



EVERYTHING FRESH LIMITED
REPORT TO THE SHAREHOLDERS
FOR THE QUARTER ENDED 30 JUNE, 2019

Everything Fresh Limited (EFL) reports mixed results for the second quarter as we pursued the consolidation and integration of our acquisition of Meat Experts into the business.

Overall sales for the second quarter grew 5% over the comparative period in the prior year.

Of the current period's amount of \$520.5 million, \$458.1 million relates to the traditional distribution business and \$62.4 million relates to the new Meat Experts division. Sales of the traditional business dipped by 7% versus the prior year as one of our major Hospitality Industry relationships closed for a major refurbishing exercise and will reopen early in the fourth quarter of this financial year.

Sales of the Meat Experts division for the first 6 months of 2019 were \$159.1 million. The Plant is currently operating at approximately 30% of capacity.

The Company expects to continue to grow the sales of our Meat Experts division to improve the utilisation of the factory and absorb the associated overhead costs of the plant.

The gross margin in the trading division for the first six months ended 30 June 2019 was 14%, down from 15% in the comparative period of 2018. This was due to changes in the overall product mix. In the second quarter of 2019 the Company entered into a wholesale relationship with a new customer for a few select items.

The sales to this customer represented new business, however the margins were reduced to facilitate the venture.

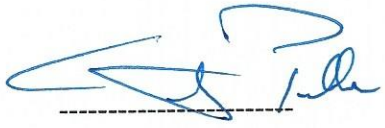
Administrative and selling expenses in the Trading Division for the first six months increased by 21% to \$99.0 million in 2019 compared to \$81.7 million in the prior year.

This was due mainly to an increase in human resource costs of \$12.6 million which took place in the second half of 2018 and the first quarter of 2019.

In addition depreciation increased by \$1.6 million due to increased capital expenditure, electricity increased by \$3.1 million due to increased refrigeration usage and exchange losses increased by \$3.6 million due to net foreign currency outflows that took place in the second quarter over a period when the Jamaican dollar weakened against the US dollar.

The Meat Experts administrative expenses are approximately \$28.6 million per quarter.

The total loss for the 6 months ended June 30 2019 was \$28.5 million. This is the net effect of a profit of \$29.0 million attributed to the traditional distribution business and a loss of \$57.7 million in the Meat Experts division. The 6 months cost of sales for the Meat Experts division of \$159.5 million includes second quarter one off charges of \$7.3 million.



Courtney Pullen
Managing Director

EVERYTHING FRESH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2019

	Unaudited 3 months ended June 2019 \$'000	Unaudited 3 months ended June 2018 * \$'000	Unaudited 6 months ended June 2019 \$'000	Unaudited 6 months ended June 2018 * \$'000	Audited 2018 December \$'000
REVENUE	520,543	494,020	1,113,727	968,640	1,879,661
COST OF SALES	<u>(467,676)</u>	<u>(411,503)</u>	<u>(982,813)</u>	<u>(828,434)</u>	<u>(1,660,956)</u>
GROSS PROFIT	52,867	82,517	130,914	140,206	218,705
Other operating income	<u>1,343</u>	<u>277</u>	<u>1,526</u>	<u>414</u>	<u>2,216</u>
	<u>54,210</u>	<u>82,794</u>	<u>132,440</u>	<u>140,620</u>	<u>220,921</u>
EXPENSES					
Administrative and other expenses	(80,164)	(34,800)	(156,117)	(73,199)	(177,991)
Selling and promotion expenses	<u>(74)</u>	<u>(5,654)</u>	<u>(151)</u>	<u>(8,477)</u>	<u>(10,647)</u>
	<u>(80,238)</u>	<u>(40,454)</u>	<u>(156,268)</u>	<u>(81,676)</u>	<u>(188,638)</u>
OPERATING PROFIT	(26,028)	42,340	(23,828)	58,944	32,283
Finance costs	<u>(2,778)</u>	<u>(3,659)</u>	<u>(4,681)</u>	<u>(7,645)</u>	<u>(13,525)</u>
	(28,806)	38,681	(28,509)	51,299	18,758
Taxation	<u>-</u>	<u>(8,268)</u>	<u>-</u>	<u>(8,268)</u>	<u>(2,415)</u>
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME	<u>(28,806)</u>	<u>30,413</u>	<u>(28,509)</u>	<u>43,031</u>	<u>16,343</u>
EARNINGS PER STOCK UNIT(cents)	(3.69)	3.90	(3.66)	5.52	2.10

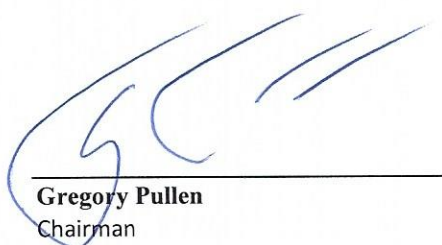
* results include reclassifications for comparative purposes

EVERYTHING FRESH LIMITED


STATEMENT OF FINANCIAL POSITION

SIX MONTHS ENDED 30 JUNE 2019

	Unaudited 2019 June \$'000	Unaudited 2018 June * \$'000	Audited 2018 December \$'000
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	123,716	32,983	57,990
Intangible asset	6,083	2,648	3,894
	<u>129,799</u>	<u>35,631</u>	<u>61,884</u>
CURRENT ASSETS			
Inventories	258,721	105,229	200,460
Receivables	268,922	461,299	289,578
Related Parties	14,131	13,906	13,896
Taxation recoverable	4,429	-	2,882
Deposit on investments	59,688	29,071	120,362
Cash and short term deposits	58,398	243,606	184,898
	<u>664,289</u>	<u>853,111</u>	<u>812,076</u>
	<u>794,088</u>	<u>888,742</u>	<u>873,960</u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY			
Share Capital	364,850	364,850	364,850
Retained Earnings	229,925	285,951	258,434
	<u>594,775</u>	<u>650,801</u>	<u>623,284</u>
CURRENT LIABILITIES			
Borrowings	124,989	137,545	135,896
Payables	74,324	93,975	114,780
Taxation Payable	-	6,421	-
	<u>199,313</u>	<u>237,941</u>	<u>250,676</u>
	<u>794,088</u>	<u>888,742</u>	<u>873,960</u>



Gregory Pullen
Chairman



Courtney Pullen
Managing Director

* Amounts include reclassifications for comparative purposes

EVERYTHING FRESH LIMITED

STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2019

	Unaudited No. of Shares <u>'000</u>	Unaudited Share Capital <u>\$'000</u>	Unaudited Retained Earnings <u>\$'000</u>	Total Equity <u>\$'000</u>
BALANCE AT 1 JANUARY 2018	100	100	242,920	243,020
TOTAL COMPREHENSIVE INCOME				
Issue of shares, net of transaction costs	779,900	364,750	-	364,750
Net profit for the period	-	-	43,031	43,031
BALANCE AT 30 JUNE 2018	<u>780,000</u>	<u>364,850</u>	<u>285,951</u>	<u>650,801</u>
BALANCE AT 1 JANUARY 2019	780,000	364,850	258,434	623,284
TOTAL COMPREHENSIVE INCOME				
Net loss for the period	-	-	(28,509)	(28,509)
BALANCE AT 30 JUNE 2019	<u>780,000</u>	<u>364,850</u>	<u>229,925</u>	<u>594,775</u>

EVERYTHING FRESH LIMITED**STATEMENT OF CASH FLOWS****SIX MONTHS ENDED 30 JUNE 2019**

	Unaudited 2019 June \$'000	Unaudited 2018 June \$'000	Audited 2018 December \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss)/profit for the period	(28,509)	43,031	16,343
Adjustments for:			
Unrealised foreign exchange gains	-	-	(3,752)
Impairment allowance	-	-	1,161
Depreciation	8,118	3,326	7,535
Gain on sale of fixed assets	(1,336)	-	-
Interest income	(190)	-	(1,835)
Interest expense	4,681	7,645	11,106
Taxation	-	8,268	2,415
	<u>(17,236)</u>	<u>62,270</u>	<u>32,973</u>
Changes in operating assets and liabilities:			
Inventories	(58,261)	25,977	(69,254)
Receivables	20,656	(212,945)	(43,211)
Payables	(40,456)	(35,038)	(15,959)
Related parties	(235)	500	510
	<u>(95,532)</u>	<u>(159,236)</u>	<u>(94,941)</u>
Taxation paid	(1,547)	(2,906)	(6,356)
Cash used in operating activities	<u>(97,079)</u>	<u>(162,142)</u>	<u>(101,297)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposit on investments	60,674	(29,071)	(120,362)
Interest received	397	-	1,628
Purchase of intangible asset	(2,189)	(2,648)	(3,894)
Sales proceeds from disposal of fixed assets	1,479	-	-
Purchase of property, plant and equipment	(73,987)	(5,334)	(34,550)
	<u>(13,626)</u>	<u>(37,053)</u>	<u>(157,178)</u>
Cash used in investing activities	<u>(13,626)</u>	<u>(37,053)</u>	<u>(157,178)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issue of shares, net of expenses	-	364,750	364,750
Interest paid	(4,681)	(7,645)	(10,672)
Loan received	177,578	217,707	367,313
Loan repayments	(175,142)	(227,531)	(409,091)
	<u>(2,245)</u>	<u>347,281</u>	<u>312,300</u>
Cash (used in)/ provided by financing activities	<u>(2,245)</u>	<u>347,281</u>	<u>312,300</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(112,950)	148,086	53,825
Exchange gain on foreign cash balances	-	-	1,818
Cash and cash equivalents at beginning of year	<u>120,823</u>	<u>65,180</u>	<u>65,180</u>
	<u>7,873</u>	<u>213,266</u>	<u>120,823</u>
Cash and cash equivalents			
per balance sheet	58,398	243,606	184,898
less accrued interest	-	-	(207)
less credit card balances	(50,525)	(30,340)	(63,868)
	<u>7,873</u>	<u>213,266</u>	<u>120,823</u>

EVERYTHING FRESH LIMITED

SEGMENT REPORTING

SIX MONTHS ENDED 30 JUNE 2019

	Combined \$'000	Trading Division \$'000	Meat Plant Division \$'000
REVENUE	1,113,727	954,659	159,068
Cost of Sales	(982,813)	(823,325)	(159,488)
	130,914	131,334	(420)
Other Income	1,526	1,526	-
Administrative and selling expenses	(156,268)	(98,989)	(57,279)
Finance Costs	(4,681)	(4,681)	-
Profit/(loss) for the period	<u>(28,509)</u>	<u>29,190</u>	<u>(57,699)</u>
Segment assets			
Non-current assets	129,799	66,689	63,110
Current assets	664,289	600,360	63,929
	<u>794,088</u>	<u>667,049</u>	<u>127,039</u>
Segment liabilities			
Current liabilities	199,313	194,598	4,715
Other segment items:			
Capital expenditure	73,987	7,691	66,296
Depreciation	<u>8,118</u>	<u>4,926</u>	<u>3,192</u>

EVERYTHING FRESH LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2019

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Everything Fresh Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 78 Marcus Garvey Drive, Kingston 11. The company became listed on the Junior Market of the Jamaica Stock Exchange on 22 June 2018.
- (b) The principal activities of the company are the importation and distribution of dairy products, meats, seafood, fruits, vegetables and dry goods.
In January 2019 the company acquired a meat processing plant which manufactures burgers and sausages. The plant also produces fine cuts of beef, pork and mutton.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act. These financial statements are presented in Jamaican dollars.

3. SEGMENT REPORTING

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

The company has two reportable segments, as described below, which are the company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The primary reportable segments are:

- (i) Everything Fresh Distribution Division - importation and distribution of dairy products, meats, seafood, fruits, vegetables and dry goods.
- (ii) Meat Experts Processing Division - manufacture of burgers and sausages, and production of fine cuts of beef, pork and mutton

The distribution operations are conducted at 78 Marcus Garvey Drive, Kingston
The meat processing operations are carried out at Barry Main Road, Bog Walk, St. Catherine

Transactions between business segments have been eliminated.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2018.

EVERYTHING FRESH LIMITED
DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS
AS AT JUNE 30, 2019

PRIMARY HOLDER	DIRECT	CONNECTED PARTY	TOTAL	PERCENTAGE
Courtney Pullen	-	624,000,000	624,000,000	80.00%
Melene Pullen	-	624,000,000	624,000,000	80.00%
Garret Gardner	-	624,000,000	624,000,000	80.00%
Nesha Carby	-	624,000,000	624,000,000	80.00%
Jennifer Lewis	40,000	-	40,000	0.01%
Gregory Pullen	5,281,855	-	5,281,855	0.68%
Donovan Perkins	453,814	-	453,814	0.06%
Vivette Miller	80,000	-	80,000	0.01%
Mark Croskery	-	198,897	198,897	0.03%
Leo Williams (mentor)	1,160,000	-	1,160,000	0.15%
Total	6,975,669	624,198,897	631,214,566	

SENIOR MANAGERS AND CONNECTED PARTIES SHAREHOLDINGS
AS AT JUNE 30, 2019

PRIMARY HOLDER	DIRECT	CONNECTED PARTY	TOTAL	PERCENTAGE
Jacqueline Archie	43,000	-	43,000	0.01%
Arthur Haye	120,000	-	120,000	0.02%
Natoya Shakespeare	625,000	-	625,000	0.08%
Amanda Gardner	263,000	-	263,000	0.03%
Total	1,051,000	-	1,051,000	

TOP TEN SHAREHOLDINGS
AS AT JUNE 30, 2019

PRIMARY HOLDER	JOINT HOLDER	TOTAL	PERCENTAGE
Quality Investments Ltd	-	624,000,000	80.00%
Stocks & Securities Ltd (Alpha)	-	68,566,700	8.79%
Gregory Pullen	Shemala Mitchell	4,769,502	0.61%
Star Holdings Limited	-	5,000,000	0.64%
Anthony Chance	Claudine Chance	3,000,000	0.38%
Andrew Pairman	Paula Pairman	2,586,000	0.33%
SSL Money Managers Growth	-	1,809,786	0.23%
Caribbean Foods Limited	-	1,477,403	0.19%
Chas E. Ramson Limited	-	1,200,000	0.15%
Carlisle Allister Howson	Andrea Marie Senior-Howson	1,200,000	0.15%
	-		
Total	-	713,609,391	