



CHAIRMAN'S REPORT

Q1 2016

The Board of Directors at *AML Foods Limited* is pleased to report results for the first quarter ended July 31st, 2016 reflecting a net profit of \$1.47m compared to \$1.05m for the same period in the previous year. Sales for the quarter were \$37.9m, an increase of 7.4% over the same period in the prior year.

Based on our quarter results, the Board of Directors have approved a dividend payment of \$0.02 per share, payable on September 21, 2016 to shareholders on record as of September 16, 2016.

Customer traffic remained strong during the period, an indication that our Company's commitment to staying competitive and driving value for Bahamians, continues to resonate with our customers. As well, our continued focus on identifying and capitalizing on increased efficiencies and managing our businesses better, is allowing us to achieve consistent net profit earnings.

We are proud to announce that the Company purchased land to build a new 38,000 square-foot Solomon's food store, on Yamacraw Road. The new store, which is expected to open in 2017 before the Christmas season, will provide the residents of eastern New Providence with the convenience of the Solomon's shopping experience in their neighborhood. Construction has also commenced on the Carl's Jr. Carmichael Road location. With our growing presence of both destination and neighborhood stores, we expect to see continued sales growth and earnings for our shareholders.

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, 2016**

CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Bahamian dollars)

	Quarter Ended July 31, 2016	Quarter Ended April 30, 2015
Assets		
Current assets		
Cash and bank balances	\$ 8,236	9,483
Receivables, net of provisions	1,386	1,253
Merchandise inventories, net of provisions	15,561	16,152
Other current assets	3,031	2,953
	<hr/> 28,214	<hr/> 29,841
Capital assets		
Property and buildings	19,370	16,580
Equipment	6,894	7,162
Leasehold improvements	7,823	8,104
Work In Progress	794	392
	<hr/> 34,881	<hr/> 32,238
Goodwill	3,019	3,019
Term deposits with maturities greater than 90 days	269	917
	<hr/> 3,288	<hr/> 3,936
	<hr/> <hr/> \$ 66,383	<hr/> <hr/> 66,015
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ -	130
Accounts payable and accrued expenses	11,249	11,772
Current portion of preference shares	1,775	1,775
Current portion of bank loan	631	623
	<hr/> 13,655	<hr/> 14,300
Long-term liabilities		
Preference shares	15,536	15,536
Bank loan	5,461	5,621
	<hr/> 20,997	<hr/> 21,157
Equity		
Ordinary shares	7,525	7,525
Treasury shares	-	-
Capital paid in excess of par	2,230	2,230
Property revaluation surplus	3,159	3,159
Retained earnings	18,817	17,644
	<hr/> 31,731	<hr/> 30,558
	<hr/> <hr/> \$ 66,383	<hr/> <hr/> 66,015

AML FOODS LIMITED
CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended July 31, 2016	Quarter Ended July 31, 2015
Sales	\$ 37,876	35,278
Cost of sales	(25,464)	(23,688)
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Gross profit	12,412	11,590
Selling, general and administrative expenses	(10,747)	(10,400)
Other operating income	153	146
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Net operating profit	1,818	1,336
Interest expense	(83)	(19)
Dividends on preference shares	(261)	(266)
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Net profit from continuing operations	\$ 1,474	1,051
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Profit per share	\$0.098	\$0.070

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
April 30, 2016	15,049	\$ 17,644	7,524	2,231	-	3,159	\$ 30,558
Net profit for period		1,474				-	1,474
Declared dividends		(301)				-	(301)
 July 31, 2016	 15,049	 \$ 18,817	 7,524	 2,231	 -	 3,159	 \$ 31,731
April 30, 2015	15,112	\$ 13,552	7,556	2,323	(125)	3,159	\$ 26,465
Net profit for period		1,051	-	-	-	-	1,051
Cancellation of treasury shares	(63)		(32)	(93)	125	-	-
Declared dividends		(301)	-	-	-	-	(301)
 July 31, 2015	 15,049	 \$ 14,302	 7,524	 2,230	 -	 3,159	 \$ 27,215

AML FOODS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Quarter Ended July 31, 2016	Quarter Ended July 31, 2015
Cash flows from operating activities		
Net profit for period	\$ 1,474	1,051
Adjustments for:		
Depreciation and amortization of franchise fees	1,100	1,005
Dividends on preference shares	261	267
Increase / (Decrease) in inventory provision	(133)	109
Loss on impairment of goodwill	-	-
Gain on property revaluation	-	-
Loss on disposal property, plant and equipment	-	-
Increase in provision for doubtful debts	13	1
Bank Loan Interest		
Operating cash flow before changes in working capital	2,715	2,433
Working capital source / (use)		
Merchandising inventories	724	(762)
Accounts receivable	(146)	(475)
Other current assets	(78)	83
Accounts payable and accrued expenses	(523)	(730)
Net cash provided by operating activities	2,692	549
Investing activities source / (use)		
Additions to property, plant and equipment	(3,743)	(1,187)
Term deposits	648	-
Proceeds from disposal of property and equipment	-	-
Net cash used in investing activities	(3,095)	(1,187)
Financing activities source / (use)		
Proceeds from bank loans	-	-
Preference shares principal payment	-	-
Dividends on ordinary shares	(301)	(301)
Dividends paid on preference shares	(261)	(266)
Repurchase of treasury shares	-	-
Repayment of bank loan	(152)	-
Inter-Company movement	-	-
Net cash used in financing activities	(714)	(567)
Increase in cash	\$ (1,117)	(1,205)
Cash, beginning of period	9,353	3,861
Cash, end of period	8,236	2,656
Movement for period	\$ (1,117)	(1,205)

Cash and cash equivalents comprise cash less bank overdrafts.

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended July 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 2016 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 March 8, 2016, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on March 23, 2016 to shareholders of record on March 16, 2016. On June 15th, 2016, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on June 29, 2016 to shareholders of record on June 24, 2016. On September 7th, 2016, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on September 21, 2016 to shareholders of record on September 16, 2016.

AML FOODS LIMITED

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