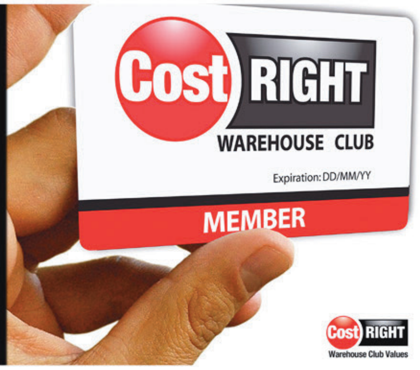
ANNUAL REPORT 2012



AML FOODS LTD.

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about us

AML Foods Limited is a well recognized and established Bahamian Company with operations in New Providence and Grand Bahama. Our brands – Solomon's Supercentre, Solomon's, Solomon's Fresh Market, Cost Right Warehouse Club and Domino's Pizza – are household names 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.

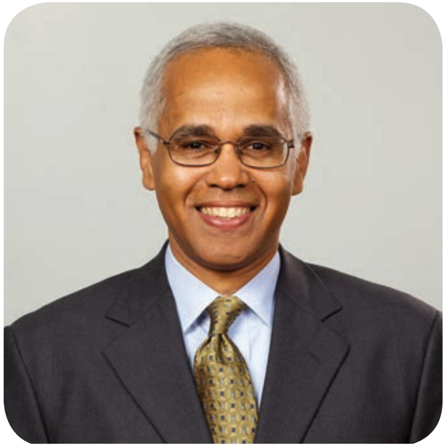
Driven by a strategic focus on growth and sustainable development that benefits our customers, our staff, and our shareholders, we are guided by our commitments to value and giving back to the communities that support us. Our Company is built on a strong foundation of integrity, respect for all, corporate responsibility, and community giving. We keep true to our core values each and every day in all that we do.

Our retail and warehouse club stores offer a wide range of consumer products from food items to clothing. The Retail Distribution Division includes Solomon's Supercentre Nassau, Solomon's Freeport, Solomon's Lucaya, Solomon's Fresh Market Old Fort Bay, and Solomon's Fresh Market Harbour Bay, offering affordable and quality products and services, along with an enjoyable shopping experience.

The Club Distribution Division which includes Cost Right Warehouse Club Nassau, Cost Right Warehouse Club Freeport, and www.costright.com provides customers with a wide assortment of name-brand products at warehouse club prices, for the home and office, as well as the convenience of 24 hours online shopping. All of our stores are dedicated to giving our customers value on the products and things that make life easy, friendly service, and convenient shopping.

Our Franchise Division includes Dominos Pizza and Carl's Jr. – two outstanding franchises with well-earned reputations for quality products and exceptional service. Our Domino's franchise operates nine stores in New Providence and two in Grand Bahama – we can truly say "we're in your neighborhood". We are looking forward to the opening of our first Carl's Jr. restaurant in 2014.

AML Foods Limited is a publicly traded company, with over 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.



2012 CHAIRMAN'S MESSAGE

Dear Shareholders,

I am pleased to report to you as we close out yet another profitable year and continue to move our Company in a steady, forward direction.

The past 24 months have been very exciting for AML Foods Limited. We have achieved much having opened three new stores and growing our Company's sales base significantly. We are now focused on the fundamentals of our business and remain committed to our customers in all of our brands.

We believe that we deliver to Bahamians both quality and value everyday and have built a platform for continued growth and sustainable earnings. Our Company is now poised to benefit from being a progressive food distribution company that produces strong results, by realizing efficiencies to achieve consistent value increases on shareholder investment.

The economic environment that we are currently operating in continues to be challenging. The grocery business is once again being overbuilt and this will, no doubt, lead to an overly competitive environment, as different stores fight for market share. In addition, high utility costs continue to impact businesses' ability to yield expected returns. However, despite these issues, we are confident that we will continue to record improvements in our Company's sales and bottom line growth, as we focus on the day-to-day operations of our business – customer service, product consistency, and shrink control. We are moving ahead with renewed confidence.

As always, I would like to say thank you to our shareholders for your support of our Company in the past year and for your continued support in the future. With our strong and growing presence in the market, our expectations for AML Foods Limited have risen. We look forward with confidence to meeting those expectations and yielding positive results for our Company and ultimately you, our shareholders.

Dionisio D'Aguilar

May 14, 2013

ANNUAL REPORT TO SHAREHOLDERS

2012 Chief Executive Officer's Message

I am pleased to report to you on the progress our Company has made over the past 12 months and a brief overview of our plans and strategies for the coming year.

We have had a very busy time over the past 24 months, opening three new stores - Solomon's Fresh Market in Old Fort Bay and Harbour Bay, in New Providence; and Solomon's Lucaya in Grand Bahama. While very consuming of our energies and resources, this expansion has significantly changed our Company. We are now a much larger Company, with 2012 sales of $128m, 18 individual locations and nearly 900 employees to serve our 70,000 weekly customers.

In 2013, with a full year's sales of all of our new locations, we expect to record sales of $150m and our average weekly customer count will grow to 82,000. We certainly have come a long way from where we were a decade ago. Our growth in sales and customer counts have allowed us to record growth in the area that impact you - increases in shareholder's returns.

"Our share price has increased by 78% since January 2012, EPS has increased from $0.11 to $0.16 and I am pleased that our 2012 dividend increased from $0.04 per share to $0.06 per share."

Our share price has increased by 78% since January 2012, EPS has increased from $0.11 to $0.16 and I am pleased that our 2012 dividend increased from $0.04 per share to $0.06 per share. It is my expectation that we will be able to continue to increase our dividend payment and we will move to quarterly dividend payments in 2013. Our policy will be to distribute a minimum of 33% of annual earnings in dividends, with this percentage increasing as our debt load decreases.

2013 will be a much quieter year for us as we will take a step back from expansion mode and refocus our energies on the day-to-day basics of managing our businesses and its many moving parts. As we focus on the basics of our businesses, we have initiated a training

and development program to strengthen and improve the performance of our management teams. Our second major initiative for 2013 will be to refocus on our efforts to reduce our energy consumption. While our energy usage has decreased in recent years, our costs remain unchanged due to increasing utility rates. We have set ourselves a target of reducing energy consumption by 10% over the next 24 months. These savings, along with the savings that we have removed from our expense structure, will allow us to continue to grow our bottom line and returns to our shareholders.

Our Carl's Jr. project was put on hold earlier this year as our Board felt the current environment was not conducive for a successful launch. I remain confident that this brand can be very successful for us and look forward to recommencing this project at a later date.

As I look ahead into the remainder of 2013 and into 2014, there certainly are challenges on the horizon. The number of grocery stores is increasing as landlords look to rent empty buildings and this will make an already competitive environment even more competitive. The proposed introduction of VAT in July 2014 will no doubt lead to inflation and increases in the cost of living, and we need to be prepared for the impact this will have on consumer spending power and shopping habits.

Despite these challenges, I am confident that the resilience and innovation our Company has shown in the past, will stand us well in the future as we navigate the roads that lie ahead.

Gavin Watchorn

Gavin Watchorn
May 14, 2013

aml FOODS LIMITED

Management will use this report to provide an analysis of the movements in AML Foods Limited ("the Company") balance sheet and cash flow statement from January 31, 2012 and January 31, 2013 and to discuss significant results from operations for the 2012 fiscal year.

BALANCE SHEET REVIEW

CASH AND BANK BALANCES

The Company's cash and bank balances decreased during the year by $2.30m from a net cash position of $3.84m at January 31, 2012 to $1.53m, which included $1.25m of term deposits with maturities greater than 90 days at January 31, 2013. The cause of the net decrease in cash is attributed to retrofitting of and purchase of start-up inventory for two new food stores, other pre-opening expenditures, and returns to shareholders. The cash outlays were funded in part by receipts from operations and proceeds from additional preference shares issue.

Our major uses of cash were purchases of inventories ($4.35m), additions to property, plant, and equipment ($10.51m), and retirement of commercial debt ($2.50m). Total dividends paid to shareholders were $0.92m. A payout of $0.04 per share or $0.62m was made in May 2012 on earnings for the year ended January 31, 2012. An interim payment of $0.02 per share on earnings for the year ended January 31, 2013 was made on January 31, 2013. Dividends of $0.90m were paid to preference shareholders. During the year $0.17m was spent to repurchase ordinary (treasury) shares. For the period ended January 31, 2012, $0.24m was spent on the repurchase of shares. The Company retired the credit facility of $2.50m with some of the proceeds ($10m) received from the preference shares issue.

RECEIVABLES

Total net receivables decreased from $0.99m at January 31, 2012 to $0.89m at January 31, 2013. Receivables from our in-store financing decreased from $0.19m in the prior year to $0.13m at January 31, 2013. The provision for receivables at January 31, 2013 was $0.080m. This amount was down 2.44% from $0.082m at January 31, 2012. The Company maintained its practice of analyzing and applying a provision to specific balances.

MERCHANDISE INVENTORIES

Net inventory levels have increased from $13.84m at January 31, 2012 to $18.28m. A significant portion of this increase is attributed to the opening of two new stores, Solomon's Lucaya ($1.4m) in Freeport, Grand Bahama and another location of Solomon's Fresh Market ($2.0m) in the Harbour Bay Shopping Plaza. The Company's inventory shrink provision decreased from $1.78m at January 31, 2012 to $1.69m at January 31, 2013.

OTHER CURRENT ASSETS

Other current assets increased from $1.28m at January 31, 2012 to $2.30m at January 31, 2013 as a result of additional advanced rents, utilities deposits, and fees related to new ventures. Other current assets consisted mainly of security deposits, prepaid insurance premiums, and quarterly advanced rents.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment have increased from $16.09m at January 31, 2012 to $24.21m at January 31, 2013. The increase resulted from investment in leasehold improvements and equipment purchase for two additional food distribution outlets. Depreciation at January 31, 2013 was $2.38m with total additions of $10.51m.

GOODWILL

No charges resulted to the value of goodwill during the annual impairment testing. Currently, goodwill remains on Solomon's Nassau, Solomon's Freeport, Cost Right Freeport, and Domino's Pizza.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses have increased from $9.04m at January 31, 2012 to $11.35m as a result of additional operating outlets.

BANK DEBT

In November 2012, the company retired its bank loan of $2.50m which had been secured in October 2011 to fund capital expenditures for Solomon's Fresh Market Old Fort Bay. This early retirement resulted from additional preference shares issue.

PREFERENCE SHARES

Effective November 1, 2012, the Company issued an additional 10,000 preference shares under the same terms and conditions as existing shares. Funds generated from this issue were used to retire the bank loan, complete the build out and provide operating cashflow for Solomon's Fresh Market Harbour Bay. Some of the funds were also set aside to finance the build out of Carl's Jr.

INCOME STATEMENT REVIEW

For the year ended January 31, 2013, the Company recorded a net profit of $2.43m or $0.16 per share compared to $1.74m or $0.11 per share for the year ended January 31, 2012.

SALES

Sales increased by $29.50m or 29.8% to $128.26m for the year ended January 31, 2013 compared to sales $98.76m for the year ended January 31, 2012. Sales increased by $29.10m or 32.69% in our Food Distribution division. Sales in our Food Distribution division grew as a result of a full year of Solomon's Fresh Market Old Fort Bay and also the addition of a Solomon's Lucaya in Grand Bahama (opened July 2012) and Solomon's Fresh Market Harbour Bay (opened December 2012). Franchise Division sales increased by $0.38m or 3.97%. All stores in our Franchise Distribution reported full year comparative sales compared to the year ended January 31, 2012.

GROSS MARGIN

Gross margin rose by 0.1% to 29.7% for the year ended January 31, 2013 up from 29.6% in the prior year.

Inventory shrink increased largely due to the addition of three retail food outlets (full-year of sales from Solomon's Fresh Market Old Fort Bay, more than half of a year of sales from Solomon's Lucaya and the opening of our newest location, Solomon's Fresh Market Harbour Bay).

EXPENSES

Selling, General, and Administrative expenses for the year ended January 31, 2013 were $35.00m or 27.3% when compared to expenses of $27.22m or 27.6% of sales for the year ended January 31, 2012. Payroll, Rent and Utilities costs remain the largest contributors to overall expenses. Increases were recorded in all these categories as a result of the growth that the Company experienced during the year. Same stores expenses increased overall by $1.36m or 5.00% to $28.58m when compared to prior expenses of $27.22m. Payroll expenses increased for same stores by 7.17% or $0.74m as a result of annual cost of living adjustments, increased support staff for additional stores, and other positions added within the stores. Rent increased by 5.26% or $0.15m due to annual increments, in some instances, as well as excess over minimum rents due based on increased revenues. An increase of 7.02% or $0.31m was recorded in utilities for same stores.

AML FOODS LIMITED

Consolidated Financial Statements
For The Year Ended January 31, 2013
And Independent Auditors' Report

Deloitte.

AML FOODS LIMITED

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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 January 31, 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year 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 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 January 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

May 14, 2013

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JANUARY 31, 2013
(Expressed in thousands of Bahamian dollars except per share amounts)

		2013		2012
Assets				
Current assets				
Cash and bank balances (Note 4)	$	2,552	$	5,558
Receivables, net of provisions (Note 5)		892		997
Merchandise inventories, net of provisions (Note 6)		18,283		13,840
Other current assets		2,300		1,287
		24,027		21,682
Property, plant and equipment (Note 7)				
Property and buildings		8,458		8,718
Equipment		8,036		4,856
Leasehold improvements		6,903		2,361
Work In Progress		818		163
		24,215		16,098
Term deposits with maturities greater than 90 days (Note 4)		1,250		-
Goodwill (Note 8)		4,110		4,110
Total assets	$	53,602	$	41,890
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts (Notes 4 and 9)	$	2,263	$	1,711
Accounts payable and accrued expenses		11,355		9,035
		13,618		10,746
Long-term liabilities				
Bank loan (Note 9)		-		2,500
Preference shares (Note 10)		20,000		10,000
		20,000		12,500
Shareholders' Equity				
Ordinary share capital (Note 11)		7,702		7,702
Treasury shares (Note 11)		(439)		(264)
Contributed surplus		2,664		2,664
Revaluation surplus (Note 7)		942		942
Retained earnings		9,115		7,600
		19,984		18,644
Total liabilities and shareholders' equity	$	53,602	$	41,890

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on May 14, 2013 and are signed on its behalf by:

Director

Director

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED JANUARY 31, 2013
(Expressed in thousands of Bahamian dollars except per share amounts)

	2013	2012
Sales (Note 17)	$ 128,261	$ 98,775
Cost of sales	(90,153)	(69,570)
Gross profit (Note 17)	38,108	29,205
Selling, general and administrative expenses (Note 12)	(35,002)	(27,218)
Other operating income	735	657
Net operating profit	3,841	2,644
Pre-opening costs (Note 17)	(590)	(296)
Interest expense (Note 17)	(18)	(126)
Dividends on preference shares (Notes 10 and 17)	(906)	(480)
Other income	101	-
Net profit and comprehensive income	$ 2,428	$ 1,742
Earnings per share (Note 13)	$ 0.16	$ 0.11

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED JANUARY 31, 2013
(Expressed in thousands of Bahamian dollars except per share amounts)

	Number of Shares ('000s)	Ordinary Share Capital	Treasury Shares	Contributed Surplus	Revaluation Surplus	Retained Earnings	Total
Balance as of January 31, 2011	15,404	$ 7,702	$ (23)	$ 2,664	$ 942	$ 6,474	$ 17,759
Net profit	-	-	-	-	-	1,742	1,742
Shares repurchased (Note 11)	-	-	(241)	-	-	-	(241)
Declared dividends ($0.04 per share)	-	-	-	-	-	(616)	(616)
Balance as of January 31, 2012	15,404	7,702	(264)	2,664	942	7,600	18,644
Net profit	-	-	-	-	-	2,428	2,428
Shares repurchased (Note 11)	-	-	(175)	-	-	-	(175)
Declared dividends ($0.06 per share)	-	-	-	-	-	(913)	(913)
Balance as of January 31, 2013	15,404	$ 7,702	$ (439)	$ 2,664	$ 942	$ 9,115	$ 19,984

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JANUARY 31, 2013
(Expressed in thousands of Bahamian dollars except per share amounts)

	2013	2012
Cash flows from operations		
Net profit	$ 2,428	$ 1,742
Adjustments for:		
Depreciation (Note 7)	2,381	1,720
Dividends on preference shares (Note 10)	906	480
(Decrease) increase in inventory provision (Note 6)	(91)	256
(Decrease) increase in provision for doubtful debts (Note 5)	(2)	10
Gain on disposal of property, plant and equipment	(1)	(40)
Operating cash flow before changes in working capital	5,621	4,168
Working capital source/(use)		
Merchandise inventories (Note 6)	(4,352)	(2,349)
Receivables (Note 5)	107	(256)
Other current assets	(1,013)	(325)
Accounts payable and accrued expenses	2,320	1,003
Net cash provided by operating activities	2,683	2,241
Investing activities source/(use)		
Term deposits with original maturities greater than 90 days (Note 4)	(1,250)	-
Additions to property, plant and equipment (Note 7)	(10,511)	(4,570)
Proceeds from disposals of property, plant and equipment	14	48
Net cash used in investing activities	(11,747)	(4,522)
Financing activities source/(use)		
Dividends on ordinary shares	(913)	(616)
Dividends paid on preference shares	(906)	(480)
Repurchase of shares (Note 11)	(175)	(241)
Repayment of loan	(2,500)	-
Proceeds from loan	-	2,500
Proceeds from preference shares issue	10,000	4,280
Net cash provided by financing activities	5,506	5,443
Net increase/(decrease) in cash	$ (3,558)	$ 3,162
Cash, beginning of year	$ 3,847	$ 685
Cash, end of year (Note 4)	289	3,847

See notes to consolidated financial statements.

AML FOODS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 2013
(Expressed in thousands of Bahamian dollars except 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 and its 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 a food franchise business.

The Company's significant operating entities, listed below, are all incorporated in The Commonwealth of The Bahamas:

- 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

2. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

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 February 1, 2012. 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 1 (Amended) Severe Hyperinflation and Removal of Fixed Dates
IFRS 7 (Amended) Financial Instruments: Disclosures - Transfers of Financial Assets
IAS 12 (Amended) Deferred Tax-Recovery of Underlying Assets

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

b. *Standards and Interpretations in issue but not yet effective*

IFRS 9 (Amended) Financial Instruments
IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurements
IAS 1 (Amended) Presentation of Items of Other Comprehensive Income
IAS 16 (Amended) Property, Plant and Equipment
IAS 19 (Revised 2011) Employee Benefits
IAS 27 (Revised 2011) Separate Financial Statements
IAS 28 (Revised 2011) Investments in Associates and Joint Ventures
IAS 32 (Amended) Offsetting of Assets and Liabilities
IAS 34 (Amended) Interim Financial Reporting
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Management is assessing whether the relevant adoption of these standards and interpretations in future periods will have a material impact on the financial statements of the Company.

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 accounts of the Company and its wholly owned subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies. 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. *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 recognised 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.

b. *Merchandise inventories* - Food distribution and franchise inventories are stated at the lower of weighted average cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions are made for normal loss and damage, based on a percentage of sales since the last physical inventory count and for slow moving and obsolete inventory. These provisions are calculated by applying a range of percentages to inventory aging reports, in order to estimate the amount by which inventory needs to be reduced to estimated net realisable value.

c. *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 credited directly to equity and is classified as "property revaluation surplus", except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the reversal is recognised as income. Any decrease in the carrying value of an asset as a result of a revaluation is recognised as an expense. 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.

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 are eliminated from the accounts and any gain or loss on the transaction is recognised in the consolidated statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. 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.

d. *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.

e. *Franchise fee* - The Company operates a food franchise, for which a franchise fee is assessed by the franchisor and is payable in advance for each location. These fees are amortised over a five year period and the unamortised portion of the fee is presented with other current assets on the consolidated statement of financial position. For the year ended January 31, 2013, the unamortised franchise fees were $14 (2012: $22).

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

g. *Defined contribution pension plan* - On November 1, 2006, the Company introduced 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 recognised 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.

h. *Revenue* - Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue from the sale of retail goods is recognised at the point of sale. Retail sales are usually by cash or by credit card. Revenue from the sale of wholesale goods is recognised when the entity has delivered products to the customer, the customer has accepted the product and collectability of the related receivable is reasonably assured.

i. *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.

j. *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.

k. *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.

l. *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).

4. CASH AND BANK BALANCES

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:

		2013		**2012**
Cash and bank balances	$	2,552	$	5,558
Bank overdrafts		(2,263)		(1,711)
Total	$	289	$	3,847

The Company made monthly contributions of $125 until October 2011 to a thirty day rolling term deposit to provide for the redemption of preference shares when they become due. As a result of the restructuring of the preference shares (Note 10), the contributions ceased and the funds were used to finance property, plant and equipment additions.

As of January 31, 2013, the Company has three term deposits ($250, $1,000 and $1,000) with interest rates of 3.0%, 2.75%, and 2.0%, respectively (2012: $Nil).

Term Deposits	Effective Date	Maturity Date	Terms	Interest Rates
250,000	12/11/2012	12/11/2013	12 months	3.00%
1,000,000	12/11/2012	6/9/2013	180 days	2.75%
1,000,000	12/11/2012	1/10/2013	30 days	2.00%

The Company was in compliance with all of its covenants as of January 31, 2013. These covenants are in relation to the overall credit arrangements with the Company's bankers, which are described in Note 9.

5. RECEIVABLES, NET OF PROVISIONS

Receivables consist of the following:

		2013		2012
Trade receivables	$	972	$	1,079
Less: Provision for doubtful accounts		(80)		(82)
Total	$	892	$	997

The aging of receivables is as follows:

		2013		2012
0 to 30 days	$	700	$	437
31 to 60 days		98		324
61 to 90 days		6		106
91 days		168		212
Total	$	972	$	1,079

Management has deemed $94 (2012: $236) of the receivables to be past due, but not impaired.

In 2010, AML Foods Limited began offering in-store financing through a subsidiary, Abaco Markets ISF Limited. As of January 31, 2013, the total amount outstanding was $133 (2012: $199). These amounts are included in the total receivables balance.

6. MERCHANDISE INVENTORIES, NET OF PROVISIONS

Merchandise inventories consist of the following:

		2013		2012
Food distribution	$	19,477	$	15,069
Franchise		495		551
		19,972		15,620
Less: Provision		(1,689)		(1,780)
Total	$	18,283	$	13,840

7. PROPERTY, PLANT AND EQUIPMENT

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, 2011	$ 10,794	$ 14,850	$ 4,871	$ 217	$ 30,732
Transfer	-	25	115	(140)	-
Additions	2	3,123	1,358	87	4,570
Disposals	-	(47)	-	(1)	(48)
At January 31, 2012	$ 10,796	$ 17,951	$ 6,344	$ 163	$ 35,254
Accumulated depreciation:					
At January 31, 2011	$ 1,803	$ 12,065	$ 3,601	$ -	$ 17,469
Depreciation	275	1,063	382	-	1,720
Disposals	-	(33)	-	-	(33)
At January 31, 2012	$ 2,078	$ 13,095	$ 3,983	$ -	$ 19,156
Net book value:					
At January 31, 2012	$ 8,718	$ 4,856	$ 2,361	$ 163	$ 16,098

	Property, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At January 31, 2012	$ 10,796	$ 17,951	$ 6,344	$ 163	$ 35,254
Transfer	-	2	54	(56)	-
Additions	5	4,579	5,202	725	10,511
Disposals	-	-	-	(14)	(14)
At January 31, 2013	$ 10,801	$ 22,532	$ 11,600	$ 818	$ 45,751
Accumulated depreciation:					
At January 31, 2012	$ 2,078	$ 13,095	$ 3,983	$ -	$ 19,156
Depreciation	265	1,402	714	-	2,381
Disposals	-	(1)	-	-	(1)
At January 31, 2013	$ 2,343	$ 14,496	$ 4,697	$ -	$ 21,536
Net book value:					
At January 31, 2013	$ 8,458	$ 8,036	$ 6,903	$ 818	$ 24,215

The Company's accounting policy is to revalue, property and buildings, which comprise primarily of club and retail store locations. The Directors obtain independent appraisals for all, property and buildings. 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 Directors did not deem that any adjustment to fair value of property and buildings was required during the year. The last independent valuation was carried out in 2011.

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 $7,516 (2012: $7,776).

8. GOODWILL

Goodwill on business acquisitions is as follows:

		2013		2012
Balance, beginning of period	$	13,573	$	13,573
Accumulated amortisation		(9,463)		(9,463)
Balance, end of period	$	4,110	$	4,110

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

- Solomon's Nassau (SCNL)
- Solomon's Freeport (SCFL)
- Cost Right Freeport (CRF)
- Domino's

The carrying amount of goodwill was allocated to cash-generating units as follows:

		2013		2011
Solomon's Nassau	$	1,265	$	1,265
Solomon's Freeport		901		901
Cost Right Freeport		378		378
Domino's		1,566		1,566
		4,110		4,110

The Company's annual impairment exercise did not indicate any impairment of the remaining goodwill as of January 31, 2013 and 2012.

9. BANK OVERDRAFTS AND LOANS

The credit arrangements with RBC Royal Bank (Bahamas) Ltd., were renegotiated with effect from September 19, 2012. This renegotiation included increasing the overdraft facilities temporarily by an additional $2 million to assist with capital expenditures related to retrofitting of Solomon's Fresh Market Limited - Habour Bay. In November 2012, the Company repaid the loan of $2.5

million which was part of the credit arrangements agreed to in 2011. This early retirement of the loan was as a result of the additional preference shares issue.

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%.

Payment due as follows:

		2013		2012
Due within 1 year	$	-	$	71
Due within 1 to 5 years		-		1,956
Due within 5 years and over		-		473
Total	$	-	$	2,500

10. PREFERENCE SHARES

On January 1, 2012, the Company agreed with its Class B preference shareholders to restructure their shares by extending the maturity date from December 31, 2013 to December 31, 2022. On January 1, 2012, the Company issued 4,280 additional preference shares under the same terms and conditions as existing shares. Further, interest rates attached to the shares have been reduced from 8.0% as of January 1, 2010 to 7.25% as of January 1, 2012. On November 1, 2012, the Company issued a further 10,000 preference shares based on the same terms and conditions as the existing shares. Under the terms of restructuring, shareholders agreed to hold their shares on an interest-only basis until December 31, 2014 and at that date annual repayments of $2.22 million will commence.

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 120 days notice. As of January 31, 2013, dividends accrued on preference shares amounted to $120 (2012: $60) and are included in accounts payable and accrued expenses in the consolidated statement of financial position.

As of January 31, 2013, 20,000 (2012: 10,000) redeemable non-voting cumulative preference shares, which were issued at $1 per share were outstanding. They are redeemable as follows:

		2013		2012
Due within 1 year	$	-	$	-
Due within 1 to 2 years		2,222		-
Due within 2 to 10 years		17,778		10,000
Total	$	20,000	$	10,000

11. SHARE CAPITAL

The authorised share capital of the Company is $12,500 divided into 24,975,000 ordinary shares with a par value of $0.50 per share and 25,000 redeemable non-voting, cumulative preference shares (Note 10) with a par value of $0.50 per share. As of January 31, 2013, 15,404,711 (2012: 15,404,711) ordinary shares of par value of $0.50 each were issued and fully paid.

On January 10, 2011, the Company implemented a share repurchase plan at prevailing market rates. As of January 31, 2013, 269,590 (2012: 224,168) shares had been repurchased at an aggregate cost of $439 (2012: $264). These shares are listed on the balance sheet as treasury shares and have not been cancelled.

12. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	2013	2012
Payroll and related costs	$ 13,583	$ 10,319
Facilities and rent (Note 15)	12,627	9,581
Sales and marketing expenses	4,056	3,686
Depreciation and amortisation of franchise fees	2,389	1,728
Office and computer costs	721	588
Directors' fees	93	96
Pension contributions	61	57
Other costs	1,472	1,163
Total	$ 35,002	$ 27,218

Included in payroll and related costs is $722 (2012: $613) representing compensation for key members of management. This amount includes salaries and other short-term employee benefits.

13. EARNINGS PER SHARE

Earnings per share are calculated by dividing the results for the year 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:

	2013	2012
Net profit applicable to continuing operations	$ 2,428	$ 1,742
Weighted average number of ordinary shares outstanding ('000s)	15,287	15,335

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

14. COMMITMENTS AND CONTINGENCIES

Capital commitments amounting to $816 were outstanding as of January 31, 2013 relating to land, buildings, leasehold improvements and equipment (2012: $58).

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.

15. OPERATING LEASE COMMITMENTS

The Company and its subsidiaries lease certain retail and office space under non-cancellable operating leases. As of January 31, 2013, 18 leases (2012: 16) are in effect. The future minimum lease payments under these leases are as follows:

Fiscal Period End	Minimum Lease Payments
2014	$ 4,303
2015	4,330
2016	4,282
2017	4,298
2018	3,461
2019 and beyond	13,456
Total	$ 34,130

The minimum lease payments include lease payments for four (2012: three) leases that are based on the higher of 3% of sales or a fixed rent. For the year ended January 31, 2013, payments made under operating leases were $3,610 (2012: $3,000).

16. 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 $676 (2012: $677) under a 20 year lease, of which 8 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 $305 (2012: $Nil). Therefore, the Company paid total rents of $981 (2012: $677) under lease agreements to related parties. The Company also purchased inventory totaling $336 from a wholesale distributor of which the latter director is also the principal.

17. 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. The Corporate segment consists of the Company's real estate and corporate management.

	Food Distribution		Food Franchise		Corporate		Consolidation	
	2013	2012	2013	2012	2013	2012	2013	2012
Sales	$ 118,114	$ 89,016	$ 10,147	$ 9,759	$ -	$ -	$ 128,261	$ 98,775
Gross profit	31,799	23,354	6,309	5,851	-	-	38,108	29,205
Gross profit %	26.9	26.2	62.2	60.0	-	-	29.7	29.5
Operating profit/(loss)	7,361	5,554	761	600	(1,991)	(1,960)	6,131	4,194
Interest expense							(18)	(126)
Depreciation							(2,189)	(1,550)
Pre-opening costs							(590)	(296)
Dividends on preference shares							(906)	(480)
Net profit							**$ 2,428**	**$ 1,742**
Other information:								
Segment assets	$ 34,856	$ 21,486	$ 1,935	$ 1,747	$ 16,811	$ 18,657	$ 53,602	$ 41,890
Segment liabilities	(12,571)	(9,841)	(649)	(641)	(20,398)	(12,764)	(33,618)	(23,246)
Net operating assets	22,285	11,645	1,286	1,106	(3,587)	5,893	19,984	18,644
Equity							**$ 19,984**	**$ 18,644**

18. 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 minimise the gap between interest rates.

   If interest rates had been 1% higher/lower, comprehensive income for the year ended January 31, 2013 would increase/decrease by $17 (2012: $8) 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 recognised 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 maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2012.

   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 January 31, 2013 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.

thank you...

Since beginning Gifts for Good in 2009, AML Foods Limited, through our brands Cost Right, Solomon's, Solomon's Fresh Market and Domino's Pizza has donated more than $130,000 to many deserving charities in New Providence and Grand Bahama. These charities and groups perform great work in our communities and we are proud to be able to assist them in helping the less fortunate in our society.

We recognize that the contributions we provide are only possible because of the support of our loyal and valued customers. To thank customers for their patronage over the years, in 2012, we invited them to participate in our Gifts for Good program by selecting the groups to receive donations. For one month customers logged onto our brand Facebook pages and voted for their favorite charities.

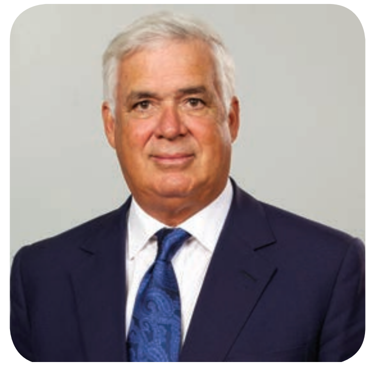
The groups selected all make a difference in the lives of so many Bahamians and it made us proud to make donations to them on behalf of our loyal customers. Throughout the year we were also fortunate and grateful to be able to support a number of spontaneous requests of local charities in various efforts.

To our valued customers thank you for shopping with us – your support has made it possible for us to help.

AML Foods Limited Board of Directors:

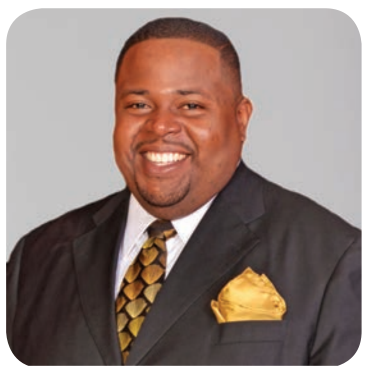
Dionisio D'Aguilar
Chairman

Robert Sands
Vice Chairman

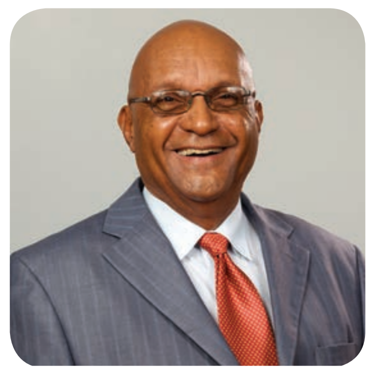


R. Craig Symonette
Director

Frank Crothers
Director



Franklyn Butler II
Director



Louis Dames
Director

Michael Moss
Director

Gavin Watchorn
Group President and 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 Ferguson, Group Financial Controller

Rhonda Rolle, VP Human Resources

Renea Knowles, VP Marketing & Communications

Carlos Sands, VP Inventory/Loss Prevention

Richard Jones, VP Facilities

Calvin Dean, District Manager, Cost Right, Nassau

Richard Vara, District Manager, Solomon's Fresh Market

Jammie Joseph, District Manager, Solomon's Super Center, Nassau

John Scott, District Manager, Freeport

McQuella Fernander, District Manager Franchise

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FOODS LIMITED

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STORE 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

SHOP ONLINE:
www.costright.com

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
Queen's Highway