



**Wisynco Group Limited**

**Interim Report**

**Third Quarter ended**

**31 March 2018**

## **Wisynco Group Limited (Wisynco) – Interim Report to Shareholders**

The Directors of Wisynco present our report on the unaudited financial results for the third quarter ended March 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Revenues for the quarter of \$5.82 billion represented an increase of 13.5% over the \$5.13 billion achieved in the corresponding quarter of the previous year. Gross profit also increased to \$2.09 billion or 16.2% over the \$1.80 billion achieved in the same quarter of the previous year. Gross Margin of 35.9% was slightly higher than the 35.1% for the corresponding quarter of the previous year, and for the 9 months ended March 2018, Gross Margin improved by 1.4% when compared to the first 9 months of 2017.

Selling, Distribution & Administrative Expenses for the quarter totaled \$1.51 billion or 4.4% more than the \$1.44 billion for the corresponding quarter of the prior year. Other Income for the corresponding quarter of the prior year included net proceeds from insurance of \$597 million.

Wisynco recorded profits attributable to shareholders of \$504 million or 14 cents per share on a normalized basis for the quarter compared to \$340 million or 9 cents per share on a normalized basis for the corresponding quarter of the previous year (Note 7).

The third quarter normally represents lower demand for beverages due to the cooler climate in the January to March period which results in lower production and inefficient overhead absorption as compared to periods of higher demand. Wisynco also conducts preventative maintenance in the 3<sup>rd</sup> quarter of each Fiscal Year which results in some additional production expenses to ensure continuous efficiencies. The construction of our cold storage facilities continues, and the expectation is now for completion at the end of the 4<sup>th</sup> quarter which should result in reduced operating cost and improved service levels.

Wisynco has led an industry charge to look at the reduction of plastic and especially recyclable materials in our environment for years. Recently an outline proposal for a national Deposit Refund Scheme (DRS) was presented to the Partnership for Prosperity (a national social partnership). The outline was endorsed in principle by the Partnership and the final proposal incorporating further feedback is expected to be presented within the near future. Wisynco strives for the betterment of the environment through the actions of Wisynco Eco, which through its Eco Club initiative recovered over 500,000 bottles from its 32 participating schools in the quarter.

Wisynco manufactures and distributes the widest range of zero and low sugar beverage formats in the market and we continue to explore various beverage options with better health alternatives.

The company declared an interim dividend of 6.3c to all shareholders with an ex-dividend date of May 21st and a payment date of May 29<sup>th</sup>. We thank the Wisynco Team for all their efforts and thank all our Customers for their continued support for all Wisynco Brands.



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William Mahfood  
Chairman



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Andrew Mahfood  
Chief Executive Officer

**Wisynco Group Limited**  
Group Statement of Comprehensive Income  
**Quarter ended 31 March 2018**

	Quarter ended 31 March 2018 \$'000	Quarter ended 31 March 2017 \$'000	Nine Months ended 31 March 2018 \$'000	Nine Months ended 31 March 2017 \$'000
<b>Revenue</b>	5,820,566	5,130,035	18,058,954	15,752,100
Cost of Sales	(3,730,859)	(3,330,904)	(11,324,183)	(10,095,531)
<b>Gross Profit</b>	<b>2,089,707</b>	<b>1,799,131</b>	<b>6,734,771</b>	<b>5,656,569</b>
Other operating income	16,152	611,764	52,330	667,674
Selling and distribution expenses	(1,287,992)	(1,247,203)	(3,919,719)	(3,574,677)
Administration expenses	(220,165)	(197,575)	(594,150)	(499,381)
<b>Operating Profit</b>	<b>597,702</b>	<b>966,117</b>	<b>2,273,232</b>	<b>2,250,185</b>
Finance income	38,832	28,987	50,552	124,974
Finance costs	(51,921)	(55,093)	(177,107)	(119,141)
<b>Profit before Taxation</b>	<b>584,613</b>	<b>940,011</b>	<b>2,146,677</b>	<b>2,256,018</b>
Taxation	(80,332)	(204,104)	(460,919)	(431,805)
<b>Profit for the year from continuing operations</b>	<b>504,281</b>	<b>735,907</b>	<b>1,685,758</b>	<b>1,824,213</b>
Profit from discontinued operations	-	84,337	41,555	133,018
<b>Net Profit</b>	<b>504,281</b>	<b>820,244</b>	<b>1,727,313</b>	<b>1,957,231</b>
<b>Other Comprehensive Income</b>				
Items that may be subsequently reclassified to P&L				
Unrealised gains on available-for-sale investments	1,201	(11,015)	9,509	(3,693)
<b>Total Comprehensive Income</b>	<b>505,482</b>	<b>809,229</b>	<b>1,736,822</b>	<b>1,953,538</b>
<b>Net Profit attributable to:</b>				
Shareholders of Wisynco Group Limited	504,281	820,253	1,727,349	1,957,238
Non-controlling interest	-	(9)	(36)	(7)
	<b>504,281</b>	<b>820,244</b>	<b>1,727,313</b>	<b>1,957,231</b>
<b>Total Comprehensive Income attributable to:</b>				
Shareholders of Wisynco Group Limited	505,482	809,238	1,736,858	1,953,545
Non-controlling interest	-	(9)	(36)	(7)
	<b>505,482</b>	<b>809,229</b>	<b>1,736,822</b>	<b>1,953,538</b>
<b>Earnings per share</b>	<b>\$0.14</b>	<b>\$0.23</b>	<b>\$0.47</b>	<b>\$0.54</b>

**Wisynco Group Limited**  
Group Statement of Financial Position  
**31 March 2018**

	Unaudited March 31 2018 \$'000	Unaudited March 31 2017 \$'000	Audited June 30 2017 \$'000
<b>Notes</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	6,061,511	4,503,309	5,175,738
Investment in Associates	-	664,169	664,854
Intangibles	-	54,813	56,786
Available-for-sale investments	429,320	293,224	293,452
Deferred Tax Asset	-	-	52,156
Investment Property	-	13,449	13,449
	<b>6,490,831</b>	<b>5,528,964</b>	<b>6,256,435</b>
<b>Current Assets</b>			
Inventories	1,625,665	1,460,145	1,957,852
Receivables and prepayments	2,042,859	1,968,809	1,910,075
Available-for-sale investments - current portion	-	185,013	184,386
Cash and short-term deposits	3,699,912	3,685,621	3,385,944
	<b>7,368,437</b>	<b>7,299,588</b>	<b>7,438,257</b>
<b>Current Liabilities</b>			
Trade and other payables	2,307,962	2,040,852	3,186,245
Short-term borrowings	318,048	137,651	432,840
Taxation payable	409,402	351,760	177,797
Due to parent company	-	259,745	259,745
	<b>3,035,412</b>	<b>2,790,008</b>	<b>4,056,627</b>
<b>Net Current Assets</b>	<b>4,333,025</b>	<b>4,509,580</b>	<b>3,381,630</b>
	<b>10,823,856</b>	<b>10,038,544</b>	<b>9,638,065</b>
<b>Shareholders' Equity</b>			
Share capital	4 1,192,647	57,927	57,927
Capital reserve	125,727	116,869	116,218
Translation Reserve	2,322	3,500	3,233
Retained earnings	7,027,629	7,496,642	7,377,182
	<b>8,348,325</b>	<b>7,674,938</b>	<b>7,554,560</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>5,753</b>	<b>5,740</b>
	<b>8,348,325</b>	<b>7,680,691</b>	<b>7,560,300</b>
<b>Non-current Liabilities</b>			
Deferred tax liabilities	213,560	258,770	215,015
Borrowings	2,261,971	2,099,083	1,862,750
	<b>2,475,531</b>	<b>2,357,853</b>	<b>2,077,765</b>
	<b>10,823,856</b>	<b>10,038,544</b>	<b>9,638,065</b>



William Mahfood



Andrew Mahfood

**Wisynco Group Limited**  
Group Statement of Changes in Equity  
**Nine Months ended 31 March 2018**

	Number of Shares '000	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Translation Reserve \$'000	Non Controlling Interest \$'000	Total Equity \$'000
<b>Balance as at July 1, 2016</b>	<b>3,600,585</b>	<b>57,927</b>	<b>120,562</b>	<b>6,134,931</b>	<b>3,254</b>	<b>5,760</b>	<b>6,322,434</b>
Total comprehensive income	-	-	(3,693)	1,957,238	-	(7)	<b>1,953,538</b>
Exchange differences on translating foreign subsidiary	-	-	-	-	246	-	<b>246</b>
<b>Transactions with Owners:</b>							
Dividends Paid	-	-	-	(595,527)	-	-	<b>(595,527)</b>
<b>Balance at 31 March 2017</b>	<b>3,600,585</b>	<b>57,927</b>	<b>116,869</b>	<b>7,496,642</b>	<b>3,500</b>	<b>5,753</b>	<b>7,680,691</b>
<b>Balance as at July 1, 2017</b>	<b>3,600,585</b>	<b>57,927</b>	<b>116,218</b>	<b>7,377,182</b>	<b>3,233</b>	<b>5,740</b>	<b>7,560,300</b>
Total comprehensive income	-	-	9,509	1,736,858	-	-	<b>1,746,367</b>
Exchange differences on translating foreign subsidiary	-	-	-	-	(911)	-	<b>(911)</b>
Sale of Ordinary Shares (IPO) (Net)	149,415	1,134,720	-	-	-	-	<b>1,134,720</b>
<b>Transactions with Owners:</b>							
Dividends Paid	-	-	-	(1,068,683)	-	-	<b>(1,068,683)</b>
Transfer to owners consequent on reorganization (Note 5)	-	-	-	(1,017,728)	-	(5,740)	<b>(1,023,468)</b>
<b>Balance as at March 31, 2018</b>	<b>3,750,000</b>	<b>1,192,647</b>	<b>125,727</b>	<b>7,027,629</b>	<b>2,322</b>	<b>-</b>	<b>8,348,325</b>

**Wisynco Group Limited**  
**Group Statement of Cash Flows**  
**Nine Months ended 31 March 2018**

	<b>Nine months ended 31 March 2018 \$'000</b>	<b>Nine months ended 31 March 2017 \$'000</b>
<b>Net profit from operations</b>	<b>1,727,313</b>	<b>1,957,231</b>
<b>Items not affecting cash:</b>		
Unremitted equity in associates	-	(80,410)
Depreciation	547,167	438,740
Amortization of intangible assets	-	7,111
Gain on sale of property, plant and equipment	(2,305)	(2,986)
Gain on fire claim	-	(636,472)
Interest income	(49,428)	(52,149)
Gain on sale of investments	-	(10,805)
Dividend income	(1,124)	(2,438)
Interest expense	157,227	115,532
Taxation expense	460,919	431,805
Exchange gain/(loss) on foreign currency balances	49,469	(28,889)
	<b>2,889,237</b>	<b>2,136,270</b>
<b>Changes in operating assets and liabilities:</b>		
Inventories	314,717	132,217
Receivables and prepayments	(177,608)	439,848
Trade and other payables	(729,543)	(1,321,807)
<b>Cash generated from operations</b>	<b>2,296,803</b>	<b>1,386,528</b>
Insurance proceeds	-	156,623
Taxation paid	(233,236)	(622,201)
<b>Cash provided by operating activities</b>	<b>2,063,567</b>	<b>920,950</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,736,886)	(1,577,828)
Proceeds from the sale of property, plant and equipment	5,034	3,000
Investments (net)	48,518	(248,811)
Insurance proceeds	-	479,849
Dividend received	1,124	2,438
Interest received	49,428	52,149
<b>Cash used in investing activities</b>	<b>(1,632,782)</b>	<b>(1,289,203)</b>
<b>Cash Flows from Financing Activities</b>		
Interest paid	(117,874)	(115,532)
Long-term loans repaid	(457,968)	(891,440)
Long-term loans received	725,000	1,899,381
Proceeds from IPO	1,134,720	-
Finance leases repaid	(30,231)	(69,813)
Dividend paid	(1,068,683)	(595,527)
<b>Cash provided by financing activities</b>	<b>184,964</b>	<b>227,069</b>
Effects of changes in foreign exchange rates	(64,218)	47,312
Increase/(Decrease) in cash and cash equivalents	551,531	(93,872)
<b>Cash and cash equivalents at beginning of year</b>	<b>3,148,381</b>	<b>3,779,493</b>
<b>Cash and Cash Equivalents at end of Period</b>	<b>3,699,912</b>	<b>3,685,621</b>

**Wisynco Group Limited**  
Notes to the Interim Financial Statements  
**31 March 2018**

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**1. Basis of preparation**

These financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements have been expressed in Jamaican dollars unless otherwise indicated.

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

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended June 30, 2017.

**2. Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the CODM who is the Chief Executive Officer.

The CODM regularly reviews local versus export sales however the export sales do not meet the threshold of a reportable segment under IFRS 8 and as such no separate segment information is presented. There are no individual customers that constitute more than 10% of total revenue and the CODM does not review assets on a segment basis.

**3. Earnings per share**

Earnings per share is calculated on net profit and is based on the weighted average number of ordinary shares in issue during both years.

	Quarter ended March 31 2018	Quarter ended March 31 2017	Nine months ended March 31 2018	Nine months ended March 31 2017
Net profit attributable to ordinary shareholders (\$'000)	517,087	820,233	1,755,098	1,957,238
Weighted average number of ordinary shares in issue ('000) at the start of the period	3,602,223	3,600,585	3,600,585	3,600,585
Issue of shares during the period ('000)	36,842	-	38,480	-
Weighted average number of ordinary shares in issue ('000) at the end of the period	3,639,065	3,600,585	3,639,065	3,600,585
<b>Basic earnings per share</b>	<b>\$0.14</b>	<b>\$0.23</b>	<b>\$0.47</b>	<b>\$0.54</b>

**Wisynco Group Limited**  
Notes to the Interim Financial Statements  
**31 March 2018**

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**4. Share Capital**

Consequent on the decision to become a publicly listed company the existing shares in the Company were sub-divided into 3,382 for each share in issue. This resulted in the number of shares in issue increasing from 1,064,632 to 3,600,585,424. The company also had an IPO in which 149,414,576 shares were issued bringing the total number of shares issued to 3,750,000,000. Additionally, the authorized share capital was increased to 4,000,000,000 shares.

**5. Reconstruction of the Wisynco Group of Companies**

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

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

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 are for nine months ended 31 March 2018.

	Quarter ended 31 March 2018	Quarter ended 31 March 2017	Nine months ended 31 March 2018	Nine months ended 31 March 2017
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	-	<b>439,611</b>	<b>595,457</b>	1,229,105
Cost of sales	-	(282,393)	(390,977)	(795,916)
<b>Gross Profit</b>	-	<b>157,218</b>	<b>204,481</b>	<b>433,189</b>
Other income	-	1,059	1,255	3,092
Administration and other expenses	-	(125,834)	(180,530)	(361,646)
<b>Operating Profit</b>	-	<b>32,443</b>	<b>25,205</b>	<b>74,635</b>
Finance income	-	880	(1,220)	5,845
Finance costs	-	(2,338)	(4,892)	(7,458)
<b>Profit before taxation</b>	-	<b>30,985</b>	<b>19,094</b>	<b>73,022</b>
Taxation	-	(8,196)	(4,057)	(20,414)
<b>Net profit after tax of discontinued operations</b>	-	<b>22,789</b>	<b>15,036</b>	<b>52,608</b>
Share of results of associate	-	61,548	26,519	80,410
<b>Profit for the period from discontinued operations</b>	-	<b>84,337</b>	<b>41,555</b>	<b>133,018</b>



**Wisynco Group Limited**  
Notes to the Interim Financial Statements  
**31 March 2018**

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**5. Reconstruction of the Wisynco Group of Companies, Cont'd ...**

	Nine months ended 31 March 2018	Nine months ended 31 March 2017
	\$'000	\$'000
Operating cash flows	39,270	126,132
Investing cash flows	(47,312)	(40,749)
Financing cash flows	(25,156)	(40,057)
(Outflows)/Inflows	(41,542)	583
Effect of exchange rate changes	1,430	(1,238)
<b>Net cash flows</b>	<b>(73,310)</b>	<b>44,671</b>

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

	31 March 2018 \$'000
The carrying amounts of assets and liabilities as at the date of the sale were:	
Intangible Asset	15,879
Property, plant and equipment	330,280
Investment Property	13,449
Receivables	138,594
Inventories	18,098
Cash & short term deposits	135,108
<b>Total assets</b>	<b>651,408</b>
Payables	(243,357)
<b>Net assets</b>	<b>408,051</b>
Borrowings	(119,868)
<b>Net assets from subsidiaries</b>	<b>288,183</b>
Cost of investments transferred (net)	467,670
Share of associates profits	261,875
<b>Transfer to owners</b>	<b>1,017,728</b>

No consideration was received on de-recognition of these entities. The transaction was deemed to be between shareholders, the effects of which are recorded in equity.

**Wisynco Group Limited**  
Notes to the Interim Financial Statements

**31 March 2018**

**6. Other Operating Income**

	Quarter ended 31 March 2018 \$'000	Quarter ended 31 March 2017 \$'000	Nine Months ended 31 March 2018 \$'000	Nine Months ended 31 March 2017 \$'000
Other Income	16,152	14,092	50,025	45,874
Gain on disposal of fixed assets	-	-	2,305	24,128
Insurance proceeds/Business Interruption	-	597,672	-	597,672
	<b>16,152</b>	<b>611,764</b>	<b>52,330</b>	<b>667,674</b>

**7. Normalized Earnings**

	Quarter ended 31 March 2018 \$'000	Quarter ended 31 March 2017 \$'000	Nine Months ended 31 March 2018 \$'000	Nine Months ended 31 March 2017 \$'000
Net profit attributable to shareholders of Wisynco	504,281	820,253	1,727,349	1,957,238
Net insurance proceeds received	-	(597,672)	-	(597,672)
Business Interruption	-	117,823	-	117,823
Normalized Earnings	<b>504,281</b>	<b>340,404</b>	<b>1,727,349</b>	<b>1,477,389</b>
Weighted average number of ordinary shares ('000)	3,639,065	3,600,585	3,639,065	3,600,585
Basic EPS per ordinary share	\$0.14	\$0.09	\$0.47	\$0.41

**8. Subsequent Events**

On April 26, 2018, the Board of Directors considered an interim dividend payment of 6.3c per share, which was subsequently approved by a resolution of the Board on May 7 and which will be paid on May 29, 2018.



### 10 Largest Shareholders of Wisynco Group Limited as at 31 March 2018

Name of Shareholder	Units	Percentage Ownership
Wisynco Group (Caribbean) Limited	2,776,183,736	74.03%
JCSD Trustee Services Limited - SIGMA OPTIMA	43,547,623	1.16%
Devon Hugh Reynolds	37,729,613	1.01%
Francois Paul Chalifour	37,729,580	1.01%
Guardian Life Limited	29,341,646	0.78%
NCB Capital Markets X Trading A/C	24,933,502	0.66%
Sagicor Pooled Equity Fund	23,913,562	0.64%
NCB Insurance Co. Ltd. A/C WT160	22,732,309	0.61%
NCB Insurance Co. Ltd. A/C WT109	22,191,926	0.59%
NCB Insurance Co. Ltd. A/C WT157	22,191,926	0.59%
SJIML A/C 3119	22,132,836	0.59%

### Shareholdings of Directors as at 31 March 2018

Directors	Direct	Connected Parties	Total
* Joseph Mahfood	0	2,800,025,236	2,800,025,236
* William Mahfood	2,083,333	2,784,637,536	2,786,720,869
* Andrew Mahfood	2,083,333	2,784,285,236	2,786,368,569
Devon H. Reynolds	37,729,613	0	37,729,613
Francois Chalifour	37,729,580	0	37,729,580
John Lee	0	4,283,333	4,283,333
Lisa Soares Lewis	3,167,600	0	3,167,600
Adam Stewart	-	2,938,936	2,938,936

\* These Directors have a beneficial holding in Wisynco Group Caribbean Limited, which owns 74.03% of Wisynco Group Limited in addition to other connected party holdings.

### Shareholdings of Senior Executives as at 31 March 2018

Senior Executives	Direct	Connected Parties	Total
Gerald Mahfood	2,083,333	0	2,083,333
Christopher Ramdon	2,202,383	0	2,202,383
Halcott Holness	2,083,333	0	2,083,333
Sean Scott	0	1,588,713	1,588,713
Jacinth Bennett	1,420,000	0	1,420,000
Caron Anderson	267,496	0	267,496
Andrew Fowles	2,200,300	0	2,200,300
Rachel Zacca	368,596	0	368,596
Leilani Hunt	535,059	0	535,059