



Wisynco Group Limited

Interim Report

Quarter ended

30 September 2019

Wisynco Group Limited (Wisynco) – Interim Report to Stockholders

The Directors are pleased to present the unaudited financial results for the first quarter ended September 30, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Revenues for the quarter of \$9.1 billion represented an increase of 34.6% over the \$6.8 billion achieved in the corresponding quarter of the previous year. We had very strong growth in our core beverage brands as a result of increased demand and improved efficiencies in plant productivity. In addition, the strategic alliances between Worthy Park (WP) and St Mary's Snacks along with increasing revenue from other portfolios contributed to drive revenue to new highs. Gross Profit also increased to \$3.3 billion or 29.8% over the \$2.6 billion achieved in the same quarter of the previous year. Our Gross Margin at 36.8% was slightly above expectations for the quarter.

The leveraging of our distribution system with the new portfolios, while driving revenue growth favorably impacted our expense to sales ratio which reduced to 22.5% of sales from the 25.6% Q1 2019. The 22.5% expense to sales ratio is the lowest we have seen in some time and we must congratulate our team for this effort.

Selling, Distribution & Administrative expenses for the quarter totaled \$2 billion or 18% more than the \$1.7 billion for the corresponding quarter of the prior year, and this increase is in line with the increased revenues.

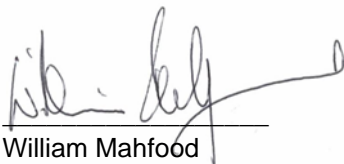
Profit before Taxation for the quarter increased to \$1.4 billion or 52.7% over the \$928 million realized in Q1 2019. The improvement in Gross margins coupled with the reduced expense to sales ratio saw a widening of our Net profit after tax margin to 12.9% or 1.5% greater than the 11.4% from the first quarter of 2019.

For the quarter ended September 30, 2019, Wisynco recorded Net Profits Attributable to shareholders of \$1.2 billion or 31 cents per share compared to \$769 million or 21 cents per share, an improvement of 47.6% over the corresponding period of the prior year.

We are pleased to announce a long-term incentive plan to recognize and retain key members of senior leadership so that they may continue to contribute to the success of the Company. The plan was introduced on October 1, 2019.

During the quarter we had a WATA Community initiative where in affiliation with several artistes we provided water supply challenged communities in excess of 65,000 liters of bottled WATA. The Wisynco Eco team continue to focus on our school collection competition and this school year we expect to have 108 schools participating.

We thank the Wisynco team for their continued passion and solid efforts during the first quarter, as well as the consumers of all Wisynco brands for their continued loyalty and support.



William Mahfood
Chairman



Andrew Mahfood
Chief Executive Officer

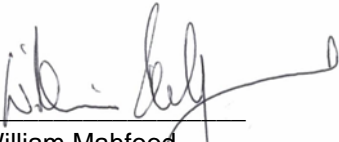
Wisynco Group Limited
Group Statement of Comprehensive Income
Quarter ended 30 September 2019

	Quarter ended 30 September 2019 \$'000	Quarter ended 30 September 2018 \$'000	
Revenue	9,088,775	6,753,851	*
Cost of sales	(5,743,025)	(4,177,088)	*
Gross Profit	3,345,750	2,576,763	
Other operating income	24,565	21,990	
Selling and distribution expenses	(1,708,020)	(1,470,900)	
Administration expenses	(333,600)	(259,166)	
Operating Profit	1,328,695	868,687	
Finance income	116,589	107,234	
Finance costs	(39,845)	(47,850)	
Share of results of associate	11,667	-	
Profit before Taxation	1,417,106	928,071	
Taxation	(242,000)	(159,412)	
Net Profit	1,175,106	768,659	
Other Comprehensive Income			
Items that may be subsequently reclassified to P&L:			
Exchange differences on translation of foreign subsidiary	(172)	7,228	
Items that may not be subsequently reclassified to P&L:			
Unrealised gains on investment securities	22,818	2,946	
Total Comprehensive Income	1,197,752	778,833	
Net Profit attributable to:			
Stockholders of Wisynco Group Limited	1,175,106	768,659	
Total Comprehensive Income attributable to:			
Stockholders of Wisynco Group Limited	1,197,752	778,833	
Earnings per stock unit attributable to stockholders of the group			
Basic earnings per stock unit	\$0.31	\$0.21	3
	\$0.31	\$0.21	

* Reclassified for comparative purpose

Wisynco Group Limited
Group Statement of Financial Position
30 September 2019

		Unaudited September 30 2019 \$'000	Unaudited September 30 2018 \$'000	Audited June 30 2019 \$'000
	Notes			
Non-Current Assets				
Property, plant and equipment		6,548,809	6,800,643	6,724,278
Intangible asset	4	65,402	-	-
Investment in associate	5	605,628	-	593,961
Loans receivable		165,891	-	165,545
Investment securities		545,725	92,508	379,060
		7,931,455	6,893,151	7,862,844
Current Assets				
Inventories		2,957,705	2,441,420	3,225,686
Receivables and prepayments		3,539,931	2,627,726	2,585,519
Investment securities		-	417,636	130,385
Cash and short-term deposits	6	4,998,221	3,874,599	3,974,545
		11,495,857	9,361,381	9,916,135
Current Liabilities				
Trade and other payables		4,121,900	3,881,885	3,336,064
Short-term borrowings		570,040	493,355	485,724
Taxation payable		588,861	475,933	444,969
		5,280,801	4,851,173	4,266,757
Net Current Assets				
		6,215,056	4,510,208	5,649,378
		14,146,511	11,403,359	13,512,222
Shareholders' Equity				
Share capital		1,192,647	1,192,647	1,192,647
Capital reserve		153,650	122,892	130,832
Translation reserve		28,876	37,314	29,048
Retained earnings		10,533,160	7,834,891	9,733,054
		11,908,333	9,187,744	11,085,581
Non-current Liabilities				
Deferred tax liabilities		213,511	231,341	213,511
Borrowings		2,024,667	1,984,274	2,213,130
		2,238,178	2,215,615	2,426,641
		14,146,511	11,403,359	13,512,222


William Mahfood
Chairman


Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Changes in Equity
Quarter ended 30 September 2019

	Number of Shares	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Translation Reserve \$'000	Total Equity \$'000
Balance as at 1 July 2018	3,750,000,000	1,192,647	119,946	7,347,482	30,086	8,690,161
Net profit	-	-	-	768,659	-	768,659
Unrealised gain on investments	-	-	2,946	-	-	2,946
Exchange differences on translating foreign subsidiary	-	-	-	-	7,228	7,228
Total comprehensive income	-	-	2,946	768,659	7,228	778,833
Transactions with Owners:						
Dividends paid	-	-	-	(281,250)	-	(281,250)
	-	-	2,946	487,409	7,228	497,583
Balance at 30 September 2018	3,750,000,000	1,192,647	122,892	7,834,891	37,314	9,187,744
Balance as at 1 July 2019	3,750,000,000	1,192,647	130,832	9,733,054	29,048	11,085,581
Net profit	-	-	-	1,175,106	-	1,175,106
Unrealised gains on investments	-	-	22,818	-	-	22,818
Exchange differences on translating foreign subsidiary	-	-	-	-	(172)	(172)
Total comprehensive income	-	-	22,818	1,175,106	(172)	1,197,752
Transactions with Owners:						
Dividends paid	-	-	-	(375,000)	-	(375,000)
	-	-	22,818	800,106	(172)	822,752
Balance as at 30 September 2019	3,750,000,000	1,192,647	153,650	10,533,160	28,876	11,908,333

Wisynco Group Limited
Group Statement of Cash Flows
Quarter ended 30 September 2019

	Quarter ended 30 September 2019 \$'000	Quarter ended 30 September 2018 \$'000
Net profit from operations	1,175,106	768,659
Items not affecting cash:		
Share of results of associate	(11,667)	-
Depreciation	264,954	215,849
Amortisation of intangibles	12,124	-
Interest income	(35,732)	(23,531)
Dividend income	-	(490)
Interest expense	39,226	52,494
Taxation expense	242,000	159,412
Proposed dividend	-	(281,250)
Exchange gain on foreign currency balances	(65,351)	(109,203)
	1,620,660	781,940
Changes in operating assets and liabilities:		
Inventories	267,981	(242,147)
Receivables and prepayments	(954,412)	(325,033)
Trade and other payables	808,221	7,981
Cash generated from operations	1,742,450	222,741
Taxation paid	(98,108)	(72,508)
Cash provided by operating activities	1,644,342	150,233
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(163,388)	(240,565)
Intangibles	(3,623)	-
Purchase of investments	(132,269)	(21,908)
Net movement on short term deposits	(604,723)	-
Proceeds from the sale of property, plant and equipment	-	200
Proceeds from sale of investments	130,385	-
Dividend received	-	490
Interest received	35,732	23,531
Cash used in investing activities	(737,886)	(238,252)
Cash Flows from Financing Activities		
Interest paid	(61,611)	(53,751)
Long-term loans repaid	(188,180)	(76,000)
Finance leases repaid	(913)	(7,997)
Dividend paid	(375,000)	-
Cash used in financing activities	(625,704)	(137,748)
Effects of changes in foreign exchange rates	53,255	117,288
Increase/(decrease) in cash and cash equivalents	334,007	(108,479)
Cash and cash equivalents at beginning of year	3,415,897	3,917,663
Cash and Cash Equivalents at end of Year	3,749,904	3,809,184

Wisynco Group Limited
Notes to the Interim Financial Statements
30 September 2019

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.

IFRS 16

The Group Executive Management Committee is in the process of evaluating the impact of IFRS 16 on the financial statements of the Group. Until the 30 June 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Upon implementation of the standard, leases will be recognized as a right-of-use asset and a corresponding liability established at the date at which the leased asset is available for use by the group. Each lease payment will be allocated between the liability and finance cost. The finance cost will be charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset will be depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 (CODM) 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 CODM. The CODM 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. Earnings per stock unit

Earnings per stock unit is calculated on net profit and is based on the weighted average number of ordinary stock units in issue.

	Quarter ended September 30 2019	Quarter ended September 30 2018
Net profit attributable to ordinary stockholders (\$'000)	1,175,106	768,659
Weighted average number of ordinary stocks in issue ('000) for the period	3,750,000	3,713,977
Basic earnings per stock unit	\$0.31	\$0.21

Wisynco Group Limited
Notes to the Interim Financial Statements
30 September 2019

4. Intangibles

These represent software transferred from fixed assets.

	2019
	\$'000
Net book value transferred from fixed assets at July 1, 2019	73,903
Additions	3,623
Amortisation	(12,124)
	<u>65,402</u>

5. Investment in Associate

	2019
	\$'000
At beginning of quarter	593,961
Share of results of associate	11,667
Amounts recognized in the Statement of Financial Position	<u>605,628</u>

The Company owns 30% of the share capital in JP Snacks, which is the manufacturer of St. Mary's Snacks.

JP Snacks is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Company's interest in JP Snacks.

6. Cash and Short Term Deposits

	Quarter ended	Quarter ended
	September 30	September 30
	2019	2018
	\$'000	\$'000
Cash and bank balances	1,836,678	1,474,225
Short term deposits	3,161,543	2,400,374
	<u>4,998,221</u>	<u>3,874,599</u>
Bank overdraft	(120,757)	(65,415)
Deposits with original maturity over 90 days	(1,127,560)	-
	<u>3,749,904</u>	<u>3,809,184</u>

7. Subsequent Events

A Long-Term Incentive Plan was introduced on October 1, 2019, to recognize and retain key members of senior leadership. This plan will give the recipients the right to purchase the Company's stock at a fixed price after a defined vesting period. The estimated expense to the company is approximately 20 million dollars per quarter.



10 Largest Shareholders of Wisynco Group Limited as at September 30, 2019

Name of Shareholder	Units	Percentage Ownership
1. Wisynco Group Caribbean Limited	2,776,183,736	74.0316%
2. ATL Group Pension Fund Trustees Nom Ltd.	54,887,475	1.4637%
3. Francois Chalifour	34,729,580	0.9261%
4. JCSD Trustee Services Ltd - SIGMA EQUITY	31,368,561	0.8365%
5. Devon Hugh Reynolds	31,229,613	0.8328%
6. Guardian Life Limited	29,341,646	0.7824%
7. GraceKennedy Pension Fund Custodian Ltd.	27,257,285	0.7269%
8. Sagicor Pooled Equity Fund	23,913,562	0.6377%
9. SJIML A/C 3119	23,132,836	0.6169%
10. NCB Insurance Co. Ltd. A/C WT160	22,732,309	0.6062%

Shareholdings of Directors as at September 30, 2019

Directors	Direct	Connected Parties	Total
* Joseph Mahfood	0	2,791,583,736	2,791,583,736
* William Mahfood	1,962,161	2,784,338,157	2,786,300,318
* Andrew Mahfood	1,000,000	2,783,985,857	2,784,985,857
Francois Chalifour	34,729,580	0	34,729,580
Devon H. Reynolds	31,229,613	0	32,229,613
John Lee	0	4,283,333	4,283,333
Lisa Soares Lewis	3,167,600	0	3,167,600
Adam Stewart	0	2,938,936	2,938,936
Odetta Rockhead Kerr	0	0	0

* 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 September 30, 2019

Senior Executives	Direct	Connected Parties	Total
Christopher Ramdon	2,202,383	0	2,202,383
Andrew Fowles	2,200,300	0	2,200,300
Halcott Holness	2,085,333	0	2,085,333
Jacinth Bennett	1,420,000	0	1,420,000
Tabitha Athey	787,420	0	787,420
N. Craig Clare	776,318	0	776,318
Leilani Hunt	535,059	0	535,059
Rachel Zacca	368,596	0	368,596
Annette Morrison	100,000	0	100,000