BLUE POWER Group Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

2014

BLUE POWER Group Limited

Board Of Directors

Felice Campbell
Founder and CEO of ariLabs
Member of Audit and
Compensation Committees

Lisa Kong
Company Secretary
& Financial Controller

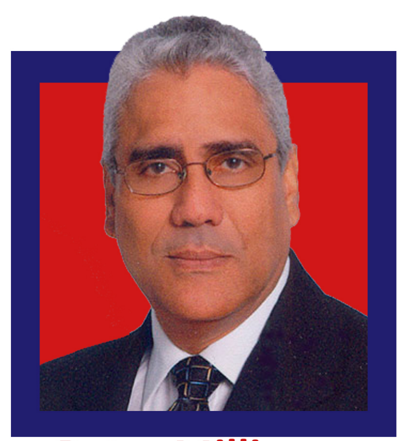
Laura Tanna
Author and Columnist
Member of Audit and
Compensation Committees

Major (ret'd) Noel Dawes
Managing Director of the Group

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

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

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



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

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE annual general meeting of the Company will be held at 4 pm on September 22, 2014 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, 2014 be received."
2. ELECTION OF DIRECTORS:
   a. "THAT Mrs. Felice Campbell, who was appointed a Director in 2013 and who is retiring in accordance with Articles of Incorporation of the Company and, being eligible for re-election and having offered herself for re-election, be and is hereby re-elected a Director of the Company."
   b. "THAT Dr. Laura Tanna. who was appointed a Director in 2013 and who is retiring in accordance with Articles of Incorporation of the Company and, being eligible for re-election and having offered herself for re-election, be and is hereby re-elected a Director of the Company."
   c. "THAT Maj. Noel Dawes who is retiring 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. REMUNERATION OF DIRECTORS: "THAT the compensation of Directors for serving as Directors as reflected in the Audited Financial Statements for the period ended April 30, 2014 is hereby approved."
4. 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."
5. ANY OTHER BUSINESS

Dated this 21st day of July, 2014. 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.

Auditors

KPMG
P O Box 76, 6 Duke Street
Kingston, Jamaica

Bankers

Jamaica National Building Society
17c Gordon Town Road
Papine, Kingston 6, Jamaica

National Commercial Bank of Jamaica Ltd
Duke and Barry Streets
Kingston 6, Jamaica

Attorneys

Patterson Mair Hamilton
85 Hope Road
Kingston 6, Jamaica

Registrars

JCSD Registrar Services Unit
40 Harbour Street
Kingston, Jamaica

Performance

Given the overall contraction of demand in the country and the lack of demand from the foreign agency which worked with us during the previous two years, we were pleased to achieve the same level of sales as the previous year. Combined sales for the twelve months stood at $1,046 million as compared to $1,048 million for the previous year. Lumber Depot division which has been heavily supported by an international agency in the previous years saw a decline of 2% from $745 million to $728 million. Sales for the Blue Power division, however, increased by 5% from $303 million to $318 million. Noteworthy is the fact that support from local customers for both divisions increased when compared to the previous year.

Profits for the twelve months stood at over $93 million compared to $104 million in the same period last year, a decline of 10%. The contribution of Lumber Depot division to the tally was over $42 million, while Blue Power division added $51 million. Earnings per stock unit moved down 10% from $1.84 to $1.65.

Prospects for 2014-15

In the face of rapidly rising costs as the dollar continues to depreciate, management has undertaken a number of initiatives to contain costs and improve margins as well as overall sales. Administrative expenses for the year under review did, in fact, decline slightly while we pursued strategies to buy at better prices by seeking cash discounts from suppliers. We also completed solar installations at two of our locations which will begin to impact positively our energy expenses during the coming year. Our third energy-saving project will be completed before the end of this calendar year and its impact will definitely be felt in the fourth quarter. However, selling prices continue to be under pressure as other businesses react to similar market pressures. In response, we will continue to focus on customer service, competitive prices and introduction of new and more attractive products while keeping a lid on expenses to deal with the present-day realities and be prepared to benefit as the economy gathers steam.

Membership of Board of Directors

After a short period on the Board, Mr. Bruce Hart resigned due to personal reasons. We thank him for his involvement in the company and wish him the best in his future activities.

Membership of Board of Directors (contd.)

At the last Annual General Meeting held on September 24, 2013, the Articles of Association were amended to permit the appointment of a total of eight directors. This allowed the Board, based on recommendations from the Governance Committee, to invite Mrs. Felice Campbell and Dr. Laura Tanna to join the Board. Both directors have, since becoming members, actively participated in our deliberations. The Board has asked both of them to become members of the two Board Committees: Compensation and Governance. As is required by our Articles of Association, both the new directors will stand for re-election at the Annual General Meeting.

Balance Sheet, Share Price and Dividends

Having started the company from scratch with minimal capital it is pleasing to note that the total equity of the company is now almost $430 million without the revaluation of our property at Papine. At around $9 per share, the price per share is almost equivalent to the book value of the company which suggests that the shareholders can take comfort in the value represented by their title of ownership. It is worth noting that the company has paid off all its medium and long term debt and continues to deal with its payables expeditiously as a result of which it has established an excellent reputation among suppliers.

At a meeting held on June 23, 2014, the Board of Directors declared a dividend of 15 cents per share to be paid on August 15, 2014.

Thanks

Our financial results would not have been possible without the support of our customers, our suppliers and our staff whom we would like to thank. At the same time, we wish to assure our shareholders that the goodwill being generated by the company through its customer service, competitive prices and excellent products will stand us in good stead in the future.

Dhiru Tanna
Chairman
July 21, 2014

Core Activities

The Blue Power Group consists of two divisions. Blue Power soap division, located at 4 Victoria Avenue, Kingston, manufactures laundry and beauty soaps while the Lumber Depot division, located at 17c Gordon Town Road, Papine, Kingston 6 offers a wide range of construction and hardware supplies.

Performance Summary 2013-14

Combined sales for the group for the twelve months ended April 30, 2014 were flat at $1,046 million compared to $1,048 million for the same period last year. For the year, Lumber Depot division achieved sales of $728 million versus $745 million the previous year, a decline of 2% while Blue Power soap division moved up from $303 million to $318 million or an improvement of 5%.

Profits for the twelve months stood at over $93 million compared to $104 million in the same period last year, a decrease of 10%. The contribution of Lumber Depot division was over $42 million, while Blue Power division added $51 million. Earnings per stock unit moved from $1.84 to $1.65 in 2014, a decline of 10%.

As expected, the supply contract with the external agency which had played a significant part in the Lumber Depot division's profits in the previous two years did not materialize in this financial year. At the same time, the Blue Power soap division continued to make inroads in the local bathing soap market but experienced serious challenges in terms of price adjustments due to heavy competition from regional and foreign imports.

In addition, the adjustments which are taking place in the economy under the aegis of the IMF continue to affect most Jamaican businesses as demand for products and services in real terms has been reduced through the impact of exchange rate changes and reduction in Government expenditure. Under these circumstances, management is of the view that the performance of the company during 2013-14 was creditable.

In terms of developments during the year, we are pleased that one of our new products manufactured under licence, **ariSulfur,** is gaining increasing market share in the pharmaceuticals market with extremely positive comments from users of the product. Our distributors for soap in the United States have undertaken significant marketing activities especially with respect to the Blue Power Castile soaps and hope these efforts will result in increased sales for the whole range of Blue Power soaps. The distributors in the United Kingdom have also shown increased interest in our products, especially the Blue Power Carbolic soap. Unfortunately, the economy in Barbados is contracting with a significant downward impact on our sales while Trinidad & Tobago is making a renewed effort to push sales.

Sales, Profits and Expenses

As could be predicted, the loss of the supply contract to the foreign agency combined with heavy competition from other retailers in Kingston resulted in overall sales for the Lumber Depot division being down along with profits from operations which declined from 7.4% in 2013 to 5.2% of sales in 2014. In the Blue Power Division, profits from operations increased from 13.4% to 14.3% on a higher level of sales in 2014. On a combined basis, however, profit from operations declined from 9.1% of sales in 2013 to just under 8% in 2014.

The following table summarizes the highlights for the year for both divisions with comparisons against actual results for 2013. It is worth noting that for the first time in the Group's history, the Blue Power soap division contributed more than half of the company's net profit.

Our administrative expenses declined slightly, from $136.51 million to $134.96 million, despite the significant increases in prices throughout the economy. As a percentage of revenue, the expenses have declined marginally from 13.0% to 12.9%. Administrative expenses include provision for doubtful debts and bonus payments to be made to members of staff.

Highlights in millions of J$

	Twelve months	Twelve months	Change	Change
	April 30, 2014	April 30, 2013	$	%
Revenue	1,045.84	1,047.85	-2.01	-0.19
Cost of Revenue	827.54	815.58	11.96	1.47
Admin & Other Expenses	134.96	136.51	-1.55	-1.14
Gross Profit	218.30	232.27	-13.97	-6.01
Lumber Depot Division	728.03	744.68	-16.65	-2.24
Blue Power Soap Division	317.81	303.17	14.64	4.83
Profit from operations	83.34	95.76	-12.42	-12.97
Net Profit	93.10	103.98	-10.88	-10.46
Lumber Depot Division	42.44	61.36	-18.92	-30.83
Blue Power Soap Division	50.66	42.62	8.04	18.86

Balance Sheet

Cash and cash equivalents declined from $145.4 million to $136.3m because, in the face of rising J$ prices, we placed an emphasis on securing our supplies of items for resale and raw materials at the best prices possible, resulting in a significant spike in our inventories. At the same time, we continued to pay our suppliers promptly in order to obtain discounts where available. In terms of plant and equipment, we have added a fork lift to our location at Victoria Avenue in order to reduce the strain on our staff and to provide backup in case of breakdowns at either location. The office block at Victoria Avenue and the Papine location now have complete solar installations and are awaiting new meters from JPS to participate in their net metering programme which will enable us to sell excess electricity to the grid. Our trade receivables are under control as we continue to exercise enormous caution before extending credit.

Risk Management

It is the responsibility of management to monitor and evaluate risks involved in the nature of our businesses. From the inception of our company, management has strived to be conservative by limiting or mitigating exposure while maximizing returns. During the course of the year, our monitoring resulted in the installation of additional security measures at both locations with some changes to the procedures prior to delivery of goods to customers. We were also successful in attracting a higher caliber of supervisors at the Papine location to help us in the overall process of risk management.

In all matters, we strive to adhere to existing laws and regulations while reducing any negative impact of our activities on the environment. Insurance coverage to meet anticipated eventualities and natural disasters also lies at the very centre of our approach to risk management. Our financial statements are presented in accordance with International Financial Reporting Standards (IFRS) to enable management, directors and shareholders to provide an acceptable basis for comparisons between companies and over different time periods.

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 regularly assess the economic climate and, where necessary, develop contingency plans to deal with all the major issues which could impact negatively on the performance of the company.

Corporate Social Responsibility

Our approach has been to support community-based projects which provide and care for individuals at risk. Our contributions are often in kind through the provision of building materials or soaps but we do also support with cash well-managed group endeavours for the benefit of communities in our two neighbourhoods. The needs of the communities are enormous and we can only make small contributions to the overall effort but the rewards as well the expressions of gratitude encourage us to continue to be receptive to requests for assistance.

The Hope Zoo Foundation has transformed the neighbourhood around Hope Gardens and we are very proud to be a small part of this major enterprise to rejuvenate Kingston, led and guided by a true visionary, Hon. Kenneth Benjamin, O.J., who also happens to be one of our directors.

Future Strategy and Prospects

The successful completion of the first year of the IMF programme is the background against which our strategy for the future is based. For the Lumber Depot division, we will continue to seize opportunities for discounts and better prices in order to offer a better deal for our customers while maintaining our margins at an acceptable level. For those who know the store and our very efficient staff, there is no doubt that the satisfaction level is extremely high. During the course of 2014-15, we will mount a serious effort to make the range and extent of our products and services better known to more Kingstonians through an advertising campaign which will also include the provision of an improved telephone response system to cater to those who wish to check prices, obtain proforma invoices and have a decent delivery service for items purchased. The store itself has undergone a major renovation to provide a more comfortable and welcoming environment which we hope will bring increased business without overtaxing the physical plant.

At the Blue Power division, we hope to increase our footprint in the pharmaceutical soap market by introducing at least one new product for ariLabs. At the same time, we are experimenting with a number of new products to add to the Blue Power Castile range. We have already mounted a marketing effort to introduce more point-of-sale display units in retail outlets while at the same time providing more options for small businesses and shopkeepers to access supplies for sale. We are also in the process of acquiring an additional wrapping machine for soaps which will make it possible for us to wrap some of our soaps more quickly, efficiently and attractively.

Corporate Governance

In 2013, Mr. Bruce Hart resigned from the Board for personal reasons. We wish to thank him for his participation at the Board level and wish him every success in his future endeavours. The Articles of Incorporation of the company were amended at the last AGM to permit the appointment of additional directors and in February 2014, we were able to welcome to our deliberations two new directors, Mrs. Felice Campbell and Dr Laura Tanna. Both of them were also appointed to the two committees of the Board. I would like to take this opportunity to welcome them to the Blue Power Group and look forward to a productive relationship. The table below provides the attendance record of the directors at the various meetings.

Directors	**Governance & Compensation Committee**	**Audit Committee**	**Board**
Total	1	5	6
Kenneth Benjamin	1		6
Felice Campbell		1	1
Noel Dawes			6
Jeffrey Hall	1	5	6
Bruce Hart			3
Peter Millingen		5	6
Dhiru Tanna			6
Laura Tanna		2	2

Support

We continue to be blessed by the support of our customers, our staff and our suppliers. I would like to take this opportunity to thank them wholeheartedly as we continue to improve our relationships with them. We believe that with the guidance of our Directors we will continue to give good value to our shareholders who have kept faith with us through their investment in our company.

Noel Dawes
Managing Director
July 21, 2014

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
PETER MILLINGEN	SELF	908,100	1.6073

SENIOR MANAGERS REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
LISA KONG	SELF	0	0.0000
VERONICA LOWE	SELF	0	0.0000

TOP 10 SHAREHOLDERS

PRIMARY HOLDER (JOINT HOLDER)		UNITS	PERCENTAGE
ANTIBES HOLDINGS LIMITED		28,300,800	50.09
MAYBERRY WEST INDIES LIMITED		8,092,118	14.32
KENNETH BENJAMIN		3,130,200	5.54
JANE FRAY		3,095,400	5.48
SILVER INVESTMENTS LIMITED		2,927,816	5.18
NOEL DAWES		2,100,000	3.72
JPS EMPLOYEE SUPERANNUATION FUND		921,451	1.63
PETER MILLINGEN		908,100	1.61
PRIME ASSET MANAGEMENT RET. SCHEME		891,451	1.58
ALAN BRUCE HART		535,000	0.95

KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

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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 subsidiaries ("the group"), set out on pages15 to 44, which comprise the group's and the company's statement of financial position as at April 30, 2014, the group's and the company's statements of profit or loss and other 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is 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 the 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 or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our 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 control relevant to the entity's preparation of financial statements that give a true and fair view 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, 2014, and of the group's and the 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, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

June 12, 2014

GROUP STATEMENT OF FINANCIAL POSITION
APRIL 30, 2014

	Notes	2014	2013
NON-CURRENT ASSET			
Property, plant and equipment	3(a)	50,183,909	42,996,708
CURRENT ASSETS			
Cash and cash equivalents	4	136,283,747	145,350,305
Accounts receivable and prepayments	5	77,859,110	67,326,288
Inventories	6	234,444,144	176,852,754
Taxation recoverable		1,708,980	1,253,276
		450,295,981	390,782,623
CURRENT LIABILITIES			
Bank overdraft	7	-	335,446
Accounts payable	8	70,356,085	87,092,022
Due to related party	9(b)	187,495	490,590
Current portion of long term liabilities	10	-	552,525
		70,543,580	88,470,583
NET CURRENT ASSETS		379,752,401	302,312,040
TOTAL ASSETS LESS CURRENT LIABILITIES		$429,936,310	345,308,748
EQUITY			
Share capital	11	86,900,147	86,900,147
Retained earnings		343,036,163	258,408,601
TOTAL EQUITY		$429,936,310	345,308,748

The financial statements on pages 15 to 44 were approved for issue by the Board of Directors on June 12, 2014 and signed on its behalf by:

Director — Dr. Dhiru Tanna

Director — Peter Millingen

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

	Notes	2014	2013
Revenue	12	1,045,837,048	1,047,851,665
Cost of revenue		(827,540,842)	(815,583,312)
Gross profit		218,296,206	232,268,353
Administrative and other expenses		(134,958,430)	(136,505,302)
		83,337,776	95,763,051
Other income		2,206,611	2,268,063
Profit before net finance costs		85,544,387	98,031,114
Finance income	13	10,775,079	9,084,289
Finance costs	13	(3,217,054)	(3,135,850)
Net finance income	13	7,558,025	5,948,439
Profit attributable to members, being total comprehensive income for the year	14	$ 93,102,412	103,979,553
Earnings per stock unit	16	$ 1.65	1.84

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

GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED APRIL 30, 2014

	Share capital (note 11)	Retained earnings	Total
Balances as at April 30, 2012	86,900,147	160,361,443	247,261,590
Dividends paid (note 11)	-	(5,932,395)	(5,932,395)
Total comprehensive income for the year	-	103,979,553	103,979,553
Balances at April 30, 2013	86,900,147	258,408,601	345,308,748
Dividends paid (note 11)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	93,102,412	93,102,412
Balances at April 30, 2014	$86,900,147	343,036,163	429,936,310

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

GROUP STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2014

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		93,102,412	103,979,553
Adjustments for:			
Depreciation	3(a)	5,150,101	6,466,610
Interest income	13	(3,602,259)	(1,597,415)
Interest expense	13	28,509	516,195
Cash generated before changes in working capital		94,678,763	109,364,943
Accounts receivable and prepayments		(10,532,822)	27,224,681
Inventories		(57,591,390)	(62,161,436)
Accounts payable		(16,735,937)	29,588,007
		9,818,614	104,016,195
Taxation deducted at source		(455,704)	(386,462)
Interest paid		(28,509)	(516,195)
Interest received		3,602,259	1,597,415
Cash provided by operating activities		12,936,660	104,710,953
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment, being Cash used by investing activity	3(a)	(12,337,302)	(10,311,061)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan repaid		(552,525)	(2,500,000)
Related party advances (repaid)/received		(303,095)	732,420
Cash used by financing activities		(855,620)	(1,767,580)
Net cash (used)/provided before dividends		(256,262)	92,632,312
Dividends paid	11	(8,474,850)	(5,932,395)
Net (decrease)/increase in cash and cash equivalents		(8,731,112)	86,699,917
Cash and cash equivalents at beginning of year		145,014,859	58,314,942
Cash and cash equivalents at end of year		$136,283,747	145,014,859
Comprised of:			
Cash and bank balances		136,283,747	145,350,305
Bank overdraft		-	(335,446)
		$136,283,747	145,014,859

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

COMPANY STATEMENT OF FINANCIAL POSITION
APRIL 30, 2014

	Notes	2014	2013
NON-CURRENT ASSETS			
Property, plant and equipment	3(b)	33,973,896	26,460,162
Interest in subsidiary	9(a)	17,189,612	17,189,612
		51,163,508	43,649,774
CURRENT ASSETS			
Cash and cash equivalents	4	136,283,747	145,350,305
Accounts receivable and prepayments	5	77,859,110	67,326,288
Inventories	6	234,444,144	176,852,754
Taxation recoverable		1,708,980	1,253,276
		450,295,981	390,782,623
CURRENT LIABILITIES			
Bank overdraft	7	-	335,446
Accounts payable	8	70,356,085	87,092,022
Due to related party	9(b)	187,495	490,590
Current portion of long-term liabilities	10	-	552,525
		70,543,580	88,470,583
NET CURRENT ASSETS		379,752,401	302,312,040
TOTAL ASSETS LESS CURRENT LIABILITIES		$430,915,909	345,961,814
EQUITY			
Share capital	11	86,900,147	86,900,147
Retained earnings		344,015,762	259,061,667
TOTAL EQUITY		$430,915,909	345,961,814

The financial statements on pages15to 44 were approved for issue by the Board of Directors on June 12, 2014 and signed on its behalf by:

Director — Dr. Dhiru Tanna

Director — Peter Millingen

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

	Notes	2014	2013
Revenue	12	1,045,837,048	1,047,851,665
Cost of revenue		(827,540,842)	(815,583,312)
Gross profit		218,296,206	232,268,353
Administrative and other expenses		(134,631,897)	(136,178,769)
		83,664,309	96,089,584
Other income		2,206,611	2,268,063
Profit before net finance costs		85,870,920	98,357,647
Finance income	13	10,775,079	9,084,289
Finance costs	13	(3,217,054)	(3,135,850)
Net finance income	13	7,558,025	5,948,439
Profit attributable to members, being total comprehensive income for the year	14	$ 93,428,945	104,306,086

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

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED APRIL 30, 2014

	Share capital (note 11)	Retained earnings	Total
Balances as at April 30, 2012	86,900,147	160,687,976	247,588,123
Dividends paid (note 11)	-	(5,932,395)	(5,932,395)
Total comprehensive income for the year	-	104,306,086	104,306,086
Balances at April 30, 2013	86,900,147	259,061,667	345,961,814
Dividends paid (note 11)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	93,428,945	93,428,945
Balances at April 30, 2014	$86,900,147	344,015,762	430,915,909

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

COMPANY STATEMENT OF CASH FLOWS
AT APRIL 30, 2014

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		93,428,945	104,306,086
Adjustments for:			
Depreciation	3(b)	4,823,568	6,140,077
Interest income	13	(3,602,259)	(1,597,415)
Interest expense	13	28,509	516,195
Cash generated before changes in working capital		94,678,763	109,364,943
Accounts receivable and prepayments		(10,532,822)	27,224,681
Inventories		(57,591,390)	(62,161,436)
Accounts payable		(16,735,937)	29,588,007
		9,818,614	104,016,195
Taxation deducted at source		(455,704)	(386,462)
Interest paid		(28,509)	(516,195)
Interest received		3,602,259	1,597,415
Cash provided by operating activities		12,936,660	104,710,953
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment, being cash used by investing activity	3(b)	(12,337,302)	(10,311,061)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan repaid		(552,525)	(2,500,000)
Related party advances (repaid)/received		(303,095)	732,420
Cash used by financing activities		(855,620)	(1,767,580)
Net cash (used)/provided before dividends		(256,262)	92,632,312
Dividends paid	11	(8,474,850)	(5,932,395)
Net (decrease)/increase in cash and cash equivalents		(8,731,112)	86,699,917
Cash and cash equivalents at beginning of year		145,014,859	58,314,942
Cash and cash equivalents at end of year		$136,283,747	145,014,859
Comprised of:			
Cash and bank balances		136,283,747	145,350,305
Bank overdraft		-	(335,446)
		$136,283,747	145,014,859

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 is listed on the Junior Market of the Jamaica Stock Exchange.

   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. 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

   Certain new and revised standards and interpretations which were in issue came into effect during the current financial year. The standards did not have any significant effect on the amount and disclosures in the financial statement except for IAS 1 *Presentation of Financial Statements*, has been amended (effective July 1, 2012). As a result, items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss. Also, the title of the statement has changed from Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income. This change has been incorporated in the Statements of Profit or loss and other Comprehensive Income (see pages 16 and 20).

   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 management considered relevant to the group are as follows:

   - Amendments to IAS 36 *Impairment of Assets*: *Recoverable Amount Disclosures for Non-financial Assets* (effective January 1, 2014) reverse the unintended requirement in IFRS 13 *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

   - Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in Other Entities and* IAS 27 *Consolidated and Separate Financial Statements* (effective January 1, 2014). The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries in its financial statements. In addition, the amendments introduce new disclosure requirements related to investment entities in IFRS 12 *Disclosure of Interests in Other Entities and IAS 27 Separate financial Statements.*

2. Basis of preparation and significant accounting policies (cont'd)

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

- Improvements to IFRS 2010-2012 and 2011-2013 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the company are as follows:

  – IFRS 13 *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

  – IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:

    (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or

    (ii) the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

  – IAS 24 *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

- IFRS 9 *Financial Instruments* (effective for annual reporting periods beginning on or after January 1, 2018). 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.

2. Basis of preparation and significant accounting policies (cont'd)

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

- *Amendment to* IAS 32 *Financial Instruments: Presentation* (effective for annual reporting periods beginning on or after January 1, 2014) - 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, if any, on the financial statements in the future when the standards are adopted.

(b) Basis of measurement and functional currency:

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

(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.

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 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 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.

2. Basis of preparation and significant accounting policies (cont'd)

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

(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 and 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.

(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, 2014. 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 2014 and 2013. 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.

2. Basis of preparation and significant accounting policies (cont'd)

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

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

(f) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and resale agreements.

Resale agreements are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price.

The difference between the purchase and resale considerations is recognised as interest income on the accrual basis over the period of the agreements, using the effective interest method.

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

2. Basis of preparation and significant accounting policies (cont'd)

(g) Inventories:

Inventories are stated at the lower of cost, determined on the weighted average basis, 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) Impairment:

The carrying amounts of the group's 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.

(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.

2. Basis of preparation and significant accounting policies (cont'd)

(k) 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.

(l) Employee benefits:

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

(m) 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.

(n) 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 losses and is recognised in profit or loss.

(o) 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. Basis of preparation and significant accounting policies (cont'd)

(p) 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.

(q) 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.

(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.

(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).

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

2. Basis of preparation and significant accounting policies (cont'd)

(r) 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, Jamaica and the lumber division operations are carried out mainly at Papine in St. Andrew, Jamaica.

Transactions between business segments have been eliminated.

(s) 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 and due from related party. Similarly, financial liabilities include bank overdraft, accounts payable, due to related party and long term liabilities.

(t) 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. Most of the group's financial instruments lack an available trading market, therefore the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

2. Property, plant and equipment

(a) The Group:

	Land and building	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers and office equipment	Total
At cost:						
April 30, 2012	17,189,612	9,229,043	35,031,498	6,082,916	6,383,901	73,916,970
Additions	-	-	9,467,005	30,031	814,025	10,311,061
April 30, 2013	17,189,612	9,229,043	44,498,503	6,112,947	7,197,926	84,228,031
Additions	-	-	8,497,104	3,152,497	687,701	12,337,302
April 30, 2014	17,189,612	9,229,043	52,995,607	9,265,444	7,885,627	96,565,333
Depreciation:						
April 30, 2012	326,533	4,061,074	20,852,121	5,242,134	4,282,851	34,764,713
Charge for the year	326,533	841,734	4,085,782	171,224	1,041,337	6,466,610
April 30, 2013	653,066	4,902,808	24,937,903	5,413,358	5,324,188	41,231,323
Charge for the year	326,533	776,923	3,214,323	173,048	659,274	5,150,101
April 30, 2014	979,599	5,679,731	28,152,226	5,586,406	5,983,462	46,381,424
Net book values:						
April 30, 2014	$16,210,013	3,549,312	24,843,381	3,679,038	1,902,165	50,183,909
April 30, 2013	$16,536,546	4,326,235	19,560,600	699,589	1,873,738	42,996,708

(b) The Company:

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers and office equipment	Total
At cost:					
April 30, 2012	9,229,043	35,031,498	6,082,916	6,383,901	56,727,358
Additions	-	9,467,005	30,031	814,025	10,311,061
April 30, 2013	9,229,043	44,498,503	6,112,947	7,197,926	67,038,419
Additions	-	8,497,104	3,152,497	687,701	12,337,302
April 30, 2014	9,229,043	52,995,607	9,265,444	7,885,627	79,375,721
Depreciation:					
April 30, 2012	4,061,074	20,852,121	5,242,134	4,282,851	34,438,180
Charge for the year	841,734	4,085,782	171,224	1,041,337	6,140,077
April 30, 2013	4,902,808	24,937,903	5,413,358	5,324,188	40,578,257
Charge for the year	776,923	3,214,323	173,048	659,274	4,823,568
April 30, 2014	5,679,731	28,152,226	5,586,406	5,983,462	45,401,825
Net book values:					
April 30, 2014	$3,549,312	24,843,381	3,679,038	1,902,165	33,973,896
April 30, 2013	$4,326,235	19,560,600	699,589	1,873,738	26,460,162

4. Cash and bank balances

	2014	2013
Cash and current account balances	4,230,142	7,439,412
Savings accounts	52,058,987	31,646,328
Resale agreements	79,994,618	106,264,565
	$136,283,747	145,350,305

The fair value of securities obtained by the company under resale agreements approximates the carrying value of the agreements. The resale agreements are held 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	
	2014	2013
Trade receivables (a)	71,776,266	57,171,019
Deposits and prepayments	5,676,512	5,158,967
General consumption tax recoverable	1,825,164	7,861,821
Other (b)	3,318,868	2,629,770
	82,596,810	72,821,577
Less: Allowances for impairment losses	(4,737,700)	(5,495,289)
	$77,859,110	67,326,288

(a) Included in trade receivables is $8,340,775 (2013: $2,670,916) due from related parties in the ordinary course of business.

(b) Other receivables include $449,254 (2013: $384,052) due from a director and a related party in the ordinary course of business.

The aging of trade receivables at the reporting date was:

	The Group and the Company			
	2014		2013	
	Gross	Impairment	Gross	Impairment
Not past due	32,862,255	-	30,563,051	-
Past due 31-90 days	30,651,802	-	23,163,398	2,050,719
More than 90 days	8,262,209	4,737,700	3,444,570	3,444,570
	$71,776,266	4,737,700	57,171,019	5,495,289

5. Accounts receivable and prepayments (cont'd)

The aging of trade receivables at the reporting date was (cont'd):

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	The Group and the Company	
	2014	2013
Balance at beginning of year	5,495,289	1,863,310
Impairment loss recognized	(757,589)	3,631,979
Balance at end of year	$4,737,700	5,495,289

6. Inventories

	The Group and the Company	
	2014	2013
Merchandise	89,504,115	71,872,074
Raw materials	58,465,944	61,614,064
Packaging materials	17,417,111	16,436,643
Manufactured finished goods	6,510,966	7,189,764
Work in progress	1,053,704	901,063
	172,951,840	158,013,608
Goods in transit	63,492,304	21,372,173
	236,444,144	179,385,781
Less: Allowance for impairment	(2,000,000)	(2,533,027)
	$234,444,144	176,852,754

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, raw materials, merchandise and changes in finished goods included in cost of revenue amounted to $803,603,101 (2013: $792,678,833).

7. Bank overdraft

This represented amounts used on an overdraft facility of US$100,000, which is secured by a cash deposit from a party related to a director. This facility incurred interest at rates ranging from 2% to 3.5% in 2013 and 2014.

8. Accounts payable

	The Group and the Company	
	2014	2013
Trade payables	39,020,589	55,526,375
Statutory payables	1,850,180	1,492,318
Accruals and provisions	29,485,316	30,073,329
	$70,356,085	87,092,022

9. Due from/(to) related parties

	The Company	
	2014	2013
(a) Interest in subsidiary:		
(i) Due from a subsidiary after twelve months: Cotrade Limited	17,189,512	17,189,512
(ii) Shares at cost in Papine Properties Limited	100	100
	$17,189,612	17,189,612

The balance due from Cotrade Limited 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 and the Company	
	2014	2013
(b) Due to related party within twelve months:		
Alacrity Limited	$187,495	490,590

(c) Related party transactions:

Charged/(credited) to income:

	The Group and the Company	
	2014	2013
Rental from a related party	(1,197,846)	(1,926,634)
Rental to a related party	1,299,000	1,440,000
Sales to a related party	(31,285,990)	(25,883,451)
Interest paid to a related party	-	248,330
Key management personnel expense – short-term benefits	$28,923,333	25,423,333

10. Long-term liability

	The Group and the Company	
	2014	2013
EXIM Bank		
Loan	-	552,525
Less: Current portion	-	(552,525)
	$ -	-

The loan was granted by the EXIM Bank through JN Fund Managers Limited to facilitate the financing of the company's capital expenditure programme. The interest rate is fixed at 11% (2013: 11%) and the loan is guaranteed by a related party, along with equivalent power of offset on US$ investments held with JN Fund Managers Limited. The loan was fully repaid during the year.

11. Share capital

	2014	2013
Authorised:		
99,000,000 (2013: 99,000,000) ordinary shares of no par value		
Stated capital:		
Issued and fully paid:		
56,499,000 (2013: 56,499,000) ordinary stock units of no par value	$86,900,147	86,900,147

During the year, a dividend of $0.15 (2013: $0.105) per stock unit was declared on June 30, 2013 (2013: August 9, 2012) and paid on August 16, 2013 (2013: September 6, 2012).

12. 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.

13. Net finance costs

	The Group and the Company	
	2014	2013
Finance income:		
Interest income	3,602,259	1,597,415
Foreign exchange gain	7,172,820	7,486,874
	10,775,079	9,084,289
Finance costs:		
Interest expense	(28,509)	(516,195)
Bank charges and fees	(3,188,545)	(2,619,655)
	(3,217,054)	(3,135,850)
	$ 7,558,025	5,948,439

14. Disclosure of expenses

Profit attributable to members is stated after charging/(crediting):

	The Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Depreciation	5,150,101	6,466,610	4,823,568	6,140,077
Directors' emoluments:				
Fees	1,600,000	1,400,000	1,600,000	1,400,000
Management remuneration	28,923,333	25,423,333	28,923,333	25,423,333
Auditors' remuneration	2,155,000	2,030,000	2,155,000	2,030,000

15. Taxation

(a) Reconciliation of actual tax charge/(credit):

	The Group		Company	
	2014	2013	2014	2013
Profit for the year	93,102,412	103,979,553	93,428,945	104,306,086
Computed "expected" tax at 25% (2013: 30%)	23,275,603	31,193,866	23,357,236	31,291,826
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	1,359,546	1,968	1,277,913	(95,992)
Expenses not allowable for tax purposes	(247,520)	592,249	(247,520)	592,249
	24,387,629	31,788,083	24,387,629	31,788,083
Adjustment for the effect of tax remission [note (b)]	(24,387,629)	(31,788,083)	(24,387,629)	(31,788,083)
	$ -	-	-	-

(b) 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.

16. Earnings per stock unit

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.

	2014 $	2013 $
Profit attributable to shareholders	93,102,412	103,979,553
Weighted average number ordinary stock units in issue	56,499,000	56,499,000
Basic and diluted earnings per stock unit	1.65	1.84

17. 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.

	2014		
	The Group		
	Lumber Division $	Soap Division $	Total $
Revenue	728,028,841	317,808,207	1,045,837,048
Profit from operations	37,835,952	45,501,824	83,337,776
Other income	2,206,611	-	2,206,611
Net finance income	2,403,975	5,154,050	7,558,025
Profit for the year	42,446,538	50,655,874	93,102,412
Segment assets			
Non-current	27,365,158	22,818,751	50,183,909
Current assets	231,453,450	218,842,531	450,295,981
			500,479,890
Segment liabilities			
Current liabilities	45,526,640	25,016,940	70,543,580
Other segment items:			
Capital expenditure	8,116,283	4,221,019	12,337,302
Depreciation	1,391,748	3,758,353	5,150,101

17. Segment financial information (cont'd)

	2013		
	The Group		
	Lumber Division $	Soap Division $	Total $
Revenue	744,677,086	303,174,579	1,047,851,665
Profit from operations	55,111,191	40,651,860	95,763,051
Other income	2,268,063	-	2,268,063
Net finance income	3,984,460	1,963,979	5,948,439
Profit for the year	61,363,714	42,615,839	103,979,553
Segment assets			
Non-current	20,640,623	22,356,085	42,996,708
Current assets	236,531,538	154,251,085	390,782,623
			433,779,331
Segment liabilities			
Current liabilities	63,742,407	24,728,176	88,470,583
Other segment items:			
Capital expenditure	478,949	9,832,112	10,311,061
Depreciation	1,878,039	4,588,571	6,466,610

18. 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.

18. Financial instruments (cont'd)

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.

(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 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)			
	2014		2013	
	US$	J$	US$	J$
Cash and cash equivalents	601,093	65,843,367	734,369	72,529,978
Accounts payable	(120,683)	(13,294,172)	(60,448)	(6,005,373)
Bank overdraft	-	-	(3,376)	(335,446)
Net position	480,410	52,549,195	670,545	66,189,159

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

	$
April 30, 2014	109.54
April 30, 2013	98.77

18. Financial instruments (cont'd)

(a) Market risk (cont'd):

(i) Currency risk (cont'd):

Sensitivity analysis

A 15% (2013: 10%) strengthening of the US$ against the Jamaica dollar would have increased profit for the year by $7,893,568 (2013: $6,622,973) respectively.

A 1% (2013: 1%) weakening of the US$ against the Jamaica dollar would have decreased profit for the year by $526,237 (2013: $662,297) respectively.

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis for 2013.

(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 bank deposits, which have been contracted at variable 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 loan 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	
	2014	2013
	$	$
Fixed rate:		
Liabilities	-	552,525
	-	552,525
Variable rate:		
Assets	131,994,210	137,910,893
Liabilities	-	(335,446)
	131,994,210	137,575,447

18. Financial instruments (cont'd)

(a) Market risk (cont'd):

(ii) Interest rate risk (cont'd):

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 loss or the value of the group's financial instruments.

Cash flow sensitivity analysis for variable rate instruments

An increase of 250 basis points (2013: 250 basis points) in interest rates at the reporting date would have increased profit by $3,299,855 (2013: $3,439,386) while a 100 basis points (2013:100 basis points) decline in interest rates at the reporting date would have decreased profit by $1,319,942 (2013: $1,375,754).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit exposures arise principally from the group's receivables from customers and deposits held with financial institutions.

At reporting date, 59% (2013: 72%) of the company's cash resources were held with one financial institution which is believed to be a substantial counter-party with a minimal risk of default. Otherwise, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial assets on the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents are maintained with financial institutions that are appropriately licensed and regulated, therefore management believes that the risk of default is low.

Trade receivables

The group's exposure to this risk is minimal in that approximately 88% 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.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables (see note 5).

18. 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 group's reputation.

The management of the group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments, and has a revolving line of credit in place on which the company can draw amounts when needed and repay without penalty.

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 Cashflow	Less than 1 year
	$	$	$
April 30, 2014:			
Accounts payable	70,356,085	70,356,085	70,356,085
Due to related party	187,495	187,495	187,495
	70,543,580	70,543,580	70,543,580

	The Group and the Company		
	Carrying Amount	Contractual Cashflow	Less than 1 year
	$	$	$
April 30, 2013:			
Bank overdraft	335,446	335,446	335,446
Accounts payable	87,092,022	87,092,022	87,092,022
Due to related party	490,590	490,590	490,590
Long-term liability	552,525	614,412	614,412
	88,470,583	88,532,470	88,532,470

(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.

18. Financial instruments (cont'd)

(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 profit for the year divided by total stockholders' equity.

The group is not subject to any externally imposed capital requirements.

(f) Fair value disclosure:

The carrying value of cash and cash equivalents, accounts receivable and prepayments, bank overdraft, accounts payable and related party balances are assumed to approximate their fair values due to their short-term nature. Long-term liability is carried at contracted settlement value, which is believed to approximate fair value as the loan is at market rates and terms.

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 September 22, 2014 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 Group and the company for the financial year ended April 30, 2013.	☐ For ☐ Against
2 (a)	To re-appoint Felice Campbell as a Director of the Company.	☐ For ☐ Against
2 (b)	To re-appoint Laura Tanna as a Director of the Company.	☐ For ☐ Against
2 (c)	To re-appoint Noel Dawes as a Director of the Company	☐ For ☐ Against
3.	To approve the compensation of Directors for the year ended April 30, 2014	☐ For ☐ Against
4.	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 2014

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

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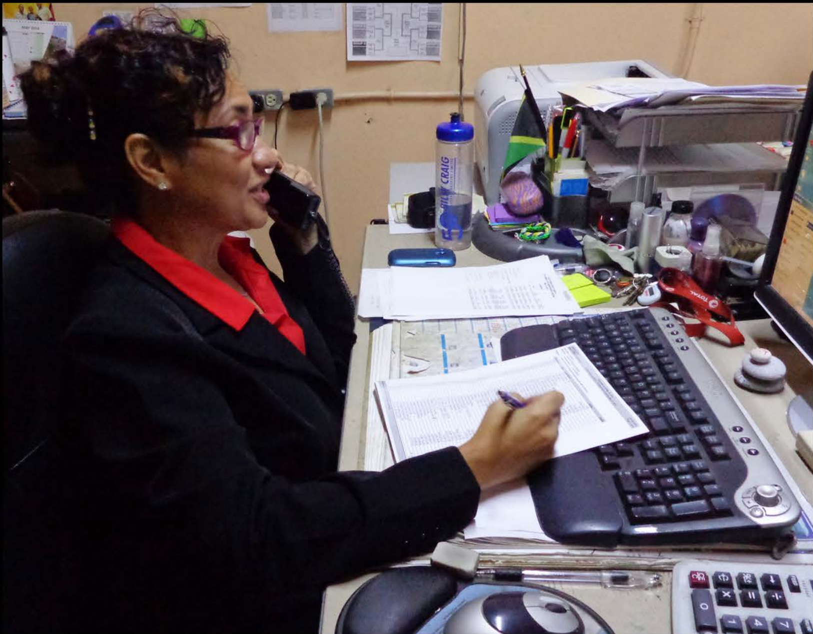
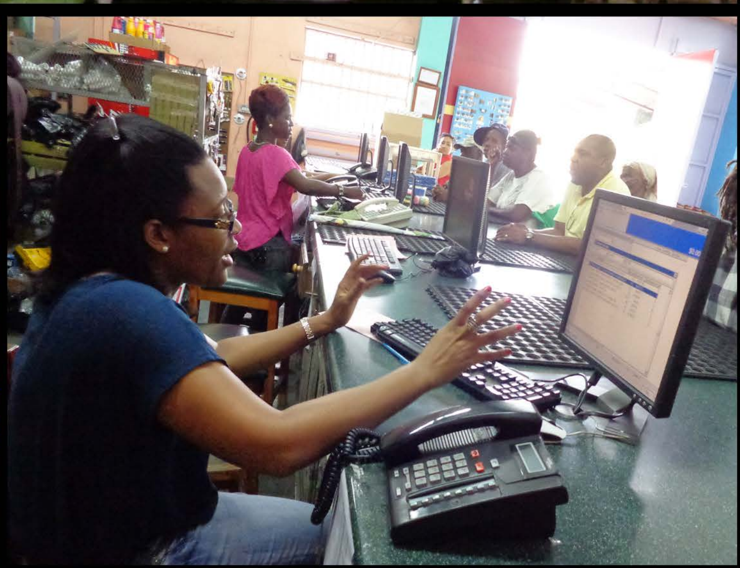



BLUE POWER
LIMITED


BLUE POWER
Laundry Soap
BERGER
Coca-Cola




BLUE POWER


BLUE POWER
BEEF


BLUE POWER
What a cake soap can wash!