



Blue Power Soap Division
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Chairman's Report for the 3rd Quarter ended January 31, 2018

The third quarter saw an increase of 4.6%, from \$371 million to \$388 million, in overall sales when compared to the same quarter in the previous year. The Lumber Depot division produced an increase of 8.2% while the Blue Power soap division experienced a slight decline of 2.2%. However, for the nine-month period both divisions showed improvements, with the Lumber Depot division producing an increase of 13.4% and the Blue Power soap division recording a small improvement of 1.5%. On a year to date basis the increase in sales amounted to 9.6%, from \$1,049 million to \$1,150 million. Remarkable was the increase in export sales during the quarter which amounted to 174%, from \$9.87 million in the previous year to \$27.06 million in the three-month period ending in January 2018.

Profits from operations for the quarter and year to date showed declines. The year to date decline in profits, before net finance and other income, dropped from \$99.3 million to \$92.5 million, a negative variance of 6.9%. For the quarter the decline was bigger, from \$37.3 million to \$30.4 million or 18.5%. The unfavourable variance is directly attributable to lower gross profit margins, especially in the Blue Power soap division which is as a result of our deliberate strategy to capture some of the export markets in the Caribbean while there has been an absence of competitive products.

However, the most noteworthy aspect of the comparison between last year's results and this year's performance is the difference in Other Income and Net Finance Cost/Income which includes interest income and exchange gains or losses. On a year to date basis, this amounted to \$20.1 million in the previous year as compared to negative \$2.4 million in the current year (a difference of \$22.5 million). For the quarter, the Net Finance and other income amounted to \$3.12 million in 2017 and negative \$3.9 million in the current quarter. With the improvements in the economy, the interest rates have been trending down while the exchange rate has been appreciating, resulting in very little gain from this category of income.

The conclusion is that the company has been performing well on an operations basis, gaining higher overall and export sales. The decline in the gross margin in the soap business is deliberate and it is hoped that once our products are accepted in the export markets, we will be able to adjust prices upwards. The stability of the exchange rate and lower interest rates are positive for the economy and will eventually produce benefits for the company.

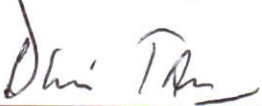
We take this opportunity to thank our partners for their support and faith.


Dhiru Tanna
Chairman
February 22, 2018

Blue Power Group Limited
Consolidated Statement of Financial Position
Nine months ended January 31, 2018

	Unaudited January 31, 2018	Unaudited January 31, 2017	Audited April 30, 2017
ASSETS:			
Non-current assets			
Property, plant and equipment	111,625,862	100,308,914	114,030,965
Deferred tax asset	-	456,523	-
	<u>111,625,862</u>	<u>100,765,437</u>	<u>114,030,965</u>
Current assets			
Cash and cash equivalents	315,506,169	261,239,368	276,294,542
Accounts receivable and prepayments	136,150,078	131,117,970	123,244,778
Inventories	254,204,390	234,552,046	243,425,764
Taxation recoverable	-	-	-
	<u>705,860,637</u>	<u>626,909,384</u>	<u>642,965,084</u>
Current liabilities			
Accounts payable	66,747,073	54,099,691	75,957,099
Due to related party	189,990	349,590	329,790
Current portion of long term liabilities	-	494,001	-
Taxation payable	8,863,199	12,941,412	7,556,818
	<u>75,800,262</u>	<u>67,884,694</u>	<u>83,843,707</u>
Net Current Assets	<u>630,060,375</u>	<u>559,024,690</u>	<u>559,121,377</u>
Total Assets Less Current Liabilities	<u>741,686,237</u>	<u>659,790,127</u>	<u>673,152,342</u>
EQUITY			
Share capital	86,900,147	86,900,147	86,900,147
Retained earnings	652,865,703	567,620,656	584,331,808
	<u>739,765,850</u>	<u>654,520,803</u>	<u>671,231,955</u>
NON-CURRENT LIABILITIES			
Long-term loan	-	5,269,324	-
Deferred tax liability	1,920,387	-	1,920,387
	<u>1,920,387</u>	<u>5,269,324</u>	<u>1,920,387</u>
Total Equity And Non-Current Liabilities	<u>741,686,237</u>	<u>659,790,127</u>	<u>673,152,342</u>

Approved for issue by the Board of Directors on Feb 28, 2018 and signed on its behalf by:


 Director
 Dr. Dhiru Tanna


 Director
 Peter Miljingen

Blue Power Group Limited
Consolidated Statement of Profit or loss and Other Comprehensive Income
Nine months ended January 31, 2018

	Unaudited 3 months to January 31, 2018	Unaudited 3 months to January 31, 2017	Unaudited 9 months to January 31, 2018	Unaudited 9 months to January 31, 2017	Audited April 30, 2017
Revenue	388,301,366	371,109,782	1,149,490,850	1,048,777,834	1,395,452,657
Cost of revenue	<u>(302,170,440)</u>	<u>(278,343,701)</u>	<u>(897,764,282)</u>	<u>(783,873,471)</u>	<u>(1,068,170,197)</u>
Gross profit	86,130,926	92,766,081	251,726,568	264,904,363	327,282,460
Administrative and other expenses	<u>(55,751,639)</u>	<u>(55,475,405)</u>	<u>(159,205,044)</u>	<u>(165,541,625)</u>	<u>(216,923,682)</u>
	30,379,287	37,290,676	92,521,524	99,362,738	110,358,778
Other income	<u>246,798</u>	<u>1,474,182</u>	<u>2,022,072</u>	<u>3,314,598</u>	<u>8,233,075</u>
Profit before net finance costs and taxation	<u>30,626,085</u>	<u>38,764,858</u>	<u>94,543,596</u>	<u>102,677,336</u>	<u>118,591,853</u>
Finance income	1,319,372	2,825,348	8,644,377	20,104,402	25,235,307
Finance cost	<u>(5,432,425)</u>	<u>(1,177,727)</u>	<u>(13,047,756)</u>	<u>(3,312,862)</u>	<u>(4,316,469)</u>
Net financial (cost)/income	<u>(4,113,053)</u>	<u>1,647,621</u>	<u>(4,403,379)</u>	<u>16,791,540</u>	<u>20,918,838</u>
Profit for the period	26,513,032	40,412,479	90,140,217	119,468,876	139,510,691
Taxation	<u>(3,247,457)</u>	<u>(4,808,873)</u>	<u>(10,871,522)</u>	<u>(14,361,570)</u>	<u>(17,692,233)</u>
Profit attributable to members, being total comprehensive income for the period	<u>23,265,575</u>	<u>35,603,606</u>	<u>79,268,695</u>	<u>105,107,306</u>	<u>121,818,458</u>
Earnings per stock unit	<u>\$ 0.41</u>	<u>\$ 0.63</u>	<u>\$ 1.40</u>	<u>\$ 1.86</u>	<u>\$ 2.16</u>

Blue Power Group Limited
Consolidated Statement of Changes in Equity
Nine months ended January 31, 2018

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
Balances as at April 30, 2016 (audited)	86,900,147	472,118,180	559,018,327
Dividends paid	-	(9,604,830)	(9,604,830)
Total comprehensive income for the quarter	-	<u>105,107,306</u>	<u>105,107,306</u>
Balances as at January 31, 2017 (unaudited)	<u>86,900,147</u>	<u>567,620,656</u>	<u>654,520,803</u>
Balances as at April 30, 2017 (audited)	86,900,147	584,331,808	671,231,955
Dividends Paid	-	(10,734,800)	(10,734,800)
Total comprehensive income for the quarter	-	<u>79,268,695</u>	<u>79,268,695</u>
Balance as quarter end January 31, 2018 (unaudited)	<u>86,900,147</u>	<u>652,865,703</u>	<u>739,765,850</u>

Blue Power Group Limited
Consolidated Statement of Cash Flows
Nine months ended January 31, 2018

	Unaudited January 31, 2018	Unaudited January 31, 2017	Audited April 30, 2017
Cash Flows From Operating Activities			
Profit for the quarter	79,268,695	105,107,306	121,818,458
Adjustments for:			
Interest Income	(8,644,377)	(8,068,364)	(14,163,102)
Interest expense	3,378,575	3,312,862	607,627
Depreciation	11,861,936	6,933,733	11,899,965
Gain on disposal of property, plant and equipment	-	-	(668,546)
Taxation	10,871,522	14,361,570	17,692,233
Cash generated before changes in working capital	96,736,351	121,647,107	137,186,635
Inventories	(10,778,626)	(15,429,304)	(24,303,022)
Accounts receivables and prepayments	(12,905,300)	(31,656,579)	(20,752,872)
Accounts payable	(9,210,026)	(14,962,316)	6,895,092
Due to related party	(139,800)	-	(19,800)
Cash provided by operations	63,702,599	59,598,908	99,006,033
Interest paid	(3,378,575)	(3,312,862)	(607,627)
Taxation paid	(9,565,141)	(6,975,636)	(13,313,985)
Cash provided by operating activities	50,758,883	49,310,410	85,084,421
Cash Flows From Investing Activity			
Purchase of property, plant and equipment	(9,456,833)	(43,695,721)	(65,578,115)
Proceeds from sale of property, plant and equipment	-	-	3,862,659
Interest received	8,644,377	8,068,364	11,132,587
Cash used by investing activity	(812,456)	(35,627,357)	(50,582,869)
Cash Flows From Financing Activities			
Dividends paid	(10,734,800)	(9,604,830)	(9,604,830)
Long-term loan repaid	-	(1,482,003)	(7,245,328)
Cash (used)/provided by Financing Activities	(10,734,800)	(11,086,833)	(16,850,158)
Net increase in cash and cash equivalents	39,211,627	2,596,220	17,651,394
Cash and cash equivalents at beginning of the period	276,294,542	258,643,148	258,643,148
Cash and cash equivalents at end of period	\$ 315,506,169	261,239,368	276,294,542

Blue Power Group Limited
Consolidated Segment Reporting
Nine months ended January 31, 2018

	Lumber Division	Soap Division	Total
	\$	\$	\$
Revenue	808,715,235	340,775,615	1,149,490,850
Profit from operations	42,974,388	49,547,136	92,521,524
Other income	1,945,764	76,308	2,022,072
Net finance (cost)/income	(389,669)	(4,013,710)	(4,403,379)
Profit before taxation	44,530,483	45,609,734	90,140,217
Taxation	(5,193,231)	(5,678,291)	(10,871,522)
Profit for the period	39,337,252	39,931,443	79,268,695
Segment assets			
Non-current	35,512,145	76,113,717	111,625,862
Current assets	424,773,352	281,087,285	705,860,637
	460,285,497	357,201,002	817,486,499
Segment liabilities			
Current liabilities	63,173,977	12,626,285	75,800,262
Non-Current liabilities	490,272	1,430,115	1,920,387
	63,664,249	14,056,400	77,720,649
Other segment items:			
Capital expenditure	384,663	9,072,170	9,456,833
Depreciation	3,323,123	8,538,813	11,861,936

Blue Power Group Limited
Consolidated Segment Reporting
Nine months ended January 31, 2017

	Lumber Division	Soap Division	Total
	₹	₹	₹
Revenue	713,084,981	335,692,853	1,048,777,834
Profit from operations	33,886,324	65,476,414	99,362,738
Other income	2,974,935	339,663	3,314,598
Net finance (cost)/income	<u>10,668,486</u>	<u>6,123,054</u>	<u>16,791,540</u>
Profit before taxation	47,529,745	71,939,131	119,468,876
Taxation	<u>(5,691,404)</u>	<u>(8,670,166)</u>	<u>(14,361,570)</u>
Profit for the period	<u>41,838,341</u>	<u>63,268,965</u>	<u>105,107,306</u>
Segment assets			
Non-current	36,847,917	63,917,520	100,765,437
Current assets	<u>378,233,062</u>	<u>248,676,322</u>	<u>626,909,384</u>
	<u>415,080,979</u>	<u>312,593,842</u>	<u>727,674,821</u>
Segment liabilities			
Current liabilities	58,586,126	9,298,568	67,884,694
Non-Current liabilities	-	5,269,324	5,269,324
	<u>58,586,126</u>	<u>14,567,892</u>	<u>73,154,018</u>
Other segment items:			
Capital expenditure	8,682,002	35,013,719	43,695,721
Depreciation	<u>170,477</u>	<u>6,763,256</u>	<u>6,933,733</u>

Blue Power Group Limited
Consolidated Segment Reporting
Year ended April 30, 2017

	Lumber Division \$	Soap Division \$	Total \$
Revenue	955,896,180	439,556,477	1,395,452,657
Profit from operations	41,917,494	68,441,284	110,358,778
Other income	3,778,117	4,454,958	8,233,075
Net finance (cost)/income	15,816,637	5,102,201	20,918,838
Profit for the year	61,512,248	77,998,443	139,510,691
Segment assets			
Non-current	38,450,605	75,580,360	114,030,965
Current assets	373,007,373	269,957,711	642,965,084
	411,457,978	345,538,071	756,996,049
Segment liabilities			
Current liabilities	42,058,120	41,785,587	83,843,707
Non-current liabilities	490,272	1,430,115	1,920,387
	42,548,392	43,215,702	85,764,094
Other segment items:			
Capital expenditure	16,521,633	49,056,482	65,578,115
Depreciation	3,703,579	8,196,386	11,899,965

1 Identification and principal activities

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 company and its two wholly-owned subsidiaries are referred to as the "group"

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

2 Basis of preparation

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

3 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

The group has two reportable segments, as described below, which are the group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The primary reportable segments are:

- (i) Soap division - Manufacture and sale of soaps
- (ii) Lumber division - Sale of lumber, hardware supplies and related products

The manufacturing operations are conducted at 4 Victoria Avenue, Kingston and the lumber division operations are carried out mainly at Papine in St. Andrew, Jamaica.

Transactions between business segments have been eliminated.

4 Significant accounting policies

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended April 30, 2017.

BLUE POWER GROUP LIMITED

JANUARY 31, 2018

TOTAL SHARES OUTSTANDING: 56,499,000

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	821,100	1.4533
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	11,787,303	20.86
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
PAM-INDIVIDUAL RETIREMENT SCHEME	891,451	1.58
PETER MILLINGEN	821,100	1.45
GUARDSMAN GROUP LTD	687,285	1.22