AML FOODS LIMITED

ANNUAL REPORT

2015

SOLOMON'S · SOLOMON'S fresh market · DOMINO'S · Cost RIGHT WHOLESALE CLUB · Carl's Jr. CHARBROILED BURGERS

CONTENTS

AML

ABOUT US

AML Foods Limited is an innovative Bahamian Company with operations in New Providence and Grand Bahama. Our brands –Solomon's, Solomon's Super Centre, Solomon's Fresh Market, Cost Right Wholesale Club, Domino's Pizza and Carl's Jr. – are well recognized throughout The Bahamas, and are the benchmark for quality and value.

Our Company is committed to delivering a full line of high quality consumer products with superior service at competitive prices, an exceptional work environment for our employees and consistent value increases on shareholder investments.

Focused on driving operational efficiencies and running our businesses better, we are dedicated to driving value and remaining competitive, so as to benefit our customers, our staff and our shareholders. This is even more paramount given the challenging local economic environment. At AML we stay true to our core values each and every day. Our Company is built on a strong foundation of integrity, respect for all, corporate responsibility, and community giving.

Our retail and warehouse club stores offer a wide range of consumer products from food items to general merchandise and clothing. The Retail Distribution Division includes Solomon's Super Center Nassau, Solomon's Freeport, Solomon's Lucaya, Solomon's Fresh Market Old Fort Bay and Solomon's Fresh Market Harbour Bay. The Company recently announced plans to expand its retail offering with the opening of a new Solomon's store in eastern New Providence in 2017.

Our brands are well recognized throughout The Bahamas, and are the benchmark for quality and value.

Our team works to ensure that each of these locations offer affordable and quality products and services, along with an enjoyable shopping experience.

Our club distribution division which includes Cost Right Wholesale Club Nassau and Cost Right Wholesale Club Freeport provides customers with a wide assortment of name-brand products at wholesale club prices, for the small business, office, or home. All of our stores offer friendly service and convenient shopping, and our staff is dedicated to giving customers value on the products and things that make life easy.

Our Franchise Division includes Domino's Pizza and Carl's Jr. – two outstanding franchises with well-earned international reputations for quality products and exceptional service. Our Domino's franchise operates nine stores in New Providence and two in Grand Bahama. Our Carl's Jr. Franchise operates one store in New Providence, with two new locations expected to open in late 2016.

Our E-Commerce division is comprised of www.dominos242.com which was introduced in January 2014. The platform gives customers the opportunity to purchase their pizza online for carryout, dine-in or delivery. Domino's Pizza Bahamas was the first local pizza company to offer this unique and engaging ordering experience to Bahamians.

AML Foods Limited is a publicly traded company with 1,300 individual shareholders and is listed on the Bahamas International Stock Exchange. The Company has over 900 employees in New Providence and Grand Bahama.

...STEADY PROGRESS IN GROWING OUR BUSINESS AND IMPROVING RETURNS TO OUR SHAREHOLDERS.

SOLOMON'S LUCAYA

SOLOMON'S SUPERCENTRE

Dear Shareholders,

Over the past eighteen months, our Company has made steady progress in growing our business and improving returns to our shareholders. Sales for the 12 month period to April 30, 2016 were $152m, a new milestone for our Company. Our net profits as well, continue to record steady increases. It is these positive results, achieved in a very difficult and challenging economy, that have given rise to the confidence in our stock and the corresponding improvements in our share price, and overall shareholder value.

In late 2015, we completed the purchase of the building and related property that housed our Solomon's Fresh Market operations. More recently, we purchased acreage in the Yamacraw district of New Providence. We are confident that these real estate transactions will provide both top and bottom line growth opportunities for us. Indeed, we are very excited that we will soon have a presence in eastern New Providence and bring our value and quality offerings to the residents there.

We are confident that the strategic moves being made by your Company will position us for continued sales and profits growth, and consistency of returns to our shareholders.

On behalf of the Board of Directors and the entire management team, I would like to thank you for your continued support and trust in us and we look forward to sharing the next chapter in the history of AML Foods with you.

Dionisio D'Aguilar,
Chairman

ANNUAL REPORT TO SHAREHOLDERS

CHIEF EXECUTIVE OFFICER'S MESSAGE

AML

I am honoured to again have the privilege of writing this annual message to our shareholders.

The past 18 months have been a positive period for us, as we have recorded both top and bottom line growth. In these difficult economic times for consumers and small businesses alike, we have a singular goal – provide value and quality every day, across all of our brands. This goal has resonated with our customers as transaction counts grew across all of our businesses in 2015 and 2016.

Internally, our focus remains on improving efficiencies and ease of business, aligned with the development and enhancement of our associates and managers. We are confident that over the medium-term, these focuses will provide the platform for a very forward facing environment, allowing us to maximise the opportunities of being a customer and people centric organisation.

SOLOMON'S SUPERCENTRE

We look forward to continued growth in our revenues and bottom line in 2016 and beyond...

We are excited about our development in Yamacraw New Providence and eagerly anticipate the opening of this new location in late 2017. Our expectation is that the construction and build-out of the store can be achieved without increasing our current debt levels.

We look forward to continued growth in our revenues and bottom line in 2016 and beyond, as the revenues from our Yamacraw store come on-stream.

Gavin Watchorn,
Group President and CEO

2015 MANAGEMENT DISCUSSION AND ANALYSIS

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Management will use this report to provide an analysis of the movements in AML Foods Limited ("the Company") balance sheet, cash flow statement and statement of equity from January 31, 2015 to April 30, 2016 and to discuss significant results from operations for the 15-month period ended April 30, 2016.

BALANCE SHEET REVIEW

CASH AND BANK BALANCES

The Company's cash and bank balances increased during the year by $8.4m from a net cash position of $0.9m at January 31, 2015 to $9.4m. Additionally, the Company also had two term deposits totalling $0.9m with original maturities greater than 90 days at April 30, 2016. Cash receipts from significant sales increases was the major source of increased cash balances and decreased working capital of $3.5m.

During the fifteen months ended April 30, 2016, the Company expended $11.3m for property, plant, and equipment which included $8.4m spent to purchase the building at Solomon's Fresh Market Old Fort Bay. Total dividends paid to ordinary shareholders for the period ended April 30, 2016 were $1.2m or $0.08 per share. Dividend payments totaling $1.3m were paid to preference shareholders.

RECEIVABLES

Net receivables increased by $0.1m to $1.3m at April 30, 2016 from $1.2m at January 31, 2015. The Company's receivables from food coupons decreased by 42.6% from $0.6m at January 31, 2015 to $0.2m at April 30, 2016 as a result of the implementation of debit cards by the Department of Social Services in both markets.

MERCHANDISE INVENTORIES

Net inventory levels have decreased by 16.3% to $16.2m at April 30, 2016 from $19.3m at January 31, 2015. This reduction in inventory is due to a SKU rationalization program which lead to a reduction in SKU's held and associated inventory.

OTHER CURRENT ASSETS

Other current assets increased to $2.9m at April 30, 2016 from $2.5m at January 31, 2015. Security deposits, prepaid quarterly rents, net VAT, and utility deposits represent a significant portion of this balance.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment increased to $32.2m at April 30, 2016 from $26.3m at January 31, 2015. During the period, the Company completed the purchase of the Solomon's Fresh Market Old Fort Bay building at Old Fort Bay Town Centre at a cost of $8.4m which included land of 3.813 acres. This purchase was financed with a 10-year loan.

GOODWILL

The Company conducted its annual impairment test by determining net present value (NPV) of the operating units on which it carries goodwill by calculating NPV of projected cash flows and NPV of terminal values discounted by discounted growth rate and a discount factor based on the Company's weighted average cost of capital (WACC). As a result of the annual impairment testing, no write down of goodwill was recorded. Therefore, goodwill remains unchanged for the period ended April 30, 2016. Goodwill exists for Solomon's Nassau, Solomon's Freeport, Cost Right Freeport, and Domino's.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable, and accrued expenses were $11.8m for the period ended April 30, 2016 compared to $11.3m for the year ended January 31, 2015. Trade accounts payable increased by $0.9m and accrued expenses decreased by $0.4m. For the year ended January 31, 2015, net taxes payable of $2.1m were included in accrued expenses. For the period ended April 30, 2016 net taxes payable were $0.2m. The major variances were related to the movement in Business License taxes and net VAT. At April 30, 2016, outstanding Business License taxes were $0.5m compared to $1.6m at January 31, 2015. The amount outstanding at January 31, 2015 would have reflected accrued fees not yet paid for the calendar year 2015 whereas fees for the calendar year 2016 were paid in March 2016. At April 30, 2016, due to the impending refund of VAT paid on the purchase of the Old Fort Bay Building, VAT input tax (a receivable account) exceeded VAT output tax (a payable account). VAT output tax was reclassified to Prepayments and Other Current Assets to offset the VAT input taxes.

PREFERENCE SHARES

For the period ended April 30, 2016, the Company had a total of 17,310 issued and outstanding preference shares compared to 17,750 shares for the previous year ended January 31, 2015. On October 31, 2015, the Company transferred 13,355 Class C 6% redeemable non-voting cumulative shares to Class D 6% redeemable non-voting shares in order to defer principal repayment to October 31, 2016. The first principal repayment of $0.4m was made to Class C shareholders on October 31, 2015.

BANK LOAN

In September 2015, the Company completed the purchase of the Old Fort Bay property by drawing down on a loan of $7.3m, payable over 10 years at the rate of bank loan prime + 0.5%. The principal balance due at April 30, 2016 was $6.2m.

INCOME STATEMENT REVIEW

For the 15 months ended April 30, 2016 the Company recorded a net profit of $6.8 or $0.45 per share compared to a net profit of $4.4m or $0.29 per share for the 12 months ended January 31, 2015.

SALES

Sales for the 15 months ended April 30, 2016 were $187.4m compared to $145.3m for the 12 months ended January 31, 2015. Food Distribution sales increased by $39.5m to $172 from $137 at the previous year end of January 31, 2015 while sales in Franchise Distribution increased by $2.6m to $15.3 compared to $12.7m for the 12 months ended January 31, 2015.

GROSS MARGIN

Gross margin for the 15 months ended April 30, 2016 was 32.1% compared to 32.2% for the year ended January 31, 2015. This reflects continued focus on providing quality products at the best prices across all formats.

EXPENSES

Selling, General, and Administrative expenses for the 15 months ended April 30, 2016 were $52.8m compared to $41.4m at January 31, 2015. Payroll increase was due in part to full year of operations for Carl's Jr., minimum wage increase, and additional support staff in the Corporate office in Human Resources, Information Technology and Finance.

2016 OUTLOOK

OPPORTUNITIES AND INVESTMENTS

The Company plans to expand both its Food Distribution and Franchise Distribution offerings in the 2016-2017 fiscal year. In keeping with its plans to expand its neighbourhood stores reach, the Company will open a Solomon's brand store in the Yamacraw area of Eastern New Providence. The store is expected to open in late 2017.

The Carl's Jr. brand will also include an addition in the Carmichael Road area. This store is expected to open in quarter three of 2016.

The Company anticipates that the majority of funding for these planned expansions will be derived from operating cash flows.

ECONOMIC CONDITIONS, CHALLENGES, AND RISKS

According the World Economic Outlook report published by the IMF, the economy of The Bahamas is expected grow 1.5% for the next two years, and likely to remain the same through 2021.

The Company anticipates that in the Food Distribution segment, increased competition will incur in both markets, Nassau and Freeport. In Nassau, recent expansion by competitors may have short-term impact on some of our brands. In the Freeport area, growth by competitors is also expected in 2016. The Company also expects increased competition in the Franchise division from both product lines in the Nassau market.

Increased competition could possibly impact gross margins and overall profitability.

12 MONTH COMPARISON

Following is a comparative statement of income for the 12 month period ended January 31, 2016 and January 31, 2015.

COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2016 AND JANUARY 31,2015

		2016		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
Term deposits with maturities greater than 90 days		913		905
Other current assets		3,334		2,485
		29,451		26,837
Property, plant and equipment, net				
Property and buildings		16,849		8,799
Equipment		7,472		7,734
Leasehold improvements		7,679		7,271
Work in progress		905		2,446
		32,905		26,250
Goodwill		3,019		3,019
Total non-current assets		35,924		29,269
Total assets	$	65,375	$	56,106
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts	$	236	$	2,033
Accounts payable and accrued expenses		11,457		11,328
Current portion of bank loan		576		-
Current portion of preference shares		1,775		1,775
		14,045		15,136
Long-term liabilities				
Bank loan		6,490		-
Preference shares		15,536		15,975
Total non-current liabilities		22,026		15,975
Total Liabilities		36,070		31,111
Shareholders' equity				
Ordinary share capital		7,525		7,556
Treasury shares		-		(125)
Contributed surplus		2,230		2,324
Revaluation surplus		3,159		3,159
Retained earnings		16,391		12,081
		29,305		24,995
Total liabilities and shareholders' equity	$	65,375	$	56,106

COMPARATIVE CONSOLIDATED STATEMENT OF INCOME FOR THE TWELVE MONTHS ENDED JANUARY 31, 2016

	12 months ended January 31 2016	12 months ended January 31 2015
Sales	$ 148,385	$ 145,289
Cost of sales	(100,767)	(98,481)
Gross profit	47,618	46,808
Selling, general and administrative expenses	(41,965)	(41,356)
Other operating income	795	623
Net operating profit	6,448	6,075
Dividends on preference shares	(1,059)	(1,275)
Interest expense	(177)	(58)
Pre-opening costs	-	(125)
Gain on property revaluation	-	356
Net profit	5,212	4,390
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation surplus adjustment	-	2,365
Earnings per share	$ 0.35	$ 0.29

AML FOODS LIMITED

Consolidated Financial Statements
For The Fifteen Months Ended April 30, 2016
And Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
AML Foods Limited:

We have audited the consolidated financial statements of AML Foods Limited, which comprise the consolidated statement of financial position as of April 30, 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the fifteen months then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AML Foods Limited as of April 30, 2016, and its financial performance and its cash flows for the fifteen months then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF APRIL 30, 2016
with comparative amounts as of January 31, 2015
(Expressed in thousands of Bahamian dollars except per share amounts)

		April 30, 2016		January 31, 2015
Assets				
Current assets				
Cash and bank balances (Note 4)	$	9,483	$	2,947
Receivables, net of provisions (Note 5)		1,253		1,197
Merchandise inventories, net of provisions (Note 6)		16,152		19,303
Term deposits with maturities greater than 90 days		917		905
Other current assets (Note 7)		2,953		2,485
Total current assets		30,758		26,837
Non-current assets				
Property, plant and equipment, net (Note 8)				
Property and buildings		16,580		8,799
Equipment		7,173		7,734
Leasehold improvements		8,093		7,271
Work in progress		392		2,446
		32,238		26,250
Goodwill (Note 9)		3,019		3,019
Total non-current assets		35,257		29,269
Total assets	$	66,015	$	56,106

(Continued)

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF APRIL 30, 2016 with comparative amounts for twelve months ended January 31, 2015
(Expressed in thousands of Bahamian dollars except per share amounts)

	April 30, 2016	January 31, 2015
Liabilities and shareholders' equity		
Current liabilities		
Bank overdrafts (Note 4)	$ 130	$ 2,033
Accounts payable and accrued expenses (Note 11)	11,773	11,328
Current portion of bank loan (Note 10)	623	-
Current portion of preference shares (Note 12)	1,775	1,775
Total current liabilities	14,301	15,136
Long-term liabilities		
Bank loan (Note 10)	5,621	-
Preference shares (Note 12)	15,535	15,975
Total long-term liabilities	21,156	15,975
Total liabilities	35,457	31,111
Shareholders' equity		
Ordinary share capital (Note 13)	7,524	7,556
Treasury shares (Note 13)	-	(125)
Contributed surplus	2,231	2,324
Revaluation surplus (Note 8)	3,159	3,159
Retained earnings	17,644	12,081
	30,558	24,995
Total liabilities and shareholders' equity	$ 66,015	$ 56,106

(Concluded)

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors as of August 26, 2016 and are signed on its behalf by:

Director

Director

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FIFTEEN MONTHS ENDED APRIL 30, 2016 with comparative amounts for twelve months ended January 31, 2015
(Expressed in thousands of Bahamian dollars except per share amounts)

	Fifteen Months Ended April 30, 2016	Twelve Months Ended January 31, 2015
Sales (Note 19)	$ 187,437	$ 145,289
Cost of sales	(127,216)	(98,481)
Gross profit (Note 19)	60,221	46,808
Selling, general and administrative expenses (Note 14)	(52,788)	(41,356)
Other operating income	917	623
Net operating profit	8,350	6,075
Dividends on preference shares (Notes 12 and 19)	(1,320)	(1,275)
Loss on impairment of goodwill (Note 9)	-	(583)
Interest expense (Note 19)	(264)	(58)
Pre-opening costs (Note 19)	-	(125)
Gain on property revaluation (Note 8)	-	356
Net profit	6,766	4,390
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation surplus adjustment	-	2,365
Comprehensive income	$ 6,766	$ 6,755
Earnings per share (Note 15)	$ 0.45	$ 0.29

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FIFTEEN MONTHS ENDED APRIL 30, 2016 with comparative amounts for twelve months ended January 31, 2015
(Expressed in thousands of Bahamian dollars except per share amounts)

	Number of Ordinary Shares ('000s)	Share Capital	Treasury Shares	Contributed Surplus	Revaluation Surplus	Retained Earnings	Total
Balance as of January 31, 2014	15,404	$7,702	$ (486)	$ 2,664	$ 794	$ 8,897	$19,571
Net profit		-	-	-	-	4,390	4,390
Shares repurchased (Note 13)		-	(125)	-	-	-	(125)
Revaluation surplus adjustment (Note 8)		-	-	-	2,365	-	2,365
Cancellation of treasury shares (Note 13)	(292)	(146)	486	(340)	-	-	-
Declared dividends ($0.08 per share)		-	-	-	-	(1,206)	(1,206)
Balance as of January 31, 2015	15,112	7,556	(125)	2,324	3,159	12,081	24,995
Net profit		-	-	-	-	6,766	6,766
Cancellation of treasury shares (Note 13)	(63)	(32)	125	(93)	-	-	-
Declared dividends ($0.08 per share)		-	-	-	-	(1,203)	(1,203)
Balance as of April 30, 2016	15,049	7,524	-	2,231	3,159	17,644	30,558

See notes to consolidated financial statements.

AML FOODS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FIFTEEN MONTHS ENDED APRIL 30, 2016 with comparative amounts for twelve months ended January 31, 2015
(Expressed in thousands of Bahamian dollars except shares and per share amounts)

	Fifteen Months Ended April 30, 2016	Twelve Months Ended January 31, 2015
Cash flows from operations		
Net profit	$ 6,766	$ 4,390
Adjustments for:		
Depreciation (Note 8)	5,247	3,548
Dividends on preference shares (Note 12)	1,320	1,275
(Decrease) / increase in inventory provision (Note 6)	(52)	346
Increase in provision for doubtful debts (Note 5)	8	13
Loss on disposal of property, plant and equipment	18	-
Loss on impairment of goodwill (Note 9)	-	583
Gain on property revaluation (Note 8)	-	(356)
Operating cash flow before changes in working capital	13,307	9,799
Decrease / (increase) in working capital source/(use)		
Decrease / (increase) in merchandise inventories (Note 6)	3,203	(2,567)
Increase in accounts receivables (Note 5)	(64)	(265)
Increase in other current assets	(468)	(221)
Increase in accounts payable and accrued expenses (Note 11)	445	1,113
Net cash provided by operating activities	16,423	7,859
Cash Flows from investing activities		
Term deposits with original maturities greater than 90 days	(12)	(22)
Additions to property, plant and equipment (Note 8)	(11,253)	(4,900)
Net cash used in investing activities	(11,265)	(4,922)
Cash Flows from financing activities		
Dividends paid on ordinary shares	(1,203)	(1,206)
Dividends paid on preference shares	(1,320)	(1,275)
Repurchase of shares (Note 13)	-	(125)
Repayment of preference shares principal (Note 12)	(440)	(2,250)
Proceeds from loan (Note 10)	7,250	-
Repayment of bank loan (Note 10)	(1,006)	-
Net cash generated by (used in) financing activities	3,281	(4,856)
Net increase / (decrease) in cash and cash equivalents	8,439	(1,919)
Cash, beginning of period	914	2,833
Cash, end of period (Note 4)	$ 9,353	$ 914

See notes to consolidated financial statements.

AML FOODS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FIFTEEN MONTHS ENDED APRIL 30, 2016 with comparative amounts for twelve months ended January 31, 2015
(Expressed in thousands of Bahamian dollars except shares and per share amounts)

1. GENERAL INFORMATION

AML Foods Limited ("the Company") is incorporated under the laws of The Commonwealth of The Bahamas and its shares are listed on the Bahamas International Stock Exchange. The registered office of the Company is at One Millars Court, off Shirley Street, Nassau, New Providence, Bahamas and the corporate office is at Town Centre Mall, Blue Hill Road, New Providence, Bahamas.

The Company changed its financial year end from 31 January to 30 April annually with effect from the current financial period ended 30 April 2016. The financial statements for the current financial period are inclusive of February 1, 2015 to April 30, 2016.

The Company and its wholly-owned subsidiaries are primarily engaged in the operations of retail and club stores offering dry and perishable food items and other consumer products, and the operation of food franchise businesses.

The Company has seven (7) subsidiaries that are material to the Company for the fifteen months ended April 30, 2016 and the twelve months ended January 31, 2015. The Company holds 100% of the voting rights in all seven (7) subsidiaries. The significant operating entities, are all incorporated in The Commonwealth of The Bahamas. These are separated into two operating segments as listed below:

Food Distribution

- Solomon's Supercentre (Nassau) Limited
- Cost Right Nassau Limited
- Solomon's Club (Freeport) Limited
- Thompson Wholesale Limited
- Solomon's Fresh Market Limited

Franchise

- Caribbean Franchise Holdings Limited
- Carl's Jr. Limited

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB effective for annual reporting periods beginning on or after January 1, 2015. The adoption of these Standards and Interpretations has not led to any changes in the Company's accounting policies.

a. Standards and Interpretations effective but not affecting the reported results or financial position
IFRS 10 Consolidated Financial Statements
IFRS 12 Disclosure of Interests in Other Entities
IAS 27 (Revised 2011) Separate Financial Statements
IAS 32 Financial Instruments: Presentation
IAS 36 Impairment of Assets
IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 21 Levies

The above standards have not led to changes in the consolidated financial position of the Company during the current year.

b. Standards and Interpretations in issue but not yet effective
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations
IFRS 7 Financial Instruments: Disclosures
IFRS 9 Financial Instruments
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 14 Regulatory Deferral Accounts
IFRS 15 Revenue from Contracts with Customers
IFRS 16 Leases
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash Flows
IAS 12 Income Taxes
IAS 16 Property, Plant and Equipment
IAS 19 Employee Benefits
IAS 27 Separate Financial Statements (as amended in 2011)
IAS 28 Investments in Associates and Joint Ventures
IAS 34 Interim Financial Reporting
IAS 38 Intangible Assets
IAS 41 Agriculture
IFRS for SMEs Reporting Standards for Small and Medium-sized Entities

Management is currently reviewing the potential impact of these new standards and interpretations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance - The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation - The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain land, land improvements and buildings.

Basis of consolidation - The consolidated financial statements include the assets, liabilities, equity, income, expenses, and cash flows of the parent and its subsidiaries and are presented as those of a single economic entity. Subsidiaries are all entities controlled by the Company. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Accounting policies of subsidiaries are consistent with the policies adopted by the Company. All significant inter-company balances and transactions are eliminated on consolidation.

The following is a summary of the significant accounting policies:

a. Revenue recognition - Revenues comprise the fair value of the consideration received or receivable in the ordinary course of the Company's activities. Revenues are presented net of returns and discounts. The Company derives revenues from two types of operations:

i. Retail sales which include grocery, appliances and household items
ii. Franchise sales comprise of prepared food including pizza and burgers

Sales - Revenues from the sale of goods are recognised at the point of sale and it is at this point that the title of the items has been transferred to the buyer and the Company no longer holds significant risks and rewards of ownership of the goods. Retail sales in both food distribution and food franchise are usually settled by cash or by credit card. Revenue from the sale of wholesale goods are recognised when the Company has delivered products to the customer; the customer has accepted the product and collectability of the related receivable is reasonably assured.

b. Cost of sales - Cost of sales consists of the purchase price of inventory sold, shipping charges and other costs. Cost of sales also includes supplies, shrink, and loss and damage. For Franchise Distribution, cost of sales also comprises all cost associated with the operations of the commissaries including salaries, facilities cost, office costs, motor, and depreciation charges.

Vendor discounts, wherever applicable, are factored into the total landed cost of the inventory.

c. Receivables - Receivables are carried at invoice amount less provisions made for doubtful accounts (Note 5) and impairment losses, if any. For trade receivables, the provision is based on specific provisions for accounts which management deems to be uncollectible and a provision for accounts with balances due for 60 days and over. The carrying value of the receivable is reduced through an allowance account and the amount of the loss is recognized in the consolidated statement of comprehensive income within selling, general and administrative expenses. When a trade receivable is deemed uncollectible, it is written off against the allowance account for trade receivables. Subsequent recovery of amounts previously written off is credited against selling, general and administrative expenses in the consolidated statement of comprehensive income.

d. Merchandise inventories - Food distribution and franchise inventories are stated at the lower of weighted average cost less provision.

Provisions are made for normal loss and damage based on a percentage of sales since the last physical inventory count. Provisions are made for slow moving and obsolete inventory by applying a range of percentages to inventory aging reports. These are made in order to estimate the amount by which inventory needs to be reduced to estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to conclude the sale.

e. Property, plant and equipment - Property and buildings are stated at fair value as determined by the Board of Directors. The Directors obtain independent valuations every three years unless a significant event occurs earlier which may materially impact property values. Any increase in the carrying value of an asset as a result of a revaluation is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the reversal is credited to the profit or loss to the extent to the decrease previously expensed. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same asset. No depreciation is provided on land.

Properties in the course of construction, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as the other property assets, commences when the assets are ready for their intended use.

Equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on a straight-line basis on cost or revalued amounts over the estimated useful lives of the assets as follows:

Land improvements	10 years
Buildings	40 years
Furniture, fixtures and equipment	2 - 10 years
Motor vehicles	4 years
Computer equipment and software costs	3 - 4 years
Leasehold improvements	Lesser of 7 years or the life of the relevant lease where renewal is not expected

At the time assets are retired or otherwise disposed of, the cost and related accumulated depreciation and revaluation surplus are eliminated from the accounts and any gain or loss on the transaction is recognized in the consolidated statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other costs are classified as repairs and maintenance and are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

f. Goodwill - Goodwill represents the excess of the acquisition cost of subsidiaries over the fair value of net identifiable assets acquired at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The Company performs an impairment exercise annually or earlier if indications of impairment exist. An impairment loss for a business unit arises when the assets in use, including goodwill, exceed the recoverable amount, which is calculated as the higher of net selling price and value in use.

g. Franchise fee - The Company operates two food franchises, for which franchise and territory fees are assessed by the franchisors and are payable in advance for each location. These fees are amortized over a five year period and the unamortized portion of the fee is presented with other current assets on the consolidated statement of financial position. For the fifteen months ended April 30, 2016, the unamortized franchise fees were $52 (January 31, 2015: $78).

h. Preference shares - Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in the consolidated statement of comprehensive income.

i. Treasury shares - Shares purchased under the Company's share buyback plan are recorded at cost plus applicable fees. Dividends received on these shares are offset against total dividends paid. It is the Company's practice to cancel the shares after the end of the fiscal year, thereby reducing the total number of shares issued and outstanding.

j. Defined contribution pension plan – The Company maintains a defined contribution pension plan. The Company's contribution to the defined contribution pension plan is limited to 2% of a participant's annual base salary. All funds are held together in trust by an independent third party.

The Company's contributions to the plan are recognized as an expense in the consolidated statement of comprehensive income as incurred. The Company does not manage or administer the plan and its obligation is limited to the amount of its contribution. The funds are remitted to a third party manager.

k. Segment reporting - A segment is a distinguishable component of the Company that is engaged either in providing products (business segment), or in providing products within an economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

l. Foreign currency translation - Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency").

The consolidated financial statements are presented in Bahamian dollars, which is the Company's functional and reporting currency.

Monetary assets and liabilities denominated in foreign currencies other than the Bahamian dollar are translated at the exchange rates in effect at the year-end date. Income and expenses in foreign currencies are translated at the rates in effect at the transaction dates.

m. Leases - Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating

leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

n. Related parties - Related parties are defined as follows:
i. Controlling shareholders;
ii. Subsidiaries;
iii. Associates;
iv. Individuals owning, directly or indirectly, an interest in the voting power that gives them significant influence over the enterprise, i.e. normally more than 20% of shares (plus close family members of such individuals);
v. Key management personnel - persons who have authority for planning, directing and controlling the enterprise (plus close family members of such individuals);
vi. Enterprises owned by the individuals described in (iv) and (v).

o. Selling, general and administrative expenses - Selling, general and administrative expenses include all operating costs of the Company except cost of sales, as described above, and Business License tax.

p. Pre-opening costs - The cost of start-up activities, including organization costs, related to new store openings, store remodels, expansions, and relocating are expensed as incurred.

q. Value Added Tax (VAT) - On January 1, 2015, the Government of The Bahamas implemented Value Added Tax (VAT). Output VAT related to sales of goods is payable to the Government upon delivery of goods and property rights to customers. Input VAT on goods and services purchased is generally recoverable against output VAT. VAT related to sales / purchases and services provision / receipt which are outstanding at the consolidated statement of financial position date is recognized in the consolidated statement of financial position on a net basis and disclosed within current liabilities (see note 11).

r. Equity instruments - An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

s. Impairment of intangible and tangible assets other than goodwill – At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

4. CASH, BANK BALANCES AND BANK OVERDRAFT

For purposes of the consolidated statement of cash flows, cash comprises the net balance of cash and bank balances, and bank overdrafts.

Cash at end of year in the cash flows statement comprises the following:

		2016		2015
Cash and bank balances	$	9,483	$	2,947
Bank overdrafts		(130)		(2,033)
Total	$	9,353	$	914

The Company was in compliance with all of its covenants as of April 30, 2016. These covenants are in relation to the overall credit arrangements with the Company's bankers.

The credit arrangements with RBC Royal Bank (Bahamas) Ltd., were renegotiated with effect from November 11, 2014. The credit facilities are secured with guarantees and postponement of claims, by fixed and floating debentures over certain Company assets and by the assignment of insurance policies pertaining to loss of profits, and damage to buildings, equipment and inventories. The interest rate on the overdraft facility is Nassau Prime (currently 4.75%) plus 1.25%.

5. RECEIVABLES, NET OF PROVISIONS

Receivables consist of the following:

		2016		2015
Trade receivables	$	1,347	$	1,283
Less: Provision for doubtful accounts		(94)		(86)
Total	$	1,253	$	1,197

The aging of receivables is as follows:

	2016		2015
0 to 30 days	690	$	696
31 to 60 days	91		323
61 to 90 days	71		38
91 days and over	495		226
Total	1,347	$	1,283

Movement in the provision for doubtful accounts		**2016**		**2015**
Balance at beginning of the year	$	(86)	$	(73)
Impairment losses recognized on receivables		(8)		(18)
Amounts written off during the year as uncollectible		-		5
Balance at end of the period	$	(94)	$	(86)

Management has deemed $446 (2015: $163) of the receivables to be past due, but not impaired.

The Company offers in-store financing through a subsidiary, Abaco Markets ISF Limited. As of April 30, 2016, the total amount outstanding was $50 (2015: $81). These amounts are included in the total receivables balance.

6. MERCHANDISE INVENTORIES, NET OF PROVISIONS

Merchandise inventories consist of the following:

		2016		2015
Food distribution	$	16,617	$	19,760
Franchise		791		851
		17,408		20,611
Less: Provision		(1,256)		(1,308)
Total	$	16,152	$	19,303

7. OTHER CURRENT ASSETS

Other current assets consist of the following:

		2016		2015
Security deposits	$	871	$	914
Prepayments		2,082		1,571
Total	$	2,953	$	2,485

8. PROPERTY, PLANT AND EQUIPMENT, NET

The movement in property, plant and equipment for the year is as follows:

		Property, Land Improvements and Buildings		Equipment and Motor Vehicles		Leasehold Improvements		Work in Progress		Total
Cost/revalued amount:										
At January 31, 2014	$	7,442	$	23,940	$	12,837	$	1,313	$	45,532
Reclass WIP		-		50		769		(819)		-
Additions		-		2,072		876		1,952		4,900
Property Revaluation		1,357		-		-		-		1,357
At January 31, 2015	$	8,799	$	26,062	$	14,482	$	2,446	$	51,789
Accumulated depreciation:										
At January 31, 2014	$	1,180	$	16,299	$	5,877	$	-	$	23,356
Depreciation		185		2,029		1,334		-		3,548
Property Revaluation		(1,365)		-		-		-		(1,365)
At January 31, 2015	$	-	$	18,328	$	7,211	$	-	$	25,539
Net book value:										
At January 31, 2015	$	8,799	$	7,734	$	7,271	$	2,446	$	26,250

(Continued)

	Property, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At January 31, 2015	$ 8,799	$ 26,062	$ 14,482	$ 2,445	$ 51,788
Reclass WIP	800	466	1,157	(2,423)	-
Additions	7,623	1,846	1,414	370	11,253
Disposals	-	(6,929)	(2,455)		(9,384)
At April 30, 2016	$ 17,222	$ 21,445	$ 14,598	$ 392	$ 53,657
Accumulated depreciation:					
At January 31, 2015	$ -	$ 18,328	$ 7,211	$ -	$ 25,539
Depreciation	642	2,867	1,738	-	5,247
Elimination on Disposals	-	(6,923)	(2,444)	-	(9,367)
At April 30, 2016	$ 642	$ 14,272	$ 6,505	$ -	$ 21,419
Net book value:					
At April 30, 2016	$ 16,580	$ 7,173	$ 8,093	$ 392	$ 32,238

(Concluded)

The Company's accounting policy is to revalue land, property and buildings, which comprise of retail store locations and a food franchise commissary. Because of the size and nature of these properties, and the fact that these properties are in markets that have little or no comparable real estate transactions, the majority of the appraisals are at replacement cost less depreciation. The Company obtained appraisals in March 2015 and recorded adjustments, based on the results, at January 31, 2015.

The net book value of property and buildings that would have been included in the consolidated financial statements had the Company not adopted a revaluation policy is $16,890 (2015: $6,285).

The fair value measurement of the Company's property and buildings is categorized in Level 3 in the fair value hierarchy. There were no transfers between the levels during the year.

9. GOODWILL

Goodwill on business acquisitions is as follows:

	2016	2015
Balance, beginning of period	$ 3,019	$ 3,602
Impairment	-	(583)
Balance, end of period	$ 3,019	$ 3,019

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Solomon's Super Centre (Nassau) Limited
- Solomon's Club (Freeport) Limited
- Cost Right Freeport
- Domino's

The Company's annual impairment exercise indicated an impairment of $0 on the remaining goodwill as of April 30, 2016 (2015: $583). The Company based it's valuation of the units to which Goodwill has been assigned using a total of NPV (net present value) of projected cash flows and NPV of terminal values. NPV of projected cash flows were based on cash flows for five (5) years using the Company's base growth rate multiplied by discounted WACC (weighted average cost of capital) less perpetual growth rate. NPV of terminal values was determined by multiplying the terminal value of annual cash flows divided by WACC multiplied by the discount factor.

10. BANK LOAN

The Company's credit arrangement with RBC Royal Bank (Bahamas) Limited was renewed on November 14, 2014. Included in the terms was provision for a Reducing Demand Loan in the amount of $7,250 repayable over 10 years at a rate of Nassau Prime + 0.5%. On September 24, 2015, the Company drew down the full amount of this loan to fund the purchase of the building at Old Fort Bay Town Centre.

		2016		2015
Due within 1 year	$	623	$	-
Due within 1 to 5 years		3,639		-
Due within 5 and over		1,982		-
Total	$	6,244	$	-

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable, taxes payable and accrued expenses consist of the following:

		2016		2015
Accounts payable - trade	$	6,456	$	6,591
Taxes payable		241		2,144
Accrued expenses		5,076		2,593
Total	$	11,773	$	11,328

12. PREFERENCE SHARES

Preference shares are entitled to cumulative preferential dividends and are redeemable at the issue price. The Company may redeem the shares, in whole or in part, earlier than scheduled by giving the shareholders 90 days written notice. As of April 30, 2016, dividends accrued on preference shares amounted to $0 (2015: $266) and are included in accounts payable and accrued expenses in the consolidated statement of financial position.

On October 31, 2015, the Company transferred 13,355 of the total 17,750 Class C 6% non-voting cumulative preference shares to Class D 6% non-voting cumulative preference shares as a result of an agreement to defer the principal payment due on October 31, 2015 to October 31, 2016. After the transfer of the shares, the Company made a principal payment in the amount of $440 to holders of Class C 6% redeemable non-voting cumulative preference shares.

As of April 30, 2016, 17,310 (2015: 17,750) redeemable non-voting cumulative preference shares, which were issued at $1,000 per share, were outstanding. They are redeemable as follows:

		2016		2015
Due within 1 year	$	1,775	$	1,775
Due within 2 to 5 years		7,100		1,775
Due > 5 years		8,435		14,200
Total	$	17,310	$	17,750

13. ORDINARY SHARE CAPITAL AND TREASURY SHARES

As of April 30, 2016, 15,049,346 (2015: 15,112,607) ordinary shares of par value of $0.50 each were issued and fully paid.

In June 2014, the Company re-instated a share buy-back plan. This program is to be reviewed annually by the Board of Directors. During that year, the Company cancelled the 63,261 shares bought during 2014. Therefore, as of April 30, 2016, $0 (2015: 63,261) shares had been repurchased at an aggregate cost of $0 (2015: $125) resulting in a reduction of ordinary share value of $32 and contributed surplus of $93.

During the fifteen-month period, the Company purchased 29,060 at an aggregate cost of $73. In November 2015, the Board of Directors sold those shares to Senior Management at the same rate at which they were purchased by the Company.

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Included in selling, general and administrative expenses are the following items:

		Fifteen Months Ended April 30, 2016		Twelve Months Ended January 31, 2015
Payroll and related costs	$	21,500	$	15,867
Facilities and rent (Note 17)		15,930		14,107
Sales and marketing expenses		6,844		5,531
Depreciation and amortisation of franchise fees		5,089		3,475
Other costs		1,846		1,339
Office and computer costs		1,374		885
Directors' fees		125		93
Pension contributions		80		59
Total		52,788	$	41,356

Included in payroll and related costs is $1,514 (2015: $1,004) representing compensation for key members of management. This amount includes salaries and other employee benefits.

15. EARNINGS PER SHARE

Earnings per share are calculated by dividing the results for the period by the weighted average number of ordinary shares in issue less treasury shares during the respective periods.

Earnings per share have been calculated based on the following:

	2016	2015
Net profit applicable to continuing operations	$ 6,766	$ 4,390
Weighted average number of ordinary shares outstanding ('000s)	15,030	15,054

There were no dilutive transactions during the period that would have an impact on earnings per share.

16. COMMITMENTS AND CONTINGENCIES

Capital commitments amounting to $392 were outstanding as of April 30, 2016 relating to land, buildings, leasehold improvements and equipment (2015: $7,250).

On June 8, 2016, the Company signed an agreement to purchase 4.8 acres of land for $3,000. This site will be used for the development of the Solomon's brand.

Legal contingencies - The Company and its subsidiaries are involved in various claims and legal actions arising in the ordinary course of business, in which it is a defendant. Based on legal advice, the Directors have assessed the likelihood of loss, made accruals where deemed necessary, and do not expect the final outcomes of the legal actions to have a material effect on the Company's consolidated financial position.

17. OPERATING LEASE COMMITMENTS

The Company and its subsidiaries lease certain retail and office space under non-cancellable operating leases. As of April 30, 2016, 16 leases (2015: 18) are in effect. The future minimum lease payments under these leases are as follows:

Fiscal Period End	Minimum Lease Payments
2017	$ 4,414
2018	3,999
2019	3,716
2020	3,590
2021 and beyond	7,964
Total	$ 23,683

The minimum lease payments include lease payments for four (2015: five) leases that are based on the higher of 3% of sales or a fixed rent. For the year ended April 30, 2016, payments made under operating leases were $5,282 (2015: $5,482). The Company purchased the Fresh Market Old Fort Bay building in October 2015 which previously carried a lease of 3% of sales or higher. Rent paid under the former lease agreement are included in those payments made during the 15 month period ended April 30, 2016.

18. RELATED PARTY TRANSACTIONS

In addition to items already disclosed, The Company has three additional related party transactions to disclose. The Company paid rent amounting to $660 (2015: $642) under a 20 year lease, of which four years is remaining, on a property in which a director has an interest of 50%. Secondly, in 2012, The Company entered into a long-term lease agreement with a company in which a director is the principal. The initial term of this lease is five years and is renewable for five subsequent terms of five years each. Under this agreement, total rent incurred for the period was $564 (2015: $599). Further in October 2015, the Company entered into a short-term lease agreement with the same company with whom it had entered into a long-term lease agreement in 2012. The additional lease is for a two-year term with an option to renew for an additional two years at the end of the term. Under this agreement, total rent paid for the period was $21. Therefore, The Company paid total rents of $1,245 (2015: $1,227) under lease agreements to related parties.

19. SEGMENT REPORTING

Segment reporting is presented in the Company's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segments - The Company and its subsidiaries operated on two Islands within The Bahamas during the fiscal year: Grand Bahama and New Providence.

The Company considers the economic environment in the two Bahamian Islands to be similar in terms of risks and returns, and therefore concludes that it operates in one geographic segment.

Business segments - The Company and its subsidiaries operate principally in three business segments: Food Distribution, Food Franchise and Corporate. The Food Distribution segment consists of the retail and club distribution of consumer and food products in Grand Bahama and New Providence. The Food Franchise segment consists of the manufacturing and delivery of pizza in Grand Bahama and New Providence and a burger restaurant in New Providence. The Corporate segment consists of the Company's real estate and corporate management.

	Food Distribution		Food Franchise		Corporate		Consolidation	
	2016	2015	2016	2015	2016	2015	2016	2015
Sales	$ 172,151	$ 132,616	$ 15,286	$ 12,673	$ -	$ -	$ 187,437	$ 145,289
Gross profit	50,717	39,265	9,504	7,543	-	-	60,221	46,808
Gross profit %	29.5	29.6	62.2	59.5	-	-	32.1	32.2
Operating profit/(loss)	15,110	10,272	1,518	1,103	(3,223)	(2,408)	13,405	8,967
Depreciation and amortisation of franchise fees	(3,416)	(2,600)	(700)	(501)	(973)	(374)	(5,089)	(3,475)
Dividends on preference shares							(1,320)	(1,275)
Interest expense							(264)	(58)
Pre-opening costs							-	(125)
Property revaluation write-back							34	356
Net profit							**$ 6,766**	**$ 4,390**
Other information:								
Segment assets	$ 28,942	$ 34,120	$ 4,379	$ 4,123	$ 32,694	$ 17,863	$ 66,015	$ 56,106
Segment liabilities	(10,753)	(12,137)	(532)	(796)	(24,172)	(18,178)	$ (35,457)	(31,111)
Net operating assets	18,189	21,983	3,847	3,327	8,522	(315)	30,558	24,995

20. FINANCIAL INSTRUMENTS

The Company in the normal course of business uses various types of financial instruments. Information on financial risks and fair value of these financial instruments is set out below.

a. Interest rate risk - The Company is exposed to interest rate risk on term deposits and long-term debt, except preference shares which have a fixed interest rate. Management monitors interest bearing assets and liabilities to minimize the gap between interest rates.

If interest rates had been 1% higher/lower, comprehensive income for the year ended April 30, 2016 would decrease/increase by $64 (2015: $9) as a result of the change in interest rate.

b. Credit risk - The Company is exposed to credit risk in respect of losses that would have to be recognized if counterparties fail to perform as contracted.

The Company's exposure to credit risk is primarily in respect of accounts receivable, bank balances, and short-term deposits. Credit risk on bank balances and short-term deposits is limited because counterparties are reputable and well-established financial institutions. The Company's credit risk is thus primarily limited to accounts receivable, which is shown net of provision for doubtful accounts. The Company has no significant concentration of credit risk.

c. Liquidity risk - The Company is exposed to liquidity risk if it encounters difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash. The Company monitors and maintains a level of bank balances deemed adequate to finance its operations. The Company deposits cash with financial institutions of good standing and maintains an overdraft facility as described in Note 4.

d. Capital risk management - The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the year ended January 31, 2015.

The capital structure of the Company includes debt and equity comprised of issued capital, reserves, and retained earnings.

e. Fair value of financial assets and liabilities - The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

In management's opinion, the estimated fair value of financial assets and financial liabilities (accounts receivable, bank balances, inventories, other assets, and accounts payable and accrued expenses) at April 30, 2016 were not materially different from their carrying values.

The fair values of accounts receivable, bank balances, inventories, other assets and accounts payable and accrued expenses are not considered to be materially different from their carrying values due to their short-term nature.

COMMUNITY GIVING

AML

GIVING PEOPLE ACCESS TO A BETTER LIFE

We are passionate about helping people live better. We consider it our responsibility to make a positive impact in the communities that connect with our brands through giving. To this end, we've committed to donating each year to charitable and civic groups with a similar purpose.

AREAS OF COMMITMENT

AML Foods Limited seeks to create a brighter future for our employees, our customers and the communities that we operate in by directing charitable giving toward our core areas of commitment:

- **HUNGER PREVENTION & HEALTHY LIVING** - Ensure more people have access to the foods they want and need. We envision a day when no individual has to wonder where his or her next meal will come from.

- **ENVIRONMENT** – Helping to preserve our environment is important as we consider our present and our future. Wherever we can we will limit our effect on the environment.

- **YOUTH EMPOWERMENT** (Literacy & Sports) - We believe every child should have the opportunity to reach his or her full potential and we support programs and activities that promote literacy and youth sports at all levels. We know that our future success, and that of our community, depends on an educated and well-rounded workforce, so we strive to help kids do well in school.

- **VOLUNTEERISM** - We believe that donating our time, talent and resources is equally as important as monetary donations. We also feel that it is inspiring, so our employees are given the opportunity and encouraged to volunteer in their communities every year.

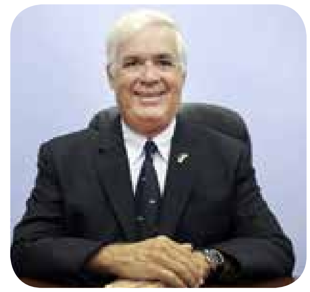
AML FOODS LIMITED

AML

BOARD OF DIRECTORS:


Dionisio D'Agullar
Chairman


Robert Sands
Director


R. Craig Symonette
Director


Frank Crothers
Director


Michael Moss
Director


Franklyn Butler
Director


Michael Maura Jr.
Director


Gavin Watchorn
Group President & CEO, Director


Alison Treco
Independent Audit Director

EXECUTIVE MANAGEMENT:

Gavin Watchorn, Group President and CEO
Stephen Smollett, Executive Vice President
Shervin Stuart, Executive Vice President
Brenda Dean, Group Financial Controller
Rhonda Rolle, VP Human Resources
Renea Bastian, VP Marketing & Communications
Carlos Sands, VP Loss Prevention

Richard Jones, VP Facilities
Calvin Dean, District Manager Food Distribution
Nelson Moss, District Manager Food Distribution
McQuella Fernander, District Manager Franchise
Micah O'Brien, District Manager Franchise
Lageisha Rolle, District Manager Franchise

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AUDITORS
Deloitte & Touche
Collins Avenue
2nd Terrace West
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Nassau, The Bahamas

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

LEGAL COUNSEL
C F Butler & Associates
7 Dennings Manor
Alice Street East
P.O. Box N-1462
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REGISTRAR & TRANSFER AGENTS
Bahamas Central Securities Depository
Suite 202 Fort Nassau Centre
British Colonial Hilton
Bay Street
P.O. Box N-9307
Nassau, Bahamas

FINANCIAL ADVISORS
Providence Advisors Limited
2nd Floor, Goodman's Bay
Corporate Center
P.O. Box AP-59223
West Bay Street
Nassau, The Bahamas

STORES DIRECTORY

RETAIL DIVISION
SOLOMON'S

NEW PROVIDENCE

Solomon's Supercentre
Old Trail Road

Solomon's Fresh Market
Old Fort Bay Town Centre

Solomon's Fresh Market
Harbour Bay Shopping Plaza

GRAND BAHAMA

Solomon's
Queen's Highway

Solomon's Lucaya
Sea Horse Shopping Plaza

WAREHOUSE CLUB DIVISION
COST RIGHT

NEW PROVIDENCE

Cost Right
Town Centre Mall

GRAND BAHAMA

Cost Right Freeport
The Mall Drive

FRANCHISE DIVISION
CARL'S JR.

NEW PROVIDENCE

Old Trail Road &
East West Highway

COMING SOON

NEW PROVIDENCE
Carl's Jr. Mall at Marathon (2016)
Carl's Jr. Carmichael Road (2016)
Solomon's Yamacraw (2017)

FRANCHISE DIVISION
DOMINO'S PIZZA

NEW PROVIDENCE

Blue Hill Road
Cable Beach Shopping Center
Carmichael Road
Coral Harbour Shopping Center
Golden Gates Shopping Center
Harbour Bay Shopping Plaza
Mall at Marathon
Sea Grapes Shopping Center
South Beach Shopping Center

GRAND BAHAMA

Port Lucaya
RND Plaza