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Chairman's Report for Quarter ended January 31, 2020

After the transfer of assets and liabilities of the Lumber Depot division to a company called Lumber Depot Limited on August 1, 2019. This new entity was listed on the Junior market of the Jamaica Stock Exchange on December 13, 2019, having raised additional capital of \$169.5 million at an IPO price of \$1.20 per share.

The Chairman's Report now consists of the results of the company excluding the former Lumber Depot division, referring to the results of the division in this report as being from discontinued operations. Blue Power Group's revenue is now derived from manufacturing, rental of property and provision of management services to Lumber Depot Limited.

For the third quarter, revenue was \$111 million compared to \$110 million in the previous year, a marginal increase. Export sales declined during the quarter from \$27.6 million to \$22.4 million but other income increased from zero to \$6.8 million. The reason for the decline in exports is the ruling by Jamaica Customs that the tariff classification we have used for the last 19 years for our raw materials of noodles is not acceptable. This recent change reduced our price competitiveness in CARICOM which resulted in a loss of some sales.

The financial results for the nine months from continuing operations show a profit of \$50.1 million before tax and \$44.3 million after tax. When the after-tax results from discontinued operations are added, the profits rise to \$65.6 million. Lower levels of soap sales in the third quarter coupled with substantial one-off costs of \$27 million incurred in making redundant the non-supervisory staff of the Lumber Depot division is the explanation for the negative results in terms of profits. Loss from operations was \$20.7 million which resulted in an overall loss of \$7.3 million for the quarter. This was cushioned somewhat by the devaluation of the currency which had a positive effect on the results for the third quarter.


Management and the Board are exploring all avenues for restoring our exports to CARICOM which constitute about 20% of our sales. The loyalty of our customers in both the domestic and export markets is strong and we hope they will bear with us while we navigate the rough times.

Dhiru Tanna
Chairman

Blue Power Group Limited
Consolidated Statement of Financial Position
Nine months ended January 31, 2020

	Unaudited January 31, 2020	Unaudited January 31, 2019	Audited April 30, 2019
ASSETS:			
Non-current assets			
Property, plant and equipment	132,248,759	156,476,018	154,207,566
Investment	269,011,470	218,188,648	197,542,590
Other Investments- Stocks	133,187,100		
Long Term Receivable	25,000,000	-	-
	<u>559,447,329</u>	<u>374,664,666</u>	<u>351,750,156</u>
Current assets			
Cash and cash equivalents	206,620,032	181,791,475	176,794,096
Accounts receivable and prepayments	85,274,511	128,662,516	132,951,371
Due from related company	5,188,490	-	-
Inventories	161,310,877	299,899,810	321,189,755
	<u>458,393,910</u>	<u>610,353,801</u>	<u>630,935,222</u>
Current liabilities			
Accounts payable	55,839,998	98,559,955	72,543,581
Due to related party	-	49,940	-
Taxation payable	10,387,793	13,510,094	11,645,064
	<u>66,227,791</u>	<u>112,119,989</u>	<u>84,188,645</u>
Net Current Assets	<u>392,166,119</u>	<u>498,233,812</u>	<u>546,746,577</u>
Total Assets Less Current Liabilities	<u>951,613,448</u>	<u>872,898,478</u>	<u>898,496,733</u>
EQUITY			
Share capital	86,900,147	86,900,147	86,900,147
Retained earnings	864,361,950	785,068,636	810,754,963
	<u>951,262,097</u>	<u>871,968,783</u>	<u>897,655,110</u>
NON-CURRENT LIABILITIES			
Deferred tax liability	351,351	929,695	841,623
	<u>351,351</u>	<u>929,695</u>	<u>841,623</u>
Total Equity And Non-Current Liabilities	<u>951,613,448</u>	<u>872,898,478</u>	<u>898,496,733</u>

Approved for issue by the Board of Directors on March 3, 2020 and signed on its behalf by:


 _____ Director
 Dhuru Tanna


 _____ Director
 Peter Millingen

Blue Power Group Limited
Consolidated Statement of Profit or loss and Other Comprehensive Income
Nine months ended January 31, 2020

	Unaudited 9 months to January 31, 2020	Re-Presented* Unaudited 9 months to January 31, 2019	Unaudited 3 months to January 31, 2020	Re-Presented* Unaudited 3 months to January 31, 2019	Audited April 30, 2019
CONTINUED OPERATIONS:					
Revenue	342,455,817	380,599,486	111,028,776	110,204,283	1,665,774,917
Cost of revenue	<u>(217,518,301)</u>	<u>(246,771,543)</u>	<u>(73,410,017)</u>	<u>(74,262,293)</u>	<u>(1,288,532,000)</u>
Gross profit	124,937,516	133,827,943	37,618,759	35,941,990	377,242,917
Administrative and other expenses	<u>(111,388,837)</u>	<u>(67,692,601)</u>	<u>(58,348,832)</u>	<u>(21,523,642)</u>	<u>(243,333,126)</u>
	13,548,679	66,135,342	(20,730,073)	14,418,348	133,909,791
Other income	<u>12,751,521</u>	<u>446,242</u>	<u>6,825,614</u>	<u>-</u>	<u>1,946,546</u>
Profit/(loss)before net finance costs and taxation	<u>26,300,200</u>	<u>66,581,584</u>	<u>(13,904,459)</u>	<u>14,418,348</u>	<u>135,856,337</u>
Finance income	25,007,409	10,176,226	6,302,363	1,146,487	29,327,872
Finance cost	<u>(662,230)</u>	<u>(388,210)</u>	<u>(609,045)</u>	<u>(68,073)</u>	<u>(6,189,374)</u>
Net financial income	<u>24,345,179</u>	<u>9,788,016</u>	<u>5,693,318</u>	<u>1,078,414</u>	<u>23,138,498</u>
Profit before tax	50,645,379	76,369,600	(8,211,141)	15,496,762	158,994,835
Taxation	<u>(6,332,317)</u>	<u>(9,276,296)</u>	<u>946,105</u>	<u>(1,644,818)</u>	<u>(19,721,471)</u>
Profit/(Loss) from continuing operation, net of tax	44,313,062	67,093,304	(7,265,036)	13,851,944	-
DISCONTINUED OPERATION:					
Profit/(Loss) from discontinued operation, net of tax	21,299,962	52,872,001	-	19,334,204	-
Profit attributable to members, being total comprehensive income/(loss)for the period	<u>65,613,024</u>	<u>119,965,305</u>	<u>(7,265,036)</u>	<u>33,186,148</u>	<u>139,273,364</u>
Earnings per stock unit	<u>\$ 0.12</u>	<u>\$ 0.21</u>	<u>\$ (0.01)</u>	<u>\$ 0.06</u>	<u>\$ 0.25</u>

* Comparative information has been re-presented due to discontinued operation see Note 5

Blue Power Group Limited
Consolidated Statement of Changes in Equity
Nine months ended January 31, 2020

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
Balances as at April 30, 2018 (audited)	86,900,147	675,838,141	762,738,288
Dividends paid	-	(10,734,810)	(10,734,810)
Total comprehensive income for the quarter	-	<u>119,965,305</u>	<u>119,965,305</u>
Balances as at January 31, 2019 (unaudited)	<u>86,900,147</u>	<u>785,068,636</u>	<u>871,968,783</u>
Balances as at April 30, 2019 (audited)	86,900,147	810,754,963	897,655,110
Dividends Paid	-	(12,006,037)	(12,006,037)
Total comprehensive income for the quarter	-	<u>65,613,024</u>	<u>65,613,024</u>
Balance as quarter end January 31, 2020 (unaudited)	<u>86,900,147</u>	<u>864,361,950</u>	<u>951,262,097</u>

Blue Power Group Limited
Consolidated Statement of Cash Flows
Nine months ended January 31, 2020

	Unaudited January 31, 2020	Unaudited January 31, 2019	Audited April 30, 2019
Cash Flows From Operating Activities			
Profit for the quarter	65,613,024	119,965,305	139,273,364
Adjustments for:			
Interest Income	(14,877,651)	(10,370,223)	(12,414,829)
Interest expense	-	138,969	-
Depreciation	9,360,329	12,209,089	17,822,114
Write-off of property, plant and equipment	-	-	1,549,121
Taxation	9,195,875	16,272,760	19,721,471
Cash generated before changes in working capital	69,291,577	138,215,900	165,951,241
Inventories	159,878,878	(9,876,479)	(31,166,424)
Accounts receivables and prepayments	42,488,370	(10,328,886)	(8,239,473)
Accounts payable	(16,703,583)	(6,983,975)	(33,000,349)
Due to related party	-	(28,930,494)	(28,980,434)
Cash provided by operations	254,955,242	82,096,066	64,564,561
Interest paid	-	(138,969)	-
Taxation paid	(10,943,418)	(6,183,176)	(14,328,995)
Cash provided by operating activities	244,011,824	75,773,921	50,235,566
Cash Flows From Investing Activity			
Purchase of property, plant and equipment	(6,978,758)	(12,012,044)	(14,161,732)
Long term Loan	(25,000,000)	-	-
Proceeds from sale of property, plant and equipment	19,577,236	-	-
Purchase of Investments	(204,655,980)	(69,688,648)	(49,042,590)
Interest received	14,877,651	10,370,223	12,414,829
Cash used by investing activity	(202,179,851)	(71,330,469)	(50,789,493)
Cash Flows From Financing Activities			
Dividends paid	(12,006,037)	(10,734,810)	(10,734,810)
Cash (used) by Financing Activities	(12,006,037)	(10,734,810)	(10,734,810)
Net increase/(decrease) in cash and cash equivalents	29,825,936	(6,291,358)	(11,288,737)
Cash and cash equivalents at beginning of the period	176,794,096	188,082,833	188,082,833
Cash and cash equivalents at end of period	\$ 206,620,032	181,791,475	176,794,096

Blue Power Group Limited
Consolidated Segment Reporting
Nine months ended January 31, 2020

	Discontinued *		
	Lumber Division	Soap Division	Total
	\$	\$	\$
Revenue	325,238,543	342,455,817	667,694,360
Profit from operations	24,517,665	13,548,679	38,066,344
Other income	547,898	12,751,521	13,299,419
Net finance (cost)/income	(902,043)	24,345,179	23,443,136
Profit before taxation	24,163,520	50,645,379	74,808,899
Taxation	(2,863,558)	(6,332,317)	(9,195,875)
Profit for the period	21,299,962	44,313,062	65,613,024
Segment assets			
Non-current	-	559,447,329	559,447,329
Current assets	-	458,393,910	458,393,910
	-	1,017,841,239	1,017,841,239
Segment liabilities			
Current liabilities	-	66,227,791	66,227,791
Non-Current liabilities	-	351,351	351,351
	-	66,579,142	66,579,142
Other segment items:			
Capital expenditure	-	6,978,758	6,978,758
Depreciation	-	9,360,329	9,360,329

* See note 5

Blue Power Group Limited
Consolidated Segment Reporting
Nine months ended January 31, 2019

	Lumber Division	Soap Division	Total
	\$	\$	\$
Revenue	890,330,686	380,599,486	1,270,930,172
Profit from operations	50,489,561	66,135,342	116,624,903
Other income	628,783	446,242	1,075,025
Net finance (cost)/income	<u>8,750,121</u>	<u>9,788,016</u>	<u>18,538,137</u>
Profit before taxation	59,868,465	76,369,600	136,238,065
Taxation	<u>(6,996,464)</u>	<u>(9,276,296)</u>	<u>(16,272,760)</u>
Profit for the period	<u>52,872,001</u>	<u>67,093,304</u>	<u>119,965,305</u>
Segment assets			
Non-current	307,758,101	66,906,565	374,664,666
Current assets	280,602,347	329,751,454	610,353,801
	<u>588,360,448</u>	<u>396,658,019</u>	<u>985,018,467</u>
Segment liabilities			
Current liabilities	80,599,556	31,520,433	112,119,989
Non-Current liabilities	490,272	439,423	929,695
	<u>81,089,828</u>	<u>31,959,856</u>	<u>113,049,684</u>
Other segment items:			
Capital expenditure	9,767,273	2,244,771	12,012,044
Depreciation	<u>3,883,867</u>	<u>8,325,222</u>	<u>12,209,089</u>

Blue Power Group Limited
Consolidated Segment Reporting
Year ended April 30, 2019

	Lumber Division	Soap Division	Total
	₹	₹	₹
Revenue	1,196,972,405	468,802,512	1,665,774,917
Profit from operations	58,999,616	74,910,175	133,909,791
Other income	1,359,937	586,609	1,946,546
Net finance income	13,293,584	9,844,914	23,138,498
Profit for the year	73,653,137	85,341,698	158,994,835
Segment assets			
Non-current	24,677,534	327,072,622	351,750,156
Current assets	197,300,700	433,634,522	630,935,222
	221,978,234	760,707,144	982,685,378
Segment liabilities			
Current liabilities	53,824,011	30,364,634	84,188,645
Non-current liabilities	490,272	351,351	841,623
	54,314,283	30,715,985	85,030,268
Other segment items:			
Capital expenditure	10,622,266	3,539,466	14,161,732
Depreciation	5,065,036	12,757,078	17,822,114

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 Cotrade Limited and Papine Properties Limited 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) The unaudited interim financial statements are prepared in accordance with IAS 34 "Interim Financial Statements. The financial statements have been prepared using the same accounting policies and methods applied in preparing the financial statements for the year ended April 30, 2019, except for the adoption of the new standard, being IFRS 16 'Leases', and was prepared in accordance with International Financial Reporting Standards, and their interpretations issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act. The financial statements are presented in Jamaica dollars. Changes to significant accounting policies are described below.

b) Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements. The change in accounting policies are also expected to be reflected in the group's consolidated financial statements as at and for the year ended April 30, 2020.

The group has initially adopted IFRS 16 'Leases' from 1 May 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments.

The group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 May, 2019. Accordingly, the comparative information presented for prior reporting period has not been restated, that is, it is presented, as previously reported, under IAS 17 and related interpretations.

As a lessee, the group previously classified leases as operating leases based on its assessment of whether the lease transferred substantial risks and rewards of ownership. Under IFRS 16, the group recognises right-of-use assets and lease liabilities for most leases, that is, these leases are on-balance-sheet.

However, the group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the group classified property leases as operating leases under IAS 17. These leases typically run for a period of 5 years. Some leases include an option to renew the lease for an additional 5 years after the end of the lease period. Some leases provide for additional rent payments.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate as at 1 May 2019 of 3%.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any pre-paid or accrued lease payments.

The group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leasees with less than 12 months of lease term.

- Excluded initial direct costs from measuring the right-of-use assets and liabilities for leases with less than 12 months of lease term.

- Used hindsight when determining lease terms if the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 resulted in an increase in the lease liability of approximately \$45 million and a corresponding increase in the right-of-use asset of \$45 million on May 1, 2019, for a leased property between companies within the group and which was eliminated as intra group transactions.

The Right-of-Use Assets related to the Lumber Division which was sold. (see note 5)

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.

As at August 1, 2019 the assets and liabilities of one of the segments (Lumber Division) was sold to Lumber Depot Limited. (See note 5 for Lumber Division segment information as at date of disposal)

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, 2019, except as highlighted in note 2.

5 Discontinued Operation

On August 1, 2019, the group sold the entire Lumber Division (see note 3). Below are the segment assets; liabilities and other items of the discontinued operations prior to its disposal.

The profit for the period from the discontinued operation was \$21,299,962 (2018:\$33,267,796)

Subsequent to the disposal, the group has continued to lease property to the discontinued operation. (see note 2 (b)).

Lumber Division

	At disposal July 31,2019	Comparative July 31,2018
Segment assets		
Non-current	19,124,189	241,170,050
Current assets	205,020,241	297,158,804
	<u>224,144,430</u>	<u>538,328,854</u>
Segment liabilities		
Current liabilities	86,751,854	62,527,381
Non-Current liabilities	490,272	490,272
	<u>87,242,126</u>	<u>63,017,653</u>
Other segment items:		
Capital expenditure	1,233,011	110,500
Depreciation	1,015,560	1,026,497



January 31, 2020

TOTAL SHARES OUTSTANDING: 564,990,000

DIRECTORS AND CONNECTED PARTIES REPORT

PRIMARY HOLDER (JOINT HOLDER)	RELATIONSHIP	UNITS	PERCENTAGE
KENNETH BENJAMIN**	SELF	31,302,000	5.5403
FELICE CAMPBELL	SELF	0	0.0000
NOEL DAWES***	SELF	14,127,150	2.5004
CATHERINE GOODALL	SELF	0	0.0000
JEFFREY HALL (SWEE TEEN CHUA)	SELF	2,274,338	0.4025
PETER MILLINGEN	SELF	8,211,000	1.4533
DHIRU TANNA* (LAURA TANNA)	SELF	100,000	0.0177
LAURA TANNA*	SELF	0	0.0000
*ANTIBES HOLDINGS LTD	CONNECTED PARTY	283,008,000	50.0908
**SHEILA BENJAMIN MCNEIL	CONNECTED PARTY	1,552,650	0.2748
**GUARDSMAN GROUP	CONNECTED PARTY	6,872,850	1.2165
***KAREL DAWES	CONNECTED PARTY	38,070	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	283,008,000	50.09
MAYBERRY JAMAICAN EQUITIES LTD	112,075,643	19.84
KENNETH BENJAMIN & SISTER	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 FUND	9,214,510	1.63
PAM-INDIVIDUAL RETIREMENT SCHEME	8,914,510	1.58
PETER MILLINGEN	8,211,000	1.45
GUARDSMAN GROUP LTD	6,872,850	1.22

TOTAL UNITS OWNED BY TOP 10	517,010,473	91.51
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