AML FOODS LIMITED

ANNUAL REPORT 2019

OUR PURPOSE
To provide our customers with the best shopping experiences.

OUR VISION
To be the Bahamian Company most admired for its People, Partnerships and Performance.

OUR CORE VALUES

INTEGRITY
We will do the right thing, always.

RESPECT
We treat others the way we want to be treated.

ACCOUNTABILITY
We accept ownership and see things through to completion.

ACHIEVEMENT
We will always seek to be the best we can be.

EXCELLENCE
We will recognize and reward our top performers.

LEARNING
We will continuously train, coach and develop our team.

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About Us

AML Foods Limited is an innovative Bahamian Company with operations in New Providence and Grand Bahama. Our brands – Solomon's, Solomon's Super Centre, Solomon's Fresh Market, Cost Right Wholesale and Domino's Pizza – are known for quality and value and are well-recognized throughout The Bahamas.

Our Company is built on a strong foundation of integrity, respect for all, corporate responsibility, and community giving. We seek to create a brighter future for the communities that we operate in by directing charitable giving toward our core areas of commitment; Hunger Prevention & Healthy Living, The Environment, Youth Empowerment and Volunteerism.

At AML our company is focused on driving operational efficiencies and running our businesses better, as well as providing our customers with value while remaining competitive. We do this to the benefit of our customers, our staff and our shareholders.

AML Foods' Retail Distribution Division comprises eight grocery store locations. In New Providence the stores include Solomon's Super Center, Solomon's Yamacraw, Solomon's Fresh Market Old Fort Bay and Solomon's Fresh Market Harbour Bay. On Grand Bahama Island they include Solomon's Freeport and Solomon's Lucaya. These stores offer a wide range of consumer products from food items to general merchandise and clothing. Our team members work every day to ensure that each location offers affordable products meeting the highest quality standards. By focusing on making the retail experience an enjoyable one for our customers, we challenge our associates to provide superior service.

Our Club Distribution Division includes two stores -Cost Right Wholesale Club Nassau and Cost Right Wholesale Club Freeport. Both locations offer a wide assortment of name-brand and club packed products at wholesale prices, from grocery to general merchandise and clothing. We cater to small businesses, offices and the home, offering friendly service and convenient shopping. Our team members are dedicated to giving customers value on the products we supply, all while making shopping a pleasant experience.

Our Franchise Distribution Division operates eleven Domino's Pizza stores – nine in New Providence and two in Grand Bahama. Domino's is an outstanding international brand with a well-earned reputation for value, quality products and exceptional service.

Our E-Commerce Distribution Division consists of www.dominos242.com. The web based platform allows customers to purchase their pizza online for carryout, dine-in or delivery. Domino's Pizza Bahamas was the first local pizza company to offer this engaging ordering experience to Bahamians.

AML Foods Limited is a publicly traded company with 1,200 individual shareholders and is listed on the Bahamas International Stock Exchange. The Company employs just under 1,000 associates in New Providence and Grand Bahama Island.

Chairman's Message

I am pleased to be writing to you once again as Chairman of AML Foods Limited. This past year, we have made tremendous progress as we position ourselves for future growth. For another consecutive year, we have hit record sales. Sales have grown year over year by 3.7% to $169m. Our food distribution division has attributed significantly to our sales improvement and continues to show major opportunities for growth.

Our company-wide conversion to a new Enterprise Resource Planning (ERP) system is well on the way. During the year, we have converted four of our eight retail food stores and have already begun to realize great efficiencies that will allow us to service our customers better. With three remaining locations to be converted within the next year, I am confident that our Management team have provided the right platform for the Company to grow and meet its strategic objectives.

On the heels of the opening of our Freeport training facilities in July 2018, our Nassau Learning and Development Center, named after our longstanding board member, Frank J. Crothers, opened in May 2019 and is a testament to our commitment to continuously train, coach and develop our associates.

Our company continues to have positive cash flows and for the first time, in keeping with our promise to our shareholders, we have paid dividends in excess of 50% of our earnings. Our dividend payout of $1.96m represents an increase of $0.05 per share over our 2017/18 dividend payout.

I would like to thank Mr. Frank Crothers and Mr. Michael Moss who will be retiring as Directors for their years of outstanding service to our Company. They have both played instrumental roles in guiding our mission with their insights and unique expertise. I would also like to acknowledge the AML team for their dedication throughout this tough period of change. The Board of Directors thank you for your continued support. We are on a journey to simplify and grow our business that will put us in a strong position to deal with the current challenges we are facing. By keeping our focus, we are creating long term value for our stakeholders.

Warm regards,

Franklyn Butler II
Chairman

Chief Executive Officer's Message

Our industry is undergoing tremendous, rapid change and the relationship between the average consumer and their grocery store is evolving every day. How consumers shop, where they are shopping, how they receive their goods and how they pay for them, are all very different today. As a company, we must now also adapt and evolve to meet the increased expectations of our customers, as well as anticipate what those expectations will be in the future.

Our new ERP system provides us with the stage to implement the many changes that we want and need to make allowing us to evolve from our current standing. The platform for evolution and improvements remains unchanged – invest in our people, invest in technology and drive operational excellence in our daily operations - and we continue to reshape our processes, our resources and our team to align with these areas. From the outside looking in, while there may not appear to be any significant visible changes occurring, internally as we transition, our company is undergoing a tremendous amount of change. This transition has been a lot more challenging than previously anticipated but the short term discomfort we are now experiencing is worthwhile for achieving the benefits that we will accrue for our customers, our associates and our shareholders.

We expect to complete the remaining elements of our changeover by April 2020 and our customers will then begin to enjoy a different experience within our stores, and we will see the impact in our operating results.

The commitment to grow our Company remains, and our current progression is allowing us to shape our strategy in terms of how, where and when we will expand. The resolution of our purchase of a warehouse building and addressing our remaining legacy leases remain outstanding, and once complete, will provide a clear path for us to implement our strategic growth plans.

We appreciate that our transition has taken longer than originally scheduled, but we wish to avoid short-term mistakes and focus on the longer term growth and opportunities that exist for us.

We would like to thank our shareholders for their support, our customers for their business and our associates for their efforts during this period of transition.

Gavin Watchorn,
Group President and CEO

2019 Management Discussion and Analysis

Management will use this report to provide an analysis of the movements in AML Foods Limited's ("the Company") balance sheet, cash flow statement and statement of equity for the fiscal year beginning May 01, 2018 to April 30, 2019, and to discuss significant results from operations for the year ended April 30, 2019.

This report should be read in conjunction with the audited consolidated financial statements and its accompanying notes. This report may include "forward-looking statements." While the Company believes that the expectations reflected in such statements are reasonable, it gives no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from the Company's expectations include external economic conditions, changes in the marketplace, changes in interest rates, operating costs and other unforeseen events or conditions that may affect performance.

BALANCE SHEET REVIEW

CASH AND BANK BALANCES

The Company's cash and bank balances decreased during the year by $0.1m from $5.1m at April 30, 2018 to $4.9m at April 30, 2019. During the year, the Company expended $4.2m in capital expenditures, which included $0.9m on the ongoing rollout of our new ERP and related software, $0.7m on the upgrade of our Solomon's Lucaya store and $0.6m on the construction of our Nassau training center. Also during the year, the Company made a principal payment of $1.8m to its Class C and Class D preference shareholders. Additionally, ordinary shareholders received dividends of $1.9m and preference shareholders received $0.8m for total dividends payment of $2.7m. During the year, the Company paid down $1.3m of its outstanding bank loan.

RECEIVABLES

Net receivables increased by $0.5m to $0.6m at April 30, 2019 compared to April 30, 2018. The increase is due primarily to increases in charge customers at our Fresh Market stores. These balances are aged 0 to 30 days and are deemed 100% collectible at the balance sheet date.

MERCHANDISE INVENTORIES

Net inventory levels have decreased by $0.1m to $18.9m at April 30, 2019 from $19.0m at April 30, 2018. Sales at our Cost Right locations have increased by 5% over prior year and we have ramped up our inventory to meet the demands of our customers. Across all brands, we are working diligently to reach and maintain optimal inventory levels, this has led to an overall reduction to the Company's inventory levels.

OTHER CURRENT ASSETS

Other current assets decreased to $2.9m at April 30, 2019 from $3.4m at April 30, 2018. Security deposits, prepaid quarterly rents, and utilities deposits account for a significant portion of this balance.

PROPERTY, PLANT, AND EQUIPMENT

At April 30, 2019, net property, plant, and equipment decreased by $0.3m to $44.8m from $45.1m at April 30, 2018, comprising of additions of $4.2m and depreciation of $4.5m. The Company performs revaluations of property, land improvements, and buildings every three years. The last revaluation was performed in 2018.

GOODWILL

The Company conducted its annual impairment test by determining net present value (NPV) of the operating units on which it carries goodwill by calculating NPV of projected cash flows, NPV of terminal values discounted by discounted growth rate, and a discount factor based on the Company's weighted average cost of capital (WACC). The Company's annual impairment test resulted in a write down of $0.3m of goodwill. Goodwill remains for Solomon's Freeport, Cost Right Freeport, and Domino's Pizza.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable, and accrued expenses totaled $12.6m at April 30, 2019 compared to $12.6m at April 30, 2018. Trade accounts payable decreased by $1.7m while accrued expenses increased by $1.8m. Business License taxes payable were $0.4m compared to $0.6m at April 30, 2019. Other key components of accrued expenses are amounts for utilities, advertising, and store operating supplies.

PREFERENCE SHARES

For the period ended April 30, 2019, the Company had a total of 11,985 issued and outstanding preference shares compared to 13,761 shares at April 30, 2018. On October 31, 2018 the Company paid a principal payment of $1.8m to holders of Class C and Class D 6% redeemable non-voting cumulative shares. Dividends of $0.9m were paid to preference shareholders during the period.

BANK LOAN

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 $9.9m.

INCOME STATEMENT REVIEW

For the 12 months ended April 30, 2019, the Company's net profit was $3.6m compared to a net profit of $4.0m for the 12 months ended April 30, 2018. In December 2017, the Company closed its Carl's Jr franchise operations. During the year, the discontinued operations of Carl's Jr incurred a net loss of $0.1m which reduced the Company's net profit from continuing operations from $3.8m to $3.6m. Additionally, a $0.3m write down of goodwill further reduced the Company's net profit for the year. For the year ended April 30, 2019, earnings per share (EPS) decreased to $0.25 from $0.37 at April 30, 2018.

SALES

Sales totaling $169.0m were realized during the 12 months ended April 30, 2019 compared to sales of $163.0m for the 12 months ended April 30, 2018. Overall, sales increased by $6.0m or 3.7% over the prior year. Food Distribution recorded sales of $159.6m or 94.4% of total sales while Franchise Distribution recorded sales of $9.5m or 5.6% of total sales.

GROSS MARGIN

Gross margin for the 12 months ended April 30, 2019 decreased to 30.6% compared to 31.4% for the 12 months ended April 30, 2018. Both the food and franchise division recorded shrink losses higher than normal. Management continues to work on improving margins through enhanced operational standards.

EXPENSES

Selling, General, and Administrative expenses (SGA) for the 12 months ended April 30, 2019 amounted to $47.2m compared to $44.9m for the 12 months ended April 30, 2018. As a percentage of sales, SGA expenses remained relatively flat at 27.9% for the 12 months ended April 30, 2019 compared to 27.4% for the 12 months ended April 30, 2018.

2018-2019 OUTLOOK OPPORTUNITIES AND INVESTMENTS

The Company remains committed to providing Bahamians with the best shopping experiences. In this current year we will continue with the upgrade of our ERP system in the remaining three of our eight food distribution locations. The Company will begin working with Service Management Group (SMG) a customer experience management firm that uses technology to provide insights into customer behavior, to drive changes that boost customer loyalty and improve business performance. Management anticipates being able to realize significant operational efficiencies as we begin to better understand our customers' needs and spending habits.

ECONOMIC CONDITIONS, CHALLENGES AND RISKS

The Bahamas' economy remains soft despite Moody's credit rating upgrade from negative to stable. The change in outlook reflects the view that there has been important progress in addressing deficiencies in the fiscal policy framework and transparency. Moody's expect that revenue-enhancing measures implemented by the Government will contribute to a decline in interest-to-revenue ratio. However growth is constrained by structural factors including high energy costs, weak ease of doing business and low credit growth. While the Government is taking steps to address these issues, it is expected that results will only materialize in the medium term.

AML FOODS LIMITED

Consolidated Financial Statements
For The Year Ended April 30, 2019
And Independent Auditors' Report

Deloitte.

AML FOODS LIMITED

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of AML Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of AML Foods Limited (the Company) and its subsidiaries collectively, (the Group), which comprise the consolidated statement of financial position as of April 30, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of April 30, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 25 of the consolidated financial statements, which describes the effects of an error made in the recognition of an expense item included in the Company's selling, general and administrative expenses. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Summary of the Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Impairment of Goodwill	At April 30, 2019, the Group carried Goodwill of $2,555,000 in the consolidated statement of financial position (refer to note 10 to the consolidated financial statements) which is subject to an annual impairment test. Management's annual impairment assessment is considered to be a matter of key significance because the assessment process is complex and relies on significant estimates and assumptions. Management estimates the discount rate and determines assumptions in forecasting future cash flows.	In evaluating the impairment of Goodwill, we reviewed the value in use calculations prepared by management. We assessed the design and implementation of controls surrounding the preparation of the impairment model. We involved fair value specialists to support our assessment of key assumptions used by management in the goodwill impairment testing. We compared the growth rates used to historical data regarding economic growth rates, and assessed key inputs into the cash flow forecast against historical performance and in comparison to the management's strategic plans. Where management's assumptions differed from our expectations, we assessed the impact of the change on the impairment model.
Enterprise Resource Planning (ERP) System Implementation	During 2017, the Group began implementing a new enterprise resource planning (ERP) system. The implementation of the ERP introduces risks related to system access, change management and data integrity. The new ERP system was implemented in three (3) additional stores during the current fiscal year.	In evaluating the new system implementation, we involved information technology specialists to understand the controls over access and change management. We also assessed whether account balances carried forward to the new ERP were complete and accurate.

Other Information

Management and those charged with governance are responsible for the Other Information. The Other Information comprises all the information in the AML Foods Limited 2019 annual report, but does not include the consolidated financial statements and our auditors' report thereon ("the Other Information"). The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Talia Sweeting-Albury.

Deloitte & Touche

Nassau Bahamas
August 29th, 2019

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2019
(Expressed in thousands of Bahamian dollars except per share amounts)

	April 30, 2019	April 30, 2018 *Restated*	May 1, 2017 *Restated*
Assets			
Current assets			
Cash and bank balances (Note 5)	$ 5,157	$ 5,065	$ 4,551
Term deposits with original maturities greater than 90 days	277	275	272
Receivables, net of provisions (Note 6)	648	177	1,353
Merchandise inventories, net of provisions (Note 7)	18,864	18,981	18,393
Other current assets (Note 8)	2,871	3,441	4,034
Current assets held for sale (Note 22)	264	729	-
Total current assets	28,081	28,668	28,603
Non-current assets			
Other assets (Note 9)	3,138	3,138	-
Property, plant and equipment, net (Note 10)			
Property, land improvements, and buildings	30,514	31,067	22,053
Equipment	7,550	7,249	6,723
Leasehold improvements	4,421	5,106	7,390
Work in progress	2,329	1,736	5,878
	44,814	45,158	42,044
Goodwill (Note 11)	2,555	2,845	3,019
Total non-current assets	50,507	51,141	45,063
Total assets	$ 78,588	$ 79,809	$ 73,666

(Continued)

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2019
(Expressed in thousands of Bahamian dollars except per share amounts)

	April 30, 2019	April 30, 2018 *Restated*	May 1, 2017 *Restated*
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts (Note 5)	$ 262	$ -	$ 153
Accounts payable and accrued expenses (Note 13)	12,567	12,558	11,928
Current portion of bank loan (Note 12)	1,320	1,310	1,280
Current portion of preference shares (Note 14)	1,775	1,775	1,775
Current liabilities held for sale (Note 22)	18	24	-
Total current liabilities	15,942	15,667	15,136
Long-term liabilities			
Bank loan (Note 12)	8,572	9,892	7,216
Preference shares (Note 14)	10,211	11,986	13,761
Total long-term liabilities	18,783	21,878	20,977
Total liabilities	34,725	37,545	36,113
Shareholders' equity			
Ordinary share capital (Note 15)	7,524	7,524	7,524
Treasury shares (Note 15)	(40)	-	-
Contributed surplus	2,231	2,231	2,231
Revaluation surplus (Note 10)	5,040	5,040	3,159
Retained earnings	29,108	27,469	24,639
	43,863	42,264	37,553

(Concluded)

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors as of August 21, 2019, and are signed on its behalf by:

Director

Director

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED APRIL 30, 2019
(Expressed in thousands of Bahamian dollars except per share amounts)

	April 30, 2019	April 30, 2018 *Restated*
Sales (Note 23)	$ 169,088	$ 163,057
Cost of sales	(117,427)	(111,766)
Gross profit (Note 23)	51,661	51,291
Selling, general and administrative expenses (Note 17)	(47,275)	(44,881)
Other operating income	934	1,139
Net operating profit	5,320	7,549
Dividends on preference shares (Notes 14 and 23)	(772)	(879)
Interest expense (Note 23)	(507)	(522)
Pre-opening costs (Note 23)	-	(424)
Loss on disposal of fixed assets (Note 10)	-	(44)
Impairment of goodwill (Note 11)	(290)	(174)
Net profit from continuing operations	3,751	5,506
Discontinued operations		
Loss from discontinued operations (Note 22)	(155)	(1,472)
Net profit and comprehensive income	$ 3,596	$ 4,034

See notes to consolidated financial statements.

AML FOODS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED APRIL 30, 2019
(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
Previously reported balance as of April 30, 2017	15,049	$ 7,524	$ -	$ 2,231	$ 3,159	$ 23,296	$ 36,210
Prior period adjustment (Note 25)						1,343	1,343
Restated balance as of April 30, 2017	15,049	$ 7,524	$ -	$ 2,231	$ 3,159	$ 24,639	$ 37,553
Net profit from continuing operations - restated (Note 25)		-	-	-	-	5,506	5,506
Net loss from discontinued operations		-	-	-	-	(1,472)	(1,472)
Revaluation surplus (Note 10)		-	-	-	1,881	-	1,881
Declared dividends ($0.08 per share)		-	-	-	-	(1,204)	(1,204)
Balance as of April 30, 2018	15,049	7,524	-	2,231	5,040	27,469	42,264
Shares repurchased (Note 15)		-	(40)	-	-	-	(40)
Net profit from continuing operations		-	-	-	-	3,751	3,751
Net loss from discontinued operations		-	-	-	-	(155)	(155)
Declared dividends ($0.13 per share)		-	-	-	-	(1,957)	(1,957)
Balance as of April 30, 2019	15,049	$ 7,524	(40)	2,231	5,040	29,108	$ 43,863

See notes to consolidated financial statements.

AML FOODS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2019
(Expressed in thousands of Bahamian dollars except shares and per share amounts)

	April 30, 2019	April 30, 2018 *Restated*
Cash flows from operations		
Net profit	$ 3,596	$ 4,034
Adjustments for:		
Depreciation (Note 10)	4,525	4,621
Impairment on discontinued operations (Note 22)	100	613
Dividends on preference shares (Note 14)	772	879
Increase in inventory provision (Note 7)	544	1,178
(Decrease) / increase in provision for doubtful debts (Note 6)	(3)	17
Loss on disposal of property, plant and equipment (Note 10)	36	132
Loss on impairment of goodwill (Note 11)	290	174
Operating cash flow before changes in working capital	9,860	11,648
Decrease / (increase) in working capital source/(use):		
Increase in merchandise inventories (Note 7)	(427)	(1,766)
(Increase)/ decrease in receivables (Note 6)	(468)	1,159
Decrease in other current assets (Note 8)	617	566
Increase in other assets (Note 9)	-	(3,138)
Increase in accounts payable and accrued expenses (Note 13)	3	621
Net cash provided from operating activities	9,585	9,090
Cash flows from investing activities		
Movement in term deposits with original maturities greater than 90 days	(2)	(3)
Additions to property, plant and equipment (Note 10)	(4,217)	(7,249)
Proceeds from sale of property, plant and equipment	350	-
Net cash used in investing activities	(3,869)	(7,252)

(Continued)

See notes to consolidated financial statements.

AML FOODS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2019
(Expressed in thousands of Bahamian dollars except shares and per share amounts)

	April 30, 2019	April 30, 2018 *Restated*
Cash flows from financing activities		
Dividends paid on ordinary shares (Note 15)	$ (1,957)	$ (1,204)
Dividends paid on preference shares (Note 14)	(772)	(879)
Repurchase of shares (Note 15)	(40)	-
Repayment of preference shares (Note 14)	(1,775)	(1,775)
Proceeds from bank loan (Note 12)	-	4,000
Repayment of bank loan (Note 12)	(1,310)	(1,294)
Net cash used in financing activities	(5,854)	(1,152)
Net (decrease) / increase in cash and cash equivalents	(138)	686
Cash, beginning of period	5,084	4,398
Cash, end of period (Note 5)	$ 4,946	$ 5,084
Supplemental information:		
Interest received	$ 4	$ 10
Interest paid	$ 507	$ 522

(Concluded)

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 Securities 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 (together, referred to as "the Group") 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 has six (6) subsidiaries that management deems to be significant to the operations of the Company for the year ended April 30, 2019. The Company holds 100% of the voting rights in all subsidiaries. The significant operating entities are all incorporated in The Commonwealth of The Bahamas. These are separated into two operating segments as listed below:

Food Distribution

- Solomon's Supercentre (Nassau) Limited
- Cost Right Nassau Limited
- Solomon's Club (Freeport) Limited
- Thompson Wholesale Limited
- Solomon's Fresh Market Limited

Franchise

- Caribbean Franchise Holdings Limited
- CJB Limited (discontinued in December 2017)

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 May 1, 2018. 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 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers
IFRIC 22 Foreign Currency Transactions and Advance Consideration
IFRS 2 Share Based Payment (amended)
IAS 40 Investment Property (amended)

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

b. Standards and Interpretations in issue but not yet effective

IFRS 3 Business Combinations (amended)
IFRS 11 Joint Arrangements (amended)
IFRS 16 Leases
IFRS 17 Insurance Contracts (amended)
IAS 12 Income Taxes (amended)
IAS 23 Borrowing Costs (amended)
IFRIC 23 Uncertainty over Income Tax Treatments (amended)

Management is currently reviewing the potential impact of these new standards and interpretations.

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 assets, liabilities, equity, income, expenses, and cash flows of the parent and its subsidiaries and are presented as those of a single economic entity. 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*** - Revenues comprise the fair value of the consideration received or receivable in the ordinary course of the Company's activities. Revenues are presented net of returns and discounts. The Company derives revenues from two types of operations:

   i. Retail sales, which include grocery, appliances and household items
   ii. Franchise sales, which comprise prepared food

   IFRS 15 introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company recognizes revenue from the principal activities as described above. Retail sales in both food distribution and food franchise are usually settled by cash or by credit card at the time of sale. There was no material impact to the financial statements due to the adoption of IFRS 15.

b. ***Cost of sales*** - Cost of sales consists of the purchase price of inventory sold, shipping charges, import duties 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. ***Cash and cash equivalents*** - Cash and cash equivalents comprise unrestricted cash on hand and in banks that are available for use in operations and capital expenditures. In the consolidated statement of cash flows, bank overdraft is deducted from cash and cash equivalents to present a net cash position. Cash and cash equivalents also include term deposits with original maturity dates less than 90 days.

d. ***Term deposits*** – Term deposits with original maturity dates greater than 90 days are shown separate and apart from unrestricted funds. Term deposits may be established for a specific purpose and / or for a certain period of time.

e. ***Receivables*** - IFRS 9 'Financial Instruments' replaced IAS 39 'Financial Instruments: Recognition and Measurement' with the exception of macro hedge accounting. The standard became applicable for the current financial year. Under IFRS 9, financial assets should be classified and measured at fair value, with changes in fair value recognized in profit and loss as they arise ("FVPL"), unless restrictive criteria are met for classifying and measuring the asset at either Amortized Cost or Fair Value through Other Comprehensive Income ("FVOCI").

   IFRS 9 establishes an "expected credit loss" model for loans and receivables, including trade receivables that focuses on the risk that a loan or receivable will default or become uncollectible rather than whether a loss has been incurred. Under the ECL model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

   The Company's trade receivables are not material and do not have a significant financing component and in accordance with IFRS 9 are allowed to be measured at undiscounted invoice price rather than fair value. Based on this treatment, there was no material impact on the treatment of the Company's receivables balance.

f. ***Merchandise inventories*** - Food distribution and franchise inventories are stated at the lower of weighted average cost less provisions and net realizable value.

Provisions for shrinkage are made for differences between book value and the last physical inventory count based on percentage of sales. Provisions are also made for slow moving and obsolete inventory by applying a range of percentages to inventory aging reports. Losses and damages incurred during the normal course of business are recognized in the consolidated statement of comprehensive income at the time that such impairment is known. These are made in order to estimate the amount by which inventory needs to be reduced to estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to conclude the sale.

g. ***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 recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the reversal is credited to the profit or loss to the extent of the decrease previously expensed. 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.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as the other property assets.

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 recognized in the consolidated statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized.

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.

h. ***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.

i. ***Impairment of intangible and tangible assets other than goodwill*** - At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. ***Franchise fee*** – At April 30, 2019, the Company operated one food franchise, for which franchise and territory fees are assessed by the franchisor and are payable in advance for each location. These fees are amortized over a five year period and the unamortized portion of the fee is presented with other current assets on the consolidated statement of financial position. At April 30, 2019, the unamortized franchise fees were $0. (April 30, 2018: $0).

k. ***Dividends*** - Dividends on ordinary shares are paid out of net profits at the discretion of the Board of Directors. Dividends declared and paid are recognized in the period paid in the consolidated statement of changes in equity.

l. ***Preference shares*** - Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in the consolidated statement of comprehensive income.

m. ***Treasury shares*** - Shares purchased under the Company’s share buyback plan are recorded at cost plus applicable fees. Dividends received on these shares are offset against total dividends paid.

n. ***Defined contribution pension plan*** - The Company maintains a defined contribution pension plan. The Company’s contribution to the defined contribution pension plan is limited to 5% 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 recognized 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.

o. ***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.

p. ***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.

q. ***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.

r. ***Related parties*** - Related parties are defined as follows:

i. Controlling shareholders;
ii. Subsidiaries;
iii. Associates;
iv. Directors;
v. 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 (including close family members of such individuals);
vi. Key management personnel - persons who have authority for planning, directing and controlling the enterprise (including close family members of such individuals);
vii. Enterprises owned by the individuals described in (iv) and (v).

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

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

u. ***Equity instruments*** - An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are detailed in Note 3, management is required to make judgments and estimates about the carrying amounts of certain assets and liabilities. Those judgments and estimates are based on historical experience and other relevant industry standards. Actual results may vary from management's judgments and estimates.

These judgments and estimates are periodically reviewed and revised when necessary. Revisions are recognized in the applicable accounting periods.

Following are judgements and estimates that management has made when applying the Company's accounting policies, which have the most significant impact on the consolidated financial statements.

a. **Goodwill -** The Company performs an annual test to determine if any impairment has occurred to the carrying value of goodwill. In carrying out this test, management uses estimates and projections to determine net present value (NPV) of the cash generating units goodwill by calculating NPV of projected cash flows and NPV of terminal values discounted by discounted growth rate and a discount factor based on the Company's weighted average cost of capital (WACC). These estimates are based on government prime rate, estimated internal growth rate, and calculating cost of equity and debt to determine the Company's WACC.

b. **Inventory -** The Company's gross inventory is calculated using weighted average cost. In order to assess net inventory values, the Company makes a provision for loss and damage (inventory that is found to be non-sellable) and shrink (difference between book value and periodic physical counts). A series of estimates are used for each category of product based on historical performance and U.S. industry norms adjusted for the Bahamian market. The Company makes a further provision for obsolescence by applying defined discounts based on an inventory aging report.

5. CASH, BANK BALANCES AND BANK OVERDRAFT

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

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

	2019	2018
Cash and bank balances	$ 5,157	$ 5,065
Bank overdrafts	(262)	-
Cash of discontinued operations	51	19
Total	$ 4,946	$ 5,084

The Company was in compliance with all of its covenants as of April 30, 2019. These covenants are in relation to the overall credit arrangements with the Company's bankers.

The credit arrangements with RBC Royal Bank (Bahamas) Ltd. were renegotiated with effect from January 25, 2017. 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 Company maintains an overdraft facility of $2 million bearing an interest rate of Nassau Prime 4.25% plus 1.25% (PY: 4.25% plus 1.25%).

6. RECEIVABLES, NET OF PROVISIONS

Receivables consist of the following:

	2019	2018
Trade receivables	$ 846	$ 378
Less: Provision for doubtful accounts	(198)	(201)
Total	$ 648	$ 177

The aging of receivables is as follows:

	2019	2018
0 to 30 days	$ 574	$ 824
31 to 60 days	43	15
61 to 90 days	9	6
91 days and over	220	(467)
Total	$ 846	$ 378

(Continued)

Movement in the provision for doubtful accounts	**2019**	**2018**
Balance at beginning of the year	$ (201)	$ (184)
Impairment losses recognized on receivables	(45)	(21)
Amounts written off during the year as uncollectible	48	4
Balance at end of the period	$ (198)	$ (201)

Management has deemed $62 (2018: $48) of the receivables to be past due, but not impaired.

As at April 30, 2019, the total amount of all receivables (including Abaco Markets ISF Limited) deemed uncollectible was $136 (2018: $142). These amounts are included in the total receivables balance.

(Concluded)

7. MERCHANDISE INVENTORIES, NET OF PROVISIONS

Merchandise inventories consist of the following:

	2019	**2018**
Food distribution	$ 21,131	$ 20,690
Franchise	460	474
	21,591	21,164
Less: Provisions	(2,727)	(2,183)
Total	$ 18,864	$ 18,981

8. OTHER CURRENT ASSETS

Other current assets consist of the following:

	2019	**2018**
Prepayments	$ 1,967	$ 2,573
Security deposits	904	868
Total	$ 2,871	$ 3,441

9. OTHER ASSETS

On September 21, 2016, the Company signed an agreement to purchase a building located at Soldier Road Industrial Site for $3,359 which included taxes and fees. Subsequent to the payment of the final purchase price in July 2017, a dispute arose as to the ability of the vendors to provide good title to the property. This matter was taken to the court in February 2018 and the Company is awaiting final court ruling on the title.

10. 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 April 30, 2018	$ 31,113	$ 25,629	$ 15,115	$ 1,736	$ 73,593
Additions	-	1,932	819	1,466	4,217
Disposals	-	-	-	-	-
Transfers	-	751	86	(873)	(36)
At April 30, 2019	$ 31,113	$ 28,312	$ 16,020	$ 2,329	$ 77,774
Accumulated depreciation:					
At April 30, 2018	$ 46	$ 18,380	$ 10,009	$ -	$ 28,435
Depreciation	553	2,382	1,590	-	4,525
Elimination on disposal	-	-	-	-	-
At April 30, 2019	$ 599	$ 20,762	$ 11,599	$ -	$ 32,960
Net book value:					
At April 30, 2019	$ 30,514	$ 7,550	$ 4,421	$ 2,329	$ 44,814

	Property, Land Improvements and Buildings	Equipment and Motor Vehicles	Leasehold Improvements	Work in Progress	Total
Cost/revalued amount:					
At April 30, 2017	$ 23,263	$ 23,385	$ 15,422	$ 5,878	$ 67,948
Additions	7,390	3,792	219	(4,156)	7,245
Disposals	-	(75)	(2)	(121)	(198)
Transfers	(150)	-	-	150	-
Assets held for sale	-	(1,473)	(524)	(15)	(2,012)
Revaluations	610	-	-	-	610
At April 30, 2018	$ 31,113	$ 25,629	$ 15,115	$ 1,736	$ 73,593
Accumulated depreciation:					
At April 30, 2017	$ 1,210	$ 16,662	$ 8,032	$ -	$ 25,904
Depreciation	107	2,252	2,004	-	4,363
Elimination on disposal	-	(63)	(3)	-	(66)
Assets held for sale	-	(471)	(24)	-	(495)
Revaluations	(1,271)	-	-	-	(1,271)
At April 30, 2018	$ 46	$ 18,380	$ 10,009	$ -	$ 28,435
Net book value:					
At April 30, 2018	$ 31,067	$ 7,249	$ 5,106	$ 1,736	$ 45,158

(Continued)

The Company's accounting policy is to revalue land, property and buildings, which comprise of retail store locations and a food franchise commissary. 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 Company obtained independent appraisals in August 2018 and recorded adjustments, based on the results, at April 30, 2018.

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 $25,855 (2018: $26,910).

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.

(Concluded)

11. GOODWILL

Goodwill on business acquisitions is as follows:

	2019	2018
Balance, beginning of period	$ 2,845	$ 3,019
Impairment	(290)	(174)
Balance, end of period	$ 2,555	$ 2,845

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

- Solomon's Club (Freeport) Limited
- Cost Right Freeport
- Domino's

The Company's annual impairment exercise indicated an impairment of $290 on the remaining goodwill as of April 30, 2019 (2018: $174). The Company based its valuation of the units to which Goodwill has been assigned using a total of NPV (net present value) of projected cash flows and NPV of terminal values. NPV of projected cash flows were based on cash flows for five (5) years using the Company's base growth rate multiplied by discounted WACC (weighted average cost of capital) less perpetual growth rate. NPV of the terminal value was determined by multiplying the annual cash flows by the discount factor.

12. BANK LOAN

The Company's credit arrangement with RBC Royal Bank (Bahamas) Limited was renewed on January 25, 2017. In addition to the Reducing Demand Loan of $7,250 obtained on September 24, 2015, the arrangement included provision for another Reducing Demand Loan in the amount of $7,000 repayable over 10 years at a blended rate of Nassau Prime + 0.5%. As of April 30, 2019, both loans were fully drawn down.

(Continued)

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.

	2019	2018
Due within 1 year	$ 1,320	$ 1,310
Due within 2 to 5 years	5,953	5,978
Due > 5 years	2,619	3,914
Total	$ 9,892	$ 11,202

(Concluded)

13. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable, taxes payable and accrued expenses consist of the following:

	2019	2018
Accounts payable - trade	$ 6,303	$ 7,972
Taxes payable	426	556
Accrued expenses	5,838	4,030
Total	$ 12,567	$ 12,558

14. PREFERENCE SHARES

The Company's authorized capital consists of $150,000 Redeemable Non-Voting Cumulative 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 90 days written notice. During the year ending April 30, 2019, quarterly dividends totaling $772 (2018: $879) were paid to preference shareholders.

As of April 30, 2019, the following classes of preference shares were issued and outstanding at $1,000 per share:

Class	Authorized	Issued and Outstanding	
		2019	2018
C	25,000	2,637	3,077
D	25,000	9,349	10,684
	50,000	11,986	13,761

(Continued)

They are redeemable as follows:

	2019	2018
Due within 1 year	$ 1,775	$ 1,775
Due within 2 to 5 years	7,100	7,100
Due > 5 years	3,111	4,886
Total	$ 11,986	$ 13,761

(Concluded)

15. ORDINARY SHARE CAPITAL AND TREASURY SHARES

As of April 30, 2019, 15,049,346 (2018: 15,049,346) ordinary shares of par value of $0.50 each were issued and fully paid.

In June 2014, the Company re-instated a share buy-back plan. This program is to be reviewed annually by the Board of Directors. During the year ended April 30, 2019, 10,498 (2018: 0) shares had been repurchased at an aggregate cost of $40 (2018: $0). The shares are listed on the Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity as treasury shares.

16. OTHER OPERATING INCOME

Other operating income comprises rental income, interest income, and other miscellaneous income such as refund from concessions, club membership, sale of gift cards and certificates, commissions from ATMs, vending machines, phone cards, and purchasing rebates.

	2019	2018
Miscellaneous income	$ 594	$ 832
Rental income	336	297
Interest income	4	10
Total	$ 934	$ 1,139

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	2019	2018
Payroll and related costs	$ 19,559	$ 18,523
Facilities and rent	13,746	13,262
Sales and marketing expenses	6,096	6,022
Depreciation	4,386	4,233
Other costs	1,984	1,483
Office and computer costs	1,182	1,125
Directors' fees	202	154
Pension contributions	120	79
Total	$ 47,275	$ 44,881

Included in payroll and related costs is $1,233 (2018: $1,304) representing compensation for key members of management. This amount includes salaries and other employee benefits.

18. EARNINGS PER SHARE

Earnings per share are calculated by dividing the results for the period 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:

	2019	2018
Net profit applicable to continuing operations	$ 3,751	$ 5,506
Net loss applicable to discontinued operations	$ (155)	$ (1,472)
Weighted average number of ordinary shares outstanding ('000s)	15,049	15,049

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

19. COMMMITMENTS AND CONTINGENCIES

Capital commitments amounting to $455 were outstanding as of April 30, 2019 (2018: $1,191).

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, Management has 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.

The Company has letters of credit and guarantees of $2,135 outstanding as of April 30, 2019 (2018: $2,135).

20. OPERATING LEASE COMMITMENTS

The Company and its subsidiaries lease certain retail and office space under non-cancellable operating leases. As of April 30, 2019, 17 leases (2018: 19) are in effect. The future minimum lease payments under these leases are as follows:

Fiscal Period End	Minimum Lease Payments
2020	$ 4,255
2021	3,715
2022	3,598
2023	1,308
2024 and beyond	1,636
Total	$ 14,512

The minimum lease payments include lease payments for four (2018: four) leases that are based on the higher of 3% of sales or a fixed rent. For the year ended April 30, 2019, payments made under operating leases were $5,497 (2018: $5,534).

21. RELATED PARTY TRANSACTIONS

In addition to items already disclosed, the Company has four additional related party transactions to disclose. The Company paid rent amounting to $646 (2018: $604) under a 20-year lease on a property in which a director has significant influence. At April 30, 2019, there was less than one year remaining on the lease. Secondly, in 2012, the Company entered into a long-term lease agreement with a company in which a director has significant influence. 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 $661 (2018: $651). Further in October 2015, the Company entered into a short-term lease agreement with the same company with whom it had entered into a long-term lease agreement in 2012. The additional lease is for a two-year term. The Company did not exercise its option to renew this lease at the end of the term. Under this agreement, total rent paid for the period was $48 (2018: $37). Therefore, the Company paid total rents of $1,345 (2018: $1,292) under lease agreements to related parties.

In addition to rents paid to related parties, in 2018 the Company entered into an agreement as lessor to a company in which a Director is the principal. During the year, the Company received $42 in rental payments. As at April 30, 2019, a total of $3 was outstanding and included in Receivables.

22. DISCONTINUED OPERATION

On December 11, 2017, the Company ceased operation of Carl's Jr., one of its two franchises. The Company operated three locations in New Providence. During the year ended April 30, 2019, the Company completed the sale of equipment for one of the locations to a third party and wrote down the remaining property, plant, and equipment by $100. This loss is included as part of the loss from discontinued operations in the Consolidated Statement of Comprehensive Income. At the time that operations were discontinued, all depreciation of property, plant, and equipment ceased. The comparative Consolidated Statement of Comprehensive Income has been restated to show the discontinued operation separately from continuing operations.

Statement of Income

	April 30, 2019	April 30, 2018
Sales	$ -	$ 1,321
Cost of sales	-	(826)
Gross profit	-	495
Selling, general and administrative expenses	(55)	(1,354)
Net operating loss	(55)	(859)
Impairment of property, plant and equipment	(100)	(613)
Net loss from discontinued operations	$ (155)	$ (1,472)
Loss per share from discontinued operations	$ (0.01)	$ (0.10)

Statement of Financial Position	April 30, 2019	April 30, 2018
Assets		
Cash	$ 51	$ 19
Other current assets	13	60
Property, plant and equipment, net of impairment	200	650
Total assets	**$ 264**	**$ 729**
Liabilities and shareholders' equity		
Accounts payable and accrued expenses	$ 18	$ 24
Total liabilities	18	24
Total shareholders' equity	246	705
Total liabilities and shareholders' equity	**$ 264**	**$ 729**

(Continued)

Statement of Cash Flows		April 30, 2019		April 30, 2018
Net cash used in operating activities	$	-		(237)
Net cash provided by (used in) investing activities		375		(4)
Net cash (used in) provided by financing activities		(344)		269
Net increase in cash	**$**	**31**	**$**	**28**

(Concluded)

23. 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.

(Continued)

	Food Distribution		Food Franchise		Corporate		Consolidation	
	2019	2018	2019	2018	2019	2018	2019	2018
Sales	$ 159,622	$ 152,735	$ 9,466	$ 10,322	$ -	$ -	$ 169,088	$ 163,057
Gross profit	45,705	44,945	5,956	6,346	-	-	51,661	51,291
Gross profit %	28.6	29.4	62.9	61.5	-	-	30.6	31.5
Operating profit/(loss)	12,078	13,693	268	839	(2,640)	(2,672)	9,706	11,860
Depreciation and amortisation of franchise fees	(2,952)	(2,869)	(345)	(406)	(1,089)	(958)	(4,386)	(4,233)
Dividends on preference shares							(772)	(879)
Interest expense							(507)	(522)
Pre-opening costs							-	(424)
Impairment of goodwill							(290)	(174)
Net profit from continuing operations							**$ 3,751**	**$ 5,628**
Other information:								
Segment assets	$ 32,214	$ 33,736	$ 1,873	$ 2,331	$ 44,237	$ 43,013	$ 78,324	$ 79,080
Segment liabilities	(13,073)	(13,426)	(432)	(432)	(21,202)	(23,663)	$ (34,707)	$ (37,521)
Net operating assets	$ 19,141	$ 20,310	$ 1,441	$ 1,899	$ 23,035	$ 19,350	$ 43,617	$ 41,559

(Concluded)

24. 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 minimize the gap between interest rates.

   If interest rates had been 1% higher/lower, comprehensive income for the year ended April 30, 2019 would decrease/increase by $109 (2018: $140) 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 recognized 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 5.

d. Capital risk management - The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the year ended April 30, 2018.

   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 at April 30, 2019 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.

25. PRIOR PERIOD ADJUSTMENT

During the year, the Company determined that an error was made in the recognition of an expense item included in its selling, general and administrative expenses. The error resulted in an overstatement of prior period selling, general and administrative expenses, an overstatement of accruals, and an understatement of prepayments. In accordance with IFRS, the Company was required to correct the error with a retrospective adjustment. The adjustment resulted in an overall increase of $1.3m to retained earnings.

26. SUBSEQUENT EVENTS

The Company declared ordinary dividends of $0.03 per share and an extraordinary dividend of $0.04 per share to shareholders as of record date June 28, 2019 and paid on June 21, 2019.

* * * * * *

Making a Difference...

Together, AML Foods and its brands provided close to $200k in cash and in-kind to support programs that align with our charitable priorities. We focus on areas where we can do the most good and combine the unique strengths of our various businesses, providing more than just funding. This allows us to have a greater impact as well as deliver support to a wider reach. Whether it's in our stores, or at an offsite local event, we pride ourselves on being a good neighbour and are proud to support the needs of our communities, helping to strengthen them.

Community Health Events

Lunch & Learn


Donation to Zonta Club

International Women's Day


$130K Feed 5000


Health Checks


BYOB 60,000 Bags & Counting


1st Saturday Fitness Sessions


Food Store Tours

Annual Fun Run Walk


Donation to Grand Bahama Childrens Home

AML Foods Limited

BOARD OF DIRECTORS

Franklyn Butler II
Chairman

Frank Crothers
Director

R. Craig Symonette
Director

Robert Sands
Director

Michael Moss
Director

Alison Treco
Director

Michael Maura Jr.
Director

Meike de Vaere
Director

Gavin Watchorn
Group President & CEO, Director

Executive Management:

Gavin Watchorn, Group President and CEO
Rhonda Rolle, Chief Human Resources Officer
Davette Lightbourne, Director of Finance
Renea Bastian, VP Marketing & Communications
Carlos Sands, VP Inventory & Loss Prevention
Richard Jones, VP Facilities
Kimberley Bodie, VP Human Resources
Paula Plakaris, Group Financial Controller
Calvin Dean, District Manager Food Distribution
Nelson Moss, District Manager Food Distribution
Wilfred St. Louis, District Manager Food Distribution
Lageisha Rolle, District Manager Domino's

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Nassau, The Bahamas

STORES DIRECTORY

RETAIL DIVISION SOLOMON'S

NEW PROVIDENCE
Solomon's Supercentre
Old Trail Road

Solomon's Yamacraw
Yamacraw Hill Road

GRAND BAHAMA
Solomon's
Queen's Highway

Solomon's Lucaya
Sea Horse Shopping Plaza

RETAIL DIVISION SOLOMON'S FRESH MARKET

NEW PROVIDENCE
Solomon's Fresh Market
Old Fort Bay Town Centre

Solomon's Fresh Market
Harbour Bay Shopping Plaza

WAREHOUSE CLUB DIVISION COST RIGHT

NEW PROVIDENCE
Cost Right Wholesale Club
Town Centre Mall

GRAND BAHAMA
Cost Right Wholesale Club Freeport
The Mall Drive

FRANCHISE DIVISION DOMINO'S PIZZA

NEW PROVIDENCE
Blue Hill Road

Cable Beach Shopping Center

Carmichael Road

Coral Harbour Shopping Center

Golden Gates Shopping Center

Harbour Bay Shopping Plaza

Mall at Marathon

Sea Grapes Shopping Center

South Beach Shopping Center

GRAND BAHAMA
Port Lucaya
RND Plaza