



CHAIRMAN'S REPORT

Q2 2021

The Board of Directors at *AML Foods Limited* today announced results for the second quarter ended October 31st, 2020. Sales for the quarter were \$ 42.9m, an increase of 10.9% for the same period last year. Net profit for the quarter was \$1.3m compared to a net loss of \$1.3m for the same period in the prior year.

We are achieving noticeable improvements with our focus on operational excellence which has positively influenced our Q2 results. In addition, the Covid-19 pandemic continues to positively impact sales. Our expectation remains that revenues will soften in Q3 and through 2021 given the country's short-term economic outlook and the delays experienced with the re-opening of the tourism industry. Our Domino's brand continues to be the hardest hit by COVID brought on by early curfews and weekend lockdowns which have traditionally been our peak selling times.

Our company's cash balances remain strong and we are continuing our focus on better expense management and improving store conditions to offset any impact of declining revenues.

As we approach the holiday season, we are concentrating on the safety of our staff and customers and will continue providing quality products and service.

Given the quarter's performance, the Board of Directors have approved a dividend payment of \$0.04 per share and an extraordinary dividend of \$0.03 per share payable on January 5, 2021 to shareholders on record as of December 29, 2020.

On behalf of the Board of Directors, I would like to thank our staff for all your hard work and commitment to our company and our customers for your patience and support as we adapt to what has now become the new normal.

Sincerely,

Franklyn A. Butler, II
Chairman

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 31, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed In thousands of Bahamian dollars)

	As At October 31, 2020	As At April 30, 2020
Assets		
Current assets		
Cash and bank balances	\$ 8,970	\$ 7,297
Term deposits with original maturities greater than 90 days	279	279
Receivables, net of provision	1,270	927
Merchandise inventories, net of provisions	19,179	17,331
Other current assets	5,399	3,226
Total current assets	35,097	29,061
Non-current assets		
Other assets	3,138	3,138
Property, plant and equipment, net		
Property, land improvements, and buildings	29,685	29,987
Equipment	6,813	7,187
Leasehold improvements	3,803	4,260
Work in progress	288	484
	40,589	41,918
Right of use asset	25,253	27,115
Goodwill	1,654	1,654
Total assets	\$ 105,731	\$ 102,886
Liabilities		
Current liabilities		
Bank overdrafts	422	-
Accounts payable and accrued expenses	16,791	15,997
Current portion of preference shares	626	1,775
Current portion of bank loan	1,596	1,438
Current portion of lease liability	3,801	3,519
Total current liabilities	23,236	22,729
Longterm liabilities		
Preference shares	8,998	8,436
Bank loan	6,267	7,081
Lease liability	24,510	26,744
	39,775	42,261
Shareholders' equity		
Ordinary share capital	7,524	7,524
Treasury shares	(146)	(86)
Contributed surplus	2,231	2,231
Revaluation surplus	3,857	3,857
Dividends paid	(1,204)	(2,859)
Net profit from operations	6,088	1,440
Retained earnings	24,370	25,789
	42,720	37,896
Total liabilities and shareholders' equity	\$ 105,731	\$ 102,886

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 31, 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Quarter ended October 31, 2020	Quarter ended October 31, 2019
Sales	\$ 42,938	\$ 38,712
Cost of sales	(29,751)	(26,869)
Gross profit	13,187	11,843
Selling, general and administrative expenses	(11,598)	(10,747)
Other operating income	269	196
Net operating profit	1,859	1,292
Interest expense	(398)	(797)
Dividends on preference shares	(153)	(180)
Net profit before extraordinary expenses	1,308	315
Extraordinary items (Hurricane loss)	-	(1,468)
Net profit (loss) from continuing operations	1,308	(1,153)
Loss from discontinued operations	-	(194)
Net profit (loss)	\$ 1,308	\$ (1,347)
Earnings per share from continuing operations	<u>\$ 0.09</u>	<u>\$ (0.08)</u>
Earnings per share from discontinued operations	<u>\$ -</u>	<u>\$ (0.01)</u>
Earnings per share	<u>\$ 0.09</u>	<u>\$ (0.09)</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR YEAR TO DATE TO OCTOBER 31, 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Year to Date Ended October 31, 2020	Year to Date Ended October 31, 2019
Sales	\$ 89,765	\$ 80,099
Cost of sales	(62,080)	(55,775)
Gross profit	27,685	24,324
Selling, general and administrative expenses	(23,609)	(23,033)
Other operating income	589	413
Net operating profit	4,665	1,704
Interest expense	(815)	(914)
Dividends on preference shares	(306)	(360)
Net profit before extraordinary expenses	3,544	430
Extraordinary items (Hurricane income/loss)	2,544	(1,468)
Net profit (loss) from continuing operations	6,088	(1,038)
Loss from discontinued operations	-	(194)
Net profit (loss)	\$ 6,088	\$ (1,232)
Earnings per share from continuing operations	<u>\$ 0.40</u>	<u>\$ (0.07)</u>
Earnings per share from discontinued operations	<u>\$ -</u>	<u>\$ (0.01)</u>
Earnings per share	<u>\$ 0.40</u>	<u>\$ (0.08)</u>

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
AT QUARTER ENDED 31ST OCTOBER, 2020
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed In thousands of Bahamian dollars)

	No. of Shares ('000s)	Share Capital	Treasury Shares	Contributed Surplus	Revaluation Surplus	Retained Earnings	Total
Balance as of April 30, 2019	15,049	\$ 7,524	\$ (40)	\$ 2,231	\$ 5,040	\$ 25,789	\$ 40,544
Shares repurchased		-	(46)	-	-	-	(46)
Net profit from continuing operations		-	-	-	-	1,642	1,642
Net loss from discontinued operations		-	-	-	-	(202)	(202)
Declared dividends (\$0.13 per share)		-	-	-	-	(2,859)	(2,859)
Revaluation deficit		-	-	-	(1,183)	-	(1,183)
Balance as of April 30, 2020	15,049	7,524	(86)	2,231	3,857	24,370	37,896
Shares repurchased		-	(60)	-	-	-	(60)
Net profit from continuing operations		-	-	-	-	6,088	6,088
Declared dividends (\$0.08 per share)		-	-	-	-	(1,204)	(1,204)
Balance as of October 31, 2020	15,049	\$ 7,524	\$ (146)	\$ 2,231	\$ 3,857	\$ 29,254	\$ 42,720

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 31, 2020
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed In thousands of Bahamian dollars)

	Quarter ended October 31, 2020	Quarter ended October 31, 2019
Cash flows from operating activities		
Net profit (loss)	\$ 1,308	\$ (1,347)
Adjustments for:		
Impairment on discontinued operations	-	194
Depreciation and amortization	2,077	2,845
Dividends on preference shares	153	180
Increase in provision for doubtful debts	(4)	-
Increase in inventory provision	(174)	(347)
Income on disposal of property, plant and equipment	1	288
Interest on lease liability	300	684
Operating cash flow before changes in working capital	3,661	2,497
Working capital source / (use)		
Accounts receivable	692	(21)
Merchandising inventories	(843)	2,220
Other current assets	(629)	362
Accounts payable and accrued expenses	(1,352)	(763)
Net cash provided by operating activities	1,529	4,295
Investing activities source / (use)		
Additions to property, plant and equipment	(474)	(650)
Income from disposal of property & equipment	2	-
Net cash used in investing activities	(472)	(650)
Financing activities source / (use)		
Dividends paid on ordinary shares	(602)	(602)
Dividends paid on preference shares	(153)	(180)
Repayment of bank loan	(302)	(340)
Repayment of preference shares	(587)	(1,775)
Repurchase of treasury shares	(37)	-
Payment of lease liability	(1,290)	(2,522)
Net cash used in financing activities	(2,971)	(5,419)
Decrease in cash	(1,914)	(1,774)
Cash, beginning of period	10,462	4,726
Cash, end of period	8,548	2,952

AML FOODS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED OCTOBER 31, 2020

EXPLANATORY NOTES

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 2019 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 December 9, 2020 the Board of Directors approved payment of ordinary dividends of \$0.04 per share and an extraordinary dividend of \$0.03 per share payable on January 5, 2021 to shareholders of record on December 29, 2020. The Company paid an ordinary dividend of \$0.04 per share on October 2, 2020.

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 October 31, 2020, the total principal amount outstanding on the Company's loans was \$7.9m.

4. PREFERENCE SHARES

During the quarter, the Company restructured its existing preference debt to allow for an interest only period until 2025. Preference shareholders who participated in the restructure were moved to a new Class E. Preference shareholders who opted not to participate in the restructuring will continue to receive annual principal payments in accordance with their Class C or Class D terms. A total of \$1.1m preference shares were restructured and transferred to class E.

5. SUBSEQUENT EVENTS

The Company received further interim payments totaling \$2 million in November 2020 related to Hurricane Dorian claims.

AML FOODS LIMITED

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BANKERS

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LEGAL COUNSEL

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REGISTRAR & TRANSFER AGENTS

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DIRECTORS

Franklyn Butler, II (Chairman)
Robert L. Sands
R. Craig Symonette
Mike Maura Jr.
Alison Treco
Meike de Vaere
Tara Cooper Burnside
Gavin Watchorn

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