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## Chairman's Report for the Second Quarter Ended October 31, 2022

Blue Power Group Limited ("Blue Power" or the "Group") generated revenues of \$225 million and earned net profit of \$9.5 million for the second quarter ended October 31, 2022 (the "Second Quarter"). Blue Power delivered outstanding growth in sales volumes and revenues, in line with its plan to develop and diversify its customer base. Importantly, Blue Power returned to operating profits during the Second Quarter. The Group earned year-to-date revenues of \$440 million and year to date profits of \$16 million. During the quarter Blue Power paid a capital distribution to its shareholders of 2 (\$0.02) cents per share.

### **Business Overview**

Year-to-date revenues for Blue Power grew 108%, relative to the same period in the prior year. We experienced revenue growth in all of our main product categories including our bath soap lines, specialty soaps and our laundry soap business. Revenue growth came from existing and new customers and saw the group gaining market share locally and re-enforcing its reputation as a leading private label manufacturer.

The combination of improved sales volumes and increased selling prices allowed the Group to return to operating profitability during the second quarter. Price increases were necessary to recover the lost margins arising from the dramatic increases in raw materials costs (particularly vegetable oils) and a spike in logistics costs (particularly for products originating in Asia). The level of price increases was set to allow the business to maintain a strong competitive position and maintain the confidence of its customers. As raw material and logistics costs normalize, some continued improvement in profit margins is expected. In addition, with the improving logistics environment we expect to be able to reduce inventory balances which were held at high levels to minimize the risk of missed sales due to stock outs.

### **Outlook**

An important part of our plan for profitable business growth, is our commitment to efficiency and innovation. During the second quarter we continued our capital projects to expand our capacity and productivity and to give our manufacturing plant more flexibility in the sources of raw material, and ultimately to allow the business to secure export markets. The operating projects now underway are expected to be completed during the financial year. We expect to see the results of this investment in the second half of 2023 and beyond.

The Blue Power balance sheet remain strong. Our investment in Lumber Depot Limited, which is a significant part of our holdings, performed satisfactorily in the Second Quarter.

We continue to be optimistic about the competitive position and growth prospects for our business in Jamaica, as well as the opportunity to develop new export markets. We are also well prepared to diversify the business through opportunistic investments in related businesses and in our real estate.

I thank our customers, staff, management team and board for their commitment to the business.

Jeffrey Hall  
Chairman

**BLUE POWER GROUP LIMITED**  
**Consolidated Statement of Financial Position**  
**As at October 31, 2022**

	<u>Unaudited</u> <u>October 31, 2022</u>	<u>Unaudited</u> <u>October 31, 2021</u>	<u>Audited</u> <u>April 30, 2022</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	331,709,715	258,179,592	267,817,851
Right of use asset	9,758,346	10,786,646	10,272,496
Interest in associated company	362,331,071	-	354,614,467
Investments	260,171,144	652,403,971	271,124,114
	<u>963,970,276</u>	<u>921,370,209</u>	<u>903,828,928</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	18,517,319	118,056,676	125,085,493
Other Receivables	-	127,600,000	-
Accounts receivable and prepayments	160,658,818	115,455,156	129,774,738
Due from related company	8,602,941	23,724,510	13,491,606
Inventories	396,283,922	264,958,299	346,950,555
Taxation recoverable	18,318,068	-	15,296,538
	<u>602,381,068</u>	<u>649,794,641</u>	<u>630,598,930</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	65,379,887	82,299,994	58,165,380
Current portion of lease liability	744,929	684,019	713,802
Taxation payable	-	3,337,314	-
Revolving loan facility	40,000,000	-	20,000,000
	<u>106,124,816</u>	<u>86,321,327</u>	<u>78,879,182</u>
<b>NET CURRENT ASSETS</b>	<u>496,256,252</u>	<u>563,473,314</u>	<u>551,719,748</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>1,460,226,528</u>	<u>1,484,843,523</u>	<u>1,455,548,676</u>
<b>EQUITY</b>			
Share capital	86,900,147	86,900,147	86,900,147
Investment Revaluation Reserve	179,501,080	179,501,080	179,501,080
Retained earnings	1,167,725,842	1,164,134,191	1,162,632,337
	<u>1,434,127,069</u>	<u>1,430,535,418</u>	<u>1,429,033,564</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liability	10,251,867	11,032,031	10,667,520
Long-term loan	-	40,000,000	-
Deferred tax liability	15,847,592	3,276,074	15,847,592
	<u>26,099,459</u>	<u>54,308,105</u>	<u>26,515,112</u>
<b>Total Equity And Non-Current Liabilities</b>	<u>1,460,226,528</u>	<u>1,484,843,523</u>	<u>1,455,548,676</u>

Approved for issue by the Board of Directors on **December 13, 2022** and signed on its behalf by:

  
 \_\_\_\_\_ Chairman  
 Jeffrey Hall

  
 \_\_\_\_\_ Director  
 Dhiru Tanna

**BLUE POWER GROUP LIMITED**  
**Consolidated Statement of Profit or loss and Other Comprehensive Income**  
**Six months ended October 31, 2022**

	Unaudited 6 months to <u>October 31, 2022</u>	Unaudited 6 months to <u>October 31, 2021</u>	Unaudited 3 months to <u>October 31, 2022</u>	Unaudited 3 months to <u>October 31, 2021</u>	Audited <u>April 30, 2022</u>
Revenue	439,673,229	211,095,895	225,413,376	94,996,550	526,447,832
Cost of revenue	<u>(357,524,064)</u>	<u>(131,653,912)</u>	<u>(187,532,427)</u>	<u>(65,062,585)</u>	<u>(373,424,307)</u>
Gross profit	82,149,165	79,441,983	37,880,949	29,933,965	153,023,525
Impairment (losses)/gains on trade receivables	(726,216)	(3,792,028)	7,445,888	(3,792,028)	1,343,953
Impairment loss/gain on investment	(761,958)	(109,102)	(20,586)	(109,102)	1,706,591
Administrative and other expenses	<u>(90,271,391)</u>	<u>(81,638,651)</u>	<u>(44,398,341)</u>	<u>(40,150,912)</u>	<u>(191,191,267)</u>
	(9,610,400)	(6,097,798)	907,910	(14,118,077)	(35,117,198)
<b>Other income</b>					
Gain on sale of investment property	-	146,546,484	-	146,546,484	62,392,382
Other income	15,852,147	49,359,016	5,349,686	12,909,845	145,640,235
Share of profit of associated company	<u>12,864,045</u>	<u>-</u>	<u>4,913,311</u>	<u>-</u>	<u>12,640,717</u>
Profit before net finance income and taxation	<u>19,105,792</u>	<u>189,807,702</u>	<u>11,170,907</u>	<u>145,338,252</u>	<u>185,556,136</u>
Finance income	5,220,065	14,056,230	4,701,208	4,768,908	26,605,210
Finance cost	<u>(1,689,420)</u>	<u>(1,145,894)</u>	<u>(890,725)</u>	<u>(779,995)</u>	<u>(3,067,313)</u>
Net finance (cost)/income	<u>3,530,645</u>	<u>12,910,336</u>	<u>3,810,483</u>	<u>3,988,913</u>	<u>23,537,897</u>
Profit for the period	22,636,437	202,718,038	14,981,390	149,327,165	209,094,033
Taxation	<u>(6,243,132)</u>	<u>(7,678,578)</u>	<u>(4,858,646)</u>	<u>(695,170)</u>	<u>(15,556,427)</u>
Profit for the period	16,393,305	195,039,460	10,122,744	148,631,995	193,537,606
Other Comprehensive Loss:					
Items that may not be reclassified to profit or loss:					
Revaluation gain/(loss) on equity investment	<u>-</u>	<u>(12,000,860)</u>	<u>-</u>	<u>(34,675,545)</u>	<u>(12,000,860)</u>
Total comprehensive income for the period	<u>16,393,305</u>	<u>183,038,600</u>	<u>10,122,744</u>	<u>113,956,450</u>	<u>181,536,746</u>
Earnings per stock unit	<u>\$ 0.03</u>	<u>\$ 0.35</u>	<u>\$ 0.02</u>	<u>\$ 0.26</u>	<u>\$ 0.34</u>

**BLUE POWER GROUP LIMITED**  
**Consolidated Statement of Changes in Equity**  
**Six months ended October 31, 2022**

	<b>Share Capital</b>	<b>Investment Revaluation Reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	\$	\$	\$	\$
Balances as at April 30, 2021 (audited)	86,900,147	191,501,940	978,134,571	1,256,536,658
Total comprehensive income for the quarter:				
Dividends Paid			(9,039,840)	(9,039,840)
Profit for the period	-	-	195,039,460	195,039,460
Fair value loss on investment	-	(12,000,860)	-	(12,000,860)
Balance as at October 31, 2021 (unaudited)	<u>86,900,147</u>	<u>179,501,080</u>	<u>1,164,134,191</u>	<u>1,430,535,418</u>
Balances as at April 30, 2022 (audited)	86,900,147	179,501,080	1,162,632,337	1,429,033,564
Dividends Paid			(11,299,800)	(11,299,800)
Total comprehensive income for the quarter:				
Profit for the period	-	-	16,393,305	16,393,305
Balance as at October 31, 2022 (unaudited)	<u>86,900,147</u>	<u>179,501,080</u>	<u>1,167,725,842</u>	<u>1,434,127,069</u>

**BLUE POWER GROUP LIMITED**  
**Consolidated Statement of Cash Flows**  
**Six months ended October 31, 2022**

	<u>Unaudited</u> <u>October 31, 2022</u>	<u>Unaudited</u> <u>October 31, 2021</u>	<u>Audited</u> <u>April 30, 2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	16,393,305	195,039,460	193,537,606
Adjustments for:			
Exchange gain on foreign currency balances	3,250,624	-	(6,102,957)
Depreciation and amortisation	16,235,650	9,515,575	23,268,184
Interest Income	(8,470,689)	(10,292,319)	(20,502,253)
Dividend income	-	(4,079,570)	(4,079,570)
Gain on sale of investment	-	-	(25,720,000)
Share of profit in associated company	(12,864,045)	-	(12,640,717)
Interest expense	1,689,420	979,451	2,769,327
Gain on sale of investment property	-	(146,546,484)	(145,640,235)
Write-off on property, plant and equipment	-	-	12,802
Taxation	6,243,132	7,678,578	15,556,427
Cash generated before changes in working capital	<u>22,477,397</u>	<u>52,294,691</u>	<u>20,458,614</u>
(Decrease)/increase in current assets:			
Accounts receivables and prepayments	(30,884,080)	(52,017,378)	(65,801,201)
Other receivables	-	(127,600,000)	-
Inventories	(49,333,367)	33,629,841	(48,362,415)
Due from related party	4,888,665	5,369,635	15,602,539
Increase/(decrease) in current liability:			
Accounts payable	<u>7,214,507</u>	<u>18,695,816</u>	<u>(1,516,914)</u>
Cash used by operations	(45,636,878)	(69,627,395)	(79,619,377)
Interest paid	(1,689,420)	(979,451)	(2,769,327)
Taxation paid	<u>(9,264,662)</u>	<u>(15,213,357)</u>	<u>(29,153,540)</u>
Net cash used by operating activities	<u>(56,590,960)</u>	<u>(85,820,203)</u>	<u>(111,542,244)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(72,861,615)	(117,934,415)	(140,823,934)
Investments, net	(10,952,970)	(5,466,372)	(2,041,782)
Proceeds from sale of investment property	-	160,307,500	159,401,250
Proceeds from sale of investment	-	-	64,720,000
Interest received	14,054,833	10,292,319	19,966,494
Dividends received	<u>5,147,441</u>	<u>4,079,570</u>	<u>4,079,570</u>
Net cash (used)/provided by investing activities	<u>(64,612,311)</u>	<u>51,278,602</u>	<u>105,301,598</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Revolving loan received	20,000,000	40,000,000	40,000,000
Revolving loan repaid	-	-	(20,000,000)
Dividends paid	(10,734,809)	(9,039,840)	(9,039,840)
Lease, net	<u>(408,968)</u>	<u>(315,823)</u>	<u>(650,551)</u>
Cash provided by Financing Activities	<u>8,856,223</u>	<u>30,644,337</u>	<u>10,309,609</u>
Net decrease in cash and cash equivalents	(112,347,048)	(3,897,264)	4,068,963
Effects of exchange rate fluctuations on cash and cash equivalents	5,778,874	-	(937,410)
Cash and cash equivalents at beginning of the period	<u>125,085,493</u>	<u>121,953,940</u>	<u>121,953,940</u>
Cash and cash equivalents at end of period	<u><u>18,517,319</u></u>	<u><u>118,056,676</u></u>	<u><u>125,085,493</u></u>

# Blue Power Group Limited

## Notes to the Unaudited Financial Statements

### October 31, 2022

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#### 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

##### (a) Statement of compliance:

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 provisions of the Jamaican Companies Act.

##### (b) Basis of consolidation:

###### (i) Subsidiaries:

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, 2022. 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 2022 and 2021. Cotrade Limited is the group's nominee for holding properties from which the group manages its operations. The parent company administers the affairs of the subsidiaries and bears the related expenses. Papine Properties Limited is registered in the British Virgin Islands and Cotrade Limited is registered in Jamaica.

###### (ii) Associates:

Associates are all entities over which the group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, including transaction costs.

The group's investment is carried at the group's share of the fair value of net identifiable assets of the associate net of any impairment loss identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the group's significant accounting policies. Should the group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the group will not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

### **(iii) 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 company and its subsidiaries are eliminated to the extent of the company's interest in the subsidiary. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **(c) New and amended standards that became effective during the period**

Certain new and amended standards which were in issue, came into effect during the current financial period. The adoption of these standards did not have any impact on the amounts recognized or disclosures in the financial statements.

### **3 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.

### **4 Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investments, cash and cash equivalents and accounts receivable. Financial liabilities comprise accounts payable and due to related party.

### **5 Revenue:**

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

### **6 Foreign currencies:**

Transactions in foreign currencies are converted at the foreign exchange rates ruling at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are measured at historical cost, are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss.





October 31, 2022

TOTAL SHARES OUTSTANDING: 564,990,000

DIRECTORS AND CONNECTED PARTIES REPORT

<b>PRIMARY HOLDER (JOINT HOLDER)</b>	<b>RELATIONSHIP</b>	<b>UNITS</b>	<b>PERCENTAGE</b>
KENNETH BENJAMIN**	SELF	31,302,000	5.540
FELICE CAMPBELL	SELF	0	0.000
NOEL DAWES***	SELF	14,127,150	2.500
CATHERINE GOODALL	SELF	0	0.000
JEFFREY HALL* (SWEE TEEN CHUA)	SELF	2,151,363	0.381
PETER MILLINGEN	SELF	8,211,000	1.453
DHIRU TANNA* (LAURA TANNA)	SELF	100,000	0.017
LAURA TANNA*	SELF	0	0.000
*ANTIBES HOLDINGS LTD	CONNECTED PARTY	283,008,000	50.090
**SHEILA BENJAMIN MCNEIL	CONNECTED PARTY	1,552,650	0.274
**GUARDSMAN GROUP	CONNECTED PARTY	6,872,850	1.216
***KAREL DAWES	CONNECTED PARTY	38,070	0.006

SENIOR MANAGERS REPORT

<b>PRIMARY HOLDER (JOINT HOLDER)</b>	<b>RELATIONSHIP</b>	<b>UNITS</b>	<b>PERCENTAGE</b>
LISA KONG-LEE	SELF	0	0.0000
VISHWANAUTH TOLAN	SELF	0	0.0000

TOP 10 SHAREHOLDERS

<b>PRIMARY HOLDER (JOINT HOLDER)</b>	<b>UNITS</b>	<b>PERCENTAGE</b>
ANTIBES HOLDINGS LIMITED	283,008,000	50.09
MAYBERRY JAMAICAN EQUITIES LTD	112,159,443	19.85
KENNETH BENJAMIN & SHEILA MCNEIL	32,854,650	5.82
JANE FRAY	30,954,000	5.48
NOEL DAWES	14,127,150	2.50
SILVER INVESTMENTS LIMITED	10,778,160	1.91
JPS EMPLOYEE SUPERANNUATION	9,214,220	1.63
PAM-POOLED EQUITY	8,914,510	1.58
PETER MILLINGEN	8,211,000	1.45
GUARDSMAN GROUP LTD	6,872,850	1.22
<b>TOTAL UNITS OWNED BY TOP 10</b>	<b>517,093,983</b>	<b>91.52</b>