



CHAIRMAN'S REPORT Q2 2015

The Board of *AML Foods Limited* is pleased to announce results for the quarter ended July 31st, 2015, reflecting a net profit of \$1.05m, compared to \$1.08m for the same period in the prior year. Sales for the period were \$35.28m, a decrease of 1.99% over the previous year.

Despite the noticeable impact of Value Added Tax on consumer spending, we recorded consistent net profits during this period. While our transaction counts remained constant, the average spend of our customers has decreased from pre-Vat levels, indicating adjustments in consumer spending habits. Prior to the implementation of VAT, we recommitted to driving value for our customers, by providing quality products and services at great prices. This unwavering commitment to offering value for money has enabled us to help Bahamian consumers transition and adjust to VAT. With this approach, we have been able to successfully maintain sales and performance levels. We expect that this approach will continue to serve us well in the coming quarters.

Our Company recently announced the signing of a letter of intent with developers, Luxury Homes (Bahamas) Ltd, a subsidiary of Sunshine Holdings Ltd., to build a shopping center in Eastern New Providence. Under the terms of the planned deal, AML Foods will have a 45% ownership in the development proposed for the main Yamacraw Hill Road. Solomon's Food Store, an *AML Foods Limited* brand, will serve as the anchor tenant. This expansion allows our Company to continue its strategy of opening neighborhood stores to complement our destination stores. We are looking forward to the opening of this shopping center and our new store in late 2017. We expect growth in both sales and purchasing power, as we meet the needs of the underserved communities of Eastern New Providence.

We thank our loyal customers, dedicated staff and shareholders for their continued support of *AML Foods Limited*.

Dionisio D'Aguilar
Chairman



**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31, 2015**

CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Bahamian dollars)

	July 31, 2015	January 31, 2015
Assets		
Current assets		
Cash and bank balances	\$ 3,612	2,947
Receivables, net of provisions	1,555	1,197
Merchandise inventories, net of provisions	17,794	19,303
Other current assets	2,974	2,485
	25,935	25,932
Capital assets		
Property and buildings	8,631	8,800
Equipment	7,849	7,283
Leasehold improvements	7,591	7,723
Work In Progress	3,273	2,445
	27,344	26,250
Term deposits with maturities > 90 days	909	905
Goodwill	3,019	3,019
	\$ 57,207	56,106
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ 1,865	2,033
Accounts payable and accrued expenses	10,377	11,328
Current port of preference shares	439	1,775
	12,681	15,136
Long-term liabilities		
Preference shares	17,311	15,975
	29,992	31,111
Equity		
Ordinary shares	7,525	7,556
Treasury shares (note 3)	-	(125)
Capital paid in excess of par	2,230	2,323
Property revaluation surplus	3,159	3,159
Retained earnings	14,301	12,082
	27,215	24,995
Total liabilities and shareholders' equity	\$ 57,207	56,106

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended July 31, 2015	Quarter Ended July 31, 2014
Sales	\$ 35,278	35,987
Cost of sales	(23,688)	(24,237)
Gross profit	11,590	11,750
Selling, general and administrative expenses	(9,997)	(9,938)
Business License	(403)	(474)
Other operating income	146	140
Net operating profit	1,336	1,478
Interest expense	(19)	(12)
Dividends on preference shares	(266)	(323)
Net profit before pre-opening expenses	\$ 1,109	1,144
Pre-opening expenses	-	(59)
Net profit and comprehensive income	\$ 1,051	1,084
Profit per share	\$0.070	\$0.072

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, 2015	15,112	\$ 12,082	7,556	2,323	(125)	3,159	\$ 24,995
Net profit for period		2,521	-	-	-	-	2,521
Cancellation of treasury shares	(63)		(32)	(93)	125	-	-
Declared dividends (note 2)		(301)	-	-	-	-	(301)
July 31, 2015	15,049	\$ 14,302	7,524	2,230	-	3,159	\$ 27,215
January 31, 2014	15,404	\$ 8,897	7,702	2,664	(486)	794	\$ 19,571
Net profit for period		2,526	-	-	-	-	2,526
Cancellation of treasury shares	(292)		(146)	(340)	486	-	-
Declared dividends (note 2)		(302)	-	-	-	-	(302)
July 31, 2014	15,112	\$ 11,121	7,556	2,324	-	794	\$ 21,795

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Six Months Ended July 31, 2015	Six Months Ended July 31, 2014
Cash flows from operating activities		
Net profit for period	\$ 2,521	2,526
Adjustments for:		
Depreciation and amortization of franchise fees	1,976	1,715
Dividends on preference shares	533	684
Decrease/(increase) in inventory provision	(142)	147
Decrease in provision for doubtful debts	(5)	13
Operating cash flow before changes in working capital	4,883	5,105
Working capital source/(use)		
Merchandising inventories	1,651	1,628
Accounts receivable	(353)	(685)
Other current assets	(488)	(255)
Accounts payable and accrued expenses	(953)	485
Net cash provided by operating activities	4,740	6,278
Investing activities source/(use)		
Additions to property, plant and equipment	(3,070)	(2,131)
Net cash used in investing activities	(3,070)	(2,131)
Financing activities source/(use)		
Preference shares principal payment	-	(2,250)
Dividends on ordinary shares	(301)	(302)
Dividends paid on preference shares	(533)	(684)
Unrealized gain on shares	-	-
Net cash used in financing activities	(834)	(3,236)
Increase in cash	\$ 836	911
Cash, beginning of period	1,820	3,716
Cash, end of period	2,656	4,627
Movement for period	\$ 836	911

Cash and cash equivalents comprise cash less bank overdrafts.

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended July 31, 2015

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 2014 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 26, 2015 the Company declared dividends of \$0.02 per ordinary share payable to shareholders on record as of July 06, 2015. The dividends were subsequently paid on July 13, 2015. The Company declared further dividends of \$0.02 per ordinary share to be payable on October 23, 2015 to shareholders on record as of October 16, 2015.

3. SHARE BUYBACK PLAN

The Company reinstated its share buyback plan on June 18, 2014. However, no purchases were made under this plan during the quarter ended July 31, 2015.

AML FOODS LIMITED

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