



2020 ANNUAL REPORT



Extraordinary Acts in the Face of Adversity





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Please note that all photographs within this publication were either taken before the COVID-19 pandemic or in accordance with COVID-19 protocols.

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WATER PROVIDES LIVES



About the Company

Wisynco Group Limited is a proud Jamaican manufacturer and distributor. The Company was established in 1965 and began with the manufacturing of 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.

Throughout the financial year, the Company produced 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 (since discontinued). 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.

Expansion through challenges

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 innova-

tion 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]
- ISO 45001:2018 [Occupational Health and Safety Management Systems Certification]

Wisynco currently distributes 162 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, Barbados, St. Vincent, Belize, Curaçao, Grand Cayman, Aruba, St. Kitts, St. Maarten, British Virgin Islands, US Virgin Islands, Bermuda, the United Kingdom, the United States, Canada, Guyana, Panama and Suriname. Wisynco prides itself on creating a differentiated customer experience, as such the focus is on providing innovative product offerings and superior customer service resulting in a high degree of customer loyalty.

A significant presence

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 90 owned and over 400 contracted trucks that deliver products 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.

MISSION: To improve the lives of our people.

Chairman's & CEO's Report

**“Enthusiasm is common;
endurance is rare.”**

- Angela Duckworth

Resilience – Shining Through Adversity

The past year has been one of monumental, even unprecedented challenges. As with every other enterprise around the world, COVID-19 brought a significant level of disruption. It has certainly tested our endurance, but did not dampen our enthusiasm, to rise to the challenges presented.

Jamaicans are rightly celebrated globally for our resilience, and we at Wisynco have shown the ability to look adversity squarely in the eye and to overcome without losing our passion for the goal, even as we have substantially met the challenge with regards to overall performance.

Revenue from continuing operations grew to \$32.2 Billion, representing an increase of \$5.3 Billion or 20% over the \$26.9 Billion in FY2019. Gross Profits from continuing operations were \$11.1 Billion a 10% improvement over the previous financial year. Up to the end of our 3rd quarter, Revenues were increasing at 27.5% above Fiscal 2019 on continuing operations. However, the 4th quarter slowdown, due to COVID-19, tempered the growth rate for the year to 20%. The Revenue growth was driven primarily by the local market, but we also saw some promising signs in the demand for our products in the export markets. Revenues in our export markets increased by approximately 11% during the financial year and we are hopeful for better increases in the near term.

Having made the necessary adjustments to shut down our Styrofoam plant in compliance with the Styrofoam ban effective January 1, 2020, we then had to meet the challenges unleashed by the pandemic. Some of these included the





suspension of all Tourism activities and loss of employment within that sector, the closure of restaurants and schools, as well as bars and entertainment activity.

It has been 'all-hands-on-deck' in combating the effects of COVID-19 on our business. In that regard we first want to look inside and recognize the tremendous commitment, and appreciate the sacrifice and commend the performance of our team members, who are truly our most valuable assets. We salute every single one of them.

We were also cognizant of our responsibility to our customers and the communities in which we operate. Human Resources (HR) steered the COVID-19 Response Team, to ensure the prioritization of safety whilst raising awareness during the pandemic. In addition to products and supplies such as hand sanitizer, disposable masks, and signage for various channels, we provided guidance and education on safety protocols for our customers and communities in need.

We publicly record our tremendous gratitude to all the frontline workers nationally: the health system, the security forces and ancillary national departments and agencies, the cashiers, attendants, and staff at retail centers. We want to 'big up' all persons responsible for maintaining public health and safety and all responsible for the orderly and timely movement of essential supplies and other goods to end-users whether through sales or donations.

Our adjustment went beyond the physical plant and logistics. We accelerated our digital transformation, upgrading process automation, internal and external communications and the entire enterprise reporting.

We also invested significantly in facilitating at-home and remote working, both to ensure the safety of our team members as well as continuity of operations. This meant acquiring additional laptops and other equipment in addition to bolstering our network and communications capabilities, engaging the services of private transport carriers, and intensifying our already rigorous sanitization systems and procedures, among other initiatives.

We applaud the resilience shown during this period and, even as we continue to grapple with the effects of this pandemic we will continue to be vigilant together.



Expanding Beyond Borders

During the year, our export growth push which began in earnest the previous financial year, saw tremendous progress being made, with exports up in the order of 40% over FY 2019. We are also seeing positive growth in several Caribbean markets. Even though the pandemic affected bar activity in those markets as well, we are seeing a very gradual uptick in that volume.

Looking Forward

We continue, through partnerships with other leading companies to widen channels and to expand our offerings to consumers. We eagerly anticipate the launch within the financial year 2020-21, of potato chips under the St Mary's brand, a welcome complement to the diverse line of snacks. The JP Banana Bread, introduced during the past year, has found certain acceptance in the market.

On the beverage side, we note new offerings from Coca-Cola (Sprite Cranberry) and our indigenous BIGGA (Pineapple Ginger). We also continue to expand our footprint in the alcoholic beverage

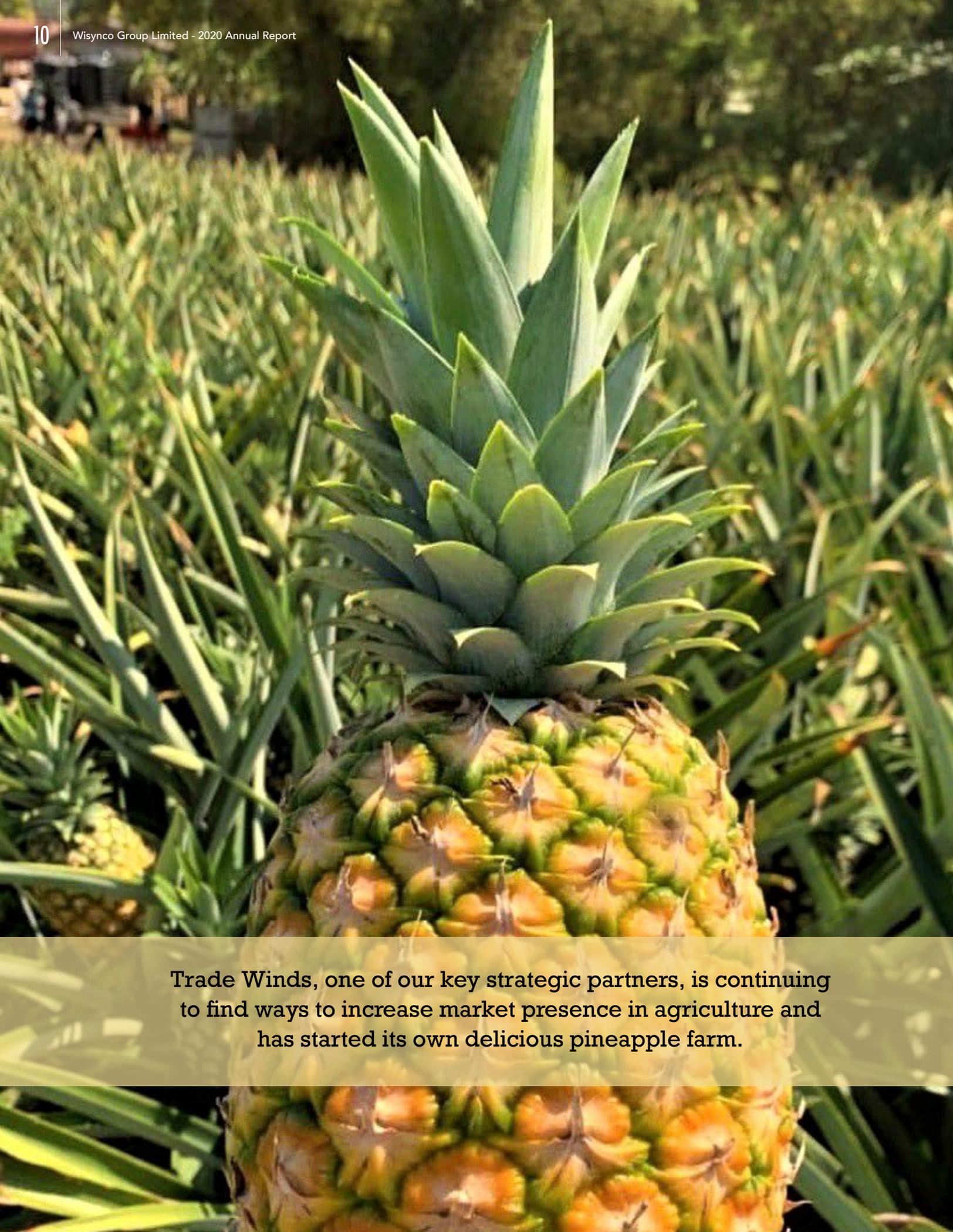
market. Having been approached by global giants AB InBev, we subsequently finalized plans with them to become their distributor in the market. Initially, we will be managing the Budweiser, Stella Artois, Beck's and Corona brands and we intend to roll out several other innovations in the beer and spirits portfolio.

Going forward, our mantra will continue to be driven by growing our revenues wherever we can with specific focus on the overseas markets. We will manage our costs effectively to be more efficient as COVID-19 and its effects will be with us all for the foreseeable future. Though adverse circumstances have been the main story in the foreground during this past fiscal year, we have unquestionably gained much in both the tangible and intangible areas of our operation. We continue to serve existing customers and stakeholders to the highest degree and simultaneously to identify and develop new markets and areas of expertise. Mostly, we have demonstrated our ability to respond and to exemplify our motto as "The Innovators."

We close by applauding our frontline team members, we thank them and you, our shareholders, for your support and look forward to you continuing with us on this journey.

We want to 'big up' all persons responsible for ... the orderly and timely movement of essential supplies and other goods to end users whether through sales or donations.





Trade Winds, one of our key strategic partners, is continuing to find ways to increase market presence in agriculture and has started its own delicious pineapple farm.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the THIRD ANNUAL GENERAL MEETING of Wisynco Group Limited (the Company) will be held at the Wisynco Group Limited Corporate Head Office, Lakes Pen Road, St. Catherine, Jamaica on Thursday, January 14 2021, 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, 2020 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, 2020 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:

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. Francois Chalifour;
- ii) Mr. John Lee; and
- iii) Mrs. Lisa Soares Lewis.

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

"THAT the retiring Directors, Francois Chalifour, John Lee and Lisa Soares Lewis 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, 2020 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 9 cents per share declared on June 26th 2020 and paid on August 12th 2020 be and is hereby ratified and declared the final in the financial year ended 30 June 2020."

6. To issue new stock units for allotment under the Company's Long Term Incentive Plan

To consider, and if thought fit, pass the following Ordinary Resolutions:

WHEREAS, in fulfillment of the Prospectus dated 28 November 2017 a Long Term Incentive Plan ("the Plan") was approved by the Directors of the Company on September 27, 2019, in accordance with the Company's Articles, to issue up to a maximum of 5% (187,500,000 stock units) of the already issued stock units of the Company to eligible participants under the Plan in accordance with the terms of the Plan.

- a. "THAT the Board of Directors be authorized to administer, implement, supervise and modify the Plan either directly by itself or through its designated appointees";
- b. "THAT the Board of Directors be further authorized to issue and allot stock units to eligible participants upon exercise of the option from time to time in accordance with the Plan and upon any stipulations or further conditions determined by the Board of Directors from time to time";
- c. "THAT the Board of Directors, individually or collectively, be further authorized to do any and all such acts, deeds and things including execution of any and all documents and certificates related to the Plan or to modify the Plan, as shall be deemed necessary or advisable, to carry out and to give effect to the purposes and intent of the foregoing resolutions and the Plan and without requiring the Board of Directors to secure any further consent or approval of the Shareholders of the Company";
- d. "THAT all actions taken by the Board of Directors prior to the date of the adoption of the foregoing resolutions that are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of the Company".

SPECIAL RESOLUTION:

7. To consider and if thought fit pass the following special Resolution:

"THAT the Articles of Incorporation of the Company be and are hereby amended by amending as follows (proposed amendments are shown in underline and bold):

- 61. The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place (**whether or not participation shall be wholly or in part by way of telephonic, electronic or other communication facilities**) as the Directors shall appoint. All general meetings other than annual general meetings shall be called "extraordinary general meetings".
- 64. An Annual General Meeting and a meeting called for the passing of a special resolution shall be called by at least twenty-one days' notice in writing. All other extraordinary general meetings shall be called by at least fourteen days' notice in writing. The notice shall be exclusive of the day on which it is served or

deemed to be served and of the day for which it is given, and shall specify the place (**whether or not participation shall be wholly or in part by way of telephonic, electronic or other communication facilities**), the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these articles of the Company, entitled to receive such notices from the Company. In the case of an Annual General Meeting, the notice shall specify the meeting as such.

68. No business shall be transacted at any Annual General Meeting unless a quorum of members is present (**whether or not participation shall be wholly or in part by way of telephonic, electronic or other communication facilities**), and such quorum shall consist of not less than three (3) members present in person or by proxy or a duly authorised representative in the case of an association or body and representing not less than thirty per centum in value of the total issued shares of the Company.

73. At any general meeting every question shall be decided in the first instance by a show of hands (**or by count of votes received electronically**) unless on or before the declaration of the result of the show of hands a poll is:

- (a) directed by the chairman; or
- (b) demanded by at least **three (3) members** or proxies for or representatives thereof entitled to vote at the meeting;
- (c) by any member or members present in person or by proxy and representing not less than **one-tenth** of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares in the Company conferring a right to vote at a meeting being shares on which the aggregate sum has been paid up equal to not less than **one-tenth** of the total sum paid up on all the shares conferring that right.

A declaration by the chairman that a resolution has been carried or lost or not carried by a particular majority, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn before the poll is taken with the consent of the chairman and shall not be taken to have invalidated the result of a show of hands (**or count of votes received electronically**) declared before the demand was made.

74. In the case of an equality of votes at any general meeting, either on a show of hands (**or count of votes received**

electronically) or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

76. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. If a poll is directed or demanded in the manner before mentioned it shall (subject to the provisions of article hereof) be taken at such time (but not more than thirty days after such direction or demand) and in such manner as the chairman may appoint (including the appointing of scrutineers who need not be members and fix a time and place for declining the result of the poll) and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was directed or demanded. The demand for poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. If a poll is demanded before the declaration of the result of a show of hands (**or count of votes received electronically**) and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven days' clear notice shall be given specifying the time and place at which the poll is to be taken.

78. Subject to any special terms as to voting upon which any shares or class of shares may for the time being is held, on a show of hands (**or electronic recording of votes**) every member who (being an individual) is present in person or by proxy or being a corporation is present by a duly authorised representative not being himself a member entitled to vote, shall have one vote, and on a poll every member present in person or by proxy or by a duly authorised representative shall have one vote for every share held by him. Nothing herein contained shall be deemed to affect the existing rights attaching to the issued shares in the Company or any class thereof.

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

BY ORDER OF THE BOARD



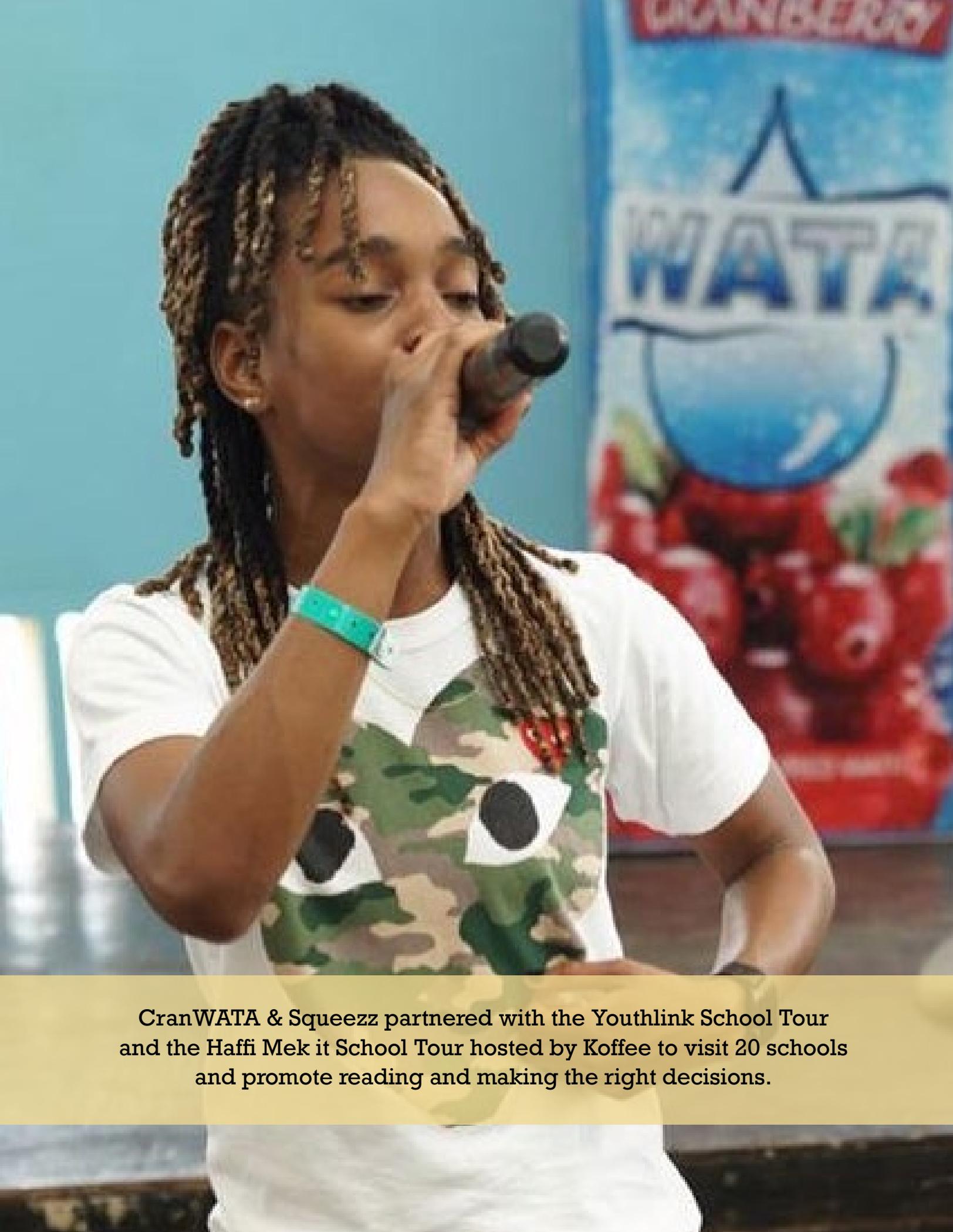
Andrew Fowles
Company Secretary

Registered Office: Lakes Pen Road, St Catherine
September 30, 2020

NOTES: 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.

** Due to the COVID-19 pandemic, please continue to check our website, social media pages and the local newspaper(s) for updates and/or changes leading up to our AGM.*



CranWATA & Squeezz partnered with the Youthlink School Tour and the Haffi Mek it School Tour hosted by Koffee to visit 20 schools and promote reading and making the right decisions.

Board of Directors

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.

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.





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.

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.



Board of Directors (Continued)



François Chalifour

Director of Marketing & Development

Currently the Director of Marketing & Development of Wisynco Group Limited, Francois 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, Francois 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.

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 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.

Odetta Rockhead-Kerr

Independent, Non-Executive Director

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.

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.

THE BOARD OF DIRECTORS



John Lee

Independent, 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.



Lisa Soares Lewis

Independent, 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.



Adam Stewart

Independent, 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.

HONOURING MR. JOSEPH MAHFOOD

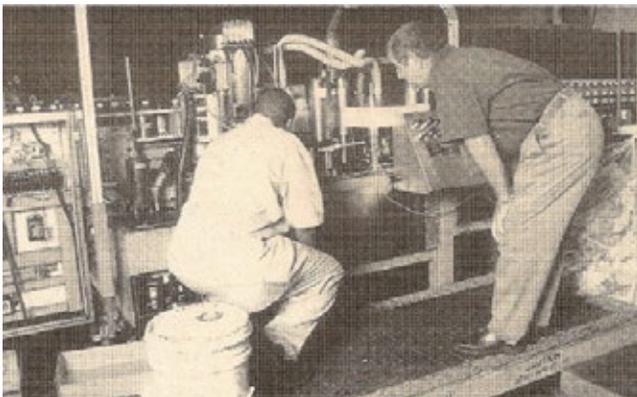
Director Emeritus

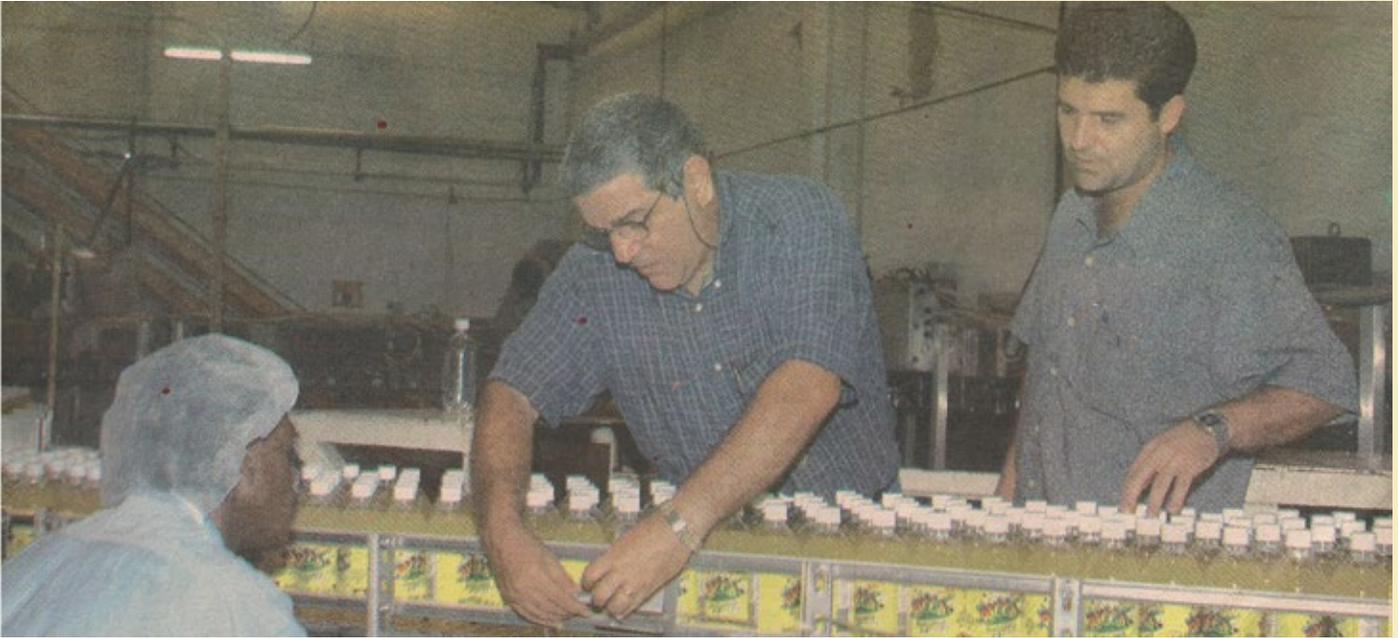
Years of Service to the Wisynco Family: 1965-2020

After over fifty years of service to the Wisynco Family and Jamaica, Joseph Mahfood is retiring from the Board of Directors effective September 30, 2020. On behalf of Wisynco, we honour him and thank him for his decades of commitment and dedication which helped to shape not only the Company but also the lives of countless employees. Joseph's legacy will forever live on in Wisynco and in every life he touched.

Joseph Mitchell Mahfood is one of the 'Founding Fathers' of Wisynco Group Limited and a proud son of Jamaica.

Born in 1942 to Saleem and Evelyn Mahfood as one of six children, Joseph was raised and educated in Jamaica, achieving much in his lifetime both personally and professionally. A man of honour who dedicates himself to his family and his country, Joseph is a shining example of hard work, discipline and dedication.





Joseph married his wife Laurie in 1964 and together they have four children – William, Samantha, Michele and Julie, and ten grandchildren.

Joseph both lives and encourages others to live by one of the founding principles upon which Wisynco operates: “one’s priorities in life should be God first, Family second, Country and then Company”.

After receiving tertiary education at McGill University (Montreal, Canada), Joseph returned to Jamaica and started his professional life as a travelling salesman for Mahfood’s Commercial Limited. After this he became Store-Manager at Mahfood’s 1965 Limited, then in 1965 West Indies Synthetics Company was established with the manufacturing of Iron Man water boots which Joe oversaw, representing the unofficial birth of what we know today as ‘Wisynco’.

Through the years, Joseph has been an integral part of ‘Wisynco’s’ development and progression including:

- The days of producing ‘Iron Man Water Boots’ working 12-hour shifts to personally oversee production expansion
- The manufacturing of cups and containers in 1973
- Wisynco’s entry into the market as a distributor, beginning with Carib Beer and Shandy, and non-alcoholic beverages
- And the birth of Wisynco’s own bev-

erage brands such as BIGGA in 1996 and WATA in 2002.

In addition to Joseph’s many professional accomplishments, Joseph also dedicates much of his time and efforts to charitable, environmental and philanthropic endeavours. One of the most notable of these being his role in expanding Food For The Poor (FFP), one of the largest international relief and development organizations in the United States. FFP was incorporated in 1983, a brainchild of Joseph’s brother Ferdinand, with Joseph and brothers Robin and Saleem on board. FFP, now nearly 40 years after its inception, has grown immensely and is the Caribbean and Central America’s largest aid relief and development organization.

Some of Joseph’s other notable achievements include efforts in environmental relief, attempting to encourage growth of new ocean-reefs, leading the recycling charge in Jamaica with Wisynco Environmentals back in 1996 and providing much-needed support to the coastal Portland Cottage community in Clarendon, helping to preserve and protect the area.

The entire Wisynco Family, both current and past members, wishes Joseph all the best as he starts the next leg of his journey – retirement. God Bless you Mr. Joe.

William Mahfood Son & Chairman of the Board

Joe Mahfood has been one of the most amazing men to work alongside. There were many times that we did not agree on issues relating to major investments, and having the opportunity to look back on most of his positions, he was usually correct.

He is the most principled businessman I have ever worked alongside. It is his contributions to the development of our manufacturing base and coming out of retirement in 1995 to return and begin the beverage manufacturing business that helped to chart the new course for the Wisynco Group. Growing up in a business and being guided by two unbelievable gentlemen in Joe and his brother Sam was probably the greatest opportunity that I could have ever had to develop my acumen and leadership capabilities and for that I am eternally grateful.

I am truly lucky to have worked with him, and we will miss his guidance at the board very much.



The Mahfoods: From left. Robin, Mary, Joseph, Pamela, Sam and Ferdinand.

Andrew Mahfood, Nephew & C.E.O.

To improve the lives of our people – this is our Wisynco mission. Joe has lived this mission. He has improved the lives of countless Jamaicans and he executes all his responsibilities in business, within his family, and within his community with Compassion, Humility, Respect, Integrity and Passion. These are the core values of Wisynco, (CHIRP), and they have come from our Wisynco founders: Ferdy, Sam, Joe and Robin who instilled these values into our Wisynco Team. They ensured that these same values will continue onward for Wisynco and those who have benefitted from their coaching.

Joe is a true Industrialist and has been a key driver in all aspects of Wisynco, especially the design and implementation of all Manufacturing activities. He has been dedicated to manufacturing and growing Wisynco and brand Jamaica since 1962 – there was nothing that was an impediment.

Joe has decided that the time has come for him to retire from Wisynco's Board and it is with a heavy heart that I wish him an amazing retirement. It has been an honor for me to have worked and learned from this Jamaican Icon. God bless Uncle Joe!

Robin Mahfood, Brother

Joe has always been a person who investigates all aspects of every situation in front of him and then only after careful consideration and thought will he make a decision on how best to proceed. He will check every little detail and take his time to find a solution. This is what made him a true production person. He was always looking for the proper solution to any situation. This is how we were raised and it made him a great production man.

Joe is also one of the most caring people I know, always very compassionate about the people around him. This extends beyond his family and to his community, to his country. Through FFP, Joe personally oversaw the building of hundreds of houses in the Portland Cottage (Clarendon) area. He made sure everyone who needed a house got a house.

Devon Reynolds, Head of Production

I have many memories and stories from my time working with Mr. Joe. During our relationship, we formed a strong bond which began the day I started working for Wisynco. Mr. Joe has always had a strong love for the factory and the employees, and his love and respect for them was reciprocated which created a strong family atmosphere. We agreed about many aspects of the business, but some of my more memorable moments stem from our disagreements. On one particular occasion, I had submitted to Mr. Joe my letter of resignation and accepted another offer of employment, but Mr. Joe sat me down and convinced me to stay with Wisynco, refusing to take 'no' for an answer. I never regretted that evening of disagreement with Joe and since that day I have been rewarded with numerous promotions and I continue to give my best at all times up to this day.

Gerald Mahfood, Nephew & Ex-Wisynco Head of Operations

It's hard to encapsulate a relationship that is both familial as well as a very close and intimate business relationship, in running a successful business not only from an economic standpoint but a social and environmentally friendly and responsible entity. Our business relationship spanned 30 years and I learned and grew under one of Jamaica's finest business professionals and also a manufacturing and operations genius.

The most important philosophy I learned and cherished under Joe's tutelage was the philosophy that our staff were our family. That was one of the pillars of success of the Wisynco Group. Our people were committed to a shared ideal. God bless you Uncle Joe, I cherished our time together.

Charmaine Abraham, Regional Sales Manager

When I joined Wisynco approximately 30 years ago I would see Mr. Joe from time to time on the factory floor making sure that every item was made to the highest standard and quality. To my young eyes, I thought he was the epitome of good manners and respect. Even though he was the owner of this big factory with so many huge machines he would not pass you without a courteous greeting.

In our many meetings, I found Mr. Joe to be the very pragmatic one, who would take a 360-degree, objective and balanced view of any situation. I always had the feeling that if Mr. Joe agreed with anything it was well thought through and I would be prone to be, in agreement as well.

Going to the office, several times I would try hard to follow him on Mandela Highway until I was pulled over by the police one morning for speeding. I guess they couldn't catch him so they caught me. Mr. Joe can't slow down, going places, getting things done to build Wisynco to the giant it has become. We now truly stand on the shoulder of his achievements.

We salute you Mr. Joe. ... Enjoy your retirement!

Halcott Holness, Head of Sales at Wisynco

Mr. Joe has always been a father figure to me. Apart from his resemblance to the actor Robert De Niro (and the hero image he portrays – smile), the thing that most resonates with me about Mr. Joe is his humility. I have never been around another individual that shows so much care and understanding for people. This has no doubt been fundamental to the Wisynco values and "CHIRP".

I recall when I joined the Wisynco Trading family as National Sales Manager, Mr Joe saying to me "Hali bwoy, for you to make this work, make sure you align yourself with competent persons that you trust and can work with, as they are the ones that will either break you or make you!". That advice has proven to be extremely valuable as I have found that the key to my success has been the team that supports me.



Executive Management Committee



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, a qualified ACCA, sits on the Boards of Wisynco Foods Limited and the Green-dale 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).

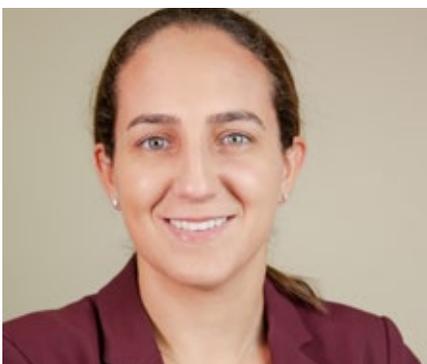


Leilani Hunt

Corporate Finance & Risk Officer

Leilani joined Wisynco Group Limited in 2017 as Chief Internal Auditor. In that role, she reported directly to the 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.

Corporate Data

Executive Directors

Chairman: William Mahfood

CEO: Andrew Mahfood

Directors:

François P. Chalifour

Devon H. Reynolds

Director Emeritus:

Joseph M. Mahfood

Independent 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



NEW!



10 Largest Shareholders *Wisynco Group Limited as at June 30 2020*

Name of Shareholder	Units	Percentage Ownership
1. Wisynco Group Caribbean Limited	2,776,183,736	74.0316%
2. ATL Group Pension Fund Trustees Nom Ltd.	54,887,475	1.4637%
3. Francois Chalifour	33,629,580	0.8968%
4. Sagicor Select Fund Ltd. ('Class C' Shares) Manufacturing & Distribution	30,964,303	0.8257%
5. GraceKennedy Pension Fund Custodian Ltd.	29,622,285	0.7899%
6. Guardian Life Limited	29,341,646	0.7824%
7. Devon Hugh Reynolds	29,229,613	0.7795%
8. SJIML A/C 3119	29,148,676	0.7773%
9. Sagicor Pooled Equity Fund	23,913,562	0.6377%
10. NCB Insurance Co. Ltd. A/C WT160	22,732,309	0.6062%

Shareholdings of Directors *as at June 30 2020*

Directors	Direct	Connected Parties	Total
* William Mahfood	696,431	2,795,859,959	2,796,556,390
* Joseph Mahfood	0	2,791,383,736	2,791,383,736
* Andrew Mahfood	527,763	2,780,659,959	2,781,187,722
Francois Chalifour	33,629,580		33,629,580
Devon H. Reynolds	29,229,613	0	29,229,613
John Lee	0	5,546,491	5,546,491
Lisa Soares Lewis	3,167,600	0	3,167,600
Adam Stewart	0	2,938,936	2,938,936
Odetta Rockhead Kerr	113,715	0	113,715

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

Shareholdings of Senior Executives *as at June 30 2020*

Senior Executives	Direct	Connected Parties	Total
Andrew Fowles	2,225,300	0	2,225,300
Christopher Ramdon	2,202,383	0	2,202,383
Halcott Holness	2,085,333	0	2,085,333
Jacinth Bennett	1,420,000	0	1,420,000
Tabitha Athey	787,420	0	787,420
N. Craig Clare	776,318	0	776,318
Leilani Hunt	535,059	0	535,059
Rachel Zacca	368,596	0	368,596
Annette Morrison	100,000	0	100,000



Corporate Governance

The Board

The Board of Directors (“the Board” or “the Directors”) of Wisynco Group Limited (“Wisynco” or “the Company”) is tasked with creating and improving shareholder value, including the responsibility 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 & 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, four (4) 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 2020. The Board also addressed matters related to human resources, environmental matters, health and safety, and issues concerning investments and the review of previously made investments, as well as future acquisitions, divestments and capital projects.

Composition of the Board

At June 30, 2020 the Board comprised nine (9) Directors, of which five (5) are Executive Directors (including the Chairman and CEO) and four (4) are Non-Executive, Independent Directors.

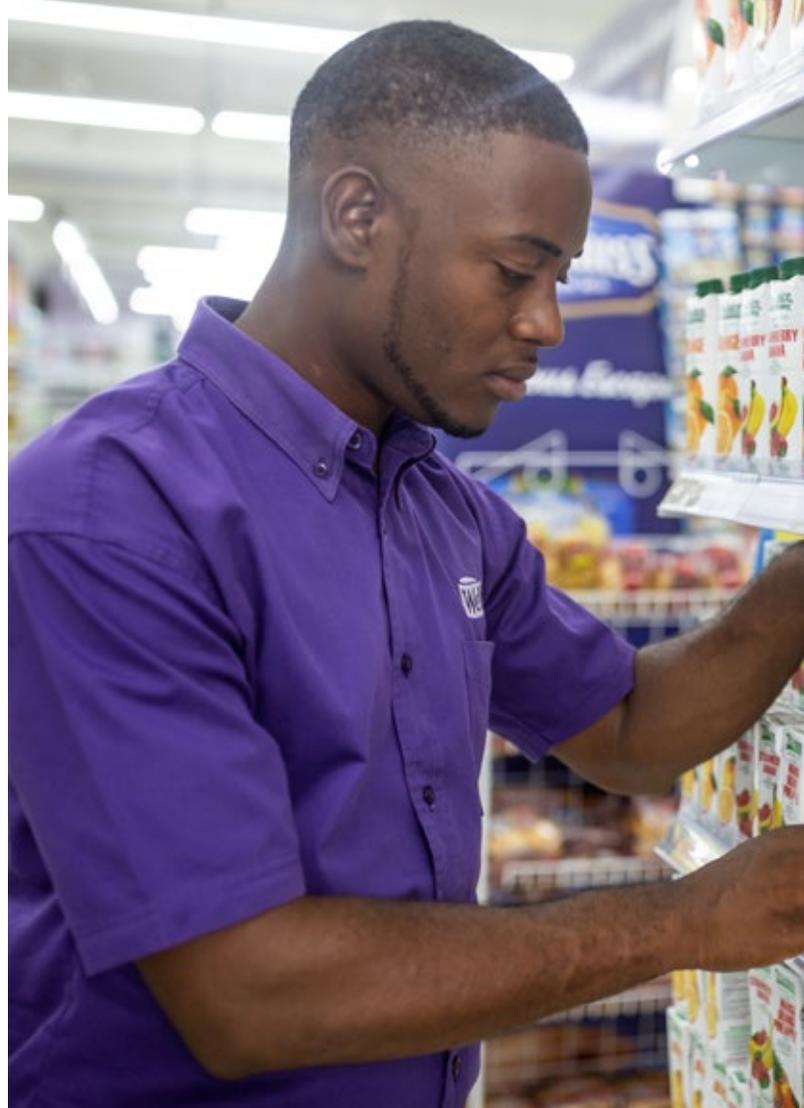
A person who is independent of the Company is someone who is free of any interest, position, association or relationship and who is not an employee of the Company or any affiliated entity. Such a person should

Continued on page 28

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



GROWER



Continued from page 26

- (a) not be a recent employee of the Company (within the preceding three (3) years;
- (b) not be a close family member of any non-independent Director or senior executive of the company;
- (c) not have directly or indirectly had a material commercial or business relationship with the Company within the preceding three (3) years; or
- (d) not be employed or serve as a senior executive of any other company where any of the Company's other Directors or senior executives serve or are employed.

Each Director is obliged to possess and maintain a diversity of skill and expert knowledge in the execution of their responsibilities. Additionally, each Director must bring on a continuing basis sound judgement to the Board and effectively contribute to all matters considered. All Directors of the Company understand and act in accordance with their fiduciary duties and are equally responsible and accountable for proper and effective management of the Company.

Each year, at the Company's Annual General Meeting, one third of the Company's Directors shall retire by rotation in accordance with the Company's Articles of Incorporation and if eligible shall offer themselves for re-election.

Board members are as follows and their attendance at Board Meetings was as follows:

Board Meeting Attendance

Members	Attendance
William Mahfood, Executive Chairman	4/4
Andrew Mahfood, CEO	4/4
John Lee, Independent & Non-executive	4/4
Lisa Soares Lewis, Independent & Non-executive	3/4
Adam Stewart, Independent & Non-executive	3/4
Odetta Rockhead-Kerr, Independent & Non-executive	4/4
Joseph Mahfood CD, Executive	4/4
Francois Chalifour, Executive	4/4
Devon Reynolds, Executive	3/4

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 Independent, Non-Executive and Executive Directors who meet to discuss and review the key matters that fall within the scope of their responsibilities.

Each sub-committee has its own Charter which can be accessed at www.wisynco.com through the Investor Relations tab.

The responsibilities of each Committee 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 qualifications and independence of external auditors and compliance with legal and regulatory requirements.

At present, three (3) Independent, 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.

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	6/6
William Mahfood, Member	6/6
Andrew Mahfood, Member	6/6
Lisa Soares Lewis, Member	5/6
Odetta Rockhead-Kerr, Member	6/6

In summary, the oversight responsibilities of the Audit Committee include:

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

iii. Internal Audit: examining and overseeing the Company's Internal Audit plans for the year, overseeing adherence to management controls, compliance and risk management frameworks, 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.

iv. Protected Disclosures / Whistle-Blower Reports: reviewing and overseeing any protected disclosure or report made by an employee to the Company's Internal Audit department. The Committee may also review and oversee reports made by outside third parties which require careful and confidential investigation.

For the Company's Audit & Risk Committee Charter, please visit www.wisynco.com and click on the Investor Relations tab.

The Compensation and Corporate Governance Committee

All four (4) Independent, 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 (Independent Director). The CEO and Chairman of the Board are also members of the Committee, bringing the Committee's total membership to six (6) Directors.

Tasked with reviewing and developing the Company's corporate governance code, sub-committee charters, internal policies, Compensation of Executive Management 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	1/1
William Mahfood, Member	1/1
Andrew Mahfood, Member	1/1
John Lee, Member	1/1
Odetta Rockhead-Kerr, Member	1/1
Adam Stewart, Member	0/1

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

- (a) Compensation of Non-Executive Directors;
- (b) Annual review of the remuneration policies for Executive directors and senior officers, including material benefits;
- (c) Review of the organization structure and succession plan;
- (d) Review of the systems and processes, by which the operations of the Company are directed; and
- (e) Monitor and report on the policies, practices and decisions of the company, and their effects on its customers, employees and stakeholders.

For the Company's Compensation & Corporate Governance Committee Charter, please visit www.wisynco.com and click on the Investor Relations tab.

Risk Management and Internal Controls

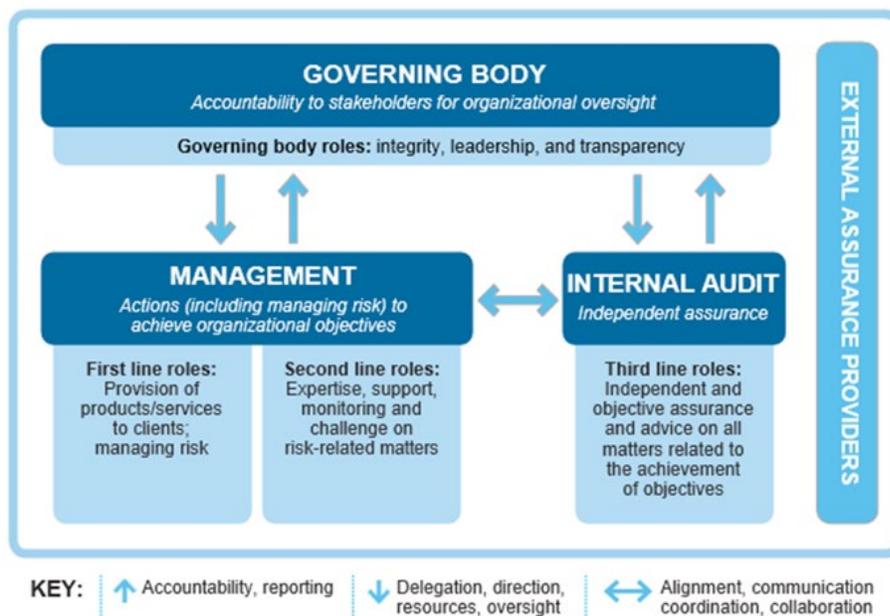
Wisynco recognizes that effective risk management is not about eliminating risk taking, which is a fundamental, driving force in business, entrepreneurship, and innovation. Rather, Wisynco uses an enterprise-wide risk management framework that serves to identify both positive (opportunities) and negative (threats) risks.

Wisynco continues to enhance its governance and risk processes and employs the Three Lines Model to mitigate negative risks or threats. The Three Lines Model helps identify structures and processes that best assist the achievement of objectives and facilitates strong governance and risk management.

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 our strategic objectives with company policies and practices, thereby increasing shareholder value.

During the 2019 financial year, the Company enhanced its risk management function with the addition of a Corporate Finance and 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.

The IIA's Three Lines Model



Institute of Internal Auditors, <https://global.theiia.org>

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



Wisynco was recognized by Coca-Cola Latin Centre Business Unit (LCBU) as achieving the highest sustainable growth for Coca-Cola Trade Mark (CCTM) in LATAM & Caribbean for 2019.



WUBA

Management Discussion & Analysis



Management Discussion & Analysis

The 2019 – 2020 financial year (FY) began with a favourable and growing economy, reduced interest rates and relatively stable inflation. This allowed for a positive start to the financial year with robust growth across core beverage brands, as a result of increased demand and improved efficiencies in the plant productivity. This was further enhanced by the strategic alliances attained between Worthy Park and JP St. Mary's Snacks. Growth continued across all major product categories, from June to March 2020.

2020 yielded challenges, beginning with the closure of the Styrofoam plant in accordance with the Government of Jamaica's ban on the production and sale of Styrofoam in Jamaica effective January 1, 2020. This was shadowed by the discovery of Jamaica's first COVID-19 case on March 10, followed shortly thereafter with travel bans, closure of airports, schools, the Tourism industry, sporting events, bars, and all entertainment activity. This, in turn, caused revenue in March to underperform and further resulted in our April to June revenues declining compared to expectations. Although the pandemic posed challenges across sales channels in Jamaica, Wisynco ended the financial year with good revenue growth and profits attributable to shareholders greater than the prior year.



FINANCIAL HIGHLIGHTS

Revenue from continuing operations grew to \$32.2 billion, representing an increase of \$5.3 billion or 20% over \$26.9 billion in FY 2019. This was driven primarily by growth in our core beverage brands, and revenues from our alliances such as Juices, Sugar and St Mary's branded Tropical Chips. Revenues for the nine months ended March 31, 2020, were growing at an annualized rate of 27.5%. However, due to COVID-19, the growth rate dropped below expectations in the final quarter resulting in an overall growth rate of 19.4% for the FY 2020.

Gross Profits from continuing operations were \$11.1 billion which was \$1 billion or 10% greater than \$10.1 billion achieved in FY 2019. Selling and distribution costs grew \$0.7 billion or 11% to \$6.7 billion over \$6.1 billion in FY 2019, while administrative expenses grew \$0.3 billion or 25% to \$1.4 billion over \$1.1 billion in FY 2019.

Finance income in FY 2020 was \$320 million, representing a \$201.2 million or 169% growth over \$119.2 million in FY 2019. This was driven by \$182 million in FX gains and \$136.9 million in interest income, with finance costs of \$155.8 million dropping \$74.4 million or 32% from \$230.2 million in FY 2019, due mainly to reduction in interest expense.

Annual inflation registered 6.3% as at June 2020, up from 4.2% in June 2019. This is around the targeted inflation rate threshold of 4-6%.



Five-Year Financial Analysis

<i>Year ended 30 June</i>	2016	2017	2018	2019	2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	20,342,987	21,381,665	24,544,049	26,939,227	32,170,426
Cost of Sales	-12,101,189	-13,973,617	-15,421,144	-16,867,965	-21,103,363
Gross Profit	8,241,798	7,408,048	9,122,905	10,071,262	11,067,063
Other operating income	217,426	743,538	92,157	288,656	142,654
Selling and distribution expenses	-4,148,981	-4,708,190	-5,412,601	-6,124,857	-6,784,843
Administration expenses	-1,197,530	-891,676	-956,683	-1,097,978	-1,370,277
Operating Profit	3,112,713	2,551,720	2,845,778	3,137,083	3,054,597
Finance Income	128,229	159,965	130,837	119,218	320,495
Finance costs	-150,835	-169,746	-211,411	-230,205	-155,844
Share of Results of Associate	-	-	-	7,792	984
Profit before taxation	3,090,107	2,541,939	2,765,204	3,033,888	3,220,232
Taxation	-728,723	-286,312	-513,834	-491,723	-557,565
Profit from discontinued operations	73,264	190,845	41,555	387,157	139,736
Net Profit	2,434,648	2,446,472	2,292,925	2,929,322	2,802,403
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	9,765
Unrealised (loss)/gain on investment securities	9,118	-4,344	3,728	10,886	17,302
Total Comprehensive Income	2,443,766	2,442,107	2,323,506	2,939,170	2,838,792
% Revenue Increase YOY	13.9%	5.1%	14.8%	9.8%	19.4%
Gross Margin (%)	40.5	34.6	37.2	37.4	34.4
EBITDA ('000)	3,800,852	3,480,861	3,804,507	4,260,465	4,472,670
EBITDA Margin (%)	18.7	16.3	15.5	15.8	13.9
Net Profit Margin (%)	12.0	11.4	9.3	9.4	8.3
Debt:Shareholders Equity	0.2	0.3	0.3	0.2	0.2
S&D and Admin Expenses to Sales Ratio	26.3	26.2	26.0	26.8	25.3
ROE (%)	38.5	32.4	26.4	22.9	20.5
Earnings Per Share					
From continuing operations	0.68	0.63	0.61	0.68	0.71
From discontinued operations		0.05	0.01	0.10	0.04

Our Promise

COVID-19 represents a major change in the way we live – with the enactment of shelter in place orders and the adoption of new protocols to protect the population. As we grapple to understand the dynamic circumstances that will impact the nation in this unique paradigm, Wisynco has adapted to this new way of doing business with revised procedures. We have bolstered our I.T. infrastructure, sanitization protocols, and most importantly – our human resource management. We have been able to weather these challenges through strategy, teamwork, communication and the commitment of our dedicated team of professionals, all working towards the common goal of continuing to serve the people of Jamaica.

We extend gratitude and applaud our frontline Wisynco teams –

those members in production, operations, sales, credit, and merchandising, as well as our truckers who have gone above and beyond the call of duty. They excelled in getting our products to our customers and consumers in the trade, to whom we are also very grateful. Finally, we are thankful to the men and women holding the line – the medical professionals, police, military and the Ministries under the Government of Jamaica, whose role and performance in stymieing the impact of the pandemic has been acknowledged internationally.

Stock Price

Our stock price was \$19.50 as at the end of June 2020, increasing 2% from \$19.10 over the 12 months prior. Wisynco listed on the Stock Exchange in December 2017, at a price of \$7.87.

Operations Report

The Operations department was able to increase our peak throughput capacity by 34% compared to the last financial year. The COVID-19 pandemic has served to underscore our agility in response to changes in the business environment. We leveraged opportunities presented by this unique challenge, notably, strengthening our overnight loading for timely deliveries during restricted hours.

We increased our company-owned delivery fleet capacity by 20%, developed key in-house maintenance functions and commenced a 20% capacity expansion for our frozen storage warehousing. The period also saw us expanding our services through the introduction of third-party logistics (3PL) for warehousing goods for select partners.

Our digital transformation included automating our inventory cycle-counting, which improved our efficiency and accuracy. Future transformation will include implementing a new ERP solution for top-level performance in all areas. Additionally, a new top-line PBX contact centre solution was procured for US\$350,000 to enhance our customer experience.



Manufacturing Highlights

We invested in several areas including:

- 1) US\$1.2 million in improvements in our processing and clean-in-place (CIP) infrastructure to increase our processing capacity by approximately 25%.
- 2) US\$3.6 million in 2MW LNG power generating plant taking our self-generation capacity to 1,300,000 KWH/month and bringing significant savings. The plant was scheduled for commissioning during the third quarter, but due to the pandemic, we officially began partial production in July and are now at full capacity.
- 3) US\$236,934 to improve the reliability, performance and capacity of our wastewater treatment plant (WWTP).

There was an overall increase in the production of unit cases over the previous year even with consumer demand falling in the fourth quarter due to COVID-19. Our bottled water packaging was made more environmentally friendly by reducing the plastic in the bottle by over 25%.

The IMS team guided us through the retention of all our international certification in quality management, food safety, environmental and safety systems namely ISO 9001, FSSC 22000, ISO 14000 and the successful conversion from OSHA 18000 to ISO 45000. We formed an alliance with CMU for automation training for seven (7) of our technical staff.

We improved our product range by adding low-calorie products such as Melon WATA and Sparkling CranWATA, Apple Berry and Orange Passion in our Squeezz brand and Sprite Harmony from our Coke line. Pineapple Ginger was also added to our BIGGA soft drink range of products.



SALES

Commercial Highlights

Despite the latter part of the 2019 – 2020 financial year being a challenge, our Sales and Merchandising teams continued to perform with distinction. We are truly grateful to them as they soldiered on, practising safety protocols, despite the threat of the COVID-19 pandemic. Our true “innovators” found creative ways to make sure customers’ shelves and storerooms had adequate stocks so consumers were not disappointed. In the first three quarters, we were tracking 27.54% ahead of FY 2019. Nevertheless, COVID saw Q4 fall significantly. Through the hard work of the Sales Team, we managed to close the Financial Year positively.

Strategic Alliances

No new major alliances were formed, but during the period, some of our trading partners continued to provide new line extensions and product offerings based on consumer insights. In the financial year 2020 - 2021, JP St Mary’s will launch a new range of potato chips to complement their current JP St Mary’s Banana chips range. During last year, JP also introduced a banana bread, which the market has been enjoying. Additionally, innovations in Bever-

ages from Coca-Cola with the introduction of ‘Sprite Cranberry’ and Trade Winds’ locally produced Pineapples had positive impacts. This will allow for improved distribution points and market opportunities. Worthy Park Rums performed well until the last quarter where the effects of COVID-19 and the associated restrictions took effect. Our sugar portfolio, Jamaica Gold and Worthy Park, continue to experience positive growth.

Sales Transformation

Our sustained focus on our route to market strategy continues to deliver solid results and most importantly increased customer satisfaction.

Looking Ahead in Financial Year 2020-2021

The pandemic will continue to temper activity in Tourism, Entertainment, Bars, Activities and Schools. Therefore while we do not expect robust revenue growth, we are focused on the safety and motivation of staff, expense management, and improving revenues as we all continue to “Improve the lives of our people.”

We all scream for ice cream!

COVID-19 significantly impacted consumer buying and consumption patterns. At the end of the year our Ice Cream portfolio which includes Nestle Buckingham, Blue and Gold, Breyers, Ben & Jerrys, Kremi and Häagen Dazs reflected an increase in sales of between 18% and 43%, with even higher percentages for Take Home Ice Cream.



M&A

MARKETING

Wisynco, a part of the Coca-Cola System, markets an extensive and diverse portfolio of 132 brands from leading food and beverage manufacturers locally and across the World. Wisynco continues to expand its portfolio in new and existing categories. The number one energy drink in Jamaica, BOOM Energy Drink, received an updated futuristic design. Significantly, Wisynco was recognized by Coca-Cola Latin Centre Business Unit (LCBU) as achieving the highest sustainable growth for Coca-Cola Trade Mark (CCTM) in LATAM & Caribbean for 2019.

Consumer Focused

Marketing continues to provide outlets for the promotion and trial of all our brands through our dedicated execution team which activated over 6,600 in-store and provided 1.4 million samples island-wide. This was additionally demonstrated on over six hundred occasions through sponsorships and philanthropic activities via donations, fundraising, promoting health and wellness, environmental wellness, community initiatives, educational development and cultural events.

Key Initiatives

BOOM & Jamaica Music Conference (JMC)

Boom was the lead sponsor of the JMC aimed at educating and mobilizing artists, creatives and industry professionals in the business of Reggae music. Due to the brand's investment



funding, JMC was able to significantly enhance the calibre of panellists with leading experts from the top global digital streaming platforms such as Jason Kpana (Tidal), Tuma Basa (YouTube), and Diego Herrera (Pandora), who provided attendees key insights on how to get their music to the world. Other major highlights from the conference were DJ Kool Herc (Father of Hip Hop), and Shaggy (International Reggae Artist), to name a few.

BOOM Label Change

After 10 years of dominating the local energy drink market, we thought it prudent to give the product a more futuristic look. The label change took effect in February 2020 giving the brand a new and refreshing appearance. Customers have taken notice of the change and the reviews have been positive.

BOOM 10 Year Anniversary - Shenseea

BOOM celebrated its 10-year anniversary in January 2020 and developed a partnership with dancehall artiste Shenseea in February 2020. Shenseea is one of the leading entertainers in Jamaica and the Diaspora, and has gained popularity within Boom's key demographic. Her digital presence with over 2.4M followers, and growing, continues to propel this rising star locally and internationally. In the first 48 hours of announcing the partnership, the brand gained 2,500 new followers. This was significant as BOOM's was able to leverage her influence to offset the decrease in grassroots interaction with digital engagement during the pandemic.



Impact of COVID-19

We provided guidance on safety protocols and products for our customers and communities in need. Wisynco provided supplies such as hand sanitizer, disposable masks, and signage for various channels such as schools, traditional grocery, cookshops and bars. In tandem, we donated over 79,000 bottles for care packages and feeding programmes to benefit students, health care workers, nursing homes, boys' homes and locked down communities. Wisynco and its partners Tru Juice and JP St. Mary's invested \$6 million to provide funding for free access to online courses to over 5,000 students island-wide.

Our brands continue to excite Jamaicans to do more for themselves and the environment around them. Wisynco Group Limited responded to a call from the South East Regional Health Authority (SERHA) through the Kingston Public Hospital (KPH) to supply polyethylene terephthalate (PET) bottles to make medical spacers, also called holding chambers. Dr. Natalie Whyllie, Senior Medical Officer at Kingston Public Hospital, Jamaica, and co-worker Victor Henry used our PET bottles and plastic tubes to create spacers to enhance the accuracy and delivery of airway medications for COVID-19 and respiratory patients at Kingston Public Hospital.

FY 19-20 saw our first full year for Sugar sales, which included the Worthy Park Estate portfolio of sugar.





HUMAN RESOURCES

Our Value – Our People

Our People are at the core of connecting with our customers and consumers. We firmly believe that work gives life meaning, which is why we support our Teams to realize their true potential by offering continuous development. Our aim is for our people to enjoy the best work environment, excellent learning, and fulfilling career opportunities.

Key People Priorities

Talent at the Centre

The Wisynco LEAD Programme framework establishes a clear set of standards and expectations by which our leaders are expected to lead and manage, in a way that consistently achieves business results and enhances our Team Members' experience.

Our Future Leaders' Programme with five (5) participants utilizes an experiential approach to learning over a 2-year period, to strengthen leadership at the supervisory level. We introduced the 360 Degree Multi-Rater Assessment tool to guide executive development decisions and monitor the organizational climate, leadership styles and competencies.

Learning activities are competency-based and focus primarily on leadership, sales, job-related and soft skills. During these times especially, we continue to expand our digital learning opportunities as we seek new and innovative ways to upskill and reskill Teams. For the year just ended we executed 64 learning activities with 1,407 participants.

There were 302 full-time positions filled during the year, with 119 by way of transfers and/or promotions – representing 39% of permanent hires versus 11.5% in the previous year.

Core HR Activities

Some of HR's Core Activities during the financial year included:

- A reorganization of the HR unit was completed and included the assignment of HR Business Partners to divisions, supporting through consultation and simplifying service delivery.

- Policies were developed or reviewed for better alignment with the business agenda and included Flexible Work Arrangement (covering Remote Working Guidelines), Performance Management, Recruitment & Selection, Transfer & Promotion, and Retirement.
- Our HR Management Information System (HRPlus) is 90% implemented and we continuously tracked and monitored Team Members logged in and engaged with the technology.

Wellness and Recreation

COVID-19 took priority in the second half of the financial year as HR led efforts in providing leadership and governance, achieving a delicate balance between the safety of our Team Members and supporting decisions that preserve business continuity. Through Policy (Work from Home) and robust communication using various media (notices, messages, videos, signage, digital meetings), case

tracking of team members' potential risks, treatment of quarantine persons, and organizing remote working. HR steered the COVID-19 Response Team, stabilizing the organization in a way that lessens the anxiety whilst raising awareness during the pandemic.

Looking Ahead

As we get accustomed to operating in a COVID-19 environment, HR's priorities remain focused on achieving the established organizational goals, and will also include:

1. Stabilizing the HR model and technology to further enhance the effectiveness of the function.
2. Creating a new model for development and succession management by fast-tracking e-learning resources.
3. Re-shaping where and when work is done by enhancing our remote working capabilities.



Caption

MD&A



Information Technology

We planned I.T. objectives focused on the expansion of our I.T. systems to accommodate increased sales activity and improvements to all supporting business processes and management controls. In executing this objective, Wisynco has taken a standards-based approach in managing our technology portfolio by utilizing the Control Objectives for Information and Related Technologies (COBIT) Framework. This foundation implements a business-centric I.T. governance model and allows us to benchmark against best practices. We were also guided by independent auditing firms in evaluating and addressing I.T. risks as well as opportunities.

Operationally, planned upgrades to our Network and Data Center core operations facilitated the ongoing expansion of our Inventory and Distribution functions while also improving systems availability. Numerous projects spanning physical access control, data and video transmission as well as backup and disaster recovery have been completed. A primary area of focus has been to improve the availability our Enterprise Resource Planning (ERP) application even while supporting business growth. Plans are being developed for a 5 year system upgrade roadmap that would support the long term business strategy of the company.

As with all corporate entities, operations have had to be streamlined to facilitate the Work From Home requirements due to the COVID-19 pandemic. The use of technology has played a major role in achieving this. Wisynco was able to quickly leverage the use of existing systems and applications to transition a majority of the workforce to remote work without losing efficiency— while also improving the use of collaborative tools. This has been a success to date and has allowed business continuity in the new environment to which we have had to adapt. Much of this work was done in the last quarter of the financial year. Equipment and connectivity as well as tools for data and voice communication are currently being used by numerous employees who can now work from home. As we continue to monitor the spread of the pandemic across the island, we will continue to implement tools and processes that allow us to work effectively in a ‘Distributed Virtual Environment.’

Outlook

At the beginning of this financial year, Wisynco grew from strength to strength, taking advantage of a robust economy. We implemented several initiatives, designed to create efficiencies, broadening our product offerings and deepening our distribution channels. We made significant investments in our infrastructure, fleet, energy and our people, creating solid growth in the first three quarters of the financial year. It is these investments which will allow us to remain profitable, withstanding the global pandemic, that has severely impacted the nation and the world.

COVID-19’s impact on key partners, customers and industries requires a serious response. Management created a COVID-19 committee to ensure that protocols were being followed, widespread communication with stakeholders, and creating a working environment that is safe and effective.

Wisynco’s extensive reach and depth across its sales channels allow the company to perform when the economy was vibrant and mitigates concentration risk when the economy experiences a slow-down. The partnerships made with Worthy Park and JP Snacks will continue to see expansion as we serve current markets and grow new ones, with exports into the United States and the United Kingdom.

We have reduced non-essential expenses and will continue to improve processes while remaining passionately customer focused. Our empowered teams will continue to take the spirit of high performance and commitment to serve our customers. We remain optimistic regarding the global efforts to bring the effects of the pandemic to close in order to reinvigorate the economy.



Jamaica confirmed its first case of COVID-19 on March 10th, 2020 and with that came a great deal of uncertainty and island-wide protocols outlined by the government to limit the spread. Every industry took a hit as Jamaica closed its borders, and work from home orders and curfews were introduced. However, the government, in its effort to protect the economy made every concession possible to keep essential services operating as normal.

The moment Wisynco realized the imminent threat to Jamaica and Jamaicans, our C.E.O. appointed a risk management team selected from key departments within the Company to ensure the safety and health of our Wisynco family while maintaining the vi-

ability of the business. The COVID Response Team (CRT) includes:

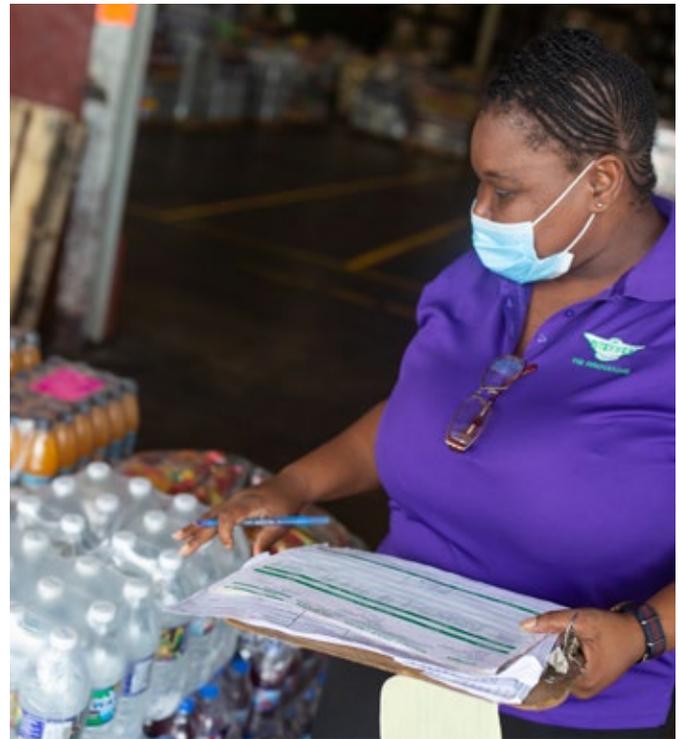
- Annette Morrison, Group Head of Human Resources
- Leilani Hunt, Corporate Finance & Risk Officer
- Halcott Holness, Head of Sales
- N. Craig Clare, Head of Operations
- Christopher Ramdon, Chief Information Officer
- Christopher Madden, Health Safety & Environment Manager
- Adrian Kerr, General Manager Convenient Brands Ltd.

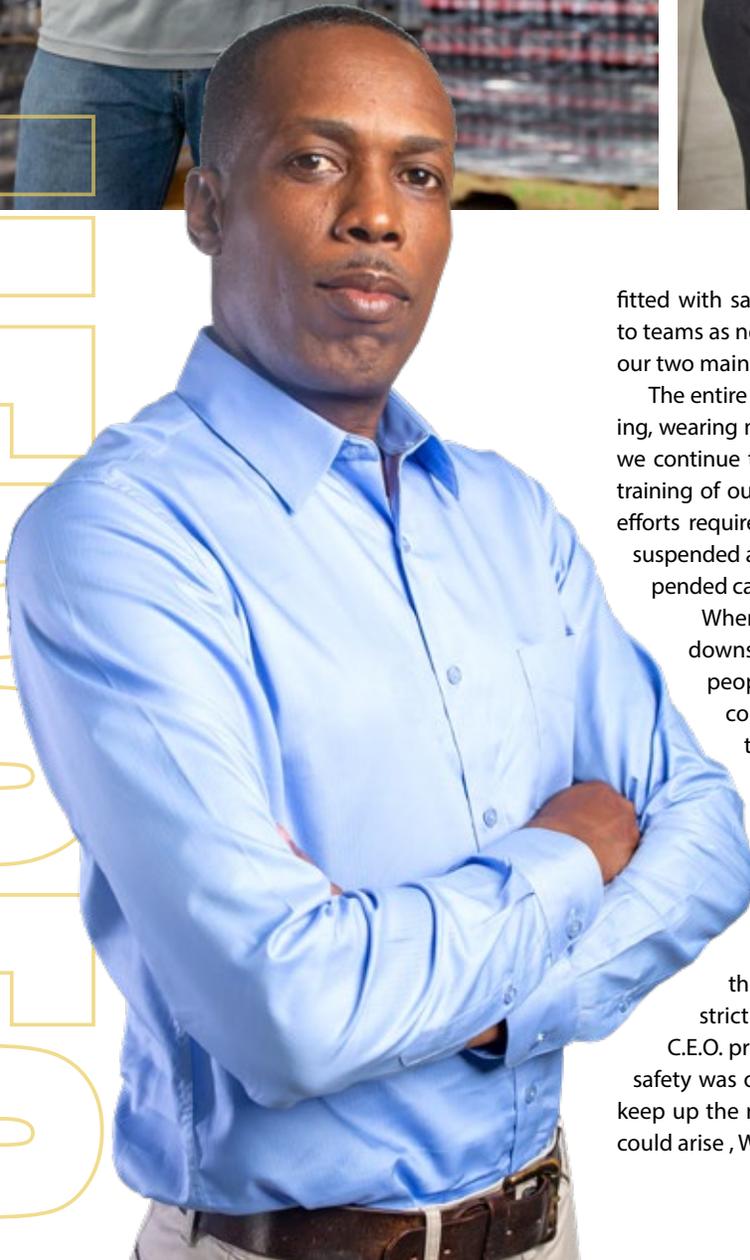
Protocols and guidelines

The CRT convened quickly to establish company protocols and guide the path forward to prevent the spread. The Team liaised very closely with the government, especially the Ministry of Health & Wellness, for guidelines as the pandemic progressed. The plans required the support and compliance of the entire 2,200 staff complement and contract workers to ensure its success. With a clear mission in mind, it was all hands on deck to protect our people --- the Wisynco family, who are the backbone of our Company. Weekly meetings continue to ensure that the highest standards of protocols are in place and regular communication to every employee takes place.

Ensuring the health and safety

One of the first mandates employed to limit the spread was the immediate rollout of remote work as well as training related to working from home. Our state of the art PBX system was able to facilitate maximum productivity from staff working from home. Due to the nature of our business, several of our frontline workers had to go in daily to maintain the 24-hour operation, including: truck drivers, merchandisers, production staff, sales teams, and operations personnel. We invested heavily in ensuring the health and safety of team members by changing staff bus schedules, which were





fitted with safety signage. Masks and sanitizers were distributed to teams as necessary and there were designated isolation areas at our two main locations.

The entire team was trained on the importance of social distancing, wearing masks and reporting potential exposure or illness, and we continue to reinforce these guidelines. We also invested in the training of our cleaning staff to ensure they are aware of the extra efforts required to create a safe space. Additionally, the company suspended all overseas travel, limited in-person meetings and suspended calendar events involving groups with immediate effect.

When some team members were faced with parish lockdowns, Wisynco again showed its commitment to our people by facilitating a grocery initiative whereby staff could order pre-packaged goods and have it delivered to their door.

Constant support & Communication

To maintain the lines of communication, WhatsApp groups were created, scheduled announcements were made via the intercom system, and signage was placed on the premises to reinforce the protocols and alert staff of any changes in the restrictions or areas of high exposure. The Chairman and the C.E.O. provided constant support by reassuring staff that their safety was of paramount importance and encouraging teams to keep up the momentum. To address any mental strain issues that could arise, Wisynco partnered with Choose Life International con-



ducting webinars for leaders, allowing them to cope and support their teams effectively.

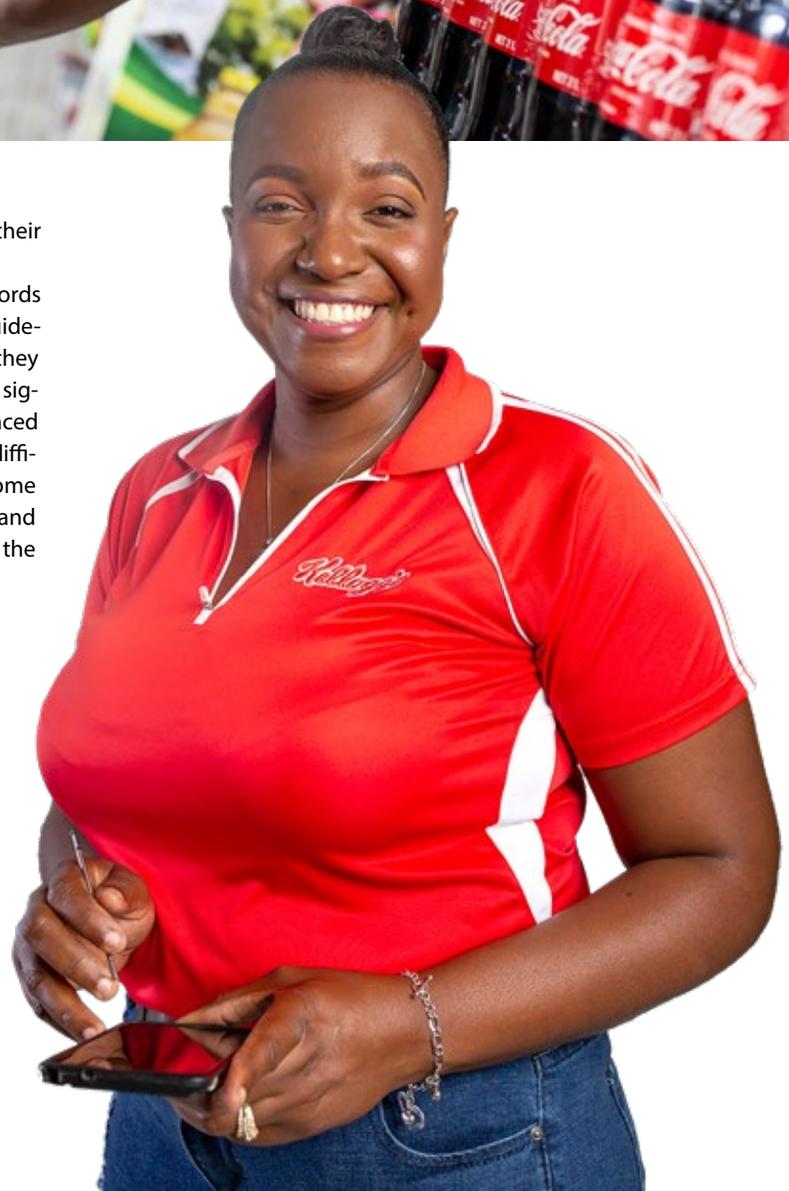
Our Chairman and C.E.O. routinely sent video messages with words of encouragement and emphasize the importance of the safety guidelines, highlighting the efforts of all the frontline "Wisynconians" as they worked to keep the company running as usual. The messages signaled hope and reminded Team Wisynco that the Company has faced many great challenges in its history and throughout all of the difficult experiences the Team always pulls together to recover and come out stronger. The messages emphasized team safety as a priority and the leadership's commitment to do everything possible to keep the company secure for the benefit and future of us all.

Resilience and calm

In the months to come, the CRT has scheduled a guided session for the team to strengthen their resilience and calm feelings of anxiety during this time. They have also arranged a semblance of the VIBES initiative coined "VIBES Rewind" where each month they highlight flashbacks of Team activities that showed bonding as a Wisynco family.

It is a consistent balancing act between keeping the company culture and morale alive whilst maintaining the viability of the business, but at the end of the day it is clear that discipline works. Our success is due to the consistent reinforcement of and adherence to the protocols to ensure life at Wisynco can continue as normal.

Safety is our priority --- our team members first, their families and the wider communities.





During the Father Holung and Friends show that hosted an audience of over 2,000 students, Bigga facilitated a talk from Johnny Daley.



CSR

Corporate Social Responsibility

PERSON
I am Jamaican made for FUN



Corporate Social Responsibility

Wisynco has established sustainable development goals to support Good Health and Well-Being, Quality Education and Environmental Wellness. These goals were actualized through participation in 318 fundraisers and charitable donations, 169 amateur and professional participatory and sporting events, digital and television programming, and a number of major recycling initiatives. Wisynco also plays a significant role in building eco capabilities to make these initiatives become part of our lifestyle.



HEALTH AND WELLNESS

WATA Workout Series

Guided by certified trainers, WATA hosted over 1,100 patrons including students, administration personnel and the general public at 12 live interactive sessions, on campuses at the UTECH, UWI as well as weekly Move it Mondays at Emancipation Park with Jamaica Moves. A workout series was also created for fans online hosted by ambassadors Patrice White and Andre Brown which garnered over 195,000 views.

Nature Valley City Take Over

Nature Valley also launched its City Take Over campaign in August 2019 with a free fitness session at Emancipation Park in Kingston. A planned activity for our second city, Montego Bay, was scheduled for March but had to be postponed due to COVID-19 protocols.

EDUCATION AND YOUTH DEVELOPMENT

Partnering with Edufocal

Wisynco, alongside its representative brands JP St. Mary's and TruJuice, partnered with Edufocal to facilitate free access to the platform and EduFocal LIVE online classes to a subscriber base of over 16,000 students. The brands awarded the six top-performing students on the platform with laptop computers and awarded the teacher who earned the highest rating from students a laptop and six months' supply of products from Wisynco.

For three weeks approximately 4,000 students competed in a series of live quizzes aimed at 4th, 5th and 6th graders vying for the prizes. During this time the brands sent out study and wellness tips to students and provided weekly product giveaways to boost their motivation.

Jamaica Music Conference (JMC)

Sparkling CranWATA hosted 600 students at the JMC youth day where aspiring youth could learn more about the music industry. The brand encouraged students to show their creativity on stage for a chance to win a computer.



School Tours

CranWATA & Squeezz partnered with the Youthlink School Tour and the Haffi Mek it School Tour hosted by Koffee to visit 20 schools and promote reading and making the right decisions. On the tours, Koffee performed, shared inspirational messages and played games with the youth and all received samples of our healthy low sugar beverages.

Schools' Challenge Quiz (SCQ)

Through the CranWATA and Tru Juice brands, the Company continued its support as a major sponsor of TVJ's number one educational television programme with a total investment of \$12M. The brands received exposure through TV advertisements and provided study tips each week. CranWATA had some added fun with the teams by encouraging students to create videos as a part of the Sparkling CranWATA 'Boasy like We' campaign. Additionally, SCQ competition winners were awarded a cash prize.

Hershey Sponsors Maxfield Park Childrens Home Lion King Premiere

The Lion King was the Summer Blockbuster of 2019. Hershey's teamed up with Lauren "LC" Campbell to sponsor a special screening and host some of the children from the Maxfield Park Children's Home. The proceeds from this effort enabled the Home to acquire much needed resources for the running of their facility.

Father Holung & Friends

During the Father Holung and Friends show that hosted an audience of over 2,000 students, Bigga facilitated a talk from Johnny Daley to inspire students to have confidence and to #BeTheBIGGAPerson. Beyond making good decisions, we wanted to emphasize the importance of community and education. Students also had the opportunity to make the pledge to #BethTheBIGGAPerson for a chance to win a computer for their school's computer lab!



SPORTS

ISSA Schoolboy Football Partnership

For the second consecutive year, Wisynco came onboard with WATA, Powerade, Freshhh and Pringles for a total investment of \$37M. 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 and 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.

Other 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, and ISSA. The Company was also hydration partner for several 5K's and other participatory events, however many events were cancelled in 2020 due to COVID-19.



ENVIRONMENT

Wisynco through its recycling arm, Wisynco Eco, is committed to creating and sponsoring annual initiatives to increase the recycling infrastructure and encourage the individual drive for reducing and removing plastic waste on the island. The combined efforts of the programs below resulted in a total collection of over 12 million plastic bottles during the year.

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 its recycling outlets across the island and educate persons on sustainable practices.

ECO Club

The Wisynco Eco Club Recycling Competition was focused on building habits in our primary and secondary school youth around the importance of recycling. With over 110 schools engaged, the combined efforts of approximately 100,000 students amassed over 10.4 million bottles in the school year 2019/20. By helping to nurture these habits in our youth we are hopeful for a more sustainable future.



ECO Troopers

Eco Troopers is comprised of 130 Wisynco staff members who volunteered their time and efforts and were tasked to get other staff members actively recycling and utilizing the eco cages provided at each staff location. Additionally, we hosted advocacy training for 500 other staff members so that they can promote recycling amongst their clients and customers.

Sponsored Events Policy & Collection

As a Company, we now require event organizers to ensure that there will be a separation of plastics from regular waste at their events. With this newly implemented requirement, we have seen an increase in the number of events that now have recycling as a staple and saw a collection of over 200,000 bottles.

Our Celebrity Advocates for Recycling

Working alongside Debbie Bissoon, Christopher Johnny Daley, ZJ Sparks and Dufton Shepherd, Eco successfully hosted 50 teams across the island for International Coastal Clean-up Day and participated in an

online ECO Chat: Kids Edition which allowed young kids to engage in a lively discussion about the state of our environment.

RISE Life Green Space Competition

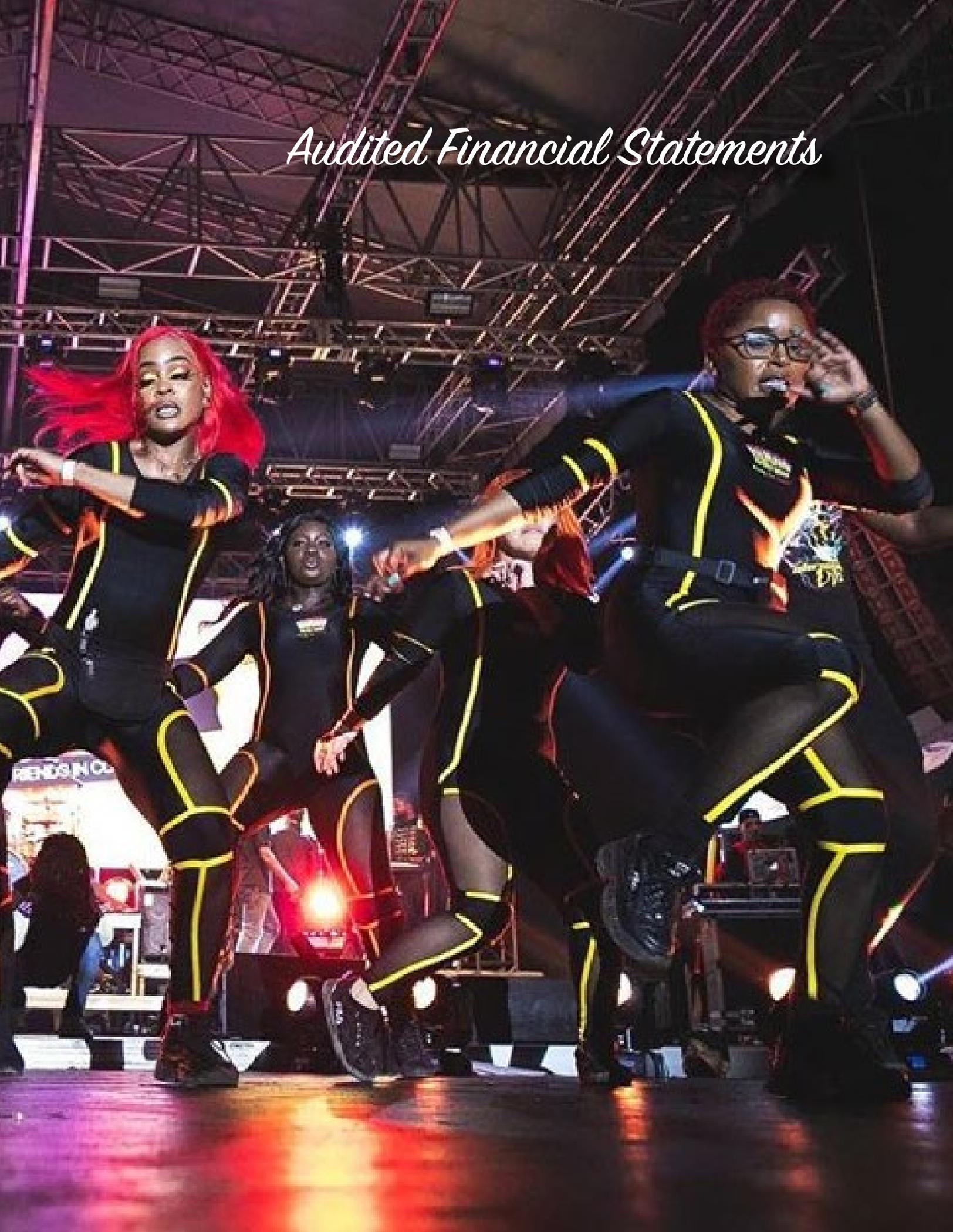
Urban green spaces have been shown to improve health and well-being by creating a physical space for relaxation, peace, and an escape from heat. Multiple studies have shown that these spaces reduce stress and boost mental and physical health. Eco partnered with RISE in three communities to help create Green Spaces.

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 the greater population. We welcome the support of organizations who have come on board uplift Jamaica through initiatives focused on the environment, health and wellness, education, youth development and local sports.



WAVE

Audited Financial Statements





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 2020, 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

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

- the consolidated statement of financial position as at 30 June 2020;
- 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 2020;
- 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 financial statements, which include significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams 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

Discontinued Operations (Group and Company)

Refer to notes 2(s) and 12 to the financial statements for disclosures of related accounting policies and balances.

On 1 January 2020, the Government of Jamaica implemented a ban on styrofoam products which resulted in the Company ceasing operations in relation to the manufacturing of foam products on 31 December 2019.

This resulted in the company treating the operations of the foam division for the current and prior year as a discontinued operation. The discontinued operation resulted in the disposal of property plant and equipment within the foam division for a loss of \$115,716,000.

We focused on this area due to the significance of the disposal as well as the general impact on the presentation of the financial statements and related disclosures.

We performed the following procedures, amongst others, over discontinued operations as follows:

- obtained an understanding of the transaction and evaluated the accounting and consistent application of the applicable IFRS requirements.
- tested select financial statement line items for the current year, based on our professional judgement, which comprised the discontinued operations, through corroboration of these balances to supporting documents including sales and purchases invoices, payroll records and the property, plant and equipment register.
- evaluated the allocation, within the Group and Company, of the carrying value of the net assets and



statement of comprehensive income balances of the discontinued division.

- evaluated the adequacy of the disclosures made in the notes to the financial statements in accordance with the accounting standards.

There were no required adjustments from the procedures performed above.

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, actions taken to eliminate threats or safeguards applied.

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.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
Kingston, Jamaica
28 August 2020

Consolidated Statement of Comprehensive Income

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 \$'000	2019 \$'000
Continuing operations			
Revenue	5	32,170,426	26,939,227
Cost of sales		<u>(21,103,363)</u>	<u>(16,867,965)</u>
Gross Profit		11,067,063	10,071,262
Other operating income	6	142,654	288,656
Selling and distribution expenses		(6,784,843)	(6,124,857)
Administration expenses		<u>(1,370,277)</u>	<u>(1,097,978)</u>
Operating Profit		3,054,597	3,137,083
Finance income	9	320,495	119,218
Finance costs	10	(155,844)	(230,205)
Share of results of associate	18	<u>984</u>	<u>7,792</u>
Profit before Taxation		3,220,232	3,033,888
Taxation	11	<u>(557,565)</u>	<u>(491,723)</u>
Profit for the year from continuing operations		2,662,667	2,542,165
Profit from discontinued operations	12	<u>139,736</u>	<u>387,157</u>
Net Profit		2,802,403	2,929,322
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign subsidiary		9,765	(1,038)
Share of other comprehensive income of associate	18	9,322	-
<i>Items that will not be reclassified to profit or loss</i>			
Unrealised gains on investment securities	20	<u>17,302</u>	<u>10,886</u>
Total Comprehensive Income		<u><u>2,838,792</u></u>	<u><u>2,939,170</u></u>
Earnings Per Stock Unit from continuing and discontinued operations attributable to stockholders of the Group	13		
From continuing operations		\$0.71	\$0.68
From discontinued operations		<u>\$0.04</u>	<u>\$0.10</u>
		<u><u>\$0.75</u></u>	<u><u>\$0.78</u></u>

Consolidated Statement of Financial Position

WISYNCO GROUP LIMITED 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

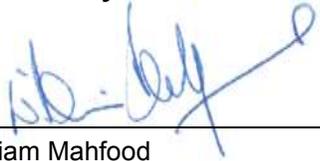
	Note	2020 \$'000	2019 \$'000
Non-Current Assets			
Property, plant and equipment	15	7,088,491	6,724,278
Intangible assets	16	32,162	-
Investment in associate	18	604,267	593,961
Loans receivable	19	175,932	165,545
Investment securities	20	131,253	379,060
		<u>8,032,105</u>	<u>7,862,844</u>
Current Assets			
Inventories	21	3,316,760	3,225,686
Receivables and prepayments	22	2,528,374	2,585,519
Investment securities	20	447,267	130,385
Cash and short-term deposits	23	4,950,743	3,974,545
		<u>11,243,144</u>	<u>9,916,135</u>
Current Liabilities			
Trade and other payables	24	3,339,033	3,336,064
Short-term borrowings	25	702,393	485,724
Lease liabilities	26	73,966	-
Taxation payable		437,338	444,969
		<u>4,552,730</u>	<u>4,266,757</u>
Net Current Assets		<u>6,690,414</u>	<u>5,649,378</u>
		<u>14,722,519</u>	<u>13,512,222</u>

Consolidated Statement of Financial Position (Continued)

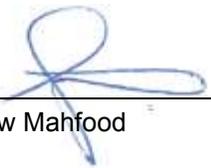
WISYNCO GROUP LIMITED 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 \$'000	2019 \$'000
Equity			
Capital and reserves attributable to the company's equity holders			
Share capital	27	1,192,647	1,192,647
Other reserve	28	248,534	130,832
Translation reserve	29	48,135	29,048
Retained earnings	30	11,485,457	9,733,054
		<u>12,974,773</u>	<u>11,085,581</u>
Non-Current Liabilities			
Deferred tax liabilities	31	155,647	213,511
Borrowings	25	1,546,947	2,213,130
Lease liabilities	26	45,152	-
		<u>1,747,746</u>	<u>2,426,641</u>
		<u>14,722,519</u>	<u>13,512,222</u>

Approved by the Board of Directors on 28 August 2020 and signed on its behalf by:



 William Mahfood Director



 Andrew Mahfood Director

Consolidated Statement of Changes in Equity

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

	Number of shares '000	Share Capital \$'000	Other Reserves \$'000	Retained Earnings \$'000	Translation Reserve \$'000	Total Equity \$'000
Balance at 1 July 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
Changes in fair value of equity instruments measured at fair value through other comprehensive income (Note 20)	-	-	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 (Note 34)	-	-	-	(543,750)	-	(543,750)
	-	-	-	(543,750)	-	(543,750)
Balance at 30 June 2019	3,750,000	1,192,647	130,832	9,733,054	29,048	11,085,581
Net profit	-	-	-	2,802,403	-	2,802,403
Changes in fair value of equity instruments measured at fair value through other comprehensive income (Note 20)	-	-	17,302	-	-	17,302
Share-based payment expenses, net of taxes	-	-	100,400	-	-	100,400
Share of other comprehensive income of associate (Note 18)	-	-	-	-	9,322	9,322
Exchange differences on translating foreign subsidiary	-	-	-	-	9,765	9,765
Total comprehensive income	-	-	117,702	2,802,403	19,087	2,939,192
Transactions with owners -						
Dividends (Note 34)	-	-	-	(1,050,000)	-	(1,050,000)
	-	-	-	(1,050,000)	-	(1,050,000)
Balance at 30 June 2020	3,750,000	1,192,647	248,534	11,485,457	48,135	12,974,773

Consolidated Statement of Cash Flows

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 \$'000	2019 \$'000
Operating Activities			
Cash provided by operating activities	32	3,673,191	2,267,259
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,472,538)	(1,059,047)
Purchase of intangible assets	16	(21,275)	-
Purchase of investments	20	(150,442)	-
Net purchase of deposits over 90 days		(678,848)	(522,837)
Proceeds from the sale of property, plant and equipment		4,300	7,550
Proceeds from sale of investment		130,385	-
Dividend received		1,510	2,014
Purchase of shares in associate	18	-	(586,169)
Issue of promissory note		-	(165,545)
Interest received		126,554	89,194
Cash used in investing activities		<u>(2,060,354)</u>	<u>(2,234,840)</u>
Cash Flows from Financing Activities			
Interest paid		(178,525)	(186,439)
Long-term loans repaid	32	(525,000)	(376,500)
Lease liabilities repaid		(75,456)	-
Loan commitment fees paid	32	-	(1,418)
Long-term loans received	32	-	567,000
Finance lease repaid	32	(913)	(22,298)
Dividend paid		(712,500)	(543,750)
Cash used in financing activities		<u>(1,492,394)</u>	<u>(563,405)</u>
Increase/(decrease) in cash and cash equivalents		120,443	(530,986)
Effects of changes in foreign exchange rates on cash and cash equivalents		100,790	29,220
Increase/(decrease) in cash and cash equivalents		221,233	(501,766)
Cash and cash equivalents at beginning of year		<u>3,415,897</u>	<u>3,917,663</u>
Cash and Cash Equivalents at End of Year	23	<u><u>3,637,130</u></u>	<u><u>3,415,897</u></u>

Company Statement of Comprehensive Income

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

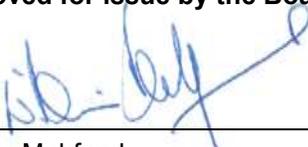
	Note	2020 \$'000	2019 \$'000
Continuing operations			
Revenue	5	32,159,881	26,927,363
Cost of sales		<u>(21,059,942)</u>	<u>(16,828,606)</u>
Gross Profit		11,099,939	10,098,757
Other operating income	6	140,127	279,607
Selling and distribution expenses		(6,856,195)	(6,205,270)
Administration expenses		<u>(1,379,305)</u>	<u>(1,110,567)</u>
Operating Profit		3,004,566	3,062,527
Finance income	9	320,495	119,218
Finance costs	10	<u>(155,844)</u>	<u>(176,406)</u>
Profit before Taxation		3,169,217	3,005,339
Taxation	11	<u>(557,066)</u>	<u>(491,507)</u>
Profit for the year from continuing operations		2,612,151	2,513,832
Profit from discontinued operations	12	<u>139,736</u>	<u>387,157</u>
Net Profit		2,751,887	2,900,989
Other Comprehensive Income			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Unrealised gains on investment securities	20	<u>17,302</u>	<u>10,886</u>
Total Comprehensive Income		<u><u>2,769,189</u></u>	<u><u>2,911,875</u></u>

Company Statement of Financial Position

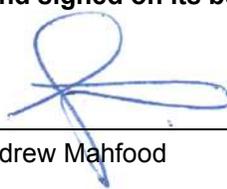
WISYNCO GROUP LIMITED 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 \$'000	2019 \$'000
Non-Current Assets			
Property, plant and equipment	15	7,088,491	6,724,278
Intangible assets	16	32,162	-
Investment in subsidiary	17	11,375	11,375
Investment in associate	18	586,169	586,169
Loans receivable	19	175,932	165,545
Investment securities	20	131,253	379,060
		<u>8,025,382</u>	<u>7,866,427</u>
Current Assets			
Inventories	21	3,316,760	3,225,686
Receivables and prepayments	22	2,526,649	2,581,362
Investment securities	20	447,267	130,385
Cash and short-term deposits	23	4,824,206	3,907,783
		<u>11,114,882</u>	<u>9,845,216</u>
Current Liabilities			
Trade and other payables	24	3,330,291	3,325,212
Short-term borrowings	25	702,393	485,724
Lease liabilities	26	73,966	-
Taxation payable		436,645	444,432
		<u>4,543,295</u>	<u>4,255,368</u>
Net Current Assets		<u>6,571,587</u>	<u>5,589,848</u>
		<u>14,596,969</u>	<u>13,456,275</u>
Shareholders' Equity			
Share capital	27	1,192,647	1,192,647
Other reserve	28	248,534	130,832
Retained earnings		11,408,042	9,706,155
		<u>12,849,223</u>	<u>11,029,634</u>
Non-Current Liabilities			
Deferred tax liabilities	31	155,647	213,511
Borrowings	25	1,546,947	2,213,130
Lease liabilities	26	45,152	-
		<u>1,747,746</u>	<u>2,426,641</u>
		<u>14,596,969</u>	<u>13,456,275</u>

Approved for issue by the Board of Directors on 28 August 2020 and signed on its behalf by:


William Mahfood

Director


Andrew Mahfood

Director

Company Statement of Changes in Equity

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of shares '000	Share Capital \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2018		3,750,000	1,192,647	119,946	7,348,916	8,661,509
Net profit		-	-	-	2,900,989	2,900,989
Changes in fair value of equity instruments measured at fair value through other comprehensive income	20	-	-	10,886	-	10,886
Total comprehensive income		-	-	10,886	2,900,989	2,911,875
Transactions with owners -						
Dividends	34	-	-	-	(543,750)	(543,750)
		-	-	-	(543,750)	(543,750)
Balance at 30 June 2019		3,750,000	1,192,647	130,832	9,706,155	11,029,634
Net profit		-	-	-	2,751,887	2,751,887
Changes in fair value of equity instruments measured at fair value through other comprehensive income	20	-	-	17,302	-	17,302
Share-based payment expenses, net of taxes		-	-	100,400	-	100,400
Total comprehensive income		-	-	117,702	2,751,887	2,869,589
Transactions with owners -						
Dividends	34	-	-	-	(1,050,000)	(1,050,000)
		-	-	-	(1,050,000)	(1,050,000)
Balance at 30 June 2020		3,750,000	1,192,647	248,534	11,408,042	12,849,223

Company Statement of Cash Flows

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 \$'000	2019 \$'000
Operating Activities			
Cash provided by operating activities	32	3,613,417	2,250,167
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,472,538)	(1,059,047)
Purchase of intangible assets	16	(21,275)	-
Proceeds from the sale of property, plant and equipment		4,300	7,550
Purchase of investment securities	20	(150,442)	-
Proceeds from sale of investment securities		130,385	-
Net purchase of deposits over 90 days		(678,849)	(522,837)
Dividend received		1,510	2,014
Purchase of shares in associate	18	-	(586,169)
Issue of promissory note		-	(165,545)
Interest received		126,554	89,194
Cash used in investing activities		<u>(2,060,355)</u>	<u>(2,234,840)</u>
Cash Flows from Financing Activities			
Interest paid		(178,525)	(186,439)
Long-term loans repaid	32	(525,000)	(376,500)
Lease liabilities repaid		(75,456)	-
Long-term loans received		-	567,000
Finance leases repaid	32	(913)	(22,298)
Commitment fees paid	32	-	(1,418)
Dividend paid		(712,500)	(543,750)
Cash used in financing activities		<u>(1,492,394)</u>	<u>(563,405)</u>
Increase/(decrease) in cash and cash equivalents		60,668	(548,078)
Effects of changes in foreign exchange rates		100,790	29,220
Cash and cash equivalents at beginning of year		<u>3,349,135</u>	<u>3,867,993</u>
Cash and Cash Equivalents at End of Year	23	<u><u>3,510,593</u></u>	<u><u>3,349,135</u></u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 as associate 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.
- (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 manufacturing of plastic and foam packaging was discontinued during the 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

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). In January 2019, 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 adoption of IFRS 16 from 1 July 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 16 [C7], comparative figures have not been restated. Details of the new accounting policy in relation to IFRS 16 are outlined in Note 2 (m) and the impact on the financial statements on adoption of the new standard is disclosed in Note 37.

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. There was no impact on adoption of this amendment.

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. There was no impact from adoption of the interpretation.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 2015 – 2017. These annual improvements are effective for annual periods beginning on or after 1 January 2020. 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.

There was no impact on adoption of these amendments.

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:

IFRS 17, 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023). 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.

Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2020). These amendments clarify the definition of materiality and the meaning of primary users of general-purpose financial statements by defining them as existing and potential investors, lenders and other creditors. The Group is currently assessing the impact of this standard.

Amendment to IFRS 3 'Business combinations' (effective for annual periods beginning on or after 1 January 2020). This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The Group will apply this amendment to future transactions.

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect; however, no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies will need to consider whether their accounting policies are still appropriate under the revised Framework. The Group is currently assessing the impact of this revision.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 IFRS 10, 'Consolidated financial statements' and 'IAS 28 Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2025) The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investment in the associate or joint venture. The amendments apply prospectively. The Group is currently assessing the impact of this standard.

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.

(b) Basis of consolidation

(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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

(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.

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 company is as follows:

	Financial Reporting Year-end	Country of Incorporation	Nature of Business	Group's percentage interest	
				2020	2019
JP Snacks Caribbean Limited (consolidated)	31 December	Cayman Islands	Manufacturing and distribution	30.0	30.0

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

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.

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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

(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

Computer software

Computer software are recorded at cost. This cost is amortised over a period of three years.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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) or measured at amortised cost in accordance with IFRS 9 'Financial Instruments'.

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 the following measurement category:

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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 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

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) 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.

(j) 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.

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.

(k) 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.

(l) 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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(m) Leases

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(m) Leases (continued)

The lease term is determined as the non-cancellable period of the lease and also takes account of extension and termination options if reasonably certain to be exercised. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

As lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(m) Leases (continued)

Accounting policy until 30 June 2019

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.

(n) Borrowings and borrowings costs

Borrowings are recognised 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.

(o) 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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(o) Income taxes (continued)

IAS 12 'Income Taxes' does not specifically address the tax effects of right-of-use assets and lease liabilities. There are two principal approaches to the deferred tax accounting. The choice of approach is a matter of accounting policy, to be applied on a consistent basis. The Group's accounting policy choice considers the asset and the liability separately. The temporary difference on each item does not give rise to deferred tax, since the initial recognition exception applies.

(p) 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.

Share-based payments

The Group operates an equity-settled, share-based compensation scheme. Senior executives and key management are awarded stock options. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in staff costs. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of non-marketing conditions. When options are exercised, the proceeds net of any transactions costs or the value transferred are credited to share capital.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(q) 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.

(r) Dividends

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

(s) 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 coordinated 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.

(t) 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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

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.

(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 group 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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(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

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Receivables	2,437,692	2,550,244	2,435,967	2,546,087
Cash and short-term deposits	4,950,743	3,974,545	4,824,206	3,907,783
Investment securities	516,578	477,134	516,578	477,134
Loans receivable	175,932	165,545	175,932	165,545
	<u>8,080,945</u>	<u>7,167,468</u>	<u>7,952,683</u>	<u>7,096,549</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.

Loss allowance

	2020			2019		
	Gross Carrying Amount \$'000	Loss Allowance \$'000	Expected loss rate	Gross Carrying Amount \$'000	Loss Allowance \$'000	Expected loss rate
0 to 30 days	1,311,116	447	0.03%	1,460,348	231	0.02%
31 to 60 days	378,238	110	0.03%	588,769	57	0.01%
60 to 90 days	136,596	73	0.05%	158,889	38	0.02%
90 days or more	231,093	59,270	25.65%	49,203	30,655	62.30%
Gross amount	<u>2,057,043</u>	<u>59,900</u>		<u>2,257,209</u>	<u>30,981</u>	

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

	The Group and Company	
	2020	2019
	\$'000	\$'000
At 1 July	30,981	35,586
Provision for receivables impairment	43,388	8,137
Bad debt recovered	(14,469)	(12,742)
At 30 June	<u>59,900</u>	<u>30,981</u>

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

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 and Company	
	2020	2019
	\$'000	\$'000
Kingston & St. Andrew	765,468	948,976
South Central	442,259	342,205
North Eastern	142,298	327,435
Western	315,453	427,504
Hotels & Restaurants	172,914	133,079
Other	218,651	78,010
	<u>2,057,043</u>	<u>2,257,209</u>
Less: Provision for credit losses	(59,900)	(30,981)
	<u>1,997,143</u>	<u>2,226,228</u>

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

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 (2019 - \$11,500,000).

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

The tables below summarise 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					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	
	2020					
Liabilities						
Borrowings	153,364	147,295	548,654	1,713,045	-	2,562,358
Lease liabilities	6,591	13,183	59,326	46,113	-	125,213
Trade and other payables	2,362,568	359,938	364,329	-	-	3,086,835
Total financial liabilities	2,522,524	520,416	972,309	1,759,158	-	5,774,407

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

	The Group					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	
	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

	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	
	2020					
Liabilities						
Borrowings	153,365	147,295	548,654	1,713,045	-	2,562,359
Lease liabilities	6,591	13,183	59,326	46,113	-	125,213
Trade and other payables	2,353,826	359,938	364,329	-	-	3,078,093
Total financial liabilities	2,513,782	520,416	972,309	1,759,158	-	5,765,665

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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	
	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

(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 lease liabilities denominated in United States dollars, amounting to an asset of J\$2,341,830,000 and J\$2,107,047,000 at 30 June 2020 (2019 - J\$720,173,000 and J\$616,915,000) respectively. The Group and Company also have cash and deposits net of accounts payable denominated in Euros, amounting to an (liability)/asset of J\$(34,000) (2019 - J\$388,214,000).

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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	% Change in Currency Rate	Effect on Profit before Taxation
	%	2020 \$'000	%	2019 \$'000
	%	\$'000	%	\$'000
Currency:				
USD	+2	(46,837)	+4	(28,807)
USD	-6	140,510	-6	43,210
EURO	+2	1	+4	(15,529)
EURO	-6	(2)	-6	23,293

	The Company			
	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
	%	2020 \$'000	%	2019 \$'000
	%	\$'000	%	\$'000
Currency:				
USD	+2	(42,141)	+4	(24,677)
USD	-6	126,423	-6	37,015
EURO	+2	1	+4	(15,529)
EURO	-6	(2)	-6	23,293

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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						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	
	2020						
Assets							
Investment securities	-	-	447,267	69,311	-	61,942	578,520
Receivables	-	-	-	-	-	2,437,692	2,437,692
Cash and short-term deposits	3,404,307	1,545,995	-	-	-	441	4,950,743
Long-term receivable	-	-	-	-	172,414	3,518	175,932
Total financial assets	3,404,307	1,545,995	447,267	69,311	172,414	2,503,593	8,142,887
Liabilities							
Borrowings	147,365	112,250	443,062	1,547,750	-	-	2,250,427
Trade and other payables	-	-	-	-	-	3,086,835	3,086,835
Lease liabilities	5,996	12,082	55,888	45,152	-	-	119,118
Total financial liabilities	153,361	124,332	498,950	1,592,902	-	3,086,835	5,456,380
Total interest repricing gap	3,250,946	1,421,663	(51,683)	(1,523,591)	172,414	(583,242)	2,686,507

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						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	-	-	-	-	-	2,550,244	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

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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
	2020						
Assets							
Investment securities	-	-	447,267	69,311	-	61,942	578,520
Receivables	-	-	-	-	-	2,435,967	2,435,967
Cash and short-term deposits	3,277,770	1,545,995	-	-	-	441	4,824,206
Long term receivable	-	-	-	-	172,414	3,518	175,932
Total financial assets	3,277,770	1,545,995	447,267	69,311	172,414	2,501,868	8,014,625
Liabilities							
Borrowings	147,365	112,250	443,062	1,547,750	-	-	2,250,427
Lease liabilities	5,996	12,082	55,888	45,152	-	-	119,118
Trade and other payables	-	-	-	-	-	3,078,093	3,078,093
Total financial liabilities	153,361	124,332	498,950	1,592,902	-	3,078,093	5,447,638
Total interest repricing gap	3,124,409	1,421,663	(51,683)	(1,523,591)	172,414	(576,225)	2,566,987

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'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	2,187,920	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	5,753,889
Total interest repricing gap	2,152,109	1,214,685	185,174	(1,866,380)	165,545	(476,162)	1,374,971

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. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Price risk (continued)

The table below summarises the impact of increases/ (decreases) on the Company's pre-tax profit for the year and on equity. The analysis is based on the assumption that the equity prices had increased by 5% and decreased by 10% (2019 - 10% increase and decrease) with all other variables held constant.

	Equity Securities	
	Effect on Other Components of Equity 2020 \$'000	Effect on Other Components of Equity 2019 \$'000
Change in index:		
-10% (2019 – 10%)	(6,194)	(3,231)
+5% (2019 – 10%)	3,097	3,231

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 2020	Actual 2019
Minimum current assets to current liabilities	1.20:1	2.46:1	2.3:1
Maximum debt to equity ratio	2.33:1	0.12:1	0.57:1
Minimum interest cover	2.9 times	30 times	26.6 times
Minimum debt service coverage margin	2.0 times	5.71 times	7.09 times

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 are classified as amortised cost and fair value through other comprehensive income as disclosed in Note 20. 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
	2020			
Investment securities –				
Quoted equities	61,868	-	-	61,868
Unquoted equities	-	-	74	74
	61,868	-	74	61,942
	2019			
Investment securities –				
Quoted equities	32,292	-	-	32,292
Unquoted equities	-	-	18	18
	32,292	-	18	32,310

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

5. Revenue

Revenues can be disaggregated as follows:

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Export	445,275	400,112	445,275	400,112
Local	31,083,541	25,547,038	31,083,541	25,547,038
Related parties	631,065	980,213	631,065	980,213
Revenue transferred at a point in time	32,159,881	26,927,363	32,159,881	26,927,363
Revenue from insurance contracts	10,545	11,864	-	-
	<u>32,170,426</u>	<u>26,939,227</u>	<u>32,159,881</u>	<u>26,927,363</u>

6. Other Operating Income

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Bad debts recovered	7,734	3,235	7,734	3,235
Capital grant	8,586	168,396	8,586	168,396
Commission income	9,690	9,049	-	-
Discount received	30,093	30,162	30,093	30,162
Gain on disposal of property, plant and equipment	95	4,927	95	4,927
Management fees	13,034	14,946	13,034	14,946
Other	6,855	3,980	14,018	3,980
Rebates	32,400	32,236	32,400	32,236
Rental income	11,883	-	11,883	-
Royalty income	15,883	15,908	15,883	15,908
Storage income	6,401	5,817	6,401	5,817
	<u>142,654</u>	<u>288,656</u>	<u>140,127</u>	<u>279,607</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

7. Expenses by Nature

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Advertising costs	786,942	771,854	786,942	771,854
Audit fees	13,550	13,625	11,740	11,978
Bad debt expense	43,388	8,137	43,388	8,137
Commissions	149,990	144,958	149,990	144,958
Cost of inventory recognised as expense	18,063,794	13,845,809	18,063,794	13,987,834
Delivery and motor vehicle expense	1,584,202	1,462,142	1,584,202	1,462,142
Directors fees	14,572	13,084	14,160	12,689
Insurance	247,228	202,945	247,228	202,945
Other operating expenses	804,808	980,180	843,989	893,840
Property expenses, including depreciation	2,218,684	1,910,195	2,218,684	1,910,195
Royalties	30,939	35,697	30,939	35,697
Staff costs (Note 8)	4,678,085	4,097,510	4,678,085	4,097,510
Utilities	622,301	604,664	622,301	604,664
	<u>29,258,483</u>	<u>24,090,800</u>	<u>29,295,442</u>	<u>24,144,443</u>

8. Staff Costs

	The Group and Company	
	2020 \$'000	2019 \$'000
Wages and salaries	3,777,391	3,337,008
Statutory contributions	386,471	363,306
Other	267,219	247,683
Pension contributions (Note 33)	156,246	135,971
Share-based payment expenses	80,320	-
Termination costs	10,438	13,542
	<u>4,678,085</u>	<u>4,097,510</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

9. Finance Income

	The Group and Company	
	2020	2019
	\$'000	\$'000
Dividend income	1,510	2,014
Foreign exchange gains	182,044	28,010
Interest income	136,941	89,194
	<u>320,495</u>	<u>119,218</u>

10. Finance Costs

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Interest expense -				
Bank borrowings and finance leases	155,561	176,359	155,561	176,359
Finance charges and non-interest fees	283	53,846	283	47
	<u>155,844</u>	<u>230,205</u>	<u>155,844</u>	<u>176,406</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Current income tax	628,600	611,339	628,101	611,123
Prior year over-accrual	(7,779)	-	(7,779)	-
Deferred income tax (Note 31)	(37,784)	(43,919)	(37,784)	(43,919)
	<u>583,037</u>	<u>567,420</u>	<u>582,538</u>	<u>567,204</u>
Tax expense attributable to:				
Profit from continuing operations	557,565	491,723	557,066	491,507
Profit from discontinued operations (Note 12)	25,472	75,697	25,472	75,697
	<u>583,037</u>	<u>567,420</u>	<u>582,538</u>	<u>567,204</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	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Profit before tax from continuing operations	3,220,232	3,033,888	3,169,217	3,005,339
Profit before tax from discontinued operations	165,208	462,854	165,208	462,854
	<u>3,385,440</u>	<u>3,496,742</u>	<u>3,334,425</u>	<u>3,468,193</u>
Tax calculated at applicable tax rate on continuing operations	846,360	874,186	833,606	867,048
Adjusted for the effects of:				
Income not subject to tax	(30,546)	(26,762)	(30,546)	(26,762)
Expenses not deductible for tax purposes	11,658	1,674	11,658	1,674
Share of profits of associate	(984)	(7,792)	-	-
Tax credit	(233,021)	(247,611)	(233,021)	(247,611)
Adjustment to prior provision	(7,779)	-	(7,779)	-
Tax at another rate	(12,009)	-	-	-
Other	9,358	(26,275)	8,620	(27,145)
Tax expense	<u>583,037</u>	<u>567,420</u>	<u>582,538</u>	<u>567,204</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

12. Discontinued Operations

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

The financial performance and cash flow information presented at June 30, 2020 are as follows:

	2020 \$'000	2019 \$'000
Revenue	945,035	1,473,187
Cost of sales	<u>(664,111)</u>	<u>(1,010,243)</u>
Gross profit	280,924	462,944
Other operating expense	(115,716)	-
Selling and distribution expenses	<u>-</u>	<u>(90)</u>
Profit before taxation	165,208	462,854
Taxation	<u>(25,472)</u>	<u>(75,697)</u>
Net profit after tax from discontinued operations	<u><u>139,736</u></u>	<u><u>387,157</u></u>

Other operating expense represents loss on disposal of property, plant and equipment.

	2020 \$'000	2019 \$'000
Operating cash flows, being net cash flows	<u><u>286,118</u></u>	<u><u>319,523</u></u>

Details of the net assets of the discontinued operations are as follows:

	2020 \$'000
Property, plant and equipment	115,716
Inventories	30,666
	<u><u>146,382</u></u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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.

	2020	2019
Net profit attributable to ordinary stockholders from continuing operations (\$'000)	2,662,667	2,542,165
Net profit attributable to ordinary stockholders from discontinued operations (\$'000)	139,736	387,157
Net profit attributable to ordinary stockholders (\$'000)	2,802,403	2,929,322
Weighted average number of ordinary stock units in issue ('000)	3,750,000	3,750,000
Basic earnings per stock unit from continuing operations (\$)	0.71	0.68
Basic earnings per stock unit from discontinued operations (\$)	0.04	0.10
Basic earnings per stock unit (\$)	<u>0.75</u>	<u>0.78</u>

The Company has no dilutive potential ordinary stock units.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (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 some share ownership.

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

(a) Sale of goods and services

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Convenient Brands Limited	630,052	980,213	619,508	980,213
JP Snacks Caribbean Limited	9,504	-	9,504	-
Trade Winds Citrus Limited	649	-	649	-
Worthy Park Estate Limited	1,404	-	1,404	-
	<u>641,609</u>	<u>980,213</u>	<u>631,065</u>	<u>980,213</u>

(b) Purchases of goods and services

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade Winds Citrus Limited	3,699,907	3,718,577	3,699,907	3,718,577
Antillean Foods Inc	793,287	215,625	793,287	215,695
Worthy Park Estate Limited	3,039,939	2,789,149	3,039,939	2,789,149
	<u>7,533,133</u>	<u>6,723,351</u>	<u>7,533,133</u>	<u>6,723,421</u>

(c) Expenses

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Insurance Expense				
Indies Insurance Company Limited	<u>-</u>	<u>-</u>	<u>236,801</u>	<u>182,166</u>
Interest expense				
Seville Development Corporation Limited	<u>381</u>	<u>-</u>	<u>381</u>	<u>-</u>
Rebates				
Convenient Brands Limited	<u>1,293</u>	<u>3,164</u>	<u>1,293</u>	<u>3,164</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

14. Related Party Transactions and Balances (Continued)

(c) Expenses (continued)

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Royalties				
Trade Winds Citrus Limited	30,939	35,697	30,939	35,697

(d) Income

	The Group and Company	
	2020	2019
	\$'000	\$'000
Interest Income		
JP Snacks Caribbean Limited	5,438	-
Management Fees		
Convenient Brands Limited	13,034	14,946
Rental Income		
Worthy Park Estates Limited	11,893	-

(e) Year-end balances

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Receivables (Note 22)				
Receivables from subsidiary -				
Indies Insurance Company Limited	-	-	3,164	3,164
Receivables from affiliates -				
Convenient Brands Limited	125,905	92,435	125,905	92,435
Trade Winds Citrus Limited	26,709	19,725	26,709	19,725
JP Snacks Caribbean Limited	3,898	-	3,898	-
Worthy Park Estates Limited	51,582	-	51,582	-
Other affiliates	2,266	4,856	2,266	1,724
Receivable from parent company	5	-	5	-
Included in receivables and prepayments	210,365	117,016	213,529	117,048
Long term receivable from associate				
JP Snacks Caribbean Limited (Note 19)	175,932	165,546	175,932	165,546

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

14. Related Party Transactions and Balances (Continued)

(e) Year-end balances (continued)

Payables (Note 24)	The Group and Company	
	2020	2019
	\$'000	\$'000
Payables to affiliate -		
Convenient Brands Limited	204	-
Recycling Partners	82,789	32,367
Seville Development Corporation Limited	27,708	26,279
Trade Winds Citrus Limited	318,381	424,614
Worthy Park Estates Limited	192,760	167,420
Other affiliates	-	337
	<u>621,842</u>	<u>651,017</u>
Payable to associate		
Antillean Foods Inc	52,949	12,575
Included in trade and other payables	<u>674,791</u>	<u>663,592</u>

(f) Key management compensation

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Salaries and other short-term employee benefits	453,574	424,119	453,574	424,119
Statutory contributions	22,358	21,605	22,358	21,605
Pension benefits	22,958	21,786	22,958	21,786
	<u>498,890</u>	<u>467,510</u>	<u>498,890</u>	<u>467,510</u>
Directors' emoluments –				
Management remuneration (included above)	343,717	322,753	343,717	322,753
Fees	14,572	12,689	14,160	12,689

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

14. Related Party Transactions and Balances (Continued)

(g) Dividends declared

	The Group and Company	
	2020	2019
	\$'000	\$'000
Parent company	777,331	402,547
Key management	16,657	12,562
	793,988	415,109

Included in dividends declared are dividends accrued of \$254,328,000 (Note 14(h)).

(h) Dividends accrued

	The Group and Company	
	2020	2019
	\$'000	\$'000
Parent company	249,857	-
Key management	4,471	-
	254,328	-

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

15. Property, Plant and Equipment

	The Group and Company						
	Land and Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Leasehold Improvements	Right of use assets	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -							
At 1 July 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)	-	-	-	(17,920)
At 30 June 2019	3,819,577	7,092,943	782,702	19,032	-	-	11,714,254
Additions	53,336	468,459	156,684	-	182,273	794,059	1,654,811
Transfer to intangible assets (Note 16)	-	(158,971)	-	-	-	-	(158,971)
Adjustment	(83,390)	83,390	-	-	-	-	-
Disposals	-	(474,004)	(12,064)	-	-	-	(486,068)
At 30 June 2020	3,789,523	7,011,817	927,322	19,032	182,273	794,059	12,724,026
Depreciation -							
At 1 July 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
Charge for the year	113,111	773,233	136,747	-	73,786	-	1,096,877
Relieved on disposal	-	(358,288)	(7,859)	-	-	-	(366,147)
Transfer to intangible assets (Note 16)	-	(85,171)	-	-	-	-	(85,171)
At 30 June 2020	624,346	4,370,432	547,939	19,032	73,786	-	5,635,535
Net Book Value -							
30 June 2020	3,165,177	2,641,385	379,383	-	108,487	794,059	7,088,491
30 June 2019	3,308,342	3,052,285	363,651	-	-	-	6,724,278

The categorisation of right of use assets is detailed in Note 26.

Included in depreciation charges are amounts in respect of discontinued operations of \$13,225,000 (2019: \$32,377,000).

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

16. Intangible Assets

	Computer Software \$'000	Total \$'000
Cost -		
At 1 July 2018 and 2019	-	-
Transfer from property, plant and equipment (Note 15)	158,971	158,971
Additions	21,275	21,275
At 30 June 2020	<u>180,246</u>	<u>180,246</u>
Amortisation -		
At 1 July 2018 and 2019	-	-
Transfer from property, plant and equipment (Note 15)	85,171	85,171
Charge for the year	62,913	62,913
At 30 June 2020	<u>148,084</u>	<u>148,084</u>
Net Book Amount		
30 June 2020	<u>32,162</u>	<u>32,162</u>
30 June 2019	<u>-</u>	<u>-</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

17. Investment in Subsidiaries

	<u>The Company</u>	
	2020	2019
	\$'000	\$'000
Indies Insurance Company – 100% 50,000 Ordinary shares, fully paid	11,375	11,375

18. Investment in Associates

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At beginning of year	593,961	-	586,169	-
Additions	-	586,169	-	586,169
Amounts recognised in other comprehensive income	9,322	-	-	-
Amounts recognised in profit and loss	984	7,792	-	-
Amounts recognised in the statement of financial position	<u>604,267</u>	<u>593,961</u>	<u>586,169</u>	<u>586,169</u>

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.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

18. 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 2020 is as follows:

Summarised statement of financial position

	Group	Group
	2020	2019
	\$'000	\$'000
Current		
Cash and cash equivalents	91,348	52,510
Other current assets (excluding cash)	248,626	206,879
Total current net assets	339,974	259,389
Other current liabilities (including trade payables)	136,776	116,754
Total current liabilities	136,776	116,754
Non-current		
Assets	958,956	968,173
Total non-current liabilities	574,304	557,310
Net assets	587,850	553,498

Summarised income statement

	Group	Group
	2020	2019
	\$'000	\$'000
Revenue	1,390,449	167,163
Depreciation	(66,937)	(10,797)
Amortisation	(54,409)	(8,606)
Interest expense	(17,310)	(2,904)
Profit before income tax	4,037	25,974
Taxation expense	(759)	-
Profit after tax	3,278	25,974
Total comprehensive income	34,352	25,974

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

18. Investment in Associates (Continued)

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

	<u>Group</u>	<u>Group</u>
	2020	2019
	\$'000	\$'000
Summarised financial information		
Opening net assets	553,498	527,524
Profit for the period	3,278	25,974
Other comprehensive income for the period	31,074	-
Closing net assets	<u>587,850</u>	<u>553,498</u>
Interest in associates (%)	30%	30%
Interest in associates (J\$)	176,355	166,049
Carrying value	<u>604,267</u>	<u>593,961</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

19. Loans Receivable

A promissory note of US\$1,230,555 was issued to JP Snacks Caribbean 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. The carrying amount of \$175,932,000 (2019 - \$165,545,000) includes accrued interest receivable of \$3,518,000 (2019 – nil).

20. Investment Securities

	The Group and Company	
	2020	2019
	\$'000	\$'000
Equity investment securities measured at fair value through other comprehensive income:		
Quoted	61,868	27,292
Unquoted	74	5,018
	<u>61,942</u>	<u>32,310</u>
Debt investment securities measured at amortised cost:		
Corporate bonds	516,578	477,135
	<u>516,578</u>	<u>477,135</u>
Total investment securities	<u>578,520</u>	<u>509,445</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

20. Investment Securities (Continued)

	The Group and Company	
	2020	2019
	\$'000	\$'000
At beginning of year	509,445	485,290
Additions	150,442	-
Disposals	(130,385)	-
Foreign exchange gain	31,716	13,269
Fair value gains charged to fair value reserve	17,302	10,886
	<u>578,520</u>	<u>509,445</u>
Current portion	<u>(447,267)</u>	<u>(130,385)</u>
Non-current portion	<u>131,253</u>	<u>379,060</u>
Quoted	61,868	32,292
Unquoted	<u>516,652</u>	<u>477,153</u>
	<u>578,520</u>	<u>509,445</u>

21. Inventories

	The Group and Company	
	2020	2019
	\$'000	\$'000
Raw materials	1,000,649	726,241
Finished goods	174,530	221,562
Merchandise for resale	1,640,649	1,719,600
	<u>2,815,828</u>	<u>2,667,403</u>
Less: Provision for obsolete inventories	<u>(10,553)</u>	<u>(18,518)</u>
	2,805,275	2,648,885
Goods-in-transit	511,485	576,801
	<u>3,316,760</u>	<u>3,225,686</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

22. Receivables

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade receivables	2,057,043	2,257,209	2,057,043	2,257,209
Less: Provision for doubtful debts	(59,900)	(30,981)	(59,900)	(30,981)
Trade receivables, net	1,997,143	2,226,228	1,997,143	2,226,228
Prepayments	60,991	35,275	60,991	35,275
Receivables from related parties (Note 14(e))	210,365	117,016	213,529	117,048
Principal receivables	96,846	153,098	96,846	153,098
Other receivables	163,029	53,902	158,140	49,713
	<u>2,528,374</u>	<u>2,585,519</u>	<u>2,526,649</u>	<u>2,581,362</u>

23. Cash and Cash Equivalents

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	2,112,130	1,199,359	1,985,593	1,132,597
Short-term deposits	2,838,613	2,775,186	2,838,613	2,775,186
	4,950,743	3,974,545	4,824,206	3,907,783
Bank overdrafts (Note 25)	(111,927)	(35,811)	(111,927)	(35,811)
Balances with maturity dates over 3 months	(1,201,686)	(522,837)	(1,201,686)	(522,837)
	<u>3,637,130</u>	<u>3,415,897</u>	<u>3,510,593</u>	<u>3,349,135</u>

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

	2020	2019
	%	%
Short-term deposits –	3.84	3.29
J\$		
US\$	<u>3.81</u>	<u>3.84</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

24. Payables

	The Group		The Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,518,319	1,630,594	1,518,319	1,630,594
Statutory contributions payable	60,856	61,534	60,856	61,534
Dividend payable (Note 34)	337,500	-	337,500	-
Accrued expenses	378,257	696,906	378,257	686,054
Payables to related parties (Note 14 (e))	674,791	663,592	674,791	663,592
Other payables	369,310	283,438	360,568	283,438
	<u>3,339,033</u>	<u>3,336,064</u>	<u>3,330,291</u>	<u>3,325,212</u>

25. Borrowings

(a) Composition of borrowings

	The Group and Company	
	2020	2019
	\$'000	\$'000
Total borrowings -		
Bank loans -		
Long term	2,137,413	2,662,130
Finance leases	-	913
Bank overdraft	111,927	35,811
	<u>2,249,340</u>	<u>2,698,854</u>
Current -		
Bank overdraft (Note 23)	(111,927)	(35,811)
Current portion of finance leases	-	(913)
Current portion of long-term loans	(590,466)	(449,000)
Total current borrowings	<u>(702,393)</u>	<u>(485,724)</u>
Non-current borrowings	<u>1,546,947</u>	<u>2,213,130</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

25. Borrowings (Continued)

(a) Composition of borrowings (continued)

	The Group and Company	
	2020	2019
	\$'000	\$'000
Non-current -		
(i) Bank of Nova Scotia (6% - 2023)	507,500	652,500
(ii) National Commercial Bank (6.18 -2023)	1,064,000	1,444,000
(iii) Bank of Nova Scotia (5.65%, 2024)	565,913	565,630
	<u>2,137,413</u>	<u>2,662,130</u>
Less: Current portion	(590,466)	(449,000)
	<u><u>1,546,947</u></u>	<u><u>2,213,130</u></u>

Non-current borrowings

- (i) This loan unsecured attracts interest at a fixed rate of 6% 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.
- (ii) This loan unsecured attracts interest at a fixed rate of 6.18% 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.
- (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. The carrying value includes unamortised commitment fees of \$1,087,000 (2019 - \$1,370,000).

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

25. Borrowings (Continued)

(a) Composition of borrowings (continued)

Finance lease liabilities – minimum lease payments

	<u>The Group and Company</u>	
	2020	2019
	\$'000	\$'000
Not later than 1 year	-	921
Later than 1 year and not later than 5 years	-	-
	-	921
Future finance charges on finance leases	-	(8)
Present value of finance lease liabilities	-	913

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

	<u>The Group and Company</u>	
	2020	2019
	\$'000	\$'000
Not later than 1 year	-	913
Later than 1 year and not later than 5 years	-	-
	-	913

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

25. 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	
	2020	2019
	%	%
Current -		
Bank overdraft	39.75 – 40	39.75 – 40
Bank borrowings	<u>5.65 – 6.18</u>	<u>5.65 – 8.75</u>
Non-current -		
Bank borrowings	5.65 – 6.18	5.65 – 8.75
Finance leases	<u>-</u>	<u>10</u>

26. Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the statement of financial position

	The Group and Company	
	30 June	1 July
	2020	2019
	\$'000	\$'000
Right-of-use assets		
Land and buildings (Note 15)	<u>108,487</u>	<u>182,273</u>
Lease liabilities		
Current	73,966	63,723
Non-current	<u>45,152</u>	<u>118,550</u>
	<u>119,118</u>	<u>182,273</u>

The right-of-use assets in the statement of financial position relate to warehouse spaces leased for the storage of inventory.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

26. Leases (Continued)

(b) Lease liabilities

	<u>The Group and Company</u>
	\$'000
1 July 2019	182,273
Lease payments	(84,980)
Interest expense	9,524
Foreign exchange translation	12,301
30 June 2020	<u>119,118</u>

Income arising from the sub-lease of right-of-use assets to a related party amounted to \$11,883,000 (Notes 6 and 14).

(c) Amounts recognised in the statement of profit or loss IFRS16

The statement of profit or loss shows the following amounts relating to right-of-use assets and lease liabilities:

	<u>The Group and Company</u>	
	2020	2019
	\$'000	\$'000
Depreciation charge on right-of-use assets		
Land and buildings	<u>73,786</u>	<u>-</u>
Interest expense	<u>9,524</u>	<u>-</u>

27. Share Capital

	2020	2019
	\$'000	\$'000
Authorised –		
4,000,000,000 (2019 – 4,000,000,000) Ordinary stock units		
Issued and fully paid –		
3,750,000,000 (2019 – 3,750,000,000) Ordinary stock units at no par value	<u>1,192,647</u>	<u>1,192,647</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

28. Other Reserves

	The Group and Company	
	2020	2019
	\$'000	\$'000
Realised gains	24,998	24,998
Unrealised surplus on revaluation of land and buildings	72,740	72,740
Share-based payments	80,320	-
Deferred tax on share-based payments	20,080	-
Fair value gains on financial instruments – fair value through other comprehensive income	50,396	33,094
	<u>248,534</u>	<u>130,832</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

This represents the fair value of quoted equity instruments.

Share-based payments

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised under the Group's Employee Share Option Scheme (Note 36).

29. Translation Reserve

The translation reserve represents a cumulation of exchange differences arising on translation of the Company's foreign controlled entity and foreign associate. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

30. Net Profit/Retained Earnings

	The Group	
	2020	2019
	\$'000	\$'000
At beginning of year	9,733,054	7,347,482
Net profit attributable to:		
Company	2,751,887	2,900,989
Subsidiary	49,532	20,541
Associate	984	7,792
	<u>2,802,403</u>	<u>2,929,322</u>
Dividends	<u>(1,050,000)</u>	<u>(543,750)</u>
At end of year	<u><u>11,485,457</u></u>	<u><u>9,733,054</u></u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

31. 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 and Company	
	2020	2019
	\$'000	\$'000
At the beginning of the year	213,511	257,430
Credited to profit or loss	(37,784)	(43,919)
Credited to equity	(20,080)	-
At end of year	<u>155,647</u>	<u>213,511</u>

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

Deferred tax liabilities

	The Group and Company		
	Excess of Capital Allowances over Depreciation	Unrealised Foreign Exchange Gain	Total
	\$'000	\$'000	\$'000
At 1 July 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
(Credited)/Charged to profit or loss	(55,287)	8,859	(46,428)
At 30 June 2020	<u>172,380</u>	<u>20,683</u>	<u>193,063</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

31. Deferred Income Taxes (Continued)

Deferred tax assets

	Finance lease \$'000	Accrued vacation \$'000	Employee share option scheme	Unrealised Foreign exchange losses \$'000	Interest payable \$'000	Total \$'000
At 1 July 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
(Charged)/credited to profit or loss	(228)	(2,868)	-	193	(5,741)	(8,644)
Credited to equity	-	-	20,080	-	-	20,080
At 30 June 2020	-	10,143	20,080	5,909	1,284	37,416

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

31. 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:

	<u>The Group and Company</u>	
	2020	2019
	\$'000	\$'000
Deferred tax assets to be recovered	20,080	228
Deferred tax liabilities to be settled	<u>172,380</u>	<u>227,667</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

	<u>The Group and Company</u>	
	2020	2019
	\$'000	\$'000
Deferred tax liabilities	<u>(155,647)</u>	<u>(213,511)</u>
At end of year	<u>(155,647)</u>	<u>(213,511)</u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

32. Cash Provided by Operating Activities

Cash provided by operating activities includes the following amounts:

	The Group		The Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Net Profit from:				
Continuing operations	2,662,667	2,542,165	2,612,151	2,513,832
Discontinued operations	139,736	387,157	139,736	387,157
Net profit before tax including discontinued operations	2,802,403	2,929,322	2,751,887	2,900,989
Items not affecting cash:				
Share of results of associates	(984)	(7,792)	-	-
Depreciation	1,096,877	1,050,219	1,096,877	1,050,219
Amortisation	62,913	-	62,913	-
Amortisation of loan commitment fees	283	48	283	48
Non-cash employee benefits expense – share-based	80,320	-	80,320	-
Loss/(Gain) on sale of property, plant and equipment	115,621	(4,927)	115,621	(4,927)
Interest income	(136,941)	(89,194)	(136,941)	(89,194)
Write-off of property, plant and equipment	-	57,654	-	57,654
Dividend income	(1,510)	(2,014)	(1,510)	(2,014)
Interest expense	155,561	230,205	155,561	176,406
Taxation expense	583,037	567,741	582,538	567,204
Exchange gain on foreign currency balances	(115,389)	(29,048)	(125,154)	(28,010)
	4,642,191	4,702,214	4,582,395	4,628,375
Changes in operating assets and liabilities:				
Inventories	(91,074)	(1,026,413)	(91,074)	(1,026,413)
Receivables and prepayments	62,093	(281,440)	59,662	(288,461)
Due from parent company	-	-	-	1,898
Trade and other payables	(311,567)	(597,471)	(309,457)	(535,601)
Cash generated from operations	4,301,643	2,796,890	4,241,526	2,779,798
Taxation paid	(628,452)	(529,631)	(628,109)	(529,631)
Cash provided by operating activities	3,673,191	2,267,259	3,613,417	2,250,167

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

32. Cash Provided by Operating Activities (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing.
Amounts represent bank and other loans, excluding bank overdrafts

	The Group and Company	
	2020	2019
	\$'000	\$'000
At 30 June 2019	2,663,043	2,496,211
Loans received	-	567,000
Commitment fees paid	-	(1,418)
Loans repaid	(525,913)	(398,798)
Amortisation of commitment fees	283	48
At 30 June 2020	2,137,413	2,663,043

The principal non-cash transactions include the acquisition of right-of-use assets (Note 16).

33. Pension Scheme

The Company participates in a defined contribution pension plan administered by Sagikor 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 \$160,741,000 (2019 - \$144,244,000) for the Group and the Company.

Pension contributions comprise

	The Group and Company	
	2020	2019
	\$'000	\$'000
Continuing operations (Note 8)	156,246	135,971
Discontinued operations	4,495	8,273
	160,741	144,244

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

34. Dividends

	2020	2019
	\$'000	\$'000
Interim dividends -		
10 cents per stock unit – 27 August 2019	375,000	-
9 cents per stock unit – 3 March 2020	337,500	-
9 cents per stock unit – accrued June 2020	337,500	-
7.5 cents per stock unit – 10 October 2019	-	281,250
7 cents per stock unit – 26 February 2019	-	262,500
	<u>1,050,000</u>	<u>543,750</u>

35. 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.

36. Employee Share Option Scheme

During the financial year, the Company established an Employee Share Option Scheme administered by a committee of the Board of Directors. The Company will seek its shareholders' approval to authorize a maximum of 5% of the total number of issued shares of no par value, to be set aside for allocation and sale to the executive and other key management of the Company, at this year's annual general meeting. The allocation and sale of these shares is governed by the provisions of the Company's Long-Term Incentive Plan Policy and the plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, stock dividend, recapitalization, combinations or exchanges of shares.

The plan is designed to provide long term incentives for executive and key management to deliver long-term shareholder returns. Under the plan, participants are granted options which vest when service conditions are met. Participation in the plan is at the board's discretion, responsibility of which has been delegated to the Corporate Governance and Compensation sub-committee. No individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. The exercise price of options is determined by the Corporate Governance and Compensation Committee.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

36. Employee Share Option Scheme (Continued)

Options granted under the plan during financial year 2020 are as follows:

	Average exercise price per option \$	Number of options \$
As at 1 July	-	-
Granted during the year	15.62	24,574,000
Forfeited during the year	15.62	(930,000)
As at 30 June	15.62	<u>23,644,000</u>
Vested and exercisable at 30 June	-	-

No options expired during the period.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry Date	Exercise Price	Share options 30 June 2020
1 Oct 2019	1 April 2024	7.87	2,364,400
1 Oct 2019	1 April 2024	16.00	9,457,600
1 Oct 2019	1 April 2025	23.00	11,822,000
Total			<u><u>23,644,000</u></u>

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

36. Employee Share Option Scheme (Continued)

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2020 included:

- (a) Options vest based on defined service period.
- (b) Vested options are exercisable for a period of three years after vesting.
- (c) Exercise price: \$7.87, \$16.00, \$23.00
- (d) Grant date: 1 October 2019
- (e) Expiry date: 1 April 2024, 1 April 2025
- (f) Share price: \$23.79
- (g) Expected price volatility: 35.55% (based on historic volatility)
- (h) Expected dividend yield: 0.71%
- (i) Risk-free interest rate: 3.5%

The expense recognised in the profit and loss statement for share-based payments was \$80,320,000.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

37. Adoption of New Accounting Standard

The Group has adopted IFRS 16 Leases retrospectively from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The impact arising from adoption of the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in Note 2(m).

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*.

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6%.

The adoption of IFRS 16 resulted in an increase in the lease liabilities of \$182,273,000 and a corresponding increase in the right-of-use assets of \$182,273,000 on 1 July 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The table below shows the reconciliation of the operating lease commitments as at 30 June 2019 to the lease liabilities recognised as at 1 July 2019:

	The Group and Company
	July 1 2019
	\$'000
Operating lease commitments disclosed as at 30 June 2019	193,209
Effect of discounting using the incremental borrowing rate at the date of initial recognition	(10,936)
Lease liabilities recognised on adoption of IFRS 16 (Note 26)	182,273
Finance lease liabilities recognised as at 30 June 2019 (Note 25)	913
Lease liabilities recognised as at 1 July 2019	183,186

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Notes to the Financial Statements

WISYNCO GROUP LIMITED Year ended 30 June 2020 (expressed in Jamaican dollars unless otherwise indicated)

37. Adoption of New Accounting Standard (Continued)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

38. Subsequent Event

The Company was approved for a loan on July 1, 2020 with National Commercial Bank Limited for \$500 million to replenish cash flow used for the acquisition/installation of a cogeneration plant. The loan proceeds were received on July 24, 2020.

39. Impact of the COVID-19 Pandemic

Jamaica identified its first case of the COVID-19 virus in March 2020, not long before the World Health Organization declared the novel coronavirus, a global pandemic. Measures taken by both local and foreign governments to contain the virus have affected global economic activity. In response to this threat, the Company has taken several measures to protect its team members, customers and shareholders. The Company established a cross-functional team comprised of senior management from various areas of the business, reporting to their CEO, to implement measures to mitigate the impact of the pandemic; which included safety and health protocols for team members, securitization of the Company's supply chain and distribution network, liquidity risk assessment and diversification, and close monitoring of the Company's receivables..

At this point in time, although the fourth quarter presented challenges, the production, sales and distribution teams exceeded their amended sales targets for the fourth quarter. This was primarily due to the diversity of the Company's product portfolio and its far-reaching sales and distribution network across the island. The Company currently has a positive liquidity position with an increase in our cash and short-term deposit balances and ended the financial year with lower outstanding receivables than prior year.

The Company will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue our operations in the best and safest way possible, without jeopardizing the health of its team members.



WAWA
THE INNOVATORS

THE LAND OF
GOOD &
WAWA

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 Thursday, January 14, 2021 at 10:00 A.M. and at any adjournment thereof.

SIGNED this _____ day of _____ 20__

SIGNATURE of Shareholder: _____

RESOLUTIONS	FOR	AGAINST
1		
2		
3		
4		
5		
6		
7		
8		

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.

Place Stamp here
\$100





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Farmers
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Merchandisers

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FOR
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