



CHAIRMAN'S REPORT

Q2 2018

The Board of Directors at AML Foods Limited announced results for the second quarter ended October 31st, 2018 reflecting a net loss of \$108k, compared to a net profit of \$886k for the same period in the prior year. Sales for the quarter were \$38.51m an increase of \$686k or 1.8% for the same period in the previous year.

Our performance was impacted by a 6% decrease in same store sales during the quarter to prior year. The loss of gross margin dollars arising from these sales decreases significantly impacted profitability. The implementation of the increases in VAT from 7.5% to 12.0% during a historically slower quarter saw an immediate reduction in customer average spend and frequency of transactions, as well as noticeable changes in item selection. A sharp increase in shrink was also recorded during this quarter.

For the coming quarters we are committed to managing matters under our control, reducing our expense base, improving store conditions and growing transaction counts. In November we recorded positive same store sales, the first month since June 2018 and we are intent on satisfying our customers and ensuring that we end the next quarter on a strong note.

As we approach the holidays we are preparing our stores and concentrating on execution for a successful Christmas season.

The Board of Directors have approved an ordinary dividend payment of \$0.03 per share, payable on December 28th, 2018 to shareholders on record as of December 21st, 2018.

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

Franklyn A. Butler, II
Chairman