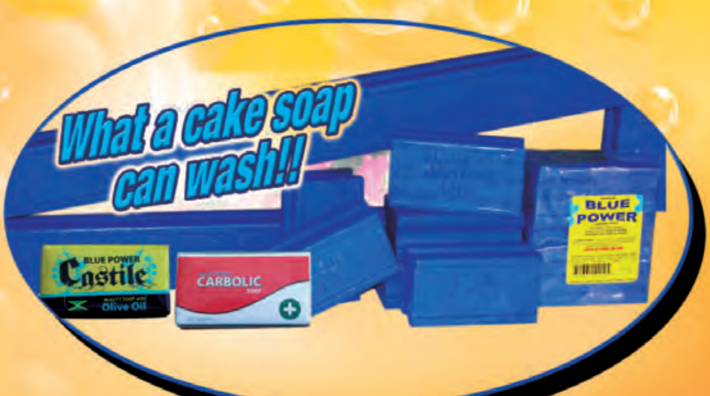
BLUE POWER GROUP LIMITED

DIRECTORS' REPORT & FINANCIAL STATEMENTS 2012



LUMBER DEPOT

BLUE POWER GROUP LIMITED

BOARD OF DIRECTORS

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

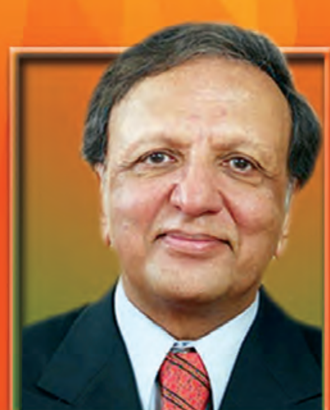
Major (ret'd) Noel Dawes,
Managing Director of the Group, joined in 1999

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

Bruce Hart,
Specialises in directing, producing, editing, DV video production, photography and writing for film. He is a Member of the Compensation Committee

Lisa Kong,
Company Secretary and Financial Controller joined the Group in 2001

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



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

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BLUE POWER GROUP LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE annual general meeting of the Company will be held at 4 pm on October 10, 2012 at Guardsman Group Office, 107 Old Hope Road, Kingston 6 for shareholders to consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. REPORT OF THE DIRECTORS AND AUDITED ACCOUNTS:
"THAT the Directors' Report, the Auditors' Report and the Audited Financial Statements of the Company for the year ended April 30, 2012 be received."

2. ELECTION OF DIRECTORS:
a. "THAT Mr. Dhiru Tanna, retired in accordance with Articles of Incorporation of the Company and, being eligible for re-election and having offered himself for re-election, be and is hereby re-elected a Director of the Company."
b. "THAT Mr. Kenneth Benjamin, C.D. retired in accordance with Articles of Incorporation of the Company and, being eligible for re-election and having offered himself for re-election, be and is hereby re-elected a Director of the Company."

3. APPOINTMENT OF EXTERNAL AUDITORS:
"THAT KPMG, Chartered Accountants, having agreed to continue to serve as auditors, be and are hereby appointed auditors of the Company to hold office until the next annual general meeting at a remuneration to be fixed by the Directors of the Company."

Dated this 10th day of August, 2012. 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.

Performance

Combined sales for the financial year were $863 million compared to $791 million for the same period last year, an increase of $72 million or 9.05%. The increase in sales for the Lumber Depot division was 4.71% over the previous year while the Blue Power soap division improved its revenues by 21.92%.
However, profit for the combined operations declined by 13.74% from $54.61 million to $47.11 million in 2012. While the Blue Power soap division improved its profit performance from $10.40 million to $17.98 million (72.88%) this was not sufficient to overcome the decline in net profit of the Lumber Depot division from $44.21 million to $29.13 million in 2012. Lumber Depot division had an exceptional year in 2011 due to the award of a major supply contract by a foreign agency. This was not repeated in 2012. Although we were once again the beneficiary of a new supply contract, the size was smaller with more compressed margins which when combined with the normal increases in costs of operation resulted in the reduction in profit for the Lumber Depot division.

Our administrative expenses have gone up by $25 million between 2011 and 2012. This is partly due to the fact that the classification of certain items by our new auditors is different from that of the previous auditors. Approximately $17 million of what is classified as administrative expense in 2012 was in the category of cost of sales in the previous year. The actual increase between the years is approximately $9 million which is due largely to increases in wages, salaries and provisions for doubtful debts.

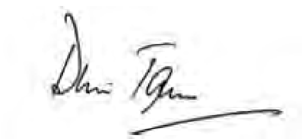
Our balance sheet reflects the healthy state of the company with minimal debt, cash and equivalents in excess of $58 million, reduced inventories and reduced receivables.

Prospects for 2012-13

The toilet soap market in Jamaica is substantial and the country imports almost 95% of what is consumed locally, suggesting that there is considerable room for expansion in the manufacture of good quality and economically priced bathing soaps here. Obtaining an additional share of this market will be our focus in 2012-13 as we install new production capacity and improve the efficiency of our manufacturing processes. With respect to the Lumber Depot division, we expect the construction industry to be flat although we will continue to explore new areas of activity and opportunities to serve niche markets.

Thanks

Once again, our profound thanks go to our customers, shareholders, staff and suppliers for their exceptional support during the year. We look forward to continue working with them as the new year unfolds.



Dhiru Tanna
Chairman
August 15, 2012

Core Activities

Blue Power Group Limited, listed on the Junior Market of the Jamaica Stock Exchange two years ago, comprises two divisions. The Blue Power soap division, located at 4 Victoria Ave, Kingston, is involved in the manufacture of a wide range of laundry and beauty soaps in various sizes and fragrances. Our branded products are sold under the Blue Power label while we also produce a range of products under licence for several distributors in Jamaica.

Our retail outlet, Lumber Depot division, is located at 17C Gordon Town Road in Papine, St Andrew and offers a wide range of construction and hardware supplies. The group is committed to the highest standards of quality in the products we manufacture and sell as we strive to ensure value for money, combined with timely and efficient service to our valued customers.

Performance Summary 2011-2012

Combined revenue of the group for the financial year 2011-2012 showed an increase from $791 million to $863 million or 9.05%. The Blue Power soap division showed a substantial increase in revenue from $199 million to $243 million or 22%, as the our new products gained wider acceptance. Despite the increase in revenue for the Lumber Depot division profit declined mainly due to an increase in administrative costs. Also contributing to the reduction in profit was the fact that the new contract with one of our major customers was achieved at lower margins due to competitive pressures. However, the performance was creditable given the results of competing outlets operating in a very sluggish construction sector.

As a result of the decline in overall profits, earnings per share decreased by 14% to 83 cents down from 97 cents in the previous period.

Highlights in Millions of J$

	2012	2011	Change	Change
			$000	%
Group Revenue	863,003	791,407	71,596	9.05%
Lumber Depot Division Sales	619,869	591,990	27,879	4.71%
Blue Power Soap Division Sales	243,134	199,416	43,718	21.92%
Net Profit After Tax	47,432	54,607	-7,501	-13.73%
Lumber Depot Division Profit	29,127	44,213	-15,086	-34.12%
Blue Power Soap Division Profit	17,979	10,394	7,585	72.97%

Cost of Sales, Gross Profit and Profit from Operations

Cost of Sales for the group increased marginally by 0.1% from 80.9% of revenue to 81% resulting in a corresponding decrease of gross profit margin over the previous year. Gross profit as a percentage of sales decreased from 19.2% to 19.1%. Lumber Depot division saw a sharp decrease in profit from operations from 7.9% of sales to 4.5% while in the Blue Power soap division there was a moderate increase in profit from operations which moved from 6% to 7.57 %.

Administrative Expenses

Administrative expenses increased from $92.9 million to $117.9 million or 27%. This is partially attributable to reclassification of certain items by our new auditors. Almost $17 million of the administrative expenses would have been classified as cost of sales by our previous auditors. The actual increase, therefore, is approximately $9 million which includes provisions for doubful debts, salaries and wages.

Balance Sheet

The end of the financial year saw the company in a much better cash flow position in comparison to last year. Cash and cash equivalents moved from $18 million to $58 million, an improvement of $40 million. Besides accumulating additional cash, the company paid off several high-interest loans as long-term liabilities saw a dramatic decrease from $33.8 million to $0.55m, making the company almost debt free. The improved cash flow will allow for the acquisition of machinery for the expansion of the soap production lines and to fund advance purchases of critical raw materials needed to meet the anticipated increase in demand for our products.

Our trade receivables also declined significantly due to timely payments by credit customers. As a result of better familiarity with our new accounting software package, Lumber Depot division was able to reduce inventory holding by 24% while still being able to adequately meet customer demand for a wide range of products despite limited storage space at the facility in Papine.

The positive cash flow has also allowed us to better manage our payables as compared to the last financial period.

Risk Management

Management continues to monitor and evaluate all areas of risk involved in the nature of our businesses as we strive to limit our exposure whilst maximizing returns. Inclusive is the adherence to all existing laws and regulations arising from the nature of our operations not only from a financial perspective but also to ensure that we conduct business in an environmentally responsible manner. We continue to maintain adequate insurance protection to meet all anticipated eventualities and natural disasters. Our accounts are presented in accordance with International Financial Reporting Standards (IFRS). We expect a greater involvement of our auditors, KPMG, who along with senior management will conduct periodic assessments and reviews to examine all areas of the operation. During the year, management commissioned KPMG to conduct a general information technology (IT) audit of our system. This was completed in November 2011 and the necessary actions identified are being incorporated into our operation. Additionally our new software package has enabled us to track and, where possible, reduce costs through the timely use of specialized reports and analysis of cost factors.

With the assistance of an external consultant, we have undertaken a major budgeting exercise to:

(i) have an interactive system which will allow us to predict the effects of various price and formula changes,

(ii) identify and improve the production capability of existing machines and manpower and

(iii) provide a methodology for ordering on a timely basis to ensure that adequate supplies of raw materials are at hand.

The Board of Directors has overall responsibility for the monitoring and oversight of the risk management framework of the group. The Audit Committee along with management continuously assess the economic climate. Together they develop contingency plans for the five general risk factors namely operational, credit, liquidity, market and currency.

Corporate Social Responsibility

The group continues to support developmental and social activities. This support is geared at providing assistance to community-based projects so as to establish and foster long-term relations with various sector groups within each sphere of influence. The challenges and needs within these communities are enormous but, for every programme that we participate in, the rewards seen, and heartfelt expressions of gratitude engendered, more than justify our continued support. We also seek to provide employment and training opportunities that will assist students in these communities with on-the-job training as they prepare for the work environment. We have supported the YUTE programme promoted by the PSOJ by taking on two employees on a trial basis originally. Finally, we are fully committed to the development of green spaces in the Papine area and have earmarked a significant amount of funds to support the redevelopment of the Hope Zoo and its restoration to a first world family-oriented facility.

Future Strategy

The economic environment over the past year has had its challenges but, as with all businesses, constant assessment, due diligence and repositioning must be the hallmark to charting the way forward. As the country seeks to negotiate a deal with the IMF - which has caused anxiety and affected confidence - we intend to continue on a steady, positive path. Although there is a revised projection of inflation of between 10-12% over the next financial year, it is expected that the earnings for the Lumber Depot division will remain flat due to the sluggishness of the construction sector. A recent increase of 9.2% in the cost of cement, for example, and the subsequent ripple effect on its byproducts such as concrete blocks has placed a damper on future projects as the impact is assessed. Fewer persons appear to be taking out loans for home purchase, expansion and renovations, as their job security may be uncertain at this time. The focus for the Lumber Division will be as follows:

- Widen the area of influence that the store covers as we seek to attract new business.
- Seek to establish a professional customer service relationship especially with the core of small and medium sized contractors through service, product delivery, integrity and timely delivery of goods.
- Increase product variety within the constraints of the physical plant.
- Constantly review prices and seek to increase gross margin.
- Improve inventory management.

For the Blue Power soap division, it is anticipated that the current growth being experienced will continue. The Blue Power Castile single bar and coloured three-pack (value pack) introduced in the third quarter of the last financial year are gaining acceptance and we expect to achieve a greater market share for these lines of beauty soaps. We have already begun to realign and expand the production capacity of the plant by acquiring additional equipment to meet this demand which will also require the ordering of additional raw materials on a timely basis to meet the increased production capacity.

Support

We have had tremendous support from our customers which, when combined with the dedication of our staff to provide excellent service, has given us the ability to produce creditable results for our shareholders. I would like to thank our loyal customers, our dedicated staff and my fellow directors for maintaining their faith in us.

Noel Dawes
Managing Director
August 25, 2012

SHAREHOLDINGS

APRIL 30, 2012

TOTAL SHARES OUTSTANDING: 56,499,000

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
ANTIBES HOLDINGS LTD	CONNECTED PARTY	28,300,800	50.0908
KENNETH BENJAMIN	SELF	3,130,200	5.5403
NOEL DAWES	SELF	2,100,000	3.7169
JEFFREY HALL (SWEE TEEN CHUA)	SELF	257,070	0.4550
BRUCE HART	SELF	0	0.0000
PETER MILLINGEN	SELF	908,100	1.6073

SENIOR MANAGERS REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
LISA KONG	SELF	500,000	0.8850
VERONICA LOWE	SELF	398,631	0.7056

TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)		UNITS	PERCENTAGE
ANTIBES HOLDINGS LIMITED		28,300,800	50.09
SILVER INVESTMENTS LIMITED		3,427,816	6.07
KENNETH BENJAMIN		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 LIMITED		1,343,320	2.38
MAYBERRY MANAGED CLIENT ACCOUNT		995,813	1.76
JPS EMPLOYEE SUPERANNUATION FUND		921,451	1.63
PETER MILLINGEN		908,100	1.61

KPMG
Chartered Accountants
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Kingston
Jamaica, W.I.

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e-Mail firmmail@kpmg.com.jm

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 subsidiary ("the group"), set out on pages 13 to 44, which comprise the group's and company's statement of financial position as at April 30, 2012, the group's and company's statements of 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 and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal controls as management determines are 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 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal controls 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 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

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, 2012, and of the group's and company's financial performance, changes in equity 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 and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

Comparative figures

The previous year's financial statements were audited by another firm of Chartered Accountants who issued an unqualified audit opinion, dated June 3, 2011.

KPMG

Chartered Accountants
Kingston, Jamaica

May 31, 2012

GROUP STATEMENT OF FINANCIAL POSITION
AT APRIL 30, 2012

	Notes	2012	2011
NON-CURRENT ASSETS			
Property, plant and equipment	3	39,152,257	42,793,459
CURRENT ASSETS			
Cash and cash equivalents	4	58,434,760	18,076,041
Accounts receivable and prepayments	5	94,550,969	123,263,019
Inventories	6	114,691,318	133,277,590
Due from related party	9(a)	1,277,612	-
Taxation recoverable		866,814	469,647
		269,821,473	275,086,297
CURRENT LIABILITIES			
Bank overdraft	7	119,818	7,334,295
Accounts payable	8	57,504,015	54,894,276
Due to related party	9(c)	1,035,782	10,032,022
Current portion of long term liabilities	10	2,500,000	5,864,335
Taxation payable		-	70,174
		61,159,615	78,195,102
NET CURRENT ASSETS		208,661,858	196,891,195
TOTAL ASSETS LESS CURRENT LIABILITIES		$247,814,115	239,684,654
EQUITY			
Share capital	11	86,900,147	86,900,147
Retained earnings		160,361,443	118,905,784
		247,261,590	205,805,931
NON-CURRENT LIABILITIES			
Stockholders' advances	12	-	18,033
Long-term liabilities	10	552,525	33,860,690
		552,525	33,878,723
TOTAL EQUITY AND NON-CURRENT LIABILITIES		$247,814,115	239,684,654

The financial statements on pages 13 to 44 were approved for issue by the Board of Directors on May 31, 2012 and signed on its behalf by:

Director

Dr. Dhiru Tanna

Director

Peter Millingen

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

GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED APRIL 30 2012

	Notes	2012	2011
Revenue	13	863,003,193	791,406,661
Cost of revenue		(698,585,331)	(639,849,811)
Gross profit		164,417,862	151,556,850
Administrative and other expenses		(117,947,495)	(92,870,031)
		46,470,367	58,686,819
Other income		2,378,374	1,795,440
Profit before net finance costs and taxation		48,848,741	60,482,259
Finance income	14	1,536,760	1,762,626
Finance costs	14	(3,279,942)	(6,577,319)
Net finance costs	14	(1,743,182)	(4,814,693)
Profit before taxation	15	47,105,559	55,667,566
Taxation	16	-	(1,060,205)
Profit attributable to members, being total comprehensive income for the year		$ 47,105,559	54,607,361
Earnings per stock unit	17	$ 0.83	0.97

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

YEAR ENDED APRIL 30, 2012

	Share capital (note 11)	Retained earnings	Total
Balances at April 30, 2010	86,900,147	64,298,423	151,198,570
Total comprehensive income for the year	-	54,607,361	54,607,361
Balances at April 30, 2011	86,900,147	118,905,784	205,805,931
Dividends paid (note 11)	-	(5,649,900)	(5,649,900)
Total comprehensive income for the year	-	47,105,559	47,105,559
Balances as at April 30, 2012	$86,900,147	160,361,443	247,261,590

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

GROUP STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2012

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		47,105,559	54,607,361
Adjustments for:			
Deferred tax		-	1,354,953
Depreciation	3(a)	5,630,809	6,301,251
Cash generated before changes in working capital		52,736,368	62,263,565
Accounts receivable and prepayments		28,712,050	(48,929,638)
Inventories		18,586,272	(33,613,386)
Accounts payable		2,609,739	(14,266,443)
Cash provided/(used) by operations		102,644,429	(34,545,902)
Taxation paid		(467,341)	(12,777,824)
Cash provided/(used) by operating activities		102,177,088	(47,323,726)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3(a)	(1,989,607)	(4,165,658)
Deferred expenses		-	164,145
Cash used by investing activities		(1,989,607)	(4,001,513)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan received		-	25,000,000
Long-term loan repaid		(36,672,500)	(18,941,642)
Stockholders' advances repaid		(18,033)	-
Related party advances (repaid)/received		(10,273,852)	8,600,000
Cash (used)/provided by financing activities		(46,964,385)	14,658,358
Net cash provided before dividends		53,223,096	(36,666,881)
Dividends paid	11	(5,649,900)	-
Net increase/(decrease) in cash and cash equivalents		47,573,196	(36,666,881)
Cash and cash equivalents at beginning of year		10,741,746	47,408,627
Cash and cash equivalents at end of year		$ 58,314,942	10,741,746
Comprised of:			
Cash and bank balances		58,434,760	18,076,041
Bank overdraft		(119,818)	(7,334,295)
		$58,314,942	10,741,746

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

COMPANY STATEMENT OF FINANCIAL POSITION
AT APRIL 30, 2012

	Notes	2012	2011
NON-CURRENT ASSETS			
Property, plant and equipment	3	22,289,178	25,603,847
Due from a subsidiary	9(b)	17,189,612	17,189,612
		39,478,790	42,793,459
CURRENT ASSETS			
Cash and cash equivalents	4	58,434,760	18,076,041
Accounts receivable and prepayments	5	94,550,969	123,263,019
Inventories	6	114,691,318	133,277,590
Due from related party	9(a)	1,277,612	-
Taxation recoverable		866,814	469,647
		269,821,473	275,086,297
CURRENT LIABILITIES			
Bank overdraft	7	119,818	7,334,295
Accounts payable	8	57,504,015	54,894,276
Due to related party	9(c)	1,035,782	10,032,022
Current portion of long-term liabilities	10	2,500,000	5,864,335
Taxation payable		-	70,174
		61,159,615	78,195,102
NET CURRENT ASSETS		208,661,858	196,891,195
TOTAL ASSETS LESS CURRENT LIABILITIES		$248,140,648	239,684,654
EQUITY			
Share capital	11	86,900,147	86,900,147
Retained earnings		160,687,976	118,905,784
		247,588,123	205,805,931
NON-CURRENT LIABILITIES			
Stockholders' advances	12	-	18,033
Long-term liabilities	10	552,525	33,860,690
		552,525	33,878,723
TOTAL EQUITY AND NON-CURRENT LIABILITIES		$248,140,648	239,684,654

The financial statements on pages 13 to 44 were approved for issue by the Board of Directors on May 31, 2012 and signed on its behalf by:

Director
Dr. Dhiru Tanna

Director
Peter Millingen

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

COMPANY STATEMENT OF COMPREHENSIVE INCOME

AT APRIL 30, 2012

	Notes	2012	2011
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Other income		2,378,374	1,795,440
Profit before net finance costs and taxation		49,175,274	60,482,259
Finance income	14	1,536,760	1,762,626
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Profit before taxation	15	47,432,092	55,667,566
Taxation	16	-	(1,060,205)
Net profit attributable to members, being total comprehensive income		$ 47,432,092	54,607,361

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COMPANY STATEMENT OF CHANGES IN EQUITY

AT APRIL 30, 2012

	Share capital (note 11)	Retained earnings	Total
Balances at April 30, 2010	86,900,147	64,298,423	151,198,570
Total comprehensive income for the year	-	54,607,361	54,607,361
Balances at April 30, 2011	86,900,147	118,905,784	205,805,931
Dividends paid (note 11)	-	(5,649,900)	(5,649,900)
Total comprehensive income for the year	-	47,432,092	47,432,092
Balances as at April 30, 2012	$86,900,147	160,687,976	247,588,123

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

COMPANY STATEMENT OF CASH FLOWS

AT APRIL 30, 2012

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		47,432,092	54,607,361
Adjustments for:			
Deferred tax		-	1,354,953
Depreciation	3(b)	5,304,276	6,301,251
Cash generated before changes in working capital		52,736,368	62,263,565
Accounts receivable and prepayments		28,712,050	(48,929,638)
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CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan received		-	25,000,000
Long-term loan repaid		(36,672,500)	(18,941,642)
Stockholders' advances repaid		(18,033)	-
Related party advances (repaid)/received		(10,273,852)	8,600,000
Cash (used)/provided by financing activities		(46,964,385)	14,658,358
Net cash provided before dividends		53,223,096	(36,666,881)
Dividends paid	11	(5,649,900)	-
Net increase/(decrease) in cash and cash equivalents		47,573,196	(36,666,881)
Cash and cash equivalents at beginning of year		10,741,746	47,408,627
Cash and cash equivalents at end of year		$ 58,314,942	10,741,746
Comprised of:			
Cash and bank balances		58,434,760	18,076,041
Bank overdraft		(119,818)	(7,334,295)
		$ 58,314,942	10,741,746

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 changed its name from Lumber Depot Limited to Blue Power Group Limited on April 19, 2010 and was listed on the Junior Market of the Jamaica Stock Exchange on April 22, 2010.

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

2. Statement of compliance, 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

During the year, certain new standards, interpretations and amendments to existing standards became effective. The only standard deemed relevant to the group; revised IAS 24 *Related Party Disclosures* is effective for annual periods beginning on or after January 1, 2011. This revision introduced changes to related party disclosure requirements for government – related entities and amends the definitions of a related party. Aside from the change to the definition of a related party in note 2(s), this revision did not have a significant impact on these financial statements.

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 are considered relevant to the group are as follows:

- *IAS 1 Presentation of Financial Statements*: *Presentation of Items of Other Comprehensive Income* (effective July 1, 2012) has been amended to require an entity to present separately the items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these sections. The existing option, to present the profit or loss and other comprehensive income in two statements, has not changed. The title of the statement has changed from Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income. However, an entity is still allowed to use other titles.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd)

- *Disclosures–Transfer of Financial Assets (Amendments to IFRS 7)* (effective July 1, 2011). The amendment requires disclosure of information that enable users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and to evaluate the nature of and risks associated with the entity's continuing involvement in these derecognised assets.

- Amendment to IFRS 7, *Financial Instruments: Disclosures* is effective for annual reporting periods beginning on or after January 1, 2013. The standard is amended to help users of financial statements to understand the actual and potential effects of netting arrangements on the entity's financial position. The amendment includes minimum disclosure requirements related to financial assets and liabilities that are offset in the statement of financial position or subject to enforceable master netting arrangements or similar arrangements.

- *IFRS 9, Financial Instruments* (effective January 1, 2015). The revised IFRS supersedes the previous version of IFRS 9 issued in 2009. The standard retains but simplifies the mixed measurement model and establishes two primary categories for financial assets: amortised cost and fair value. The revised standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities.

- *IFRS 10 Consolidated Financial Statements* (effective January 1, 2013) supersedes *IAS 27 Consolidated and Separate Financial Statements* and provides a single model to be applied in the control analysis for all investees, including entities that currently are Special Purpose Entities. The consolidation procedures are carried forward from IAS 27 (2008).

- *IFRS 12*, *Disclosure of Interests in Other Entities* (effective January 1, 2013) contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate:

  – the nature of, and risks associated with, an entity's interests in other entities; and

  – the effects of those interests on the entity's financial position, financial performance and cash flows.

  Entities are encouraged to provide information required by IFRS 12 before the effective date, but this early disclosure would not compel the entity to apply either IFRS 12 in its entirety or the other new consolidation standards.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

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

- *IFRS 13, Fair Value Measurement* (effective January 1, 2013) replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. It defines *fair value* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

- *IAS 12*, *Income Taxes* (effective January 1, 2012) requires an entity to measure deferred taxes relating to an asset based on whether the entity expects to recover the carrying amount of the asset through use or sale.

- *Amendment to IAS 32 Financial Instruments: Presentation* - The standard clarifies that an entity currently has a legal enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparties. In addition, it clarifies that gross settlement is equivalent to net settlement if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and process receivables and payables in a single settlement process or cycle.

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

(b) Basis of preparation:

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

Prior year comparatives for the 'company' have been reclassified between 'Property, plant and equipment' and 'Due from a subsidiary' to conform to current year presentation. Similar reclassifications have been applied to 2010.

The significant accounting policies stated in paragraphs (d) to (v) below conform in all material respects with IFRS and have been applied consistently by group entities.

(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.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

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

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 if the revision affects only that period, or in the period of the revision 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 of 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.

(iii) Residual value and expected useful life of property plant & 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.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(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, 2012. 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 2012 and 2011. Papine Properties Limited is registered in the British Virgin Islands and Cotrade Limited is registered in Jamaica.

(ii) Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

(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 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%
Furniture, fixtures and office equipment	10 - 15%
Computers	22.50%
Plant and machinery	10%

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

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(f) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and short-term deposits maturing within three months or less from the date of deposit or acquisition that are readily convertible into known amounts of cash and which are not subject to significant risk of change in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

(g) Inventories:

Inventories are stated at the lower of cost, determined consistently on the same bases, 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) Provisions:

A provision is recognised in the statement of financial position when the company or its subsidiaries have a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(k) Impairment:

The carrying amounts of the company's and its subsidiaries 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.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(k) Impairment (cont'd):

(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.

(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.

(l) 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.

(m) Employee benefits:

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

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(n) 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.

(o) 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 gains and losses recognised in profit or loss.

(p) 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.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(q) Determination of profit and loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

(r) 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.

(s) 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.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(s) Related parties (cont'd):

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

(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. If the reporting entity is itself such a plan, the sponsoring employers are also 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).

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

(t) 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.

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 soaps
(ii) Lumber 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.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(u) 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. Similarly, financial liabilities include accounts payable, short term loans and long term liabilities.

(v) 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 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 improvement	Plant and machinery	Furniture and fixtures	Computer and office equipment	Total
At cost						
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	991,644	4,165,658
April 30, 2011	17,189,612	9,229,043	33,753,182	6,305,449	5,450,077	71,927,363
Additions	-	-	987,745	68,038	933,824	1,989,607
Transfers	-	-	290,571	(290,571)	-	-
April 30, 2012	17,189,612	9,229,043	35,031,498	6,082,916	6,383,901	73,916,970
Depreciation						
April 30, 2010	-	2,303,539	13,582,958	4,762,668	2,183,488	22,832,653
Charge for the year	-	835,646	4,095,751	213,686	1,156,168	6,301,251
April 30, 2011	-	3,139,185	17,678,709	4,976,354	3,339,656	29,133,904
Charge for the year	326,533	921,889	3,173,412	265,780	943,195	5,630,809
April 30, 2012	326,533	4,061,074	20,852,121	5,242,134	4,282,851	34,764,713
Net book values:						
April 30, 2012	$16,863,079	5,167,969	14,179,377	840,782	2,101,050	39,152,257
April 30, 2011	$17,189,612	6,089,858	16,074,473	1,329,095	2,110,421	42,793,459

3. Property, plant and equipment

(b) The Company:

	Leasehold improvement	Plant and machinery	Furniture and fixtures	Computer and office equipment	Total
At cost					
April 30, 2010	6,410,806	33,652,482	6,050,372	4,458,433	50,572,093
Additions	2,818,237	100,700	255,077	991,644	4,165,658
April 30, 2011	9,229,043	33,753,182	6,305,449	5,450,077	54,737,751
Additions	-	987,745	68,038	933,824	1,989,607
Transfers	-	290,571	(290,571)	-	-
April 30, 2012	9,229,043	35,031,498	6,082,916	6,383,901	56,727,358
Depreciation					
April 30, 2010	2,303,539	13,582,958	4,762,668	2,183,488	22,832,653
Charge for the year	835,646	4,095,751	213,686	1,156,168	6,301,251
April 30, 2011	3,139,185	17,678,709	4,976,354	3,339,656	29,133,904
Charge for the year	921,889	3,173,412	265,780	943,195	5,304,276
April 30, 2012	4,061,074	20,852,121	5,242,134	4,282,851	34,438,180
Net book values:					
April 30, 2012	$5,167,969	14,179,377	840,782	2,101,050	22,289,178
April 30, 2011	$6,089,858	16,074,473	1,329,095	2,110,421	25,603,847

4. Cash and bank balances

	The Group and the Company	
	2012	2011
Cash and current account balance	4,792,664	10,370,941
Savings – Jamaica Dollar Account	33,108,996	6,836,029
Savings – United States Dollar Account	20,533,100	869,071
	$58,434,760	18,076,041

At the reporting date, the company had cash and bank balances of $34,833,679 (2011:$7,618,287) with JN Fund Managers Limited. The company's chairman also serves as chairman of JN Fund Managers Limited.

5. Accounts receivable and prepayments

	The Group and the Company 2012	2011
Trade receivables	60,194,049	99,949,141
Deposits and prepayments	20,655,221	3,591,601
General consumption tax recoverable	14,047,001	19,797,484
Other	1,518,008	1,062,621
	96,414,279	124,400,847
Less: Allowances for impairment losses	(1,863,310)	(1,137,828)
	$94,550,969	123,263,019

The company's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 19.

Included in accounts receivable is amount of $1,834,779 (2011: Nil) due from a director and a related party.

6. Inventories

	The Group and the Company 2012	2011
Inventories comprise:		
Merchandise	51,242,579	67,546,302
Raw materials	21,475,146	30,256,650
Packaging materials	5,107,087	6,739,867
Manufactured finished goods	802,621	2,587,788
Work in progress	227,681	588,252
	78,855,114	107,718,859
Goods in transit	35,836,204	25,558,731
	$114,691,318	133,277,590

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, no write-off has been recognized in profit or loss.

7. Bank overdraft

This represents an amount of US$1,371 drawn on an overdraft facility of US$100,000, secured by cash deposit from a party related to a director. This facility incurs interest rates ranging from 0.48% to 0.7%.

8. Accounts payable

	The Group and the Company 2012	2011
Trade payables	41,546,635	42,835,878
Statutory payables	1,333,212	1,127,135
Other	14,624,168	10,931,263
	$57,504,015	54,894,276

9. Due from/(to) related parties

	The Group		The Company	
	2012	2011	2012	2011
(a) Due from related party within twelve months:				
Alacrity Limited	$1,277,612	-	1,277,612	-
(b) Due from a subsidiary after twelve months:				
Cotrade Limited	$ -	-	17,189,612	17,189,612

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

	The Group		The Company	
	2012	2011	2012	2011
(c) Due to related party within twelve months:				
Alacrity Limited	-	296,554	-	296,554
Antibes Holdings Limited:				
Interest payable – US$11,770 (2011:US$1,162)	1,035,782	1,035,782	1,035,782	1,035,782
Loan (2011: US$100,000)	-	8,699,686	-	8,699,686
	$1,035,782	10,032,022	1,035,782	10,032,022

Antibes Holdings Limited, a company related by way of common directors, granted loans in previous years to the company at an interest rate of 4% (2011: 4%) per annum. The principal was fully repaid during the year.

10. Long-term liabilities

	The Group and the Company	
	2012	2011
JN Fund Managers Limited		
Loan #1	-	7,975,034
Loan #2	-	14,034,341
EXIM Bank		
Loan #1	-	1,364,335
Loan #2	-	6,000,000
Loan #3 (expires January 2013)	3,052,525	10,351,315
	3,052,525	39,725,025
Current portion	(2,500,000)	(5,864,335)
	$ 552,525	33,860,690

JN Fund Managers' Loans:

These were revolving loans granted by JN Fund Managers Limited with no fixed repayment dates and were secured by means of a mortgage over realty owned by the group.

10. Long-term liabilities (cont'd)

JN Fund Managers' Loans (cont'd):

The loans were fully repaid during the year and attracted interest at the rate of 9.95% (2011: 14.5%).

EXIM Loans:

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 11% (2011: 12%) in respect of loans #1 and #2 and 11% (2011: 11%) in respect of loan #3. Loans #1 and #2 were fully repaid during the year.

The remaining loan is guaranteed by means of a mortgage over realty owned by the group.

Related Party Disclosure:

At the reporting date, the company had no loans (2011: $22,009,375) from JN Fund Managers Limited. The company's chairman also serves as chairman of JN Fund Managers Limited.

11. Share capital

	2012	2011
	$	$
Authorised:		
99,000,000 (2011: 99,000,000) ordinary shares of no par value		
Issued and fully paid:		
56,499,000 (2011: 56,499,000) ordinary stock units of no par value	86,900,147	86,900,147

During the year, dividend of $0.10 per stock unit was declared on September 14, 2011 and paid on October 31, 2011.

12. Stockholders' advances

	The Group and the Company	
	2012	2011
	$	$
These comprise advances made by:		
Appleton Hall Limited	-	3,561
Mark Hart	-	3,561
Jane Fray	-	3,561
Silver Investments Limited	-	4,758
Kenneth Benjamin	-	2,592
	-	18,033

13. 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.

14. Net finance costs

	The Group and the Company	
	2012	2011
	$	$
Finance income:		
Interest income	1,536,760	1,762,626
Finance costs:		
Interest expense	(1,481,403)	(4,482,204)
Bank charges and fees	(1,798,539)	(1,667,686)
Foreign exchange loss	-	(427,429)
	(3,279,942)	(6,577,319)
	(1,743,182)	(4,814,693)

15. Disclosure of expenses

Profit before taxation is stated after charging/(crediting)

	The Group		The Company	
	2012	2011	2012	2011
	$	$	$	$
Depreciation	5,360,809	6,301,250	5,304,276	6,301,250

	The Group and the Company	
	2012	2011
	$	$
Directors' emoluments:		
Fees	700,000	600,000
Management remuneration	21,240,000	8,660,000
Auditors' remuneration	1,920,000	1,960,000

Related party transactions

Charged/(credited) to income:

	2012	2011
	$	$
Rental from a related party	(1,782,295)	(1,597,864)
Rental to a related party	1,440,000	1,460,500
Sales to a related party	(18,671,083)	(742,453)
Interest paid to a related party	15,051	13,311
Key management personnel expense – short-term benefits	11,000,000	17,888,329

16. 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 comprises:

	The Group		Company	
	2012	2011	2012	2011
Current tax	-	70,174	-	70,174
Prior year overprovision		(364,922)		(364,922)
Deferred taxation	-	1,354,953	-	1,354,953
	$ -	1,060,205	-	1,060,205

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

	The Group		Company	
	2012	2011	2012	2011
Profit for the year before taxation	$47,105,559	55,667,566	47,432,092	55,667,566
Computed "expected" tax at 33 1/3%	15,701,853	18,555,855	15,810,697	18,555,855
Income tax consequence of the following:				
Prior period tax overprovision - adjustment for tax remission	-	(364,922)	-	(364,922)
Deferred tax - reversal of provision	-	1,354,953	-	1,354,953
Depreciation and capital allowance	1,896,302	-	1,787,458	-
Expenses not allowable for tax purposes	(117,604)	70,174	(117,604)	70,174
	17,480,551	19,616,060	17,480,551	19,616,060
Adjustment for the effect of tax remission	(17,480,551)	(18,555,855)	(17,480,551)	(18,555,855)
	$ -	1,060,205	-	1,060,205

(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.

17. Earnings per stock unit

Basic 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.

	2012 $	2011 $
Profit attributable to shareholders	47,105,559	54,607,361
Weighted average number ordinary stock units in issue	56,499,000	56,499,000
Basic earnings per stock unit	0.83	0.97

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.

	2012					
	The Group			The Company		
	Lumber Division $	Soap Division $	Total $	Lumber Division $	Soap Division $	Total $
Revenue	619,868,803	243,134,390	863,003,193	619,868,803	243,134,390	863,003,193
Profit from operations	28,053,424	18,416,943	46,470,367	28,379,957	18,416,943	46,796,900
Other income	1,782,295	596,079	2,378,374	1,782,295	596,079	2,378,374
Net finance costs	(709,146)	(1,034,036)	(1,743,182)	(709,146)	(1,034,036)	(1,743,182)
Net profit before taxation	29,126,573	17,978,986	47,105,559	29,453,106	17,978,986	47,432,092
Taxation	-	-	-	-	-	-
Profit after taxation	29,126,573	17,978,986	47,105,559	29,453,106	17,978,986	47,432,092
Segment assets						
Non-current	5,176,635	17,112,543	22,289,178	5,176,635	17,112,543	22,289,178
Unallocated assets	-	-	16,863,079	-	-	17,189,612
			39,152,257			39,478,790
Current assets	120,268,140	149,553,333	269,821,473	120,268,140	149,553,333	269,821,473
			308,973,730			309,300,263
Segment liabilities						
Non-current liabilities	-	552,525	552,525	-	552,525	552,525
Current liabilities	50,234,781	10,924,834	61,159,615	50,234,781	10,924,834	61,159,615
			61,712,140			61,712,140
Other segment items:						
Capital expenditure	1,766,547	223,060	1,989,607	1,766,547	223,060	1,989,607
Depreciation	1,755,568	3,875,241	5,630,809	1,429,035	3,875,241	5,304,276

18. Segment financial information (cont'd)

	2011					
	The Group			The Company		
	Lumber Division $	Soap Division $	Total $	Lumber Division $	Soap Division $	Total $
Revenue	591,990,448	199,416,213	791,406,661	591,990,448	199,416,213	791,406,661
Profit from operations	46,712,721	11,974,098	58,686,819	46,712,721	11,974,098	58,686,819
Other income	1,597,864	197,576	1,795,440	1,597,864	197,576	1,795,440
Net finance costs	(3,497,884)	(1,316,809)	(4,814,693)	(3,497,884)	(1,316,809)	(4,814,693)
Net profit before taxation	44,812,701	10,854,865	55,667,566	44,812,701	10,854,865	55,667,566
Taxation	(599,114)	(461,091)	(1,060,205)	(599,114)	(461,091)	(1,060,205)
Profit after taxation	44,213,587	10,393,774	54,607,361	44,213,587	10,393,774	54,607,361
Segment assets						
Non-current	20,600,855	4,839,047	25,439,902	20,600,855	4,839,047	25,439,902
Unallocated assets	-	-	17,353,557	-	-	17,353,557
			42,793,459			42,793,459
Current assets	206,257,851	68,828,446	275,086,297	206,257,851	68,828,446	275,086,297
			317,879,756			317,879,756
Segment liabilities						
Non-current liabilities	19,527,408	14,351,315	33,878,723	19,527,408	14,351,315	33,878,723
Current liabilities	65,202,269	12,992,833	78,195,102	65,202,269	12,992,833	78,195,102
			112,073,825			112,073,825
Other segment items:						
Capital expenditure	567,275	3,598,383	4,165,658	567,275	3,598,383	4,165,658
Depreciation	2,827,297	3,473,954	6,301,251	2,827,297	3,473,954	6,301,251

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 jointly 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)			
	2012		2011	
	US$	J$	US$	J$
Cash and cash equivalents	235,242	20,533,100	15,885	1,355,785
Accounts payable	(38,215)	(3,338,836)	(35,122)	(3,011,032)
Net exposure	197,027	17,194,264	(19,237)	(1,655,247)

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

April 30, 2011	85.73
April 30, 2012	87.37
May 31, 2012	88.06

Sensitivity analysis

A 1% (2011: 5%) strengthening/weakening of the US$ against the Jamaica dollar would have increased/(decreased) profit for the year by $172,127 (2011: $82,459) respectively. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2011.

19. Financial instruments (cont'd)

(a) Market risk (cont'd):

(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 monetary instruments, bank deposits and short-term investments, which have been contracted at fixed 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 loans are fixed and are not affected by fluctuations in market interest rates.

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

	The Group and the Company	
	2012	2011
Fixed rate:		
Assets	-	-
Liabilities	3,052,525	39,725,025
	$ 3,052,525	39,725,025
Variable rate:		
Assets	53,642,097	15,415,806
Liabilities	(119,818)	(7,334,295)
	$53,522,279	8,081,511

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 equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 1% (2011:5%) in interest rates at the reporting date would have increased/(decreased) profit or loss by $535,223 (2011:$404,076).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

19. Financial instruments (cont'd)

(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.

Cash and cash equivalents

Cash and cash equivalents are maintained with substantial counter-parties deemed to have low risk of default.

Trade receivables

The group'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.

At reporting date, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

	The Group and the Company	
	2012	2011
Cash and cash equivalents	58,434,760	18,076,041
Accounts receivable	94,550,969	123,263,019
Due from related party	1,277,612	-
	$154,263,341	141,339,060

The aging of trade receivables at the reporting date was:

	The Group and the Company			
	2012		2011	
	Gross	Impairment	Gross	Impairment
Not past due	34,823,351	-	20,100,414	-
Past due 31-90 days	21,900,926	-	77,349,728	-
More than 90 days	3,469,772	1,863,310	2,498,999	1,137,828
	$60,194,049	1,863,310	99,949,141	1,137,828

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

19. Financial instruments (cont'd)

(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 company and or its subsidiary's reputation.

Management aims at maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities. The management of the group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

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 Cash flow	Less than 1 year	1-2 years	No specific maturity
April 30, 2012:					
Accounts payable	57,504,015	57,504,015	57,504,015	-	-
Due to related party	1,035,782	1,035,782	1,035,782	-	-
Bank overdraft	119,818	119,818	119,818	-	-
Long-term liabilities	3,052,525	3,389,412	2,775,000	614,412	-
	$61,712,140	62,049,027	61,434,615	614,412	-

	The Group and the Company				
	Carrying Amount	Contractual Cashflow	Less than 1 year	1-2 years	No specific maturity
April 30, 2011:					
Accounts payable	54,894,276	54,894,276	54,894,276	-	-
Due to related party	10,032,022	10,032,022	10,032,022	-	-
Bank overdraft	7,334,295	7,334,295	7,334,295	-	-
Long-term liabilities	39,725,025	44,878,749	6,597,377	38,281,372	-
	$111,985,618	117,139,342	78,857,970	38,281,372	-

19. Financial instruments (cont'd)

(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.

(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 net operating income divided by total shareholders' equity.

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

(f) Fair value disclosure:

The carrying value of cash and cash equivalents, bank overdraft, accounts receivable, accounts payable and related party balances are assumed to approximate to their fair values due to their short-term nature. Long-term liabilities are carried at their contracted settlement value.

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 October 10, 2012 at 107 Old Hope Road, Guardsman Group Office, Kingston 6 and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows:

No.	Resolution details	Vote for or against (tick as appropriate)
1.	To receive the report of the Directors and the audited accounts of the Company for the financial year ended April 30, 2012.	☐ For ☐ Against
2 (a)	To re-appoint Dhiru Tanna as a Director of the Company.	☐ For ☐ Against
2 (b)	To re-appoint Kenneth Benjamin as a Director of the Company.	☐ For ☐ Against
3.	To re-appoint KPMG as Auditors of the Company at a remuneration to be fixed by the directors.	☐ For ☐ Against

Unless otherwise directed the proxy will vote as he thinks fit.
Signed this day of 2012

………………………………………………………………………………………..
Signature of Shareholder

NOTES

1. Attorney Andrea Kinach with Director Kenneth Benjamin 2. Managing Director Noel Dawes with Company Secretary Lisa Kong at the 2011 AGM 3. Mayberry's Gary Peart with Chairman Dhiru Tanna 4. Management and Directors of Blue Power Group with shareholders Ralph Chen and Gary Peart at the 2011 AGM 5. Managing Director Noel Dawes and Director Jeffrey Hall presenting Blue Power Group's 2012 contribution to Chairman Kenneth Benjamin of the Hope Zoo Foundation 6. Manager Veronica Lowe with Managing Director Noel Dawes demonstrating some of Lumber Depot's products at the Hope Zoo 7. Harel Grey posing by the Blue Power plodder 8. Theresa Rainford Carter, Noel Dawes and Veronica Lowe at the Hope Zoo 9. Tamara Anglin and Ricardo Powell at the start of the soap line