



Wisynco Group Limited

Interim Report

Second Quarter ended

31 December 2018

Wisynco Group Limited (Wisynco) – Interim Report to Shareholders

The Directors are pleased to present the unaudited financial results for the second quarter ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Revenues for the quarter of \$7.1 billion represented an increase of 16% over the \$6.1 billion achieved in the corresponding quarter of the previous year. Gross Profit also increased to \$2.8 billion or 18.3% over the \$2.4 billion achieved in the same quarter of the previous year. Gross Margin of 39.8% was slightly greater than the 39% for the corresponding quarter of the previous year.

Selling, Distribution & Administrative Expenses for the quarter totaled \$1.5 billion or 12.4% more than the \$1.3 billion for the corresponding quarter of the prior year, however, they are in line with the increased revenue. Finance expenses included a loss of \$128 million due to the revaluation of our USD deposits as the Jamaican Dollar revalued from a rate of 133.46 at September 30, 2018 to 125.89 on December 31, 2018. During the quarter, management successfully renegotiated lower interest rates on the company's borrowings which should result in approximately J\$40 million annual savings.

Profit before Taxation for the quarter increased to \$941.8 million or 23.9% over the \$760.2 million realized in Q2 2017. For the quarter ended December 31, 2018, Wisynco recorded Profits Attributable to shareholders of \$775.7 million or 21 cents per share compared to \$578 million or 16 cents per share, an improvement of 31% over the corresponding period of the prior year.

The Company declared a dividend of 7 cents per share payable to shareholders on record as at February 12, 2019 with a payment date of February 26, 2019. Going forward dividends will be declared semi-annually, with the first interim dividend being in January and the final dividend in July of each year.

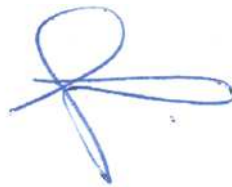
We commenced sales of Worthy Park spirits brands on November 1, 2018 which include Rum-Bar Rums, Rum Cream and Vodka. The distribution of the Worthy Park packaged sugar commenced on January 1 2019.

The Beverage industry, effective February 1 2019, is applying a self-imposed cess of JA\$1.00 per bottle to be paid to RPJ (Recycle Partners of Jamaica). This cess is to enable RPJ to move with alacrity in establishing depots to collect and recycle PET bottles. This is a precursor to a planned national deposit refund scheme as mentioned by the Government in recent presentations. Selling prices have been adjusted to offset this self-imposed cess.

We thank the Wisynco team for their passion and solid efforts during our second quarter as well as consumers of all Wisynco brands.



William Mahfood
Chairman



Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Comprehensive Income
Quarter ended 31 December 2018

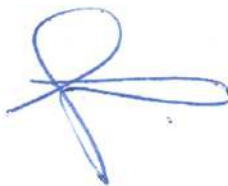
| | Quarter ended 31 December 2018 \$'000 | Quarter ended 31 December 2017 \$'000 | Six Months ended 31 December 2018 \$'000 | Six Months ended 31 December 2017 \$'000 |
|---|---|---|--|--|
| Note | | | | |
| Revenue | 7,116,502 | 6,140,312 | 13,926,860 | 12,253,034 |
| Cost of Sales | (4,284,176) | (3,745,647) | (8,517,771) | (7,668,440) |
| Gross Profit | 2,832,326 | 2,394,665 | 5,409,089 | 4,584,594 |
| Other operating income | 32,907 | 25,417 | 54,897 | 41,039 |
| Selling and distribution expenses | (1,466,930) | (1,305,462) | (2,937,830) | (2,636,587) |
| Administration expenses | (284,337) | (234,851) | (543,504) | (304,115) |
| Operating Profit | 1,113,966 | 879,769 | 1,982,652 | 1,684,931 |
| Finance income | 18,182 | 13,894 | 42,204 | 31,217 |
| Finance costs | (190,341) | (133,458) | (154,979) | (144,602) |
| Profit before Taxation | 941,807 | 760,205 | 1,869,877 | 1,571,546 |
| Taxation | (166,107) | (190,402) | (325,519) | (380,587) |
| Profit for the year from continuing operations | 775,700 | 569,803 | 1,544,358 | 1,190,959 |
| Profit from discontinued operations | - | 8,203 | - | 41,555 |
| Net Profit | 775,700 | 578,006 | 1,544,358 | 1,232,514 |
| Other Comprehensive Income | | | | |
| Items that may be subsequently reclassified to P&L | | | | |
| Exchange differences on translation of foreign subsidiary | (2,549) | 578 | 4,679 | (2,031) |
| Unrealised gains on available-for-sale investments | 4,668 | 4,403 | 7,614 | 8,308 |
| Total Comprehensive Income | 777,819 | 582,987 | 1,556,651 | 1,238,791 |
| Net Profit attributable to: | | | | |
| Shareholders of Wisynco Group Limited | 775,700 | 578,006 | 1,544,358 | 1,232,550 |
| Non-controlling interest | - | - | - | (36) |
| | 775,700 | 578,006 | 1,544,358 | 1,232,514 |
| Total Comprehensive Income attributable to: | | | | |
| Shareholders of Wisynco Group Limited | 777,819 | 582,987 | 1,556,651 | 1,238,827 |
| Non-controlling interest | - | - | - | (36) |
| | 777,819 | 582,987 | 1,556,651 | 1,238,791 |
| Earnings per share from continuing and discontinued operations attributable to shareholders of the group | | | | |
| 3 | | | | |
| From continuing operations | \$0.21 | \$0.16 | \$0.41 | \$0.33 |
| From discontinued operations | \$0.00 | \$0.00 | \$0.00 | \$0.01 |
| Basic earnings per share | \$0.21 | \$0.16 | \$0.41 | \$0.34 |

Wisynco Group Limited
Group Statement of Financial Position
31 December 2018

| | | Unaudited December 31 2018 \$'000 | Unaudited December 31 2017 \$'000 | Audited June 30 2018 \$'000 |
|--|-------|--|--|--------------------------------------|
| | Notes | | | |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | | 6,811,809 | 5,091,110 | 6,775,727 |
| Available-for-sale investments | | 94,370 | 423,514 | 215,760 |
| | | 6,906,179 | 5,514,624 | 6,991,487 |
| Current Assets | | | | |
| Inventories | | 2,819,864 | 1,976,396 | 2,199,273 |
| Receivables and prepayments | | 2,793,388 | 2,562,881 | 2,302,693 |
| Available-for-sale investments - current portion | | 395,003 | - | 269,530 |
| Cash and short-term deposits | 5 | 3,229,507 | 3,334,634 | 3,968,075 |
| | | 9,237,762 | 7,873,911 | 8,739,571 |
| Current Liabilities | | | | |
| Trade and other payables | | 3,053,185 | 2,153,203 | 3,873,904 |
| Short-term borrowings | | 473,093 | 428,527 | 376,686 |
| Taxation payable | | 569,531 | 346,208 | 362,940 |
| Net Current Assets | | 4,095,809 | 2,927,938 | 4,613,530 |
| | | 5,141,953 | 4,945,973 | 4,126,041 |
| | | 12,048,132 | 10,460,597 | 11,117,528 |
| Shareholders' Equity | | | | |
| Share capital | | 1,192,647 | 1,192,647 | 1,192,647 |
| Capital reserve | | 127,560 | 124,526 | 119,946 |
| Translation Reserve | | 34,765 | 1,202 | 30,086 |
| Retained earnings | | 8,610,590 | 6,523,321 | 7,347,482 |
| | | 9,965,562 | 7,841,696 | 8,690,161 |
| Non-current Liabilities | | | | |
| Deferred tax liabilities | | 231,341 | 213,560 | 257,430 |
| Borrowings | | 1,851,229 | 2,405,341 | 2,169,937 |
| | | 2,082,570 | 2,618,901 | 2,427,367 |
| | | 12,048,132 | 10,460,597 | 11,117,528 |



William Mahfood
Chairman



Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Changes in Equity
Quarter ended 31 December 2018

| | Number of Shares | Share Capital | Capital Reserves | Retained Earnings | Translation Reserve | Non Controlling Interest | Total Equity |
|--|----------------------|------------------|---------------------|----------------------|------------------------|--------------------------------|------------------|
| | '000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July 2017 | 3,600,585,424 | 57,927 | 116,218 | 7,377,182 | 3,233 | 5,740 | 7,560,300 |
| Net profit | - | - | - | 1,232,550 | - | - | 1,232,550 |
| Unrealised gain on investments | - | - | 8,308 | - | - | - | 8,308 |
| Exchange differences on translating foreign subsidiary | - | - | - | - | (2,031) | - | (2,031) |
| Total comprehensive income | - | - | 8,308 | 1,232,550 | (2,031) | - | 1,238,827 |
| Transactions with Owners: | | | | | | | |
| Dividends Paid | - | - | - | (1,068,683) | - | - | (1,068,683) |
| Sale of ordinary shares (Net) | 149,414,576 | 1,134,720 | - | - | - | - | 1,134,720 |
| Transfer to owners consequent on reorganization | - | - | - | (1,017,728) | - | (5,740) | (1,023,468) |
| | - | 1,134,720 | - | (2,086,411) | - | (5,740) | (957,431) |
| Balance at 31 December 2017 | 3,750,000,000 | 1,192,647 | 124,526 | 6,523,321 | 1,202 | - | 7,841,696 |
| Balance as at July 1, 2018 | 3,750,000,000 | 1,192,647 | 119,946 | 7,347,482 | 30,086 | - | 8,690,161 |
| Net profit | - | - | - | 1,544,358 | - | - | 1,544,358 |
| Unrealised gains on investments | - | - | 7,614 | - | - | - | 7,614 |
| Exchange differences on translating foreign subsidiary | - | - | - | - | 4,679 | - | 4,679 |
| Total comprehensive income | - | - | 7,614 | 1,544,358 | 4,679 | - | 1,556,651 |
| Transactions with Owners: | | | | | | | |
| Dividends Paid | - | - | - | (281,250) | - | - | (281,250) |
| Total comprehensive income | - | - | 7,614 | 1,263,108 | 4,679 | - | 1,275,401 |
| Balance as at 31 December 2018 | 3,750,000,000 | 1,192,647 | 127,560 | 8,610,590 | 34,765 | - | 9,965,562 |

Wisynco Group Limited
Group Statement of Cash Flows
Quarter ended 31 December 2018

| | Six months ended 31 December 2018 \$'000 | Six months ended 31 December 2017 \$'000 |
|---|--|--|
| Net profit from operations: | | |
| Continuing operations | 1,544,358 | 1,190,959 |
| Discontinued operations | - | 41,555 |
| Items not affecting cash: | | |
| Depreciation | 477,785 | 363,680 |
| Gain on sale of property, plant and equipment | (4,994) | (2,305) |
| Interest income | (41,264) | (30,570) |
| Dividend income | (941) | (646) |
| Interest expense | 99,434 | 100,665 |
| Taxation expense | 325,519 | 380,587 |
| Exchange gain on foreign currency balances | 56,626 | 8,148 |
| | 2,456,523 | 2,052,073 |
| Changes in operating assets and liabilities: | | |
| Inventories | (620,591) | (36,014) |
| Receivables and prepayments | (490,695) | (697,630) |
| Trade and other payables | (782,586) | (926,883) |
| Cash generated from operations | 562,651 | 391,546 |
| Taxation paid | (145,017) | (213,193) |
| Cash provided by operating activities | 417,634 | 178,353 |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (516,185) | (582,999) |
| Purchase of investments | 3,531 | (558,591) |
| Proceeds from investments | - | 611,298 |
| Proceeds from the sale of property, plant and equipment | 7,312 | 5,034 |
| Dividend received | 941 | 647 |
| Interest received | 41,264 | 30,570 |
| Cash used in investing activities | (463,137) | (494,041) |
| Cash Flows from Financing Activities | | |
| Interest paid | (137,567) | (50,839) |
| Dividend Paid | (281,250) | (1,068,683) |
| Long-term loans repaid | (228,000) | (269,310) |
| Long-term loan received | - | 725,000 |
| Proceeds from IPO | - | 1,134,720 |
| Finance leases repaid | (13,710) | (20,571) |
| Cash (used in)/provided by financing activities | (660,527) | 450,317 |
| Effects of changes in foreign exchange rates | (51,946) | (3,906) |
| (Decrease)/Increase in cash and cash equivalents | (757,976) | 130,723 |
| Cash and cash equivalents at beginning of year | 3,917,663 | 3,148,381 |
| Cash and Cash Equivalents at end of Year | 3,159,687 | 3,279,104 |

Wisynco Group Limited
Notes to the Interim Financial Statements
31 December 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, utilising 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
31 December 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 December 31 2018 | Quarter ended December 31 2017 | Six months December 31 2018 | Six months December 31 2017 |
|--|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Net profit attributable to ordinary shareholders (\$'000) | 775,700 | 578,006 | 1,544,358 | 1,232,550 |
| Weighted average number of ordinary shares in issue ('000) for the end of the period | 3,750,000 | 3,600,585 | 3,750,000 | 3,600,585 |
| Basic earnings per share | \$0.21 | \$0.16 | \$0.41 | \$0.34 |

4. Profit from Discontinued Operations

The financial performance for the quarter for discontinued operations at 31 December 2017 is as below.

| | Quarter ended 31 December 2017 \$'000 | Six months ended 31 December 2017 \$'000 |
|---|--|--|
| Revenue | 147,392 | 595,457 |
| Cost of sales | (97,354) | (390,977) |
| Gross Profit | 50,038 | 204,481 |
| Other income | 51 | 1,255 |
| Administration and other expenses | (46,608) | (180,530) |
| Operating Profit | 3,481 | 25,205 |
| Finance income | (2,067) | (1,220) |
| Finance costs | (1,516) | (4,892) |
| Profit before taxation | (102) | 19,094 |
| Taxation | (10) | (4,057) |
| Net profit after tax of discontinued operations | (112) | 15,036 |
| Share of results of associate | 8,315 | 26,519 |
| Profit for the period from discontinued operations | 8,203 | 41,555 |

Wisynco Group Limited
Notes to the Interim Financial Statements
31 December 2018

5. Cash and Cash Equivalents

| | Six months ended 31 December 2018 \$'000 | Six months ended 31 December 2017 \$'000 |
|------------------------|---|---|
| Cash and bank balances | 1,162,125 | 1,725,752 |
| Short term deposits | 2,067,384 | 1,608,882 |
| | <u>3,229,508</u> | <u>3,334,634</u> |
| Bank overdraft | (69,821) | (55,530) |
| | <u><u>3,159,687</u></u> | <u><u>3,279,104</u></u> |

6. 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.

The Company declared a dividend of 7 cents per share payable to shareholders on record as at February 12, 2019 with a payment date of February 26, 2019. Going forward dividends will be declared semi-annually, with the first interim dividend being in January and the final dividend in July of each year



10 Largest Shareholders of Wisynco Group Limited as at December 31 2018

| 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. JCSD Trustee Services Ltd - SIGMA EQUITY | 42,514,132 | 1.1337% |
| 4. Francois Paul Chalifour | 37,729,580 | 1.0061% |
| 5. Devon Hugh Reynolds | 35,229,613 | 0.9395% |
| 6. Guardian Life Limited | 29,341,646 | 0.7824% |
| 7. GraceKennedy Pension Fund Custodian Ltd. | 25,877,285 | 0.6901% |
| 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 December 31 2018

| Directors | Direct | Connected Parties | Total |
|--------------------|------------|-------------------|---------------|
| * 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 |
| Francois Chalifour | 37,729,580 | 0 | 37,729,580 |
| Devon H. Reynolds | 35,229,613 | 0 | 35,229,613 |
| 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 |

* 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 December 31 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 |
| Tabitha Athey | 937,420 | 0 | 937,420 |
| 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 |