



## CHAIRMAN'S REPORT Q3 2015

The Board of Directors at *AML Foods Limited* is pleased to announce results for the quarter ended October 31<sup>st</sup>, 2015, reflecting a net profit of \$551k compared to \$314k for the same period in the previous year. Sales for the period were \$37.2m, an increase of \$2.78m or 8.08% over the prior year.

During the quarter \$439k of the principal was repaid to holders of Class C preference shares with a total preference shares principal of \$17.311m remaining. Based on our quarter results, the Board of Directors have approved a dividend payment of \$0.02 per share, payable on December 30<sup>th</sup>, 2015 to shareholders on record as of December 23<sup>rd</sup>, 2015.

Our Company's commitment to staying competitive and driving value for Bahamians is allowing us to achieve consistent net profit earnings. Consumer spending continues to be impacted by VAT but we are constantly seeking new ways to deliver quality products and services at affordable prices. Our customers continue to demonstrate to us that price is very important to them, therefore we will remain focused on this strategy which is helping us to maintain positive sales and performance levels. As we approach year end, we are well prepared for the Christmas Season and concentrating on ensuring we end the 2015 fiscal year on a strong note.

*AML Foods Limited* is pleased to announce the purchase of the Solomon's Fresh Market Old Fort Bay location for \$8.3m. The Company secured a 10 year \$7.25m loan with RBC Royal Bank (Bahamas) Limited to finance the sale which closed during the quarter. The Board of Directors views this purchase as another step in strengthening our Company's balance sheet and growing long term shareholder value.

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 OCTOBER 31, 2015**

**CONSOLIDATED BALANCE SHEET**

*(Expressed in thousands of Bahamian dollars)*

	<b>October 31, 2015</b>	<b>January 31, 2015</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank balances	\$ 2,976	2,947
Receivables, net of provisions	3,170	1,197
Merchandise inventories, net of provisions	17,883	19,303
Other current assets	2,926	2,485
	26,955	25,932
<b>Capital assets</b>		
Property and buildings	16,951	8,800
Equipment	7,697	7,283
Leasehold improvements	7,825	7,723
Work In Progress	1,202	2,445
	33,675	26,250
Goodwill	3,019	3,019
Term deposits with maturities greater than 90 days (Note 4)	909	905
	3,928	3,924
	\$ 64,558	56,106
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Bank overdraft	\$ 1,094	2,033
Accounts payable and accrued expenses	11,556	11,328
Current portion of preference shares	1,775	1,775
Current portion of bank loan	933	-
	15,358	15,136
<b>Long-term liabilities</b>		
Preference shares	15,536	15,975
Bank loan	6,272	-
	21,808	15,975
<b>Equity</b>		
Ordinary shares	7,525	7,556
Treasury shares (note 3)	(73)	(125)
Capital paid in excess of par	2,230	2,323
Property revaluation surplus	3,159	3,159
Retained earnings	14,551	12,082
	27,392	24,995
	\$ 64,558	56,106

## AML FOODS LIMITED

### CONSOLIDATED STATEMENT OF INCOME

*(Expressed in thousands of Bahamian dollars)*

	Quarter Ended October 31, 2015	Quarter Ended October 31, 2014
Sales	\$ 37,200	34,419
Cost of sales	(25,850)	(23,398)
Gross profit	11,350	11,021
Selling, general and administrative expenses	(10,297)	(10,045)
Business License	(427)	(453)
Other operating income	232	119
Net operating profit	858	642
Interest expense	(41)	(7)
Dividends on preference shares	(266)	(321)
Net profit from continuing operations	\$ 551	314
Net profit and comprehensive income	\$ 551	(314)
Profit per share	\$0.037	\$0.021

  

	Nine Months Ended October 31, 2015	Nine Months Ended October 31, 2014
Sales	\$ 107,288	105,794
Cost of sales	(72,799)	(71,455)
Gross profit	34,489	34,339
Selling, general and administrative expenses	(30,106)	(29,314)
Business License	(961)	(1,391)
Other operating income	529	373
Net operating profit	3,951	4,007
Interest expense	(80)	(36)
Dividends on preference shares	(799)	(1,006)
Net profit from continuing operations	\$ 3,072	2,965
Pre-opening expenses	-	(125)
Net profit and comprehensive income	\$ 3,072	2,840
Profit per share	\$0.204	\$0.188

## 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		3,072	-	-	-	-	3,072
Revaluation				-		-	-
Cancellation of treasury shares	(63)		(32)	(93)	125	-	-
Shares repurchased (note 3)	-		-		(73)	-	(73)
Declared dividends (note 2)		(601)	-	-	-	-	(601)
October 31, 2015	15,049	\$ 14,553	7,524	2,230	(73)	3,159	\$ 27,393
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

## AML FOODS LIMITED

### CONSOLIDATED STATEMENT OF CASH FLOWS

*(Expressed in thousands of Bahamian dollars)*

	Quarter Ended October 31, 2015	Quarter Ended October 31, 2014
<b>Cash flows from operating activities</b>		
Net profit for period	\$ 551	314
Adjustments for:		
Depreciation and amortization of franchise fees	997	918
Dividends on preference shares	266	322
Increase / (Decrease) in inventory provision	249	(89)
Increase in provision for doubtful debts	1	26
Operating cash flow before changes in working capital	2,064	1,491
Working capital source / (use)		
Merchandising inventories	(337)	(1,739)
Accounts receivable	(1,617)	630
Other current assets	322	281
Accounts payable and accrued expenses	1,102	(383)
Net cash provided by operating activities	1,534	280
<b>Investing activities source / (use)</b>		
Additions to property, plant and equipment	(7,329)	(805)
Movement on investments	(203)	-
Proceeds from disposal of property and equipment	6	-
Net cash used in investing activities	(7,526)	(805)
<b>Financing activities source / (use)</b>		
Proceeds from bank loan	7,250	-
Repayment of preference shares principal	(439)	-
Dividends on ordinary shares	(301)	(453)
Dividends paid on preference shares	(266)	(322)
Repurchase of treasury shares	(73)	(102)
Repayment of bank loan	(44)	-
Net cash used in financing activities	6,128	(877)
Increase in cash	\$ 135	(1,402)
Cash, beginning of period	2,656	4,627
Cash, end of period	2,791	3,225
Movement for period	\$ 135	(1,402)

Cash and cash equivalents comprise cash less bank overdrafts.

# **AML FOODS LIMITED**

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## **EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Quarter Ended October 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 paid dividends of \$0.02 per ordinary share on October 23<sup>rd</sup>, 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 30<sup>th</sup>, 2015 to shareholders of record on December 16<sup>th</sup>, 2015,

### **3. SHARE BUYBACK PLAN**

In accordance with the share buyback plan which was reinstated on June 18, 2014, the Company purchased 29,060 shares for a total of \$73k during the period. These shares are reflected as treasury shares on the statement of equity.

### **4. TERM DEPOSITS**

The Company held two term deposits in the amount of \$644k and \$265k at Finance Corporation of The Bahamas (FINCO) which matures in November 2015 and December 2015, respectively.

## **AML FOODS LIMITED**

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### **AUDITORS**

Deloitte & Touche  
2<sup>nd</sup> Terrace West, Centreville  
P.O. Box N-7120  
Nassau, The Bahamas

### **BANKERS**

RBC Royal Bank (Bahamas) Limited  
Royal Bank House  
East Hill Street  
P.O. Box N-7459  
Nassau, The Bahamas

### **LEGAL COUNSEL**

Callenders & Co.  
One Millars Court  
Shirley Street  
P.O. Box N-7117  
Nassau, The Bahamas

### **REGISTRAR & TRANSFER AGENTS**

Bahamas Central Securities Depository  
2<sup>nd</sup> Floor, Fort Nassau Centre  
Hilton British Colonial, Suite 202  
Bay Street  
P.O. Box EE-15672  
Nassau, The Bahamas

### **DIRECTORS**

Dionisio D'Aguilar (Chairman)  
Robert L. Sands (Vice Chairman)  
R. Craig Symonette  
Frank J. Crothers  
Franklyn Butler, II  
Michael R. Moss  
Gavin Watchorn

### **AML FOODS LIMITED**

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