,049,490	115,902,366	96,633,150
Administrative and other expenses	(30,095,189)	(20,112,378)	(81,340,196)	(64,343,225)
Profit from operations	**15,123,916**	**12,937,112**	**34,562,170**	**32,289,925**
Other income:				
Interest income	153,445	59,899	1,034,261	1,607,189
Rental income	481,059	489,949	1,398,496	1,410,329
Other income	-	-	446,780	87,207
Exchange gain/(loss)	99,374	(841,043)	99,374	(841,043)
	733,878	(291,195)	2,978,911	2,263,682
	15,857,794	**12,645,917**	**37,541,081**	**34,553,607**
Financial expenses	(341,376)	(1,123,244)	(2,462,428)	(5,439,764)
Profit before taxation	15,516,418	11,522,673	35,078,653	29,113,843
Taxation	-	-	-	(990,031)
Profit for the period	**15,516,418**	**11,522,673**	**35,078,653**	**28,123,812**
Earnings per stock unit	**0.27**	**0.20**	**0.62**	**0.50**

Blue Power Group Limited
Unaudited Consolidated Statement of Changes in Equity
Nine months ended January 31, 2012

	Share capital	Retained earnings	Total
	$	$	$
Balances as at April 30, 2010	86,900,147	64,298,423	151,198,570
Total comprehensive income for the period	-	28,123,812	28,123,812
Balances as at January 31, 2011	**86,900,147**	**92,422,235**	**179,322,382**
Balances as at April 30, 2011	86,900,147	118,905,784	205,805,931
Dividends paid	-	(5,649,900)	(5,649,900)
Total comprehensive income for the period	-	35,078,653	35,078,653
Balances as at January 31, 2012	**86,900,147**	**148,334,537**	**235,234,684**

Blue Power Group Limited
Unaudited Consolidated Statement of Cash Flows
Nine months ended January 31, 2012

	January 31, 2012	January 31, 2011
	$	$
Cash flows from operations		
Profit for the period	35,078,653	28,123,812
Deferred tax	-	1,354,953
Depreciation	4,217,408	3,186,328
	39,296,061	32,665,093
Decrease/(Increase) in inventories	18,752,751	1,033,977
Decrease in receivables	4,739,882	11,769,039
Increase in payables	11,220,331	(36,486,703)
Decresse in taxation	(420,476)	(6,446,956)
Cash provided by operating activities	**73,588,549**	**2,534,450**
Financing activities		
Shareholders' advances repaid	(18,033)	-
Related party advances	(8,699,686)	-
Long-term liabilities repaid	(35,772,499)	7,500,000
Cash used in financing activities	**(44,490,218)**	**7,500,000**
Cash used in investing activities		
Purchase of property, plant and equipment	(809,493)	(3,743,671)
Dividends paid	(5,649,900)	-
Cash used by investing activities	**(6,459,393)**	**(3,743,671)**
Net increase in cash and cash equivalents	22,638,938	6,290,779
Cash and cash equivalents at beginning of the period	18,076,041	47,408,627
Cash and cash equivalents at end of period	**40,714,979**	**53,699,406**

Blue Power Group Limited
Segment Reporting
Nine months ended January 31, 2012

	Lumber Division	Soap Division	Total
	$	$	$
Turnover	463,993,050	175,329,172	639,322,222
Profit from operations	23,267,539	11,294,631	34,562,170
Other income	2,663,866	315,045	2,978,911
Financial expenses	(1,342,496)	(1,119,932)	(2,462,428)
Profit for the period	**24,588,909**	**10,489,744**	**35,078,653**
Segment assets			
Non-current	21,549,200	17,836,344	39,385,544
Current assets	162,242,868	112,346,982	274,589,850
	183,792,068	**130,183,326**	**313,975,394**
Segment liabilities			
Non-current liabilities	-	3,952,526	3,952,526
Current liabilities	61,380,630	13,407,554	74,788,184
	61,380,630	**17,360,080**	**78,740,710**
Other segment items:			
Capital expenditure	809,493	-	809,493
Depreciation	1,289,066	2,928,342	4,217,408

Blue Power Group Limited
Segment Reporting
Nine months ended January 31, 2011

	Lumber Division	Soap Division	Total
	$	$	$
Turnover	398,981,527	152,443,004	551,424,531
Profit from operations	19,906,065	12,383,860	32,289,925
Other income	1,717,636	546,046	2,263,682
Financial expenses	(3,749,815)	(1,689,949)	(5,439,764)
Profit before taxation	17,873,886	11,239,957	29,113,843
Taxation	(524,881)	(465,150)	(990,031)
Profit for the period	**17,349,005**	**10,774,807**	**28,123,812**
Segment assets			
Non-current	23,162,499	22,323,896	45,486,395
Unallocated assets	-	-	164,145
	23,162,499	22,323,896	45,650,540
Current assets	131,375,707	83,525,214	214,900,921
	154,538,206	**105,849,110**	**260,551,461**
Segment liabilities			
Non-current liabilities	23,117,720	14,833,333	37,951,053
Current liabilities	29,671,161	13,606,865	43,278,026
	52,788,881	**28,440,198**	**81,229,079**
Other segment items:			
Capital expenditure	1,493,154	2,250,517	3,743,671
Depreciation	1,431,857	1,754,471	3,186,328

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 Jamica 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. Manufacturing and sale of soaps
ii. 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.

January 31, 2012

DIRECTORS AND CONNECTED PARTIES REPORT: DIRECTORS

NAME	POSITION	RELATIONSHIP	UNITS	%
Dhiru Tanna	Director			
	Antibes Holdings Ltd	Connected Party	28,300,800	50.0908
Kenneth Benjamin, C.D.	Director	Self	3,130,200	5.5403
Major Noel Dawes	Director	Self	2,100,000	3.7169
Peter Millingen	Director	Self	908,100	1.6073
Jeffrey Hall	Director	Self	257,070	0.4550
Bruce Hart	Director	Self	0	0.0000

DIRECTORS AND CONNECTED PARTIES REPORT: SENIOR MANAGERS

NAME	POSITION	RELATIONSHIP	UNITS	%
Major Noel Dawes	Senior Manager	Self	2,100,000	3.7169
Veronica Lowe	Senior Manager	Self	399,332	0.7100
Lisa Kong	Senior Manager	Self	500,000	0.8850

TOP 10 SHAREHOLDERS

Holder	Units	%
Antibes Holdings Ltd	28,300,800	50.09
Silver Investments Ltd	3,577,816	6.33
Kenneth Benjamin, C.D.	3,130,200	5.54
Jane Fray	3,095,400	5.48
Appleton Hall Limited	2,520,000	4.46
Noel Dawes	2,100,000	3.72
Mayberry West Indies Ltd	1,343,320	2.38
Mayberry Managed Clients Account	995,751	1.76
JPS Employees Superannuation Fund	921,451	1.63
Peter Millingen	908,100	1.61