



Wisynco Group Limited
Interim Report (Unaudited)
2nd Quarter ended
31 December 2020

Wisynco Group Limited (Wisynco) – Interim Report to Stockholders

The Directors present the unaudited financial results for the second quarter ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Revenues for the quarter from continuing operations of \$8 billion represented a decrease of 6% below the \$8.5 billion achieved in the corresponding quarter of the previous year. The COVID-19 pandemic continues to depress activity specifically in areas such as Tourism, Bars and Entertainment, Restaurants and Schools which have been unable to return to any normalcy. In fact, just recently the USA, UK and Canada have added travel restrictions to/from their countries, and we expect this to continue affecting these channels in the near term. As a result, our Revenues from these channels will continue to be impacted and we expect this to continue into Q3 and Q4. Additionally, due to the depressed activity and shrinking wallets, Revenues from some of our higher margin products have also slowed while some of our lower margin products have increased.

Gross Profit for the quarter of \$2.7 billion was 14.7% less than the \$3.1 billion achieved in the same quarter of the previous year. Our Gross Margin at 33.3% was lower than the 36.7% in the prior year and this was due primarily to changes in sales mix, impacted by Covid, which has caused consumers to change their spending habits and to essentially stay at home.

Selling, Distribution & Administrative expenses for the quarter totaled \$1.8 billion or 17% less than the \$2.2 billion for the corresponding quarter of the prior year. This expense reduction of \$381 million for the quarter brings our fiscal year to date cost reduction to \$503 million. Management has been laser focused on controlling our costs from before the start of this pandemic and we applaud the team for their efforts. Our SD&A expenses to sales ratio was 22.7% for the quarter, compared to 25.85% in the prior year with the current quarter having a lower Revenue base than the prior year.

Our team is equally motivated and intent on growing our Revenues and not just on controlling costs. We continue to focus on key areas such as our export channel, which for the 6-month period ended December 31, 2020 grew by 23% and our Full Service Model route to market while focusing on our customers.

The important takeaway from this report is the fact that our country's economic activity has been curtailed due to the pandemic and this has affected all customer channels. We are optimistic that when we start to recover, Wisynco will gain back lost Revenues, and with a much lower cost base we are confident about our propulsion and recovery from this pandemic.

Profit before Taxation for the quarter from continuing operations was \$876 million, which was \$80 million or 8% lower than the comparative quarter of the prior year, and the year to date was \$1.9 billion which was 7.4% less than the \$2 billion realized in Q2 2019. After provision for taxes, Wisynco recorded Net Profits Attributable to Stockholders from continuing operations of \$688 million or 19 cents per share for the quarter which was similar to the \$686 million earned for the prior year, and 3c greater per share after discontinued operations. Management was pleased that we were able to generate higher profitability for the second quarter considering the impact from COVID-19 on the current quarter.

On a fiscal year to date basis, our earnings per share from continuing operations of 41c per share compared reasonably well to 43c per share for the prior year which was not affected by the COVID-19 impact.

Our Balance Sheet remains strong and we continue to seek investments for expansion to garner new Revenues and cost-effective technologies to improve our costs of operations.

We express our sincere gratitude to all our team members who continue to do their very best for their company. To all our customers and consumers, we remain thankful for your continued support and wish everyone good health.



William Mahfood
Chairman



Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Comprehensive Income
Six months ended 31 December 2020

	Quarter ended 31 December 2020 \$'000	Quarter ended 31 December 2019 \$'000	Six months ended 31 December 2020 \$'000	Six months ended 31 December 2019 \$'000
Revenue	7,978,766	8,494,140	16,044,869	17,105,838
Cost of sales	(5,323,062)	(5,381,432)	(10,491,870)	(10,915,810)
Gross Profit	2,655,704	3,112,708	5,552,999	6,190,028
Other operating income	35,231	38,187	78,107	62,752
Selling and distribution expenses	(1,478,400)	(1,842,550)	(3,043,366)	(3,550,570)
Administration expenses	(336,612)	(352,030)	(690,659)	(685,632)
Operating Profit	875,923	956,315	1,897,081	2,016,578
Finance income	45,176	33,772	86,626	75,271
Finance costs	(60,495)	(116,573)	(96,678)	(81,328)
Share of results of associate	(24,491)	(8,444)	(22,876)	3,223
Profit before Taxation	836,113	865,070	1,864,153	2,013,744
Taxation	(147,682)	(179,519)	(324,481)	(421,519)
Profit for the period from continuing operations	688,431	685,551	1,539,672	1,592,225
(Loss)/Profit from discontinued operations	-	(103,055)	-	165,375
Net Profit	688,431	582,496	1,539,672	1,757,600
Other Comprehensive Income				
Items that may be subsequently reclassified to P&L:				
Exchange differences on translation of foreign subsidiary	(404)	(1,131)	(292)	(1,303)
Share of other comprehensive income of associate	1,119	-	16,149	-
Items that may not be subsequently reclassified to P&L:				
Unrealised gains on investment securities	458	24,993	5,133	47,811
Total Comprehensive Income	689,604	606,358	1,560,661	1,804,108
Net Profit attributable to:				
Stockholders of Wisynco Group Limited	688,431	582,496	1,539,672	1,757,600
Total Comprehensive Income attributable to:				
Stockholders of Wisynco Group Limited	689,604	606,358	1,560,661	1,804,108
Earnings/(Loss) per stock unit from continuing and discontinued operations attributable to stockholders of the group				
From continuing operations	\$0.19	\$0.19	\$0.41	\$0.43
From discontinued operations	\$0.00	(\$0.03)	\$0.00	\$0.04
	\$0.19	\$0.16	\$0.41	\$0.47


Note

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Wisynco Group Limited
Group Statement of Financial Position
31 December 2020

	Unaudited December 31 2020 \$'000	Unaudited December 31 2019 \$'000	Audited June 30 2020 \$'000
Non-Current Assets			
Property, plant and equipment	6,967,029	6,686,608	7,088,491
Intangible asset	26,821	68,299	32,162
Investment in associate	597,540	597,184	604,267
Loans receivable	178,493	162,936	175,932
Investment securities	458,270	784,748	131,253
	8,228,153	8,299,775	8,032,105
Current Assets			
Inventories	2,927,342	3,008,000	3,316,760
Receivables and prepayments	2,933,142	3,740,243	2,528,374
Due from parent company	130	-	-
Investment securities	142,445	-	447,267
Cash and short-term deposits	6,797,572	4,348,111	4,950,743
	12,800,631	11,096,354	11,243,144
Current Liabilities			
Trade and other payables	3,168,573	3,527,920	3,339,033
Short-term borrowings	813,624	556,711	702,393
Lease Liability	50,282	-	73,966
Taxation payable	543,549	670,810	437,338
	4,576,028	4,755,441	4,552,730
Net Current Assets	8,224,603	6,340,913	6,690,414
	16,452,756	14,640,688	14,722,519
Shareholders' Equity			
Share capital	1,192,647	1,192,647	1,192,647
Other reserve	297,324	178,643	248,534
Translation reserve	63,992	27,745	48,135
Retained earnings	13,025,129	11,115,654	11,485,457
	14,579,092	12,514,689	12,974,773
Non-current Liabilities			
Deferred tax liabilities	155,647	213,511	155,647
Borrowings	1,641,937	1,912,488	1,546,947
Lease Liabilities	76,080	-	45,152
	1,873,664	2,125,999	1,747,746
	16,452,756	14,640,688	14,722,519


William Mahfood
Chairman


Andrew Mahfood
Chief Executive Officer

Wisynco Group Limited
Group Statement of Changes in Equity
Six months ended 31 December 2020

	Number of Shares	Share Capital \$'000	Capital Reserves \$'000	Retained Earnings \$'000	Translation Reserve \$'000	Total Equity \$'000
Balance as at 1 July 2019	3,750,000,000	1,192,647	130,832	9,733,054	29,048	11,085,581
Net profit	-	-	-	1,757,600	-	1,757,600
Unrealised gain on investments	-	-	47,811	-	-	47,811
Exchange differences on translating foreign subsidiary	-	-	-	-	(1,303)	(1,303)
Total comprehensive income	-	-	47,811	1,757,600	(1,303)	1,804,108
Transactions with Owners:						
Dividends paid	-	-	-	(375,000)	-	(375,000)
	-	-	47,811	1,382,600	(1,303)	1,429,108
Balance at 31 December 2019	3,750,000,000	1,192,647	178,643	11,115,654	27,745	12,514,689
Balance as at 1 July 2020	3,750,000,000	1,192,647	248,534	11,485,457	48,135	12,974,773
Net profit	-	-	-	1,539,672	-	1,539,672
Changes in fair value of equity instruments measured at fair value through other comprehensive income	-	-	5,133	-	-	5,133
Changes in share-based expenses	-	-	43,657	-	-	43,657
Share of other comprehensive income of associate	-	-	-	-	16,149	16,149
Exchange differences on translating foreign subsidiary	-	-	-	-	(292)	(292)
Total comprehensive income	-	-	48,790	1,539,672	15,857	1,604,319
Balance as at 31 December 2020	3,750,000,000	1,192,647	297,324	13,025,129	63,992	14,579,092

Wisynco Group Limited
Group Statement of Cash Flows
Six months ended 31 December 2020

	Six Months ended 31 December 2020 \$'000	Six Months ended 31 December 2019 \$'000
Net profit from operations:		
Continued Operations	1,539,672	1,592,225
Discontinued Operations	-	139,736
Items not affecting cash:		
Share of results of associate	22,876	(3,223)
Depreciation	514,797	501,559
Fixed assets written-off	-	115,716
Gain on sale of property, plant and equipment	(739)	(1,664)
Amortisation of intangibles	11,427	25,593
Long term investment plan (LTIP) expense	43,657	-
Interest income	(86,286)	(69,505)
Dividend income	(426)	-
Interest expense	77,855	76,105
Taxation expense	324,481	447,158
Exchange difference on foreign currency balances	(292)	(18,369)
	2,447,022	2,805,331
Changes in operating assets and liabilities:		
Inventories	389,418	217,686
Receivables and prepayments	(404,898)	(1,154,724)
Trade and other payables	167,040	215,371
Cash generated from operations	2,598,582	2,083,664
Taxation paid	(218,270)	(195,677)
Cash provided by operating activities	2,380,312	1,887,987
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(393,335)	(663,236)
Purchase of intangible assets	(6,086)	(19,989)
Purchase of investments	(319,854)	(377,420)
Net proceeds from deposit held over 90 days	487,026	522,837
Proceeds on disposal of property, plant and equipment	739	4,000
Proceeds from sale of investments	302,792	130,385
Long term receivables	(2,561)	-
Dividend received	426	-
Interest received	86,286	69,505
Cash provided by/(used in) investing activities	155,433	(333,918)
Cash Flows from Financing Activities		
Interest paid	(78,605)	(99,620)
Proceeds from long term loan	500,000	-
New finance lease commitment	55,739	-
Long-term loans repaid	(333,212)	(300,358)
Lease liabilities repaid	(48,495)	-
Finance leases repaid	-	(913)
Dividend paid	(337,500)	(375,000)
Cash used in financing activities	(242,073)	(775,891)
Effects of changes in foreign exchange rates	-	46,608
Increase in cash and cash equivalents	2,293,672	824,787
Cash and cash equivalents at beginning of period	3,637,130	3,415,897
Cash and Cash Equivalents at end of period	5,930,802	4,240,684

Wisynco Group Limited
Notes to the Interim Financial Statements
31 December 2020

1. Basis of preparation

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

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

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

2. Segment reporting

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

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

3. Earnings per stock unit

Earnings per stock unit is calculated on net profit and is based on the weighted average number of ordinary stock units in issue.

	Quarter ended December 31 2020	Quarter ended December 31 2019	Six months ended December 31 2020	Six months ended December 31 2019
Net profit attributable to ordinary stockholders (\$'000)	688,431	582,496	1,539,672	1,757,600
Earnings/(Loss) per stock unit from continuing and discontinued operations attributable to stockholders of the group				
From continuing operations	\$0.19	\$0.19	\$0.41	\$0.43
From discontinued operations	\$0.00	(\$0.03)	\$0.00	\$0.04
Basic earnings per stock unit	\$0.19	\$0.16	\$0.41	\$0.47

Wisynco Group Limited
Notes to the Interim Financial Statements
31 December 2020

4. Profit from Discontinued Operations

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

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

	Quarter ended 31 December 2020 \$'000	Quarter ended 31 December 2019 \$'000	Six months ended 31 December 2020 \$'000	Six months ended 31 December 2019 \$'000
Revenue	-	441,158	-	945,035
Cost of sales	-	(428,497)	-	(664,111)
Gross profit	-	12,661	-	280,924
Other operating expense	-	(115,716)	-	(115,716)
Profit before taxation	-	(103,055)	-	165,208
Taxation	-	-	-	(25,472)
Profit for the period from discontinued operations	-	(103,055)	-	139,736

	Six months ended 31 December 2020 \$'000	Six months ended 30 December 2019 \$'000
Operating cash flows, being net cash flows	-	286,118

5. Investment in Associate

	2020 \$'000
At beginning of quarter	604,267
Amounts recognized in other comprehensive income	16,149
Amounts recognized in profit & loss	(22,876)
Amounts recognized in the Statement of Financial Position	597,540

The Company owns 30% of the share capital in JP Snacks, which is the manufacturer of St. Mary's Snacks.

JP Snacks is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Company's interest in JP Snacks.

Wisynco Group Limited
Notes to the Interim Financial Statements
31 December 2020

6. Cash and Short Term Deposits

	Six months ended December 31 2020 \$'000	Six months ended December 31 2019 \$'000
Cash and bank balances	2,601,889	1,363,200
Short term deposits	4,195,683	2,984,911
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Bank overdraft	6,797,572	4,348,111
Balances with maturity dates over three months	(152,110)	(107,427)
	<hr/>	<hr/>
	(714,660)	-
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	5,930,802	4,240,684

7. Subsequent Events

The Company declared a dividend of 10 cents per share payable to shareholders on record as at February 11, 2021 with a payment date of February 25, 2021.



10 Largest Shareholders of Wisynco Group Limited as at December 31, 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. GraceKennedy Pension Fund Custodian Ltd.	32,744,542	0.8732%
4. Sagicor Select Fund Ltd. ('Class C' Shares) Manufacturing & Distribution	30,964,303	0.8257%
5. SJIML A/C 3119	30,148,676	0.8040%
6. Guardian Life Limited	29,341,646	0.7824%
7. Devon Hugh Reynolds	29,229,613	0.7795%
8. Francois Chalifour	29,216,741	0.7791%
9. National Insurance Fund	28,571,979	0.7619%
10. Sagicor Pooled Equity Fund	23,913,562	0.6377%

Shareholdings of Directors as at December 31, 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	29,216,741		29,216,741
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	1,938,936	2,938,936
Odetta Rockhead Kerr	113,715	0	113,715

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

Shareholdings of Senior Executives as at December 31, 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	485,059	0	485,059
Rachel Zacca	368,596	0	368,596
Annette Morrison	100,000	0	100,000