ANNUAL REPORT 2016

BLUE POWER GROUP LIMITED

REPRESENTING WITH PRIDE

GROUP FINANCIAL HIGHLIGHTS: 2012-2016

	2016	2015	2014	2013	2012
Balance Sheet	$ '000	$ '000	$ '000	$ '000	$ '000
Total Assets	641,231	565,638	500,480	433,780	308,974
Net Current Assets (working Capital)	500,284	426,832	379,752	302,312	208,662
Cash and Cash Equivalents	258,643	166,008	136,284	145,350	58,435
Total Borrowings	(7,245)	(9,221)	-	(553)	(3,053)
Stockholders Equity	559,018	491,418	429,936	345,309	247,262

	2016	2015	2014	2013	2012
Profit and Loss	$ '000	$ '000	$ '000	$ '000	$ '000
Gross revenues	1,215,628	1,060,258	1,045,837	1,044,906	863,004
-Hardware Division	860,185	734,754	728,029	741,731	619,869
-Soap Division	355,443	325,504	317,808	303,175	243,135
Profit Attributable to stockholders	76,075	69,957	93,103	103,980	47,106
Dividends Paid	8,475	8,475	8,475	5,932	5,650
Earnings per stock unit J$	$1.35	$1.24	$1.65	$1.84	$0.83

	2016	2015	2014	2013	2012
Financial Ratios	$ '000	$ '000	$ '000	$ '000	$ '000
Return on Sales	6.26%	6.60%	8.90%	9.95%	5.46%
Return on Equity	13.61%	14.24%	21.66%	30.11%	19.05%
Return on Total Assets	11.86%	12.37%	18.60%	23.97%	15.25%
Debt:Equity Ratio	1.30%	1.88%	0.00%	0.16%	1.23%
Current Ratio	7.50:1	7.42:1	6.38:1	4.42:1	4.41:1
Dividend Cover	8.98	8.25	10.99	17.53	8.34

	2016	2015	2014	2013	2012
Market Statistics	$ '000	$ '000	$ '000	$ '000	$ '000
Closing Stock Price J$	$12.00	$7.51	$9.01	$5.50	$4.89

TABLE OF CONTENTS

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 28, 2016 at the Guardsman Group Office, 107 Old Hope Road, Kingston 6 for shareholders to transact the business set out below and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. **To receive and consider the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company and the Group for the year ended April 30, 2016:**

RESOLUTION:

"THAT the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company and the Group for the year ended April 30, 2016 be and are hereby adopted."

2. **To fix the remuneration of the Auditors for 2015 or to determine the manner in which such remuneration is to be fixed:**

RESOLUTION:

"THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2015, be and is hereby approved."

3. **To ratify interim dividends and declare them final:**

RESOLUTION:

"THAT the interim dividend of 17¢ per stock unit on record date August 15, 2016, be and is hereby ratified and declared final for 2015-16."

4. **To re-appoint the Auditors:**

RESOLUTION:

"THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2016-17."

5. **To elect Directors:**

RESOLUTIONS:

a) "THAT **Ms. Catherine Goodall** who was appointed during the financial year 2016 and who is required to retire, be and is hereby re-elected a Director of the Company."

a) "THAT **Mr. Peter Millingen** who retires by rotation, be and is hereby re-elected a Director of the Company."

b) "THAT **Mr. Jeffrey Hall**, who retires by rotation, be and is hereby re-elected a Director of the Company."

6. **To fix the remuneration of Directors:**

RESOLUTION:

"THAT the amount shown in the Accounts for the year ended April 30, 2016 for Directors' fees be and is hereby approved."

7. Any other business

Dated this 20th day of July, 2016. 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.

BOARD OF DIRECTORS

KENNETH BENJAMIN

Chairman, Compensation Committee

Started the Guardsman Group in 1977 with the establishment of Guardsman Limited. He has since expanded the conglomerate to include many companies – each regarded as a leader of their specialized field – and serves as the Executive Chairman of the Guardsman Group. He has been instrumental in establishing the foundation upon which other security providers have built. In 1993, he was appointed to a committee responsible for ensuring that the Private Security Regulation Authority Act was implemented and adhered to – and was re-appointed to this position in 2002. He serves as Chairman of the JSPCA, Chairman of the Bustamante Children's Hospital and has been the moving force behind the revitalization of the Hope Zoo. He has received numerous awards for his contributions to Jamaica, including the prestigious Order of Jamaica and the Order of Distinction Commander Class (2006).

FELICE CAMPBELL

Member, Audit & Compensation Committees

Holds an MBA from Graziadio School of Business and Management at Pepperdine University and a B.Sc. from the University of the West Indies. She is the CEO and Co-Owner of AriLabs, which is involved in the production and sale of a number of quality skin care products. Her experience includes being a Director, Corporate Development at Sage Software, a Director, Mergers and Acquisitions at The First American Corporation, a Senior Associate at Citi Capital Strategies, President and Managing Director of Jamaica Pre-Pack Group, a Brand Manager at GK Foods as well as a Branch Manager at HiLo Food Stores.

NOEL DAWES

Group Managing Director

Has over 12 years' military experience with the Jamaica Defense Force (JDF) and has served in several units throughout the organization, retiring at the rank of Major. He received military training in Canada, the United Kingdom, and the United States. He has held senior management positions in other organizations including General Manager at Securicor Jamaica Limited, Operations Manager at Port Security Corps, and Operations Officer at Gand International (Norway). Besides his military qualifications, he holds a Diploma in Management Studies from the Jamaica Institute of Management. He has been a member of the Blue Power Group since 1998 and was instrumental in the construction and startup of the Lumber Depot Division at Papine in 1999.

CATHERINE GOODALL

Board Member

Is currently the Marketing Manager for Beverages as LASCO Distributors Limited and comes to Blue Power Group with a background in marketing, sales, customer service and logistics, and extensive experience in the fast moving consumer goods industry. Prior to joining the LASCO team, Ms. Goodall worked for the Central America Bottling Corporation (bottler for Pepsi Cola in Central American and Caribbean) where she served in several capacities from Brand Manager to Trade Marketing Manager for Jamaica. Her final role before leaving was Regional Brand Manager for juices in the Caribbean and Central America.

JEFFREY HALL

Chairman, Audit Committee
Member, Compensation Committee

Holds a JD from Harvard Law School, a MPP from Howard University and a BA from the University of Washington. He was appointed Group Managing Director of Jamaica Producers Group in 2007 after joining the Board in 2004 and the Group in 2002. He also serves as Chairman of Kingston Wharves Ltd., as Chairman of Scotia Group Jamaica Ltd, and a Director of the National Housing Trust. He has practised law as a member of the New York Bar.

PETER MILLINGEN

Member, Audit Committee

Is a Barrister-at-Law, having been called to the bar in the U.K., and is a partner in the legal firm of McDonald Millingen which he joined after retiring as Managing Partner in the firm of Clinton Hart & Co. He has served as Chairman of Clarendon Alumina Partners, a Director of National Housing Trust, a Director of National Housing Corporation, and Deputy Chairman of the Rent Board.

DHIRU TANNA

Founder, Blue Power Group
Board Chairman

Holds a Ph.D. from the University of California, Berkeley and a B.Sc. (Econ) from the University of London. Presently he serves as Deputy Chairman of Jamaica National Building Society. His past experience includes lecturing at UWI, Mona, being special advisor to the Minister of Public Utilities and Transport, heading Jamaica National Investment Co. Ltd., and serving on the Board of Neal & Massy Holdings in Trinidad and as Chairman of Neal & Massy Group in Jamaica. He recently retired as a Director from the Board of the Development Bank of Jamaica.

LAURA TANNA

Member, Audit & Compensation Committees

Holds a BA degree from the University California, Berkeley and MA and PhD degrees from the University of Wisconsin, Madison in African Languages and Literature and is author of *Jamaican Folk Tales* and *Oral Histories* and *Baugh: Jamaica's Master Potter*. She served on the Council of the Institute of Jamaica, the boards of the Jamaica Memory Bank, the African Caribbean Institute of Jamaica, the Creative Production and Training Centre, the Museums of History and Ethnography Division (now Jamaica National Museum), the King's House Foundation, the Alliance Française and currently is a Director of the American Friends of Jamaica. Author of hundreds of publications including interviews with leaders in business, politics, and the arts as well as articles on travel, her contributions to Jamaican culture and literature were recognized with the award of an Order of Distinction (Hon) by the Government in 2014.

MANAGEMENT PROFILES

LISA KONG

Company Secretary
Financial Controller

Is an accountant by profession. Her experience includes stints at KPMG, Caribbean Castings Ltd. and Neal & Massy Jamaica Ltd. She is the Financial Controller of the Blue Power Group Ltd. and serves as the Company Secretary.

VERONICA LOWE

Manager

Has previous work experience that includes both the private and public sectors. Having started at CMP Metals, she did stints at JNIC and the National Investment Bank of Jamaica. She is a founding member of the Blue Power Group, having joined the company on its first day of operations. Mrs. Lowe holds the position of Manager with responsibilities for human resources and administration at the Blue Power soap division.

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

BLUE POWER

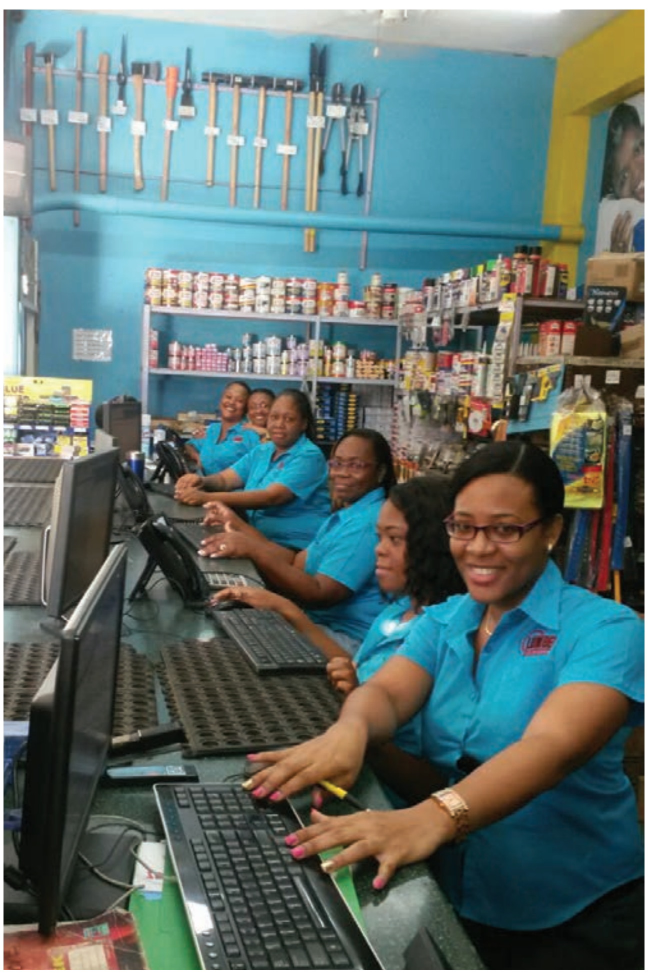

Jamaican
BLUE POWER
FIGHT THE BITE!
ZIKA
CHIK V
PROTECT YOURSELF FROM

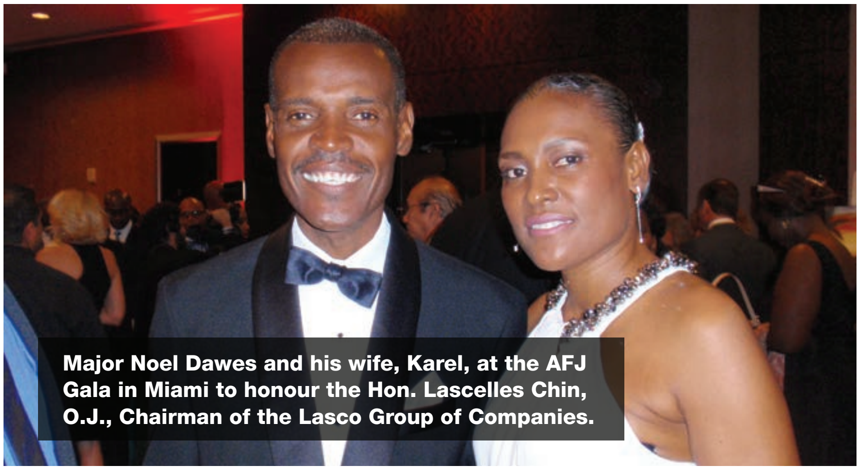

BLUE POWER


BLUE POWER


BLUE
POWER

LUMBER DEPOT





Major Noel Dawes and his wife, Karel, at the AFJ Gala in Miami to honour the Hon. Lascelles Chin, O.J., Chairman of the Lasco Group of Companies.

MEDIA HIGHLIGHTS

The Gleaner
Jamaica WI
Established 1834

Published: Sunday | September 20, 2015 | 12:00 AM | Tameka Gordon

Blue Power Gets Toehold In Hispanic Market Through New Distributor

Blue Power Group Limited chalked up another year of $1 billion sales, saying the turnover, which was up by $15 million year on year, was fed by both growth in both the soap and lumber divisions.

Exports also perfor med well for the company, which plans to grow its overseas markets even more this year through a new soap-distribution partnership.

Of the $1.06 billion of sales by the group at year end April 2015, the Lumber Depot at Gordon Town Road in St Andrew accounted for $735 million. The Victoria Avenue-based soap division registered sales of $325 million.

Each operating segment grew sales by more than $7 million for the year.

Blue Power Group's export earnings remain comparatively small, relative to its Jamaican sales, but the demand is apparently rising. Export sales of $35 million outperformed the previous year's $26 million, fed by new distribution contracts for the United States and Guyanese markets.

The company expects the new arrangements to boost sales, "especially of the laundry soap", in its US market through new distributors, Iberia Foods, whose core focus is on Hispanic and Caribbean markets, said Blue Power chairman Dhiru Tanna at the company's annual general meeting on Tuesday.

Sales growth was also driven by new products that were launched in the fourth quarter under the Blue Power Castile line.

"Our customer surveys are pointing the way to determining the range of products that will eventually form our core range," the company said.

Blue Power group traditionally targeted the lower-income bracket through wholesalers but is now forging distribution links to tap the middle- and upper-income markets and has signed a deal with MegaMart to have its products displayed "for a limited period" in all four locations operated by the supermarket chain.

Market Strategies

"We are discovering in terms of buying soap that uptown tends to behave just like downtown," Tanna said of market strategies to push sales through bundles packages of various fragrances of soaps.

A new wrapping machine commissioned last year also allowed the company to roll out the new soaps with more cost-effective wrappings, "enabling us to sell the products at affordable prices".

Blue Power made net profit of more than $70 million, down from $93 million in the previous year. The company is back to paying corporate income tax after five years of full waivers but still enjoys a 50 per cent discount under the 10-year incentive programme for junior stock market companies.

The lumber division contributed $26 million of net profits, while the soap division contributed $45 million.

tameka.gordon@gleanerjm.com

JAMAICA OBSERVER

Friday, June 24, 2016

Blue Power to expand production of specialty soap line

BY AVIA COLLINDER Business reporter

Dhiru Tanna, chairman of Blue Power Ltd, says the company will spend in the region of $30 million in the new financial year in order to increase production space and purchase equipment needed. The planned investment is intended to meet expressed demand for packaged soap and also to satisfy rising sales outside of Jamaica.

For the year ended April 30, 2016, Blue Power saw a nine per cent rise in net profit to $76 million from $70 million in April 2016.

Tanna, noting that the five-year tax-free period on the Junior Market came to an end in April 2015, said in the report issued through the Jamaica Stock Exchange (JSE) that the substantial tax bite of $9 million affected earnings. Earnings per stock unit increased from $1.24 to $1.35, or by nine per cent.

On a more upbeat note, the chairman reported that total exports, especially to Guyana, increased by more than 50 per cent from $36 million in the previous year to $54 million in 2016.

"Thus far our exports have consisted mainly of blue laundry soap, but in the last quarter we saw an uptake of our carbolic soap which is a positive development, as it suggests that our bathing soaps are gaining greater acceptance abroad. We are beginning to gain more shelf space in retail outlets in Jamaica and have devoted additional resources to make further inroads," Tanna stated.

The company is planning capital expenditure of $30 million to boost production, especially for more wrapped products.

Tanna stated, "There is a definite shift from unwrapped soaps to wrapped soaps. In order to satisfy customer demand for wrapped products, we will need more capacity, and to this end we have ordered more equipment. In addition, we will activate a second line in our bathing soap division to meet the increased demand for carbolic and other specialty soaps."

The push, he said, will require a reorganisation of wrapping and production line, and the addition of equipment which is already underway.

"At the same time," the chairman noted, "the need to prepare for increased demand will require additional storage capacity for raw materials, which we will meet by leasing the lot next to our factory and creating the necessary warehouse facility. The estimated capital expenditure for these exercises is $30 million. We are mounting an aggressive campaign to promote our mosquito-repellent soaps which have been well accepted by those who have tried them."

The company will also ramp up marketing with an emphasis on television advertising.

Overall sales for Blue Power for the 12 months increased 15 per cent from $1.06 billion to $1.22 billion. The Lumber Depot Division showed an increase of 17 per cent and the Blue Power division improved by nine per cent.

collindera@jamaicaobserver.com

The Gleaner

Jamaica WI

Established 1834

Published: Friday | June 24, 2016 | 12:00 AM | Steven Jackson

Blue Power To Spend $30m On Upgrades For New Soaps

Blue Power Group, which makes soaps and trades lumber, will spend $30 million to upgrade its production facilities and add warehouse space to introduce a second line of soaps. The company wants to keep pace with increased soap demand.

Blue Power, chaired by Dhiru Tanna, made $76 million in net profit for the year ending April 2016 on $1.2 billion in revenues, or about 9.0 per cent higher profit after tax. Revenue grew 15 per cent.

Blue Power will activate a second production line for its bathing soap division to meet the increased demand for carbolic and other speciality soaps.

"In order to satisfy customer demand for wrapped products, we will need more capacity and, to this end, we have ordered more equipment," Tanna said in statements accompanying the financials.

This will require a reorganisation of the company's wrapping and production equipment, now under way.

"At the same time, the need to prepare for increased demand will require additional storage capacity for raw materials, which we will meet by leasing the lot next to our factory and creating the necessary warehouse facility. The estimated capital expenditure for these exercises is J$30 million," Tanna said.

In previous years, the company sought to grow profits via efficiency measures, as revenues remained flat due to what management described as competition from cheap soap imports. Another company challenge related to the difficulty of gaining retail space in order to diversify its main downtown street sales.

"We are beginning to gain more shelf space in retail outlets in Jamaica and have devoted additional resources to make further inroads," the chairman said.

Still, the company seems pleased with its export performance.

"It is heartening to note that our total exports, especially to Guyana, have increased by more than 50 per cent from $36 million in the previous year to $54 million in 2016. Thus far, our exports have consisted mainly of blue laundry soap, but in the last quarter, we saw an uptake of our carbolic soap, which is a positive development as it suggests that our bathing soaps are gaining greater acceptance abroad," Tanna said.

This year, overall sales are up in both major divisions, with the lumber depot division showing an increase of 17 per cent and the Blue Power division improving by 9.0 per cent.

Profit before tax is actually up 21 per cent from $71 million to $86 million, but rose nine per cent at the bottom line after taxes. The junior market company is back paying corporate income tax, after five years of full exemption, but is still allowed a 50 per cent break for another five years.

steven.jackson@gleanerjm.com

Published: Wednesday | August 3, 2016 | 12:00 AM |

Rio Athletes Get Anti-Mosquito Soaps

Lisa Kong (second right), financial controller, Blue Power Group, presents a cheque to Grace-Marie Collymore (second left), Jamaica Olympic Association administrator, with onlookers (from left) Major Noel Dawes, Blue Power Group managing director; Vishu Tollan, chef de mission of the Jamaican Olympic team; and Martin Lyn, deputy chef de mission.

The Jamaica Olympic Association (JOA) was presented with mosquito-repellent soap for the country's athletes attending the XXXI Olympiad in Rio de Janeiro, Brazil.

The soaps and a cheque to assist with administrative costs were presented by Blue Power Group at the JOA headquarters recently.

The castile soap with citronella and pimento oil provides an added level of protection, along with the measures Brazil has already taken to reduce the threat from the mosquito-borne disease. The locally owned company makes a line of bathing and laundry soaps, including those formulated with citronella and pimento oils.

The mosquito-borne Zika virus appeared in Brazil in 2015 and has since spread across much of the Western Hemisphere.

Your company improved its performance over the previous year with higher sales, higher profits and increased exports. The details are outlined in the Management Discussion and Analysis contained in this report. It should be noted that the improvement in performance was achieved in the face of a higher tax bite and significantly higher depreciation charges.

Our initiatives with respect to a higher budget for advertising and promotions, started in 2014-15, were continued in the year under review. New and better-packaged products were introduced in the soap division with special attention devoted to the uniquely Jamaican mosquito repellent soaps. Our efforts to reach retail outlets finally began to bear fruit as we were able to get placements in some of the Progressive Group stores as well the Hi-Lo chain. Special attention to our export orders with better pricing and production based on local preferences produced significantly higher results in overseas markets.

We expect that our sales of soaps will show increases in the coming year as we continue to keep our costs low and pass on the benefits of efficiencies achieved as we build on the shelf space gained in the local market and acceptance achieved in overseas markets. To this end, we have budgeted a major capital expenditure programme to reorganize our production facilities, install new equipment, activate a second line in the bathing soap section and improve warehousing facilities.

I would like to take this opportunity to welcome to the Board the very talented Ms. Catherine Goodall, the Marketing Manager of the Drinks Division of Lasco Distributors Ltd. Her knowledge of the market and experience will help to guide management and the rest of the Board in improving our performance.

On behalf of the Board, I would like to thank our customers and our staff for their support during the year and with a promise to continue to strive for better.

Dhiru Tanna Chairman

July 15, 2016

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
KENNETH BENJAMIN**	SELF	3,130,200	5.5403
FELICE CAMPBELL	SELF	0	0.0000
NOEL DAWES***	SELF	1,412,715	2.5004
CATHERINE GOODALL	SELF	0	0.0000
JEFFREY HALL (SWEE TEEN CHUA)	SELF	257,070	0.4550
PETER MILLINGEN	SELF	921,100	1.6303
DHIRU TANNA* (LAURA TANNA)	SELF	10,000	0.0177
LAURA TANNA*	SELF	0	0.0000
*ANTIBES HOLDINGS LTD	CONNECTED PARTY	28,300,800	50.0908
**SHEILA BENJAMIN MCNEIL	CONNECTED PARTY	155,265	0.2748
**GUARDSMAN GROUP	CONNECTED PARTY	687,285	1.2165
***KAREL DAWES	CONNECTED PARTY	3,807	0.0067

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	11,800,083	20.89
KENNETH BENJAMIN & SISTER	3,285,465	5.82
JANE FRAY	3,095,400	5.48
NOEL DAWES	1,412,715	2.50
SILVER INVESTMENTS LIMITED	1,077,816	1.91
JPS EMPLOYEE SUPERANNUATION FUND	921,451	1.63
PETER MILLINGEN	921,100	1.63
PAM-INDIVIDUAL RETIREMENT SCHEME	891,451	1.58
GUARDSMAN GROUP LTD	687,285	1.22

Core Activities

The Blue Power Group consists of two divisions. Blue Power soap division, located at 4 Victoria Avenue, Kingston, which 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 2015-16

The financial year shows increased sales and improved profits despite a substantial tax liability of $9 million. Overall sales for the twelve months are up from $1,060 million to $1,216 million (+15%) with the Lumber Depot Division showing an increase of 17% and the Blue Power division improving by 9%. Profits before tax rose by 21% (from $71 million to $85 million) but after tax profits improved by 9% (from $70 million to $76 million). Earnings per stock unit increased from $1.24 to $1.35. The most notable feature of our performance is in the area of export sales which increased by over 50%. Almost 15% of Blue Power Division's overall sales came from exports.

Cost of Sales, Gross Profit and Profit from Operations

The following table summarizes the highlights for the year for both divisions with comparisons against actual results for 2015.

	Three months	Twelve months	Three months	Twelve months	YTD difference
	Q1 2016	YTD 2016	Q1 2015	YTD 2015	%
	J$ million	J$ million	J$ million	J$ million	
Revenue	310.98	1,215.63	259.90	1,060.26	14.65
Lumber Depot Division	215.80	860.19	189.07	734.75	17.07
Blue Power Soap Division	95.18	355.44	70.83	325.51	9.19
Export sales	12.37	53.55	8.50	35.64	50.25
Profit from operations	16.92	71.17	7.18	64.58	10.20
Net Profit before tax	22.22	85.46	6.68	70.61	21.03
Est. Taxation	3.07	9.39	0.65	0.65	1,344.62
Net Profit after tax	19.15	76.07	6.03	69.96	8.73
Lumber Depot Division after tax	11.40	30.89	4.71	25.44	21.42
Blue Power Soap Division after tax	7.75	45.18	1.32	44.52	1.48
Receivables	99.46	99.46	75.38	75.38	31.94
Non-current liabilities	5.27	5.27	7.74	7.74	-31.91
Retained Earnings	472.12	472.12	404.52	404.52	16.71
Earnings per stock Unit	0.34	1.35	0.13	1.24	8.87

Cost of revenue for 2016 and 2015 was almost the same for the two years at just over 79% of Sales with Gross Profit at just below 21% in both years. Administrative Expenses for 2016 were marginally higher in 2016 as a percentage of overall sales compared to the previous year as we continued to devote more resources to advertising, promotion, training and maintenance.

Our selling prices in the Lumber Depot division were dictated by supplier prices which generally moved in line with exchange rate changes. The story in the Blue Power division was different as we deliberately held price increases to a minimum in order to achieve greater penetration of our products in the market. While the effect of exchange rate changes were negative in terms of our costs, we benefited from lower raw material prices and declines in freight charges. The financial year 2015/16 also saw a full accounting for depreciation of our newly acquired assets as this item moved up from $4 million in 2015 to $13.1 million in 2016. During the year under review we also absorbed over $1.1 million in terms of the newly imposed Environmental Levy. Finally, our tax liability of $9.4 million in 2016 is substantially higher than the $0.7 million in 2015 as a result of us completing 5 years of being listed on the Junior Stock Exchange.

The performance of each division in terms of sales and profits before tax is provided in the table below. Both divisions are positive contributors to our performance and both are showing improvements over the previous year.

	2016	2015	2014	2013	2012
	$ '000	$ '000	$ '000	$ '000	$ '000
Sales	**1,215,628**	**1,060,258**	**1,045,837**	**1,044,906**	**863,004**
-Hardware Division	860,185	734,754	728,029	741,731	619,869
-Soap Division	355,443	325,504	317,808	303,175	243,135
Profit before Tax	**85,459**	**70,610**	**93,103**	**103,980**	**47,106**
-Hardware Division	33,850	26,092	42,447	61,364	29,127
-Soap Division	51,608	44,518	50,656	42,616	17,979

Balance Sheet

The value of our plant and equipment declined from $72.3 to $63.5 million as a result of the heavy depreciation charges booked this year. Cash and cash equivalents rose from $166.0 million to $258.6 million with increases in retained earnings and a decline in inventory levels. It should be noted that we maintain a large proportion of our cash balances in US currency in order to enable us to pay for raw materials on a timely basis and to take advantage of purchasing goods on a cash basis. As a result, we had a substantial increase in finance income resulting from exchange rate changes.

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. The measures taken in the previous year to enhance security arrangements at both locations and to attract a higher caliber of staff resulted in fewer incidents as well as better service to customers, especially at the Papine location.

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. This 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.

The soap factory at 4 and 6 Victoria Avenue is assessed regularly by the Fire Department and is certified as being compliant. During the course of the financial year, we were visited by Ministry of Health personnel at our request so that we could obtain the necessary certification for our manufacturing practices. We are awaiting a positive response in due course.

Corporate Social Responsibility

We continue to support community-based projects in both the neighbourhoods in which we operate. Although the level of our support in cash or kind is often small, our involvement regularly elicits support from others who operate in the same area. We are always gratified by the expressions of heartfelt gratitude from the recipients.

The Hope Zoo Foundation continues to be a focus of our attention and is a recipient of our donations on an annual basis. In addition, a significant number of NGOs, especially those which care for and cater to disadvantaged individuals and children, continue to receive cases of laundry and bathing soaps on a monthly basis. We have always been supportive of projects undertaken by charitable organizations in our neighbourhoods to refurbish and maintain their physical facilities using items which we can donate from our hardware establishment.

Future Strategy and Prospects

The successful completion of the third 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. The impact of our advertising campaign which was undertaken in the last financial year is still being felt as more and more of our customers request quotations by email and place orders in advance of their visit so that they can reduce waiting time at the store.

At the soap division, we added a number of products with new fragrances and colours under the Blue Power Castile label utilizing more economical packaging. This effort has had positive results and we have recognized that we will need more wrapping capacity which we will install in the coming financial year. Towards the end of the financial year, we began an aggressive campaign to promote our new line of mosquito repellent soaps as the prospect of zika infections increases. We believe that our unique formulation which combines citronella with pimento oil in bathing and laundry soaps is a major contribution to the overall range of repellent products. The advantage we offer is that our products are natural and do not contain unpleasant or harmful chemical ingredients. We intend to promote this line even more aggressively in the coming year as we receive positive evaluations from users.

In the export arena, our new distributors in the USA continue to perform at the expected level. More importantly, our distributor in Guyana has performed exceptionally well. Having started with just the blue laundry soap, he has expanded his offerings to Carbolic soap and hotel size soap. We continue to support his efforts at penetrating the Guyanese market with promotions and advertising. Our efforts in the Barbados market with a promotional offer are beginning to bear fruit as we have already received an order for a second container for the year.

The new financial year will see a reorganization and expansion of our facilities on Victoria Avenue as we streamline to increase production and the variety of products. We will activate a second bathing soap line and add two wrapping machines to ensure that we have sufficient capacity to meet the expected increase in demand as our efforts to gain acceptance in the supermarkets continue to bear fruit.

Corporate Governance

The Governance Committee searched for a suitable candidate to fill one vacant seat on the Board of Directors. We were fortunate to persuade Ms. Catherine Goodall who is a talented marketing specialist to join the Board. She has already been of help in opening doors for us and we look forward to her contributions in the coming months and years.

The table below provides the attendance record of directors at various meetings.

	Governance & Compensation	Audit	
Directors	Committee	Committee	Board
Kenneth Benjamin	1		10
Noel Dawes			9
Catherine Goodall			6
Jeffrey Hall	1	5	9
Peter Millingen		5	9
Dhiru Tanna			10
Felice Campbell	1	4	9
Laura Tanna	1	5	10

Board meetings = 10	Audit Comm mtgs = 5	Gov. & Comp mtgs = 1

Capital Expenditure

The benefits of the capital expenditure undertaken in the previous year are being realized in the form of lower utility costs and an increase in the range of products on offer. Although the financial year 2016 did not see any increase in major capital projects, it is expected that projects in the financial year 2016-17 will be in excess of $30 million.

IMF and the Economy

With the significant devaluation of the Jamaican currency it is clear that we are not keeping pace with inflation in terms of Sales and Profits. At the same time, we are unable to contain the increases in costs arising from price increases (in J$) for local and imported inputs, wage adjustments, tax impositions, etc. Given market conditions, our ability to pass on these increases is extremely limited. Our approach is concentrated on increasing market share locally and gaining extra sales in export markets. Promotions and advertising spend for both Lumber Depot and Blue Power divisions will continue to be at a high level to achieve more local sales while greater monitoring and support for our distributors abroad will characterize the new financial year.

Our Service and Products

Both our level of service and the quality of our products continue to receive high marks from customers and suppliers whom we wish to thank for their support along with our dedicated staff who make the whole effort possible.

Noel Dawes

July 20, 2016

LUMBER DEPOT

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2016

INDEPENDENT AUDITORS' REPORT

To the Members of
BLUE POWER GROUP LIMITED

Report on the Financial Statements

We have audited the separate 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 pages 28 to 60, which comprise the group's and the company's statement of financial position as at April 30, 2016, 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.

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, 2016, and of the group's and the company's financial performance 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 21, 2016

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	2016	2015
NON-CURRENT ASSETS			
Property, plant and equipment	3(a)	63,546,928	72,321,670
Deferred tax asset	11	456,513	-
		64,003,441	72,321,670
CURRENT ASSETS			
Cash and cash equivalents	4	258,643,148	166,007,884
Accounts receivable and prepayments	5	99,461,391	75,374,886
Inventories	6	219,122,742	249,516,246
Taxation recoverable		-	2,416,875
		577,227,281	493,315,891
CURRENT LIABILITIES			
Accounts payable	7	69,062,007	64,157,906
Due to related party	8(b)	349,590	349,590
Current portion of long term liabilities	9	1,976,004	1,976,004
Taxation payable		5,555,470	-
		76,943,071	66,483,500
NET CURRENT ASSETS		500,284,210	426,832,390
TOTAL ASSETS LESS CURRENT LIABILITIES		$564,287,651	499,154,061
EQUITY			
Share capital	10	86,900,147	86,900,147
Retained earnings		472,118,180	404,518,314
		559,018,327	491,418,461
NON-CURRENT LIABILITIES			
Long-term loan	9	5,269,324	7,245,328
Deferred tax liability	11	-	490,272
		5,269,324	7,735,600
TOTAL EQUITY AND NON-CURRENT LIABILITIES		$564,287,651	499,154,061

The financial statements on pages 28 to 60 were approved for issue by the Board of Directors on June 21, 2016 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

	Notes	2016	2015
Revenue	12	1,215,627,817	1,060,257,891
Cost of revenue		(962,515,011)	(838,984,243)
Gross profit		253,112,806	221,273,648
Administrative and other expenses		(181,946,827)	(156,692,137)
		71,165,979	64,581,511
Other income		3,736,477	2,157,621
Profit before net finance income and taxation		74,902,456	66,739,132
Finance income	14	14,824,555	7,736,912
Finance costs	14	(4,268,054)	(3,865,280)
Net finance income	14	10,556,501	3,871,632
Profit before taxation		85,458,957	70,610,764
Taxation	15	(9,384,241)	(653,763)
Profit attributable to members, being total comprehensive income for the year	16	$ 76,074,716	69,957,001
Earnings per stock unit	17	$ 1.35	1.24

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

	Share capital (note 10)	Retained earnings	Total
Balances at April 30, 2014	86,900,147	343,036,163	429,936,310
Dividends paid (note 18)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	69,957,001	69,957,001
Balances as at April 30, 2015	86,900,147	404,518,314	491,418,461
Dividends paid (note 18)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	76,074,716	76,074,716
Balances as at April 30, 2016	86,900,147	472,118,180	559,018,327

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

	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		76,074,716	69,957,001
Adjustments for:			
Depreciation	3(a)	13,145,564	3,988,870
Interest income	14	(5,517,340)	(3,485,463)
Interest expense	14	792,452	222,293
Taxation	15	9,384,241	653,763
Cash generated before changes in working capital		93,879,633	71,336,464
Accounts receivable and prepayments		(24,086,505)	2,484,224
Inventories		30,393,504	(15,072,102)
Accounts payable		4,904,101	(6,198,179)
		105,090,733	52,550,407
Taxation paid		(2,358,681)	871,385
Interest paid		(792,452)	(222,293)
Interest received		5,517,340	3,485,463
Cash provided by operating activities		107,456,940	54,942,192
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment, being cash used by investing activity	3(a)	(4,370,822)	(26,126,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loan		-	9,880,000
Repayment of long-term loan		(1,976,004)	(658,668)
Related party advances received		-	162,095
Cash (used)/provided by financing activities		(1,976,004)	9,383,427
Net cash provided before dividends		101,110,114	38,198,987
Dividends paid	18	(8,474,850)	(8,474,850)
Net increase in cash and cash equivalents		92,635,264	29,724,137
Cash and cash equivalents at beginning of year		166,007,884	136,283,747
Cash and cash equivalents at end of year		$258,643,148	166,007,884

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

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2016	2015
NON-CURRENT ASSETS			
Property, plant and equipment	3(b)	47,989,981	56,438,190
Interest in subsidiary	8(a)	17,189,612	17,189,612
Deferred tax asset	11	456,513	-
		65,636,106	73,627,802
CURRENT ASSETS			
Cash and cash equivalents	4	258,643,148	166,007,884
Accounts receivable and prepayments	5	99,461,391	75,374,886
Inventories	6	219,122,742	249,516,246
Taxation recoverable		-	2,416,875
		577,227,281	493,315,891
CURRENT LIABILITIES			
Accounts payable	7	69,062,007	64,157,906
Due to related party	8(b)	349,590	349,590
Current portion of long-term liabilities	9	1,976,004	1,976,004
Taxation payable		5,555,470	-
		76,943,071	66,483,500
NET CURRENT ASSETS		500,284,210	426,832,391
TOTAL ASSETS LESS CURRENT LIABILITIES		$565,920,316	500,460,193
EQUITY			
Share capital	10	86,900,147	86,900,147
Retained earnings		473,750,845	405,824,446
TOTAL EQUITY		560,650,992	492,724,593
NON-CURRENT LIABILITIES			
Long term loan	9	5,269,324	7,245,328
Deferred tax liability	11	-	490,272
		5,269,324	7,735,600
TOTAL EQUITY AND NON-CURRENT LIABILITIES		$565,920,316	500,460,193

The financial statements on pages 28 to 60 were approved for issue by the Board of Directors on June 21, 2016 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	2016	2015
Revenue	12	1,215,627,817	1,060,257,891
Cost of revenue	9	(962,515,011)	(838,984,243)
Gross profit		253,112,806	221,273,648
Administrative and other expenses		(181,620,294)	(156,365,604)
		71,492,512	64,908,044
Other income		3,736,477	2,157,621
Profit before net finance income and taxation		75,228,989	67,065,665
Finance income	14	14,824,555	7,736,912
Finance costs	14	(4,268,054)	(3,865,280)
Net finance income	14	10,556,501	3,871,632
Profit before taxation		85,785,490	70,937,297
Taxation	15	(9,384,241)	(653,763)
Profit attributable to members, being total comprehensive income for the year	16	$ 76,401,249	70,283,534

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

	Share capital (note 10)	Retained earnings	Total
Balances at April 30, 2014	86,900,147	344,015,762	430,915,909
Dividends paid (note 18)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	70,283,534	70,283,534
Balances as at April 30, 2015	86,900,147	405,824,446	492,724,593
Dividends paid (note 18)	-	(8,474,850)	(8,474,850)
Total comprehensive income for the year	-	76,401,249	76,401,249
Balances as at April 30, 2016	$86,900,147	473,750,845	560,650,992

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

COMPANY STATEMENT OF CASH FLOWS

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		76,401,249	70,283,534
Adjustments for:			
Depreciation	3(b)	12,819,031	3,662,337
Interest income	14	(5,517,340)	(3,485,463)
Interest expense	14	792,452	222,293
Taxation	15	9,384,241	653,763
Cash generated before changes in working capital		93,879,633	71,336,464
Accounts receivable and prepayments		(24,086,505)	2,484,224
Inventories		30,393,504	(15,072,102)
Accounts payable		4,904,101	(6,198,179)
		105,090,733	52,550,407
Taxation paid		(2,358,681)	(871,385)
Interest paid		(792,452)	(222,293)
Interest received		5,517,340	3,485,463
Cash provided by operating activities		107,456,940	54,942,192
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment, being cash used by investing activity	3(b)	(4,370,822)	(26,126,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loan		-	9,880,000
Repayment of long-term loan		(1,976,004)	(658,668)
Related party advances received		-	162,095
Cash (used)/provided by financing activities		(1,976,004)	9,383,427
Net cash provided before dividends		101,110,114	38,198,987
Dividends paid	18	(8,474,850)	(8,474,850)
Net increase in cash and cash equivalents		92,635,264	29,724,137
Cash and cash equivalents at beginning of year		166,007,884	136,283,747
Cash and cash equivalents at end of year		$258,643,148	166,007,884

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 soap 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, amended and revised standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to its financial statements:

- *Improvements to* IFRS *2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations. 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 (amortisation) 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 (amortisation) 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 recognised 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.

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

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

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:

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

  There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

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

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

New standards, interpretations and amendments to existing standards not yet effective (cont'd)

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

- IAS *1 Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard
  - the order of notes to the financial statements is not prescribed.
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement requirements for the statement of profit or loss and OCI.
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounting for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial *statements* to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:

  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

2. <u>Basis of preparation and significant accounting policies (cont'd)</u>

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

New standards, interpretations and amendments to existing standards not yet effective (cont'd)

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following (cont'd):

  - a deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.

  - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
  - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

  - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

  - The amendment to IAS 38, *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

- Improvements to IFRS, 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the group are as follows:

  - IFRS 5, Non-current Assets Held for Sale and Discontinued Operations has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

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

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

New standards, interpretations and amendments to existing standards not yet effective (cont'd)

- Improvements to IFRS, 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the group are as follows:

  - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

    IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets* and *Financial Liabilities (Amendment to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

  - IAS 34, *Interim Financial Reporting*, has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

Management is currently in the process of evaluating the impact, if any, on the financial statements in the future when the standards and the amendments/improvements 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.

2. 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 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.

(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.

2. 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, 2016. 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 2016 and 2015. Papine Properties Limited is registered in the British Virgin Islands and Cotrade Limited is registered in Jamaica.

(ii) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the group and its subsidiaries are eliminated to the extent of the group's interest in the subsidiary. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(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.

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

(e) Property, plant and equipment (cont'd):

(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%
Motor vehicle	20%

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.

(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.

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

(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.

(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.

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

(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).

(viii) The entity or any member of a group of which it is a part provides key management services to the Bank or to the parent of the Bank.

(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 soap
(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 liability.

(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. Some financial instruments lack an available trading market. These instruments have been valued using present value or other generally accepted 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 improvements	Plant and machinery	Furniture and fixtures	Computers and office equipment	Motor vehicle	Total
At cost:							
April 30, 2014	17,189,612	9,229,043	52,995,607	9,265,444	7,885,627	-	96,565,333
Additions	-	-	19,903,940	456,855	525,494	5,240,343	26,126,632
April 30, 2015	17,189,612	9,229,043	72,899,547	9,722,299	8,411,121	5,240,343	122,691,965
Additions	-	1,368,740	1,244,723	252,660	1,504,699	-	4,370,822
April 30, 2016	17,189,612	10,597,783	74,144,270	9,974,959	9,915,820	5,240,343	127,062,787
Depreciation:							
April 30, 2014	979,599	5,679,731	28,152,226	5,586,407	5,983,462	-	46,381,425
Charge for the year	326,533	756,181	2,126,129	197,401	582,626	-	3,988,870
April 30, 2015	1,306,132	6,435,912	30,278,355	5,783,808	6,566,088	-	50,370,295
Charge for the year	326,533	771,816	9,820,751	262,036	654,342	1,310,086	13,145,564
April 30, 2016	1,632,665	7,207,728	40,099,106	6,045,844	7,220,430	1,310,086	63,515,859
Net book values:							
April 30, 2016	$15,556,947	3,390,055	34,045,164	3,929,115	2,695,390	3,930,257	63,546,928
April 30, 2015	$15,883,480	2,793,131	42,621,192	3,938,491	1,845,033	5,240,343	72,321,670
April 30, 2014	$16,210,013	3,549,312	24,843,381	3,679,037	1,902,165	-	50,183,908

(b) The Company:

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Computers and office equipment	Motor vehicle	Total
At cost:						
April 30, 2014	9,229,043	52,995,607	9,265,444	7,885,627	-	79,375,721
Additions	-	19,903,940	456,855	525,494	5,240,343	26,126,632
April 30, 2015	9,229,043	72,899,547	9,722,299	8,411,121	5,240,343	105,502,353
Additions	1,368,740	1,244,723	252,660	1,504,699	-	4,370,822
April 30, 2016	10,597,783	74,144,270	9,974,959	9,915,820	5,240,343	109,873,175
Depreciation:						
April 30, 2014	5,679,731	28,152,226	5,586,407	5,983,462	-	45,401,826
Charge for the year	756,181	2,126,129	197,401	582,626	-	3,662,337
April 30, 2015	6,435,912	30,278,355	5,783,808	6,566,088	-	49,064,163
Charge for the year	771,816	9,820,751	262,036	654,342	1,310,086	12,819,031
April 30, 2016	7,207,728	40,099,106	6,045,844	7,220,430	1,310,086	61,883,194
Net book values:						
April 30, 2016	$ 3,390,055	34,045,164	3,929,115	2,695,390	3,930,257	47,989,981
April 30, 2015	$ 2,793,131	42,621,192	3,938,491	1,845,033	5,240,343	56,438,190
April 30, 2014	$ 3,549,312	24,843,381	3,679,037	1,902,165	-	33,973,895

4. Cash and bank balances

	The Group and the Company	
	2016	2015
Cash in hand	6,961,194	12,713,487
Call deposits (a)	71,724,347	20,763,511
Resale agreements (b)	179,957,607	132,530,886
	$258,643,148	166,007,884

4. Cash and bank balances (cont'd)

(a) Call deposits include US$30,605 (2015: US$15,105) which earns interest at an average rate of 0.20% (2015: 0.20%).

(b) 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 and include J$13,174,582 (2015: J$12,075,325) and US$1,357,062 (2015: US$1,046,913) which earn interest at a rate of 5.75% (2015: 4.48% - 6.10%) and 6% (2015: 1.75% - 5.75%) respectively. During the year, the company's chairman also served as a director of JN Fund Managers Limited.

5. Accounts receivable and prepayments

	The Group and the Company	
	2016	2015
Trade receivables (a)	98,981,150	76,899,757
Deposits and prepayments	8,672,988	3,854,528
Other (b)	2,556,719	3,371,639
	110,210,857	84,125,924
Less: Allowances for impairment losses	(10,749,466)	(8,751,038)
	$ 99,461,391	75,374,886

(a) Included in trade receivables is $205,886 (2015: $4,164,336) due from related parties in the ordinary course of business.

(b) Other receivables include $Nil (2015: $658,998) 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			
	2016		2015	
	Gross	Impairment	Gross	Impairment
Not past due	46,396,998	-	44,832,792	-
Past due 31-90 days	41,834,686	-	23,315,927	-
More than 90 days	10,749,466	(10,749,466)	8,751,038	(8,751,038)
	98,981,150	(10,749,466)	76,899,757	(8,751,038)

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

	The Group and the Company	
	2016	2015
Balance at beginning of year	8,751,038	4,737,700
Impairment loss recognized	1,998,428	4,013,338
Balance at end of year	$10,749,466	8,751,038

6. Inventories

	The Group and the Company 2016	2015
Merchandise	73,272,696	75,973,217
Raw materials	86,153,248	111,170,071
Packaging materials	20,702,609	18,442,240
Manufactured finished goods	3,395,344	6,035,189
Work in progress	1,193,745	721,004
	184,717,642	212,341,721
Goods in transit	35,683,721	37,174,525
	220,401,363	249,516,246
Less: Allowance for impairment	(1,278,621)	-
	$219,122,742	249,516,246

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 $936,027,045 (2015: $813,803,403).

7. Accounts payable

	The Group and the Company 2016	2015
Trade payables	30,571,660	32,263,122
Other payable, accruals and provisions	29,236,327	27,806,772
Statutory payables	1,878,203	1,965,947
General consumption tax payable	7,375,817	2,122,065
	$69,062,007	64,157,906

Included in other payable, accruals and provisions is $6,575,000 (2015: $6,575,000) due to a director.

8. Due from/(to) related parties

	The Company 2016	2015
(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.

8. Due from/(to) related parties (cont'd)

	The Group and the Company	
	2016	2015
(b) Due to related party within twelve months:		
Alacrity Limited	$349,590	349,590

(c) Related party transactions:

Charged/(credited) to income:

	The Group and the Company	
	2016	2015
	$	$
Rental from a related party	(1,821,526)	(1,916,256)
Rental to a related party	1,440,000	1,440,000
Sales to a related party	(4,251,028)	(8,242,538)
Key management personnel expense – short-term benefits	36,564,343	30,842,400

9. Long-term liability

	The Group and the Company	
	2016	2015
Loan	7,245,328	9,221,332
Less: Current portion	(1,976,004)	(1,976,004)
	$5,269,324	7,245,328

The loan was granted by JN Fund Managers Limited to facilitate the financing of the company's energy saving capital expenditure programme. It bears interest at 9.5%, is paid monthly, in the amount of $164,667 plus interest. The loan is secured by a legal mortgage over a property owned by the company and the assignment of all risk peril insurance over the buildings.

10. Share capital

	2016	2015
Authorised:		
99,000,000 (2015: 99,000,000) ordinary shares of no par value		
Stated capital:		
Issued and fully paid:		
56,499,000 (2015: 56,499,000) ordinary stock units of no par value	$86,900,147	86,900,147

11. Deferred taxation

Deferred tax liability is attributable to the following:

	The Group and the Company		
	April 30, 2015	Recognised in income	April 30, 2016
Unrealized exchange loss	-	2,412	2,412
Property plant and equipment	(396,498)	897,486	500,988
Interest receivable	(93,774)	46,887	(46,887)
	$(490,272)	946,785	456,513

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. Expenses by nature

	Group		Company	
	2016	2015	2016	2015
Wharfage, freight and customs	5,524,677	4,134,041	5,524,677	4,134,041
Raw material	936,363,803	813,704,210	936,363,803	813,704,210
Salaries and wages	107,260,734	96,173,952	107,260,734	96,173,952
Repairs and Maintenance	10,926,518	10,462,143	10,926,518	10,462,143
Utilities	5,120,359	7,527,928	5,120,359	7,527,928
Depreciation	13,145,564	3,988,870	12,819,031	3,662,337
Professional fees	8,523,583	7,113,585	8,523,583	7,113,585
Advertising and Promotion	10,278,789	8,105,420	10,278,789	8,105,420
Travel and Motor vehicle	10,290,891	10,819,447	10,290,891	10,819,447
Statutory Contributions	8,496,317	8,035,775	8,496,317	8,035,775
Insurance	9,587,198	7,887,442	9,587,198	7,887,442
Bad Debt	1,998,429	4,013,338	1,998,429	4,013,338
Pentalties and taxes	777,029	720,044	777,029	720,044
Rental	1,440,000	1,440,000	1,440,000	1,440,000
Security	6,246,598	6,165,395	6,246,598	6,165,395
Miscellaneous	141,499	89,177	141,499	89,177
Office Expenses	7,229,290	5,295,613	7,229,290	5,295,613
Levy	1,110,560	-	1,110,560	-
	1,144,461,838	995,676,380	1,144,135,305	995,349,847

14. Net finance costs

	The Group and the Company	
	2016	2015
Finance income:		
Interest income	5,517,340	3,485,463
Foreign exchange gain	9,307,215	4,251,449
	14,824,555	7,736,912
Finance costs:		
Interest expense	(792,452)	(222,293)
Bank charges and fees	(3,475,602)	(3,642,987)
	(4,268,054)	(3,865,280)
	$10,556,501	3,871,632

15. Taxation

(a) The expense is based on the profit for the year adjusted for tax purposes and is made up as follows:

	2016 $	2015 $
Current tax expenses:		
Income tax	10,331,026	163,491
Deferred tax expenses:		
Origination and reversal of other temporary Difference	(946,785)	490,272
Total taxation expense	9,384,241	653,763

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

	The Group		The Company	
	2016	2015	2016	2015
Profit for the year	85,458,957	70,610,764	85,785,490	70,937,297
Computed "expected" tax at 25% (2015: 25%)	21,364,739	17,652,691	21,446,373	17,734,324
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	(238,999)	(1,469,467)	(320,633)	(1,551,100)
Expenses not allowable for tax purposes	(2,357,257)	(774,413)	(2,357,257)	(774,413)
	18,768,483	15,408,811	18,768,483	15,408,811
Adjustment for the effect of tax remission [note (c)]	(9,384,242)	(14,755,048)	(9,384,242)	(14,755,048)
	$ 9,384,241	653,763	9,384,241	653,763

(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.

16. Disclosure of expenses

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

	The Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Depreciation	13,145,564	3,988,870	12,819,031	3,662,337
Directors' emoluments:				
Fees	1,800,000	1,600,000	1,800,000	1,600,000
Management remuneration	36,564,343	30,842,400	36,564,343	30,842,400
Auditors' remuneration	2,400,000	2,335,000	2,400,000	2,335,000

17. 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.

	2016	2015
	$	$
Profit attributable to shareholders	76,074,716	69,957,001
Weighted average number ordinary stock units in issue	56,499,000	56,499,000
Basic and diluted earnings per stock unit	1.35	1.24

18. Dividends

	2016	2015
15 cents per qualifying ordinary stock unit	$ 8,474,850	8,474,850

During the year, a dividend of $0.15 (2015: $0.15) per stock unit was declared on July 8, 2015 (2015: June 30, 2014) and paid on August 24, 2015 (2015: August 15, 2014).

19. 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.

19. Segment financial information (cont'd)

	2016		
	The Group		
	Lumber Division $	Soap Division $	Total $
Revenue	860,184,477	355,443,340	1,215,627,817
Profit from operations	25,802,797	45,363,182	71,165,979
Other income	2,805,554	930,923	3,736,477
Net finance income	5,242,414	5,314,087	10,556,501
Profit for the year	33,850,765	51,608,192	85,458,957
Segment assets			
Non-current assets	28,662,925	35,340,516	64,003,441
Current assets	339,660,606	237,566,675	577,227,281
	368,323,531	272,907,191	641,230,722
Segment liabilities			
Current liabilities	62,380,597	14,562,474	76,943,071
Non-current liabilities	-	5,269,324	5,269,324
	62,380,597	19,831,798	82,212,395
Other segment items:			
Capital expenditure	651,100	3,719,722	4,370,822
Depreciation	3,847,844	9,297,720	13,145,564

	2015		
	The Group		
	Lumber Division $	Soap Division $	Total $
Revenue	734,754,349	325,503,542	1,060,257,891
Profit from operations	23,934,732	40,646,779	64,581,511
Other income	2,157,621	-	2,157,621
Net finance income	-	3,871,632	3,871,632
Profit for the year	26,092,353	44,518,411	70,610,764
Segment assets			
Non-current asset	32,349,941	39,971,730	72,321,671
Current assets	269,903,656	223,412,234	493,315,890
	302,253,597	263,383,964	565,637,561

19. Segment financial information (cont'd)

	2015		
	The Group		
	Lumber Division $	Soap Division $	Total $
Segment liabilities			
Current liabilities	53,724,513	12,758,987	66,483,500
Non-current liabilities	-	7,735,600	7,735,600
	53,724,513	20,494,587	74,219,100
Other segment items:			
Capital expenditure	6,560,592	19,566,040	26,126,632
Depreciation	1,575,809	2,413,061	3,988,870

20. 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.

(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$).

20. Financial instruments (cont'd)

(a) Market risk (cont'd):

(i) Currency risk (cont'd):

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)			
	2016		2015	
	US$	J$	US$	J$
Cash and cash equivalents	1,387,667	170,350,001	616,137	70,892,723
Accounts payable	(332,303)	(40,793,516)	(23,091)	(2,656,850)
Net position	1,055,364	129,556,485	593,046	68,235,873

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

April 30, 2016	$122.76
April 30, 2015	$115.06
April 30, 2014	$109.54

Sensitivity analysis

A 8% (2015: 10%) strengthening of the US$ against the Jamaica dollar would have increased profit for the year by $10,364,519 (2015: $6,823,587) respectively.

A 1% (2015: 1%) weakening of the US$ against the Jamaica dollar would have decreased profit for the year by $1,295,565 (2015: $682,358) respectively.

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis for 2015.

(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 and resale agreements, 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.

20. Financial instruments (cont'd)

(a) Market risk (cont'd):

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

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

	The Group and the Company	
	2016	2015
	$	$
Fixed rate:		
Assets	64,979,740	15,663,276
Liabilities	(7,245,328)	(9,221,332)
	57,734,412	6,441,944
Variable rate:		
Assets	179,957,607	132,530,886

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 50 basis points (2015: 250 basis points) in interest rates at the reporting date would have increased profit by $899,788 (2015: $3,313,272) while a 100 basis points (2015:100 basis points) decline in interest rates at the reporting date would have decreased profit by $1,799,576 (2015: $1,325,309).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

(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, 70% (2015: 80%) 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.

20. Financial instruments (cont'd)

(b) Credit risk (cont'd):

Trade receivables

The group's exposure to this risk is minimal in that approximately 86% 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).

(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	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years
April 30, 2016:						
Accounts payable	69,062,007	69,062,007	69,062,007	-	-	-
Long-term liability	7,245,328	8,479,133	1,305,669	1,257,110	2,375,058	3,541,296
Due to related party	349,590	349,590	349,590	-	-	-
	$76,656,925	77,890,730	70,717,266	1,257,110	2,375,058	3,541,296
April 30, 2015:						
Accounts payable	64,157,906	64,157,906	64,157,906	-	-	-
Long-term liability	9,221,332	11,468,701	1,409,900	1,356,542	2,578,722	6,123,537
Due to related party	349,590	349,590	349,590	-	-	-
	$73,728,828	75,976,197	65,917,396	1,356,541	2,578,721	6,123,537

20. 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 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, amount due to related party, 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 held at 4 pm on September 28, 2016 at 107 Old Hope Road, Guardsman Group Office, Kingston 6 and any adjournment thereof, I desire this form to be used for/against the resolutions as follows:

RESOLUTION DETAILS	YES	NO
1. "THAT the Directors' Report, Auditors' Reports and Audited Financial Statements of the Company and the Group for the year ended April 30, 2016 be and are hereby adopted."	☐	☐
2. "THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2015, be and is hereby approved."	☐	☐
3. "THAT the interim dividend of 17¢ per stock unit on record date August 15, 2016 be and is hereby ratified and declared final for 2015-16."	☐	☐
4. "THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2016-17."	☐	☐
5a) "THAT Ms. Catherine Goodall who was appointed during the financial year and who is required to retire, be and is hereby re-elected a Director of the Company."	☐	☐
5b) "THAT Mr. Peter Millingen, who retires by rotation, be and is hereby re-elected a Director of the Company."	☐	☐
5c) "THAT Mr. Jeffrey Hall, who retires by rotation, be and is hereby re-elected a Director of the Company."		
6. THAT the amount shown in the Accounts for the year ended April 30, 2016 for Directors' fees be and is hereby approved."	☐	☐

Unless otherwise directed the proxy will vote as he thinks fit
Signed this ____________ day ________________2016

____
Signature of Shareholder

NOTES

NOTES

BLUE POWER


BLUE POWER
CARBOLIC
SOAP
Net. 125g. (4.4 oz)
BLUE POWER


BLUE POWER


BLUE POWER
Castile
BLUE POWER
Castile


TROPICAL
BLUE POWER
Castile


Jamaican
BLUE POWER
MOSQUITO REPELLENT
With Citronella and Pimento Oil
LAUNDRY SOAP
Product of Jamaica
180g (6.35 oz)
Manufactured by: Blue Power Group Ltd.
8 55360 00042 5


BLUE POWER
Castile
BEAUTY SOAP with
Olive Oil


BLUE POWER
Castile
BEAUTY SOAP with
Aloe Vera and TCC


350g
Jamaican
BLUE POWER
WASHING POWDER
Mixture of Powdered Blue Power Laundry Cake Soap & Detergent
For
fresh, clean, bright clothes


BLUE POWER
Castile
MOSQUITO REPELLENT
With Citronella and Pimento Oil
BATH SOAP
Product of Jamaica
110g (3.66 oz)
Manufactured by: Blue Power Group Ltd.
8 55360 00067 8


BLUE POWER
Castile
BEAUTY SOAP with
Cocoa Butter

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MANAGEMENT TEAM

LISA KONG
Company Secretary
Financial Controller

DHIRU TANNA
Founder of Blue Power Group
Board Chairman

VERONICA LOWE
Manager

NOEL DAWES
Group Managing Director


FIGHT THE BITE!
BLUE POWER
Castile
CONGRATULATIONS,
TEAM JAMAICA!
BLUE POWER