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## Chairman's Report for the Quarter Ended October 31, 2021

This report deals with the results of Blue Power Group Limited (BPG) for the financial period August 1, 2021, to October 31, 2021 (the Second Quarter). During the Second Quarter, BPG generated net profits of \$149 million (compared to \$22 million in the second quarter of the prior year). Year-to-date net profits were \$195 million (compared to \$50 million for the prior year-to-date).

BPG continues to be focused on the production and sale of a wide range of bar soaps for domestic and export markets. This accounts for the major share of our revenues. Shareholders were advised, however, that recent changes to the application of CARICOM trade rules would adversely impact the near-term prospects for exports to this important market. The reduction in CARICOM exports was the primary reason for the 25% reduction in year-to-date revenues (relative to the prior year) and resulted in a small year-to-date loss from operations of \$6 million.

Blue Power Group has a clear plan to address the challenges related to market access in CARICOM and to improve the operating profits of the Group. The elements of the plan are as follows:

- a. **Use the skills and assets of the BPG to diversify income sources.** The income from the core BPG soap business is supplemented by investment income as well as income from rental property and warehousing operations (including inventory management and administrative services). In line with the legacy of BPG, warehousing and related services are currently provided to Lumber Depot Limited. During the second quarter, BPG entered into an agreement to acquire additional property that is located directly in front of its Victoria Avenue complex. This property is suitable for the development of warehousing to generate additional income from rental and warehousing operations and administration. Over time, the property will also be suitable for the expansion of the core soap business.

Investment income includes earnings from equity and fixed income securities. As at the end of the Second Quarter, the total value of our combined portfolio of investments and cash and cash equivalents was \$770 million. Our equity holdings include an interest in Lumber Depot Limited. Movements in the share price of Lumber Depot Limited are reflected in comprehensive income.

- b. **Expand BPG's share of soap sales in the Jamaican market.** During the second quarter, BPG secured a contract to manufacture soap for some of the leading brands of laundry bar soap and bath soap in the Jamaican market. Production of these soaps will commence in the third quarter. As a part of this project, BPG acquired additional modern soap manufacturing equipment that will improve both the capacity as well as the operating efficiency of the company.
- c. **Restore export market opportunities.** BPG's owned brands and the brands of its co-packing clients remain attractive to distributors and consumers within CARICOM and the wider Caribbean diaspora. BPG will vigorously defend its legal rights to access these international markets competitively. In addition, BPG has launched a program of capital investment to increase the local value-added component of its soap manufacturing. This initiative will immediately allow us to further differentiate our product by emphasizing its local content and will ultimately include completion of the installation of saponification equipment for the production of soap noodles in Jamaica.
- d. **Realise gains from the sale of non-core assets.** BPG has a launched an aggressive program to diversify revenues and expand production capacity and efficiency. The company will selectively realise investment gains to ensure that the capital and liquidity required to fund this expansion program will be readily available. During the second quarter, BPG realized capital gains from the sale of its retail property in Papine to Lumber Depot Limited, the occupant.


In line with the initiatives set out above, during the course of this financial year, we will begin to co-pack an expanded range of products for the Jamaican market and intend to return our focus to developing the exports of soap in CARICOM and non-CARICOM markets. Despite the challenges faced by the business, we are satisfied that we have the necessary resources and skills to profitably diversify, transform, and grow the Blue Power Group.

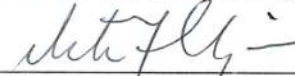
Dhiru Tanna  
Chairman  
November 30, 2021

**Blue Power Group Limited**  
**Consolidated Statement of Financial Position**  
**As at October 31, 2021**

	<u>Unaudited</u> <u>October 31, 2021</u>	<u>Unaudited</u> <u>October 31, 2020</u>	<u>Audited</u> <u>April 30, 2021</u>
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	258,179,592	151,338,976	149,083,336
Investment property	-	-	13,924,282
Right of Use Asset	10,786,646	11,814,946	11,300,796
Investment	652,403,971	431,646,252	658,938,459
	<u>921,370,209</u>	<u>594,800,174</u>	<u>833,246,873</u>
<b>Current assets</b>			
Cash and cash equivalents	118,056,676	135,537,883	121,953,940
Other Receivables	127,600,000	-	-
Accounts receivable and prepayments	115,455,156	89,354,270	63,437,778
Due from related company	23,724,510	22,475	29,094,145
Inventories	264,958,299	233,686,078	298,588,140
	<u>649,794,641</u>	<u>458,600,706</u>	<u>513,074,003</u>
<b>Current liabilities</b>			
Accounts payable	82,299,994	27,595,501	63,604,178
Current portion of lease liability	684,019	594,154	650,550
Taxation payable	3,337,314	8,733,719	10,872,093
	<u>86,321,327</u>	<u>36,923,374</u>	<u>75,126,821</u>
<b>Working Capital</b>	<u>563,473,314</u>	<u>421,677,332</u>	<u>437,947,182</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>1,484,843,523</b></u>	<u><b>1,016,477,506</b></u>	<u><b>1,271,194,055</b></u>
<b>EQUITY</b>			
Share capital	86,900,147	86,900,147	86,900,147
Investment Revaluation Reserve	179,501,080	(6,839,355)	191,501,940
Retained earnings	1,164,134,191	921,452,147	978,134,571
	<u>1,430,535,418</u>	<u>1,001,512,939</u>	<u>1,256,536,658</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liability	11,032,031	11,716,050	11,381,323
Long-term loan	40,000,000	-	-
Deferred tax liability	3,276,074	3,248,517	3,276,074
	<u>54,308,105</u>	<u>14,964,567</u>	<u>14,657,397</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>	<u><b>1,484,843,523</b></u>	<u><b>1,016,477,506</b></u>	<u><b>1,271,194,055</b></u>

Approved for issue by the Board of Directors on November 30, 2021 and signed on its behalf by:

  
 \_\_\_\_\_ Chairman  
 Dr. Dhiru Tanna

  
 \_\_\_\_\_ Director  
 Mr. Peter Millinger

**Blue Power Group Limited**  
**Consolidated Statement of Profit or loss and Other Comprehensive Income**  
**Six months ended October 31, 2021**

	Unaudited 6 months to October 31, 2021	*Restated Unaudited 6 months to October 31, 2020	Unaudited 3 months to October 31, 2021	*Restated Unaudited 3 months to October 31, 2020	Audited April 30, 2021
Revenue	211,095,895	281,958,045	94,996,550	140,395,421	533,996,234
Cost of revenue	<u>(131,653,912)</u>	<u>(166,643,898)</u>	<u>(65,062,585)</u>	<u>(85,609,492)</u>	<u>(332,239,831)</u>
Gross profit	79,441,983	115,314,147	29,933,965	54,785,929	201,756,403
Impairment gains/(losses) on trade receivables	(3,792,028)	(10,831,034)	(3,792,028)	(923,418)	7,518,377
Impairment gains/(losses) on investment	(109,102)	-	(109,102)	-	747,900
Administrative and other expenses	<u>(81,638,651)</u>	<u>(67,582,639)</u>	<u>(40,150,912)</u>	<u>(37,293,538)</u>	<u>(152,194,861)</u>
	(6,097,798)	36,900,474	(14,118,077)	16,568,973	57,827,819
<b>Other income</b>					
Gain on disposal of Investment property	146,546,484	-	146,546,484	-	-
Other income	<u>49,359,016</u>	<u>15,054,415</u>	<u>12,909,845</u>	<u>7,311,118</u>	<u>35,212,606</u>
Profit before net finance costs and taxation	<u>189,807,702</u>	<u>51,954,889</u>	<u>145,338,252</u>	<u>23,880,091</u>	<u>93,040,425</u>
Finance income	14,056,230	15,533,796	4,768,908	(836,758)	43,412,785
Finance cost	<u>(1,145,894)</u>	<u>(969,696)</u>	<u>(779,995)</u>	<u>(660,641)</u>	<u>(2,113,696)</u>
Net financial income	<u>12,910,336</u>	<u>14,564,100</u>	<u>3,988,913</u>	<u>(1,497,399)</u>	<u>41,299,089</u>
<b>Profit for the period</b>	<b>202,718,038</b>	<b>66,518,989</b>	<b>149,327,165</b>	<b>22,382,692</b>	<b>134,339,514</b>
Taxation	<u>(7,678,578)</u>	<u>(16,627,040)</u>	<u>(695,170)</u>	<u>(5,595,673)</u>	<u>(27,765,141)</u>
Profit from continuing operations	195,039,460	49,891,949	148,631,995	16,787,019	106,574,373
Discontinued operation:					
Profit from discontinued operations net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit for the period</b>	<u>195,039,460</u>	<u>49,891,949</u>	<u>148,631,995</u>	<u>16,787,019</u>	<u>106,574,373</u>
<b>Other Comprehensive Loss:</b>					
Items that may not be reclassified to profit or loss:					
Revaluation (loss)/gain on equity investment	<u>(12,000,860)</u>	<u>3,419,678</u>	<u>(34,675,545)</u>	<u>15,958,495</u>	<u>201,760,973</u>
<b>Total comprehensive income for the period</b>	<b>183,038,600</b>	<b>53,311,627</b>	<b>113,956,450</b>	<b>32,745,514</b>	<b>308,335,346</b>
<b>Earnings per stock unit</b>	<u>\$ 0.35</u>	<u>\$ 0.09</u>	<u>\$ 0.26</u>	<u>\$ 0.03</u>	<u>\$ 0.19</u>
<b>Earnings per stock unit - Continuing operations</b>	<u>\$ 0.35</u>	<u>\$ 0.09</u>	<u>\$ 0.26</u>	<u>\$ 0.03</u>	<u>\$ 0.19</u>

\*Comparative information for Revenue and Cost of Sales were restated to account for hardware sales to Lumber Depot Limited as Other Income.

**Blue Power Group Limited**  
**Consolidated Statement of Changes in Equity**  
**Six months ended October 31, 2021**

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	<b>Share Capital</b>	<b>Investment Revaluation Reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	\$	\$	\$	\$
Balances as at April 30, 2020 (audited)	86,900,147	(10,259,033)	879,470,058	956,111,172
Dividends Paid	-	-	(7,909,860)	(7,909,860)
Total comprehensive income for the period	-	-	53,311,627	53,311,627
Balances as at October 31, 2020 (unaudited)	<u>86,900,147</u>	<u>-</u>	<u>924,871,825</u>	<u>1,001,512,939</u>
Balances as at April 30, 2021 (audited)	86,900,147	191,501,940	978,134,571	1,256,536,658
Dividends Paid	-	-	(9,039,840)	(9,039,840)
Total comprehensive income 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>

**Blue Power Group Limited**  
**Consolidated Statement of Cash Flows**  
**Six Months ended October 31, 2021**

	<u>Unaudited</u> <u>October 31, 2021</u>	<u>Unaudited</u> <u>October 31, 2020</u>	<u>Audited</u> <u>April 30, 2021</u>
<b>Cash Flows From Operating Activities</b>			
Profit for the period	195,039,460	49,891,949	106,574,373
<b>Adjustments for:</b>			
Depreciation and amortisation	9,515,575	7,587,023	17,523,972
Interest Income	(10,292,319)	(9,549,193)	(21,860,631)
Dividend income	(4,079,570)	-	(2,279,784)
Interest expense	979,451	969,696	1,118,159
Gain on disposal of Investment Property	(146,546,484)		
Loss on disposal of PPE	-	422,800	448,832
Taxation	<u>7,678,578</u>	<u>16,627,040</u>	<u>27,765,141</u>
<b>Cash generated before changes in working capital</b>	<u>52,294,691</u>	<u>65,949,315</u>	<u>129,290,062</u>
<b>(Increase)/decrease in current assets</b>			
Accounts receivables and prepayments	(52,017,378)	18,667,191	45,164,461
Other receivables	(127,600,000)	-	-
Inventories	33,629,841	(70,115,147)	(135,017,209)
Due from related party	5,369,635	328,081	(28,743,589)
<b>Increase/(decrease) in current liability</b>			
Accounts payable	<u>18,695,816</u>	<u>(12,017,649)</u>	<u>23,991,028</u>
<b>Cash (used) generated from operations</b>	<u>(69,627,395)</u>	<u>2,811,791</u>	<u>34,684,753</u>
Interest paid	(979,451)	(795,959)	(1,118,159)
Taxation paid	<u>(15,213,357)</u>	<u>(9,751,625)</u>	<u>(18,830,788)</u>
<b>Net cash (used)/ provided by operating activities</b>	<u><b>(85,820,203)</b></u>	<u><b>(7,735,793)</b></u>	<u><b>14,735,806</b></u>
<b>Cash Flows From Investing Activity</b>			
Purchase of property, plant and equipment	(117,934,415)	(31,513,473)	(55,877,103)
Investments, net	(5,466,372)	-	(29,595,164)
Proceeds from sale of Investment property	160,307,500	-	3,246,156
Proceeds from long-term receivable	-	25,000,000	25,000,000
Interest received	10,292,319	8,599,108	21,279,853
Dividend received	<u>4,079,570</u>	<u>-</u>	<u>2,279,784</u>
<b>Cash provided/ (used) by investing activity</b>	<u><b>51,278,602</b></u>	<u><b>2,085,635</b></u>	<u><b>(33,666,474)</b></u>
<b>Cash Flows From Financing Activities</b>			
Long-term loan received	40,000,000	-	-
Dividends paid	(9,039,840)	(7,909,860)	(7,909,860)
Leases, net	<u>(315,823)</u>	<u>(236,740)</u>	<u>(540,173)</u>
<b>Cash provided/(used) by Financing Activities</b>	<u><b>30,644,337</b></u>	<u><b>(8,146,600)</b></u>	<u><b>(8,450,033)</b></u>
Net decrease in cash and cash equivalents	(3,897,264)	(13,796,758)	(27,380,701)
Cash and cash equivalents at beginning of the period	<u>121,953,940</u>	<u>149,334,641</u>	<u>149,334,641</u>
<b>Cash and cash equivalents at end of period</b>	<u><u><b>118,056,676</b></u></u>	<u><u><b>135,537,883</b></u></u>	<u><u><b>121,953,940</b></u></u>

**Blue Power Group Limited**  
**Notes to the Unaudited Financial Statements**  
**October 31, 2021**

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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**

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.

**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.

**7 Significant accounting policies**

The accounting policies followed in these interim financial statements are consistent with those

used in the audited financial statements for the period ended April 30, 2021.

## **8 Inventories**

Inventories are measured at the lower of cost, determined on the weighted average basis, and net realisable value.





October 31, 2021

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	2,274,338	0.402
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	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 & 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	9,214,510	1.63
PAM-INDIVIDUAL RETIREMENT	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>517,094,273</b>	<b>91.52</b>