



## Chairman's Report – Q1, 2012

We are pleased to report to you continued profitability for the first quarter of 2012 recording a 27.5% increase in sales over the same period in the previous year.

As you will note from the accompanying financials, we recorded a net profit of \$578k for the quarter compared to \$320k over the same period in the prior year. Our gross margin also improved by \$1.93m or 29.6%. These improvements in our key indicators are a result of the focus we maintain on being true to our brands and formats, and providing our customers with quality products and services at affordable prices, each and every day.

We are now beginning to benefit from our strategy to gain distribution volumes and are now seeing synergies in our purchasing power and efficiencies in our operating costs. Additionally, as well as enjoying sales increases from Solomon's Fresh Market, *AML Foods* recorded positive same store sales for the quarter, driven by significant increases in average transactions. This demonstrates our Company's focus on satisfying our customers' needs.

The solid foundation that *AML Foods* has built over recent years has placed the Company in a position to capitalize on valuable opportunities. The new Solomon's Lucaya store is only a few weeks away from opening its doors to the public and the entire process has been smooth. Our management team have performed a remarkable job in getting the store ready in such a short time. We have employed over 60 Grand Bahamians as new team members and very soon we expect to deliver a first class food store to the Lucaya area. Furthermore, work has commenced on the design process for our first Carl's Jr. location and we expect to move to construction before long.

As we continue with our focus on strategic growth and enhancing our offerings, we are proud to announce that *AML Foods Limited* has secured a long-term lease to be the anchor tenant in the Harbour Bay Shopping Plaza. Work has already begun to convert the store to a Solomon's Fresh Market that is expected to open by the end of the year, and we look forward to bringing the Solomon's Fresh Market concept to Harbour Bay and the residents of East Bay and Paradise Island.

Dionisio D'Aguilar  
June 20, 2012



**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED APRIL 30, 2012**

**CONSOLIDATED BALANCE SHEET**

*(Expressed in thousands of Bahamian dollars)*

	April 30, 2012	January 31, 2012
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank balances	\$ 4,931	5,558
Receivables, net of provisions	904	997
Merchandise inventories, net of provisions	12,992	13,840
Other current assets	1,977	1,287
	20,804	21,682
<b>Capital assets</b>		
Property and buildings	8,649	8,718
Equipment	4,584	4,856
Leasehold improvements	2,376	2,361
Work In Progress	1,781	163
	17,390	16,098
Goodwill	4,110	4,110
	\$ 42,304	41,890
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Bank overdraft	\$ 1,883	1,711
Accounts payable and accrued expenses	8,754	9,035
Declared dividends (note 2)	616	-
Current portion of bank loan	107	-
	11,360	10,746
<b>Long-term liabilities</b>		
Preference shares	10,000	10,000
Bank loan	2,393	2,500
	12,393	12,500
<b>Equity</b>		
Ordinary shares	7,702	7,702
Treasury shares (note 3)	(319)	(264)
Capital paid in excess of par	2,664	2,664
Property revaluation surplus	942	942
Retained earnings	7,562	7,600
	18,551	18,644
	\$ 42,304	41,890

## AML FOODS LIMITED

### CONSOLIDATED STATEMENT OF INCOME

*(Expressed in thousands of Bahamian dollars)*

	Quarter Ended April 30, 2012	Quarter Ended April 30, 2011
Sales	\$ 28,060	22,008
Cost of sales	(19,608)	(15,485)
<b>Gross profit</b>	<b>8,452</b>	<b>6,523</b>
Selling, general and administrative expenses	(7,838)	(6,291)
Other operating income	134	226
<b>Net operating profit</b>	<b>748</b>	<b>458</b>
Interest expense	(64)	(24)
Dividends on preference shares	(181)	(114)
<b>Net profit before pre-opening expenses and extraordinary income</b>	<b>\$ 503</b>	<b>320</b>
Pre-opening expenses	(26)	-
Extraordinary income	101	-
<b>Net profit and comprehensive income</b>	<b>\$ 578</b>	<b>320</b>
<b>Profit per share</b>	<b>\$0.038</b>	<b>\$0.021</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*(Expressed in thousands of Bahamian dollars)*

	No. of Shares	Retained Earnings	Share Capital	Contributed Surplus	Treasury Shares	Revaluation Surplus	Total
January 31, 2012	15,404	\$ 7,600	7,702	2,664	(264)	942	\$ 18,644
Net profit for period	-	578	-	-	-	-	578
Shares repurchased (note 3)	-	-	-	-	(55)	-	(55)
Declared dividends (note 2)	-	(616)	-	-	-	-	(616)
<b>April 30, 2012</b>	<b>15,404</b>	<b>7,562</b>	<b>7,702</b>	<b>2,664</b>	<b>(319)</b>	<b>942</b>	<b>18,551</b>
January 31, 2011	15,404	\$ 6,474	7,702	2,664	(23)	942	\$ 17,759
Net profit for period	-	320	-	-	-	-	320
Shares repurchased (note 3)	-	-	-	-	(32)	-	(32)
Declared dividends (note 2)	-	(616)	-	-	-	-	(616)
<b>April 30, 2011</b>	<b>15,404</b>	<b>6,178</b>	<b>7,702</b>	<b>2,664</b>	<b>(55)</b>	<b>942</b>	<b>17,431</b>

## AML FOODS LIMITED

### CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Quarter Ended April 30, 2012	Quarter Ended April 30, 2011
<b>Cash flows from operating activities</b>		
Net profit for period	\$ 578	320
Adjustments for:		
Depreciation and amortisation of franchise fees	511	423
Dividends on preference shares	181	114
Decrease/(increase) in inventory provision	4	4
Decrease in provision for doubtful debts	(172)	(257)
Operating cash flow before changes in working capital	1,102	604
Working capital source/(use)		
Merchandising inventories	1,019	1,681
Accounts receivable	41	139
Other current assets	(643)	(606)
Accounts payable and accrued expenses	(278)	557
Net cash provided by operating activities	1,241	2,375
<b>Investing activities source/(use)</b>		
Additions to capital assets	(1,804)	(682)
Net cash used in investing activities	(1,804)	(682)
<b>Financing activities source/(use)</b>		
Dividends paid on preference shares	(181)	(114)
Repurchase of shares	(55)	(35)
Net cash used in financing activities	(236)	(149)
Increase in cash	\$ (799)	1,544
Cash, beginning of period	3,847	685
Cash, end of period	3,048	2,229
Movement for period	\$ (799)	1,544

Cash and cash equivalents comprise cash less bank overdrafts.

# **AML FOODS LIMITED**

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## **EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS Quarter Ended April 30, 2012**

### **1. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with International Financial Reporting Standards using the same accounting policies and methods of computation as the Consolidated Financial Statements included in the 2011 Annual Report.

The consolidated financial statements include the accounts of AML Foods Limited, formerly Abaco Markets Limited, (“the Company”) and its significant wholly owned subsidiaries: Solomon’s Supercentre (Nassau) Limited, Cost Right Nassau Limited, Solomon’s Club (Freeport) Limited, Thompson Wholesale Limited, Caribbean Franchise Holdings Limited, and Solomon’s Fresh Market Limited.

### **2. DECLARED DIVIDENDS**

On April 24, 2012, the Company declared dividends of \$0.04 per ordinary share based on 2011 results. Dividends were paid on May 18, 2012 to the shareholders on record as of May 11, 2012.

### **3. SHARE BUY BACK**

In accordance with Company’s share buy back program, announced on January 6, 2011, the company has repurchased 40,511 shares during the period at an average cost of \$1.18 per share. As at April 30, 2012, the Company had repurchased a total of 265,679 shares at an average cost of \$1.17 per share.

## **AML FOODS LIMITED**

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### **AUDITORS**

Deloitte & Touche  
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Nassau, The Bahamas

### **BANKERS**

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### **LEGAL COUNSEL**

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### **REGISTRAR & TRANSFER AGENTS**

Bahamas Central Securities Depository  
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### **FINANCIAL ADVISORS**

Providence Advisors Limited  
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West Bay Street  
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### **DIRECTORS**

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

### **AML FOODS LIMITED**

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