



Chairman's Report – Q2, 2011

We are pleased to report to you continued profitability for the quarter, though recording a decrease in net profit compared to the corresponding period in the previous year. This is a reflection of the continuing market and economic conditions that have impacted prior quarters.

Our sales and gross margins are holding well in the face of a very competitive environment, driven by increases in our core grocery and perishable departments. Increases in these areas have helped to offset decreases in our general merchandise categories.

Increased utility costs have overtaken competitive conditions as the main factor impacting the Company's earnings, increasing by 15% thus far for the year. This increase has significantly impacted our earnings, particularly this past quarter. To offset these increasing utility costs *AML Foods Limited* has earmarked \$1m for capital expenditures in 2012 that will focus on energy usage reduction throughout the Company.

At *AML Foods Limited* we remain very focused on staying true to the identity of our brands and through this focus, controlling our own destiny. We believe that this will provide the solid foundation for growth in both sales and profits in the medium term.

I would like to note that the Company's most recent Domino's Pizza store, in the South Beach Shopping Centre, has been well received in the local community and is well on its way to becoming a top performing store within the Domino's group. Regarding Solomon's Fresh Markets, work on the building is progressing and we are presently still on track for opening in November of this year.

While economic conditions remain challenging, it is important for a company to continue to look for strategic growth opportunities. We are very confident that Solomon's Fresh Markets will open up new markets for our Company, allowing for increased revenue streams without any significant increase in our central overhead costs. This will allow us to begin to record improved quarterly earnings in Q4 of this year and into 2012.

Dionisio D'Aguilar
Sept 30, 2011



**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JULY 31, 2011**

CONSOLIDATED BALANCE SHEET

(Expressed in thousands of Bahamian dollars)

	July 31, 2011	January 31, 2011
Assets		
Current assets		
Cash and bank balances	\$ 2,480	1,872
Receivables, net of provisions	615	751
Merchandise inventories, net of provisions	10,768	11,747
Other current assets	1,363	954
	<hr/> 15,226	<hr/> 15,324
Capital assets		
Property and buildings	8,852	8,991
Equipment	2,359	2,785
Leasehold improvements	1,360	1,270
Work In Progress	1,867	217
	<hr/> 14,438	<hr/> 13,263
Goodwill	4,110	4,110
	<hr/> \$ 33,774	<hr/> 32,697
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ 1,447	1,187
Accounts payable and accrued expenses	8,969	8,031
	<hr/> 10,416	<hr/> 9,218
Long-term liabilities		
Preference shares	5,720	5,720
	<hr/> 5,720	<hr/> 5,720
Equity		
Ordinary shares	7,702	7,702
Treasury Shares	(92)	(23)
Capital paid in excess of par	2,664	2,664
Property revaluation surplus	942	942
Retained earnings	6,422	6,474
	<hr/> 17,638	<hr/> 17,759
	<hr/> \$ 33,774	<hr/> 32,697



AML FOODS LIMITED

CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended July 31, 2011	Quarter Ended July 31, 2010
Sales	\$ 22,413	22,223
Cost of sales	(15,805)	(15,658)
Gross profit	6,608	6,565
Selling, general and administrative expenses	(6,363)	(6,212)
Other operating income	140	184
Net operating profit	385	537
Interest expense	(27)	(17)
Dividends on preference shares	(114)	(114)
Net profit	\$ 244	406
Profit per share	\$0.016	\$0.026

	Six Months Ended July 31, 2011	Six Months Ended July 31, 2010
Sales	\$ 44,422	43,093
Cost of sales	(31,290)	(30,366)
Gross profit	13,132	12,727
Selling, general and administrative expenses	(12,592)	(12,104)
Other operating income	304	356
Net operating profit	844	979
Interest expense	(51)	(21)
Dividends on preference shares	(229)	(229)
Net profit	\$ 564	729
Profit per share	\$0.037	\$0.047



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, 2011	15,404	\$ 6,474	7,702	2,664	(23)	942	\$ 17,759
Net profit for period	-	564	-	-	-	-	564
Shares repurchased	-	-	-	-	(69)	-	(69)
Declared dividends (note 2)	-	(616)	-	-	-	-	(616)
July 31, 2011	15,404	6,422	7,702	2,664	(92)	942	17,638
January 31, 2010	15,599	\$ 4,681	7,800	2,761	-	942	16,184
Net profit for period	-	729	-	-	-	-	729
Write back of shares	(98)	-	(98)	-	-	(97)	(195)
Declared dividends (note 2)	-	(624)	-	-	-	-	(624)
July 31, 2010	15,599	4,786	7,702	2,761	-	845	16,094



AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Six Months Ended July 31, 2011	Six Months Ended July 31, 2010
Cash flows from operating activities		
Net profit for period	\$ 564	729
Adjustments for:		
Depreciation and amortisation of franchise fees	833	825
Dividends on preference shares	229	229
Decrease/(increase) in inventory provision	(281)	(53)
Decrease in provision for doubtful debts	-	(82)
Write back shares outstanding	-	(195)
Operating cash flow before changes in working capital	1,345	1,453
Working capital source/(use)		
Merchandising inventories	1,743	124
Accounts receivable	228	73
Other current assets	(398)	(465)
Accounts payable and accrued expenses	315	(1,373)
Net cash provided by operating activities	3,233	188
Investing activities source/(use)		
Additions to capital assets	(2,076)	(889)
Movement on investments	(13)	(10)
Net cash used in investing activities	(2,089)	(899)
Financing activities source/(use)		
Dividends on ordinary shares	(616)	(624)
Dividends paid on preference shares	(229)	(229)
Repurchase of shares	(92)	-
Net cash used in financing activities	(937)	(853)
Increase in cash	\$ 207	(1,940)
Cash, beginning of period	685	2,174
Cash, end of period	892	234
Movement for period	\$ 207	(1,940)

Cash and cash equivalents comprise cash less bank overdrafts.

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS Quarter Ended July 31, 2011

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 2010 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, Abaco Markets ISF Limited and Solomon’s Fresh Market Limited.

2. DECLARED DIVIDENDS

On March 23, 2011, the Company declared dividends of \$0.04 per ordinary share based on 2010 results. Dividends were paid on May 6, 2011 to the shareholders on record as of April 29, 2011.

3. SHARE BUY BACK

In accordance with Company’s share buy back program, announced on January 6, 2011, the company has repurchased 55,532 shares during the period at an average cost of \$1.18 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
Vaughn Roberts
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