

INSIDE: SPARKLING CRAN WATA 'WOWS' THE TASTE BUDS!

REVIEW



2019 ANNUAL REPORT

FEATURE

GROWING TEAM
IN A GROWING
ECONOMY

**NO
LIMITS**

The Power of Potential

SALES-CON:

'Exceeding
the Vision –
Securing the
Future'

FEATURE

6 Fearless Females
tell their tales!



NO LIMITS

At Wisynco we see potential in everything and everyone. We believe that there are **NO LIMITS** with the right support, guidance and investment in our products and our people. We believe that there are **NO LIMITS** to Jamaica's potential for growth and **NO LIMITS** for our people.

MISSION To improve the lives of our people.

4

About Us

7

Chairman &
CEO's message

9

Notice of Annual
General Meeting

10

The Board of Directors

14

Executive Team



ON THE COVER:

Khadijah Shaw, Senior
Reggae Girlz. *Image courtesy
of The Gleaner Company Ltd.*



16

Corporate Data

17

Top 10 Shareholders
and Directors' Interest

27

Corporate
Governance

32

Management
Discussion & Analysis

32

Five-Year Financial
Analysis

41

Corporate Social
Responsibility



50

Auditor's Report

55

Audited Financial
Statements

Form of Proxy



CLICK IT + WATCH IT: Throughout this year's annual, this icon indicates an embedded video. It can be viewed by clicking on the picture in the electronic version of the annual report, on your CD or online at www.wisynco.com

ABOUT THE COMPANY

Wisynco Group Limited is a proud and established Jamaican manufacturer and distributor. The Company was established in 1965 and began manufacturing Ironman Waterboots. Every decade of Wisynco's existence has seen innovation and growth, be it through new industries, new partnerships or export ventures. At Wisynco, innovation is viewed as the most effective driver of long-term sustainable shareholder value. By understanding the needs of the Jamaican consumer, the Company has been able to conceptualize several local beverage brands which have resonated with the Jamaican palate and lifestyle and which dominate in their respective categories.

The Company currently produces its own brands of high-quality beverage products including BIGGA soft drinks, WATA, CranWATA, Sparkling CranWata, Ironade and BOOM Energy Drink, as well as Sweet Synthetic Packaging Products. In addition to their owned brands, Wisynco is the exclusive bottler and distributor for the popular brand portfolios Coca-Cola and Squeezz beverages. The Company boasts an enviable portfolio of food and beverage brands that include imported brands such as Kelloggs, Häagen Dazs, Yoplait and M&Ms, as well as locally manufactured products from Tradewinds, Worthy Park Estate and JP Snacks.

The Wisynco Family has expanded over the years and has faced many triumphs and challenges together, making the team more resilient and committed. Through the years the Company and its growing employee base have been guided by the principles of their founding fathers, who insisted that their priorities in life should be God first, Family second, Country and then Company. The Company Mission Statement; To improve the lives of our people, extends to all stakeholders, shareholders, team members, customers, partners and fellow Jamaicans alike.

The Wisynco Team conceptualized the acronym C.H.I.R.P. which speaks to the values of Compassion, Humility, Integrity, Respect, and Passion. These values define the 'Wisynco Way' by which all Wisynco employees strive to live.

Wisynco takes great pride in offering quality products to the Jamaican market at competitive

prices. The Company's goal is to remain the premier distributor and manufacturer of food and beverages in Jamaica. This is achieved by constant innovation in existing and potential product categories. The variety of brands and packaged offerings the Company has in its portfolio provide the flexibility to reach all Jamaican consumers. Wisynco maintains international standards and is certified with the following:

- ISO 9001:2015 [Quality Management Systems Certification]
- FSSC 22000 v 4.1 [Food Safety Management Systems Certification]
- ISO 14001:2015 [Environmental Management Systems Certification]
- OHSAS 18001:2007 [Occupational Health and Safety Management Systems Certification]

Wisynco currently distributes 147 brands and has a direct customer base of over 12,000 customers. This is made up primarily of supermarkets, retail wholesale channels, schools and food service outlets. It offers its products through distributors in Jamaica, Antigua, Bahamas, Trinidad, Grenada, Dominica, St. Lucia, Canada, Barbados, St. Vincent, Guyana, Belize, Curaçao, Grand Cayman, the United Kingdom, the United States, Aruba, Panama, St. Kitts and Suriname. Wisynco prides itself on creating a differentiated customer experience, as such the focus is on providing innovative product offerings and superior customer care resulting in a high degree of customer loyalty.

With one of the largest sales forces in Jamaica, comprising of more than 800 sales-related employees, Wisynco boasts a sales and distribution infrastructure that has a significant presence in the marketplace, ensuring that all Wisynco represented products are well positioned and accessible to Jamaican consumers at all times.

The Company operates from a modern centralized 360,000 square foot warehouse space and commands a fleet of over 65 owned and over 400 contracted trucks that deliver product directly to our vast customer base. Its in-trade assets include over 8,600 coolers and 2,400 freezers which help to ensure the ready-to-serve availability of their products.

C.H.I.R.P. – Compassion, Humility, Integrity, Respect, and Passion.



The average Jamaican consumes a Wisynco product at least once every day.



William Mahfood, Chairman

Andrew Mahfood, CEO

A GROWING TEAM

A Growing Company in a Growing Nation

We have closed another good year for Wisynco having achieved a 15% increase in revenue and ended the financial year with a robust 28% increase in net profit after tax. We attribute our growth and results to our dedicated team and our focus on not just building a company, but on the development of people, culture and the role we play in the development of Jamaica.

On January 29th, 2019, we welcomed our newest Independent Board member, Mrs. Odetta Rockhead-Kerr, who brings over 20 years of experience in customer service, Business Process Outsourcing (BPO), technology and transformation space. We have already benefitted significantly from Odetta's contributions and look forward to her continued input and support. She is also a member of our Audit and Risk and Corporate Governance and Compensation committees.

Strategic Partnerships

During the year, we made an investment in JP Snacks Caribbean Limited of \$586.2 million in return for a 30% stake in the company. We are proud to embrace JP Snacks and their range of St. Mary's tropical snacks, as an associated company of the Group as of April 2019.

Earlier in the financial year, Wisynco entered into a strategic distribution arrangement with Worthy Park Estate Limited. Under this partnership, we have become the distributors of Worthy Park Estate's sugar and spirits products for Jamaica. This is expected to favourably impact our revenue for both portfolios (sugar and spirits) at approximately \$2.1 billion per annum and we believe there are some potential future innovations from this alliance.

These deals have added significant value to Wisynco while maintaining our debt profile. Our debt to equity ratio actually reduced from 29% in 2018 to 24% in 2019 while group equity increased to \$11 billion from \$8.7 billion at the end of 2018.

Trending Upwards

We all want a robust and 'Bigga' Jamaican economy, with more than the reported 1.0% annual growth. Thankfully, our economy continues to improve with low levels of inflation, interest rates, and unemployment. The exchange rate is operating with growing predictability and the trade balance is forecasted to remain largely stable according to the Bank of Jamaica. This provides an opportunity for an economic tipping point that should continue to facilitate growth for both our company and country.

For the review period ending June 2019, the economy recorded annual inflation of 4.2% and the Bank of Jamaica's policy rate closed at 0.75% in June 2019 from 2.0% a year earlier.



We are proud to embrace JP Snacks and their range of St Mary's tropical snacks, as an associated company of the Group.

Our return on average equity continues to trend northwards of 26% per annum.

Additionally, the unemployment rate hit an incredible low of 7.8% in April 2019, the lowest rate in the past decade. This indicates tremendous potential for increasing consumer spending power which will foster a growing business reinforced environment and the growth of Jamaica's manufacturing industry

Moving Forward

Going forward we intend to increase our points of sale in a series of initiatives from our sales and commercial department. We have implemented a customer relationship management (CRM) tool and other technology solutions to support these initiatives.

The new points of distribution will allow us to achieve organic growth of our existing brands and increase access to our newly acquired JP Snacks and Worthy Park Estate, as well as all our other portfolios.

We innovated and launched a series of low and zero sugar added products aimed at offering consumers further beverage choices as well as complying with the Ministry of Health and Wellness' new Interim guidelines regarding changes in the sugar content of beverages sold in schools. For our consumers from basic to secondary level institutions, we offer products less than six grams of sugar per 100 milliliter and 100% juices which meets the new guidelines promoting hydration and health for a balanced lifestyle. Our consumers can also now enjoy reduced sugar in brands such as BIGGA soft drinks, Zero Sugar Coca-Cola and Sprite along with products from our WATA brand and our new Sparkling Cran-WATA which will also have new flavours added in the 2020 financial year.

We continue to play our part in protecting the environment with a combination of efforts, as we continue to search for and implement ways to minimize our environmental footprint. Wisynco has remained committed to numerous initiatives, such as investing in LNG energy which is far more efficient and environmentally friendly, as well as JET's "Nuh Dutty Up Jamaica" campaign that promotes a clean Jamaica and increased direct support of Recycling Partners of Jamaica through a \$1 per bottle fee. In addition to these initiatives, we have been phasing in our new environmentally friendly packaging with fibre and paper options for distribution locally.

The Wisynco team continues to be among the most dedicated and committed team in Jamaica. We remain committed to the development of our team and their families and together there is so much we can achieve and look forward to.

We would like to extend our tremendous thanks to our Board of Directors who give us a broad cross section of representation and extremely good guidance. We extend a special thanks to John Lee as Chairman of the Audit & Risk Committee and Lisa Soares-Lewis as Chair of the Compensation & Corporate Governance Committee for their invaluable input.

We thank our customers, shareholders and team members, and all stakeholders for their continued support as we remain optimistic and confident, for our company and our country for the 2020 financial year. We wish you all the best as we continue to grow together.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the SECOND ANNUAL GENERAL MEETING of Wisynco Group Limited (the Company) will be held at the AC Hotel, 38-42 Lady Musgrave Road, Kingston 5, Jamaica on **Wednesday December 4, 2019 at 10:00 A.M.** to consider, and if thought fit, to pass the following resolutions:

1. To receive the Audited Financial Statements for the year ended June 30, 2019 and the Reports of the Auditors and Directors thereon.

To consider, and if thought fit, pass the following Resolution:

"THAT the Audited Financial Statements for the year ended June 30, 2019 and the Reports of the Auditors and Directors thereon, be and are hereby adopted."

2. To re-appoint Auditors and authorize the Directors to fix the remuneration of the Auditor.

To consider, and if thought fit, pass the following Resolution:

"THAT PricewaterhouseCoopers (PwC), Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby re-appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

3. To elect Directors:

a) In accordance with section 112 of the Company's Articles, the following Directors, appointed by the Board of Directors during the financial year, shall retire from office and, being eligible, offer themselves for re-election:

- i) Mr. Joseph Mahfood; and
- ii) Mrs. Odetta Rockhead-Kerr.

To consider, and if thought fit, pass the following Resolution:

"THAT the retiring Directors, Joseph Mahfood and Odetta Rockhead-Kerr be and are hereby re-elected Directors of the Company".

b) In accordance with section 114 of the Company's Articles of Incorporation, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

- i) Mr. William Mahfood;
- ii) Mr. Andrew Mahfood; and
- iii) Mr. Devon Reynolds.

To consider, and if thought fit, pass the following Resolution:

"THAT the retiring Directors, William Mahfood, Andrew Mahfood and Devon Reynolds be and are hereby re-elected Directors of the Company."

4. To approve the remuneration of the Directors.

To consider, and if thought fit, pass the following Resolution:

"THAT the amount shown in the Audited Accounts of the Company for the year ended June 30, 2019 as fees of the Directors for their services as Directors, be and is hereby approved."

5. To approve and ratify the final dividend of the Financial Year:

To consider, and if thought fit, pass the following Resolution:

"THAT the dividend of 7 cents per share paid on February 26th 2019 be and is hereby ratified and declared the final in the financial year ended 30 June 2019."

6. To consider any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD



Andrew Fowles
Company Secretary

Registered Office: Lakes Pen Road, St Catherine

September 30, 2019

NOTE:

A member entitled to attend and vote at the meeting may appoint a proxy, who need not also be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy is enclosed.

Forms of Proxy must be lodged either at the Company's Registered Office located at Lakes Pen Road, St. Catherine, or with the Registrar of the Company, the JCSD located at 40 Harbour Street, Kingston, not less than 48 hours before the time of the meeting. The Form of Proxy should bear stamp duty of \$100.00 which may be paid by adhesive stamps which are to be cancelled by the person signing the Proxy.



François Chalifour

Lisa Soares Lewis

William Mahfood

Devon H. Reynolds

Andrew Mahfood

THE BOARD OF DIRECTORS

François Chalifour

Director of Marketing & Development

Currently the Director of Marketing & Development of Wisynco Group Limited, François began his career in Montreal Canada during the early 1990s as an Auditor for Richter, Usher & Vineberg; and subsequently as Financial Controller at Bariatrix International. He moved to Jamaica to work with The Jamaica Drink Company Limited where he served as Managing Director for 8 years. As Jamaica Drink was amalgamated into The Wisynco Group Limited, François continued his role overseeing manufacturing of the Company's beverage brands. In 2012, he took on the role of Director of Marketing and Development for the entire Group.

François has a Degree in Administrative and Commercial Studies from the University of Western Ontario, and a Degree in Accounting from the University of Laval, Canada. He is a member of the Chartered Professional Accountant (CPA) Association of Quebec.

François serves on the Boards of Recycling Partners of Jamaica, Wisynco Group Limited, Wisynco Foods Limited, CGM Gallagher, United Estates Limited and Trade Winds Citrus Limited.

Lisa Soares Lewis

Non-Executive Director

Lisa is the Founder/CEO of Great People Solutions, which was created following her Human Resources Director roles at DIAGEO Jamaica (Red Stripe) and North Latin America and the Caribbean. Her career has spanned 20+ years across a range of local and global businesses in banking, telecoms, and FMCG. Her roles covered general management consulting, end-to-end human resource management, corporate and commercial banking and corporate governance.

Lisa is trained in performance diagnostics and breakthrough performance coaching. She has undertaken and held leadership roles in global transformational projects and is known for delivering compelling results. She has a B.Sc. in Industrial Engineering and an MBA in Finance and Marketing from UWI; and has held the Professional in Human Resources and Senior Professional in Human Resources designation.

Lisa chairs the Compensation & Governance Committee and is a member of the Audit and Risk Committee.

William Mahfood

Chairman

William Mahfood was appointed Chairman of the Board in 2014. He holds a B.Sc. in Industrial Engineering & Management Information Systems from North Eastern University.

He started his career with Wisynco Trading Limited as Warehouse Supervisor back in 1988. He then moved to Wisynco Group Limited where he served as Co-Director, Managing Director and Director for Wisynco Group.

William has served on many Boards during his career. This includes serving as President of the Private Sector Organization of Jamaica (PSOJ) for two years and serving as a Director of United Estates, Trade Wind Citrus Limited and JN Group.

Devon H. Reynolds

Director of Manufacturing

Devon Hugh Reynolds has served as Maintenance Manager, Assistant Plant Manager, Plant Manager, General Manager, Managing Director and now Director of Manufacturing. Devon has been with the Company for 36 years, a Director for over 25 years, of which he has been the Director of Manufacturing for the past 10 years.

Prior to working at the Wisynco Group, Devon started his work experience as a Maintenance Engineer at Thermo-Plastics Jamaica Limited, where he became a supervisor. He went on to the Plastic Corporation of Jamaica as a Production Factory Foreman and was later promoted to Plant Manager. He returned to Thermo-Plastics as the Production Manager.

Devon has a Diploma in Electrical and Electronics Engineering from UTECH (formerly the College of Arts, Science & Technology), and received certification and training in Supervisory Management, Injection Moulding, Production Management, Industrial Relations, Flexible Packaging and Advanced Executive Management Development.

Andrew Mahfood

Chief Executive Officer

Andrew Mahfood is the Chief Executive Officer (CEO) of Wisynco Group Limited. Andrew worked at PriceWaterhouse North York, Ontario Canada for 3 years before moving to Wisynco Trading Limited as

the Financial Controller in 1991. He then went on to become Group Finance Director for 6 years before being appointed CEO.

He is a Chartered Accountant and member of the Chartered Professional Accountant (CPA) Association in Ontario, Canada. He graduated from Boston College with a B.Sc. in Finance, Economics and Computer Science

Andrew serves on the Boards of Wisynco Group Limited, Wisynco Foods Limited, Food for the Poor Jamaica, Trade Winds Citrus Limited, United Estates Limited and Seville Development Corp.

Andrew Fowles

Group Company Secretary

Andrew worked at PriceWaterhouse as a Group Manager and at Jamaica Broilers as Project Co-ordinator, before joining West Indies Synthetics in 1987 as Financial Director. He left in 1995 to set up his own consulting practice, and now serves a wide range of corporate clients throughout Jamaica.

Andrew is a member of the Institute of Chartered Accountants in both Scotland and Jamaica.

He was appointed Group Company Secretary in 2005 and sits on the Boards of Seville Development Corporation Limited and Xsomo International Limited.

Adam Stewart

Non-Executive Director

Adam is the Deputy Chairman and Chief Executive Officer of Sandals Resorts International, one of the world's leading resort companies; and the ATL Group, Jamaica's longest standing automotive and appliance distributors with recently expanded region-wide operations.

In 2016, Adam received the Order of Distinction (Commander Class) for outstanding contribution to tourism and the hotel industry. He has been chosen to lead the Tourism Linkages Committee in the capacity of Chairman and currently holds the post of First Vice-President for the Jamaica Hotel and Tourist Association.

Adam is a member of the Company's Compensation & Governance Committee.

Joseph M. Mahfood

Director Emeritus

Joseph Mahfood, Director Emeritus, was educated at St. George's College in Jamaica and subsequently McGill University in Montreal, Canada.

Prior to becoming Store Manager of Mahfood's 1965 Limited, Joseph started his work experience as a travelling salesman for Mahfood's Commercial Limited after which he started working at Wisynco where he was Plant Manager, General Manager and Group Managing Director.

Joseph serves on the Boards of Wisynco Group Limited and Seville Development Corp.

Odetta Rockhead-Kerr

Odetta has over 20 years of experience in the outsourcing (BPO), technology and transformation space, where she has spent most of her career as a senior executive after being promoted to the position of Vice President at age 25 in a US Fortune 500 Multi-National company.

Odetta recently resigned from Sutherland Jamaica where she enabled record breaking success in her capacity as Country Head and Vice President. Prior to this, she was a senior global leader at Xerox, where not only was she the first non-expatriate and one of the first females to assume a role at this level, but she was also the first Vice President outside of North America.

Odetta recently established her own e-commerce company. She is qualified at the graduate level in Business with focus on Management and Marketing.

Odetta is a member of the Company's Audit & Risk, and Compensation & Governance Committees.

John Lee

Non-Executive Director

John Lee is a Director of 138 Student Living, having conceptualised and implemented the idea in 2013 of 'on campus' student housing.

Up to retirement in 2013, John was a Director/ Partner in PricewaterhouseCoopers Tax and Advisory Services Limited, with 35 years of accounting and business experience obtained through corporate and project finance, insolvency and business turnaround, litigation support and auditing assignments in local and international capital markets.

John holds a M.Sc. in Finance and is a retired member of the Association of Chartered Certified Accountants ("ACCA").

John is the Chairman of the Company's Audit & Risk and a member of the Compensation & Governance Committees.



Andrew Fowles

Adam Stewart

Joseph M. Mahfood

Odetta Rockhead-Kerr

John Lee

EXECUTIVE MANAGEMENT COMMITTEE



1. Jacinth Bennett
2. Devon Reynolds
3. François Chalifour

4. Rachel Zacca
5. N. Craig Clare
6. Annette Morrison

7. William Mahfood
8. Tabitha Athey
9. Andrew Mahfood

10. Christopher Ramdon
11. Leilani Hunt
12. Halcott Holness

Halcott Holness

Head of Sales

Halcott was appointed Head of Sales in 2007. He has experience in managing large distribution/sales divisions and implementing automated sales/distribution systems.

He was a Production Supervisor at Dairy Industries Limited and was also an Assistant Sales Manager at Gator Ltd, Business Manager at Walisa T&T Limited, and Sales & Marketing Export Manager at Wisynco Group. He went on to become the National Sales Manager of the Wisynco Group.

Halcott has a master's degree in Business Administration from Nova Southeastern University and a B.Sc. in Management studies from the University of the West Indies, Mona.

Tabitha Athey

General Manager, Full Service Model (FSM)

Tabitha Athey currently heads the sales transformation and distribution project as a member of Wisynco's Executive Management Committee. With over 15 years of experience in sales, marketing, business operations, management, and business development, she previously worked at VIP Attractions as Chief Executive Officer, Ritz Carlton Hotel Company, and Sysco Foods.

Tabitha holds an MBA from Hult International Business School and a BSBA in International Business from the University of Nebraska.

N. Craig Clare

Head of Operations (Acting)

Currently the Head of Operations (Acting), Craig has served the Wisynco Group in manufacturing as the Assistant to the Director of Manufacturing and Group Engineer since 2012. Prior to his stay at Wisynco, Craig's occupation was in construction project management.

He has a Bachelor of Engineering (Civil) from McGill University in Montreal, Canada, and a Master of Business Administration from Tias Nimbas in Utrecht, Netherlands. Craig is also currently certified and registered as a Professional Engineer at the Professional Engineering Registration Board (PERB) in Jamaica.

Christopher Ramdon

Chief Information Officer

Christopher Ramdon currently serves as the Chief Information Officer at Wisynco Group Limited where he oversees all hardware and software, telecom and systems infrastructure.

He has a B.Sc. in Electronics and Physics from the University of the West Indies and a Master of Business Administration in Finance and Operations with emphasis in Brand Management, from the Vanderbilt University's Owen Graduate School of Management. His areas of expertise also include Project Management and Business Process Improvement, ERP implementation, Strategic Planning and execution and IT Security Policy implementation.

Jacinth Bennett

Group Financial Controller

Jacinth became the Group Financial Controller of Wisynco Group Limited in August 2006.

Her career started as an Input Clerk/Teller at NCB. She served as a Cost Accountant at Caribbean Casting Limited, Senior Accountant at PricewaterhouseCoopers, Financial Controller at Partner Foods Limited and then at Sugar Company of Jamaica before assuming her current role at Wisynco Group Limited.

Jacinth is an ACCA Certified Accountant and sits on the Boards of Wisynco Foods Limited and the Greendale Early Childhood Development Centre.

Annette Morrison

Group Head of Human Resources

Annette joined Wisynco Group Limited in April 2018 with over 20 years of experience within the human resource management field. She is responsible for developing and executing Wisynco's people strategy. Prior to Wisynco Annette was the Head of Talent & Global Mobility at GraceKennedy Limited. She also held senior HR roles at Lascelles deMercado / J. Wray & Nephew Limited, including General Manager – Customer & Employee Experience.

She has a B.Sc. in Psychology and Management Studies and a M.Sc. in Human Resource Management. Annette also holds the designation of certified Global Professional in Human Resources (GPHR).

Leilani Hunt

Corporate Finance & Risk Officer

Leilani joined Wisynco Group Limited in 2017 as Chief Internal Auditor. In that role, she reported directly Audit & Risk Committee and successfully established the Company's internal audit function. Leilani currently serves as the Corporate Finance & Risk Officer, and is responsible for risk management, long-term financial planning & analysis, capital transactions, and other strategic finance-related projects.

Leilani began her career in Atlanta GA, working at Wells Fargo Financial and Ernst & Young, followed by a 7-year tenure at PricewaterhouseCoopers in Switzerland. She is a Certified Public Accountant and holds a B.Sc. in Accounting from Oglethorpe University and a B.A. Degree in Spanish from the University of Virginia.

Rachel Zacca

In-House Counsel and Assistant Corporate Secretary

Rachel joined Wisynco in October 2017 in the position of In-House Counsel and Assistant Corporate Secretary reporting to the CEO, Andrew Mahfood.

She is responsible for developing and implementing processes to promote and sustain good corporate governance and ensuring that the Company complies with relevant legislations and regulations, as well as provide counsel, guidance and support on legal matters.

Rachel is a qualified Attorney-at-Law and has been called to the Bar in Jamaica, England and Wales, holding a first class LLB (Hons) degree from the University of Liverpool (Cayman Islands Law School) as well as the Certificate of Legal Education from the Norman Manley Law School. She is also an accredited Civil and Commercial Mediator. Prior to joining the team, Rachel engaged in two years of legal training at the Law firm Patterson Mair Hamilton.

“Let us encourage our children to play and participate in all forms of sport because this inculcates critical thinking and team building, it breaks all conceived or preconceived barriers, it harnesses unity and helps them to learn to work aside people of various personalities and opinions and yet come together as a team.”

–William Mahfood



Corporate Data

Executive Directors

Chairman: William Mahfood

CEO: Andrew Mahfood

Directors:

François P. Chalifour

Devon H. Reynolds

Director Emeritus:

Joseph M. Mahfood

Non-executive Directors

John Lee

Lisa Soares Lewis

Adam Stewart

Odetta Rockhead-Kerr

Group Company Secretary:

Andrew Fowles

Registered Head Office

Wisynco Group Limited
Lakes Pen, St. Catherine,
Jamaica

Tel: 876.665.9000

Fax: 876.633.5977

Website: www.wisynco.com

Attorney

Debbie-Ann Gordon
and Associates

79 Harbour Street

Kingston, Jamaica

Bankers

**National Commercial Bank
Jamaica Limited**

Corporate Banking Division

The Atrium

32 Trafalgar Road,

Kingston 10

**Bank of Nova Scotia
Jamaica Limited**

Corporate & Commercial
Banking Centre

Cnr. Duke & Port Royal Streets,

2nd Floor,

Kingston, Jamaica

CitiBank

111 Wall Street,

New York, NY 10043, USA

Citibank Jamaica

19 Hillcrest Avenue,

Kingston 6

Auditors

PricewaterhouseCoopers

Scotiabank Centre,

Duke Street, Box 372

Kingston, Jamaica

10 Largest Shareholders *Wisynco Group Limited as at June 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. JCSD Trustee Services Ltd - SIGMA EQUITY	40,090,666	1.0691%
4. Francois Paul Chalifour	34,729,580	0.9261%
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 June 30 2019*

Directors	Direct	Connected Parties	Total
* Joseph Mahfood	0	2,791,583,736	2,791,583,736
* William Mahfood	1,962,161	2,784,637,536	2,786,599,697
* Andrew Mahfood	1,000,000	2,784,285,236	2,785,285,236
Francois Chalifour	34,729,580	0	34,729,580
Devon H. Reynolds	31,229,613	0	31,229,613
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 June 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	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



Can I get a
‘WOW!’?

Sparkling
CranWATA
continues to
supersede
expectations
since its
inception.



6 Fearless Females tell their tales!

*“They’ve always seen potential in
me and allowed me to grow.”*

Stacy-Ann Ireland
Operations Shift Manager



How long have you been working with Wisynco?

15 years

What do you love most about working with Wisynco?

SI: It's not any one thing but this is a great company and over the years the supervisors, managers, directors I have encountered have been the best. They've always seen potential in me and allowed me to grow and build myself.

Describe your current role at the company?

SI: I began as a Clerk in 2004 almost fresh out of school. I am now Shift Manager for Operations so I'm in charge of outgoing deliveries, processing the orders to ensure that they leave the warehouse and get to the customers on schedule. I manage three teams.

What's an important lesson you've learned since joining the team?

SI: My colleague Alesha Peart always said "Tough on, you're a woman!" and that has stuck with me. I never say no to any challenge when I'm asked to step up. Sometimes I'll say let me get back to you, but then I do the re-search and take it on like a champ. In doing that I also make sure I lend help to others so that they can grow.

How has your experience at Wisynco showed you that there are NO limits or barriers?

SI: When I started Wisynco had a tiny little warehouse at White Marl where we held 4 or 5 trucks, now our bay holds 40 trucks. I remember the fire in 2016... I couldn't believe it. I went to the warehouse and I cried. I looked at Andrew and he looked at me and we cried but I knew when I looked in his eyes everything would be okay.



**"I've grown in
so many ways."**

Enid Banton

*Receptionist / Telephone Operator –
The longest serving employee at Wisynco*



How long were you with the Company?

Enid Banton: 48 wonderful years

What was your role at the company?

EB: I began as a receptionist at Twickenham Park, and then to White Marl and then here at Lakes Pen. I loved what I was doing, and I loved to control who could enter the building of the people who I considered my family.

How do you feel you've grown since joining the team?

EB: Oh, I've grown in so many ways! Having a boss like the one I had, Sam Mahfood, he taught you everything no matter who you were. If you made a mistake, he's going to correct you, but never in a way that would make you feel badly and he'd always end by saying, "I know you can do it." So when you back to your desk you'd try hard to make him proud.

What are you most grateful for in your experience working with Wisynco?

EB: Wisynco has taught me to save. They had this thing they call thrift club in the early days. They would take a percentage from your salary and at the end of the year you get it back with interest. So even if there was no bonus that year, you always had that to look forward to.

How has your experience at Wisynco showed you that there are NO limits or barriers?

EB: I remember when we had the fire... and everything seemed dark, it seemed like there was no work Monday morning for a lot of us. Then when Mr. William Mahfood went on stage and said no one will lose their job I almost wondered if he was just saying it... because we weren't making any money. But he kept his word and then I knew there were NO limits for Wisynco.

How long have you been working with Wisynco?

Nekeisha Boothe Myers: 20 years

What has been your experience working in such a male-dominated industry?

NBM: One of the comforting things I've found here is that being a woman is not the core part of working here, you're staff first. A woman is just something I happen to be. I've sat in a lot of meetings where I'm the only woman in the room and I'm never made to feel that way. There's no position too big or too small, there's nothing stopping you from climbing the ladder here once you're willing to put in the effort.

What do you love most about working with Wisynco?

NBM: After my degree, I applied for two jobs and Wisynco was one of them. I came for the interview and just fell in love with the place. I could see it was an environment where I could be happy. I began with the Maintenance team under Francois Chalifour and Joe Mahfood. Even though there was a hierarchy, no one was treated differently. You'd see Joe Mahfood on the floor and he'd talk to you as if you were one of the Directors. Everyone can share ideas,

there's no such thing as stay in your lane. When new opportunities came up, I could always go after it. I moved to Project Coordinator, then Assistant Production Manager and now I'm Production Manager. I've been here now for 8 years. There's always someone watching you and pushing you to go further and there's free range to move throughout the company, it's like a college. If you want to try it your supervisors are there to support you. Everything we do here, we incorporate the staff for their feedback and we never compare ourselves to anyone but ourselves.

What is a major lesson you've learned while being here?

NBM: No goal is too high, there's nothing out of reach. When I started I was clueless, I thought I'd be staying with my mother forever but you get guidance right along the way. My first house, my Director and my boss at the time assisted and guided me. Any courses I take, any upgrade I do, you always find someone who sees the potential in you. Even when you don't see it in yourself, someone is there to push you forward. You get so much advice beyond professional. I find myself maturing as I'm being exposed to different cultures and ways of life which I've learned from the melting pot here. I've also learned not to take myself too seriously.



“No goal is too high,
there's nothing out
of reach.”

Nekeisha Boothe Myers
Production Manager Beverage Plant

A woman, Georgia Ingleton, is standing next to a blue Isuzu NPR truck. The truck has a large pink trailer with the word 'WOW!' and 'WATA WID WOW!' written on it. The truck's door also features the 'WATA' logo and 'WATA WID WOW!' text. Georgia is wearing a blue polo shirt and jeans, and she is smiling. The truck is parked in front of a building with a corrugated metal roof.

“I couldn’t
see myself
anywhere
else.”

Georgia Ingleton

*Haulage Contractor
(Male dominated role)*



How long have you been working with Wisynco?

Georgia Ingleton: 13 years

Describe your current role at the company?

GI: I'm a contractor so I have two trucks and a van that I use to deliver goods all over Jamaica. I love getting to see the expression on peoples faces when they get their goods on time. I love seeing the excitement of the kids when they say, "the Wisynco lady come?" They really appreciate what I do.

What do you love most about working with Wisynco?

GI: This is a very nice place to work. I enjoy my job, I couldn't see myself anywhere else. I tried once working elsewhere but I didn't like it because there's nowhere like here. Some complain but that's not who I am and I know what it's like in other places. I really enjoy my job. I've had such a great experience working with Mr. Williams, he's never passed and not said hi. When Mr. Gerry was here, oh my we were such good friends. Mr. Ingleton would always make sure everything was okay with you. All the Mahfoods, when they see you, they respect you and appreciate that you've chosen to work with them at their company.

What does 'no limits' mean to you?

GI: When I started with Wisynco, I started with one little van. Now I have three vehicles with Wisynco, that's no limits for me.

What's your vision for Wisynco?

GI: My vision for Wisynco is to get bigger and better than where we are now. I want more people to come in and join the family, don't spoil it.



“Each one, teach one.”

**Tona
Bartholomew**

*Operator Grade 3 Level
1 - Beverage Packaging
& Delivery*

How long have you been working with Wisynco?

Tona Bartholomew: 6 years

Have you always been in the packing and delivery side?

TB: I started on the five litre packing line, but Bossy said I was moving too quickly so he moved me to a different line. I told him I couldn't work there either because it's going to put me to sleep, I have to be out there working! So Ms. Myers moved me to the palletizer and from there I just latched on to it. I'm the only female that runs a palletizer, that's the machine that wraps the pallets of product. I love the job, we work as one big family here.

What's an important lesson you've learned since joining the team?

TB: If I don't know how to do something but you do, you teach me. Each one teach one always. When I came here I didn't know anything about the machines, all I knew was how to lay blocks, flash wall and tie steel because my trade is construction. When I got the job at Wisynco my mind expanded, and I got to learn to operate so many things and grow.

Name three lessons you've learned since joining the team?

TB: I learned to be kinder with my peers and communicate with them better. I nev-

er used to be very good at communicating but it's so important when you're working in this field where every role matters for the best outcome.

How has working at Wisynco showed you that there are NO limits?

TB: Sky is the limit. It's like a school here, you learn more every day and once you learn something new you can't limit yourself to that. Try to teach yourself something new or seek the help to learn something new.

How long have you been working with Wisynco?

Charmaine Abrahams: December will make it 29 years

What do you think has kept you with Wisynco all this time?

CA: For me it's their open-door policy, that's one of the main things. They are very family oriented and very innovative. This is a company that is not static at all. This company has mavericks among them who keep up with what's going on in the world and in the trade and remain several steps ahead of everyone else at all times.

What is a major lesson you've learned since joining the team?

CA: A big lesson I learned is not to put a limit on yourself or anything you want to achieve. I remember when things got really bad in Jamaica, that family could've easily packed up their money and moved on,

but they continued to believe in us and the vision for the company. That inspired me to believe in myself and my country. I know that the time will come when I have to leave Wisynco, as I'm getting older, so it's my purpose to guide others to continue the vision of the company. I owe it to them.

What are you most grateful for in your experience working with Wisynco?

CA: Everything I have pretty much came through Wisynco and I know that sounds like I'm exaggerating but I literally mean everything. It sent my children to school, it bought my home, my car, my overall wellbeing. They've supported my growth in every single way. In fact, I think I still owe one of my Directors for helping me send my son to Moorland's camp many years ago. I'm so grateful to them. My loyalty has even filtered down to my children. My son will call me if he doesn't see particular

products, "What is happening? I don't see x, y, z in the Supermarket!" They're just as invested.

What does 'no limits' mean to you?

CA: My journey shows no limits. I started as a sales rep, I became a key account executive and then I moved through the ranks to the position I'm in now. This company allows so much room for growth. The HR Department functions in such a proactive way about developing the staff. Wisynco is heads and shoulders above everyone else. This company reinvents itself over and over again. There's no ceiling to where we can be. We continue to innovate. We continue to change. We continue to grow leaps and bounds so for me I don't see a limit to this company at all and I don't plan to leave here until it's time to put my grandchildren on my knees.



“They’ve supported my growth in every single way.”

Charmaine Abrahams

Regional Sales Manager (for spearheading the pilot roll-out of new route-to-market strategy in the first 2 territories)



*Our CEO Andrew Mahfood
and the Mighty Kyle Chin at
one of our sponsored events
Rough Fight League.*



The Board

The Board's Responsibility is primarily to create strategic objectives and to develop and monitor the frameworks that will guide the Company towards achieving these objectives. The Board monitors and evaluates financial reporting, and facilitates the monitoring of operations that have the potential to impact profit trends. Board meetings also address the goals and strategies for the operations, significant acquisitions and investments, as well as matters relating to the capital structure.

Senior executives report business plans and strategic issues to the Board on an ongoing basis. The Board, with the assistance of its Audit & Risk and Compensation and Corporate Governance Committees, is continuously reviewing and developing internal policies and guidance to ensure that the Company is following both local and international best practices.

Board proceedings during the year

During the Financial Year, five (5) Meetings were held. The Board addressed key strategic issues related to opportunities within new markets, diversification within current markets and key environmental issues. The executive management of all business areas presented their goals and strategies for the year ending June 2019. The Board also addressed matters related to human resources, such as environment, health and safety, and issues concerning investments and the review of previously made investments, as well as future acquisitions and divestments and capital projects.

Composition of the Board

At June 30, 2019 the Board comprised nine (9) Directors, of which five (5) are Executive Directors (including the Chairman and CEO) and four (4) are Non-Executive Directors. Mrs. Odetta Rockhead-Kerr was appointed to the Board effective January 29, 2019, increasing the number of Non-Executive Directors to four (4). All Directors understand and act in accordance with their fiduciary duties and are equally responsible and accountable for proper and effective management of the Company. Board members are as follows and their attendance at Board Meetings was as follows:

Board Meeting Attendance

Members	Attendance
William Mahfood, Executive Chairman	5/5
Andrew Mahfood, CEO	5/5
John Lee, Non-executive	5/5
Lisa Soares Lewis, Non-executive	5/5
Adam Stewart, Non-executive	4/5
Odetta Rockhead-Kerr, Non-executive*	2/2
Joseph Mahfood CD, Executive	4/5
Francois Chalifour, Executive	5/5
Devon Reynolds, Executive	5/5

* Mrs. Odetta Rockhead-Kerr was appointed to the Board effective January 29 2019 at which time three (3) Board Meetings had already taken place for the Financial Year.

Board Sub-Committees

There are two (2) sub-committees of the Board, being the Audit & Risk Committee and the Compensation and Corporate Governance Committee. These Committees are comprised of a mix of Non-Executive and Executive Directors who meet to discuss and review the key matters that fall within the scope of their responsibilities. These responsibilities are discussed in greater detail below.

The Audit & Risk Committee

The Audit & Risk Committee is established for the primary purpose of assisting the Board with the oversight of the Company's internal audit functions, the financial reporting processes, the qualification and independence of external auditors and compliance with legal and regulatory requirements.

At present, three (3) Non-Executive Directors are members of and form the majority of the Audit & Risk Committee, which is chaired by Mr. John Lee. The CEO and Chairman of the Board are also members of the Committee, bringing the Committee's total membership to five (5) Directors. Effective

To view Wisynco's Corporate Governance Guidelines, please visit www.wisynco.com under the "Corporate" tab, select "Investor Relations".

January 29, 2019 Mrs. Odetta Rockhead-Kerr was appointed to the Audit & Risk Committee and Mr. Adam Stewart resigned from the Audit & Risk Committee due to professional responsibilities, which require his increased attention.

The Audit & Risk Committee is scheduled to meet at least four (4) times per year and its meetings are scheduled to coincide with key events or dates in the Company's financial reporting calendar. The Audit & Risk Committee will agree on an annual schedule of meetings and the principal items to be discussed at these meetings. Committee members are as follows and their attendance at Committee Meetings was as follows:

Audit & Risk Committee Meetings

Members	Attendance
John Lee, Chairman	5/5
William Mahfood, Member	5/5
Andrew Mahfood, Member	5/5
Lisa Soares Lewis, Member	5/5
Odetta Rockhead-Kerr, Member*	2/2
Adam Stewart, past-member*	0/3

** Mrs. Odetta Rockhead-Kerr was appointed to the Audit & Risk Committee effective January 29 2019, after the Audit & Risk Committee had already met three (3) times for Financial Year.*

** Mr. Adam Stewart resigned from the Audit & Risk Committee effective January 29 2019, after the Audit & Risk Committee had already met three (3) times for Financial Year.*

In summary, the responsibilities of the Audit Committee include:

- Financial Reporting: overseeing the integrity of the Company's financial statements and other documents relating to the Company's financial performance and overseeing the Company's internal controls, related party transactions and statutory and regulatory filing compliance;

- External Auditors: reviewing the annual appointment of the external auditor and recommending subsequent approval by the Board, overseeing and reviewing the services the external auditor is to provide to the Company, as well as monitoring their independence, objectivity and effectiveness, and fees.

- Internal Audit: examining and overseeing the Company's Internal Audit plans for the year, reviewing the performance of the Internal Audit department, reviewing recommendations for improvements and implementation thereof and overseeing the resolution of any matters raised in relation to internal audit.

The Compensation and Corporate Governance Committee

All four (4) Non-Executive Directors are members of and form the majority of the Compensation and Corporate Governance Committee, which is chaired by Mrs. Lisa Soares Lewis. The CEO and Chairman of the Board are also members of the Committee, bringing the Committee's total membership to six (6) Directors. Effective January 29, 2019 Mrs. Odetta Rockhead-Kerr was appointed to the Compensation and Corporate Governance Committee.

Tasked with reviewing and developing the Company's corporate governance code, sub-committee charters, internal policies and governance guidance on an ongoing basis, the Compensation and Corporate Governance Committee is always at work to ensure that the Company is following best practices at both an industry and a commercial level, in the context of the social, regulatory and consumer environment. The Chairman of the Compensation and Corporate Governance Committee liaises with the Company Secretary to determine the timing and frequency of meetings. The Committee is charged with meeting at least once per calendar year, but as often as necessary to fulfil its mandate. Committee members are as follows and their attendance at Committee Meetings was as follows:

Compensation and Corporate Governance Committee Meetings

Members	Attendance
Lisa Soares Lewis, Chairman	2/2
William Mahfood, Member	2/2
Andrew Mahfood, Member	2/2
John Lee, Member	2/2
Odetta Rockhead-Kerr, Member *	1/1
Adam Stewart, Member	1/2

* Mrs. Odetta Rockhead-Kerr was appointed to the Committee on January 29, 2019 – after the first Committee Meeting for the financial year took place.

In summary, the responsibilities of the Compensation and Corporate Governance Committee include:

- i. Compensation of Non-Executive Directors;
- ii. Annual review of the remuneration policies for Executive directors and senior officers, including material benefits;
- iii. Review of the organisation structure and succession plan;
- iv. Review of the systems and processes, by which the operations of the Company are directed; and
- v. Monitor and report on the policies, practices and decisions of the company, and their effects on its customers, employees and stakeholders.

Risk Management and Internal Controls

The Company recognizes that effective risk management is not about eliminating risk taking, which is a fundamental, driving force in business, entrepreneurship, and innovation, but instead uses an enterprise-wide risk management framework that serves



to identify both the positive (opportunities) and negative risk (threats). The Company employs the “three lines of defense” risk management model to mitigate threats. Operational management is the first line of defense. They are responsible for maintaining effective internal controls, designed into the systems and processes under their guidance. The second line of defense includes various risk management, controller and compliance oversight functions, established to build and monitor the first line controls. Internal audit serves as the third line of defense, and provides the Board with assurances on the effectiveness of governance, risk management and internal controls. This framework allows the Board to:

- 1) Make informed decisions about the acceptable level of risk;
- 2) Implement the necessary safeguards and controls to mitigate risk; and
- 3) Align the Company's strategic objectives with company policies and practices, thereby increasing shareholder value.

During the last financial year, the Company enhanced its risk management function with the addition of a Corporate Risk Officer. The Corporate Risk Officer monitors the Company's risk mitigation and works with Internal Audit to provide greater assurances to the Board's Audit & Risk Committee. Annually, the Audit & Risk Committee review and approve the Company's risk profile and management's actions taken to mitigate risk.

A man in a dark blue jacket and light blue shirt is smiling and fist-bumping another person in a recording studio. The background features a large red speaker and a mixing console. In the foreground, there are water bottles and a microphone.

NO
LIMITS
MOMENT

BOOM & BUJU



BOOM as a dancehall brand, is a rebel - young, fresh and hip, yet also a champion for those determined to improve their lives and better themselves, regardless of their circumstances, as Buju did.

When we look at the history of Reggae music in Jamaica, there have been few artistes who have had a material impact on the fabric of our culture, Buju is definitely one of those artistes.

For us as a company, it is important to be authentic and be able to speak passionately about second chances when it comes to our affiliation with Buju, his discography and his transgressions. This is about growth.

We don't condemn the people who aim to be positive contributors to society. We uplift and we encourage this. Wisynco has a set of core values that speak to CHIRP. This stands for Compassion, Humility, Integrity, Respect, and Passion.

As a company, it's through our belief in compassion and reciprocity, centered on core Christian principles, which inspire us to lead by example and encourage others to have compassion for our fellow Jamaican people. Buju's Long Walk To Freedom Concert was the most anticipated show of the year, what better partner than BOOM, Jamaica's #1 energy drink.



The 2019 financial year has brought Wisynco Group Limited tremendous growth and expansion as we continued to make big strides within our sector. We set out to push ourselves beyond limits, resulting in a remarkable performance in our second year as a publicly traded company. Our dedicated and truly committed team managed to make this a reality.

Financial Highlights

We began the financial year on an accretive note with the addition of new distribution partnerships and stronger core revenue growth. We achieved our highest ever sales of \$28.4 billion which was 15.8% higher than 2018's \$24.5 billion. The increased revenues translated to higher gross profits of \$10.5 billion, up from \$9.1 billion a year earlier. Income from other sources grew in the period, primarily from rebates and bad debt recovered totaling \$288.7

million from \$92.2 million in the prior year. Selling and distribution costs grew 13% to \$6.1 billion while administrative expenses grew 14.7% to \$1.1 billion.

Finance costs remained largely stable at \$230.2 million. Profit after tax totaled \$2.9 billion or 27.7% higher than 2018. Turning to the balance sheet, Wisynco ended the year with \$11.1 billion in equity up from \$8.7 billion a year earlier due to increased retained earnings arising from net profit.

In 2019, we acquired a 30% stake in JP Snacks Caribbean Limited ('JP Snacks') for a consideration of \$586.2 million. This investment sets no limits on a strong distribution arrangement for their snacks in Jamaica. With JP and the JP St. Mary's brand, we believe that we can replicate this success on a regional scale. The goal of this acquisition is to bring consumers locally and internationally, a wide range of innovative Caribbean snacks and tropical foods.

During the financial year, we gained the distribution rights in Jamaica for the sugar and spritis manufactured by Worthy Park Estate Limited. Worthy Park grows and processes one third of the island's sugar production and also has a growing spirits business led by the Rum Bar brand. We will act as the local distributor of Worthy Park for its sugar and spirits which will amount to approximately \$2.1 billion in sales per annum.

Five-Year Financial Highlights

Year ended 30 June	2015	2016	2017	2018	2019
EBITDA (\$'000)	\$2,469,020	\$3,800,852	\$3,480,861	\$3,804,507	\$4,723,319
EBITDA Margin (%)	13.8%	18.7%	16.3%	15.5%	16.6%
Net Profit Margin (%)	8.4%	12.0%	11.4%	9.3%	10.3%
Debt:Shareholders Equity	0.3	0.2	0.3	0.3	0.2
ROE (%)	31.5%	38.5%	32.4%	26.4%	26.4%

Five-Year Financial Analysis

<i>Year ended 30 June</i>	2015	2016	2017	2018	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	17,862,659	20,342,987	21,381,665	24,544,049	28,412,414
Cost of Sales	(11,214,946)	(12,101,189)	(13,973,617)	(15,421,144)	(17,878,208)
Gross Profit	6,647,713	8,241,798	7,408,048	9,122,905	10,534,206
Other operating income	60,570	217,426	743,538	92,157	288,656
Selling and distribution expenses	(3,488,015)	(4,148,981)	(4,708,190)	(5,412,601)	(6,124,947)
Administration expenses	(1,276,396)	(1,197,530)	(891,676)	(956,683)	(1,097,978)
Operating Profit	1,943,872	3,112,713	2,551,720	2,845,778	3,599,937
Finance Income	70,001	128,229	159,965	130,837	119,218
Finance costs	(180,831)	(150,835)	(169,746)	(211,411)	(230,205)
Profit before taxation	1,882,269	3,163,371	2,541,939	2,765,204	3,488,950
Taxation	(376,128)	(728,723)	(286,312)	(513,834)	(567,420)
Net Profit	1,506,141	2,434,648	2,255,627	2,251,370	2,921,530
Share of results of associates					7,792
Profit from discontinued operations	49,227	73,264	190,845	41,555	-
Net Profit	1,506,141	2,434,648	2,446,472	2,292,925	2,929,322
Other Comprehensive Income					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Exchange differences on translation of foreign subsidiary	-	-	(21)	26,853	(1,038)
Unrealised (loss)/gain on available-for-sale investments	4,790	9,118	(4,344)	3,728	10,886
Total Comprehensive Income	1,510,931	2,443,766	2,442,107	2,323,506	2,939,170
Earnings Per Share					
From continuing operations	\$0.42	\$0.68	\$0.63	\$0.61	\$0.78
From discontinued operations			\$0.05	\$0.01	



30%

In 2019, we acquired a 30% stake in JP Snacks Caribbean Limited



Our Promise

The economy transitioned from being on the brink of recession five years ago to an economy in which Jamaicans are proud, and one in which the International Monetary Fund describes as a successful case study. With unemployment at historic lows, local companies and manufacturers should continue to yield good returns on their investment which in turn provide further strengthening of the economy. According to official data, the Jamaican economy continued to grow just north of 1.0% for the June 2019 quarter. It represents higher growth by one-third year on year. Additionally, inflation and interest rates continue to trend at their lowest points in decades, the exchange rate has moved up and down but overall it allows for predictability in

purchasing. Annual inflation registered 4.2% up to June 2019 which remained within the target band of 4.0% to 6.0%.

This is the most vibrant Jamaican economy we have experienced. The cost of borrowing reduced further in the year with the Bank of Jamaica reducing its policy rate to 0.75% in June 2019 down from 2% in mid 2018. The reduction was aimed at inducing increased private sector credit and in turn more economic activity.

Stock price

Our stock price increased by 96% to \$18.98 on June 30 from \$9.68 over the 12 months prior. This resulted in a near \$35 billion rise in market capitalization to just over \$71 billion. Wisynco listed on the Stock Exchange in December 2017, its shares were valued at \$7.87.

Meeting consumer needs

Over the review period, we witnessed increased focus on health by Jamaicans. We believe that awareness of sugar intake is important and we continuously work to reformulate our beverages to meet the needs of consumers. We are steadfast and committed to our mission to "Improve the lives of our people" and as such, we are in compliance with the Government's implementation of its lower sugar beverages in schools policy this year. Consumers now enjoy reduced sugar in brands such as Bigga soft drinks and low sugar or zero sugar products such as Coca-Cola and Sprite. We will continue to sell our WATA products and 100% juices without sugar added for consumers so as to ensure consumers have the choice of some sugar, low sugar or no sugar.

We have worked closely with key stakeholders to review the current labeling regulations in Jamaica and the Caribbean. The JMEA has led the way in coordinating multiple industry sessions as well as meetings with the Bureau of Standards and Ministry of Health. We favour the use of the US FDA nutrition facts approach as Jamaicans are very familiar with its graphical and detailed approach to reporting the nutritional content of the foods they consume. This approach will also continue to support our export sales to the USA and the Caribbean. An education campaign will work in tandem with a revised regulation to ensure consumers understand the labels that dress the products they purchase.



Wisynco gained the distribution rights in Jamaica for the sugar and spirits manufactured by Worthy Park Estate Limited. Worthy Park grows and processes one third of the island's sugar production and also has a growing spirits business led by the Rum Bar brand.



Our success has contributed to double digit growth highlighted by our number one brand WATA and Coca-Cola coupled with major global partners like General Mills, Kelloggs, Pringles, Welch's, Bon and Nestle Ice Cream all having exceeded target expectations.

Sales and Marketing Highlights

We continue to develop and market an extensive and diverse portfolio of 147 brands from leading food and beverage manufacturers. In order to continue our track record of growth we will continue to expand our portfolio in new and existing categories. We now have a new local distribution partnership with JP Snacks. We will bring to the partnership, our expertise in marketing, manufacturing and distribution network as the exclusive distributor for the JP St Mary's Tropical snacks in Jamaica. Worthy Park Estate has also been added to the list of our ever-growing local partnerships. These two partnerships along with our alliance with Trade Winds Citrus (makers of Tru Juice), expands the company's footprint in agriculture, making us the largest "Agro Distributor" of locally manufactured products in Jamaica and the newest entrant into the local spirits industry with the Rum Bar brand.

We continue to make strides in the local market as we are the leaders and "innovators" in the water, flavoured water, energy drink, and juice categories, with the WATA, CranWATA, BOOM Energy Drink, & Tru-Juice brands respectively. We successfully launched our Sparkling CranWATA beverage to tremendous local demand.

As a trendsetter and market leader, we continue to innovate by evolving our recipes, launching new products, creating culturally relevant packaging, launching product size innovations, line extensions

and providing consumers with multiple options for any lifestyle.

Our success has contributed to double digit growth highlighted by our number one brand WATA, coupled with major global partners like General Mills, Kelloggs, Pringles, Welch's, Bon and Nestle Ice Cream all having exceeded target expectations.

In keeping with our mission, "to improve the lives of our people", our marketing team continue to develop brand campaigns aimed at inspiring positivity and creating experiences for Jamaican consumers. This was demonstrated on over eight hundred occasions across the island as our brands interacted with over 2.3 million patrons, using activities to promote health and wellness, community initiatives, educational development and cultural events.

Our "ECO" campaigns and competitions such as our "Recycle Me" initiative and our "WATA Sustainability Competition" helped to increase awareness and remove plastics from our streets, drains and landfills across the island.

Other initiatives include but are not limited to our "Vita Malt Blood Donation Drive", Jamaica Producers' "Eat Well with JP Breakfast Programme" for schools and our Reggae Girlz partnership where we were one of the first local companies to provide them with major financial contribution through the brand Coca-Cola in support of their entry to the 2019 FIFA Women's World Cup.

As a part of our commitment to develop youth through sports, we presented Calabar High School



We were the first company to introduce a school beverage portfolio in November 2018 in line with less sugar added.

with an upfront grant towards the renovation of their gymnasium.

We capitalized on the power of social media to recruit and increase our direct communication and engagement with consumers, our digital strategy encompassed the management of seventeen pages including Facebook, IG, and Twitter. Through these efforts we acquired a total of 316,000 fans/ followers and were able to reach an audience over 10 million and engaging 980,000 consumers online.

The relationship with our consumers is of equal importance as with our local retailers. Through strategic trade programmes we provide materials, tools, equipment, and sale support aimed to add value and deliver on the promise of our brands.

Our approach to sugar reduction remained con-

sistent and in line with scientific data which encourages moderation, balance, and physical activity as opposed to identifying a single nutrient as the cause of non-communicable diseases. In these efforts, we consulted and provided platforms for academia to join in the dialogue to help shape and guide a positive industry response. These initiatives led to the launch of Sparkling CranWATA. Our partners, Tru-Juice, Royal Unibrew, and General Mills also aligned in the strategy with a new reduced sugar juice drink recipe for Freshhh, the relaunch of the all-natural product Vitamalt, and a whole grain treat like Cookie Cake respectively.

As “the innovators” of the fast-moving consumer goods industry (“FMCG”), we were the first company to introduce a school beverage portfolio in November 2018. This was designed in consultation with public health officials, diet and nutrition specialists, industry professionals and the institutions, and implemented prior to the Government’s sugary drink regulation in schools effective Jan 1, 2019. We have also extended our recycling policy to include all the events we sponsor, which was highlighted by the collection of 50,000 bottles in one night at BOOM Energy Drink & Gargamel Music’s presents, ‘Buju’s Long Walk to Freedom Concert’.

Our brands continue to excite Jamaicans to do more for themselves and for the environment. We invite you to get involved, support, and connect with us on our current initiatives. This can be done via our social pages including Instagram, Twitter and Facebook and also, get more information and news through our website: www.wisynco.com.

Commercial Highlights

With a sales and merchandising force of 800 strong, we continue to exceed expectations in performance and service. The highlight of the year was our Sales Conference in February 2019 with the theme “Exceeding the Vision – Securing the Future”. In true Wisynco fashion, there were ‘tear jerking’ Wisynco “WOW moments” as team members revealed inspiring stories of their journey. Our keynote speakers, two CEOs of large successful organizations, provided the team with insightful and real-life experiences and an inspirational vision of what the future holds.





Scene from, "Wisynco V.I.B.E.S." launch on November 2018. The initiative is to coordinate recognition and recreation activities across the group.

HR Highlights

Overview

We have acknowledged that a solid human resource framework is essential to favourable business outcomes. As the future of work evolves, there is also a shift in HR strategies and the skill sets required for a job. Nevertheless, our commitment is to build a Team that delivers superior business results, while creating more opportunities for our teams to have meaningful work and better careers.

Our People Strategy

The purpose of our HR efforts remains one that attracts, develops and retains high performing passionate people who demonstrate our "core values" in support of our mission. Our People Strategy is centered around four (4) pillars:

- Talent & Capability Management;
- Performance, Reward, Engagement & Culture;
- Organizational Design & Workforce Planning;
- Technology, Efficiency & Controls.

Building Star Talent & A Winning Team

Our interest in organizational growth is matched by an unwavering commitment to employee growth and advancement. To this end, we launched two signature leadership development programmes to build bench strength, fittingly named "Wisynco LEAD" (Leadership Excellence And Development), and the "Future Leaders Programme" (a management trainee initiative) which both assume an experiential approach to learning.

Leadership and capacity building remain a strong focus to drive superior performance, hence our increasing attention to performance management with the introduction of coaching and a more structured approach to goal setting.

Nurturing talent is a high priority and was demonstrated in the 47 learning activities completed among 1,786 employees. With average learning hours of 7.9 per employee, the total learning hours increased by 0.6% over the previous financial year. We have adopted strong onboarding methods and greater attention to growing talent from within. This is shown in the 43 positions filled internally by way of transfers and promotions during the period. In the same vein, we continue to attract a pool of talent with varying skill sets through robust recruitment using non-traditional sources, including employee referrals.

47

Learning activities completed among 1,786 employees.

43

positions filled internally by way of transfer or promotion

Our commitment to capacity building has also been extended to the youth of our nation. A critical component of our HR strategy is culturing a spirit of service within the organization. One such way this is done is through mentorship which has proven to be mutually beneficial to both mentors and mentees. This year through our Summer Internship and Youth Development Programme, we placed eighty-five (85) students throughout a number of departments in the organization, amplifying their work experiences with the aim of developing competent members for the workforce.

Core HR Services

At the end of the financial year we completed 50% implementation of our new HR software that will streamline recruitment, performance management, employee relations, leave administration, time keeping and records management. The platform will ultimately improve HR's efficiency, effectiveness, as well as our analytical capabilities.

Recognition & Recreation

We promote and maintain an inclusive culture built on our core values to continuously enhance employees' experience. The employee initiative, "Wisynco V.I.B.E.S." (Visionary Innovators Building Employee Spirit) was launched in November 2018 to coordinate recognition and recreation activities across the group. Through these

efforts we have managed to establish and maintain a healthy balance between work and recreation within the workplace.

Outlook

As this year embraced many successes in our limitless efforts to attain our objective of deepening distribution capabilities and reach, we will continue to work towards maximising this vision to the furthest degree possible. With much to celebrate, including a 30% acquisition of JP Snacks Caribbean Limited and our distribution alliance with Worthy Park Estate Limited, we see this as just the beginning of an expansion that will result in growth in the coming years.

With promising prospects thus far, we look forward to 2020 with no limits. As leaders in our industry, we aim to push boundaries and make strides within our sector. We will continue to rollout our trade strategies to support organizational growth and improve efficiencies. Logistically, as we continue to expand, we will see an increase in product reach and customer demands which challenges us to maintain a fluid and consistent distribution channel.

The new financial year will see us "Raising the Bar" with our laser focused committed team, excited and passionate about continued success and the pursuit of excellence in customer service. Through strengthening leadership and succession management, supporting recruitment and retention with an inclusive culture built on our core values of CHIRP (Compassion, Humility, Integrity, Respect and Passion); we will continue to develop and empower a high-performing and engaged workforce to whom we owe our success

The new financial year will see us "Raising the Bar" with our laser focused committed team, excited and passionate about continued success and the pursuit of excellence in customer service.



DISTRIBUTION



FERRERO



Our brands continue to inspire and excite Jamaicans...

MANUFACTURING



SPARKLING
CranWATA®



nutella®



WORTHY PARK
— EST. 1670 —
SINGLE ESTATE RESERVE





BIGGA

I AM JAMAICAN...
MADE FOR FUN!

NAME _____

GRADE _____

SUBJECT _____

BIGGA

I AM JAMAICAN...
MADE FOR FUN!

NAME: _____

GRADE: _____

SUBJECT: _____

Corporate Social Responsibility

Wisynco Group Limited (Wisynco) has established sustainable development goals to support Good Health and Well-Being, Quality Education, Gender Equality, Accessibility to Clean Water, and Responsible Consumption. These goals were actualized through participation in one hundred and fifty-four charitable donations and fundraisers, three hundred and forty-four amateur and professional participatory and sporting events, digital and television programming, and a number of recycling efforts. Wisynco also plays a significant role in building capabilities to make these initiatives become part of our lifestyle.



HEALTH & WELLNESS



Party Good Campaign

Furthering the synergies within the Jamaican cultural scene WATA executed a digital campaign called “Party Good” which promoted being responsible and keeping hydrated during the high intensity nonstop party season. On the ground, WATA provide 12,000 1L bottles of water to patrons upon leaving the biggest events of the season.



WATA Wellness

The brand launched Wellness Wednesdays in an effort to inform persons of the importance of exercise, proper hydration, balanced nutrition, and how easy these are to incorporate into their daily routine. Led by popular fitness coach and WATA’s Brand Ambassador Kamila McDonald. Patrons were excited for the opportunity and appreciative as the admission was free and each participant received some “Work-out WATA”, 3L & 5L bottles, which acted as 6-10lb weights, and doubled as a hurricane starter kit post workout. The Company expanded this initiative to partner with the Diabetes Association of Jamaica, on World Diabetes Day providing a one-hour workout session to over 200 participants at Emancipation Park. This initiative continues and to date has catered to over 850 participants.

This campaign was extended to a digital campaign coined “Summer Time Fine”, a YouTube workout series, which was also summarised into tips on “Doctors’ Appointment” which educated persons which educated persons on working out at home.

Vita Malt Blood Donation Drives

To meet the needs of Jamaica’s people, the blood bank requests a donation of 250 units of blood every day. In alignment with their commitment to increase the local blood supply, Vita Malt sponsored the Jamaica Gasolene Retailers Association’s (JGRA) blood drive in St. Ann to launch Road Safety Month as well as Miss Kitty’s Blood Drive in St. Andrew. The brand went further to offer donors Vita Malt Plus Acai which not only helps to restore the blood donated but has also been found to strengthen the immune system, improve focus and boost power.

World Water Day & Community Donations



Kicking off on World Water Day, WATA took to the streets providing over 300 cases of 3L WATA to our neighboring community in Spanish Town on St. Johns Road as a part of an initiative seeking to ease the burden of thousands of Jamaicans struggling in the scorching heat and to aid in mitigating potential health risks in these areas due to lengthy drought conditions. Through a total of seven community visits, the brand distributed one to two cases of water per household, providing a total of 65,100 litres of water to over 3500 households across Kingston, St. Andrew, St. Ann, and St. Mary, where the temperature rose above 39 degrees Celsius this summer. We garnered support from a special group of Ambassadors who participated in the outreach including Assassin, Wayne Marshall, Jesse Royal, Devin Di Dakta, Craig from Voice-mail, IT Ellis, Romain Virgo, as well as a partnership with the Beenie Man Foundation.

EDUCATION & YOUTH DEVELOPEMENT

Good Dads

Fathers are not often recognized for their work done in the growth and sustainability of families across Jamaica. As such WATA celebrated Jamaica's Good Dads by hosting a panel discussion led by well-known media personalities who are fathers themselves. This forum gave them the chance to talk about what fatherhood means to them, the ups and downs of fatherhood and provide stories that will inspire other fathers.



Reading Day

Kingston Bookshop hosted its fifth annual Reading Day initiative which saw participation from twenty-three Kingston and St Andrew-based schools who were invited for a day of fun and learning. JP St. Mary's, for the second year, provided healthy snacks inclusive of ripe bananas and banana chips after an interactive reading of *Kito in the Kitchen* by local author Radha Pooran.

Corporate Social Responsibility

New Beverage Policy

Wisynco also reinforced its commitment to the health of Jamaica's youth by amending our beverage policy. The Company will no longer supply products from its portfolio that contain more than 6 grams of added sugar per 100 millilitres to preparatory, primary and secondary schools. In doing so, the Company will only supply WATA, CranWATA and Sparkling CranWATA, 100% juices and low-sugar or zero-sugar products to school students.

Sponsorship of School's Challenge Quiz 2019 & Hydrate to Concentrate

School's Challenge Quiz (SCQ), fosters school pride, team building, dedication and tenacity, with key watch words of Knowledge, Integrity and Sportsmanship at its helm. Through the CranWATA brand, the Company continued its support as a major sponsor of TVJ's number one educational television programme while celebrating the programme's 50th Anniversary for a total investment of \$14M. CranWATA through its ambassador ZJ Sparks, promoted entertaining study tips aired during each show and on social media platforms. In schools, CranWATA launched its Hydrate to Concentrate competition giving 22 schools the opportunity to test their trivia skills, win one of fourteen laptops or computers for themselves and their schools and win cash prizes weekly.

SPORTS

Reggae Girlz Partnership

As a long standing partner of JFF, the Company was the official hydration sponsor for the Reggae Girlz. Through our brands WATA and Coca-Cola, we made a sizable contribution in cash of USD\$50K dollars and product to assist in their plight for the title at the 2019 FIFA Women's World Cup. The team made history by being the first Caribbean team to qualify for the international championship.

Coca-Cola MVP Award

Twenty-five of the most outstanding female high school footballers from Issa School Girls Football across the island, were awarded with the Coca-Cola MVP's -Top Footballer award. These young women were specially invited along with two guests to watch the Reggae Girlz final practice match in Jamaica. During the half-time show the ladies were awarded with medals, special made Reggae Girlz Branded Jerseys and Coca-Cola gift packages to showcase the brand's support of the hard work and dedication showcased by them during their football season.

Khadijah Shaw, Senior Reggae Girlz: "On behalf of the Reggae Girlz we want to send a big shout out to Wisynco for all you have done for us and your continued support as we prepare to represent Jamaica at the biggest football show on earth."

– Reggae Girlz Partnership

Courtesy of The Gleaner Company Ltd.



WATA Girlz Football Showcase

As the official hydration sponsor for the Reggae Girlz, WATA assisted several athletes competing in the ISSA School Girls Football Competition to attend the Jamaica vs. Chile match in Montego Bay and Jamaica vs. Panama match in Kingston. The WATA Football Showcase is all about Girl Power! Celebrating the achievements of our Reggae Girlz and the dedication of our ISSA School Girls football teams to the sport. The goal is to inspire the ladies through fun and healthy social interaction amongst their peers that builds confidence, team spirit, motivates them to make the right decisions and find balance in their nutrition habits. Hailing from all eight zones in the ISSA competition, over 800 students as well as their coaches from forty-five schools across the island were treated to the experience. The showcase included a nutritional talk, special performance by Wayne Marshall, enabled the aspiring athletes to talk to the Reggae Girlz, and the opportunity to take pictures with the coveted Women's World Cup trophy.

Sporting Events

WATA, Powerade, and Tru-Juice partnered with numerous sporting organizations at the biggest sporting events throughout the year. These partnerships include Jamaica Football Federation, Jamaica Cricket Association, Jamaica Swimming Association, Netball Jamaica, ISSA and Jamaica Administrative Athletic Association. The Company was also hydration partner for participatory events Digicel 5K, Tru-Juice 5K, Food for the Poor Run, Colour Me Happy Run, and Jakes Off Road Triathlon to name a few.

ISSA Schoolboy Football Partnership

ISSA Schoolboy Football Partnership
For the second year, Wisynco came onboard with WATA, Powerade, Freshhh and Pringles for a total investment of \$34M. This included WATA as title sponsor of the ISSA Schoolboy Football Dacosta Cup competition. Powerade supported over 50 teams from across the island with rehydration, training material (bottle carriers and water bottles). Additionally, during the season four outstanding athletes were highlighted as "The Man of the Match" in their respective games and were gifted with prizes courtesy of the brand.

ENVIRONMENT

Wisynco through its recycling arm, Wisynco Eco, is committed to recycling and annual initiatives to increase recycling infrastructure and reducing and removing plastic waste on the island.

Recycle Partners of Jamaica

Wisynco is one of the largest supporters of and contributors to Recycling Partners of Jamaica (RPJ). Alongside RPJ, the Company seeks to promote recycling outlets across the island and educate persons on sustainable practices. RPJ recently announced a new Board of Directors led by Dr. Damien King with a number of independent directors who will oversee the development of the operation. As a part of the Company's industry initiative on the recycling efforts for plastic bottles, on February 1st, Wisynco and all industry companies commenced remitting a self-imposed cess of J\$1 per bottle towards the development of a national recycling programme. The earnings accrued from the cess will support increased and improved infrastructure for recycling.



ECO CLUB

The Wisynco Eco Club Recycling Competition focused on building habits in our youth around recycling. With over 60 schools, the combined efforts of approximately 70,000 students amassed over 8 million bottles in the school year 2018/19. By helping to nurture these habits in our youth we are hopeful for a sustainable future.

RECYCLE CHALLENGE

Wisynco Eco collaborated with over 7,000 staff members from 12 companies this year. The corporate challenge aimed to educate and inform persons in various industries, our consumers, about the importance of recycling through sensitization workshops. The challenge got persons actively involved in recycling and successfully collected nearly 800,000 plastic bottles.

ECO TROOPERS

Throughout Wisynco our staff members volunteer their time and efforts in the group coined, Eco Troopers. Over the year they were tasked to get other staff members actively recycling and utilizing the cages provided at each location. Over the course of the year, our staff members and Eco Troopers brought in over 2.5 million bottles and over 200,000 preforms and bales. This was done through various activities including beach cleanups, school bottle drives and assisting other companies to begin their recycling journey.



Other Campaigns & Sponsored Events

Wisynco Eco partnered with and sponsored various events throughout the year. Through events like Bujabanton's Long Walk to Freedom concert, we were able to collect over 50,000 bottles. As a Company, we require event organizers to ensure that there will be a separation of plastics from regular waste for the event. With this newly implemented requirement, we have seen an increase in the number of events that now have recycling as a staple and estimate that we have successfully impacted over 60,000 persons and collected over 200,000 bottles. The combined efforts noted above resulted in a total collection of over 12 million plastic bottles.

Wisynco continues on its mission, *'To Improve the Lives of Our People'*, through various platforms of influence and by setting an example to other entities and Jamaica at large. The Company welcomes the support of organizations who have come on board to support the health and wellness, education and youth development, sports and environmental initiatives that the Company has pioneered. With dedication and consistency positive changes can and will occur and we encourage all Jamaicans to take part.

AUDITED FINANCIALS

Audited Financial Statements





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ENVIRONMENTALLY FRIENDLY WITH 20% LESS PLASTIC

WATA®

Product of Jamaica

Net 3 litre



PURIFIED DRINKING WATER WITH ADDED MINERALS

Pure, Crisp, Refreshing!!
That's the promise we make with every bottle of WATA.
Jamaica's own natural water.
Quench your thirst with water from the aquifer below the
St. Catherine Plains, purified, ozonated and UV treated for
your health and safety.
Whisper-yongo, walk good with a bottle of WATA today.

Bottled & Distributed by:
Wisynco Group Limited
White Marl Industrial Complex,
White Marl, Spanish Town,
Jamaica, W.I.
Toll Free: 1-888-WISYNCO

BEST
BEFORE DATE:
SEE BOTTLE

TYPICAL ANALYSIS

Serving Size: 8 fl. oz (240 mL)	
Servings per container: 12.5	
Total Dissolved Solids: <90PPM	
Calories 0	% Daily Value*
Total Fat 0g	0%
Sodium	0%
Total Carbohydrate 0g	0%
Sugars 0g	0%
Protein 0g	0%
* Percent Daily Values are based on a 2,000 calorie diet.	





Independent auditor's report

To the Members of Wisynco Group Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Wisynco Group Limited (the Company) and its subsidiary (together 'the Group') and the stand-alone financial position of the Company as at 30 June 2019, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Wisynco Group Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 30 June 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 30 June 2019;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the consolidated and stand-alone financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

*PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm*

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<i>Accounting for investment in associate (Group and Company)</i> <i>Refer to notes 2(b), 4(b) and 17 of the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgments, estimates and balances.</i> During the year, the Group acquired a 30% interest in JP Snacks Caribbean Limited (consolidated) for a consideration of \$586.2 million which is accounted for as an investment in associate for both the Group and Company. The consideration paid in the acquisition of the interest in JP Snacks Caribbean Limited (consolidated) resulted in the identification of intangible assets including brands and customer relationships and the unallocated portion related to goodwill. We focused on the investment due to the significance of the consideration paid as well as management's judgement and estimation involved in identifying intangible assets.	We read the share purchase and subscription agreements and evaluated the appropriateness of the accounting for the acquisition as an associate against management's accounting policies and the applicable accounting standards. We obtained a detailed analysis of the consideration transferred in the acquisition transaction and agreed amounts paid to supporting documentation. We held discussions with management to gain an understanding and evaluated their basis for selecting assumptions used in the valuation methodologies applied to identify intangible assets. With the assistance of a valuation expert, we independently determined fair values for the identified intangible assets and compared them to management's calculated value.

Key audit matter	How our audit addressed the key audit matter
The complex judgements involve identifying all assets including intangibles, and liabilities of the newly acquired associate and estimating their associated fair value for initial recognition as part of the Purchase Price Allocation.	We corroborated the key inputs into the valuation of intangible assets being discount rate, growth rate, royalty rate and risk premiums to industry and economic information taking into consideration our knowledge of the Group and the industries in which the Group operates. We verified selected tangible assets and liabilities to supporting documentation. Based on the audit procedures performed, no adjustments to the financial statements were deemed necessary.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
26 September 2019

Consolidated Statement of Comprehensive Income

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
Revenue	5	28,412,414	24,544,049
Cost of sales		(17,878,208)	(15,421,144)
Gross Profit		10,534,206	9,122,905
Other operating income	6	288,656	92,157
Selling and distribution expenses		(6,124,947)	(5,412,601)
Administration expenses		(1,097,978)	(956,683)
Operating Profit		3,599,937	2,845,778
Finance income	9	119,218	130,837
Finance costs	10	(230,205)	(211,411)
Share of results of associates	17	7,792	-
Profit before Taxation		3,496,742	2,765,204
Taxation	11	(567,420)	(513,834)
Profit for the year from continuing operations		2,929,322	2,251,370
Profit from discontinued operations	12	-	41,555
Net Profit		2,929,322	2,292,925
Other Comprehensive Income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign subsidiary		(1,038)	26,853
Unrealised gains on investment securities		10,886	3,728
Total Comprehensive Income		2,939,170	2,323,506
Net Profit attributable to:			
Stockholders of Wisynco Group Limited		2,929,322	2,292,961
Non-controlling interest		-	(36)
		2,929,322	2,292,925
Total Comprehensive Income attributable to:			
Stockholders of Wisynco Group Limited		2,939,170	2,323,542
Non-controlling interest		-	(36)
		2,939,170	2,323,506
Earnings Per Stock Unit from continuing and discontinued operations attributable to stockholders of the Group	13		
From continuing operations		\$0.78	\$0.61
From discontinued operations		-	\$0.01
		\$0.78	\$0.62

Consolidated Statement of Financial Position

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

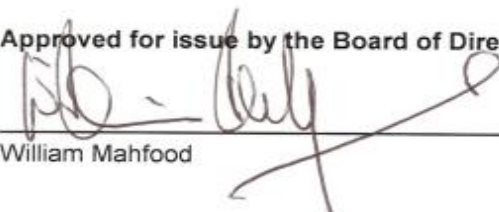
	Note	2019 \$'000	2018 \$'000
Non-Current Assets			
Property, plant and equipment	15	6,724,278	6,775,727
Investment in associates	17	593,961	-
Loans receivable	18	165,545	-
Investment securities	19	379,060	215,760
		<u>7,862,844</u>	<u>6,991,487</u>
Current Assets			
Inventories	20	3,225,686	2,199,273
Receivables and prepayments	21	2,585,519	2,302,693
Investment securities	19	130,385	269,530
Cash and short-term deposits	22	3,974,545	3,968,075
		<u>9,916,135</u>	<u>8,739,571</u>
Current Liabilities			
Trade and other payables	23	3,336,064	3,873,904
Short-term borrowings	24	485,724	376,686
Taxation payable		444,969	362,940
		<u>4,266,757</u>	<u>4,613,530</u>
Net Current Assets		<u>5,649,378</u>	<u>4,126,041</u>
		<u>13,512,222</u>	<u>11,117,528</u>

Consolidated Statement of Financial Position (Cont.)

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
Equity			
Capital and reserves attributable to the company's equity holders			
Share capital	25	1,192,647	1,192,647
Capital reserve	26	130,832	119,946
Translation reserve		29,048	30,086
Retained earnings	27	9,733,054	7,347,482
		<u>11,085,581</u>	<u>8,690,161</u>
Non-Current Liabilities			
Deferred tax liabilities	28	213,511	257,430
Borrowings	24	2,213,130	2,169,937
		<u>2,426,641</u>	<u>2,427,367</u>
		<u>13,512,222</u>	<u>11,117,528</u>

Approved for issue by the Board of Directors on 26 September 2019 and signed on its behalf by:


 William Mahfood

Director


 Andrew Mahfood

Director

Consolidated Statement of Changes in Equity

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Equity Holders of the Company					Non-Controlling Interest	Total Equity
	Number of shares '000	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Translation Reserve \$'000	\$'000	\$'000
Balance at 1 July 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
Unrealised gain on investments	-	-	3,728	-	-	-	3,728
Exchange differences on translating foreign subsidiary	-	-	-	-	26,853	-	26,853
Total comprehensive income	-	-	3,728	2,292,961	26,853	(36)	2,323,506
Sale of ordinary shares (IPO) (Note 25)	149,415	1,134,720	-	-	-	-	1,134,720
Transactions with owners -							
Dividends paid (Note 31)	-	-	-	(1,304,933)	-	-	(1,304,933)
Transfer to owners consequent on reorganisation (Note 12)	-	-	-	(1,017,728)	-	(5,704)	(1,023,432)
Balance at 30 June 2018	3,750,000	1,192,647	119,946	7,347,482	30,086	-	8,690,161
Net profit	-	-	-	2,929,322	-	-	2,929,322
Unrealised gain on investments	-	-	10,886	-	-	-	10,886
Exchange differences on translating foreign subsidiary	-	-	-	-	(1,038)	-	(1,038)
Total comprehensive income	-	-	10,886	2,929,322	(1,038)	-	2,939,170
Transactions with owners -							
Dividends paid (Note 31)	-	-	-	(543,750)	-	-	(543,750)
	-	-	10,886	2,385,572	(1,038)	-	2,395,420
Balance at 30 June 2019	3,750,000	1,192,647	130,832	9,733,054	29,048	-	11,085,581

Consolidated Statement of Cash Flows

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Operating Activities		
Cash provided by operating activities (Note 29)	2,267,211	3,655,873
Cash Flows from Investing Activities		
Purchase of property, plant and equipment ^(a)	(1,059,047)	(2,728,656)
Purchase of investments	(522,837)	(468,805)
Proceeds from the sale of property, plant and equipment	7,550	8,533
Proceeds from sale of investment	-	477,529
Dividend received	2,014	1,487
Cash outflow on disposal of subsidiaries	-	(135,108)
Investment in associates	(586,169)	-
Loans receivable	(165,545)	-
Interest received	89,194	68,491
Cash used in investing activities	<u>(2,234,840)</u>	<u>(2,776,529)</u>
Cash Flows from Financing Activities		
Interest paid	(186,439)	(249,449)
Long-term loans repaid	(377,870)	(533,683)
Long-term loans received	567,000	725,000
Proceeds from IPO	-	1,134,720
Finance lease repaid	(22,298)	(58,587)
Dividend paid	<u>(543,750)</u>	<u>(1,304,933)</u>
Cash used in financing activities	<u>(563,357)</u>	<u>(286,932)</u>
(Decrease)/increase in cash and cash equivalents	(530,986)	592,412
Effects of changes in foreign exchange rates on cash and cash equivalents	29,220	11,293
(Decrease)/Increase in cash and cash equivalents	(501,766)	603,705
Cash and cash equivalents at beginning of year	3,917,663	3,313,958
Cash and Cash Equivalents at End of Year (Note 22)	<u><u>3,415,897</u></u>	<u><u>3,917,663</u></u>

The principal non-cash transactions include:

- (a) There was no acquisition of property, plant and equipment under finance lease in current year (2018 – \$112,650,000).

Company Statement of Comprehensive Income

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

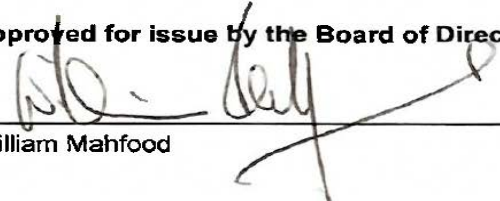
	Note	2019 \$'000	2018 \$'000
Revenue	5	28,400,550	24,514,835
Cost of sales		<u>(17,838,850)</u>	<u>(15,284,340)</u>
Gross Profit		10,561,700	9,230,495
Other operating income	6	279,607	85,397
Selling and distribution expenses		(6,205,360)	(5,412,601)
Administration expenses		<u>(1,110,566)</u>	<u>(1,049,101)</u>
Operating Profit		3,525,381	2,854,190
Finance income	9	119,218	130,837
Finance costs	10	<u>(176,406)</u>	<u>(211,411)</u>
Profit before Taxation		3,468,193	2,773,616
Taxation	11	<u>(567,204)</u>	<u>(513,834)</u>
Net Profit		2,900,989	2,259,782
Other Comprehensive Income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Unrealised gains on investment securities		<u>10,886</u>	<u>2,849</u>
Total Comprehensive Income		<u><u>2,911,875</u></u>	<u><u>2,262,631</u></u>

Company Statement of Financial Position

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
Non-Current Assets			
Property, plant and equipment	15	6,724,278	6,775,727
Investments in subsidiaries	16	11,375	11,375
Investment in associates	17	586,169	-
Loans receivable	18	165,545	-
Investment securities	19	379,060	215,760
		<u>7,866,427</u>	<u>7,002,862</u>
Current Assets			
Inventories	20	3,225,686	2,199,273
Receivables and prepayments	21	2,581,362	2,291,515
Investment securities	19	130,385	269,530
Due from parent company	14(b)	-	1,898
Cash and short-term deposits	22	3,907,783	3,918,405
		<u>9,845,216</u>	<u>8,680,621</u>
Current Liabilities			
Trade and other payables	23	3,325,212	3,854,981
Short-term borrowings	24	485,724	376,686
Taxation payable		444,432	362,940
		<u>4,255,368</u>	<u>4,594,607</u>
Net Current Assets		<u>5,589,848</u>	<u>4,086,014</u>
		<u>13,456,275</u>	<u>11,088,876</u>
Shareholders' Equity			
Share capital	25	1,192,647	1,192,647
Capital reserve	26	130,832	119,946
Retained earnings		9,706,155	7,348,916
		<u>11,029,634</u>	<u>8,661,509</u>
Non-Current Liabilities			
Deferred tax liabilities	28	213,511	257,430
Borrowings	24	2,213,130	2,169,937
		<u>2,426,641</u>	<u>2,427,367</u>
		<u>13,456,275</u>	<u>11,088,876</u>

Approved for issue by the Board of Directors on 26 September 2019 and signed on its behalf by:


 William Mahfood

Director


 Andrew Mahfood

Director

Company Statement of Changes in Equity

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of shares '000	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2017		3,600,585	57,927	117,097	6,976,619	7,151,643
Net profit		-	-	-	2,259,782	2,259,782
Other comprehensive income		-	-	2,849	-	2,849
Total comprehensive income		-	-	2,849	2,259,782	2,262,631
Transactions with owners -						
Sale of ordinary shares (IPO)		149,415	1,134,720	-	-	1,134,720
Dividends paid	31	-	-	-	(1,304,933)	(1,304,933)
Transfer to owners consequent on re-organisation		-	-	-	(582,552)	(582,552)
Balance at 30 June 2018		3,750,000	1,192,647	119,946	7,348,916	8,661,509
Net profit		-	-	-	2,900,989	2,900,989
Other comprehensive income		-	-	10,886	-	10,886
Total comprehensive income		-	-	10,886	2,900,989	2,911,875
Transactions with owners -						
Dividends paid	31	-	-	-	(543,750)	(543,750)
		-	-	10,886	2,357,239	2,368,125
Balance at 30 June 2019		3,750,000	1,192,647	130,832	9,706,155	11,029,634

Company Statement of Cash Flows

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Operating Activities		
Cash provided by operating activities (Note 29)	2,250,119	3,563,012
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,059,047)	(2,680,363)
Proceeds from the sale of property, plant and equipment	7,550	8,533
Purchase of investments	(522,837)	(468,805)
Proceeds from sale of investments	-	477,529
Dividend received	2,014	1,487
Investment in associates	(586,169)	-
Loan issued	(165,545)	-
Interest received	89,194	68,491
Cash used in investing activities	(2,234,840)	(2,593,128)
Cash Flows from Financing Activities		
Interest paid	(186,439)	(249,449)
Long-term loans repaid	(377,870)	(495,644)
Long-term loans received	567,000	725,000
Proceeds from IPO	-	1,134,720
Finance leases repaid	(22,298)	(38,323)
Dividend paid	(543,750)	(1,304,933)
Cash used in financing activities	(563,357)	(228,629)
(Decrease)/Increase in cash and cash equivalents	(548,078)	741,255
Effects of changes in foreign exchange rates	29,220	11,293
Cash and cash equivalents at beginning of year	3,867,993	3,115,445
Cash and Cash Equivalents at End of Year (Note 22)	3,349,135	3,867,933

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

- (a) Wisynco Group Limited (the company) is a limited liability company, incorporated and domiciled in Jamaica. The parent company is Wisynco Group (Caribbean) Limited, a Barbados International Business Company. The ultimate controlling party of the company is Evesam Investments Holdings Limited, a company incorporated in the Cayman Islands. The registered office of the company is located at White Marl, St Catherine.
- (b) The company together with wholly owned subsidiary, Indies Insurance Company Limited, incorporated and resident in St. Lucia as well JP Snacks Caribbean Limited (consolidated) is referred to as "the Group". On 29 April 2019 the company acquired 30% interest in JP Snacks Caribbean Limited (consolidated) which comprise JP Snacks Caribbean Limited incorporated as a non-resident in Cayman Islands and Antillean Foods Inc legally organised under the laws of Cayman Islands.

On 30 October 2017 the following entities are no longer part of the Group due to changes in the ownership structure as disclosed in Note 12:

Wisynco Foods Limited, subsidiary, previously 100% owned – Incorporated and resident in Jamaica; Seville Development Corporation Limited, subsidiary, previously 85% owned – Incorporated and resident in Jamaica; and Fusion Holdings Limited, associate, previously 50% owned – Incorporated and resident in St. Lucia.

- (c) The principal activities of the group are the bottling and distribution of water and beverages, the manufacturing of a wide range of plastic and foam packaging and disposable products for use in industry, tourism and for the retail trade, the distribution and retailing of food items and the provision of insurance services. The operation of fast food restaurants through Wisynco Foods Limited was discontinued during the prior year as disclosed in Note 12.

2. Significant Accounting Policies

(a) Basis of preparation

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 9 has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is based on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity. That is, an entity's business model determines whether the cash flows will result from collecting contractual cash flows, selling financial assets or both.

If a debt instrument is held to collect contractual cash flows, it is classified as amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect assets' contractual cash flows and to sell the assets are classified as FVOCI. Under the new model, FVPL is the residual category - financial assets should therefore be classified as FVPL if they do not meet the criteria of FVOCI or amortised cost.

IFRS 9 introduces a new model for the recognition of impairment losses - the expected credit losses (ECL) model. The ECL model constitutes a change from the guidance in IAS 39 and seeks to address the criticisms of the incurred loss model which arose during the economic crisis. In practice, the new rules mean that entities will have to record a day 1 loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

The adoption of IFRS 9 from 1 July 2018 resulted in changes in accounting policies as outlined in Note 2(h). In accordance with the transitional provisions comparative figures have not been restated. Details of the impact on the financial statements on adoption of the new standard is disclosed in Note 34.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

IFRS 15, 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018). The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service; so the notion of control replaces the existing notion of risks and rewards.

A key change to current practice is the point at which revenue is able to be recognised, which may shift so that some revenue that is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa. Other effects of the new standard include variable consideration that involve contracts with customers which provide a right of return, trade discounts or volume rebates which in some cases result in more revenue being deferred. The treatment of customer loyalty programmes is also affected.

The adoption of IFRS 15 from 1 July 2018 resulted in changes in accounting policies as disclosed in Note 2(c). In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated. The impact on the financial statements on adoption of the new standard is disclosed in Note 34.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. There was no impact from the adoption of this amendment.

Amendments to IFRS 4 'Insurance Contracts' (effective for annual periods beginning on or after 1 January 2018). This amendment addresses the concerns of insurance companies about the different effective dates of IFRS 9, 'Financial instruments', and the forthcoming new insurance contracts standard. The amendment to IFRS 4 provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level); and the 'overlay approach'. Both approaches are optional. IFRS 4 (including the amendments that have now been issued) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standard becomes effective. This amendment did not have an impact on the Group.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

Annual improvements to IFRSs 2014 – 2016 cycles. The amendment to IAS 28, 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. There were no transactions to which the amendment is applicable. There were no transactions impacted by the amendment in current year. The Group will apply this amendment where applicable to future transactions.

Amendment to IFRS 9, 'Financial instruments on prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2018). This amendment confirms that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and; when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective for the group at balance sheet date, and which the group has not early adopted. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IFRIC 23 'Uncertainty over Income Tax Treatments', (effective for annual reporting periods beginning on or after 1 January 2019). This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. . The Group is currently assessing the impact of this amendment.

IFRS 17, 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2021). This standard was issued as replacement for IFRS 4 'Insurance contracts' and requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts. The Group is currently assessing the impact of this standard.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

Amendments to IAS 28, 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2019). These amendments clarify that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The Group currently does not have any such interests.

Annual improvements 2015 – 2017. These annual improvements are effective for annual periods beginning on or after 1 January 2019. These amendments include minor changes to the following standards:

- IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The Group is currently assessing the impact of the amendments.

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). In January 2018, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets. The Group Executive Management Committee is in the process of evaluating the impact of IFRS 16 on the financial statements of the Group. The impact on the financial statements on adoption of IFRS 16 is not expected to be significant, as the Group currently accounts for all leases as finance leases. Additionally, future lease contracts entered into will be based on terms resulting in its classification as finance lease.

The Group has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no material impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(i) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus cost directly attributable to the acquisition. The excess of the cost over the fair value of net assets acquired is recorded as goodwill.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) **Associates**

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(ii) Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associated companies' in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

In the company's statement of financial position, investment in associates is shown at cost.

The Group's associated companies are as follows:

	Financial Reporting Year- end	Country of Incorporation	Nature of Business	Group's percentage interest	
				2019	2018
Fusion Holdings Limited	30 June	Jamaica	Manufacturing and distribution	-	50.0
JP Snacks Caribbean Limited (consolidated)	31 December	Cayman Islands	Manufacturing and distribution	30.0	-

During prior year, the group disposed of its interest in Fusion Holdings Limited through a reconstruction scheme as disclosed in Note 12.

(c) Revenue and income recognition

Group revenue comprises revenue of the group and its subsidiaries. Revenue is shown net of General Consumption Tax or applicable sales tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue comprises amounts charged to customers in respect of the sale of water and beverages, plastic, foam packaging and disposable products, general food items and fast food items.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition (continued)

The Group adopted IFRS 15 Revenue from contracts with customers effective for annual periods beginning 1 January 2018. The adoption of the standard has changed the revenue recognition criteria for sale of goods within the Group.

Sales of goods

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer

Certain contracts with customers provide a right of return, free goods, volume discounts, rebates and other incentives. Accumulated experience is used to estimate and provide for customer returns and sales incentives using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability, representing amounts payable to customers, is recognised for expected returns and sales incentives. Where customer contracts entitle customers to free goods, revenue is allocated to each performance obligation, including free goods, and recognised as the performance obligations are satisfied.

Sale of goods – up to 30 June 2018

Revenue from the sale of merchandise and fast food items is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer which is upon acceptance of the goods by the customer.

Interest and dividend income

Interest income are recorded on the accrual basis using the effective interest method. Dividends are recognised when the right to receive payments is established.

Other operating income

Other operating income primarily comprising rebates received and the sale of miscellaneous items is recognised as it accrues unless collectability is in doubt.

(d) Foreign currency translation

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the year end, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is the group's functional and presentation currency.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at historical or deemed cost less depreciation.

The carrying values of property, plant and equipment are written off on a straight-line basis over their expected useful lives using the following rates:

Buildings	2½ - 3 ⅓%
Furniture, fixtures and equipment	10 - 50%
Motor vehicles	20%
Leasehold improvements	Shorter of the life of the lease or the useful life of the asset

Land is not depreciated.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the group. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Intangible assets

Brands

Brands are recorded at cost and represent the value of the consideration paid to acquire the well established and recognised pizza and fast food. This cost is amortised over 10 years which is the estimated useful life of the brand.

Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the fair value of the net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Franchise fees

Franchise fees are recorded at cost and represents consideration paid to operate each fast food store location. This cost is amortised over the life of the franchise agreement period which is 10 years.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Intangible assets (continued)

Contracts

Contracts are recorded at cost based and represents consideration paid for right to Bottler's Agreement. This cost is amortised over the life of the contract which is 3 years.

(g) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(h) Financial instruments

Classification of financial instruments

The Group classifies financial assets and liabilities as those measured at fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVPL) or measured at amortised cost in accordance with IFRS 9 'Financial Instruments' which became effective for annual periods beginning 1 January 2018.

The classification is based on the business model used to manage the financial instruments as well as the terms of the contractual cashflows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The equity instruments held by the Group are not held for trading. The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments only when its business model for managing those assets changes.

Measurement of financial instruments

Debt instruments

Measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of comprehensive income .

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in fair value are taken through OCI. The recognition of interest income and impairment gains or losses are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in the income statement using the effective interest rate method. Impairment losses are presented as a separate line item in the statement of comprehensive income.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Measurement of financial instruments (continued)

Equity instruments

The Group measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

Impairment of financial instruments

The Group determines impairment of financial instruments using the expected credit loss model. The Group incorporates forward looking information and applies both the general model and the simplified approach when calculating expected credit losses.

Application of the General Model

The Group has applied the 'general model' as required under IFRS 9 for debt instruments other than trade receivables. Under this model, the Group is required to assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The ECL will be recognised in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Impairment of financial instruments (continued)

The Group uses judgement when considering the following factors that affect the determination of impairment:

Assessment of Significant Increase in Credit Risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios

The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses three scenarios that are probability weighted to determine ECL.

Expected Life

When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

Application of the Simplified Approach

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Group accounting policy up to 30 June 2018

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables and available –for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated as fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date. These assets are classified as cash and short term investments and are included in current assets on the statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the year end. These are classified as non-current assets. Loans and receivables are classified as balances with related parties, long term receivables and trade and other receivables and are included in non-current and current assets in the statement of financial position. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. These are classified as available-for-sale investments and are included in non-current assets.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE equity investments classified as available-for-sale.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale, and are included in non-current assets unless management has the express intention of holding the investment for less than twelve months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

Available-for-sale (continued)

Purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset. The cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. The fair values of investments are based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

(i) Investment property

Investment property represents land. It is carried at cost.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of raw materials is determined using the weighted average cost method. The cost of work in progress and manufactured finished goods is determined using standard raw material cost, plus budgeted cost of labour and factory overheads, which approximates actual cost. The cost of finished goods purchased for resale is the suppliers' invoice price applied on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment of trade receivables is determined using the simplified approach based on the required of IFRS 9 as outlined in Note 2(h) above. In prior period provision for impairment was determined based on the requirements of IAS 39, where a provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss in administration and other expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(l) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise investment securities with less than 90 days maturity from the date of acquisition including cash balances, short term deposits, securities purchased under agreements to resell and bank overdrafts.

(m) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are initially recognised at fair value and subsequently stated at amortised cost.

(n) Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current borrowings. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(o) Borrowings and borrowings costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective yield method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(p) Income taxes

Taxation expense in the income statement comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The group's liability for current tax is calculated at tax rates that have been enacted at the year end.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(q) Employee benefits

Pension obligations

The company participates in a defined contribution plan whereby it pays contributions to a privately administered fund. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the year end are discounted to present value.

Profit sharing plans

A liability for employee benefits in the form of profit sharing plans is recognised when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- (i) There is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- (ii) Past practice has created a valid expectation by employees that they will receive a profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for profit sharing plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

Leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed; the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) Dividends

Dividends are recorded as a deduction from equity in the period in which they are approved.

(t) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

3. Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the group's risk management framework. The Board has established a Group Finance Department for managing and monitoring risks. This department is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the group. It identifies, evaluates and hedges financial risks in close co-operation with the group's operating units.

There has been no significant change to the group's exposure to financial risks or the manner in which it manages and measures risk.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk

The group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the group by failing to discharge their contractual obligations. Credit risk is an important risk for the group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the group's receivables from customers and investment activities. The group structures the levels of credit risk it undertakes by placing terms and limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

The group has a credit department whose responsibility involves regular analysis of the ability of customers and other counterparties to meet

(i) Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit department has established a credit policy under which each customer is analysed individually for creditworthiness prior to the group offering them a credit facility. Risky customers are required to provide a banker's guarantee and credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the credit department; these are reviewed semi-annually. The group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the group's benchmark creditworthiness may transact business with the group on a prepayment basis.

Customers' credit risks are monitored according to their credit characteristics such as whether the customer is an individual or company, industry, aging profile, and previous financial difficulties. Trade and other receivables relate mainly to the group's wholesale, retail and food service customers.

The group's average credit period on the sale of goods is 30 days. The group has provided fully for all receivables based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments

The group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(iii) Loans receivable

The Group's exposure for credit risk for loans receivable is limited to related party JP Snacks Caribbean Limited; which management does expect to fail to meet its obligations.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Receivables	2,550,244	2,278,465	2,546,087	2,272,206
Cash and short-term deposits	3,974,545	3,968,075	3,907,783	3,918,405
Investment securities	509,445	463,380	509,445	463,380
Loans receivable	165,545	-	165,545	-
	<u>7,199,779</u>	<u>6,709,920</u>	<u>7,128,860</u>	<u>6,653,991</u>

The table above represents a worst case scenario of credit risk exposure at 30 June. During the year, the group did not renegotiate any trade receivables.

(i) Ageing analysis of trade receivables:

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
0 to 30 days	1,460,348	1,211,693	1,460,348	1,211,693
31 to 60 days	588,769	491,427	588,769	491,427
60 to 90 days	158,889	159,504	158,889	159,504
90 days or more	49,203	27,703	49,203	27,703
	<u>2,257,209</u>	<u>1,890,327</u>	<u>2,257,209</u>	<u>1,890,327</u>

(ii) Trade receivable that are considered impaired.

As of 30 June 2019, trade receivables of \$30,981,000 (2018 - of \$35,586,000) and \$30,981,000 (2018 - \$35,586,000) for the group and company, respectively, were impaired. The amount of the provision was \$30,981,000 (2018 - \$35,586,000) and \$30,981,000 (2018 - \$35,586,000) for the group and company, respectively. The individually impaired receivables mainly relate to wholesalers who are in unexpected, difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. These receivables are aged over 90 days.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Trade receivables that are considered impaired (continued)

Movements on the provision for impairment of trade receivables are as follows:

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 July	35,586	35,493	35,586	33,624
Provision for receivables impairment	8,137	18,842	8,137	18,842
Transfer on reorganisation	-	(1,869)	-	-
Bad debt recovered/written off	(12,742)	(16,880)	(12,742)	(16,880)
At 30 June	30,981	35,586	30,981	35,586

As of 1 July 2018, to measure expected credit losses, trade receivables are grouped by regions (based on shared risk characteristics) as well as by aging buckets. Lifetime expected credit losses are determined by taking into consideration historical rates of default for the totals of each customer segment of aged receivables as well as the estimated impact of forward looking information. In determining historical rates of default, trade receivables greater than 90 days past due are used as a proxy for historical losses. This did not result in a material change to the provision for credit losses previously recognised. The creation and release of provision for impaired receivables have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There are no financial assets other than those listed above that were individually impaired.

(iii) Credit exposure for trade receivables

The following table summarises the group's and company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Kingston & St. Andrew	948,976	593,276	948,976	593,276
South Central	342,205	250,045	342,205	250,045
North Eastern	327,435	224,531	327,435	224,531
Western	427,504	221,608	427,504	221,608
Hotels & Restaurants	133,079	482,869	133,079	482,869
Other	78,010	117,998	78,010	117,998
	2,257,209	1,890,327	2,257,209	1,890,327
Less: Provision for credit losses	(30,981)	(35,586)	(30,981)	(35,586)
	2,226,228	1,854,741	2,226,228	1,854,741

The majority of trade receivables are receivable from customers in Jamaica.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Group Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
- (ii) Maintaining committed lines of credit;
- (iii) Optimising cash returns on investment;

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

The company is contingently liable to its bankers in respect of guarantees in the ordinary course of business totaling approximately \$11,500,000 (2018 - \$16, 000,000).

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

The tables below summarises the maturity profile of the Group's and company's financial liabilities at 30 June based on contractual undiscounted payments at contractual maturity dates.

	The Group					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2019					
Liabilities						
Borrowings	86,159	141,195	452,410	2,472,167	-	3,151,931
Trade and other payables	1,480,211	1,000,730	584,946	-	-	3,065,887
Total financial liabilities	1,566,370	1,141,925	1,037,356	2,472,167	-	6,217,818

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

	The Group					Total
	Within 1	1 to 3	3 to 12	1 to 5	Over 5	
	Month	Months	Months	Years	Years	
	\$'000	\$'000	\$'000	\$'000	\$'000	
	2018					
Liabilities						
Borrowings	146,949	40,969	420,551	2,539,526	-	3,147,995
Trade and other payables	1,903,683	1,008,776	720,256	-	-	3,632,715
Total financial liabilities	2,050,632	1,049,745	1,140,807	2,539,526	-	6,780,710

	The Company					
	Within 1	1 to 3	3 to 12	1 to 5	Over 5	Total
	Month	Months	Months	Years	Years	
	\$'000	\$'000	\$'000	\$'000	\$'000	
2019						
Liabilities						
Borrowings	86,159	141,195	452,410	2,472,167	-	3,151,931
Trade and other payables	1,469,359	1,000,730	584,946	-	-	3,055,035
Total financial liabilities	1,555,518	1,141,925	1,037,356	2,472,167	-	6,206,966

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows (continued)

	The Company					Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	
	2018					
Liabilities						
Borrowings	146,949	40,969	420,551	2,539,526	-	3,147,995
Trade and other payables	1,903,683	1,008,776	701,334	-	-	3,613,793
Total financial liabilities	2,050,632	1,049,745	1,121,885	2,539,526	-	6,761,788

(c) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Group Finance Department. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

Concentrations of currency risk

The Group and company has accounts receivable, cash and deposits, long term receivable net of accounts payable and borrowings denominated in United States dollars, amounting to an asset of J\$720,173,000 and J\$616,915,00 at 30 June 2019 (2018 - J\$897,878,000 and J\$854,406,000) respectively. The Group and company also has cash and deposits net of accounts payable denominated in Euros, amounting to a liability of J\$388,214,000 (2018 - J\$82,591,000).

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a reasonably expected change in foreign currency rates. The sensitivity of the profit was primarily as a result of foreign exchange gains and losses on translation of trade receivables and payables.

The Group				
	% Change in Currency Rate	Effect on Profit before Taxation 2019 \$'000	% Change in Currency Rate	Effect on Profit before Taxation 2018 \$'000
Currency:				
USD	+4	28,807	+2	17,958
USD	-6	(43,210)	-4	(35,915)
EURO	+4	(15,529)	+2	1,652
EURO	-6	23,293	-4	(3,304)

The Company				
	% Change in Currency Rate	Effect on Profit before Taxation 2019 \$'000	% Change in Currency Rate	Effect on Profit before Taxation 2018 \$'000
Currency:				
USD	+4	26,277	+2	17,008
USD	-6	(39,415)	-4	(34,176)
EURO	+4	(15,529)	+2	1,652
EURO	-6	23,293	-4	(3,304)

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the group to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The following tables summarises the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2019						
Assets							
Investment securities	-	130,385	-	346,750	-	32,310	509,445
Receivables	-	-	-	-	-	2,550,244	2,550,244
Cash and short-term deposits	2,254,683	1,719,386	-	-	-	476	3,974,545
Total financial assets	2,254,683	1,849,771	-	346,750	-	2,583,030	7,034,234
Liabilities							
Borrowings	35,811	112,250	337,663	2,213,130	-	-	2,698,854
Trade and other payables	-	-	-	-	-	3,065,887	3,065,887
Total financial liabilities	35,811	112,250	337,663	2,213,130	-	3,065,887	5,764,741
Total interest repricing gap	2,218,872	1,737,521	(337,663)	(1,866,380)	-	482,857	1,269,493

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2018					
Assets						
Available-for-sale investments	-	-	269,530	193,850	-	21,910
Receivables	-	-	-	-	-	2,278,465
Cash and short-term deposits	2,700,539	1,267,060	-	-	-	476
Total financial assets	2,700,539	1,267,060	269,530	193,850	-	2,300,851
Liabilities						
Borrowings	129,058	5,358	278,536	2,133,672	-	-
Trade and other payables	-	-	-	-	-	3,632,715
Total financial liabilities	129,058	5,358	278,536	2,133,672	-	3,632,715
Total interest repricing gap	2,571,481	1,261,702	(9,006)	(1,939,822)	-	(1,331,864)

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	
	2019						
Assets							
Investment securities	-	130,385	-	346,750	-	32,310	509,445
Receivables	-	-	-	-	-	2,546,087	2,546,087
Cash and short-term deposits	2,187,920	1,196,550	522,837	-	-	476	3,907,783
Long term receivable	-	-	-	-	165,545	-	165,545
Total financial assets	2,187,921	1,326,935	522,837	346,750	165,545	2,578,873	7,128,860
Liabilities							
Borrowings	35,811	112,250	337,663	2,213,130	-	-	2,698,854
Trade and other payables	-	-	-	-	-	3,055,035	3,055,035
Total financial liabilities	35,811	112,250	337,663	2,213,130	-	3,055,035	4,967,219
Total interest repricing gap	2,152,110	1,214,685	185,174	(1,866,380)	165,545	(476,162)	2,161,641

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
	2018						
Assets							
Available-for-sale investments	-	-	269,530	193,850	-	21,910	485,290
Receivables	-	-	-	-	-	2,272,206	2,272,206
Cash and short-term deposits	2,650,869	1,267,060	-	-	-	476	3,918,405
Due from parent company	-	-	-	-	-	1,898	1,898
Total financial assets	2,650,869	1,267,060	269,530	193,850	-	2,296,490	6,677,799
Liabilities							
Borrowings	129,058	5,358	278,536	2,133,672	-	-	2,546,623
Trade and other payables	-	-	-	-	-	3,613,793	3,613,793
Total financial liabilities	129,058	5,358	278,536	2,133,672	-	3,613,793	6,160,416
Total interest repricing gap	2,521,811	1,261,702	(9,006)	(1,939,822)	-	(1,317,303)	517,383

Interest rate sensitivity

The group and company have no significant sensitivity to interest rate risk as all borrowings are at fixed rates.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of equity investments held and classified on the statement of financial position as fair value through other comprehensive income (2018 - available for sale). The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact of a 10% (2018: 15 %) change in the quoted prices for these equities would be an increase or decrease in the carrying value of \$3,231,000 (2018: \$3,287,000) in income and \$3,231,000 (2018: \$3,287,000) in other comprehensive income.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Capital management

The Group manages its capital resources according to the following objectives:

- (i) To continue as a going concern in order to provide benefits for stakeholders;
- (ii) To maintain a strong capital base which is sufficient for the future development of the Group's operations; and
- (iii) To comply with capital requirements as stipulated by loan covenants.

The Group is exposed to externally imposed capital requirements as a result of loans issued by specific financial institutions as follows:

	Required	Actual 2019	Actual 2018
Minimum current assets to current liabilities	1.20:1	2.3:1	1.89:1
Maximum debt to equity ratio	2.33:1	0.57:1	0.28:1
Minimum interest cover	2.9 times	26.6 times	17.8 times
Minimum debt service coverage margin	2.0 times	7.09 times	7.30 times

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are classified by level in one of the following fair value measurement hierarchy:

- Level 1 includes those instruments which are measured based on quoted prices in active markets for identical assets or liabilities.
- Level 2 includes those instruments which are measured using inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 includes those instruments which are measured using valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

The Group's financial instruments classified at amortised cost and fair value through other comprehensive income in current year and were classified as available-for-sale investments in prior year are disclosed in (Note 19). Corporate bonds are classified as level 2 and quoted instruments are classified as level 1.

The amounts included in the financial statements for cash and short-term deposits, receivables, payables, short-term loans and due to parent company reflect their approximate fair values because of the short-term maturity of these instruments.

The fair value of long term borrowings approximates carrying value as the contractual cash flows are at current market interest rates that are available to the Group for similar financial instruments.

There were no transfers between the Levels.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2019				
Investment securities –				
Quoted equities	32,292	-	-	32,292
Unquoted equities	-	-	18	18
	32,292	-	18	32,310

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2018				
Investment securities –				
Quoted equities	21,692	100	-	21,792
Unquoted equities	-	-	18	18
Corporate bonds	-	463,480	-	463,480
	21,692	463,580	18	485,290

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the group's accounting policies

In the process of applying the group's accounting policies, management has not made any judgements that would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for impairment of trade receivables

Periodically, the company assesses the collectability of its trade receivables. Provisions are created or increased as described in Note 2(k). This, however, does not necessarily mean that the company will collect the total remaining unimpaired balance, as some balances that are estimated to be collectible at period end may subsequently go bad.

Estimated impairment of goodwill and brands

The group tests annually whether goodwill and brands have suffered any impairment, in accordance with the accounting policy stated in Note 2(f). The assessment of goodwill and brand impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rates. Any changes in these variables would impact the value in use calculations. Management has determined that a reasonably possible change in key assumptions, namely increase or decrease of two percentage points to the discount rate and increase or decrease of two percentage points to the revenue growth rate would not cause the aggregate carrying amount to exceed the aggregate recoverable amount. Goodwill arising from the Group's interest in Wisynco Foods Limited was derecognized during the year as a result of the reconstruction of the group (Note 12).

Associates

The company acquired 30% interest in JP Snacks Caribbean Limited on 29 April 2019. The Group previously held 50% of the voting rights of Fusion Holdings Limited up to 30 October 2017, at which point the Group's interest were transferred under a reconstruction scheme (Note 12). Management has assessed that it did not have control over these entities as under its contractual arrangements with the other shareholder, unanimous consent was required from all parties to the agreements for all relevant activities. The Group has therefore equity accounted for its share of the results of these entities in the respective periods as an associated company.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

5. Revenue

Revenues can be disaggregated as follows:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Export	434,988	342,355	434,988	342,355
Local	26,966,488	23,444,898	26,966,488	23,444,898
Related parties	999,074	727,582	999,074	727,582
Revenue transferred at a point in time	28,400,550	24,514,835	28,400,550	24,514,835
Revenue from insurance contracts	11,864	29,214	-	-
	<u>28,412,414</u>	<u>24,544,049</u>	<u>28,400,550</u>	<u>24,514,835</u>

6. Other Operating Income

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Bad debts recovered	3,235	8,437	3,235	8,437
Discount received	30,162	24,564	30,162	24,564
Rebates	32,236	28,672	32,236	28,672
Gain on disposal of property, plant and equipment	4,927	4,397	4,927	4,397
Management fees	14,946	-	14,946	-
Royalty income	15,908	-	15,908	-
Other	187,242	26,087	178,193	19,327
	<u>288,656</u>	<u>92,157</u>	<u>279,607</u>	<u>85,397</u>

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

7. Expenses by Nature

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Advertising costs	556,609	610,105	556,609	610,105
Audit fees	13,625	11,422	11,978	11,422
Bad debt expense	8,137	18,960	8,137	18,960
Commissions	144,958	179,558	144,958	179,558
Cost of inventory recognised as expense	14,480,976	12,228,143	14,480,976	12,228,143
Delivery and motor vehicle expense	1,465,164	1,295,233	1,465,164	1,295,233
Directors fees	13,084	12,829	12,689	12,829
Insurance	54,284	51,121	221,432	173,756
Property expenses, including depreciation	1,999,290	1,625,409	1,999,290	1,625,409
Royalties	35,697	37,366	35,697	37,366
Staff costs (Note 8)	4,316,848	3,768,499	4,316,848	3,768,499
Utilities	779,219	670,768	779,219	670,768
Other operating expenses	1,233,242	1,281,015	1,121,779	1,113,993
	<u>25,101,133</u>	<u>21,790,428</u>	<u>25,154,776</u>	<u>21,746,041</u>

8. Staff Costs

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	3,506,897	3,080,264	3,506,897	3,080,264
Statutory contributions	383,272	333,190	383,272	333,190
Pension contributions (Note 30)	144,244	125,885	144,244	125,885
Termination costs	13,542	8,199	13,542	8,199
Other	268,893	220,961	268,893	220,961
	<u>4,316,848</u>	<u>3,768,499</u>	<u>4,316,848</u>	<u>3,768,499</u>

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

9. Finance Income

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Dividend income	2,014	1,487	2,014	1,487
Interest income	89,194	68,491	89,194	68,491
Gain on sale of investment	-	10,476	-	10,476
Foreign exchange gains	28,010	50,383	28,010	50,383
	<u>119,218</u>	<u>130,837</u>	<u>119,218</u>	<u>130,837</u>

10. Finance Costs

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Interest expense -				
Bank borrowings and finance leases	176,359	203,497	176,359	203,497
Finance charges and non interest fees	53,846	7,914	47	7,914
	<u>230,205</u>	<u>211,411</u>	<u>176,406</u>	<u>211,411</u>

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

11. Taxation

The taxation charge is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current income tax	611,339	469,969	611,123	469,969
Deferred income tax (Note 28)	(43,919)	43,865	(43,919)	43,865
	<u>567,420</u>	<u>513,834</u>	<u>567,204</u>	<u>513,834</u>
Tax expense attributable to:				
Profit from continuing operations	567,420	513,834	567,204	513,834
Profit from discontinued operations	-	4,057	-	-
	<u>567,420</u>	<u>517,891</u>	<u>567,204</u>	<u>513,834</u>

The tax on the Group's and company's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Profit before tax from continuing operations	3,496,742	2,765,204	3,468,193	2,773,616
Profit before tax from discontinued operations	-	45,612	-	-
	<u>3,496,742</u>	<u>2,810,816</u>	<u>3,468,193</u>	<u>2,773,616</u>
Tax calculated at applicable tax rate on continuing operations	874,186	691,301	867,048	693,404
Adjusted for the effects of:				
Income not subject to tax	(26,762)	(15,311)	(26,762)	(10,990)
Expenses not deductible for tax purposes	1,674	30,176	1,674	23,752
Share of profits of associate	(7,792)	-	-	-
Tax credit	(247,611)	(194,999)	(247,611)	(194,999)
Other	(26,275)	2,667	(27,145)	2,667
Tax expense from continuing operations	<u>567,420</u>	<u>513,834</u>	<u>567,204</u>	<u>513,834</u>

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

12. Reconstruction/Discontinued Operations

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 namely Wisynco Foods Limited and Seville Development Corporation Limited were transferred to separate legal entities of the ultimate parent company.

Additionally, the shareholdings of Fusion Holdings Limited was also transferred to the ultimate parent company.

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

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 at June 30, 2018 are as follows:

	2018
	\$'000
Revenue	595,457
Cost of sales	(390,977)
Gross profit	204,480
Other income	1,255
Administrative and other expenses	(180,530)
Operating profit	25,205
Finance income	(1,220)
Finance cost	(4,892)
Profit before taxation	19,093
Taxation	(4,057)
Net profit after tax from discontinued operations	15,036
Share of results of associate	26,519
Profit for the period from discontinued operations	41,555

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

12. Reconstruction/Discontinued Operations (Continued)

	2018 \$'000
Operating cash flows	31,910
Investing cash flows	(48,447)
Financing cash flows	<u>(15,373)</u>
Net cash flows	<u><u>(31,910)</u></u>

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

	2018 \$'000
Intangible asset	15,879
Property, plant and equipment	330,280
Investment property	13,449
Deferred tax asset	50,706
Receivables	86,438
Inventories	18,098
Cash and short-term deposits	135,108
Payables	(241,907)
Borrowings	<u>(119,868)</u>
Net assets disposed	288,183
Cost of investment transferred (net)	467,670
Share of associate's profits	<u>261,875</u>
Transfer to owners	<u><u>1,017,728</u></u>

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. The amount of \$582,552,000 transferred from the company represents the carrying value of investment in subsidiaries and associates at the date of transfer. The non-controlling interest of \$5,704,000, was also derecognised as a result of the reconstruction.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

13. 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 during both years.

	2019	2018
Net profit attributable to ordinary stockholders from continuing operations (\$'000)	2,929,322	2,251,370
Net profit attributable to ordinary stockholders from discontinued operations (\$'000)	-	41,591
Net profit attributable to ordinary stockholders (\$'000)	2,929,322	2,292,961
Weighted average number of ordinary stock units in issue ('000)	3,750,000	3,687,744
Basic earnings per stock unit from continuing operations (\$)	0.78	0.61
Basic earnings per stock unit from discontinued operations (\$)	-	0.01
Basic earnings per stock unit (\$)	0.78	0.62

The company has no dilutive potential ordinary stock units.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

14. Related Party Transactions and Balances

The following companies are related parties by virtue of:

Being a subsidiary of the company:

Indies Insurance Company

Holding shares in the company:

Wisynco Group Caribbean Limited

Affiliates:

Affiliates comprise companies over which the immediate parent has control. During prior year, Wisynco Foods Limited and Seville Development Corporation Limited and Fusion Holdings Limited and its major subsidiaries, Trade Winds Citrus Limited and United Estates Limited ceased being subsidiaries and associate respectively, and became affiliates from reconstruction scheme as disclosed in Note 12.

The company entered into the following significant transactions with related parties during the year:

(a) Transactions	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Sales				
Convenient Brands Limited (formerly Wisynco Foods Limited)	980,213	727,582	980,213	727,582
Purchases				
Trade Winds Citrus Limited	3,718,577	3,305,623	3,718,577	3,329,164
Antillean Foods Inc	215,625	-	215,695	-
Worthy Park Estate	2,789,149	-	2,789,149	-
Convenient Brands Limited (formerly Wisynco Foods Limited)	-	1,816	-	1,816
Insurance Expense	-	16,142	182,166	144,713
Interest expense				
Seville Development Corporation Limited	-	232	-	232

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

14. Related Party Transactions and Balances (continued)

		The Company	
		2019	2018
		\$'000	\$'000
Rebates –			
Wisynco Foods Limited		4,277	3,774
Management Fees –			
Wisynco Foods Limited		14,946	7,473
Royalties -			
Trade Winds		35,697	37,366

(b) Year-end balances	The Group		The Company	
Receivables (Note 21)	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Receivables from subsidiary -				
Indies Insurance Company Limited	-	-	3,164	3,164
Receivables from affiliates -				
Trade Winds Citrus	19,725	39,096	19,725	39,096
Wisynco Foods Limited	92,435	138,543	92,435	138,543
Other affiliates	4,856	1,967	1,692	1,967
Receivable from parent company	-	1,898	32	1,898
Included in receivables and prepayments	117,016	181,504	117,048	184,668
Long term receivable from associate				
JP Snacks Caribbean Limited	165,546	-	165,546	-

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

14. Related Party Transactions and Balances (continued)

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Payables (Note 23)				
Payables to affiliate -				
Trade Winds Citrus Limited	424,614	529,842	424,614	529,842
Worthy Park	167,420	-	167,420	-
Seville Development Corporation Limited	26,279	26,592	26,279	26,592
Recycling Partners	32,367	-	32,367	-
Other affiliates	337	6,188	337	6,188
	651,017	562,622	651,017	562,622
Payable to associate				
Antillean Foods Inc	12,575	-	12,575	-
Payable to director	-	-	-	97
Included in trade and other payables	663,592	562,622	663,592	562,719

(c) Key management compensation

	The Group and Company	
	2019	2018
	\$'000	\$'000
Salaries and other short-term employee benefits	424,119	361,133
Statutory contributions	21,605	19,880
Pension benefits	21,786	20,882
	467,510	401,895
Directors' emoluments –		
Management remuneration (included above)	322,753	260,352
Fees	12,689	12,829

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

14. Related Party Transactions and Balances (Continued)**(d) Loans from related parties**

	The Group and Company	
	2019	2018
	\$'000	\$'000
Wisynco Group (Caribbean) Limited -		
At beginning of year	-	259,745
Payments made	-	(264,074)
Interest charged	-	4,329
Included in non-current borrowings (Note 24)	-	-

(e) Dividends paid

	The Group and Company	
	2019	2018
	\$'000	\$'000
Parent company	402,547	1,178,705
Key management	12,562	26,177
	<u>415,109</u>	<u>1,204,882</u>

In prior year, the Group listed its shares on the Jamaica Stock Exchange through an Initial Public Offering (IPO); related parties held all shares prior to the IPO. Total dividends are disclosed in Note 31.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment

The Group

	Land and Buildings \$'000	Furniture, Fixtures & Equipment \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Work in Progress \$'000	Total \$'000
Cost -						
At 1 July 2017	2,947,770	4,998,010	512,519	203,930	-	8,662,229
Additions	127,604	1,348,211	158,723	42,016	1,052,102	2,728,656
Disposals	-	(1,434)	(16,090)	-	-	(17,524)
Disposals on reorganisation	-	(412,668)	(2,998)	(226,914)	-	(642,580)
At 30 June 2018	3,075,374	5,932,119	652,154	19,032	1,052,102	10,730,781
Additions	162,843	749,960	146,244	-	-	1,059,047
Transfers	581,360	470,742	-	-	(1,052,102)	-
Adjustment	-	(57,654)	-	-	-	(57,654)
Disposals/Adjustments	-	(2,224)	(15,696)	-	-	(17,919)
At 30 June 2019	3,819,577	7,092,943	782,702	19,032	-	11,714,254
Depreciation -						
At 1 July 2017	317,096	2,917,880	192,483	59,032	-	3,486,491
Charge for the year	90,958	570,014	102,338	30,941	-	794,251
Relieved on disposal	-	-	(13,388)	-	-	(13,388)
Disposals on reorganisation	-	(239,726)	(1,633)	(70,941)	-	(312,300)
At 30 June 2018	408,054	3,248,168	279,800	19,032	-	3,955,054
Charge for the year	103,181	794,658	152,379	-	-	1,050,218
Relieved on disposal	-	(2,168)	(13,128)	-	-	(15,296)
At 30 June 2019	511,235	4,040,658	419,051	19,032	-	4,989,976
Net Book Value -						
30 June 2019	3,308,342	3,052,285	363,651	-	-	6,724,278
30 June 2018	2,667,320	2,683,951	372,354	-	1,052,102	6,775,727

Included in depreciation charges are amounts in respect of discontinued operations of Nil (2018: \$18,878,000).

The carrying amount of property, plant and equipment pledged as security for current and non-current finance lease liability amounted to nil (2018 – \$50,464,000).

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment (Continued)

	The Company					
	Land and Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Leasehold Improvements	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -						
At 1 July 2017	2,947,770	4,592,105	509,035	19,032	-	8,067,942
Additions	127,604	1,341,448	159,209	-	1,052,102	2,680,363
Disposals	-	(1,434)	(16,090)	-	-	(17,524)
At 30 June 2018	3,075,374	5,932,119	652,154	19,032	1,052,102	10,730,781
Additions	162,843	749,960	146,244	-	-	1,059,047
Transfers	581,360	470,742	-	-	(1,052,102)	-
Adjustments	-	(57,654)	-	-	-	(57,654)
Disposals	-	(2,224)	(15,696)	-	-	(17,919)
At 30 June 2019	3,819,577	7,092,943	782,702	19,032	-	11,714,254
Depreciation -						
At 1 July 2017	317,095	2,666,277	191,017	19,032	-	3,193,421
Charge for the year	90,959	581,891	102,171	-	-	775,021
Relieved on disposal	-	-	(13,388)	-	-	(13,388)
At 30 June 2018	408,054	3,248,168	279,800	19,032	-	3,955,054
Charge for the year	103,181	794,658	152,379	-	-	1,050,218
Relieved on disposal	-	(2,168)	(13,128)	-	-	(15,296)
At 30 June 2019	511,235	4,040,658	419,051	19,032	-	4,989,976
Net Book Value -						
30 June 2019	3,308,342	3,052,285	363,651	-	-	6,724,278
30 June 2018	2,667,320	2,683,951	372,354	-	1,052,102	6,775,727

The carrying amount of property, plant and equipment pledged as security for current and non current finance lease liability amounted to nil (2018 – \$50,464,000).

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

16. Investment in Subsidiaries

	The Company	
	2019	2018
	\$'000	\$'000
Indies Insurance Company – 100% 50,000 Ordinary shares, fully paid	11,375	11,375

17. Investment in Associates

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
At beginning of year	-	664,854	-	429,498
Additions	586,169	-	586,169	-
Amounts recognised in the statement of comprehensive income	7,792	26,519	-	-
Transferred through reconstruction scheme (Note 12)	-	(691,373)	-	(429,498)
Amounts recognised in the statement of financial position	593,961	-	586,169	-

Investments in associates for current year comprise amounts recognised in the statement of financial position relating to 30% of JP Snacks Caribbean Limited (consolidated) which was acquired on 29 April 2019. JP Snacks Caribbean Limited is the parent company and provides administrative services to its subsidiary Antillean Foods Inc. Antillean Foods Inc. manufactures and sells organic and tropical snacks of fried fruits.

JP Snacks Caribbean Limited and its subsidiary Antillean Foods Inc. are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating the Group's interest in JP Snacks Caribbean Limited (consolidated).

The Group's share of intangible assets related to JP Snacks Caribbean Limited include trademarks, brands, customer relationships with estimated useful life of 25, 5 and 10 years respectively as well as goodwill.

The Group owned 50% of the share capital in Fusion Holdings Limited (FHL) until 30 October 2017 when the Group's interest was transferred through reconstruction as disclosed in Note 12. FHL is one of the main manufacturers of juices and sells its products mainly through distributors.

There were no contingent liabilities in prior year relating to the Group's interest in FHL.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Associates (Continued)

The summarised information for FHL that was accounted for using the equity method as at 30 October 2017 is as follows:

Summarised statement of financial position

	Group
	2018
	\$'000
Current	
Cash and cash equivalents	89,900
Other current assets (excluding cash)	1,632,303
Total current net assets	1,722,203
Other current liabilities (including trade payables)	792,897
Total current liabilities	792,897
Non-current	
Assets	3,517,690
Total non-current liabilities	2,683,374
Net assets	1,763,622

Summarised income statement

	Group
	2018
	\$'000
Revenue	1,341,560
Depreciation	65,220
Interest income	10,760
Interest expense	52,826
Profit before income tax	53,038
Taxation expense	-
Profit after tax	53,038
Total comprehensive income	53,038

	Group
	2018
	\$'000
Summarised financial information	
Opening net assets at 1 July	1,517,677
Profit for the period	53,038
Net assets transferred through reconstruction	(1,570,715)
Closing net assets	-
Interest in associates (%)	-
Interest in associates (J\$)	-
Carrying value	-
Interest in associate transferred through reconstruction	785,358
Carrying value transferred through reconstruction	691,373

	\$'000
Investment in associate at cost	429,498
Share of associate's post acquisition reserves as at 30 June 2017	235,356
Current year share of results of associate	26,519
Share of associate's post acquisition reserves as at 30 October 2017	261,875
	691,373

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Associates (Continued)

The summarised information for JP Snacks Caribbean Limited (consolidated) that was accounted for using the equity method as at 30 June 2019 is as follows:

Summarised statement of financial position

	Group	Group
	2019	2018
	\$'000	\$'000
Current		
Cash and cash equivalents	52,510	-
Other current assets (excluding cash)	206,879	-
Total current net assets	259,389	-
Other current liabilities (including trade payables)	136,443	-
Total current liabilities	136,443	-
Non-current		
Assets	968,174	-
Total non-current liabilities	537,622	-
Net assets	553,498	-

Summarised income statement

	Group	Group
	2019	2018
	\$'000	\$'000
Revenue	167,163	-
Depreciation	(10,797)	-
Amortisation	(8,606)	-
Interest income	1,382	-
Interest expense	(2,904)	-
Profit before income tax	25,973	-
Taxation expense	-	-
Profit after tax	25,973	-
Total comprehensive income	25,973	-

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Associates (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Group	Group
	2019	2018
	\$'000	\$'000
Summarised financial information		
Opening net assets at 29 April	543,553	1,517,677
Profit for the period	25,973	53,038
Net assets transferred through reconstruction	-	(1,570,715)
Closing net assets	569,526	-
Interest in associates (%)	30%	-
Interest in associates (J\$)	170,858	-
Carrying value	593,961	-
Interest in associate transferred through reconstruction	-	785,358
Carrying value transferred through reconstruction	-	691,373

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

18. Loans Receivable

A promissory note of US\$1,230,555 was issued to JP Snacks Caribbean Limited (formerly Central American Banana (2005) Limited) on 29 April 2019. The note matures 29 April 2026 and interest accrues daily at an interest rate of 3% per annum payable at maturity date.

19. Investment securities

	The Group and Company	
	2019	2018
	\$'000	\$'000
Equity investment securities measured at fair value through other comprehensive income:		
Quoted	27,292	-
Unquoted	5,018	-
	<u>32,310</u>	<u>-</u>
Debt investment securities measured at amortised cost:		
Corporate bonds	<u>477,135</u>	<u>-</u>
Equity and debt investment securities measured as available for sale:		
Quoted	-	16,892
Unquoted	-	5,810
Corporate bonds	-	463,380
	<u>-</u>	<u>485,290</u>
	<u>509,445</u>	<u>285,290</u>

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

19. Investment securities (Continued)

	The Group and Company	
	2019 \$'000	2018 \$'000
At beginning of year	485,290	293,452
Additions	-	203,873
Disposals	-	(15,763)
Foreign exchange gain	13,269	879
Fair value gains charged to fair value reserve	10,886	2,849
	509,445	485,290
Current portion	(130,385)	(269,530)
At end of year	379,060	215,760
Quoted	32,292	21,792
Unquoted	477,153	463,398

20. Inventories

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Raw materials	726,241	855,571	726,241	855,571
Finished goods	221,562	152,914	221,562	152,914
Merchandise for resale	1,719,600	786,405	1,719,600	786,405
	2,667,403	1,794,890	2,667,403	1,794,890
Less: Provision for obsolete inventories	(18,518)	(22,752)	(18,518)	(22,752)
	2,648,885	1,772,138	2,648,885	1,772,138
Goods-in-transit	576,801	427,135	576,801	427,135
	3,225,686	2,199,273	3,225,686	2,199,273

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

21. Receivables

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Trade receivables	2,257,209	1,890,327	2,257,209	1,890,327
Less: Provision for doubtful debts	(30,981)	(35,586)	(30,981)	(35,586)
Trade receivables, net	2,226,228	1,854,741	2,226,228	1,854,741
Prepayments	35,275	22,329	35,275	19,308
Receivables from related parties (Note 14(b))	117,016	181,504	117,048	184,668
Principal receivables	153,098	152,033	153,098	152,033
Other receivables	53,902	92,086	49,713	80,765
	<u>2,585,519</u>	<u>2,302,693</u>	<u>2,581,362</u>	<u>2,291,515</u>

22. Cash and Cash Equivalents

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	1,199,359	1,371,722	1,132,597	1,322,052
Short-term deposits	2,775,186	2,596,353	2,775,186	2,596,353
	<u>3,974,545</u>	<u>3,968,075</u>	<u>3,907,783</u>	<u>3,918,405</u>
Bank overdrafts (Note 24)	(35,811)	(50,412)	(35,811)	(50,412)
Balances with maturity dates over 3 months	(522,837)	-	(522,837)	-
	<u>3,415,897</u>	<u>3,917,663</u>	<u>3,349,135</u>	<u>3,867,993</u>

The weighted average effective interest rates on cash and short-term bank deposits at the year-end are as follows:

	2019	2018
	%	%
Short-term deposits –		
J\$	3.29	2.63
US\$	<u>3.84</u>	<u>2.50</u>

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

23. Payables

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,630,594	2,292,861	1,630,594	2,292,130
Statutory contributions payable	61,534	54,802	61,534	54,802
Accrued expenses	696,906	638,978	686,054	638,978
Payables to related parties (Note 14 (b))	663,592	562,622	663,592	562,719
Other payables	283,438	324,641	283,438	306,352
	<u>3,336,064</u>	<u>3,873,904</u>	<u>3,325,212</u>	<u>3,854,981</u>

24. Borrowings

(a) Composition of borrowings

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Total borrowings -				
Bank loans -				
Long term	2,662,130	2,473,000	2,662,130	2,473,000
Finance leases	913	23,211	913	23,211
Bank overdraft	35,811	50,412	35,811	50,412
	<u>2,698,854</u>	<u>2,546,623</u>	<u>2,698,854</u>	<u>2,546,623</u>
	<u>2,698,854</u>	<u>2,546,623</u>	<u>2,698,854</u>	<u>2,546,623</u>
Current -				
Bank overdraft (Note 22)	(35,811)	(50,412)	(35,811)	(50,412)
Current portion of finance leases	(913)	(22,274)	(913)	(22,274)
Current portion of long term loans	(449,000)	(304,000)	(449,000)	(304,000)
	<u>(485,724)</u>	<u>(376,686)</u>	<u>(485,724)</u>	<u>(376,686)</u>
Total current borrowings	<u>(485,724)</u>	<u>(376,686)</u>	<u>(485,724)</u>	<u>(376,686)</u>
Non-current borrowings	<u>2,213,130</u>	<u>2,169,937</u>	<u>2,213,130</u>	<u>2,169,937</u>

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

24. Borrowings (Continued)

(a) Composition of borrowings (continued)

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Non-current -				
(i) Bank of Nova Scotia (6%/7.9%, 2023)	652,500	725,000	652,500	725,000
(ii) National Commercial Bank (6.18%/8.75%-2023)	1,444,000	1,748,000	1,444,000	1,748,000
(iii) Bank of Nova Scotia (5.65%, 2024)	565,630	-	565,630	-
(iv) MF&G Trust (10% - 11.5%)	-	23,211	-	23,211
	2,662,130	2,496,211	2,662,130	2,496,211
Less: Current portion	(449,000)	(326,274)	(449,000)	(326,274)
	<u>2,213,130</u>	<u>2,169,937</u>	<u>2,213,130</u>	<u>2,169,937</u>

Non-current borrowings

- (i) This loan unsecured attracts interest at a fixed rate of 7.9% per annum. It is repayable over six years at \$36,250,000 principal payments per quarter after an initial moratorium period of up to 15 months from the initial disbursement. The interest rate was renegotiated at 6% during the year.
- (ii) This loan unsecured attracts interest at a fixed rate of 8.75% per annum. It is repayable over seven years at \$76,000,000 principal payments per quarter after an initial moratorium period of up to 9 months from the initial disbursement. The interest rate was renegotiated at 6.18% during the year.
- (iii) This loan unsecured attracts interest at a fixed rate of 5.65% per annum. It is repayable over 5 years at \$35,437,500 principal payments per quarter after an initial moratorium period of up to 15 months.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

24. Borrowings (Continued)

(a) Composition of borrowings (continued)

Finance lease liabilities – minimum lease payments

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	921	22,958	921	22,958
Later than 1 year and not later than 5 years	-	928	-	928
	921	23,886	921	23,886
Future finance charges on finance leases	(8)	(675)	(8)	(675)
Present value of finance lease liabilities	913	23,211	913	23,211

The present value of the finance lease liabilities is as follows:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	913	22,290	913	22,290
Later than 1 year and not later than 5 years	-	921	-	921
	913	23,211	913	23,211

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

24. Borrowings (Continued)**(b) Interest rate risk exposure**

The weighted average effective interest rates on borrowings at the year-end were as follows:

	The Group and Company	
	2019	2018
	%	%
Current -		
Bank overdraft	39.75 – 40	39.75
Other	5.65 – 8.75	7.90 – 8.75
Non-current -		
Bank borrowings	5.65 – 8.75	7.90 – 8.75
Finance leases	10	10

25. Share Capital

	2019	2018
	\$'000	\$'000
Authorised –		
4,000,000,000 (2018 – 4,000,000,000) Ordinary stock units		
Issued and fully paid –		
3,750,000,000 (2018 – 3,750,000,000) Ordinary stock units at no par value	1,192,647	1,192,647

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

26. Capital Reserve

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Realised gains	24,998	24,998	24,998	24,998
Unrealised surplus on revaluation of land and buildings	72,740	72,740	72,740	72,740
Fair value gains on financial instruments available-for-sale investments	-	22,208	-	22,208
Fair value gains on financial instruments – fair value through other comprehensive income	33,094	-	33,094	-
	<u>130,832</u>	<u>119,946</u>	<u>130,832</u>	<u>119,946</u>

Realised gains

This represents realised gains on sale of assets.

Unrealised surplus on revaluation of land and building

This represents freehold land and buildings which were valued in 1993 by Stoppi Cairney Bloomfield and the resulting revaluation surplus of \$126,400,000 was credited to capital reserve. The revalued amounts were used as the deemed cost of these assets, upon transition to IFRS.

Fair value gains on financial instruments measured at fair value through other comprehensive income and financial instruments previously classified as available-for-sale investments

This represents the fair value of quoted equity instruments.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

27. Net Profit/Retained Earnings

	The Group	
	2019	2018
	\$'000	\$'000
At beginning of year	7,347,482	7,377,182
Net profit attributable to:		
Company	2,900,982	2,259,782
Subsidiaries	20,548	(8,376)
Associate	7,792	-
Discontinued operations - subsidiaries	-	15,036
Discontinued operations - associate	-	26,519
	2,929,322	2,292,961
Dividends	(543,750)	(1,304,933)
Transfer to owners consequent on reorganization (Note 12)	-	(1,017,728)
At end of year	9,733,054	7,347,482

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

28. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
At the beginning of the year	257,430	162,859	257,430	213,565
Transferred through reconstruction (Note 12)	-	50,706	-	-
(Credited)/charged to income profit or loss (Note 11)	(43,919)	43,865	(43,919)	43,865
At end of year	213,511	257,430	213,511	257,430

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax liabilities

	The Group			
	Finance lease	Excess of Capital Allowances over Depreciation	Unrealised Foreign Exchange Gain	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2017	-	218,909	8,909	227,818
Charged/(credited) to profit or loss	-	16,809	(1,670)	15,139
Transferred through reconstruction (Note 12)	-	34,609	4,595	39,204
At 30 June 2018	-	270,327	11,834	282,161
Credited to profit or loss	-	(42,660)	(10)	(42,670)
At 30 June 2019	-	227,667	11,824	239,491

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

28. Deferred Income Taxes (Continued)

Deferred tax assets

	Finance lease \$'000	Accrued Vacation \$'000	Unrealised Foreign Exchange Losses \$'000	Interest Payable \$'000	Total \$'000
At 1 July 2017	50,345	7,931	6,683	-	64,959
Transferred through reconstruction (Note 12)	(35,033)	(534)	-	-	(35,567)
(Charged)/credited to profit or loss	(9,509)	(2,231)	(2,454)	9,533	(4,661)
At 30 June 2018	5,803	5,166	4,229	9,533	24,731
Credited/(charged) to profit or loss	(5,575)	7,845	1,487	(2,508)	1,249
At 30 June 2019	228	13,011	5,716	7,025	25,980

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

28. Deferred Income Taxes (Continued)

Deferred tax liabilities

	The Company			
	Finance lease \$'000	Excess of Capital Allowances over Depreciation \$'000	Unrealised Foreign Exchange Gain \$'000	Total \$'000
At 1 July 2017	-	235,718	7,239	242,957
Credited to profit or loss	-	34,609	4,595	39,204
At 30 June 2018	-	270,327	11,834	282,161
Charged to profit or loss	-	(42,660)	(10)	(42,670)
At 30 June 2019	-	227,667	11,824	239,491

Deferred tax assets

	The Company				
	Accrued Vacation \$'000	Finance Lease \$'000	Unrealised Foreign Exchange Losses \$'000	Interest Payable \$'000	Total \$'000
At 1 July 2017	7,396	15,312	6,684	-	29,392
(Charged)/credited to profit or loss	(2,230)	(9,509)	(2,455)	9,533	(4,661)
At 30 June 2018	5,166	5,803	4,229	9,533	24,731
Credited(charged) to profit or loss	7,845	(5,575)	1,487	(2,508)	1,249
At 30 June 2019	13,011	228	5,716	7,025	25,980

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

28. Deferred Income Taxes (Continued)

The amounts shown in the statement of financial position include the following to be recovered or settled after more than twelve months:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets to be recovered	228	5,803	228	5,803
Deferred tax liabilities to be settled	<u>227,667</u>	<u>270,327</u>	<u>227,667</u>	<u>270,327</u>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities	<u>(213,511)</u>	<u>(257,430)</u>	<u>(213,511)</u>	<u>(257,430)</u>
At end of year	<u>(213,511)</u>	<u>257,430</u>	<u>(213,511)</u>	<u>(257,430)</u>

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

29. Cash Provided by Operating Activities

Cash provided by operating activities includes the following amounts:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Profit before income tax from:				
Continuing operations	2,929,322	2,251,370	2,900,989	2,259,782
Discontinued operations	-	41,555	-	-
Net profit before tax including discontinued operations	2,929,322	2,292,925	2,900,989	2,259,782
Items not affecting cash:				
Share of results of associates	(7,792)	(26,519)	-	-
Depreciation	1,050,219	794,251	1,050,219	775,021
Gain on sale of property, plant and equipment	(4,927)	(4,397)	(4,927)	(4,397)
Interest income	(89,194)	(68,491)	(89,194)	(68,491)
Gain on disposal of investments	-	(10,476)	-	(10,476)
Write-off of property, plant and equipment	57,654	-	57,654	-
Dividend income	(2,014)	(1,487)	(2,014)	(1,487)
Interest expense	230,205	211,411	176,406	211,411
Taxation expense	567,741	517,891	567,204	513,834
Exchange gain on foreign currency balances	(29,048)	(23,530)	(28,010)	(50,373)
	4,702,166	3,681,578	4,628,327	3,624,824
Changes in operating assets and liabilities:				
Inventories	(1,026,413)	(259,519)	(1,026,413)	(258,891)
Receivables and prepayments	(281,440)	(472,738)	(288,461)	(310,710)
Due from parent company	-	(1,898)	1,898	(1,898)
Trade and other payables	(597,471)	1,001,141	(535,601)	795,534
Cash generated from operations	2,796,842	3,948,564	2,779,750	3,848,859
Taxation paid	(529,631)	(292,691)	(529,631)	(285,847)
Cash provided by operating activities	2,267,211	3,655,873	2,250,119	3,563,012

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

29. Cash Provided by Operating Activities

Reconciliation of movements of liabilities to cash flows arising from financing

Amounts represent bank and other loans, excluding bank overdrafts

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
At 30 June 2018	2,496,212	2,483,350	2,496,212	2,343,217
Loans received	567,000	725,000	567,000	725,000
Loans repaid	(400,169)	(533,967)	(398,798)	(533,967)
Transfer on reconstruction	-	(140,133)	-	-
Net interest movements	-	(38,038)	(1,370)	(38,038)
At 30 June 2019	2,663,043	2,496,212	2,663,044	2,496,212

30. Pension Scheme

The company participates in a defined contribution pension plan administered by Sagicor Life Jamaica Limited. Members contribute 5% of pensionable earnings which is matched by the employer. The employer also matches additional voluntary contributions, not exceeding 5%, made by members aged 45 and over who have 10 or more years of service. Pension contributions for the year was \$144,244,000 (2018 - \$125,885,000) for the Group and the company and are included in staff costs (Note 8).

31. Dividends

	2019	2018
	\$'000	\$'000
Interim dividends -		
30 cents per stock unit – 7 November 2017	-	1,068,683
6 cents per stock unit – 7 May 2018	-	236,250
7.5 cents per stock unit – 10 October 2018	281,250	-
7 cents per stock unit – 26 February 2019	262,500	-
	543,750	1,304,933

32. Segment reporting

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.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

33. Subsequent Events

Declaration of dividends

The Board of Directors passed a resolution on 29 July 2019 approving a dividend payment of \$0.10 per stock unit payable to stockholders on record as at 27 August 2019.

34. Adoption of IFRS 9 and 15

The Group adopted IFRS 9 and 15 effective for periods beginning 1 January 2018 in current year. The accounting policy for the Group is to adopt the new standards using the modified retrospective approach.

IFRS 9 Financial Instruments

The following financial assets were subject to the new expected credit loss model under IFRS 9:

- Loans receivable
- Receivables
- Debt instruments carried at amortised cost
- Equity carried at FVOCI
- Cash and Cash equivalents

The Group revised its impairment methodology under IFRS 9 for each of these classes of assets. The Group concluded that impact of the change in impairment methodology on the Group's and company's opening retained earnings and current year's comprehensive income was not material.

On 1 July 2018 Group management assessed which business models were applicable to the financial assets held by the Group and classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification for both Group and Company are as follows:

		AFS	Amortised Cost	FVOCI	FVPL	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets – 1 July 2018	Note					
Closing balance 30 June 2018						
– IAS 39		485,290	-	-	-	485,290
Reclassify debt instruments from AFS to amortised cost	(a)	(463,380)	463,380	-	-	-
Reclassify equity instruments from AFS to FVOCI	(b)	(21,910)	-	21,910	-	-
Opening balance 1 July 2018						
– IFRS 9		-	463,380	21,910	-	485,290

The Group's investments securities that were previously classified as AFS have now been reclassified to amortised cost or FVOCI.

- (a) Debt instruments were reclassified from AFS to amortised cost as the Group's business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest. Total fair value gains or losses for all groups of financial instruments previously recognized in OCI a part of which would be reclassified to profit or loss amounted to \$2,849,000 which is immaterial; consequently no adjustments were made. There was no impairment identified for adjustment to the carrying value.
- (b) The Group elected to present in OCI changes in the fair value of its equity investments previously classified as AFS because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. The amounts previously recorded as fair value gains are still included in OCI.

Notes to the Financial Statements

Year ended 30 June 2019 (expressed in Jamaican dollars unless otherwise indicated)

34. Adoption of IFRS 9 and 15 (Continued)

Reclassifications of financial instruments on adoption of IFRS 9

On 1 July 2018, the financial instruments of the Group were as follows, with any reclassifications noted

	Group				
	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original \$'000	New \$'000	Change \$'000
Cash and deposits	Amortised Cost	Amortised Cost	3,968,075	3,968,075	-
Investment securities - debt	AFS	Amortised Cost	463,380	463,380	-
Investment securities - equity	AFS	FVOCI	21,910	21,910	-
Trade and other receivables	Amortised Cost	Amortised Cost	2,280,364	2,280,364	-

	Company				
	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original \$'000	New \$'000	Change \$'000
Cash and deposits	Amortised Cost	Amortised Cost	3,918,405	3,918,405	-
Investment securities - debt	AFS	Amortised Cost	463,380	463,380	-
Investment securities - equity	AFS	FVOCI	21,910	21,910	-
Trade and other receivables	Amortised Cost	Amortised Cost	2,272,207	2,272,207	-

IFRS 15 Revenue from Contracts with Customers

The new recognition criteria which accompanies the Group's adoption of IFRS 15 is mainly surround the treatment of variable consideration.

Variable consideration identified for the group includes returns, discounts, trade deals, rebates. Rebates of \$3,773,801 were reclassified from selling and distribution to revenue and trade deals of \$268,306,000 were reclassified from cost of sales to revenue as at 1 July 2018. There were no other impact arising from the other variable consideration.



Place Stamp here
\$100

Form of Proxy

I / We _____

of _____

being a Member/Members of Wisynco Group Limited, hereby appoint:

of _____

or failing him/her: _____

of _____

as my/our proxy to vote on my/our behalf at the Annual General meeting of Wisynco Group Limited to be held on Wednesday December 4, 2019 at 10:00 A.M. and at any adjournment thereof.

SIGNED this _____ day of _____ 2019.

SIGNATURE of Shareholder: _____

RESOLUTIONS	FOR	AGAINST
1		
2		
3 (a)		
3 (b)		
4		
5		
6		

NOTE:

To be valid, Forms of Proxy must be lodged either at the Company's Registered Office located at Lakes Pen Road, St. Catherine, or with the Registrar of the Company, the JCSD located at 40 Harbour Street, Kingston, not less than 48 hours before the time of the meeting. The Form of Proxy should bear stamp duty of \$100.00 which may be paid by adhesive stamps which are to be cancelled by the person signing the Proxy.

Notes

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GRANDSON."



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Amelia Barr

