aml
FOODS LIMITED

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FINANCIAL ADVISORS
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CORPORATE OFFICES
Town Center Mall
Blue Hill Road
P.O. Box SS-6322
Nassau, The Bahamas
Tel: 242.677.7200
Fax: 242.356.7855

STORE DIRECTORY

SOLOMON'S SUPER CENTER RETAIL DIVISION
NEW PROVIDENCE
Solomon's Super Center
Old Trail Road
Nassau, New Providence

GRAND BAHAMA
Solomon's
Queen's Highway
Freeport, Grand Bahama

COMING SOON:
Solomon's Fresh Market
Town Center at
Old Fort Bay
Western New Providence

COST RIGHT WAREHOUSE CLUB DIVISION
NEW PROVIDENCE
Cost Right
Town Center Mall
Nassau, New Providence

GRAND BAHAMA
Cost Right Freeport
On the Mall
Freeport, Grand Bahama

www.costright.com

DOMINO'S PIZZA FRANCHISE DIVISION
NEW PROVIDENCE
Blue Hill Road
Cable Beach Shopping Center
Carmichael Road
Golden Gates Shopping Center
Harbour Bay Shopping Center
Mall at Marathon
Sea Grapes Shopping Center
Coral Harbour Shopping Center

GRAND BAHAMA
Port Lucaya
Queen's Highway

COMING SOON:
South Beach Shopping Center

annual report 2010

aml FOODS LIMITED

"our staff, our future..."

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Our Mission:

We are committed to delivering the finest selection of high quality consumer products, with superior customer service at competitive prices, an exceptional work environment for our employees and consistent value increases on shareholder investments.

ABOUT US

AML Foods Limited is a well known and established Bahamian Company with operations in New Providence and Grand Bahama. The Company is committed to providing excellent value on quality consumer products and exceptional customer service, a rewarding work environment for our employees, and consistent returns on shareholder investments. Driven by a strategic focus on growth and sustainable development, the Company's logo represents our strong corporate identity and our determination to continue to advance.

AML Foods Limited operates retail and warehouse club stores that offer a wide range of consumer products from food items to clothing, as well as the Domino's Pizza franchise in The Bahamas. 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.

The retail distribution division includes Solomon's Super Center Nassau, Solomon's Freeport and Solomon's Fresh Market, scheduled for opening in late 2011, offering affordable quality products and services, along with an enjoyable shopping experience, all in one location.

The club distribution division which includes Cost Right Warehouse Club Nassau, Cost Right Warehouse Club Freeport and www.costright.com provides customers with a variety of name-brand products at warehouse club prices for the home and office.

Our Domino's franchise consists of ten pizza locations, eight in New Providence and two in Grand Bahama.

AML Foods Limited is a publicly traded company and is listed on the Bahamas International Stock Exchange.

AML Foods Limited Board of Directors:

(Front Row, L-R)
Dionisio D'Aguilar, Chairman;
Robert Sands, Vice Chairman;

(Back Row, L-R)
R. Craig Symonette, Director;
Gavin Watchorn, Group President and CEO, Director;
Louis Dames, Director; Frank Crothers, Director;

(Not Pictured)
Vaughn Roberts, Director
Franklyn Butler II, Director.

EXECUTIVE MANAGEMENT

Gavin Watchorn, Group President and CEO
Steve Smollet, Executive Vice President
Shervin Stuart, Executive Vice President
Rhonda Rolle, VP Human Resources
Renea Knowles, VP Marketing & Communications
Brenda Ferguson, Group Financial Controller
Calvin Dean, District Manager Food Distribution
McQuella Fernander, District Manager Franchise

OUR STAFF, OUR FUTURE...

Creating a successful business requires investment – capital for equipment, inventory and systems. Getting the best of these will put you well on the path of success but will not bring you all the way. To truly achieve success and realize your business' potential, a company must invest in its people. When a company comes to the realization that its employees are one of its most valuable assets, it moves from being just average to being great.

At AML Foods, we fully understand and appreciate the value of the contribution that our employees make each and every day to our Company. Investing in their growth and development is a major initiative for us and one that will continue throughout good times and bad. Our commitment to support and invest in our employees through learning programs, mentoring and new opportunities has been integrated into our daily business. Training and Development is an ongoing part of our employees' life designed to ensure that they are given the tools and resources needed, to help them climb as high as they want to go within our Company, ensure that they remain motivated to give the best they can and provide them with avenues for personal empowerment

We take pride in developing our future leaders. By providing opportunities for growth, we have seen employees move from being associates to managers. Seeing our employees grow and mature into key members of our team is rewarding and motivating to us. We see this investment as one with immediate and significant returns through increased productivity, knowledge, loyalty and contribution and it results in improved customer service and experience.

We are proud to feature representatives from each of our divisions on the cover of our 2010 Annual Report. These employees represent our future, our success and our vision for staff development and growth.

Pictured on front cover from L to R:
Myncharhi Nixon, Domino's Pizza**; Patrick Prudent,** Cost Right**; Denise Knowles,** AML Corporate Office **and Geritt Rolle,** Solomon's**.**

AML Foods is a dynamic company that is always seeking to enhance the service that we provide to our customers. In late 2011 we are scheduled to open our latest format, Solomon's Fresh Market, in the Old Fort Bay Town Center located in western New Providence. This new concept is based on a smaller premium food market model where even higher standards of freshness, quality of product and customer service are fundamental.

CHAIRMAN'S MESSAGE

"Staying the course" – this is an expression that has been repeated many times in the past 18 months by the directors and management of AML Foods Limited. Staying the course involves remaining true to our core values and strategies and focusing on the day to day fundamentals of operating our businesses.

Our Company was recently presented with two strategic decisions, both of which the Board of Directors opted against in favor of "staying the course". The first involved preliminary discussions on the merger or acquisition of the majority interest in Bahamas Supermarkets Limited and the second involved the unsolicited offer for the sale of 51% of the issued share capital of AML Foods to Trans Islander Traders. Both of these decisions were given significant consideration and, in each case, it was felt that potential for greater long term shareholder returns lay in our current strategic plan.

The business environment we operate in continues to be challenging as increasing competition and the prevailing economic conditions bring pressure onto our operating profit margins. We constantly re-examine ourselves to determine what we can do better, where new opportunities lie and how we can increase shareholder returns. The current business environment makes this self-assessment even more imperative, and while our results have not fully reflected the work and efforts of our management team, we strongly believe that we have laid a strong foundation for increased profitability when the economic conditions of The Bahamas improve.

As well as being committed to a relentless focus on the core basics of operating our business, which has seen a reduction in our shrink for the third consecutive year, we have embarked on a program of strategic growth. This involves introducing new revenue streams within our existing stores, upgrading and expanding existing locations and increasing our number of retail outlets. At the center of this is our new store, Solomon's Fresh Market, which is scheduled for opening in late 2011. We are very excited about launching this new concept focused on a healthier, fresher shopping experience, in a market that we currently do not have a presence in. This store will open without any significant increases in our central management costs or without significant bank debt, factors which will provide for a timely return on investment.

We continue to develop our franchise division with the addition of a new Domino's store in Coral Harbor in 2010 and our 11th store is due for opening in July 2011 in southern New Providence. Once this is opened, we intend to move on establishing a new franchise business to complement Domino's. As with Solomon's Fresh Market, the management and operational infrastructure already exists to assume increased revenues without significant incremental costs.

Our annual report cover features a number of employees, representing our CEO's vision and plan for employee development and training. Our investment in this program will provide our shoppers with improved shopping experiences, our Company with its future leaders and our shareholders with enhanced returns.

We expect that the current fiscal year will remain challenging. We also expect that, ultimately, there will be some level of market consolidation within the retail food industry of The Bahamas. Our current strategies and focus are laying the foundations for future growth and will provide us with the means to take advantage of opportunities that may arise when this consolidation occurs.

As always, I would like to thank our shareholders for their support in the past year and for your continued support in the future. We will continue to strive for increased returns to reward you for your trust and confidence in your Board and management team.

Dionisio D'Aguilar
April 27th, 2011

I am pleased to report to you on our 2010 results, the factors that influenced those results and our challenges, prospects and strategies for 2011.

While we recorded a net profit of $2.4m for the year ended January 31, 2011, an increase of some 20% over our 2007 and 2008 earnings, we fell short of our 2009 earnings, which was an exceptional year for us. Our sales for the year was $91.8m or 1.5% below 2009 and the loss of those sales and their contributing gross margin dollars along with the reduction of net margin by 0.6% were significant factors in our earnings decrease.

The marketplace in which we operated was very competitive in 2010 and remains so today. Both existing competitors and new entrants have been jostling for a retail spending dollar that is in decline as consumers face the challenges of the economic recession and the increased costs of living that have been steadily eroding the spending power of average consumers. The ever increasing energy costs we began to see in 2010 that are continuing into 2011 will continue to impact all aspects of our consumer's lives and by extension, our business.

When one is faced with adversity or challenges, one can accept the fate that seems inevitable or you can face the adversity and deal with it head on. I believe your management team has faced its challenges and by doing so, is positioning our Company for future growth and success. Our sales decline was as high as 8% in the early months of 2010 as increased and more robust competition and declining average transactions impacted our operations. We looked at where we were losing market share and reacted to address the declines as well as implemented new revenue streams to offset lost sales and increase both average transaction and transaction counts.

AML By The Numbers

Employees:	600
Shareholders:	1,400
Locations:	14
Years in operation:	22
Sales:	$92m

Through this approach we were able to reduce our sales declines from 8% to 1.5% over the 3rd and 4th quarters and we have been able to maintain this sales momentum into our 2011 fiscal year.

Our Domino's operations recorded a greater sales loss and profits decline than our food distribution operations as the dual effect of consumers demand for lower price point value meals and rising food costs impacted gross margins significantly. This trend was seen generally throughout the fast food sector in The Bahamas. While overall sales declined, we were pleased that our transaction levels increased, despite the presence of a new direct competitor.

So 2010 will be recorded as a year where we faced increased competition, reduced consumer spending power, tightened gross margins and pressures on our expense base. Now, how about the future? There was much talk in 2010 about the need for consolidation within our industry and the need for scale. Some of this talk had merit and the need for scale has always been apparent in the food industry – whether retail or wholesale. However, we believe that scale should be best achieved through manageable, sustainable increments. Our growth strategy is focused on achieving this, both in entering into new revenue streams and markets, as well as organic growth within our existing operations.

"gifts for good"

At AML Foods Limited, we know what it is like to experience challenges and tough times. We appreciate that receiving support, no matter how small, can help one through the darkest days and provide hope and the means to get back on your feet again. Our "gifts for good" program allows us to show our commitment to the communities in which we operate, by assisting those charities and organizations that perform such remarkable work in providing support, hope and assistance to those most needy.

In the past year, our Company has been able to donate over $50,000 to a number of groups and causes in New Providence, Grand Bahama and the Family Islands. Our donations have supported a variety of causes from the Red Cross, Aids Camp, Special Olympics and various food ministries, to a number of Children's Homes and Homes for the Aged, as well as environmental and sporting groups. In addition to our commitment to corporate responsibility, our many stores do their part to support our communities through donations to cook-outs, churches and other individual causes.

At AML Foods, we strongly believe in the development of our nation's youth and in nurturing environments that allow for the realization of their potential. We are extremely proud that our Domino's brand has long been a supporter of youth initiatives in our community and annually participates in national programs that align with the franchise's vision and guiding principles. Through our Domino's brand we support and sponsor, the Bahamas Amateur Athletic Association, The Bahamas Association of Independent Secondary Schools, The Government Secondary Schools Sporting Association and countless others.

All of this, however, would not be possible without the continued support of our thousands of valuable customers. Your support of our brands - Cost Right, Solomon's and Domino's - allows us to continue to fulfill our commitment to help make our communities a better place. Our Company takes pride in being a good corporate citizen and through "gifts for good" we will continue in our efforts to make a difference.

To our valued customers, thank you for shopping with us - your support makes it possible for us to do our part!

In the opinion of the management, the estimated fair value of financial assets and financial liabilities (accounts receivable, investments at fair value through profit or loss, bank balances, inventories, prepaid expenses and sundry assets and accounts payable and accrued liabilities) at January 31, 2011were not materially different from their carrying values.

The fair values of accounts receivable, available for sale investments, bank balances, inventories, prepaid expenses, other assets and accounts payable and accrued liabilities are not considered to be materially different from their carrying values due to their short-term nature.

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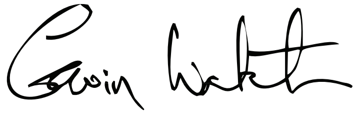
Our Solomon's Fresh Market location is well underway and along with the project developer, we are working ardently towards our opening in late 2011. We have spent considerable resources planning and developing this location and concept and are confident that we will deliver a shopping experience never experienced in New Providence. This location will provide for us a presence in western New Providence and we hope will be the platform for further development in that area.

In 2010 we opened our 10th Domino's location in Coral Harbor, New Providence. This was done to provide added presence in western New Providence, an area where we felt we could be delivering better service to our customers and the initial results have exceeded our expectations. We expect to open our 11th location in the South Beach Shopping Center in July of 2011. We are actively exploring options for the addition of a new franchise for our Company. We have looked at a number of options all of which we feel will complement both our franchise and food business and may be integrated into some of our current food locations. Our current infrastructure of back office, management and commissary production will allow us to increase our franchise division's top line sales without any significant additions to our central overhead.

In mid-2010 we began a three year store remodeling program of our Nassau Food Distribution stores, initially focusing on perishable equipment and image enhancements. We will continue this at a slower pace in 2011 as we use our capital expenditure budget to open Solomon's Fresh Market with minimal debt, before completing the program in 2012. Overall, we expect to invest $1.5m and provide the appearance and environment of new stores, while focusing heavily on energy efficiency. We invested in our Solomon's Freeport store in 2010, expanding the store further to increase our Perishables Department and add floor space for core and new categories. While Grand Bahama's economy is experiencing its challenges, we feel confident that our continued investment in that market will provide the required returns on investment as we strive to provide all markets with superior customer service and product availability.

The building blocks that we are putting in place now will serve as our foundation for increased sales and earnings going forward, while addressing the need to improve overall earnings in our 1st and 2nd quarters, which have traditionally been much lower than our 3rd and 4th quarters. The economic outlook of The Bahamas will slowly begin to improve and we feel strongly that the platform we have created - lack of bank debt, settled and experienced management and a strong core fundamentals and ethics base – will serve us well in the future, as it has in the past few years, and will position us to benefit from improved economic conditions.



Gavin F. Watchorn, FCA
Group President and CEO.
April 27th, 2011

Management will use this report to provide an analysis of the movements in AML Foods Limited ("the Company") balance sheet from January 31, 2010 to January 31, 2011, and to discuss the significant components of the financial results for 2010.

BALANCE SHEET REVIEW

CASH AND BANK BALANCES

The Company's cash and bank balances decreased during the year by $1.49m from a net cash position of $2.17m at January 31, 2010 to $0.68m at January 31, 2011. The main contributor to this decrease was an investment in inventory levels during the 4th quarter to hedge against expected commodity increases as well as the increase made in net receivables.

RECEIVABLES

Total net receivables increased from $0.31m at January 31, 2010 to $0.75m due to the Company targeting new lines of revenues which required credit facilities. The provision for receivables has decreased from $0.28m at January 31, 2010 to $0.20m at January 31, 2011 with the majority of the provision allocated against specific balances.

MERCHANDISE INVENTORIES

Net inventory levels have increased from $10.28m at January 31, 2010 to $11.75m at January 31, 2011. Management made a decision to invest in inventory levels of commodities in anticipation of price increases in the global markets. The Company's inventory shrink provision increased from $1.43m at January 31, 2010 to $1.52m at January 31, 2011 in proportion to the growth in inventory.

OTHER CURRENT ASSETS

Other current assets consisted primarily of security deposits and prepaid insurance premiums. Other current assets have increased slightly from $0.86m at January 31, 2010 to $0.95m at January 31, 2011.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have increased from $12.64m at January 31, 2010 to $13.26m at January 31, 2011. Purchase of equipment for the new franchise location at Coral Harbor, upgraded equipment in food distribution division and expansion of the Solomon's Freeport store were the main additions for the year. Depreciation for the year was $1.63m, while total additions were $2.25m.

GOODWILL

There were no charges to the value of goodwill during the annual impairment exercise. Currently, goodwill remains on Solomon's Nassau, Solomon's Freeport, Cost Right Freeport and Domino's.

21. 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 debts, 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, 2011 would increase/decrease by $11 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 2010.

The capital structure of the Company includes debt, cash and cash equivalents and equity attributable to the equity holders of the parent 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.

	Food Distribution		Food Franchise		Corporate		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010
Sales	$ 82,216	$ 83,100	$ 9,620	$ 10,112	$ -	$ -	$ 91,836	$ 93,212
Gross profit	21,341	21,691	5,773	6,398	-	-	27,114	28,089
Gross profit %	26.0	26.1	60.0	63.3	-	-	29.5	30.1
Operating profit/(loss)	5,498	6,803	943	1,754	(2,029)	(2,472)	4,412	6,085
Interest expense							(75)	(88)
Depreciation							(1,462)	(1,698)
Dividends on preference shares							(458)	(479)
Net profit on continuing operations							**2,417**	**3,820**
Net profit on discontinued operations							-	76
Net profit							**$ 2,417**	**$ 3,896**
Other information:								
Segment assets	$ 15,964	$ 13,461	$ 1,667	$ 1,749	$ 15,065	$ 15,493	$ 32,696	$ 30,703
Segment liabilities	(8,353)	(6,835)	(616)	(725)	(5,968)	(6,959)	(14,937)	(14,519)
Net operating assets	7,611	6,626	1,051	1,024	9,097	8,534	17,759	16,184
Equity							**$ 17,759**	**$ 16,184**

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses have decreased from $8.46m at January 31, 2010 to $8.03m at January 31, 2011.

BANK DEBT

The Company had no outstanding bank loans at January 31, 2011.

PREFERENCE SHARES

On January 1, 2010, 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, 2015. Under the terms of restructuring, shareholders agreed to hold their shares on an interest-only basis until March 31, 2012 and at that date quarterly repayments of $357,500 will commence.

INCOME STATEMENT REVIEW

The Company has recorded a net profit of $2.42m or $0.16 per share for the year ended January 31, 2011 compared to the net profit of $3.90m or $0.25 per share for the prior year.

SALES

Sales for the year ended January 31, 2011 were $91.84m, a decrease of $1.38m or 1.5%. Sales of the Food Distribution Division decreased by $0.88m or 1.0%, while the Franchise Division's sales decreased by $0.49m or 4.9%. Sales in Nassau were affected by various road works and increased competition in the first and second quarters but rebounded in the third and fourth quarters. In Grand Bahama increased competition and a sluggish economy contributed to decreased sales.

GROSS MARGIN

Gross margin decreased from 30.1% to 29.5%, reflective of increased competitiveness in all brands and markets. Inventories shrink, as a percentage of sales, decreased by 0.3% or $0.21m.

EXPENSES

Expenses for the year ended January 31, 2011 were $24.75m or 27.0% of sales compared to $24.34m or 26.1% of sales for the year ended January 31, 2010. Increases in Facilities and Rent, which includes utilities costs, account for the majority of the variance.

Deloitte.

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and Management Consultants
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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, 2011, 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.

A member firm of
Deloitte Touche Tohmatsu

20. 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.

16. COMMITMENTS AND CONTINGENCIES

Capital commitments - Capital commitments amounting to $83 were outstanding as of January 31, 2011 relating to land, buildings, leasehold improvements and equipment (2010: $40).

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.

17. OPERATING LEASE COMMITMENTS

The Company and its subsidiaries lease certain retail and office space under non-cancellable operating leases. At January 31, 2011, 15 leases (2010: 14) are in effect. The future minimum lease payments under these leases are as follows:

Fiscal Period End	Minimum Lease Payments	
2012	$	2,508
2013		2,505
2014		2,451
2015		2,467
2016		2,510
2017 and beyond		9,301
Total	$	21,742

The minimum lease payments include lease payments for two (2010: two) leases and are based on the higher of 3% of sales or $565 and $450, respectively (2010: $565 and $450, respectively). For the year ended January 31, 2011, payments made under operating leases were $2,635 (2010: $2,516).

18. RELATED PARTY TRANSACTIONS

Related parties include those entities and directors which have the ability to control or exercise significant influence over the Company in making financial or operational decisions and entities that are controlled, jointly controlled or significantly influenced by them. Significant related party transactions include:

The Company paid rent amounting to $642 (2010: $669) under a 20 year lease, of which 9 years is remaining, on a property in which a director has an interest of 50%.

19. SUBSEQUENT EVENTS

On March 23, 2011, the Company declared dividends of $0.04 per share that was paid on May 7, 2011.

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, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

May 13, 2011

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JANUARY 31, 2011
Expressed in thousands of Bahamian dollars)

		2011		2010
Assets				
Current assets				
Cash and bank balances (Note 4)	$	1,872	$	2,509
Receivables, net of provisions (Note 5)		751		307
Merchandise inventories, net of provisions (Note 6)		11,747		10,280
Other current assets		954		856
		15,324		13,952
Property, plant and equipment (Note 7)				
Property and buildings		8,991		9,003
Equipment		2,785		2,498
Leasehold improvements		1,270		941
Work In Progress		217		199
		13,263		12,641
Goodwill (Note 8)		4,110		4,110
Total assets	$	32,697	$	30,703
Liabilities and equity				
Current liabilities				
Bank overdrafts (Note 4)	$	1,187	$	335
Accounts payable and accrued expenses		8,031		8,464
		9,218		8,799
Long-term liabilities				
Preference shares (Note 10)		5,720		5,720
		5,720		5,720
Equity				
Ordinary share capital (Note 11)		7,702		7,800
Treasury shares (Note 11)		(23)		-
Contributed surplus (Note 11)		2,664		2,761
Revaluation surplus (Note 7)		942		942
Retained earnings		6,474		4,681
		17,759		16,184
Total liabilities and equity	$	32,697	$	30,703

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on April 27, 2011 and are signed on its behalf by:

Director

Director

13. DISCONTINUED OPERATIONS

On December 5, 2008, the Board of Directors resolved to divest or cease operations at its Cost Right Abaco location. After discussions to divest the business were unsuccessful, on March 9, 2009, the store ceased operations.

The results of operations from the discontinued operations for the current year together with the corresponding figures for the previous year are set out below:

		2010		2011
Sales	$	-	$	427
Cost of sales		-		(448)
Gross loss		-		(21)
Selling, general and administrative expenses		-		(79)
Restructuring write-back		-		97
Gain on disposal of assets		-		79
Net profit for the period	$	-	$	76

14. EMPLOYEE STOCK OPTION PLAN

The expiry dates and share prices are as follows:

	2011	2010
Balance of issued options	-	195,000
Options expired	-	(195,000)
Balance of issued options	-	-

On July 31, 2010 the Company cancelled 195,000 of unused stock options as of that date and reduced the number of outstanding ordinary shares by 195,000.

15. EARNINGS PER SHARE

Earnings per share are calculated by dividing the results for the year by the weighted average number of ordinary shares issued during the respective periods.

Profit per share has been calculated based on the following:

		2011		2010
Net profit applicable to continuing operations	$	2,417	$	3,820
Net profit applicable to discontinued operations		-		76
Net profit applicable to ordinary shares	$	2,417	$	3,896
Weighted average number of ordinary shares outstanding		15,404		15,599

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

Under the terms of restructuring, shareholders agreed to hold their shares on an interest-only basis until March 31, 2012 and at that date quarterly repayments of $358 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 90 days notice after January 1, 2012. As of January 31, 2011, dividends accrued on preference shares amounted to $38 (2010: $38) and are included in accounts payable and accrued expenses in the consolidated statement of financial position.

Class B preference shares are redeemable as follows:

		2011		2010
Due within 1 year	$	-	$	-
Due within 1 to 2 years		1,432		-
Due within 2 to 5 years		4,288		5,720
Total	$	5,720	$	5,720

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 with a par value of $0.50 per share. As of January 31, 2011, 15,404,711 (2010: 15,599,711) ordinary shares of par value of $0.50 each were issued and fully paid. As of January 31, 2011, 5,720 (2010: 5,720) redeemable non-voting cumulative preference shares, which were issued at $1 per share, were outstanding.

On January 10, 2011, the Company implemented a share repurchase plan at prevailing market rates. As of year end, 22,998 shares had been repurchased at an aggregate cost of $23.

12. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

		2011		2010
Payroll and related costs	$	9,396	$	9,416
Facilities and rent		8,295		7,765
Sales and marketing expenses		3,464		3,388
Depreciation and amortisation of franchise fees		1,462		1,698
Office and computer costs		562		516
Directors' fees		105		84
Pension contributions		52		39
Other costs		1,417		1,433
Total	$	24,753	$	24,339

Included in payroll and related costs is $592 (2010: $642) representing compensation for key members of management. This amount includes salaries and other short-term employee benefits.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED JANUARY 31, 2011
(Expressed in thousands of Bahamian dollars)

		2011		2010
Sales	$	91,836	$	93,212
Cost of sales		(64,722)		(65,123)
Gross profit		27,114		28,089
Selling, general and administrative expenses (Note 12)		(24,753)		(24,339)
Other operating income		589		637
Net operating profit		2,950		4,387
Interest expense		(75)		(88)
Dividends on preference shares (Note 10)		(458)		(479)
Net profit from continuing operations		2,417		3,820
Net profit from discontinued operations (Note 13)		-		76
Net profit and comprehensive income	$	2,417	$	3,896
Earnings per share (Note 15)	$	0.16	$	0.25

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED JANUARY 31, 2011
(Expressed in thousands of Bahamian dollars)

	Number of Shares	Ordinary Share Capital	Treasury Shares	Contributed Surplus	Revaluation Surplus	Retained Earnings	Total
Balance as of January 31, 2009	15,599	$ 7,800	$ -	$ 2,761	$ 942	$ 785	$ 12,288
Net profit	-	-	-	-	-	3,896	3,896
Balance as of January 31, 2010	15,599	7,800	-	2,761	942	4,681	16,184
Net profit	-	-	-	-	-	2,417	2,417
Cancellation of shares (Note 14)	(195)	(98)	-	(97)	-	-	(195)
Shares repurchased (Note 11)	-	-	(23)	-	-	-	(23)
Declared dividends ($0.04 per share)	-	-	-	-	-	(624)	(624)
Balance as of January 31, 2011	15,404	$ 7,702	$ (23)	$ 2,664	$ 942	$ 6,474	$ 17,759

See notes to consolidated financial statements.

The Company's accounting policy is to revalue land, land improvements and buildings, which comprise primarily of club and retail store locations. The Directors obtain independent appraisals for all land, land improvements 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, it is difficult to estimate fair value, which is usually market value. Accordingly, the majority of the appraisals are at replacement cost less physical depreciation, and in certain cases less economic depreciation, rather than at market value. As a result, the Directors base their valuations on professional independent appraisals, with modifications where deemed necessary.

The Company has leased a building in Abaco under a three year lease ending April 30, 2012. At that time, the tenant has the option to purchase the building for $2.8m.

The net book value of land, land improvements and buildings that would have been included in the consolidated financial statements had the Company not adopted a revaluation policy is $8,141 (2010: $8,310).

8. GOODWILL

Goodwill on business acquisitions is as follows:

	2011	2010
Balance, beginning of period	$ 13,573	$ 13,573
Accumulated amortisation	(9,463)	(9,463)
Balance, end of period	$ 4,110	$ 4,110

The Company's annual impairment exercise did not indicate any impairment of the goodwill remaining as of January 31, 2011 and 2010.

9. BANK LOANS

The credit arrangements with Royal Bank of Canada matured on August 31, 2009 and the Company renewed its credit arrangements for a further two years to August 31, 2011. The Company expects to renew the facilities for a further two years at that time.

The credit facilities are secured with guarantees and postponement of claims, by fixed and floating debentures over certain of the Company's assets and by the assignment of insurance policies pertaining to loss of profits, damage to buildings, equipment and inventories.

10. PREFERENCE SHARES

On January 1, 2010, 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, 2015. In addition, interest rates attached to the shares have been reduced from 8.5% as of January 1, 2009 to 8.0% as of January 1, 2010.

7. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year is as follows:

	Land, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At January 31, 2009	$ 10,044	$ 12,038	$ 4,908	$ 32	$ 27,022
Reclass of opening balances	-	960	(960)	-	-
Reclass of work in progress	-	9	-	(9)	-
Additions	186	602	307	176	1,271
Disposals	-	(152)	(4)	-	(156)
Transfer from discontinued operations	307	64	-	-	371
At January 31, 2010	$ 10,537	$ 13,521	$ 4,251	$ 199	$ 28,508
Accumulated depreciation:					
At January 31, 2009	$ 1,195	$ 9,358	$ 3,552	$ -	$ 14,105
Reclass of opening balances	-	621	(621)	-	-
Depreciation	246	1,136	379	-	1,761
Disposals	-	(118)	-	-	(118)
Transfer from discontinued operations	93	26	-	-	119
At January 31, 2010	$ 1,534	$ 11,023	$ 3,310	$ -	$ 15,867
Net book value:					
At January 31, 2010	$ 9,003	$ 2,498	$ 941	$ 199	$ 12,641
At January 31, 2009	$ 8,849	$ 2,680	$ 1,356	$ 32	$ 12,917

	Land, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At January 31, 2010	$ 10,537	$ 13,521	$ 4,251	$ 199	28,508
Reclass of work in progress	-	82	88	(170)	-
Additions	257	1,271	532	188	2,248
Disposals	-	(24)	-	-	(24)
At January 31, 2011	$ 10,794	$ 14,850	$ 4,871	$ 217	$ 30,732
Accumulated depreciation:					
At January 31, 2010	$ 1,534	$ 11,023	$ 3,310	$ -	15,867
Depreciation	269	1,066	291	-	1,626
Disposals	-	(24)	-	-	(24)
At January 31, 2011	$ 1,803	$ 12,065	$ 3,601	$ -	$ 17,469
Net book value:					
At January 31, 2011	$ 8,991	$ 2,785	$ 1,270	$ 217	$ 13,263
At January 31, 2010	$ 9,003	$ 2,498	$ 941	$ 199	$ 12,641

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JANUARY 31, 2011
(Expressed in thousands of Bahamian dollars)

	2011	2010
Cash flows from operations		
Net profit	$ 2,417	$ 3,896
Adjustments for:		
Depreciation and amortisation of franchise fees	1,626	1,769
Dividends on preference shares	458	479
Restructuring write-back	-	(97)
Increase in inventory provision	97	73
Decrease in provision for doubtful debts	(83)	(14)
Gain on disposal of property, plant and equipment	-	(50)
Operating cash flow before changes in working capital	4,515	6,056
Working capital source/(use)		
Merchandise inventories (Note 6)	(1,564)	(569)
Receivables (Note 5)	(361)	7
Other current assets	(98)	(53)
Accounts payable and accrued expenses	(433)	183
Net cash provided by operating activities	2,059	5,624
Investing activities source/(use)		
Additions to property, plant and equipment (Note 7)	(2,248)	(1,271)
Proceeds from disposals of property, plant and equipment	-	351
Net cash used in investing activities	(2,248)	(920)
Financing activities source/(use)		
Repayment of bank loans	-	(1,802)
Dividends on ordinary shares	(624)	-
Dividends paid on preference shares	(458)	(486)
Cancellation of shares (Note 14)	(195)	-
Repurchase of shares (Note 11)	(23)	-
Net cash used in financing activities	(1,300)	(2,288)
Net (decrease)/ increase in cash	$ (1,489)	$ 2,416
Cash, beginning of year	$ 2,174	$ (242)
Cash, end of year	685	2,174
Movement for the year	$ (1,489)	$ 2,416

See notes to consolidated financial statements.

AML FOODS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 2011
(Expressed in thousands of Bahamian dollars except for share quantity)

1. GENERAL INFORMATION

AML Foods Limited, formerly Abaco Markets 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 Center Mall, Blue Hill Road, New Providence, Bahamas. The Company changed its name to AML Foods Limited as approved during the Annual General Meeting of Shareholders held on July 21, 2009.

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 Super Center (Nassau) Limited
- Cost Right Nassau Limited
- Solomon's Club (Freeport) Limited
- Thompson Wholesale Limited
- Caribbean Franchise Holdings Limited
- Abaco Markets ISF Limited
- Solomon's Fresh Market Limited
- Solomon's Pharmacy Limited
- AML Health Plan Limited

2. NEW AND REVISED INTERNATIONAL ACCOUNTING STANDARDS AND INTERPRETATIONS

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on February 1, 2010.

IFRS 7 - Financial Instruments: Disclosures (amendment)
IFRS 8 - Operating Segments (amendment)
IAS 1 - Presentation of Financial Statements (amendment)
IAS 7 - Statement of Cash Flows (amendment)
IAS 17 - Leases (amendment)
IAS 32 - Financial Instruments: Presentation (amendment)
IAS 36 - Impairment of Assets (amendment)
IAS 39 - Financial Instruments: Recognition and Measurement (amendment)

At the date of authorization of these consolidated financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

5. RECEIVABLES, NET OF PROVISIONS

Receivables consist of the following:

	2011	2010
Trade receivables	$ 823	$ 462
Due from sale of discontinued operations	127	127
	950	589
Less: Provision for doubtful accounts	(199)	(282)
Total	$ 751	$ 307

The aging of receivables is as follows:

	2011	2010
0 to 30 days	$ 265	$ 200
31 to 60 days	380	134
61 to 90 days	14	6
91 days	164	122
Total	$ 823	$ 462

Management has deemed $106 (2010: $3) of the receivables to be past due, but not impaired.

The amount due from sale of discontinued operations is related to the sale of Cost Right Turks and has been fully provided for due to default on payments.

6. MERCHANDISE INVENTORIES, NET OF PROVISIONS

Merchandise inventories consist of the following:

	2011	2010
Food distribution	$ 12,892	$ 11,219
Franchise	379	488
	13,271	11,707
Less: Provision	(1,524)	(1,427)
Total	$ 11,747	$ 10,280

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 FLOWS

For purposes of the consolidated statement of cash flows, cash comprises the net balance of cash and bank balances, and bank overdrafts.

Cash flows consist of the following:

		2011		2010
Cash and bank balances	$	1,872	$	2,509
Bank overdrafts		(1,187)		(335)
Total	$	685	$	2,174

The Company makes monthly contributions of $125 (2010: $125) to a thirty day rolling term deposit to provide for the redemption of preference shares when they become due. As of January 31, 2011 the Company has two (2010: two) term deposits with balances of $1,050 (2010: $1,000) and $2 (2010: $687). The term deposits earn interest of 5.0% (2010: 5.0%) per annum and 3.0% (2010: 2.5%) per annum, respectively.

The Company was in compliance with all of its covenants as of January 31, 2011. These covenants are in relation to the overall credit arrangements with the Company's bankers.

IFRS 7 - Financial Instruments: Disclosures (amendment)
IFRS 9 - Financial Instruments (classification and measurement)
IAS 1 - Presentation of Financial Statements (amendment)
IAS 24 - Related Party Disclosures (amendment)
IAS 38 - Intangible Assets (amendment)

The Directors have not yet evaluated the impact on the Company's consolidated financial statements as a result of the adoption of these Standards.

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. Cash and cash equivalents - Cash and cash equivalents comprise cash balances and term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

b. 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.

In 2010, AML Foods Limited began offering in-store financing through a subsidiary. At January 31, 2011, the total amount outstanding was $174 (2010: $29). These amounts are included in the total receivables balance.

c. 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.

d. Property, plant and equipment - Land, land improvements and buildings are stated at fair value as determined by the Board of Directors' valuation, based on professional, independent appraisals with modification where deemed necessary, less subsequent depreciation for land improvements and buildings. The Directors intend to perform the 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
Leasehold improvements	Lesser of 7 years or the life of the relevant lease where renewal is not expected
Furniture, fixtures and equipment	2 - 10 years
Motor vehicles	4 years
Computer equipment and software costs	3 - 4 years

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.

e. 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.

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, 2011, the unamortised franchise fees were $19 (2010: $14).

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.

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.