AML FOODS LIMITED

Consolidated Financial Statements
For The Year Ended January 31, 2014
And Independent Auditors' Report

Deloitte.

AML FOODS LIMITED

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Deloitte.

Deloitte & Touche
Chartered Accountants
and Management Consultants
2nd Terrace, Centreville
P.O. Box N-7120
Nassau, Bahamas

Tel: + 1 (242) 302-4800
Fax: + 1 (242) 322-3101
http://www.deloitte.com/bahamas

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, 2014, 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.

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, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

June 25, 2014

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JANUARY 31, 2014

(Expressed in thousands of Bahamian dollars except per share amounts)

		2014		2013
Assets				
Current assets				
Cash and bank balances (Note 4)	$	5,055	$	2,552
Receivables, net of provisions (Note 5)		945		892
Merchandise inventories, net of provisions (Note 6)		17,082		18,283
Other current assets (Note 7)		2,265		2,300
		25,347		24,027
Property, plant and equipment, net (Note 8)				
Property and buildings		6,262		8,458
Equipment		7,614		8,036
Leasehold improvements		6,987		6,903
Work in progress		1,313		818
		22,176		24,215
Term deposits with maturities greater than 90 days (Note 4)		883		1,250
Goodwill (Note 9)		3,602		4,110
Total assets	$	52,008	$	53,602
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts (Notes 4 and 10)	$	2,222	$	2,263
Accounts payable and accrued expenses (Note 11)		10,215		11,355
Current portion of preference shares (Note 12)		2,222		-
		14,659		13,618
Long-term liabilities				
Preference shares (Note 12)		17,778		20,000
Shareholders' equity				
Ordinary share capital (Note 13)		7,702		7,702
Treasury shares (Note 13)		(486)		(439)
Contributed surplus		2,664		2,664
Revaluation surplus (Note 8)		794		942
Retained earnings		8,897		9,115
		19,571		19,984
Total liabilities and shareholders' equity	$	52,008	$	53,602

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors June 25, 2014 and are signed on its behalf by:

Director

Director

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED JANUARY 31, 2014
(Expressed in thousands of Bahamian dollars except per share amounts)

		2014		2013
Sales (Note 19)	$	145,289	$	128,261
Cost of sales		(102,159)		(90,153)
Gross profit (Note 19)		43,130		38,108
Selling, general and administrative expenses (Note 14)		(39,114)		(34,495)
Business license tax		(1,556)		(507)
Other operating income		604		735
Net operating profit		3,064		3,841
Dividends on preference shares (Notes 12 and 19)		(1,450)		(906)
Loss on impairment of goodwill (Note 9)		(508)		-
Interest expense (Note 19)		(84)		(18)
Pre-opening costs (Note 19)		(34)		(590)
Other income		-		101
Net profit		988		2,428
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss:				
Revaluation surplus adjustment for sale of property		(148)		-
Comprehensive income	$	840	$	2,428
Earnings per share (Note 15)	$	0.06	$	0.16

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED JANUARY 31, 2014
(Expressed in thousands of Bahamian dollars except per share amounts)

	Number of Shares ('000s)	Ordinary Share Capital	Treasury Shares	Contributed Surplus	Revaluation Surplus	Retained Earnings	Total
Balance as of January 31, 2012	15,404	$7,702	$ (264)	$ 2,664	$ 942	$ 7,600	$ 18,644
Net profit	-	-	-	-	-	2,428	2,428
Shares repurchased (Note 13)	-	-	(175)	-	-	-	(175)
Declared dividends ($0.06 per share)	-	-	-	-	-	(913)	(913)
Balance as of January 31, 2013	15,404	7,702	(439)	2,664	942	9,115	19,984
Net profit	-	-	-	-	-	988	988
Shares repurchased (Note 13)	-	-	(47)	-	-	-	(47)
Revaluation surplus adjustment for sale of property (Note 8)					(148)		(148)
Declared dividends ($0.08 per share)	-	-	-	-	-	(1,206)	(1,206)
Balance as of January 31, 2014	15,404	$7,702	$ (486)	$ 2,664	$ 794	$ 8,897	$ 19,571

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JANUARY 31, 2014
(Expressed in thousands of Bahamian dollars except shares and per share amounts)

		2014		2013
Cash flows from operations				
Net profit	$	988	$	2,428
Adjustments for:				
Depreciation (Note 8)		3,357		2,381
Dividends on preference shares (Note 12)		1,450		906
Decrease in inventory provision (Note 6)		(727)		(91)
Decrease in provision for doubtful debts (Note 5)		(7)		(2)
Loss/(gain) on disposal of property, plant and equipment		250		(1)
Loss on impairment of goodwill (Note 9)		508		-
Operating cash flow before changes in working capital		5,819		5,621
Working capital source/(use)				
Merchandise inventories (Note 6)		1,928		(4,352)
Receivables (Note 5)		(46)		107
Other current assets		35		(1,013)
Accounts payable and accrued expenses		(1,140)		2,320
Net cash provided by operating activities		6,596		2,683
Investing activities source/(use)				
Term deposits with original maturities greater than 90 days (Note 4)		367		(1,250)
Additions to property, plant and equipment (Note 8)		(3,766)		(10,511)
Proceeds from disposals of property, plant and equipment		2,050		14
Net cash used in investing activities		(1,349)		(11,747)
Financing activities source/(use)				
Dividends paid on ordinary shares		(1,206)		(913)
Dividends paid on preference shares		(1,450)		(906)
Repurchase of shares (Note 13)		(47)		(175)
Repayment of loan		-		(2,500)
Proceeds from preference shares issue		-		10,000
Net cash provided by financing activities		(2,703)		5,506
Net increase/(decrease) in cash		2,544		(3,558)
Cash, beginning of year		289		3,847
Cash, end of year (Note 4)	$	2,833	$	289

See notes to consolidated financial statements.

1. GENERAL INFORMATION

AML Foods 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 Centre Mall, Blue Hill Road, New Providence, Bahamas.

The Company and its wholly-owned 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 food franchise businesses.

The Company's significant operating entities, listed below, are all incorporated in The Commonwealth of The Bahamas:

- 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
- CJB Limited

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB effective for annual reporting periods beginning on or after February 1, 2013. The adoption of these Standards and Interpretations has not led to any changes in the Company's accounting policies.

a. Standards and Interpretations effective but not affecting the reported results or financial position

IFRS 1 (Amended) First Time Adoption of IFRS-Government Loans
IFRS 7 (Amended) Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurements
IAS 1 (Amended) Presentation of Items of Other Comprehensive Income
IAS 12 (Amended) Deferred Tax-Recovery of Underlying Assets
IAS 16 (Amended) Property, Plant and Equipment

IAS 19 (Revised 2011) Employee Benefits
IAS 27 (Revised 2011) Separate Financial Statements
IAS 28 (Revised 2011) Investments in Associates and Joint Ventures
IAS 34 (Amended) Interim Financial Reporting
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The above standards have not led to changes in the consolidated financial position of the Company during the current year.

b. Standards and Interpretations in issue but not yet effective
IFRS 9 (Amended) Financial Instruments
IFRS 14 Regulatory Deferral Accounts
IFRS 15 Revenue from Contracts with Customers
IAS 32 (Amended) Financial Instruments: Presentation- Offsetting Financial Assets and Financial Liabilities
IAS 36 (Amended) Impairment of Assets -Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (Amended) Novation of derivatives and continuation of hedge accounting
IFRIC 21 Levies

Management does not anticipate that the relevant adoption of these standards and interpretations in future periods will have a material impact on the consolidated financial statements of the Company.

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 controlled by the Company. 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. ***Revenue recognition*** - Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities.

Sales - 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.

b. ***Cost of sales*** - Cost of sales consists of the purchase price of inventory sold, shipping charges and other costs. Cost of sales also includes supplies, shrink, and loss and damage. For Franchise Distribution, cost of sales also comprises all cost associated with the operations of the commissaries including salaries, facilities cost, office costs, motor, and depreciation charges.

   Vendor discounts, wherever applicable, are factored into the total landed cost of the inventory.

c. ***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.

d. ***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.

e. ***Property, plant and equipment*** - Property and buildings are stated at fair value as determined by the Board of Directors. The Directors obtain independent 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
Furniture, fixtures and equipment	2 - 10 years
Motor vehicles	4 years
Computer equipment and software costs	3 - 4 years
Leasehold improvements	Lesser of 7 years or the life of the relevant lease where renewal is not expected

At the time assets are retired or otherwise disposed of, the cost and related accumulated depreciation and revaluation surplus 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.

f. ***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.

g. ***Franchise fee*** - 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, 2014, the unamortised franchise fees were $9 (2013: $14).

h. ***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.

i. ***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. All funds are held together in trust by an independent third party.

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.

j. ***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.

k. ***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.

l. ***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.

m. ***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).

n. ***Selling, general and administrative expenses*** – Selling, general and administrative expenses include all operating costs of the Company except, cost of sales, as described above.

o. ***Pre-opening costs*** – The cost of start-up activities, including organization costs, related to new store openings, store remodels, expansions, and relocating are expensed as incurred.

p. ***Government grants*** – Under the Road Works Compensation program, the Company was eligible for credits for certain of its operations in New Providence for Business License fees and cost of electricity. The Business License credits relate to outstanding and unpaid fees for a period of 24 months and the electricity credits for a period of 18 months. Under this program the Company recorded total credits of $140 for the year ended January 31, 2014 (2013: $501). The Business License credits are presented as a reduction of Business License tax in the consolidated statement of comprehensive income. The electricity credits are presented as a reduction in the cost of electricity in selling, general and administrative expenses in the consolidated statement of comprehensive income.

4. CASH AND BANK BALANCES

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

Cash at end of year in the cash flows statement comprises the following:

		2014		2013
Cash and bank balances	$	5,055	$	2,552
Bank overdrafts		(2,222)		(2,263)
Total	$	2,833	$	289

In February 2013, the Company began making monthly contributions of $94 into a sinking fund for the first principal repayment of $2,222 for preference shares which will become due in December 2014. At January 31, 2014, the fund had accumulated $1,219. This amount is included in cash and bank balances.

As of January 31, 2014, the Company had two term deposits ($257 and $626) with interest rates of 3.00% and 2.50%, respectively (2013: $250, $1,000, and $1,000).

Term Deposits at Janaury 31, 2014

	Amount	Effective Date	Maturity Date	Term	Interest Rate
$	257	12/11/2013	12/11/2014	12 months	3.00%
$	626	12/12/2013	6/4/2014	180 days	2.50%

Term Deposits at Janaury 31, 2013

	Amount	Effective Date	Maturity Date	Term	Interest Rate
$	250	12/11/2012	12/11/2013	12 months	3.00%
$	1,000	12/11/2012	6/9/2013	180 days	2.75%
$	1,000	12/11/2012	1/10/2013	30 days	2.00%

The Company was in compliance with all of its covenants as of January 31, 2014. These covenants are in relation to the overall credit arrangements with the Company's bankers, which are described in Note 10.

5. RECEIVABLES, NET OF PROVISIONS

Receivables consist of the following:

		2014		2013
Trade receivables	$	1,018	$	972
Less: Provision for doubtful accounts		(73)		(80)
Total	$	945	$	892

The aging of receivables is as follows:

		2014		2013
0 to 30 days	$	286	$	700
31 to 60 days		351		98
61 to 90 days		192		6
91 days and over		189		168
Total	$	1,018	$	972

Movement in the provision for doubtful accounts		**2014**		**2013**
Balance at beginning of the year	$	(80)	$	(82)
Impairment losses recognized on receivables		(10)		(16)
Amounts written off during the year as uncollectible		18		19
Amounts recovered during the year		(1)		(1)
Balance at end of the year	$	(73)	$	(80)

Management has deemed $107 (2013: $94) of the receivables to be past due, but not impaired.

In 2010, AML Foods Limited began offering in-store financing through a subsidiary, Abaco Markets ISF Limited. As of January 31, 2014, the total amount outstanding was $97 (2013: $133). These amounts are included in the total receivables balance.

6. MERCHANDISE INVENTORIES, NET OF PROVISIONS

Merchandise inventories consist of the following:

	2014	2013
Food distribution	$ 17,557	$ 19,477
Franchise	487	495
	18,044	19,972
Less: Provision	(962)	(1,689)
Total	$ 17,082	$ 18,283

7. OTHER CURRENT ASSETS

Other current assets consist of the following:

	2014	2013
Security deposits	$ 914	$ 700
Prepayments	1,351	1,600
Total	$ 2,265	$ 2,300

8. PROPERTY, PLANT AND EQUIPMENT, NET

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

	Property, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At January 31, 2012	$ 10,796	$ 17,951	$ 6,344	$ 163	$ 35,254
Transfer	-	2	54	(56)	-
Additions	5	4,579	5,202	725	10,511
Disposals	-	-	-	(14)	(14)
At January 31, 2013	$ 10,801	$ 22,532	$ 11,600	$ 818	$ 45,751
Accumulated depreciation:					
At January 31, 2012	$ 2,078	$ 13,095	$ 3,983	$ -	$ 19,156
Depreciation	265	1,402	714	-	2,381
Disposals	-	(1)	-	-	(1)
At January 31, 2013	$ 2,343	$ 14,496	$ 4,697	$ -	$ 21,536
Net book value:					
At January 31, 2013	$ 8,458	$ 8,036	$ 6,903	$ 818	$ 24,215

	Property, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At January 31, 2013	$ 10,801	$ 22,532	$ 11,600	$ 818	$ 45,751
Additions	495	1,485	1,291	495	3,766
Disposals	(3,854)	(104)	(27)	-	(3,985)
At January 31, 2014	$ 7,442	$ 23,913	$ 12,864	$ 1,313	$ 45,532
Accumulated depreciation:					
At January 31, 2013	$ 2,343	$ 14,496	$ 4,697	$ -	$ 21,536
Depreciation	262	1,898	1,197	-	3,357
Disposals	(1,425)	(95)	(17)	-	(1,537)
At January 31, 2014	$ 1,180	$ 16,299	$ 5,877	$ -	$ 23,356
Net book value:					
At January 31, 2014	$ 6,262	$ 7,614	$ 6,987	$ 1,313	$ 22,176

The Company's accounting policy is to revalue, property and buildings, which comprise primarily of club and retail store locations. The Directors obtain independent appraisals for all property 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, the majority of the appraisals are at replacement cost less depreciation. The Directors did not deem that any adjustment to fair value of property and buildings was required during the year. The last independent valuation was carried out in 2011.

The Company disposed of its property in Abaco, Bahamas during the fiscal year. The property was sold to the previous tenant for $2,042 resulting in an adjustment to revaluation surplus of $148 and net loss of $241.

The net book value of property and buildings that would have been included in the consolidated financial statements had the Company not adopted a revaluation policy is $5,468 (2013: $7,516). The fair value measurement of the Company's property and buildings is categorized in Level 3 in the fair value hierarchy. There were no transfers between the levels during the year.

9. GOODWILL

Goodwill on business acquisitions is as follows:

		2014		2013
Balance, beginning of period	$	13,573	$	13,573
Impairment		(508)		-
Accumulated amortisation		(9,463)		(9,463)
Balance, end of period	$	3,602	$	4,110

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- Solomon's Nassau (SCNL)
- Solomon's Freeport (SCFL)
- Cost Right Freeport (CRF)
- Domino's

The Company's annual impairment exercise indicated an impairment of $508 on the remaining goodwill as of January 31, 2014.

10. BANK OVERDRAFTS

The credit arrangements with RBC Royal Bank (Bahamas) Ltd., were renegotiated with effect from September 19, 2012.

The credit facilities are secured with guarantees and postponement of claims, by fixed and floating debentures over certain Company assets and by the assignment of insurance policies pertaining to loss of profits, and damage to buildings, equipment and inventories. The interest rate on the overdraft facility is Nassau Prime (currently 4.75%) plus 1.25%.

For the year ended January 31, 2014, the Company did not capitalize any overdraft interest (2013: $202).

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

		2014		2013
Accounts payable - Trade	$	6,157	$	8,159
Accrued Expenses		4,058		3,196
Total	$	10,215	$	11,355

12. PREFERENCE SHARES

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 120 days written notice. As of January 31, 2014, dividends accrued on preference shares amounted to $120 (2013: $120) and are included in accounts payable and accrued expenses in the consolidated statement of financial position.

On January 07, 2014, the Company, in accordance with the preference shares agreement, notified its preference shareholders that the first principal payment which is due in December 2014, would be paid on May 07, 2014.

As of January 31, 2014, 20,000 (2013: 20,000) redeemable non-voting cumulative preference shares, which were issued at $1,000 per share, were outstanding. They are redeemable as follows:

		2014		2013
Due within 1 year	$	2,222	$	-
Due within 1 to 2 years		2,222		2,222
Due within 2 to 10 years		15,556		17,778
Total	$	20,000	$	20,000

13. ORDINARY SHARE CAPITAL AND TREASURY SHARES

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 (Note 12) with a par value of $0.50 per share. As of January 31, 2014, 15,404,711 (2013: 15,404,711) ordinary shares of par value of $0.50 each were issued and fully paid.

On January 10, 2011, the Company implemented a share buy-back plan at prevailing market rates. As of January 31, 2014, 292,104 (2013: 269,590) shares had been repurchased at an aggregate cost of $486 (2013: $439). These shares are listed on the consolidated statement of financial position as treasury shares. The share buy-back plan was discontinued at January 31, 2014.

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

		2014		2013
Payroll and related costs	$	15,445	$	13,583
Facilities and rent (Note 17)		14,262		12,627
Sales and marketing expenses		3,664		3,549
Depreciation and amortisation of franchise fees		3,363		2,389
Other costs		1,189		1,472
Office and computer costs		1,031		721
Directors' fees		93		93
Pension contributions		67		61
Total	$	39,114	$	34,495

Included in payroll and related costs is $964 (2013: $722) representing compensation for key members of management. This amount includes salaries and other employee benefits.

15. EARNINGS PER SHARE

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

Earnings per share have been calculated based on the following:

		2014		2013
Net profit applicable to continuing operations	$	988	$	2,428
Weighted average number of ordinary shares outstanding ('000s)		15,278		15,287

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

16. COMMITMENTS AND CONTINGENCIES

Capital commitments amounting to $1,312 were outstanding as of January 31, 2014 relating to land, buildings, leasehold improvements and equipment (2013: $816).

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. As of January 31, 2014, 17 leases (2013: 18) are in effect. The future minimum lease payments under these leases are as follows:

Fiscal Period End	Minimum Lease Payments
2015	$ 4,580
2016	4,601
2017	4,623
2018	3,792
2019	2,919
2020 and beyond	6,925
Total	$ 27,440

The minimum lease payments include lease payments for five (2013: four) leases that are based on the higher of 3% of sales or a fixed rent. For the year ended January 31, 2014, payments made under operating leases were $5,311 (2013: $3,610).

18. RELATED PARTY TRANSACTIONS

In addition to items already disclosed, the Company has two additional related party transactions to disclose. The Company paid rent amounting to $642 (2013: $676) under a 20 year lease, of which 7 years is remaining, on a property in which a director has an interest of 50%. Secondly, in 2012, the Company entered into a long term lease agreement with a company in which a director is the principal. The initial term of this lease is five years and is renewable for five subsequent terms of five years each. Under this agreement, total rent incurred for the period was $560 (2013: $305). Therefore, the Company paid total rents of $1,202 (2013: $981) under lease agreements to related parties.

19. 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.

	Food Distribution		Food Franchise		Corporate		Consolidation	
	2014	2013	2014	2013	2014	2013	2014	2013
Sales	$ 135,285	$ 118,114	$ 10,004	$ 10,147	$ -	$ -	$ 145,289	$ 128,261
Gross profit	36,826	31,799	6,304	6,309	-	-	43,130	38,108
Gross profit %	27.2	26.9	63.0	62.2	-	-	29.7	29.7
Operating profit/(loss)	7,816	7,361	912	761	(2,980)	(1,991)	5,748	6,131
Depreciation and amortisation of franchise fees							(3,192)	(2,189)
Dividends on preference shares							(1,450)	(906)
Interest expense							(84)	(18)
Pre-opening costs							(34)	(590)
Net profit							**$ 988**	**$ 2,428**
Other information:								
Segment assets	$ 32,428	$ 34,856	$ 3,392	$ 1,935	$ 16,188	$ 16,811	$ 52,008	$ 53,602
Segment liabilities	(11,285)	(12,571)	(660)	(649)	(20,492)	(20,398)	(32,437)	(33,618)
Net operating assets	21,143	22,285	2,732	1,286	(4,304)	(3,587)	19,571	19,984
Equity							**$ 19,571**	**$ 19,984**

20. 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 debt, 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, 2014 would increase/decrease by $11 (2013: $17) 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 10.

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 the year ended January 31, 2013.

   The capital structure of the Company includes debt and equity 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.

   In management's opinion, the estimated fair value of financial assets and financial liabilities (accounts receivable, bank balances, inventories, other assets, and accounts payable and accrued expenses) at January 31, 2014 were not materially different from their carrying values.

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