



CHAIRMAN'S REPORT Q3 2016

The Board of Directors at *AML Foods Limited* is pleased to report results for the third quarter ended January 31st, 2017 reflecting a net profit of \$3.078m compared to \$2.140m for the same period in the previous year. Sales for the quarter were \$42.467m compared to \$41.097m for the same period in the prior year.

We are pleased that we were able to maintain positive sales and performance levels during the quarter, a period immediately following Hurricane Matthew and a tough economic time for retailers. Our consistent sales growth continues to be driven by our commitment to staying competitive and driving value for our customers.

We are proud to announce that we purchased 4.5 acres of land on Charles Saunders Highway in New Providence for future expansion plans for our Company. The purchase was financed through a bank loan from Royal Bank (Bahamas) Limited. The Company borrowed a total of \$7m at 4.75% over 10 years of which \$3m was spent to purchase the property and the remainder, which will be drawn down at a later date, being earmarked to partially fund additional capital expenditures. We also successfully opened our third Carl's Jr. location on Carmichael Road which has been well received in the South West Community. Construction on Solomon's Yamacraw is progressing well and we remain on schedule to open in the fall of 2017. We expect that these additions will help us to be successful in achieving our goals of continued sales growth and earnings for our shareholders.

Based on our quarter results, the Board of Directors have approved a dividend payment of \$0.02 per share, payable on March 24, 2017 to shareholders on record as of March 17, 2017.

We thank our loyal customers, dedicated staff and shareholders for their continued support of *AML Foods Limited*.

Franklyn A. Butler, II
Chairman

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JANUARY 31, 2017**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of Bahamian dollars)

	Quarter Ended January 31, 2017	Quarter Ended April 30, 2016
Assets		
Current assets		
Cash and bank balances	\$ 6,612	9,483
Receivables, net of provisions	1,462	1,253
Merchandise inventories, net of provisions	17,000	16,152
Other current assets	3,105	2,953
	28,179	29,841
Fixed assets		
Property and buildings	19,168	16,580
Equipment	6,382	7,162
Leasehold improvements	7,391	8,104
Work In Progress	3,896	392
	36,837	32,238
Goodwill	3,019	3,019
Term deposits with maturities greater than 90 days	272	917
	3,291	3,936
	\$ 68,307	66,015
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ 1,397	130
Accounts payable and accrued expenses	10,944	11,772
Current portion of preference shares	1,775	1,775
Current portion of bank loan	647	623
	14,763	14,300
Long-term liabilities		
Preference shares	13,761	15,536
Bank loan	5,135	5,621
	18,896	21,157
Equity		
Ordinary shares	7,525	7,524
Capital paid in excess of par	2,230	2,231
Property revaluation surplus	3,159	3,159
Retained earnings	21,734	17,644
	34,648	30,558
	\$ 68,307	66,015

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended January 31, 2017	Quarter Ended January 31, 2016
Sales	\$ 42,467	41,096
Cost of sales	(28,011)	(27,969)
Gross profit	14,456	13,127
Selling, general and administrative expenses	(11,272)	(10,929)
Other operating income	254	299
Net operating profit	3,438	2,497
Interest expense	(78)	(97)
Dividends on preference shares	(233)	(260)
Net profit from continuing operations	\$ 3,127	2,140
Pre-Opening expenses	(49)	
Net profit from continuing operations	\$ 3,078	2,140
Profit per share	\$0.205	\$0.142

	Nine Months Ended January 31, 2017	Nine Months Ended January 31, 2016
Sales	\$ 116,862	113,574
Cost of sales	(78,555)	(77,508)
Gross profit	38,307	36,066
Selling, general and administrative expenses	(32,939)	(32,053)
Other operating income	668	678
Net operating profit	6,037	4,691
Interest expense	(240)	(156)
Dividends on preference shares	(755)	(793)
Net profit from continuing operations	\$ 5,042	3,742
Pre-Opening expenses	(49)	
Net profit from continuing operations	\$ 4,993	3,742
Profit per share	\$0.332	\$0.249

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
April 30, 2016	15,049	\$ 17,644	7,525	2,230	-	3,159	\$ 30,558
Net profit for period		4,993				-	4,993
Revaluation						-	-
Cancellation of treasury shares						-	-
Shares repurchased						-	-
Declared dividends		(903)				-	(903)
January 31, 2017	15,049	\$ 21,734	7,525	2,230	-	3,159	\$ 34,648
April 30, 2015	15,112	\$ 13,552	7,556	2,323	(125)	3,159	\$ 26,465
Net profit for period		3,742	-	-	-	-	3,742
Revaluation				-		-	-
Shares repurchased					-	-	-
Cancellation of treasury shares	(63)		(32)	(93)	125	-	-
Declared dividends		(903)	-	-	-	-	(903)
January 31, 2016	15,049	\$ 16,392	7,524	2,230	-	3,159	\$ 29,305

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Quarter Ended January 31, 2017	Quarter Ended January 31, 2016
Cash flows from operating activities		
Net profit for period	\$ 3,078	2,140
Adjustments for:		
Depreciation and amortization of franchise fees	1,124	1,049
Dividends on preference shares	233	260
Increase / (Decrease) in inventory provision	11	186
Increase in provision for doubtful debts	14	13
Bank Loan Interest	-	12
Operating cash flow before changes in working capital	4,460	3,660
Working capital source / (use)		
Merchandising inventories	(2,372)	547
Accounts receivable	(180)	1,445
Other current assets	(379)	(278)
Accounts payable and accrued expenses	120	3
Net cash provided by operating activities	1,649	5,377
Investing activities source / (use)		
Additions to property, plant and equipment	(2,462)	(286)
Movement on investments	(90)	73
Proceeds from disposal of property and equipment	-	1
Net cash used in investing activities	(2,552)	(212)
Financing activities source / (use)		
Proceeds from bank loan	-	-
Preference shares principal payment	-	-
Dividends on ordinary shares	(301)	(301)
Dividends paid on preference shares	(233)	(260)
Repurchase of treasury shares	-	-
Repayment of bank loan	(155)	(140)
Movement in inter-company balances	-	(77)
Net cash used in financing activities	(689)	(777)
(Decrease) / Increase in cash	\$ (1,592)	4,386
Cash, beginning of period	6,811	2,791
Cash, end of period	5,219	7,177
Movement for period	\$ (1,592)	4,386
Cash and cash equivalents comprise cash less bank overdrafts.		

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended January 31, 2017

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 2015 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 March 08, 2017, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on March 24, 2017. For the fiscal year beginning May 2016, the Board had previously approved dividends to be paid as follows:

On June 15th, 2016, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on June 29, 2016 to shareholders of record on June 24, 2016.

On September 7th, 2016, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on September 21, 2016 to shareholders of record on September 16, 2016.

On December 7th, 2016, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on December 23, 2016 to shareholders of record on December 16, 2016.

3. BANK LOAN

At a meeting of the Board of Director’s held on January 18, 2017, the Board approved the Company to secure an additional bank loan of \$7m to assist with the construction of Solomon’s Yamacraw and to purchase 4.5 acres of property in Pinewood Gardens for future development. The Company previously obtained a bank loan for \$7.25m which was used to purchase the Solomon’s Fresh Market building at Old Fort Bay Town Centre. At January 31, 2017, the principal balance of the \$7.25m loan was \$5.78m.

AML FOODS LIMITED

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LEGAL COUNSEL

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REGISTRAR & TRANSFER AGENTS

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DIRECTORS

Franklyn Butler, II (Chairman)
Dionisio D' Aguilar
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Frank J. Crothers
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Mike Maura Jr.
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