



Chairman's Report – Q2, 2012

Amidst continued challenging economic conditions, *AML Foods Limited* announced today that its second quarter for 2012 was another strong quarter for the group. The Company recorded a net profit of \$448k for the period ended July 31, 2012, compared to \$244k for the same period in the previous year. Financial highlights for the quarter are as follows:

- Overall sales increase of \$8.28m or 36.9% over the same period in the previous year. Same stores sales increased 11.75% over the same quarter last year.
- Gross margin dollars improved by \$2.43m or 36.8% for the same quarter in the prior year. Gross margin sales remained relatively flat at 29.5% when compared to 29.5% for the same period in the previous year.
- Selling, general & administration expenses increased by \$1.98m or 31.9% as a result of additional operating units. As a percentage of sales, SG&A expenses decreased by 1.2% to 27.2% as compared to 28.4% for the same quarter in the previous year;

“We are pleased with the continued positive movement of the Company despite a challenging economic environment,” says Mr. Gavin Watchorn, CEO & President, *AML Foods Limited*. “Our stores are performing well having recorded an increase in same stores sales. We know that the road ahead will not be easy, but we are creating a platform for continued sales growth and profitability”.

Emphasizing, that the positive results were driven by the measures and initiatives that were put in place to strengthen and grow the Company's core businesses, as well as build a strong clear presence of its brands, Watchorn says he is pleased with the Company's performance thus far. “In July we opened the much anticipated Solomon's Lucaya Food store demonstrating our continued confidence in the Freeport Grand Bahama market. We are certainly looking forward to the continued success of both the Solomon's Lucaya and Solomon's Queen's Highway locations. The focus now is on Solomon's Fresh Market Harbor Bay, which is on target to open at the end of the year,” he says.

AML Foods Limited Chairman, Dionisio D'Aguilar adds, “Bahamians are adopting a healthier lifestyle and have embraced the Fresh Market concept which focuses on the healthier conscious shopper. The brand is successful because it provides customers with the right product mix and price structure to support this lifestyle change. The residents of eastern New Providence are eagerly awaiting the opening of the newest store in Harbour Bay.”

Explaining that company will continue to look for new opportunities that improve operational efficiencies as well as respond to the needs of the marketplace, Mr. D'Aguilar revealed that the design plans for Carl's Jr. have been finalized and you will soon be able to see construction on the Company's first restaurant, expected to open in 2013. “With our focus on strategic growth and enhancing our product offerings while simultaneously achieving synergies in our buying and logistics, we believe that we are moving in the right direction,” he says.

In the coming days, The Rt. Honorable Perry G. Christie will officially open Solomon's Lucaya. “We are honored that the Prime Minister has agreed to attend the Grand Opening and mark the official opening of the store on Friday October 5th,” says Mr. Watchorn. “A number of in-store activities are planned for the Grand Opening weekend and we invite all of our customers to come out and celebrate with us”.

About AML Foods Limited: *AML Foods Limited* was incorporated in 1989 in The Bahamas and is listed on the Bahamas International Securities Exchange. 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. *AML Foods Limited* Food Distribution includes its retail division - Solomon's Super Center Nassau, Solomon's Fresh Market, and Solomon's Neighborhood Stores – and its club division - Cost Right Nassau and Cost Right Freeport; the Company's Franchise Division consists of eleven Domino's Pizza locations in Nassau and Freeport. The Company expects to open its first Carl Jr. restaurant in 2013. 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, Upper Level, Blue Hill Road, Nassau, New Providence, Bahamas, Tel: 242.677.7200.

About this report: *This report may include “forward-looking statements.” While AML Foods Limited believes that the expectations reflected in such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from AML Foods’ expectations include external economic conditions, changes in the marketplace, changes in interest rates and operating costs and other unforeseen events or conditions that affect the Group’s performance.*

Contact:

Renea Knowles
VP Marketing & Communications
AML Foods Limited
Tel: 242-393-4041 Ext. 222
Email: rknowles@amlfoods.com

###



**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31, 2012**

CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Bahamian dollars)

	July 31, 2012	January 31, 2012
Assets		
Current assets		
Cash and bank balances	\$ 3,163	5,558
Receivables, net of provisions	1,146	997
Merchandise inventories, net of provisions	13,693	13,840
Other current assets	2,148	1,287
	20,150	21,682
Capital assets		
Property and buildings	8,582	8,718
Equipment	4,616	4,856
Leasehold improvements	2,330	2,361
Work In Progress	3,835	163
	19,363	16,098
Goodwill	4,110	4,110
	\$ 43,623	41,890
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ 1,124	1,711
Accounts payable and accrued expenses	11,015	9,035
Declared dividends (note 2)	-	-
Current portion of bank loan	107	-
	12,246	10,746
Long-term liabilities		
Preference shares	10,000	10,000
Bank loan	2,393	2,500
	12,393	12,500
Equity		
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	7,995	7,600
	18,984	18,644
	\$ 43,623	41,890

AML FOODS LIMITED**CONSOLIDATED STATEMENT OF INCOME***(Expressed in thousands of Bahamian dollars)*

	Quarter Ended July 31, 2012	Quarter Ended July 31, 2011
Sales	\$ 30,689	22,413
Cost of sales	(21,651)	(15,805)
Gross profit	9,038	6,608
Selling, general and administrative expenses	(8,338)	(6,363)
Other operating income	154	140
Net operating profit	854	385
Interest expense	(67)	(27)
Dividends on preference shares	(181)	(114)
Net profit before pre-opening expenses and extraordinary income	\$ 606	244
Pre-opening expenses	(158)	-
Extraordinary income	-	-
Net profit and comprehensive income	\$ 448	244
Profit per share	\$0.029	\$0.016

	Six Months Ended July 31, 2012	Six Months Ended July 31, 2011
Sales	\$ 58,749	44,422
Cost of sales	(41,259)	(31,290)
Gross profit	17,490	13,132
Selling, general and administrative expenses	(16,202)	(12,592)
Other operating income	288	304
Net operating profit	1,576	844
Interest expense	(130)	(51)
Dividends on preference shares	(363)	(229)
Net profit before pre-opening expenses and extraordinary income	\$ 1,083	564
Pre-opening expenses	(184)	-
Extraordinary income	101	-
Net profit and comprehensive income	\$ 1,000	564
Profit per share	\$0.065	\$0.037

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	-	1,000	-	-	-	-	1,000
Shares repurchased (note 3)	-	-	-	-	(55)	-	(55)
Declared dividends (note 2)	-	(605)	-	-	-	-	(605)
July 31, 2012	15,404	7,995	7,702	2,664	(319)	942	18,984
January 31, 2011	15,404	\$ 6,474	7,702	2,664	(23)	942	\$ 17,759
Net profit for period	-	564	-	-	-	-	564
Shares repurchased (note 3)	-	-	-	-	(69)	-	(69)
Declared dividends (note 2)	-	(616)	-	-	-	-	(616)
July 31, 2011	15,404	6,422	7,702	2,664	(92)	942	17,638

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Six Months Ended July 31, 2012	Six Months Ended July 31, 2011
Cash flows from operating activities		
Net profit for period	\$ 1,000	564
Adjustments for:		
Depreciation and amortisation of franchise fees	1,065	833
Dividends on preference shares	363	229
Decrease/(increase) in inventory provision	(3)	(281)
Decrease in provision for doubtful debts	(241)	-
Operating cash flow before changes in working capital	2,184	1,345
Working capital source/(use)		
Merchandising inventories	394	1,743
Accounts receivable	(198)	228
Other current assets	(810)	(398)
Accounts payable and accrued expenses	1,978	315
Net cash provided by operating activities	3,548	3,233
Investing activities source/(use)		
Additions to capital assets	(4,329)	(2,076)
Movements on investments	(4)	(13)
Net cash used in investing activities	(4,333)	(2,089)
Financing activities source/(use)		
Dividends paid on ordinary shares	(605)	(616)
Dividends paid on preference shares	(363)	(229)
Repurchase of shares	(55)	(92)
Net cash used in financing activities	(1,023)	(937)
Increase in cash	\$ (1,808)	207
Cash, beginning of period	3,847	685
Cash, end of period	2,039	892
Movement for period	\$ (1,808)	207

Cash and cash equivalents comprise cash less bank overdrafts.

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS Quarter Ended July 31, 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 July 31, 2012, the Company had repurchased a total of 265,679 shares at an average cost of \$1.17 per share.

AML FOODS LIMITED

AUDITORS

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

BANKERS

Royal Bank of Canada
Royal Bank House
East Hill Street
P.O. Box N-7459
Nassau, The Bahamas

LEGAL COUNSEL

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

REGISTRAR & TRANSFER AGENTS

Bahamas Central Securities Depository
50 Exchange Place
Bay Street
P.O. Box EE-15672
Nassau, The Bahamas

FINANCIAL ADVISORS

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

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

Corporate Offices
Town Centre Mall
Blue Hill Road
P.O. Box SS-6322
Nassau, The Bahamas
Tel: (242) 677-7200
Fax: (242) 356-7855