



CHAIRMAN'S REPORT Q2 2016

The Board of Directors at *AML Foods Limited* is pleased to report results for the second quarter ended October 31st, 2016 reflecting a net profit of \$432k compared to \$551k for the same period in the previous year. Sales for the quarter were \$36.519m a decrease of 1.8% over the same period in the prior year.

The decrease in sales and profit is due to net losses after insurance of \$533k, based on the damages and costs incurred after the passing of Hurricane Matthew. Fortunately, there was no significant structural damages to our buildings.

During the period traffic counts remained strong, an indicator that our continued focus on driving value and quality continues to attract customers to our various brands. This represents more opportunities for sales and customer engagement, and in turn more opportunities for increased revenues.

Despite the losses in the second quarter, these are exciting times for our Company. We are proud to announce that recently, we successfully opened our second Carl's Jr. Location in the Mall at Marathon. We are also in the final stages of construction on Carl's Jr. Carmichael Road, which is scheduled to open in January of 2017. Construction has also commenced on Solomon's Yamacraw which is expected to open in the fall of 2017. The Board of Directors views these additions as further steps in achieving our strategic goals and growing long term shareholder value.

As we approach the Holiday Season, we are well prepared and concentrating on ensuring that we end the next quarter on a strong note.

Thank you to our loyal customers, dedicated staff and shareholders for your continued support of *AML Foods Limited*.

Dionisio D'Aguilar
Chairman

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 31, 2016**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of Bahamian dollars)

	Quarter Ended October 31, 2016	Quarter Ended April 30, 2016
Assets		
Current assets		
Cash and bank balances	\$ 6,811	9,483
Receivables, net of provisions	1,293	1,253
Merchandise inventories, net of provisions	14,642	16,152
Other current assets	2,737	2,953
	<hr/> 25,483	<hr/> 29,841
Fixed assets		
Property and buildings	19,310	16,580
Equipment	6,650	7,162
Leasehold improvements	7,536	8,104
Work In Progress	1,998	392
	<hr/> 35,494	<hr/> 32,238
Goodwill	3,019	3,019
Term deposits with maturities greater than 90 days	269	917
	<hr/> 3,288	<hr/> 3,936
	<hr/> <hr/> \$ 64,265	<hr/> <hr/> 66,015
Liabilities and Equity		
Current liabilities		
Bank overdraft	\$ -	130
Accounts payable and accrued expenses	10,920	11,772
Current portion of preference shares	1,775	1,775
Current portion of bank loan	639	623
	<hr/> 13,334	<hr/> 14,300
Long-term liabilities		
Preference shares	13,761	15,536
Bank loan	5,299	5,621
	<hr/> 19,060	<hr/> 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	18,957	17,644
	<hr/> 31,871	<hr/> 30,558
	<hr/> <hr/> \$ 64,265	<hr/> <hr/> 66,015

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended October 31, 2016	Quarter Ended October 31, 2015
Sales	\$ 36,519	37,200
Cost of sales	(25,089)	(25,850)
Gross profit	11,430	11,350
Selling, general and administrative expenses	(10,892)	(10,724)
Other operating income	235	232
Net operating profit	773	858
Interest expense	(80)	(41)
Dividends on preference shares	(261)	(266)
Net profit from continuing operations	\$ 432	551
Profit per share	\$0.029	\$0.037

	Six Months Ended October 31, 2016	Six Months Ended October 31, 2015
Sales	\$ 74,395	72,478
Cost of sales	(50,544)	(49,539)
Gross profit	23,851	22,939
Selling, general and administrative expenses	(21,640)	(21,124)
Other operating income	388	379
Net operating profit	2,599	2,194
Interest expense	(162)	(59)
Dividends on preference shares	(522)	(533)
Net profit from continuing operations	\$ 1,915	1,602
Profit per share	\$0.127	\$0.106

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		1,915				-	1,915
Revaluation						-	-
Cancellation of treasury shares						-	-
Shares repurchased						-	-
Declared dividends		(602)				-	(602)
 October 31, 2016	 15,049	 \$ 18,957	 7,525	 2,230	 -	 3,159	 \$ 31,871
 April 30, 2015	 15,112	 \$ 13,552	 7,556	 2,323	 (125)	 3,159	 \$ 26,465
Net profit for period		1,602	-	-	-	-	1,602
Revaluation				-		-	-
Shares repurchased					(73)	-	(73)
Cancellation of treasury shares	(63)		(32)	(93)	125	-	-
Declared dividends		(602)	-	-	-	-	(602)
 October 31, 2015	 15,049	 \$ 14,552	 7,524	 2,230	 (73)	 3,159	 \$ 27,392

AML FOODS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Quarter Ended October 31, 2016	Quarter Ended October 31, 2015
Cash flows from operating activities		
Net profit for period	\$ 432	551
Adjustments for:		
Depreciation and amortization of franchise fees	1,123	997
Dividends on preference shares	261	266
Increase / (Decrease) in inventory provision	277	249
Increase in provision for doubtful debts	18	1
Loss on disposal of property, plant and equipment	146	-
Operating cash flow before changes in working capital	2,257	2,064
Working capital source / (use)		
Merchandising inventories	650	(337)
Accounts receivable	72	(1,617)
Other current assets	99	322
Accounts payable and accrued expenses	(337)	1,102
Net cash provided by operating activities	2,741	1,534
Investing activities source / (use)		
Additions to property, plant and equipment	(1,878)	(7,329)
Movement on investments	603	(203)
Proceeds from disposal of property and equipment	-	6
Net cash used in investing activities	(1,275)	(7,526)
Financing activities source / (use)		
Proceeds from bank loan	-	7250
Preference shares principal payment	(1,775)	(439)
Dividends on ordinary shares	(301)	(301)
Dividends paid on preference shares	(261)	(266)
Repurchase of treasury shares	-	(73)
Repayment of bank loan	(154)	(44)
Movement in inter-company balances	(400)	
Net cash used in financing activities	(2,891)	6,127
Increase in cash	\$ (1,425)	135
Cash, beginning of period	8,236	2,656
Cash, end of period	6,811	2,791
Movement for period	\$ (1,425)	135

Cash and cash equivalents comprise cash less bank overdrafts.

AML FOODS LIMITED

EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended October 31, 2016

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 2016 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 8, 2016, the Board of Directors approved quarterly dividends of \$0.02 per ordinary share to be paid on March 23, 2016 to shareholders of record on March 16, 2016. 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. HURRICANE MATTHEW

Our quarter two results were heavily impacted by Hurricane Matthew causing an overall decrease in sales along with an increase of costs for the period. Despite the increased inflow of sales prior to the landfall of Matthew, our stores were closed for 2.5 days which negatively affected our sales for the quarter. An additional 533k in costs were incurred consisting mainly of building and signage repairs paired with the loss of perishable inventory items.

AML FOODS LIMITED

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