



CHAIRMAN'S REPORT

Q4 2015

The Board of Directors at *AML Foods Limited* is pleased to report results for the quarter ended January 31st, 2016, reflecting a net profit of \$2.14m compared to \$1.55m for the same period in the previous year. Sales for the period were \$41.1m, an increase of 4% over the prior year.

The reporting does not reflect a normal year-end for AML, as the 2015 fiscal year has been extended to a 15 month period ending April 30th, 2016. This extension was applied in order to accommodate the implementation of a new fiscal year, May 1st – April 30th.

We are pleased that we continued to record consistent sales growth in the fourth quarter. From an operations standpoint, we were well prepared for the holiday season and this was reflected in the strong sales recorded during Christmas. The growth in sales for the quarter was due to increased customer traffic. This is an indication that our strategy of focusing on quality and value is resonating with Bahamian shoppers. The Bahamian consumer is looking for quality products at affordable prices, and we feel that we are consistently providing this. At the same time, we will continue to focus internally on identifying and capitalizing on increased efficiencies and managing our businesses better.

Based on our quarter results, the Board of Directors have approved a dividend payment of \$0.02 per share, payable on March 23, 2016 to shareholders on record as of March 16, 2016.

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 JANUARY 31, 2016**

CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Bahamian dollars)

	January 31, 2016	January 31, 2015
Assets		
Current assets		
Cash and bank balances	\$ 6,486	2,947
Receivables, net of provisions	1,717	1,197
Merchandise inventories, net of provisions	17,001	19,303
Other current assets	3,334	2,485
	<hr/> 28,538	<hr/> 25,932
Capital assets		
Property and buildings	16,849	8,800
Equipment	7,472	7,283
Leasehold improvements	7,679	7,723
Work In Progress	905	2,445
	<hr/> 32,905	<hr/> 26,250
Goodwill	3,019	3,019
Term deposits with maturities greater than 90 days (Note 4)	913	905
	<hr/> 3,932	<hr/> 3,924
	<hr/> <hr/> \$ 65,375	<hr/> <hr/> 56,106
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ 236	2,033
Accounts payable and accrued expenses	11,457	11,328
Current portion of preference shares	1,775	1,775
Current portion of bank loan	576	-
	<hr/> 14,044	<hr/> 15,136
Long-term liabilities		
Preference shares	15,536	15,975
Bank loan	6,490	-
	<hr/> 22,026	<hr/> 15,975
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	16,391	12,082
	<hr/> 29,305	<hr/> 24,995
	<hr/> <hr/> \$ 65,375	<hr/> <hr/> 56,106

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended January 31, 2016	Quarter Ended January 31, 2015
Sales	\$ 41,096	39,495
Cost of sales	(27,969)	(27,026)
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Gross profit	13,127	12,469
Selling, general and administrative expenses	(10,929)	(10,652)
Other operating income	299	250
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Net operating profit	2,497	2,067
Interest expense	(97)	(21)
Dividends on preference shares	(260)	(269)
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Net profit from continuing operations	\$ 2,140	1,776
Extraordinary income		356
Loss on goodwill impairment		(583)
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Net profit and comprehensive income	\$ 2,140	1,550
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Profit per share	\$0.142	\$0.103

	Twelve Months Ended January 31, 2016	Twelve Months Ended January 31, 2015
Sales	\$ 148,385	145,289
Cost of sales	(100,767)	(98,481)
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Gross profit	47,617	46,808
Selling, general and administrative expenses	(41,965)	(41,356)
Other operating income	795	623
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Net operating profit	6,448	6,075
Interest expense	(177)	(58)
Dividends on preference shares	(1,059)	(1,275)
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Net profit from continuing operations	\$ 5,212	4,742
Loss on goodwill impairment		(583)
Extraordinary income		356
Pre-opening expenses	-	(125)
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Net profit and comprehensive income	\$ 5,212	4,390
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Profit per share	\$0.346	\$0.29

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		5,212	-	-	-	-	5,212
Revaluation				-		-	-
Cancellation of treasury shares	(63)		(32)	(93)	125	-	-
Shares repurchased (note 3)	-		-			-	-
<u>Declared dividends (note 2)</u>		<u>(902)</u>	-	-	-	-	<u>(902)</u>
January 31, 2016	15,049	\$ 16,392	7,524	2,230	-	3,159	\$ 29,305
January 31, 2014	15,404	\$ 8,897	7,702	2,664	(486)	794	\$ 19,571
Net profit for period		4,390	-	-	-	-	4,390
Revaluation				-		2,365	2,365
Shares repurchased (note 3)			-		(125)	-	(125)
Cancellation of treasury shares	(292)		(146)	(340)	486		
<u>Declared dividends (note 2)</u>		<u>(1,206)</u>	-	-	-	-	<u>(1,206)</u>
January 31, 2015	15,112	\$ 12,081	7,556	2,324	(125)	3,159	\$ 24,995

AML FOODS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Twelve Months Ended January 31, 2016	Twelve Months Ended January 31, 2015
Cash flows from operating activities		
Net profit for period	\$ 5,212	4,390
Adjustments for:		
Depreciation and amortization of franchise fees	4,046	3,548
Dividends on preference shares	1,059	1,275
Increase / (Decrease) in inventory provision	292	346
Loss on impairment of goodwill	-	583
Gain on property revaluation	(356)	
Loss on disposal property, plant and equipment	11	-
Increase in provision for doubtful debts	9	13
Operating cash flow before changes in working capital	10,628	9,799
Working capital source / (use)		
Merchandising inventories	2,009	(2,567)
Accounts receivable	(529)	(265)
Other current assets	(554)	(221)
Accounts payable and accrued expenses	129	1,113
Net cash provided by operating activities	11,684	7,859
Investing activities source / (use)		
Additions to property, plant and equipment	(10,719)	(4,900)
Movement on investments	(295)	-
Term deposits		(22)
Proceeds from disposal of property and equipment	7	-
Net cash used in investing activities	(11,008)	(4,922)
Financing activities source / (use)		
Proceeds from bank loans	7,250	-
Preference shares principal payment	(439)	(2,250)
Dividends on ordinary shares	(902)	(1,206)
Dividends paid on preference shares	(1,059)	(1,275)
Repurchase of treasury shares	-	(125)
Repayment of bank loan	(184)	-
Net cash used in financing activities	4,666	(4,856)
Increase in cash	\$ 5,342	(1,919)
Cash, beginning of period	1,820	2,833
Cash, end of period	7,162	914
Movement for period	\$ 5,342	(1,919)

Cash and cash equivalents comprise cash less bank overdrafts.

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended January 31, 2016

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 2015 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 paid dividends of \$0.02 per ordinary share on October 23rd, 2015 to shareholders on record as of October 21, 2015. On December 11, 2015, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on December 30th, 2015 to shareholders of record on December 16th, 2015. At the meeting of the Board of Directors on March 9, 2016 a dividend of \$0.02 was approved to be paid on March 23, 2016 to shareholders of record on March 16, 2016.

3. TERM DEPOSITS

The Company held two term deposits in the amount of \$648k and \$265k at Finance Corporation of The Bahamas (FINCO) which matures in May 2016 and December 2016, respectively.

AML FOODS LIMITED

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DIRECTORS
Dionisio D'Aguilar (Chairman)
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Frank J. Crothers
Franklyn Butler, II
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Mike Maura Jr.
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