



CHAIRMAN'S REPORT Q2 2014

The Directors of *AML Foods Limited* are pleased to present results for the 2nd quarter ended July 31st 2014, recording a net profit of \$1.05m compared to \$172k for the same period in the previous year.

Our focus on driving operational efficiencies remains unchanged and we are pleased with the consistency of earnings throughout the past three Quarters. Based on these results the Board of Directors have approved a dividend payment of \$0.03 per share, payable on October 3rd, 2014 to shareholders on record as of September 26th, 2014.

The current economic environment remains both challenging and uncertain. Our focus remains on the day to day operations of our business and providing our customers with quality products and services at affordable prices. One of the greatest unknowns for us, as well as the entire country, is the implementation of VAT and the effects it will have on the Bahamian economy. Preparations for the January 2015 start date are ongoing throughout our Company.

The Board of Directors thanks our loyal customers, shareholders and dedicated staff for their continued confidence in *AML Foods Limited*.

Dionisio D'Aguilar
Chairman



**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31, 2014**

CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Bahamian dollars)

	July 31, 2014	January 31, 2014
Assets		
Current assets		
Cash and bank balances	\$ 5,385	5,938
Receivables, net of provisions	1,597	945
Merchandise inventories, net of provisions	15,307	17,082
Other current assets	2,525	2,265
	24,814	26,230
Capital assets		
Property and buildings	7,244	6,262
Equipment	7,799	7,582
Leasehold improvements	6,358	7,021
Work In Progress	1,190	1,312
	22,591	22,176
Goodwill	3,602	3,602
	\$ 51,007	52,008
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ 759	2,222
Accounts payable and accrued expenses	10,833	10,215
Current port of preference shares	-	2,222
	11,592	14,659
Long-term liabilities		
Preference shares	17,750	17,778
	29,342	32,437
Equity		
Ordinary shares	7,556	7,702
Treasury shares (note 3)	-	(487)
Capital paid in excess of par	2,323	2,664
Property revaluation surplus	794	794
Retained earnings	10,992	8,897
	21,665	19,571
	\$ 51,007	52,008

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended July 31, 2014	Quarter Ended July 31, 2013
Sales	\$ 35,996	36,202
Cost of sales	(24,234)	(25,721)
Gross profit	11,762	10,481
Selling, general and administrative expenses	(9,979)	(9,731)
Business License	(471)	(305)
Other operating income	131	104
Net operating profit	1,443	549
Interest expense	(334)	(377)
Dividends on preference shares	-	-
Net profit before pre-opening expenses	\$ 1,109	172
Pre-opening expenses	(59)	-
Net profit and comprehensive income	\$ 1,050	172
Profit per share	\$0.069	\$0.011

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, 2014	15,113	\$ 8,897	7,556	2,323	-	794	\$ 19,570
Net profit for period		2,397	-	-	-	-	2,397
Shares repurchased (note 3)			-		-		-
Declared dividends (note 2)		(302)	-	-	-	-	(302)
July 31, 2014	15,113	\$ 10,992	7,556	2,323	-	794	\$ 21,665
January 31, 2013	15,404	\$ 9,115	7,702	2,664	(439)	942	\$ 19,984
Net profit for period		828	-	-	-	-	828
Shares repurchased (note 3)			-		60		60
Declared dividends (note 2)		(903)	-	-	-	-	(903)
July 31, 2013	15,404	\$ 9,040	7,702	2,664	(379)	942	\$ 19,969

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Quarter Ended July 31, 2014	Quarter Ended July 31, 2013
Cash flows from operating activities		
Net profit for period	\$ 2,397	828
Adjustments for:		
Depreciation and amortization of franchise fees	1,731	1,637
Dividends on preference shares	684	725
Decrease/(increase) in inventory provision	197	(406)
Decrease in provision for doubtful debts	17	5
Operating cash flow before changes in working capital	5,026	2,789
Working capital source/(use)		
Merchandising inventories	1966	3,176
Accounts receivable	(949)	(185)
Other current assets	(187)	(100)
Accounts payable and accrued expenses	433	(1,453)
Net cash provided by operating activities	2,408	4,227
Investing activities source/(use)		
Additions to property, plant and equipment	(2,142)	(1,601)
Net cash used in investing activities	(1,021)	(1,601)
Financing activities source/(use)		
Preference shares principal payment	(2,250)	-
Dividends on ordinary shares	(302)	(903)
Dividends paid on preference shares	(684)	(725)
Unrealized gain on shares	-	60
Net cash used in financing activities	(3,236)	(1,568)
Increase in cash	\$ 911	1,058
Cash, beginning of period	3,716	1,539
Cash, end of period	4,627	2,597
Movement for period	\$ 911	1,058

Cash and cash equivalents comprise cash less bank overdrafts.

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended July 31, 2014

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 2013 Annual Report.

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

2. DECLARED DIVIDENDS

On June 18, 2014 the Company declared dividends of \$0.02 per ordinary share and the dividends were subsequently paid on July 04, 2014 to the shareholders on record as of June 27, 2014. The Company declared further dividends of \$0.03 per ordinary share to be payable on October 03, 2014 to shareholders on record as of September 26, 2014.

3. SHARE BUYBACK PLAN

The Company reinstate the share buyback plan on June 18, 2014. However, no purchases were made under this plan during the quarter ended July 31, 2014.

AML FOODS LIMITED

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BANKERS

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REGISTRAR & TRANSFER AGENTS

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DIRECTORS

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

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