



Wisynco Group Limited

Interim Report

Fourth Quarter ended

30 June 2018

Wisynco Group Limited (Wisynco) – Interim Report to Shareholders

The Directors are pleased to present the unaudited financial results for the fourth quarter ended June 30, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Revenues for the quarter of \$6.49 billion represented an increase of 15.2% over the \$5.63 billion achieved in the corresponding quarter of the previous year. Gross profit also increased to \$2.39 billion or 18.2% over the \$2 billion achieved in the same quarter of the previous year. Gross Margin of 36.8% was more than the 35.9% for the corresponding quarter of the previous year. For the 12 months ended June 2018, Gross Margin was 1.3% more than the prior year.

Selling, Distribution & Administrative Expenses for the quarter totaled \$1.86 billion or 3.4% more than the \$1.79 billion for the corresponding quarter of the prior year.

Profit before taxation for the quarter increased to \$618.5 million or 117% over the \$285.5 million realized in Q4 2017. Taxation for the quarter is provisioned at \$52.9 million compared with a credit of \$145 million in the corresponding quarter of 2017 due to an over-accrual in 2016 that was booked in the last quarter of 2017. For the fiscal year ended June 30, 2018, Wisynco recorded profits attributable to shareholders of \$2.3 billion or 62 cents per share on a normalized basis for the year compared to \$1.97 billion or 55 cents per share on a normalized basis for the corresponding prior year (Note 5).

The fourth quarter was consistent with the upturn in the Jamaican economy where we saw good demand for all product ranges. Our investments in property, plant and equipment over this past financial year amounted to approximately JMD\$2.6 billion, of which JMD\$1.5 billion represented the largest capital investment in production equipment made by Wisynco since our inception. We are now confident in our ability to supply and meet the growing demand for our beverages both locally and in the export markets, including planned new product development. This new production capacity will be commissioned during the first quarter of Fiscal 2019. Work on our new cold storage facilities is virtually complete and we expect to commence utilization during August 2018 which should result in increased efficiencies and reduced costs.

Through our corporate social responsibility initiative, Wisynco Eco, we focus on recycling. Q4 saw the launch of the Wisynco Eco Corporate Recycle Challenge, the initial staging was a success with over 264,000 bottles collected (target 100,000) from 5 corporate entities. The campaign influenced the behaviors of those involved while motivating others to get involved and building awareness to return and recycle bottles. We are intending to conduct another Challenge in September 2018. The fourth quarter also saw the completion of the Eco Club recycling competition which included 33 schools and which resulted in the collection of 1.3 million plastic bottles that will be recycled. The top performing prep and high school each received financial assistance to be used towards an environmental initiative in the school. Wisynco continues to lead the industry discussion surrounding the environmental impact of our products. There is currently a proposal submitted by the Jamaica Manufacturers and Exporters Association, of which Wisynco is a member, on a proposed national deposit refund scheme which has been submitted to the Government for their review and consideration.

Wisynco continues to manufacture and distribute the widest range of zero and low sugar beverage products in the market and with our research and development are striving to bring additional low sugar options and healthier alternatives to our customers.

We thank the Wisynco Team for all their efforts and thank all our Customers for their continued support for all Wisynco Brands.



William Mahfood
Chairman



Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Comprehensive Income
Quarter ended 30 June 2018

		Quarter ended 30 June 2018 \$'000	Quarter ended 30 June 2017 \$'000	Year ended 30 June 2018 \$'000	Year ended 30 June 2017 \$'000
Revenue		6,485,095	5,629,565	24,544,049	21,381,665
Cost of Sales		(4,096,961)	(3,609,780)	(15,421,144)	(13,705,311) *
Gross Profit		2,388,134	2,019,785	9,122,905	7,676,354
Other operating income	3	39,827	75,864	92,157	743,538
Selling and distribution expenses		(1,492,882)	(1,401,819)	(5,412,601)	(4,976,496) *
Administration expenses		(362,534)	(392,759)	(956,683)	(891,676)
Operating Profit		572,545	301,071	2,845,778	2,551,720
Finance income		80,285	34,991	130,837	159,965
Finance costs		(34,304)	(50,605)	(211,411)	(169,746)
Profit before Taxation		618,526	285,457	2,765,204	2,541,939
Taxation		(52,915)	145,493	(513,834)	(286,312)
Profit for the year from continuing operations		565,611	430,950	2,251,370	2,255,627
Profit from discontinued operations	6	-	57,827	41,555	190,845
Net Profit		565,611	488,777	2,292,925	2,446,472
Other Comprehensive Income					
Items that may be subsequently reclassified to P&L					
Unrealised gains on available-for-sale investments		(5,781)	(651)	3,728	(4,344)
Total Comprehensive Income		559,830	488,126	2,296,653	2,442,128
Net Profit attributable to:					
Shareholders of Wisynco Group Limited		565,611	488,789	2,292,961	2,446,492
Non-controlling interest		-	(12)	(36)	(20)
		565,611	488,777	2,292,925	2,446,472
Total Comprehensive Income attributable to:					
Shareholders of Wisynco Group Limited		559,830	488,138	2,296,689	2,442,148
Non-controlling interest		-	(12)	(36)	(20)
		559,830	488,126	2,296,653	2,442,128
Earnings per share	3	\$0.15	\$0.14	\$0.62	\$0.68

* Reclassified for comparative purposes

Wisynco Group Limited
Group Statement of Financial Position
30 June 2018

		Unaudited June 30 2018 \$'000	Audited June 30 2017 \$'000
Non-Current Assets			
Property, Plant and Equipment		6,687,706	5,175,738
Investment in Associates		-	664,854
Intangibles		-	56,786
Available-for-sale investments		485,290	293,452
Deferred Tax Asset		-	52,156
Investment Property		-	13,449
		7,172,996	6,256,435
Current Assets			
Inventories		2,199,273	1,957,852
Receivables and prepayments		2,300,795	1,910,075
Due from parent company		1,898	-
Available-for-sale investments - current portion		-	184,386
Cash and short-term deposits	7	3,980,732	3,385,944
		8,482,698	7,438,257
Current Liabilities			
Trade and other payables		3,798,540	3,186,245
Short-term borrowings		376,686	432,840
Taxation payable		362,940	177,797
Due to parent company		-	259,745
		4,538,166	4,056,627
Net Current Assets		3,944,532	3,381,630
		11,117,528	9,638,065
Shareholders' Equity			
Share capital	8	1,192,647	57,927
Capital reserve		119,946	116,218
Translation Reserve		30,086	3,233
Retained earnings		7,347,482	7,377,182
		8,690,161	7,554,560
Non-controlling interest		-	5,740
		8,690,161	7,560,300
Non-current Liabilities			
Deferred tax liabilities		257,430	215,015
Borrowings		2,169,937	1,862,750
		2,427,367	2,077,765
		11,117,528	9,638,065



William Mahfood



Andrew Mahfood

Wisynco Group Limited
Group Statement of Changes in Equity
Year ended 30 June 2018

	Number of Shares '000	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Translation Reserve \$'000	Non Controlling Interest \$'000	Total Equity \$'000
Balance as at July 1, 2016	3,600,585	57,927	120,562	6,134,931	3,254	5,760	6,322,434
Net profit	-	-	-	2,446,472	-	(20)	2,446,452
Other comprehensive income	-	-	(4,344)	-	-	-	(4,344)
Total comprehensive income	-	-	(4,344)	2,446,472	-	(20)	2,442,108
Exchange differences on translating foreign subsidiary	-	-	-	-	(21)	-	(21)
Transactions with Owners:							
Dividends Paid	-	-	-	(1,204,221)	-	-	(1,204,221)
Balance at 30 June 2017	3,600,585	57,927	116,218	7,377,182	3,233	5,740	7,560,300
Net profit	-	-	-	2,292,961	-	(36)	2,292,925
Other comprehensive income	-	-	3,728	-	-	-	3,728
Total comprehensive income	-	-	3,728	2,292,961	-	(36)	2,296,653
Exchange differences on translating foreign subsidiary	-	-	-	-	26,853	-	26,853
Sale of Ordinary Shares (IPO) (Net)	149,415	1,134,720	-	-	-	-	1,134,720
Transactions with Owners:							
Dividends Paid	-	-	-	(1,304,933)	-	-	(1,304,933)
Transfer to owners consequent on reorganization (Note 6)	-	-	-	(1,017,728)	-	(5,704)	(1,023,432)
Balance as at June 30, 2018	3,750,000	1,192,647	119,946	7,347,482	30,086	-	8,690,161

Wisynco Group Limited
Group Statement of Cash Flows
Year ended 30 June 2018

	Year ended 30 June 2018 \$'000	Year ended 30 June 2017 \$'000
Net profit from operations	2,292,925	2,446,472
Items not affecting cash:		
Unremitted equity in associates	-	(81,095)
Depreciation	775,021	589,399
Amortization of intangible assets	-	13,728
Gain on sale of property, plant and equipment	(4,397)	(1,029)
Gain on fire claim	-	(636,472)
Interest income	(68,491)	(73,306)
Gain on sale of investments	(10,407)	(10,805)
Dividend income	(1,487)	(3,101)
Interest expense	203,497	169,147
Taxation expense	513,834	249,987
Exchange gain on foreign currency balances	19,287	(26,894)
	3,719,782	2,636,031
Changes in operating assets and liabilities:		
Inventories	(258,891)	(365,490)
Receivables and prepayments	(437,442)	502,574
Trade and other payables	630,147	(259,724)
Cash generated from operations	3,653,597	2,513,391
Insurance proceeds	-	156,623
Taxation paid	(358,210)	(710,257)
Cash provided by operating activities	3,295,387	1,959,757
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,592,342)	(2,312,422)
Purchase of intangible assets	-	(6,565)
Insurance proceeds	-	479,849
Purchase of investments	(18,158)	(260,295)
Proceeds from the sale of property, plant and equipment	8,534	25,199
Proceeds from sale of investments	24,841	18,344
Dividend received	1,487	3,101
Interest received	68,491	73,306
Cash used in investing activities	(2,507,148)	(1,979,483)
Cash Flows from Financing Activities		
Interest paid	(165,364)	(169,147)
Long-term loans repaid	(533,967)	(928,278)
Long-term loans received	725,000	1,900,000
Proceeds from IPO	1,134,720	-
Finance leases repaid	(38,039)	(95,265)
Dividend paid	(1,304,933)	(1,204,221)
Cash used in financing activities	(182,583)	(496,911)
Effects of changes in foreign exchange rates	10,707	51,102
Increase/(Decrease) in cash and cash equivalents	616,362	(465,535)
Cash and cash equivalents at beginning of year	3,313,958	3,779,493
Cash and Cash Equivalents at end of Year	3,930,320	3,313,958

Wisynco Group Limited
Notes to the Interim Financial Statements
30 June 2018

1. Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been expressed in Jamaican dollars unless otherwise indicated.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

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

2. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker is the Chief Executive Officer (CEO).

The CODM regularly reviews local versus export sales however the export sales do not meet the threshold of a reportable segment under IFRS 8 and as such no separate segment information is presented. There are no individual customers that constitute more than 10% of total revenue and the CODM does not review assets on a segment basis.

3. Other Operating Income

	Quarter ended	Quarter ended	Year ended	Year ended
	June 30	June 30	June 30	June 30
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Other income	39,827	75,864	87,760	144,837
Gain on disposal of fixed assets	-	-	4,397	1,029
Insurance proceeds/Business interruption	-	-	-	597,672
	39,827	75,864	92,157	743,538

Wisynco Group Limited
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30 June 2018

4. Earnings per share

Earnings per share is calculated on net profit and is based on the weighted average number of ordinary shares in issue during both years.

	Quarter ended June 30 2018	Quarter ended June 30 2017	Year ended June 30 2018	Year ended June 30 2017
Net profit attributable to ordinary shareholders (\$'000)	565,611	488,789	2,292,961	2,446,492
Weighted average number of ordinary shares in issue ('000) at the start of the period	3,639,065	3,600,585	3,600,585	3,600,585
Issue of shares during the period ('000)	37,251	-	75,731	-
Weighted average number of ordinary shares in issue ('000) at the end of the period	<u>3,676,316</u>	<u>3,600,585</u>	<u>3,676,316</u>	<u>3,600,585</u>
Basic earnings per share	<u>\$0.15</u>	<u>\$0.14</u>	<u>\$0.62</u>	<u>\$0.68</u>

5. Normalized Earnings

	Year ended June 30 2018 \$'000	Year ended June 30 2017 \$'000
Net profit attributable to shareholders of Wisynco	2,292,961	2,446,492
Net insurance proceeds received	-	(597,672)
Business interruption	-	117,823
Normalized earnings	<u>2,292,961</u>	<u>1,966,643</u>
Weighted number of ordinary shares ('000)	3,676,316	3,600,585
Basic EPS per ordinary share	\$ 0.62	\$ 0.55

Wisynco Group Limited
Notes to the Interim Financial Statements
30 June 2018

6. Reconstruction of the Wisynco Group of Companies

On 30 October 2017, the Company effected a Scheme of Reconstruction ("the reconstruction") approved by the Tax Administration Jamaica under the laws of Jamaica. This resulted in the Company retaining its core businesses along with the operations of its subsidiary Indies Insurance Company Limited. The ownership of the other subsidiaries and associates namely Wisynco Foods Limited, Seville Development Corporation Limited and Fusion Limited were transferred to separate legal entities of the ultimate parent company.

As a result of this reconstruction effective 30 October 2017 these entities are no longer a part of the Wisynco Group Limited and are a deemed disposal.

The net assets of the entities involved in the reconstruction at 30 October 2017 transferred to the owners were as follows:

The financial performance and cash flow information presented are for the year ended 30 June 2018.

	Quarter ended 30 June 2018	Quarter ended 30 June 2017	Year ended 30 June 2018	Year ended 30 June 2017
	\$'000	\$'000	\$'000	\$'000
Revenue	-	441,897	595,457	1,671,002
Cost of sales	-	(287,827)	(390,977)	(1,083,743)
Gross Profit	-	154,070	204,481	587,259
Other income	-	1,800	1,255	4,892
Administration and other expenses	-	(149,739)	(180,530)	(511,385)
Operating Profit	-	6,131	25,205	80,766
Finance income	-	(2,717)	(1,220)	3,128
Finance costs	-	(3,011)	(4,892)	(10,469)
Profit before taxation	-	403	19,094	73,425
Taxation	-	56,739	(4,057)	36,325
Net profit after tax of discontinued operations	-	57,142	15,036	109,750
Share of results of associate	-	685	26,519	81,095
Profit for the period from discontinued operations	-	57,827	41,555	190,845

Wisynco Group Limited
Notes to the Interim Financial Statements
30 June 2018

Reconstruction of the Wisynco Group of Companies, Cont'd ...

	Year ended 30 June 2018	Year ended 30 June 2017
	\$'000	\$'000
Operating cash flows	39,270	93,676
Investing cash flows	(47,312)	(58,768)
Financing cash flows	(25,156)	(56,694)
(Outflows)/Inflows	(41,542)	-
Effect of exchange rate changes	1,430	(27)
Net cash flows	(73,310)	(21,813)

Details of the net assets of the subsidiaries and associates transferred to owners

	30 June 2018 \$'000
The carrying amounts of assets and liabilities as at the date of the sale were:	
Intangible Asset	15,879
Property, plant and equipment	330,280
Investment Property	13,449
Receivables	138,594
Inventories	18,098
Cash & short term deposits	135,108
Total assets	651,408
Payables	(243,357)
Net assets	408,051
Borrowings	(119,868)
Net assets from subsidiaries	288,183
Cost of investments transferred (net)	467,670
Share of associates profits	261,875
Transfer to owners	1,017,728

No consideration was received on derecognition of these entities. The transaction was deemed to be between shareholders, the effects of which are recorded in equity.

Wisynco Group Limited
Notes to the Interim Financial Statements
30 June 2018

7. Cash and Cash Equivalents

	Year ended June 30 2018 \$'000	Year ended June 30 2017 \$'000
Cash and bank balances	1,371,722	1,113,662
Short term deposits	2,609,010	2,272,282
	<hr/>	<hr/>
	3,980,732	3,385,944
Bank overdraft	(50,412)	(71,986)
	<hr/>	<hr/>
	<u>3,930,320</u>	<u>3,313,958</u>

8. Share Capital

Consequent on the decision to become a publicly listed company the existing shares in the Company were subdivided into 3,382 for each share in issue. This resulted in the number of shares in issue increasing from 1,064,632 to 3,600,585,424. The company also had an IPO in which 149,414,576 shares were issued bringing the total number of shares issued to 3,750,000,000. Additionally, the authorized share capital was increased to 4,000,000,000 shares.

9. Subsequent Events

The Directors confirm that there have been no material events subsequent to the end of the interim reporting period that have not been reflected in these financial statements.



10 Largest Shareholders of Wisynco Group Limited as at June 30 2018

Name of Shareholder	Units	Percentage Ownership
1. Wisynco Group Caribbean Limited	2,776,183,736	74.0316%
2. JCSD Trustee Services Limited - SIGMA OPTIMA	42,514,132	1.1337%
3. Devon Hugh Reynolds	37,729,613	1.0061%
4. Francois Paul Chalifour	37,729,580	1.0061%
5. Guardian Life Limited	29,341,646	0.7824%
6. Sagicor Pooled Equity Fund	23,913,562	0.6377%
7. NCB Capital Markets X Trading A/C	23,620,863	0.6299%
8. Grace Kennedy Limited Pension Scheme	23,077,285	0.6154%
9. NCB Insurance Co. Ltd. A/C WT160	22,732,309	0.6062%
10. NCB Insurance Co. Ltd. A/C WT157	22,191,926	0.5918%
10. NCB Insurance Co. Ltd. A/C WT109	22,191,926	0.5918%

Shareholdings of Directors as at June 30 2018

Directors	Direct	Connected Parties	Total
* Joseph Mahfood	0	2,800,025,236	2,800,025,236
* William Mahfood	2,083,333	2,784,637,536	2,786,720,869
* Andrew Mahfood	2,083,333	2,784,285,236	2,786,368,569
Devon H. Reynolds	37,729,613	0	37,729,613
Francois Chalifour	37,729,580	0	37,729,580
John Lee	0	4,283,333	4,283,333
Lisa Soares Lewis	3,167,600	0	3,167,600
Adam Stewart	0	2938936	2,938,936

* These Directors have a beneficial holding in Wisynco Group Caribbean Limited, which owns 74.03% of Wisynco Group Limited in addition to other connected party holdings.

Shareholdings of Senior Executives as at June 30 2018

Senior Executives	Direct	Connected Parties	Total
Christopher Ramdon	2,202,383	0	2,202,383
Andrew Fowles	2,200,300	0	2,200,300
Gerald Mahfood	2,083,333	0	2,083,333
Halcott Holness	2,085,333	0	2,083,333
Jacinth Bennett	1,420,000	0	1,420,000
Leilani Hunt	535,059	0	535,059
Rachel Zacca	368,596	0	368,596
Annette Morrison	0	0	0