



Wisynco Group Limited
Interim Report (Unaudited)
2nd Quarter ended
31 December 2019

Wisynco Group Limited (Wisynco) – Interim Report to Stockholders

The Directors are pleased to present the unaudited financial results for the second quarter ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Revenues for the quarter from continuing operations of \$8.5 billion represented an increase of 25% over the \$6.8 billion achieved in the corresponding quarter of the previous year. We had growth in all major product categories notwithstanding tempered demand for some products at the start of the 2nd Quarter due to rains which continued into early October.

Gross Profit increased to \$3.1 billion or 14.1% over the \$2.7 billion achieved in the same quarter of the prior year. Our Gross Margin at 36.6% was above target for the quarter.

Selling, Distribution & Administrative expenses for the quarter totaled \$2.2 billion or 25.3% more than the \$1.75 billion for the corresponding quarter of the prior year. We incurred additional one-off marketing costs to support new product development and introduction during the quarter and additional Christmas related marketing expenditures. Approximately 10% of the increased expenditure was as a result of the increased revenues.

Included in Finance costs are foreign exchange losses of approximately \$68 million as a result of the revaluation of the JAD.

As a result, Profit before Taxation for the quarter was \$865 million which was 3.3% greater than the \$837 million realized in Q2 2019.

Due to the closure of the Styrofoam plant with effect December 31, 2019, in accordance with the Government of Jamaica's ban on production and sale of Styrofoam in Jamaica effective January 1, 2020, there was a one-off loss accounted for and reported in this interim report as discontinued operations which impacted our Net Profit by \$262 million.

After provision for the above items and taxes, Wisynco recorded Net Profits Attributable to shareholders of \$582 million or 16 cents per share compared to \$776 million or 21 cents per share for the corresponding period of the prior year. Despite the provision for the closure, Net Profit Attributable to Stockholders stood at \$1.76 billion for the six months compared to \$1.54 billion for the corresponding period in the prior year representing a 14.3% increase.

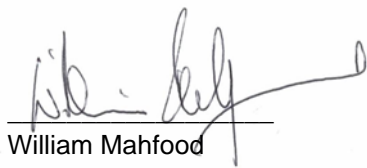
We have provided for the full financial impact of the closure of the Styrofoam plant in this Report, however the industry was given certain commitments from the Government that there would be some form of compensation for these closures. We will continue to negotiate for this compensation.

While it is unfortunate to have to close any manufacturing facility, the management team's efforts in securing new business lines and growth in our core beverage brands is to be congratulated. We will continue rolling out strategies to enhance shareholder value in the near future.

Our Cogeneration plant is scheduled to be commissioned during our 3rd quarter (March 2020) and we look forward to the cost savings and efficiencies which this will bring.

The entire Wisynco team takes this opportunity to thank our Styrofoam Team members for their invaluable service to our company over the past 40 years.

In addition, we thank the continuing Wisynco team for their dedication and are pleased with the support for the Company's brands from customers and consumers all across Jamaica.



William Mahfood
Chairman



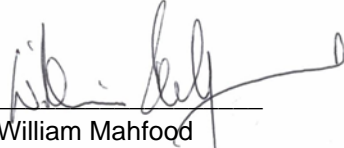
Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Comprehensive Income
Six months ended 31 December 2019

	Quarter ended 31 December 2019 \$'000	Quarter ended 31 December 2018 \$'000	Six months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
Revenue	8,494,140	6,797,740	17,105,838	13,345,786
Cost of sales	(5,381,432)	(4,069,778)	(10,915,810)	(8,104,961)
Gross Profit	3,112,708	2,727,962	6,190,028	5,240,825
Other operating income	38,187	32,907	62,752	54,897
Selling and distribution expenses	(1,842,550)	(1,466,930)	(3,550,570)	(2,937,830)
Administration expenses	(352,030)	(284,337)	(685,632)	(543,504)
Operating Profit	956,315	1,009,602	2,016,578	1,814,388
Finance income	33,772	18,182	75,271	42,204
Finance costs	(116,573)	(190,341)	(81,328)	(154,979)
Share of results of associate	(8,444)	-	3,223	-
Profit before Taxation	865,070	837,443	2,013,744	1,701,613
Taxation	(179,519)	(166,107)	(421,519)	(325,519)
Profit for the period from continuing operations	685,551	671,336	1,592,225	1,376,094
(Loss)/Profit from discontinued operations	4 (103,055)	104,364	165,375	168,264
Net Profit	582,496	775,700	1,757,600	1,544,358
Other Comprehensive Income				
Items that may be subsequently reclassified to P&L:				
Exchange differences on translation of foreign subsidiary	(1,131)	(2,549)	(1,303)	4,679
Items that may not be subsequently reclassified to P&L:				
Unrealised gains on investment securities	24,993	4,668	47,811	7,614
Total Comprehensive Income	606,358	777,819	1,804,108	1,556,651
Net Profit attributable to:				
Stockholders of Wisynco Group Limited	582,496	775,700	1,757,600	1,544,358
Total Comprehensive Income attributable to:				
Stockholders of Wisynco Group Limited	606,358	777,819	1,804,108	1,556,651
Earnings per stock unit from continuing and discontinued operations attributable to stockholders of the group				
	3			
From continuing operations	\$0.18	\$0.18	\$0.42	\$0.37
From discontinued operations	(\$0.02)	\$0.03	\$0.04	\$0.04
	\$0.16	\$0.21	\$0.47	\$0.41

Wisynco Group Limited
Group Statement of Financial Position
31 December 2019

		Unaudited December 31 2019 \$'000	Unaudited December 31 2018 \$'000	Audited June 30 2019 \$'000
	Notes			
Non-Current Assets				
Property, plant and equipment		6,686,608	6,811,809	6,724,278
Intangible asset	5	68,299	-	-
Investment in associate	6	597,184	-	593,961
Loans receivable		162,936	-	165,545
Investment securities		784,748	94,370	379,060
		8,299,775	6,906,179	7,862,844
Current Assets				
Inventories		3,008,000	2,819,864	3,225,686
Receivables and prepayments		3,740,243	2,793,388	2,585,519
Investment securities		-	395,003	130,385
Cash and short-term deposits	7	4,348,111	3,229,507	3,974,545
		11,096,354	9,237,762	9,916,135
Current Liabilities				
Trade and other payables		3,527,920	3,053,185	3,336,064
Short-term borrowings		556,711	473,093	485,724
Taxation payable		670,810	569,531	444,969
		4,755,441	4,095,809	4,266,757
Net Current Assets		6,340,913	5,141,953	5,649,378
		14,640,688	12,048,132	13,512,222
Shareholders' Equity				
Share capital		1,192,647	1,192,647	1,192,647
Capital reserve		178,643	127,560	130,832
Translation reserve		27,745	34,765	29,048
Retained earnings		11,115,654	8,610,590	9,733,054
		12,514,689	9,965,562	11,085,581
Non-current Liabilities				
Deferred tax liabilities		213,511	231,341	213,511
Borrowings		1,912,488	1,851,229	2,213,130
		2,125,999	2,082,570	2,426,641
		14,640,688	12,048,132	13,512,222



William Mahfood
Chairman



Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Changes in Equity
Six months ended 31 December 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	-	-	-	1,544,358	-	1,544,358
Unrealised gain 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)
	-	-	7,614	1,263,108	4,679	1,275,401
Balance at 31 December 2018	3,750,000,000	1,192,647	127,560	8,610,590	34,765	9,965,562
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	-	-	-	1,757,600	-	1,757,600
Unrealised gains on investments	-	-	47,811	-	-	47,811
Exchange differences on translating foreign subsidiary	-	-	-	-	(1,303)	(1,303)
Total comprehensive income	-	-	47,811	1,757,600	(1,303)	1,804,108
Transactions with Owners:						
Dividends paid	-	-	-	(375,000)	-	(375,000)
	-	-	47,811	1,382,600	(1,303)	1,429,108
Balance as at 31 December 2019	3,750,000,000	1,192,647	178,643	11,115,654	27,745	12,514,689

Wisynco Group Limited
Group Statement of Cash Flows
Six months ended 31 December 2019

	Six Months ended 31 December 2019 \$'000	Six Months ended 31 December 2018 \$'000
Net profit from operations:		
Continued Operations	1,592,225	1,376,094
Discontinued Operations	165,375	168,264
Items not affecting cash:		
Share of results of associate	(3,223)	-
Depreciation	501,559	477,785
Fixed assets written-off	115,716	-
Gain on sale of property, plant and equipment	(1,664)	(4,994)
Amortisation of intangibles	25,593	-
Interest income	(69,505)	(41,264)
Dividend income	-	(941)
Interest expense	76,105	99,434
Taxation expense	421,519	325,519
Exchange difference on foreign currency balances	(18,369)	56,626
	2,805,331	2,456,523
Changes in operating assets and liabilities:		
Inventories	217,686	(620,591)
Receivables and prepayments	(1,154,724)	(490,695)
Trade and other payables	215,371	(782,586)
Cash generated from operations	2,083,664	562,651
Taxation paid	(195,677)	(145,017)
Cash provided by operating activities	1,887,987	417,634
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(663,236)	(516,185)
Intangibles	(19,989)	-
Purchase of investments	(377,420)	3,531
Net movement on short term deposits	522,837	-
Proceeds from the sale of property, plant and equipment	4,000	7,312
Proceeds from sale of investments	130,385	-
Dividend received	-	941
Interest received	69,505	41,264
Cash used in investing activities	(333,918)	(463,137)
Cash Flows from Financing Activities		
Interest paid	(99,620)	(137,567)
Long-term loans repaid	(300,358)	(228,000)
Finance leases repaid	(913)	(13,710)
Dividend paid	(375,000)	(281,250)
Cash used in financing activities	(775,891)	(660,527)
Effects of changes in foreign exchange rates	46,608	(51,946)
Increase/(decrease) in cash and cash equivalents	824,787	(757,976)
Cash and cash equivalents at beginning of year	3,415,897	3,917,663
Cash and Cash Equivalents at end of Year	4,240,684	3,159,687

Wisynco Group Limited
Notes to the Interim Financial Statements
31 December 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 December 31 2019	Quarter ended December 31 2018	Six months ended December 31 2019	Six months ended December 31 2018
Net profit attributable to ordinary stockholders (\$'000)	582,496	775,700	1,757,600	1,544,358
Basic earnings per stock unit	\$0.16	\$0.21	\$0.47	\$0.41

Wisynco Group Limited
Notes to the Interim Financial Statements
31 December 2019

4. (Loss)/Profit from Discontinued Operations

On 31 December 2019, the Company ceased operations of the manufacturing of foam products due to the January 1, 2020 ban on styrofoam products by the government.

The financial performance and cash flow information presented are for the quarter ended 31 December 2019.

	Quarter ended 31 December 2019 \$'000	Quarter ended 31 December 2018 \$'000	Six months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
Revenue	467,958	318,762	945,035	581,074
Cost of sales	(571,013)	(214,398)	(779,660)	(412,810)
Profit for the period from discontinued operations	(103,055)	104,364	165,375	168,264

	Six months ended 31 December 2019 \$'000	Six months ended 31 December 2018 \$'000
Operating cash flows	333,213	255,996
Net cash flows	333,213	24,239

Details of the assets of the division

	31 December 2019 \$'000
The carrying amounts of assets and liabilities as at the date of closure were:	
Property, plant and equipment	115,716
Inventories	30,666
Assets	146,382

Wisynco Group Limited
Notes to the Interim Financial Statements
31 December 2019

5. Intangibles

These represent software transferred from fixed assets.

	2019
	\$'000
Net book value transferred from fixed assets at July 1, 2019	73,903
Additions	19,989
Amortisation	<u>(25,593)</u>
	<u>68,299</u>

6. Investment in Associate

	2019
	\$'000
At beginning of quarter	605,628
Share of results of associate	(8,444)
Amounts recognized in the Statement of Financial Position	<u>597,184</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.

7. Cash and Short Term Deposits

	Six months ended December 31 2019 \$'000	Six months ended December 31 2018 \$'000
Cash and bank balances	1,363,200	1,162,124
Short term deposits	2,984,911	2,067,383
	<u>4,348,111</u>	<u>3,229,507</u>
Bank overdraft	(107,427)	(69,820)
	<u>4,240,684</u>	<u>3,159,687</u>

8. Subsequent Events

The Company declared a dividend of 9 cents per share payable to shareholders on record as at February 14, 2020 with a payment date of March 3, 2020.



10 Largest Shareholders of Wisynco Group Limited as at December 31, 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. Sagicor Select Fund Ltd. ('Class C' Shares) Manufacturing & Distribution	30,080,303	0.8021%
5. Guardian Life Limited	29,341,646	0.7824%
6. Devon Hugh Reynolds	29,229,613	0.7795%
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 December 31, 2019

Directors	Direct	Connected Parties	Total
* William Mahfood	1,696,431	2,798,716,432	2,800,412,863
* Joseph Mahfood	0	2,791,383,736	2,791,383,736
* Andrew Mahfood	527,763	2,783,516,432	2,784,044,195
Francois Chalifour	34,729,580	0	34,729,580
Devon H. Reynolds	29,229,613	0	29,229,613
John Lee	0	5,546,491	5,546,491
Lisa Soares Lewis	3,167,600	0	3,167,600
Adam Stewart	0	2,938,936	2,938,936
Odetta Rockhead Kerr	113,715	0	113,715

* 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, 2019

Senior Executives	Direct	Connected Parties	Total
Christopher Ramdon	2,202,383	0	2,202,383
Andrew Fowles	2,225,300	0	2,225,300
Halcott Holness	2,085,333	0	2,085,333
Jacynth 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