



## Chairman's Report – Q3, 2012

We are pleased to report to you another profitable period for the 3<sup>rd</sup> quarter of 2012, recording \$7.1m or 29.9% increase in sales over the same period in the previous year.

As you will note in the accompanying financials, net profit for the quarter was \$374k compared to \$60K for the same period in the previous year. YTD net profit is \$1.4m compared to prior YTD net profit of \$623K. Gross margin dollars for the quarter also increased by 30.9% and 32.4% YTD, reflecting increased sales as well as improvements in gross margin over 2011 results.

Our 3<sup>rd</sup> quarter was a period of transition for us as we immediately shifted our focus from opening Solomon's Lucaya in Freeport to opening Solomon's Fresh Market in the Harbour Bay Shopping Plaza. We are pleased that our Company continues to report quarterly profits during these challenging economic times and we are confident that as we transfer our entire focus to operations, our future results will be stronger.

We are proud to report that Solomon's Fresh Market Harbour Bay has been well received by the residents and guests of eastern New Providence. Now that this opening is behind us, we are now completely focused on our daily operations and the many details that determine success or failure in the retail food industry. With our strong and growing presence in the market we are looking forward to recording continued sales and bottom line growth for our Company and shareholders in 2013. We fully expect our Q4 results to reflect this focus with increased sales and profits over 2011 levels.

We are now concentrating on growing our Franchise division. While we are awaiting final approvals for the construction of our first Carl's Jr. store, we will commence a program of expansion and upgrades to our Dominos Pizza locations. These improvements will allow for enhanced customer service as well as dining options.

2012 was a very exciting year for our Company – shareholders, customers and staff. We have achieved much this past year and have put in place the required platform for continued growth and sustainable earnings. Our expectations for *AML Foods Limited* have risen and we look forward with confidence to meeting those expectations.

Based on the Company's YTD results, the board of directors have approved an interim dividend payment of \$0.02 per share, payable on January 31<sup>st</sup>, 2013 to ordinary shareholders on record as of January 25<sup>th</sup>, 2013.

Dionisio D'Aguilar  
January 18, 2013

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**UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED OCTOBER 31, 2012**

**CONSOLIDATED BALANCE SHEET**

*(Expressed in thousands of Bahamian dollars)*

	October 31, 2012	January 31, 2012
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank balances	\$ 1,213	5,558
Receivables, net of provisions	1,147	997
Merchandise inventories, net of provisions	14,289	13,840
Other current assets	1,866	1,287
	18,515	21,682
<b>Capital assets</b>		
Property and buildings	8,517	8,718
Equipment	5,480	4,856
Leasehold improvements	3,771	2,361
Work In Progress	6,183	163
	23,951	16,098
Goodwill	4,110	4,110
	\$ 46,576	41,890
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Bank overdraft	\$ 4,929	1,711
Accounts payable and accrued expenses	9,811	9,035
Current portion of bank loan	402	-
	15,142	10,746
<b>Long-term liabilities</b>		
Preference shares	10,000	10,000
Bank loan	2,098	2,500
	12,098	12,500
<b>Equity</b>		
Ordinary shares	7,702	7,702
Treasury shares (note 3)	(369)	(264)
Capital paid in excess of par	2,664	2,664
Property revaluation surplus	942	942
Retained earnings	8,397	7,600
	19,336	18,644
	\$ 46,576	41,890

# AML FOODS LIMITED

## CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended October 31, 2012	Quarter Ended October 31, 2011
Sales	\$ 30,970	23,843
Cost of sales	(21,740)	(16,787)
Gross profit	9,230	7,056
Selling, general and administrative expenses	(8,784)	(6,804)
Other operating income	168	118
Net operating profit	614	370
Interest expense	(9)	(26)
Dividends on preference shares	(181)	(114)
Net profit before pre-opening expenses	\$ 424	230
Pre-opening expenses	(50)	(170)
Net profit and comprehensive income	\$ 374	60
Earnings per share	\$0.024	\$0.004

	Nine Months Ended October 31, 2012	Nine Months Ended October 31, 2011
Sales	\$ 89,718	68,264
Cost of sales	(62,999)	(48,077)
Gross profit	26,719	20,187
Selling, general and administrative expenses	(25,092)	(19,396)
Other operating income	457	422
Net operating profit	2,084	1,213
Interest expense	(6)	(77)
Dividends on preference shares	(544)	(343)
Net profit before pre-opening expenses and extraordinary income	\$ 1,534	793
Pre-opening expenses	(234)	(170)
Extraordinary income	101	-
Net profit and comprehensive income	\$ 1,401	623
Earnings per share	\$0.091	\$0.040

## 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, 2012	15,404	\$ 7,600	7,702	2,664	(264)	942	\$ 18,644
Net profit for period	-	1,401	-	-	-	-	1,401
Shares repurchased (note 3)	-	-	-	-	(105)	-	(105)
Declared dividends (note 2)	-	(605)	-	-	-	-	(605)
October 31, 2012	15,404	8,397	7,702	2,664	(369)	942	19,336
January 31, 2011	15,404	\$ 6,474	7,702	2,664	(23)	942	\$ 17,759
Net profit for period	-	623	-	-	-	-	623
Shares repurchased (note 3)	-	-	-	-	(222)	-	(222)
Declared dividends (note 2)	-	(616)	-	-	-	-	(616)
October 31, 2011	15,404	6,481	7,702	2,664	(245)	942	17,544

## AML FOODS LIMITED

### CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	Nine Months Ended October 31, 2012	Nine Months Ended October 31, 2011
<b>Cash flows from operating activities</b>		
Net profit for period	\$ 1,401	623
Adjustments for:		
Depreciation and amortisation of franchise fees	1,699	1,242
Dividends on preference shares	544	343
Decrease/(increase) in inventory provision	(452)	(161)
Decrease in provision for doubtful debts	7	-
Operating cash flow before changes in working capital	3,199	2,047
Working capital source/(use)		
Merchandising inventories	10	868
Accounts receivable	(209)	126
Other current assets	(530)	(343)
Accounts payable and accrued expenses	(456)	966
Net cash provided by operating activities	2,014	3,664
<b>Investing activities source/(use)</b>		
Additions to capital assets	(8,366)	(3,722)
Movements on investments	(9)	(16)
Net cash used in investing activities	(8,375)	(3,738)
<b>Financing activities source/(use)</b>		
Dividends paid on ordinary shares	(605)	(616)
Dividends paid on preference shares	(544)	(343)
Repurchase of shares	(105)	(245)
Proceeds from loan	-	500
Net cash used in financing activities	(1,254)	(704)
Decrease in cash	\$ (7,615)	(778)
Cash, beginning of period	3,847	685
Cash, end of period	(3,768)	(93)
Movement for period	\$ (7,615)	(778)

Cash and cash equivalents comprise cash less bank overdrafts.

# AML FOODS LIMITED

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## EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS Quarter Ended October 31, 2012

### 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 2011 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, and Solomon’s Fresh Market Limited.

### 2. DECLARED DIVIDENDS

On April 24, 2012, the Company declared dividends of \$0.04 per ordinary share based on 2011 results. Dividends were paid on May 18, 2012 to the shareholders on record as of May 11, 2012.

### 3. SHARE BUY BACK

In accordance with Company’s share buy back program, announced on January 6, 2011, the Company has repurchased 1,708 shares during the period at an average cost of \$1.22 per share. As at October 31, 2012, the Company had repurchased a total of 269,590 shares at an average cost of \$1.17 per share.

## **AML FOODS LIMITED**

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### **AUDITORS**

Deloitte & Touche  
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P.O. Box N-7120  
Nassau, The Bahamas

### **BANKERS**

Royal Bank of Canada  
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### **LEGAL COUNSEL**

Callenders & Co.  
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Nassau, The Bahamas

### **REGISTRAR & TRANSFER AGENTS**

Bahamas Central Securities Depository  
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Bay Street  
P.O. Box EE-15672  
Nassau, The Bahamas

### **FINANCIAL ADVISORS**

Providence Advisors Limited  
2<sup>nd</sup> 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  
Franklyn Butler, II  
Gavin Watchorn

### **AML FOODS LIMITED**

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