



Wisynco Group Limited

Interim Report

First Quarter ended

30 September 2018

Wisynco Group Limited (Wisynco) – Interim Report to Shareholders

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

Revenues for the quarter of \$6.8b billion represented an increase of 12% over the \$6.1 billion achieved in the corresponding quarter of the previous year. Gross Profit also increased to \$2.6 billion or 10.4% over the \$2.3 billion achieved in the same quarter of the previous year. Gross Margin of 37.8% was slightly lower than the 38.4% for the corresponding quarter of the previous year due to the commissioning of the new beverage lines and the devaluation of the Jamaican Dollar.

Selling, Distribution & Administrative Expenses for the quarter totaled \$1.73 billion or 11.4% more than the \$1.55 billion for the corresponding quarter of the prior year. Our cold storage is now complete and we successfully transitioned from all leased facilities into our central cold storage distribution facility located at our Lakes Pen Compound. We expect synergies and efficiencies from this successful transition.

Profit before Taxation for the quarter increased to \$928.1 million or 15.7% over the \$802.1 million realized in Q1 2017. For the quarter ended September 30, 2018, Wisynco recorded Profits Attributable to Shareholders of \$768.7 million or 21 cents per share compared to \$698 million or 19 cents per share for the corresponding period in the prior year.

Wisynco has been appointed as the local distributor for sugar and spirits, produced locally by Worthy Park Estates Limited. This initiative furthers our focus on agro-processing and Jamaican-manufactured goods. We believe this will be a great opportunity for our company, given the many innovations taking place in the agro-processing sector, as well as the synergies to be gained between the companies.

The Government of Jamaica has announced a ban on Styrofoam produced in Jamaica to take effect January 1, 2020. We continue to work assiduously to innovate products that are environmentally friendly however if we are unable to develop these products then we will repurpose our team members and building to ensure any lost revenues as a result of the ban will be recouped through new business.

In keeping with the Ministry of Health's decision to remove all beverages containing six grams or more of added sugar per 100 milliliters of beverage from schools starting January 1, 2019, the Company recently announced that prior to the implementation of this decision we would early adopt and cease offering our beverages falling within this category to all schools effective November 1, 2018. This has been implemented.

Wisynco continues to be mindful of the need for healthier beverage and lower sugar alternatives and our research and development teams are working to identify these.

Again, we thank the passion of the Wisynco team on their solid efforts for our first quarter as well as all our customers and consumers of all Wisynco brands. We take this opportunity to wish you all the best for the upcoming Season and for 2019.

William Mahfood
Chairman

Andrew Mahfood
Chief Executive Officer

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

	Note	Quarter ended 30 September 2018 \$'000	Quarter ended 30 September 2017 \$'000
Revenue		6,810,358	6,081,666
Cost of Sales		(4,233,595)	(3,748,564)
Gross Profit		2,576,763	2,333,102
Other operating income		21,990	15,703
Selling and distribution expenses		(1,470,900)	(1,318,590)
Administration expenses		(259,166)	(234,236)
Operating Profit		868,687	795,979
Finance income		107,234	56,747
Finance costs		(47,850)	(50,582)
Profit before Taxation		928,071	802,144
Taxation		(159,412)	(137,540)
Profit for the year from continuing operations		768,659	664,604
Profit from discontinued operations	4	-	33,352
Net Profit		768,659	697,956
Other Comprehensive Income			
Items that may be subsequently reclassified to P&L			
Exchange differences on translation of foreign subsidiary		7,228	(2,609)
Unrealised gains on available-for-sale investments		2,946	3,905
Total Comprehensive Income		778,833	699,252
Net Profit attributable to:			
Shareholders of Wisynco Group Limited		768,659	697,994
Non-controlling interest		-	(38)
		768,659	697,956
Total Comprehensive Income attributable to:			
Shareholders of Wisynco Group Limited		778,833	699,290
Non-controlling interest		-	(38)
		778,833	699,252
Earnings per share from continuing and discontinued operations attributable to shareholders of the group			
	3		
From continuing operations		\$0.21	\$0.18
From discontinued operations		\$0.00	\$0.01
Basic earnings per share		\$0.21	\$0.19

Wisynco Group Limited
Group Statement of Financial Position
30 September 2018

		Unaudited September 30 2018 \$'000	Unaudited September 30 2017 \$'000	Audited June 30 2018 \$'000
	Notes			
Non-Current Assets				
Property, Plant and Equipment		6,800,643	4,892,883	6,775,727
Available-for-sale investments		92,508	433,255	215,760
		6,893,151	5,326,138	6,991,487
Current Assets				
Inventories		2,441,420	1,850,894	2,199,273
Receivables and prepayments		2,627,726	2,263,223	2,302,693
Available-for-sale investments - current portion		417,636	120,877	269,530
Cash and short-term deposits	5	3,874,599	3,309,959	3,968,075
		9,361,381	7,544,953	8,739,571
Current Liabilities				
Trade and other payables		3,881,885	2,821,114	3,873,904
Short-term borrowings		493,355	421,183	376,686
Taxation payable		475,933	209,807	362,940
Due to parent company		-	259,745	-
		4,851,173	3,711,849	4,613,530
Net Current Assets				
		4,510,208	3,833,104	4,126,041
		11,403,359	9,159,242	11,117,528
Shareholders' Equity				
Share capital	6	1,192,647	57,927	1,192,647
Capital reserve		122,892	120,123	119,946
Translation Reserve		37,314	624	30,086
Retained earnings		7,834,891	7,073,659	7,347,482
		9,187,744	7,252,333	8,690,161
Non-current Liabilities				
Deferred tax liabilities		231,341	213,560	257,430
Borrowings		1,984,274	1,693,349	2,169,937
		2,215,615	1,906,909	2,427,367
		11,403,359	9,159,242	11,117,528

William Mahfood
Chairman

Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Changes in Equity
Quarter ended 30 September 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, 2017	3,600,585	57,927	116,218	7,377,182	3,233	5,740	7,560,300
Net profit	-	-	-	697,994	-	(38)	697,956
Unrealised gain on investments	-	-	3,905	-	-	-	3,905
Exchange differences on translating foreign subsidiary	-	-	-	-	(2,609)	-	(2,609)
Total comprehensive income	-	-	3,905	697,994	(2,609)	(38)	699,252
Transfer to owners consequent on reorganization	-	-	-	(1,001,517)	-	(5,702)	(1,007,219)
	-	-	-	(1,001,517)	-	(5,702)	(1,007,219)
Balance at 30 September 2017	3,600,585	57,927	120,123	7,073,659	624	-	7,252,333
Balance as at July 1, 2018	3,750,000	1,192,647	119,946	7,347,482	30,086	-	8,690,161
Net profit	-	-	-	768,659	-	-	768,659
Unrealised gains on investments	-	-	2,946	-	-	-	2,946
Transactions with Owners:							
Proposed dividends	-	-	-	(281,250)	-	-	(281,250)
Exchange differences on translating foreign subsidiary	-	-	-	-	7,228	-	7,228
Total comprehensive income	-	-	2,946	487,409	7,228	-	497,583
Balance as at September 30, 2018	3,750,000	1,192,647	122,892	7,834,891	37,314	-	9,187,744

Wisynco Group Limited
Group Statement of Cash Flows
Quarter ended 30 September 2018

	Quarter ended 30 September 2018 \$'000	Quarter ended 30 September 2017 \$'000
Net profit from operations:		
Continuing operations	768,659	664,604
Discontinued operations	-	33,352
Items not affecting cash:		
Unremitted equity in associates	-	(18,204)
Depreciation	215,849	178,836
Loss on sale of property, plant and equipment	-	195
Interest income	(23,531)	(16,956)
Dividend income	(490)	(367)
Interest expense	52,494	50,582
Taxation expense	159,412	137,540
Proposed dividend	(281,250)	-
Exchange gain on foreign currency balances	(109,203)	(34,888)
	781,940	994,694
Changes in operating assets and liabilities:		
Inventories	(242,147)	89,488
Receivables and prepayments	(325,033)	(397,972)
Trade and other payables	7,981	(386,709)
Cash generated from operations	222,741	299,502
Taxation paid	(72,508)	(105,968)
Cash provided by operating activities	150,233	193,534
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(240,565)	(198,493)
Purchase of investments	(21,908)	(76,294)
Proceeds from the sale of property, plant and equipment	200	1,100
Dividend received	490	367
Interest received	23,531	16,956
Cash used in investing activities	(238,252)	(256,364)
Cash Flows from Financing Activities		
Interest paid	(53,751)	(5,732)
Long-term loans repaid	(76,000)	-
Finance leases repaid	(7,997)	(10,830)
Cash used in financing activities	(137,748)	(16,562)
Effects of changes in foreign exchange rates	117,288	33,503
Decrease in cash and cash equivalents	(108,479)	(45,889)
Cash and cash equivalents at beginning of year	3,917,663	3,313,958
Cash and Cash Equivalents at end of Year	3,809,184	3,268,069

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

IFRS 9

The Group Executive Management Committee is in the process of evaluating the impact of IFRS 9 on the financial statements of the Group. The preliminary assessment to date will result in the Group continuing to account for available for sale investments at fair value through other comprehensive income and loans and receivables will continue to be accounted for at amortised cost based on the criteria of the standard. There is no anticipated impact on the accounting for financial liabilities as these liabilities within the Group would continue to be accounted for similar to the existing standard IAS 39 *Financial Instruments: Recognition and Measurement*.

The Group will apply the 'general model' as required under IFRS 9 for debt Instruments other than trade receivables by assessing on a forward-looking basis the expected credit losses associated with its available for sale investments carried at fair value through other comprehensive income. A simplified approach, permitted by IFRS 9 will be used for trade receivables, utilizing historical default rates by aged receivables as well as forward looking information to determine impairment

IFRS 15

The Group Executive Management Committee has completed the evaluation of the impact of IFRS 15 adoption on the financial statements of the Group. Management's assessment indicates that accounting for contracts with variable consideration such as rights of return, trade discounts or volume rebates were impacted and as a result have made the necessary adjustment to the quarterly financial statements to reflect the impact of the adoption. There was no material impact to the opening retained earnings arising from the adoption of this standard.

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, 2018.

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.

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

3. 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 September 30 2018	Quarter ended September 30 2017
Net profit attributable to ordinary shareholders (\$'000)	768,659	697,994
Weighted average number of ordinary shares in issue ('000) for the period	3,713,977	3,600,585
Basic earnings per share	\$0.21	\$0.19

4. Profit from Discontinued Operations

The financial performance for the quarter for discontinued operations at 30 September 2018 is as below.

	Quarter ended 30 Sep 2017 \$'000
Revenue	448,065
Cost of sales	(293,623)
Gross Profit	154,443
Other income	1,204
Administration and other expenses	(133,922)
Operating Profit	21,724
Finance income	847
Finance costs	(3,376)
Profit before taxation	19,196
Taxation	(4,047)
Net profit after tax of discontinued operations	15,148
Share of results of associate	18,204
Profit for the period from discontinued operations	33,352

5. Cash and Cash Equivalents

	Quarter ended September 30 2018 \$'000	Quarter ended September 30 2017 \$'000
Cash and bank balances	1,474,225	1,301,741
Short term deposits	2,400,374	2,008,218
	3,874,599	3,309,959
Bank overdraft	(65,415)	(41,890)
	3,809,184	3,268,069

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

6. Share Capital

Consequent upon the decision to publicly list in December 2017, the authorised ordinary shares were increased from 1,100,000 to 4,000,000,000. The issued shares were then each sub-divided into 3,382 shares, increasing the total issued from 1,064,632 to 3,600,585,424. The Group made available for purchase a further 149,414,576 shares, bringing the issued shares to 3,750,000,000. The proceeds of sale of the Group's shares amounted to \$1.134.720.000 net of transaction costs of \$36.984.000.

7. 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 September 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. Grace Kennedy Limited Pension Scheme	25,877,285	0.6901%
7. NCB Capital Markets X Trading A/C	25,477,437	0.6794%
8. ATL Group Pension Fund Trustees Nom Ltd.	24,887,475	0.6637%
9. Sagicor Pooled Equity Fund	23,913,562	0.6377%
10. SJIML A/C 3119	23,132,836	0.6169%

Shareholdings of Directors as at September 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	2,938,936	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 September 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
Halcott Holness	2,085,333	0	2,085,333
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