

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED APRIL 30, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of Bahamian dollars)

	April 30, 2018	April 30, 2017
Assets		
Current assets		
Cash and bank balances	\$ 5,065	4,546
Receivables, net of provisions	230	1,352
Merchandise inventories, net of provisions	18,981	18,082
Other current assets	2,156	3,006
<i>Current assets held for sale</i>	<i>79</i>	<i>506</i>
	26,871	27,492
Property, plant and equipment		
Property and buildings	29,344	22,053
Equipment	7,239	6,890
Leasehold improvements	5,109	5,721
Work in progress	4,723	5,863
<i>Non-current assets held for sale</i>	<i>650</i>	<i>1,517</i>
	47,065	42,044
Goodwill	2,845	3,019
Term deposits with maturities greater than 90 days	275	272
	3,120	3,291
	\$ 77,056	72,827
Liabilities		
Current liabilities		
Bank overdraft	\$ -	139
Accounts payable and accrued expenses	13,029	12,300
Current portion of preference shares	1,775	1,775
Current portion of bank loan	1,310	1,280
<i>Current liabilities held for sale</i>	<i>24</i>	<i>146</i>
	16,138	15,640
Long-term liabilities		
Preference shares	11,986	13,761
Bank loan	9,982	7,216
	21,878	20,977
Equity		
Ordinary shares	7,525	7,524
Capital paid in excess of par	2,230	2,231
Property revaluation surplus	3,159	3,159
Dividends paid YTD	(1,204)	(1,204)
Net profit from operations	5,506	7,141
Retained earnings	23,986	18,049
<i>Accumulated loss from discontinued operations</i>	<i>(2,162)</i>	<i>(690)</i>
	39,040	36,210
	\$ 77,056	72,827

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in thousands of Bahamian dollars)

	Quarter Ended April 30, 2018	Quarter Ended April 30, 2017
Sales	\$ 42,313	39,191
Cost of sales	(29,787)	(26,190)
Gross profit	12,526	13,001
Selling, general and administrative expenses	(11,479)	(10,753)
Other operating income	191	126
Net operating profit	832	2,374
Interest expense	(135)	(94)
Dividends on preference shares	(206)	(229)
Net profit before pre-opening expenses	\$ 490	2,051
Pre-opening expenses	(2)	(63)
Net profit from continuing operations	\$ 488	1,988
Discontinued operations		
Loss from discontinued operations	(21)	(125)
Net profit	\$ 467	1,853
Profit per share from continuing operations	\$0.03	\$0.13
Profit per share from continuing operations	\$0.03	\$0.12

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Twelve Months Ended April 30, 2018	Twelve Months Ended April 30, 2017
Sales	\$ 163,057	154,565
Cost of sales	(111,766)	(104,012)
Gross profit	51,291	50,553
Selling, general and administrative expenses	(44,881)	(42,672)
Other operating income	1,139	805
Net operating profit	7,549	8,686
Interest expense	(522)	(334)
Dividends on preference shares	(879)	(984)
Net profit before pre-opening expenses & impairment \$	6,147	7,368
Pre-Opening expenses	(424)	(81)
Loss on disposal of fixed assets	(120)	(146)
Loss on impairment of	(174)	-
Gain on sale of investment	89	-
Net profit from continuing operations	\$ 5,506	7,141
Discontinued operations		
Loss from discontinued operations	\$ (1,472)	(285)
Net profit	\$ 4,034	6,856
Profit per share from continuing operations	\$0.37	\$0.47
Profit per share	\$0.27	\$0.46

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in thousands of Bahamian dollars)

	No. of Shares	Retained Earnings	Share Capital	Contributed Surplus	Revaluation Surplus	Total
April 30, 2017	15,049	\$ 23,296	7,524	2,231	3,159	\$ 36,210
Net profit from continuing operations		5,506			-	5,506
Loss from discontinued operations		(1,472)			-	(1,472)
Declared dividends		(1,204)			-	(1,204)
April 30, 2018	15,049	\$ 26,126	7,524	2,231	3,159	\$ 39,040
April 30, 2016	15,049	\$ 17,644	7,524	2,231	3,159	\$ 30,558
Net profit from continuing operations		7,141			-	7,141
Loss from discontinued operations		(285)			-	(285)
Declared dividends		(1,204)			-	(1,204)
April 30, 2017	15,049	\$ 23,296	7,524	2,231	3,159	\$ 36,210

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CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of Bahamian dollars)

	April 30, 2018	April 30, 2017
Cash flows from operating activities		
Net profit from continuing operations	\$ 5,506	7,141
Net loss from discontinued operations	(1,472)	(285)
Adjustments for:		
Depreciation and amortization of franchise fees	4,363	4,279
Dividends on preference shares	879	984
Increase / (decrease) in inventory provision	1,178	(251)
Increase in provision for doubtful debts	17	90
Loss on disposal of property, plant and equipment	132	146
Loss on impairment of goodwill	174	-
Operating cash flow before changes in working capital	10,777	12,104
Working capital source / (use)		
Merchandising inventories	(2,077)	(1,857)
Accounts receivable	1,105	(189)
Other current assets	490	(183)
Accounts payable and accrued expenses	729	579
Net cash provided by operating activities from continuing operations	11,024	10,454
Net cash provided from discontinued operations	305	355
Net cash provided from operating activities	11,329	10,809
Investing activities source / (use)		
Additions to property, plant and equipment	(10,383)	(13,401)
Movement on term deposits	(3)	645
Proceeds from insurance		11
Net cash used in investing activities – continuing operations	(10,386)	(12,745)
Net cash provided by investing activities – discontinued operations	(879)	(1,055)
Net cash used in investing activities	(9,519)	(13,800)
Financing activities source / (use)		
Proceeds from bank loan	4,000	3,000
Dividends on ordinary shares	(1,204)	(1,204)
Dividends paid on preference shares	(879)	(984)
Repayment of bank loan	(1,294)	(748)
Repayment of bank loan	(1,775)	(1,775)
Net cash used in financing activities	(1,152)	(1,710)
Increase / (decrease) in cash	\$ 658	(4,701)
Cash, beginning of period	4,407	9,108
Cash, end of period	5,065	4,407
Movement for period	\$ 658	(4,701)
Cash and cash equivalents comprise cash less bank overdrafts.		

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EXPLANATORY NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Quarter Ended April 30, 2018

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, and Solomon’s Fresh Market Limited.

2. DECLARED DIVIDENDS

On June 14th, 2018, the Board of Directors approved payment of ordinary dividends of \$0.02 and an extraordinary dividend of \$0.02 per share payable on July 27, 2018 to shareholders of record on July 23, 2018. For the fiscal year ended April 30, 2018, the Board had previously approved dividends of \$0.02 per share per quarter, which were paid on June 30, September 29, December 28, 2017 and March 29, 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, 2018, the total principal amount outstanding on the Company’s loans was \$11.2m.

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. The Company has lease commitments for two of the previous locations totaling \$605k at April 30, 2018.

AML FOODS LIMITED

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