



CHAIRMAN'S REPORT Q3 2014

The Directors of *AML Foods Limited* are pleased to announce its results for the 3rd quarter ended October 31st 2014, which reflected a net profit of \$314k compared to a loss of \$904k for the same period in the previous year. Year to date, the Company has recorded a net profit of \$2.84m compared to a net loss of \$5k in the previous year.

The Company's continued focus on operational efficiencies and competitiveness within a challenging economy has allowed it to achieve another quarter of improved earnings, despite flat overall sales. Based on these results, the Board of Directors have approved a dividend payment of \$0.03 per share, payable on January 16, 2015 to shareholders on record as of January 9, 2015.

As we approach year end, we are concentrating on ensuring we have a successful Christmas period to end our 2014 fiscal year on a strong note. Our planning for the implementation of Value Added Tax on January 1st, 2015, is complete and we expect a smooth transition within our operations.

The Board of Directors thanks our loyal customers, shareholders and dedicated staff for their continued confidence in *AML Foods Limited*.

Dionisio D'Aguilar
Chairman



**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 31, 2014**

CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Bahamian dollars)

	October 31, 2014	January 31, 2014
Assets		
Current assets		
Cash and bank balances	\$ 4,572	5,055
Receivables, net of provisions	985	945
Merchandise inventories, net of provisions	17,160	17,082
Other current assets	2,248	2,265
	24,965	25,347
Capital assets		
Property and buildings	7,163	6,261
Equipment	6,411	7,582
Leasehold improvements	7,342	7,021
Work In Progress	1,569	1,312
	22,485	22,176
Goodwill	3,602	3,602
Term deposits with maturities greater than 90 days (Note 4)	257	883
	3,859	4,485
	\$ 51,309	52,008
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ 1,604	2,222
Accounts payable and accrued expenses	10,402	10,215
Current port of preference shares	-	2,222
	12,006	14,659
Long-term liabilities		
Preference shares	17,750	17,778
	29,756	32,437
Equity		
Ordinary shares	7,556	7,702
Treasury shares (note 3)	(102)	(487)
Capital paid in excess of par	2,323	2,664
Property revaluation surplus	794	794
Retained earnings	10,982	8,897
	21,553	19,571
	\$ 51,309	52,008

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended October 31, 2014	Quarter Ended October 31, 2013
Sales	\$ 34,419	34,387
Cost of sales	(23,398)	(24,557)
Gross profit	11,021	9,830
Selling, general and administrative expenses	(10,045)	(9,721)
Business License	(453)	(444)
Other operating income	119	55
Net operating profit	642	(280)
Interest expense	(7)	(21)
Dividends on preference shares	(321)	(362)
Net profit from continuing operations	\$ 314	(663)
Loss on disposal of fixed assets	-	(250)
Net profit and comprehensive income	\$ 314	(905)
Profit per share	\$0.021	\$(0.059)

	Nine Months Ended October 31, 2014	Nine Months Ended October 31, 2013
Sales	\$ 105,794	106,578
Cost of sales	(71,455)	(75,580)
Gross profit	34,339	30,998
Selling, general and administrative expenses	(29,314)	(28,924)
Business License	(1,391)	(950)
Other operating income	373	260
Net operating profit	4,007	1,384
Interest expense	(36)	(52)
Dividends on preference shares	(1,006)	(1,087)
Net profit from continuing operations	\$ 2,965	245
Pre-opening expenses	(125)	-
Loss on disposal of fixed assets	-	(250)
Net profit and comprehensive income	\$ 2,840	(5)
Profit per share	\$0.184	\$(0.00)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in thousands of Bahamian dollars)

	No. of Shares	Retained Earnings	Share Capital	Contributed Surplus	Treasury Shares	Revaluation Surplus	Total
January 31, 2014	15,113	\$ 8,897	7,557	2,323	-	794	\$ 19,571
Net profit for period		2,840	-	-	-	-	2,840
Revaluation				-		-	-
Shares repurchased (note 3)			-		(102)	-	(102)
Declared dividends (note 2)		(756)	-	-	-	-	(756)
October 31, 2014	15,113	\$ 10,981	7,557	2,323	(102)	794	\$ 21,553
January 31, 2013	15,404	\$ 9,115	7,702	2,664	(439)	942	\$ 19,984
Net profit for period	-	(5)	-	-	-	-	(5)
Revaluation				-		(148)	(148)
Shares repurchased (note 3)	-	-	-	-	42	-	42
Declared dividends (note 2)	-	(1,209)	-	-	-	-	(1,209)
October 31, 2013	15,404	\$ 7,901	7,702	2,664	- 397	794	\$ 18,664

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Quarter Ended October 31, 2014	Quarter Ended October 31, 2013
Cash flows from operating activities		
Net profit for period	\$ 314	(905)
Adjustments for:		
Depreciation and amortization of franchise fees	918	841
Dividends on preference shares	322	362
Decrease in inventory provision	(89)	(181)
Increase in provision for doubtful debts	26	2
Loss on disposal of property, plant and equipment	241	241
Operating cash flow before changes in working capital	1,491	360
Working capital source / (use)		
Merchandising inventories	(1,739)	(14)
Accounts receivable	630	371
Other current assets	281	124
Accounts payable and accrued expenses	(383)	(60)
Net cash provided by operating activities	280	781
Investing activities source / (use)		
Additions to property, plant and equipment	(805)	(770)
Net cash used in investing activities	(805)	(770)
Financing activities source / (use)		
Dividends on ordinary shares	(453)	(303)
Dividends paid on preference shares	(322)	(362)
Repurchase of treasury shares	(102)	(47)
Unrealized gain on shares	-	60
Net cash used in financing activities	(877)	(683)
Increase in cash	\$ (1,402)	(672)
Cash, beginning of period	4,627	2,607
Cash, end of period	3,225	1,935
Movement for period	\$ (1402)	(672)

Cash and cash equivalents comprise cash less bank overdrafts.

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended October 31, 2014

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards using the same accounting policies and methods of computation as the Consolidated Financial Statements included in the 2013 Annual Report.

The consolidated financial statements include the accounts of AML Foods Limited, formerly Abaco Markets Limited, (“the Company”) and its significant wholly owned subsidiaries: Solomon’s Supercentre (Nassau) Limited, Cost Right Nassau Limited, Solomon’s Club (Freeport) Limited, Thompson Wholesale Limited, Caribbean Franchise Holdings Limited, Solomon’s Fresh Market Limited and CJB Limited.

2. DECLARED DIVIDENDS

On June 18, 2014 the Company declared dividends of \$0.02 per ordinary share and the dividends were subsequently paid on July 04, 2014 to the shareholders on record as of June 27, 2014. The Company declared further dividends of \$0.03 per ordinary share on September 19, 2014 which were paid on October 03, 2014 to shareholders on record as of September 26, 2014.

3. SHARE BUYBACK PLAN

In accordance with the share buyback plan which was reinstated on June 18, 2014, the Company purchased 53,261 shares for a total of \$102k during the period. These shares are reflected as treasury shares on the statement of equity.

4. TERM DEPOSITS

The Company held a term deposit in the amount of \$257k at Finance Corporation of The Bahamas (FINCO) which matures in December 2014.

AML FOODS LIMITED

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DIRECTORS

Dionisio D'Aguiar (Chairman)
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Frank J. Crothers
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