



## CHAIRMAN'S REPORT Q4 2019

The Board of Directors at *AML Foods Limited* announced results for the fourth quarter ended April 30, 2019 reflecting a net profit of \$1.57m, compared to \$0.47m for the same period in the prior year. Sales for the quarter were \$43.7m compared to \$42.3m, an increase of 3.2% for the same period in the previous year.

We are pleased to report positive sales growth and profit for consecutive quarters despite market conditions remaining relatively stable. Management is continuously finding new ways to service our customers given the change in consumer spending habits. As a result, most of our locations experienced increased sales and margin growth during the quarter. Additionally, our focus on reducing shrink levels have provided positive shrink results for the quarter compared to the same period in the prior year and contributed to our positive profit growth. Looking ahead to the future, we remain committed to better servicing our customers through increased SKU counts and consistent product offerings.

Technology and development of our people remained a top priority this quarter. We now have four of our eight grocery stores operating on our new ERP system and have plans for all remaining stores to be converted within the next six months. Our New Providence Learning and Development Center was completed in April 2019 and has been named after our long standing Board member, Mr. Frank Crothers. This 600k investment is a testament to our commitment to the training and development of our people and will support our plans to drive increased efficiency throughout the operations.

The Board of Directors have approved an ordinary dividend payment of \$0.03 per share as well as an extraordinary dividend of \$0.04 per share, both payable on June 28, 2019 to shareholders on record as of June 21, 2019.

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

Franklyn A. Butler, II  
Chairman

**AML FOODS LIMITED**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*(Expressed In thousands of Bahamian dollars)*

	As At April 30, 2019	As At April 30, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank balances	\$ 4,895	\$ 5,065
Term deposits with original maturities greater than 90 days	277	275
Receivables, net of provision	630	177
Merchandise inventories, net of provisions	18,864	18,981
Other current assets	2,871	3,441
Current assets held for sale	263	729
<b>Total current assets</b>	<b>27,800</b>	<b>28,668</b>
<b>Non-current assets</b>		
Other assets	3,138	3,138
<b>Property, plant and equipment, net</b>		
Property, land improvements, and buildings	30,523	31,067
Equipment	7,528	7,249
Leasehold improvements	4,423	5,106
Work in progress	2,340	1,736
	44,814	45,158
Goodwill	2,555	2,845
<b>Total assets</b>	<b>\$ 78,307</b>	<b>\$ 79,809</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 12,571	\$ 12,558
Current portion of preference shares	1,775	1,775
Current portion of bank loan	1,372	1,310
Current liabilities held for sale	-	24
<b>Total current liabilities</b>	<b>15,718</b>	<b>15,667</b>
<b>Longterm liabilities</b>		
Preference shares	10,211	11,986
Bank loan	8,520	9,892
	18,731	21,878
<b>Shareholders' equity</b>		
Ordinary share capital	7,524	7,524
Contributed surplus	2,231	2,231
Revaluation surplus	5,040	5,040
Dividends paid YTD	(1,997)	(1,204)
Net profit from operations	3,595	4,034
Retained earnings	27,466	24,639
	43,858	42,264
<b>Total liabilities and shareholders' equity</b>	<b>\$ 78,307</b>	<b>\$ 79,809</b>

**AML FOODS LIMITED**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED APRIL 30, 2019**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(Expressed In thousands of Bahamian dollars except per share amounts)*

	<b>Quarter ended April 30, 2019</b>	<b>Quarter ended April 30, 2018</b>
Sales	\$ 43,660	\$ 42,313
Cost of sales	(29,791)	(29,787)
Gross profit	13,869	12,526
Selling, general and administrative expenses	(11,871)	(11,479)
Other operating income	205	191
Net operating profit	2,204	1,238
Interest expense	(119)	(135)
Dividends on preference shares	(180)	(206)
Net profit before pre-opening expenses & impairment	1,904	897
Pre-opening expenses	-	(2)
Loss on disposal of property, plant & equipment	-	(120)
Loss on impairment of goodwill	(290)	(174)
Loss on sale of investment	-	(113)
Net profit from continuing operations	1,614	488
Loss from discontinued operations	(43)	(21)
Net profit	\$ 1,571	\$ 467
Earnings per share from continuing operations	<u>\$ 0.127</u>	<u>\$ 0.032</u>
Earnings per share from discontinued operations	<u>\$ (0.003)</u>	<u>\$ (0.001)</u>
Earnings per share	<u>\$ 0.124</u>	<u>\$ 0.031</u>

**AML FOODS LIMITED**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2019**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(Expressed In thousands of Bahamian dollars except per share amounts)*

	<b>Year Ended April 30, 2019</b>	<b>Year Ended April 30, 2018</b>
Sales	\$ 169,088	\$ 163,057
Cost of sales	(117,427)	(111,766)
Gross profit	51,661	51,291
Selling, general and administrative expenses	(47,275)	(44,881)
Other operating income	934	1,139
Net operating profit	5,319	7,549
Interest expense	(507)	(522)
Dividends on preference shares	(772)	(879)
Net profit before pre-opening expenses	4,040	6,148
Pre-opening expenses	-	(424)
Loss on disposal of fixed assets	-	(44)
Impairment of goodwill	(290)	(174)
Net profit from continuing operations	3,750	5,506
Loss from discontinued operations	(155)	(1,472)
Net profit	\$ 3,595	\$ 4,034
Earnings per share from continuing operations	<u>\$ 0.25</u>	<u>\$ 0.37</u>
Earnings per share from discontinued operations	<u>\$ (0.01)</u>	<u>\$ (0.10)</u>
Earnings per share	<u>\$ 0.24</u>	<u>\$ 0.27</u>

**AML FOODS LIMITED**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTHS ENDED APRIL 30, 2019**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*(Expressed In thousands of Bahamian dollars)*

	<b>No. of Shares (<sup>'000s</sup>)</b>	<b>Retained Earnings</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Revaluation Surplus</b>	<b>Total</b>
Restated balance as of April 30, 2017	15,049	\$ 24,635	\$ 7,524	\$ 2,231	\$ 3,159	37,549
Net profit from continuing operations		5,506				5,506
Net loss from discontinued operations		(1,472)				(1,472)
Declared dividends (\$0.08 per share)		(1,204)				(1,204)
Revaluation surplus					1,881.00	1,881
Restated balance as of April 30, 2018	15,049	27,465	7,524.00	2,231.00	5,040.00	42,260
Net profit from continuing operations		3,750				3,750
Net loss from discontinued operations		(155)				(155)
Declared dividends (\$0.10 per share)		(1,997)				(1,997)
Balance as of April 30, 2019	15,049	\$ 29,063	\$ 7,524	\$ 2,231	\$ 5,040	\$ 43,858

**AML FOODS LIMITED**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2019**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
*(Expressed In thousands of Bahamian dollars)*

	April 30, 2019	April 30, 2018
<b>Cash flows from operating activities</b>		
Net profit	\$ 3,595	\$ 4,034
Adjustments for:		
Depreciation	4,524	4,621
Impairment on discontinued operations	100	613
Dividends on preference shares	772	879
Increase in inventory provision	545	1,178
(Decrease) / Increase in provision for doubtful debts	(21)	17
Loss on disposal of property, plant and equipment	-	132
Loss on impairment of goodwill	290	174
Operating cash flow before changes in working capital	9,805	11,648
Working capital source / (use)		
Merchandising inventories	(428)	(1,766)
Accounts receivable	(426)	1,159
Other current assets	570	566
Increase in other assets	-	(3,138)
Accounts payable and accrued expenses	13	621
Net cash provided by operating activities	9,534	9,090
<b>Investing activities source / (use)</b>		
Movement in term deposits with original maturities greater than 90 days	(2)	(3)
Additions to property, plant and equipment	(4,167)	(7,249)
Proceeds from sale of property & equipment	350	-
Net cash used in investing activities	(3,819)	(7,252)
<b>Financing activities source / (use)</b>		
Dividends paid on ordinary shares	(1,997)	(1,204)
Dividends paid on preference shares	(772)	(879)
Repayment of preference shares	(1,775)	(1,775)
Proceeds from loan	-	4,000
Repayment of bank loan	(1,310)	(1,294)
Net cash used in financing activities	(5,854)	(1,152)
Decrease in cash	(139)	686
Cash, beginning of period	5,084	4,398
Cash, end of period	\$ 4,945	\$ 5,084

*Cash and cash equivalents comprise cash less bank overdrafts and includes cash from Carl's Jr.*

# AML FOODS LIMITED

---

## EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended April 30, 2019

### 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 2017 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 June 12, 2019, the Board of Directors approved payment of ordinary dividends of \$0.03 per share and an extraordinary dividend of \$0.04 per share payable on June 28, 2019 to shareholders of record on June 21, 2019. The Company paid an ordinary dividend of \$0.03 per share on March 29, 2019 and on December 28, 2018.

### 3. BANK LOANS

The Company has two bank loans with RBC Royal Bank (Bahamas) Limited which bear a blended interest rate of 4.75% each. At April 30, 2019, the total principal amount outstanding on the Company’s loans was \$9.9m.

### 4. DISCONTINUED OPERATIONS

On December 11, 2017, the Company ceased operations at all three of its Carl’s Jr. franchise locations and, accordingly, deconsolidated this entity from the Company’s financial statements. The assets and liabilities from Carl’s Jr. are reflected on the statement of financial position as assets and liabilities held for sale. The fixed assets have been adjusted to fair market value in anticipation of sale of furniture, fixtures, and equipment. At April 30, 2019, the Company has opted out of one lease commitment and has assigned the lease and sold the equipment of the other to a third party.

### 5. PRIOR PERIOD ADJUSTMENT

During the period, the Company made a change to the timing of when it recognized an expense item included in SG&A. This change was required to be treated retrospectively and resulted in a \$1.3m increase to prior period retained earnings.

# **AML FOODS LIMITED**

---

## **AUDITORS**

Deloitte & Touche  
2<sup>nd</sup> Terrace West, Centreville  
P.O. Box N-7120  
Nassau, The Bahamas

## **BANKERS**

RBC Royal Bank (Bahamas) Limited  
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  
2<sup>nd</sup> Floor, Fort Nassau Centre  
Hilton British Colonial, Suite 202  
Bay Street  
P.O. Box EE-15672  
Nassau, The Bahamas

## **DIRECTORS**

Franklyn Butler, II (Chairman)  
Robert L. Sands  
R. Craig Symonette  
Frank J. Crothers  
Michael R. Moss  
Mike Maura Jr.  
Alison Treco  
Meike de Vaere  
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