BHL
Banks Holdings Limited

2017

Annual Report

Contents

ABInBev

10 Principles

DREAM

1 Our shared Dream energizes everyone to work in the same direction: Bringing people together for a better world.

PEOPLE

2 Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.

3 We recruit, develop and retain people who can be better than ourselves. We will be judged by the quality of our teams.

CULTURE

4 We are never completely satisfied with our results, which are the fuel of our company. Focus and zero-complacency guarantee lasting competitive advantage.

5 The consumer is the boss. We serve our consumers by offering brand experiences that play a meaningful role in their lives, and always in a responsible way.

6 We are a company of owners. Owners take results personally.

7 We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.

8 We manage our costs tightly, to free up resources that will support sustainable and profitable top line growth.

9 Leadership by personal example is at the core of our culture. We do what we say.

10 We never take shortcuts. Integrity, hard work, quality, and responsibility are key to building our company.

Our Dream:
Bringing people together for a better world

www.ab-inbev.com

Corporate Profile

as of 31 December 2017

Banks Holdings Limited (BHL) is the largest beverage conglomerate in Barbados comprising five subsidiaries including a brewery - Banks (Barbados) Breweries Limited, a soft drink plant - Barbados Bottling Co. Limited, a dairy - Barbados Dairy Industries Limited (Pine Hill Dairy), a distribution company - Banks Distribution Limited, which includes a wholesale outlet and a property rental company - Plastic Containers Limited.

BHL's shares are listed on the Barbados Stock Exchange.

Associated Companies

as of 31 December 2017

Citrus Products of Belize Limited	(46.58%)
Chemical Industries Limited	(40%)
GCG Services Limited	(33.33%)
Newtech Inc.	(26.2%)
Tower Hill Merchants Ltd.	(36.7%)
BCB Communications Inc.	(20%)

REGISTERED OFFICE:
Banks (Barbados) Breweries Ltd. Complex,
Newton, Christ Church

AUDITORS:
Deloitte & Touche

ATTORNEYS-AT-LAW:
Clarke Gittens & Farmer

BANKERS:
First Caribbean International Bank

Subsidiaries

as of 31 December 2017

Banks (Barbados) Breweries Limited
Newton, Christ Church
Tel: (246) 227-6750
Fax: (246) 227-6790

Barbados Bottling Co. Limited
Newton, Christ Church
Tel: (246) 418-3300
Fax: (246) 418-3350

Barbados Dairy Industries Limited
(Pine Hill Dairy)
The Pine, St. Michael
Tel: (246) 227-6600
Fax: (246) 227-6660

Banks Distribution Limited
Newton, Christ Church
Tel: (246) 418-2900
Fax: (246) 418-2970

Notice of Annual Meeting

BANKS HOLDINGS LIMITED
Registered Office:
Pine Hill Dairy Complex
The Pine, St. Michael
Barbados

Notice is hereby given that the Fifty-Ninth Annual General Meeting of Banks Holdings Limited (the "Company") will be held at Banks Barbados Breweries Limited Complex, Newton, Christ Church, Barbados on **Tuesday the 19th day of February 2019 at 2:00 P.M.** for the following purposes:

1. To review and adopt the minutes of the Fifty-Eighth Annual General Meeting of the Company held on 19 October 2017;
2. To receive and consider the Consolidated Financial Statements of the Company for the period ending 31 December 2017 and the Auditor's Report thereon;
3. To elect Directors and if thought fit to pass the following resolutions:
   i. *THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Caio Augosto Miranda Ramos be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*
   ii. *THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Jose Infante be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*
   iii. *THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Fernando Guimarães be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*
   iv. *THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Alberto Gaudry be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*
   v. *THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Leonardo Cabral be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*
   vi. *THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Ms. Fatima Vinas be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following her election.*
4. To appoint Auditors for the ensuing financial year and to authorize the Directors to fix their remuneration and (if thought fit) to pass the following resolution:
   i. *THAT Deloitte be and are hereby appointed as Auditors of the Company for the period ending at the close of the next Annual General Meeting after their appointment.*
5. To transact any other business which may properly come before the meeting.

By Order of the Board

NIGEL A. BENNETT
Corporate Secretary

10 December, 2018

The notes to the enclosed proxy form are incorporated in this notice.

Directors

MR. CAIO AUGOSTO MIRANDA RAMOS

Non-Independent Director & Chairman - Citizen of Brazil
Mr. Caio Ramos is graduate in Law from State of Parana University and has also completed the Ambev Executive MBA Program at Sao Paulo Business School in Sao Paulo, Brazil.

Mr. Ramos also completed the Program on Corporate Reputation from Stanford University in Palo Alto, California in 2018. Mr. Ramos joined AmBev in 2002 and has accumulated 16 years' experience in legal, corporate affairs and strategy development.

MR. JOSE INFANTE

Non-Independent Director – Citizen of the Dominican Republic
Mr. Jose Infante was appointed Country Manager of Banks Holdings Limited in 2018.

He joined Cerveceria Nacional Dominicana (CND) in 2010, as a Finance Coordinator. Following AB InBev's acquisition of CND in 2012, Mr. Infante quickly moved through the company's ranks. During his eight years at AB InBev, Mr. Infante has worked in various departments, including human resources, labour relations and sales. Most recently, he worked as CND's commercial manager for two years before his appointment in Barbados.

He holds a Bachelor of Science degree in Business Administration from the Mother and Teacher Pontifical Catholic University in the Dominican Republic. He also has a Master's in Business Administration from the Barna Business School in the Dominican Republic.

MR. RICHARD COZIER

Non-Independent Director – Citizen of Barbados - A member of the BHL Board since November 13th 1997, Mr Cozier is a Fellow of the Institute of Chartered Accountants of Barbados (ICAB). He joined the staff at Banks (Barbados) Breweries Limited in 1979 as an Accountant. He was appointed Chief Accountant in 1985 and six years later, General Manager of another Banks Holdings Limited (BHL) subsidiary, the Barbados Bottling Company (BBC). His dedication and commitment was further rewarded in 1999, when he was appointed Managing Director and CEO of the BHL Group comprising Banks (Barbados) Breweries Limited, Barbados Dairy Industries Limited (Pine Hill Dairy), Barbados Bottling Co. Limited and B&B Distribution Ltd. (now Banks Distribution Limited).

He is a current member of the Master Brewers Association of the Americas, represents The Barbados Chamber of Commerce & Industry on the Board of The Barbados Stock Exchange and is an independent director on the Board of The Barbados Private Sector Association.

Directors

MR. FERNANDO GUIMARÃES

Non-Independent Director - Citizen of Brazil
Mr. Guimarães is the Finance and Solutions Director with responsibility for the CAC region within the Cerveceria Nacional Dominicana (CND) in the Dominican Republic. Mr. Guimarães joined AMBEV in 2004 through the company's Management Trainee Programme and has held the positions of Planning and Performance Coordinator and Operations Manager during his 14 years with the company. Mr. Fernando Guimarães holds an undergraduate degree in Mechanical Engineering from the Pontifical Catholic University of Rio de Janeiro and an Executive MBA from Brazil's COPPEAD Graduate School of Business.

MR. ALBERTO GAUDRY

Non-Independent Director - Citizen of Mexico
Mr. Alberto Gaudry graduated cum laude with a Bachelor of Engineering and a Master of Engineering from the Pan-American University in Mexico City. He began his career as a Process and Continuous Improvement Analyst for Grupo Modelo, before joining AB InBev's Mexico operation as a National Productivity Coordinator in 2013. A natural leader, he was quickly promoted to the role of National Sales Distribution Manager and later, Regional Operations Director. In January 2017, he took up the role of AB InBev's Logistics Projects Director with responsibility for the Middle Americas region

LRE Corp. represented by MR. LEONARDO CABRAL

Non-Independent Director - Citizen of Brazil
Mr. Leonardo Cabral is the Mergers and Acquisitions Director of AMBEV's Brazil operations. He is a senior finance professional with more than 15 years of experience in corporate development and management consulting. A graduate of the Military Institute of Engineering in Rio de Janeiro, Brazil and the Stanford University Graduate School of Business, Mr. Cabral has worked with some of the most recognizable names in business during his career. Before joining AMBEV in 2017, he worked with PETROBRAS as a Corporate Development Advisor and for Credit Suisse as a Director of Mergers and Acquisitions.

MS. FATIMA VINAS

Non-Independent Director - Citizen of the Dominican Republic
Ms. Fatima Vinas is a prolific executive with over 30 years of successful financial management experience under her belt. Ms. Vinas is the Control and Taxes Director for the Central America and Caribbean region at AB InBev's Cerveceria Nacional Dominicana (CND), where she leads the accounting, taxes and internal control processes for several countries in the area. Ms. Vinas joined CND in 2000 and has worked in several capacities within the company, including as a Corporate Cost Manager, Marketing Administrative Coordinator and Finance Director. She is a graduate of the Pontificia Universidad Católica Madre y Maestra in Santo Domingo with qualifications in Business Administration and has a Master's in Business from the Barna Business School.

Directors

MR. CHRISTOPHER DE CAIRES

Independent Director – Citizen of Barbados, Guyana, and The United Kingdom - Mr. Christopher deCaires joined the BHL Board on February 6th, 2013. He is a Chartered Accountant and holds an MBA from Henley Management College in the United Kingdom. He has over 25 years professional and executive management experience in the Caribbean, Brazil and the United Kingdom. He is currently the Managing Director of Fednav International Ltd, a privately owned international shipping company. His areas of expertise include corporate finance, international taxation, financial management, mergers and acquisitions, information systems, organisational design and business planning. Mr. deCaires has served as a Partner at PricewaterhouseCoopers and Senior Vice President with the Interamericana Trading Corporation. He has also served as Chairman of several statutory corporations of the Government of Barbados and on the Boards of several publicly listed companies in Barbados, Trinidad and Canada.

MR. ELVIN R. SEALY

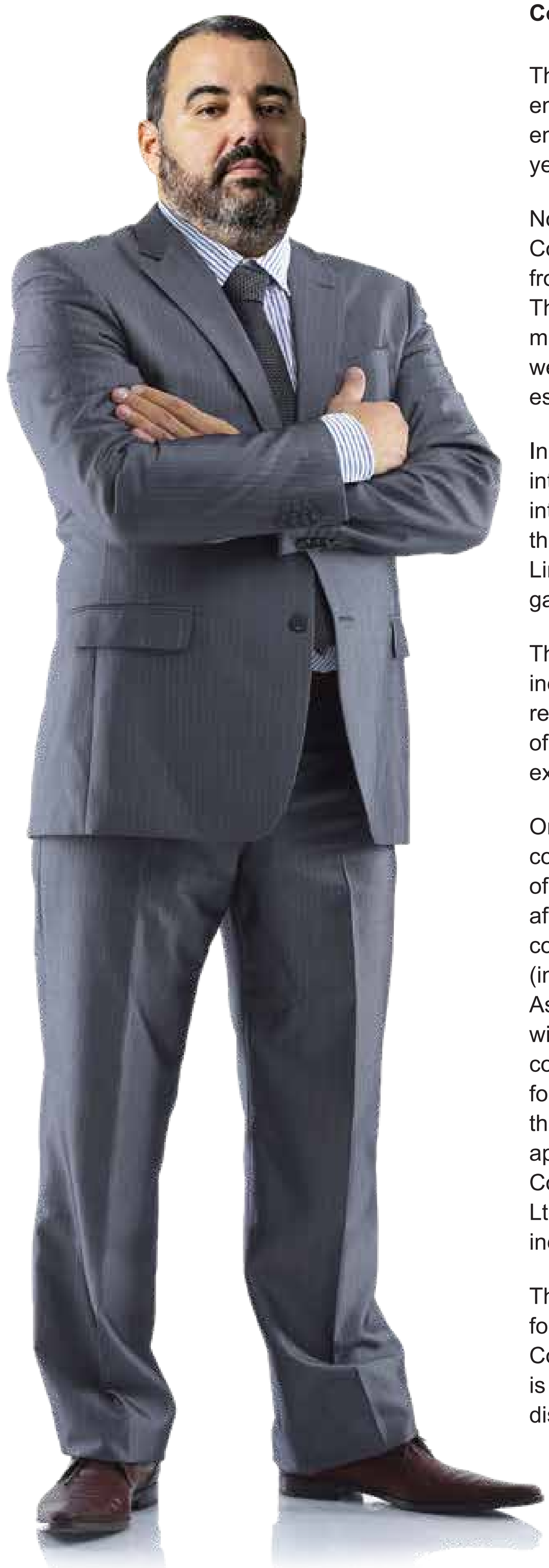
Independent Director – Citizen of Barbados - Mr. Elvin Sealy is a retired Airline Executive having worked with British Airways in the Caribbean for over 39 years. On his retirement in August 2006 he held the post of Regional Manager South Caribbean and had served in numerous regional management postions in the airline. Mr Sealy has held a number of Board Directorships including the Chairman of the Barbados Water Authority 2006-2008 and Deputy Chairman Grantley Adams Airport Inc 2006-2008. He has been a Director of Banks Holdings Limited (BHL) since 2004. He owns a party goods retail business which has been in operation for over a decade. In 1997 Mr Sealy was appointed a Justice of the Peace and in 2006, a Member of the Order of the British Empire (MBE) for his services to Civil Aviation in The Queen's New Year Honours. He has been an active Rotarian for 30 years and was President between 2008 and 2009.

Corporate Secretary

MR. NIGEL A. BENNETT Corporate Secretary

Nigel Bennett is an attorney-at-law and partner at the Court Caribbean Law Practice. During his career, he has served as legal counsel to the Central Bank of Barbados and an international banking subsidiary of the Royal Bank of Canada (RBC). He was also seconded to a London based "magic circle" law firm. His primary practice areas are corporate and commercial law, international financial services, conveyancing, mortgages and finance related matters. Mr. Bennett also serves as a panel member of the Financial Services Commission's Appeals Tribunal.

Chairman's Report



Consolidated Results

The 12-month performance being reported for the year ended 2017 is being compared to the 16-month period ended December 2016 when the Company changed its year end from August 31st to December 31st.

Notwithstanding the difference in comparative periods, the Company was able to improve its profit from operations from 15.83% of revenues in 2016 to 18.98% in 2017. This increase resulted from continued strengthening of market share and further cost controls, despite having a weak macro-economic environment with real GDP growth estimated at (0.2%) according to the IMF.

In 2016, the Company sold the majority of its shareholding interest in Banks DIH Ltd. thereby reducing its share interest in that company to less than 5 %. Similarly, in 2017, the Company also disposed of its 30% stake in Caribco Limited for approximately $53.6M. This sale resulted in a gain of approximately $26.3M on disposal of the shares.

The Company continued to improve its financial position, increasing cashflows by $68.2M arising from improved results and the sale proceeds generated from the disposal of the shares in Caribco Limited, despite having paid off all external debt during the year.

On November 15, 2016, the Company and Koscab signed a conditional Share Purchase Agreement relating to the sale of its interest in BBC. The proposed sale will be concluded after the parties complete their negotiations, satisfy certain conditions and obtain all Barbados regulatory approvals (including the approval of the Fair Trading Commission). As of December 2017, we received several extensions with respect to our Coca-Cola Franchise as the Company continued to negotiate a successor relationship going forward. As a result of our negotiations, our expectation at the time was, subject to obtaining all Barbados regulatory approvals, to sell our interest in the Barbados Bottling Co. Limited ("BBC") to Koscab Distribution (Barbados) Ltd ("Koscab"), Coca-Cola's regional anchor bottler incorporated in St. Lucia.

The accounting treatment of this proposed sale is provided for in a manner which complies with the relevant IFRS. Consequently, the results of this aspect of our operations is presented as "(Loss)/Profit for the year/period from discontinued operations."

Chairman's Report cont'd

As of June 1, 2018, 100% of the shares of BBC were sold to Koscab.

On behalf of the Board, I extend our thanks to our valued customers, consumers of our beverages and all stakeholders for your continued support. A special thanks to the employees and management for your continued dedication in the interest of the BHL Group and its shareholders.

Directors' Report

1) The Directors hereby submit their annual report and the audited consolidated financial statements for the year ended 31 December 2017.

	$
2) The consolidated net income for the year attributable to parent was	58,574,313
Which is added to the retained earnings brought forward of	185,412,457
Giving retained earnings carried forward of	243,986,770

3) At the time of the printing of this report, the Directors were still to finalize the quantum of dividend payable for the year ended 31 December 2017.

4) There were no contracts subsisting during or at the end of the financial year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

5) Interest of persons other than Directors holding more than 5% of the issued shares in the Company are as follows:

   i. Interests of persons other than Directors holding more than 5% of the issues shares as at 31 December, 2017 were as follows:

Name		No. of Shares		Percentage
SLU Beverages, Ltd.		61,475,950		94.64%

   ii. Interests of persons other than Directors holding more than 5% of the issued shares as at 10 December, 2018 were as follows:

Name		No. of Shares		Percentage
SLU Beverages, Ltd.		61,546,604		94.75%

By Order of the Board

Nigel A. Bennett

Corporate Secretary

10 December 2018

Corporate Governance Statement

BANKS HOLDINGS LIMITED

The Board of Directors of Banks Holdings Limited (the "Company") is accountable to its shareholders and seeks to execute its social and statutory responsibilities in the best interest of its shareholders, employees, creditors, stakeholders and the general public as a whole. The Board is committed to the observance of good corporate governance standards to ensure that the Company's business is conducted in a prudent, ethical and socially responsible manner.

The Barbados Stock Exchange Inc. ("BSE") issued a number of Corporate Governance Recommendations (the 'Recommendations') as a guide to publicly listed companies. The full text of the Recommendations is available on the BSE's website at www.bse.com.bb. The Recommendations are non-obligatory.

The mandate of the Board of Directors includes the following objectives:

(i) To monitor the performance of the Management Team and to provide general guidance and direction as warranted;

(ii) To engender a corporate culture of integrity and social responsibility throughout the Company;

(iii) To oversee the Company's strategic planning process and approve a strategic plan, budget and financial objectives which take into account among other things, the opportunities and related business risks;

(iv) To identify the principal risks of the Company's business, and ensure the implementation of appropriate systems to identify, manage and mitigate these risks, and

(v) To oversee the design and effectiveness of the Company's internal controls and management information systems.

Nomination of Directors

In accordance with By-Law No. 2, and the provisions of section 66 of the *Companies Act*, Directors are elected by the shareholders. Directors elected to fill casual vacancies are selected by the Board.

Corporate Governance Statement

Board Meetings & Directors' Attendance

As at the date of this Report, there were nine (9) Directors of the Company. The Company's Articles provide that it shall have a minimum of three (3) Directors and a maximum of ten (10) Directors. There were two (2) Board Meetings during the Financial Year under review.

Outlined below is the table setting out details of the Directors' meeting attendance:

Director	Attendance (No. of Meetings)	Rate
Marcio JULIANO	2 out of 2*	100%
C. Richard COZIER	2 out of 2	100%
Eduardo LACERDA	0 out of 2*	0%
Ramon A. FRANCO	2 out of 2*	100%
Saulo MARANHA	0 out of 2*	0%
LRE Corp.	2 out of 2	100%
Christopher DE CAIRES	1 out of 2	50%
Elvin SEALY	2 out of 2	100%
Daniel LEVORIN	1 out of 1*	100%

*Mr. Marcio Juliano, Mr. Eduardo Lacerda, Mr. Ramon Franco, Mr. Saulo Maranha and Mr. Daniel Levorin resigned from the Board pursuant to the Board of Directors meeting on October 10, 2018 and were replaced by Mr. Caio Augosto Miranda Ramos, Mr. Fernando Guimares, Mr. Jose Infante, Mr. Alberto Gaudry, Mr. Leonardo Cabral and Ms. Fatima Vinas.

Directors are remunerated on an annual basis in arrears for those meetings which they attend. All Directors are remunerated in cash only. They do not receive any performance-based incentives, nor do they participate in stock-option plans or receive other forms of compensation. Only Non-executive Directors are paid directors' fees for their service on the Board. A total of $47,734 in Directors' Fees were paid for the Financial Year under review.

Audit Fees

In accordance with the mandate from the global procurement department of the parent company AB InBev, the Company changed its audit firm from EY to Deloitte at the beginning of the financial year under review. The following table presents a summary of all fees paid to the existing Audit firm Deloitte, during the financial year under review as well as fees paid to the former Audit firm EY during the previous financial year:

	2017	2016
Audit Fees	$242,603.13	$229,138.64
Other Fees	-	-
Tax Reviews	$24,254.33	$24,749.38

Corporate Governance Statement

Executive Management

The day-to-day operation of the Company is managed by a team of Executive Managers whose profiles may be viewed on the Company's website at www.thebhlgroup.com.

Code of Ethics

As mandated by the Recommendations, the Company adopted a Code of Ethics in 2016. The Code of Ethics is reviewed on an annual basis and revised as necessary. It is to be read and applied in conjunction with the BHL Fraud Policy Statement and the BHL Whistleblowing Statement. Each of these policies can be accessed on the Company's website at www.thebhlgroup.com.

Insider Trading

The Company approved and adopted an Insider Trading Policy during the financial year2016, which can be accessed on the Company's website at www.thebhlgroup.com. This ensures that the Company remains in compliance with the Insider Trading Guidelines of the Barbados Stock Exchange Inc. as well as that of its parent company AmBev. Further details about the Insider Trading Guidelines of the BSE may be accessed at the BSE website at www.bse.com.bb.

10 December, 2018

Deloitte.

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The Goddard Building
Haggatt Hall
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Barbados, W.I.

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Fax: +246 430 6451
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Independent auditors' report

To the shareholders of Banks Holdings Limited

Opinion

We have audited the consolidated financial statements of Banks Holding Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of income, consolidated statement of 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 financial position of the Group as at 31 December 2017, and its financial performance and its 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 Company 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.

Key audit matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter. For the key audit matter described below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of Consolidated Financial Statements* section of our report, including in relation to those matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Valuation of obsolescence provision	
Refer to Note 3 (j). There is an element of management's judgement in determining the provision for obsolete, slow moving and defective inventory.	We tested, on a sample basis, the costing of inventory on hand at year-end, including the allocation of overheads for finished goods. We reviewed and tested the basis for inventory provisioning, the consistency of the provisioning in line with the Group's policy and the rationale for the recording of specific provisions. Our audit procedures included, but were not limited to, reviewing and testing inventory movement reports and testing the expiration dates of the inventory based on product release reports and verification procedures during our year-end inventory stock count observation.

Deloitte.

Independent auditors' report (continued)

To the shareholders of Banks Holdings Limited

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the 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 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.

Deloitte.

Independent auditors' report (continued)

To the shareholders of Banks Holdings Limited

- 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.

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.

Other matter

This report is made solely to the Group's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

The consolidated financial statements of the Group for the period ended 31 December 2016, were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2017.

The engagement partner on the audit resulting in this independent auditors' report is JE (Betty) Brathwaite.

Deloitte & Touche

10 December 2018

BANKS HOLDINGS LIMITED
Consolidated Statement of Financial Position
As at 31 December 2017

	Notes	2017	2016
		$	$
Current assets			
Cash and short-term deposits	6	179,855,401	115,069,492
Accounts receivable and prepayments	7	30,495,033	34,282,756
Tax recoverable		6,861	6,661
Investments		18,817,358	10,460,902
Inventories	8	26,542,961	25,745,505
		255,717,614	185,565,316
Assets of disposal group held for sale	26	17,881,206	15,452,749
Assets classified as held for sale	26	10,915,500	10,140,000
		284,514,320	211,158,065
Current liabilities			
Accounts payable and accruals	9	27,783,929	30,531,826
Provision for deposits owed to customers		1,307,176	1,122,577
Current portion of long-term liabilities	16	-	4,434,448
		29,091,105	36,088,851
Liabilities from disposal group held for sale	26	7,441,528	9,115,542
		36,532,633	45,204,393
Working capital		247,981,687	165,953,672
Investments in associated companies	10	37,033,718	63,576,170
Property, plant and equipment	11	111,677,018	130,928,900
Investment properties	12	19,050,000	8,300,000
Deferred tax	5	4,810,908	10,126,971
Pension plan asset	13	14,857,616	6,415,616
Post-employment medical liability	14	(1,354,220)	(1,461,221)
Long-term liabilities	16	-	(16,023,044)
		434,056,727	367,817,064
Equity			
Share capital	17	145,565,985	146,115,299
Capital reserves	18	34,851,571	27,960,509
Retained earnings		243,986,770	185,412,457
Attributable to equity holders of the parent		424,404,306	359,488,265
Non-controlling interests		9,652,401	8,328,799
Total equity		434,056,727	367,817,064

Approved by the Board on 10 December 2018 and signed on its behalf by:

Caio Augusto

....Chairman
Caio Augusto Miranda Ramos

....Director
C. R. A. Cozier F.C.G.A

The accompanying notes form part of these consolidated financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Income

(with comparatives for the sixteen month period ended 31 December 2016)

For the year ended 31 December 2017

	Notes	2017 $	2016 $
Revenue	4	149,549,437	204,095,483
Profit from operations before undernoted items	4	28,387,291	32,305,515
Change in fair value of investment properties	12	650,000	(1,400,000)
Net unrealized gain/(loss) on investments		8,356,457	(5,589,459)
Gain on disposal of investment in associate		26,342,211	7,276,357
Restructuring costs		(946,673)	(2,013,001)
Interest income		2,148	20,428
Interest expense		(741,630)	(1,537,510)
Profit from operations – parent and subsidiaries		62,049,804	29,062,330
Share of income of associated companies	10	3,443,356	14,586,152
		65,493,160	43,648,482
Taxation	5	(3,640,913)	1,048,700
Net income for the year/period from continuing operations		61,852,247	44,697,182
Discontinued operations			
(Loss)/profit for the year/period from discontinued operations		(2,188,581)	1,158,177
Net income for the year/period		59,663,666	45,855,359
Attributable to:			
Equity holders of the parent		58,574,313	43,966,185
Non-controlling interests		1,089,353	1,889,174
		59,663,666	45,855,359
Earnings per share			
Basic and diluted earnings per share from continuing operations attributable to equity holders of the parent	20	90.2¢	67.7¢

The accompanying notes form part of these consolidated financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income

(with comparatives for the sixteen month period ended 31 December 2016)

For the year ended 31 December 2017

	Notes	2017 $	2016 $
Net income for the year/period		59,663,666	45,855,359
Other comprehensive (loss) income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Share of fair value gains on available for sale assets of associated companies	18	-	372,269
Transfer of associated company reserves on disposal		-	(3,133,043)
Net other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods		-	(2,760,774)
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains (losses) on defined benefit plans	13,14	9,014,000	4,527,252
Income tax effect	5	(1,735,299)	(801,099)
		7,278,701	3,726,153
Share of re-measurement gains on employee benefits of associated companies	18	-	-
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		7,278,701	3,726,153
Other comprehensive income for the year/period, net of tax		7,278,701	965,379
Total comprehensive income for the year/period, net of tax		66,942,367	46,820,738
Attributable to:			
Equity holders of the parent		65,465,375	44,931,564
Non-controlling interests		1,476,992	1,889,174
		66,942,367	46,820,738

The accompanying notes form part of these consolidated financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Changes in Equity

(with comparatives for the sixteen month period ended 31 December 2016)

For the year ended 31 December 2017

	Attributable to equity holders of the parent					
	Share capital $	**Capital reserves $**	**Retained earnings $**	**Total $**	**Non-controlling interest $**	**Total equity $**
Balance as at 31 December 2016	146,115,299	27,960,509	185,412,457	359,488,265	8,328,799	367,817,064
Net income for the year	-	-	58,574,313	58,574,313	1,089,353	59,663,666
Other comprehensive income	-	6,891,062	-	6,891,062	387,639	7,278,701
Total comprehensive income	-	6,891,062	58,574,313	65,465,375	1,476,992	66,942,367
Change in equity component of convertible promissory notes	(549,314)	-	-	(549,314)	-	(549,314)
Dividends	-	-	-	-	(153,390)	(153,390)
Balance as at 31 December 2017	145,565,985	34,851,571	243,986,770	424,404,326	9,652,401	434,056,727

The accompanying notes form part of these consolidated financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Changes in Equity (cont'd)

(with comparatives for the sixteen month period ended 31 December 2016)

For the year ended 31 December 2017

	Attributable to equity holders of the parent					
	Share capital $	**Capital reserves $**	**Retained earnings $**	**Total $**	**Non-controlling interest $**	**Total equity $**
Balance as at 31 August 2015	145,740,799	26,995,130	141,446,272	314,182,201	6,439,625	320,621,826
Net income for the period	-	-	43,966,185	43,966,185	1,889,174	45,855,359
Other comprehensive income	-	965,379	-	965,379	-	965,379
Total comprehensive income	-	965,379	43,966,185	44,931,564	1,889,174	46,820,738
Transactions with shareholders:						
Issue of share options	374,500	-	-	374,500	-	374,500
Balance as at 31 December 2016	146,115,299	27,960,509	185,412,457	359,488,265	8,328,799	367,817,064

The accompanying notes form part of these consolidated financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Cash Flow

(with comparatives for the sixteen month period ended 31 December 2016)

For the year ended 31 December 2017

	2017 $	2016 $
Cash flows from operating activities		
Income before taxation from continuing operations	65,493,160	43,648,482
(Loss)/income before taxation from discontinued operations	(2,675,751)	1,244,305
Income before taxation	62,817,409	44,892,787
Adjustments for:		
Depreciation	13,636,816	19,742,893
Change in fair value of investment properties	(650,000)	1,400,000
Impairment and loss on disposal of property, plant and equipment	40,000	263,111
Write down asset held for sale	586,933	-
Net unrealized (gain)/loss on investments	(8,356,456)	5,589,459
Gain on disposal of investment in associate	(26,342,211)	(7,276,357)
(Gain)/Loss on disposal of property, plant and equipment	(2,713)	78,927
Interest income	(2,148)	(21,700)
Interest expense	830,024	1,592,517
Post-employment medical liability	135,000	(19,088)
Pension plan asset	(190,000)	438,862
Income from grant	(59,700)	(79,600)
Share of income of associated companies	(3,443,356)	(14,586,152)
Operating profit before working capital changes	38,999,598	52,015,659
Decrease/(increase) in accounts receivable and prepaid expenses	3,910,021	(16,953,877)
(Increase)/decrease in inventories	(528,238)	1,732,146
(Decrease)/increase in accounts payable and accruals	(3,648,994)	18,187,302
Increase in provision for deposits owed to customers	184,586	459,796
Cash generated from operations	38,916,973	55,441,026
Corporation taxes paid	(340,328)	(354,329)
Interest received	2,148	21,700
Interest paid	(830,024)	(1,592,517)
Net cash from operating activities	37,748,769	53,515,880
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,737,695)	(12,547,729)
Dividends received from associated companies	2,744,769	8,829,316
Proceeds from disposal of property, plant and equipment	11,914	272,704
Proceeds from sale of associates	53,583,249	52,294,383
Redemption of shares of associated company	-	100,000
Net cash from investing activities	51,602,237	48,948,674
Cash flows from financing activities		
Payment of dividends	(153,390)	-
Equity portion of convertible debt fully paid	(549,313)	-
Issue of shares	-	374,500
Repayment of long-term liabilities	(20,457,494)	(4,543,519)
Net cash used in financing activities	(21,160,197)	(4,169,019)
Increase in cash and cash equivalents	68,190,809	98,295,535
Cash – beginning of year/period	115,601,786	17,306,251
Cash – end of year/period (Note 6)	183,792,595	115,601,786

The accompanying notes form part of these consolidated financial statements.

1. Incorporation and principal activities

The Company and its subsidiaries ('the Group') are incorporated in Barbados.

The principal activities of the Group are in Barbados and consist of the brewing and bottling of alcoholic and non-alcoholic beverages, the manufacturing of carbonated and non-carbonated beverages, the manufacturing and processing of dairy products and fruit juices, and the sale of finished products.

2. During 2015, approximately 95% of the Company was acquired by SLU Beverages Ltd. ("SLU"). SLU is a subsidiary of Cerveceria Nacional Dominicana ("CND") headquartered in the Dominican Republic. The ultimate parent is AB-Inbev. Also, during 2016 the Company changed its year end from 31 August to 31 December to be in line with the new ultimate parent.

The registered office is the Pine, St. Michael, Barbados.

3. Subsidiary and associated companies

a] Subsidiary companies	Ownership
Banks (Barbados) Breweries Limited	100%
Barbados Bottling Co. Limited	100%
Banks Distribution Limited	100%
Barbados Dairy Industries Limited	84.43%
Plastic Containers Limited	65%

b] Associated companies	Ownership	Principal Place of Business
Citrus Products of Belize Limited	46.58%	Belize
Chemical Industries Limited	40%	Barbados
GCG Services Limited	33.33%	Barbados
Newtech Incorporated	26.2%	Barbados
Tower Hill Merchants Ltd.	36.7%	England
BCB Communications Inc.	20%	Barbados

3. Significant accounting policies

The most significant policies are summarized below:

a] Basis of accounting and financial statement preparation

The consolidated financial statements are prepared under the historical cost convention except for land and buildings, investment properties and short-term investments, which are carried at fair value. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

b] Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year. There were no new interpretations or standards which were applicable to the Group in the current year.

c] Application of amendments effective for the financial year beginning 1 January 2017

Amendments to International Accounting Standard (IAS) 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The application of these amendments has had no impact on the Company's financial statements.

3. Significant accounting policies (cont'd)

c] Application of amendments effective for the financial year beginning 1 January 2017 (cont'd)

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference. The application of these amendments has had no impact on the Company's financial statements.

d] New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2017 and not yet early adopted

IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or 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. Specifically, the Standard introduces a 5-step approach to revenue recognition.

The application of IFRS 15 will not have a significant impact on the financial position and/or the financial performance of the Company.

IFRS 9 Financial Instruments (Effective 1 January 2018)

IFRS 9 provides changes to financial instruments accounting for the following:

- classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset;
- impairment of financial assets based on an expected loss model; and
- hedge accounting that incorporates the risk management practices of an entity.

The application of IFRS 9 will not have a significant impact on the Company's financial statements as the Company's financial assets and liabilities will continue to be measured on the basis as currently adopted under IAS 39 and there is no anticipation of a significant increase in the expected loss allowance recognized for the Company's financial assets.

IFRS 16 Leases (Effective 1 January 2019)

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current leasing guidance under IAS 17 Leases and the related interpretations when it becomes effective.

The Company is currently assessing the potential impact of this new standard.

3. Significant accounting policies (cont'd)

e] (i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(ii) Non-current assets held for distribution to equity holders of the parent and discontinued operations

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to distribute. Costs to distribute are the incremental cost directly attributable to the distribution, excluding finance costs and income tax expense.

3. Significant accounting policies (cont'd)

e] (i) Basis of consolidation (cont'd)

(ii) **Non-current assets held for distribution to equity holders of the parent and discontinued operations (cont'd)**

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for distribution. Assets and liabilities classified as held for distribution are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area or
- Is a subsidiary acquired with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income or loss. Additional disclosures are provided in Note 26. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

f] Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

3. Significant accounting policies (cont'd)

f] Business combination and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

g] Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer and the amount of revenue can be readily measured. Interest income is recognized on the accrual basis, using the effective interest rate method.

h] Foreign currencies

The consolidated financial statements are expressed in Barbados dollars, which is also the Group's functional currency.

Monetary assets and liabilities denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities and transactions denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses are charged to the consolidated statement of income.

The assets and liabilities of foreign operations are translated into Barbados dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at an average rate during the year. The exchange differences arising on the translation are recognized in the other comprehensive income. On disposal of a foreign operation, the component of translation reserve relating to a particular foreign operation is recognized in the consolidated statement of income.

3. Significant accounting policies (cont'd)

i] Taxation

The Group follows the liability method of accounting for taxation, whereby the future tax asset or liability resulting from temporary differences is provided for at the estimated future corporation tax rate that is expected to apply to the period when the asset is realized or the liability settled. Deferred tax assets in respect of unused tax losses are recognized to the extent that it is probable that future taxable profits will be available against which the tax losses can be utilized.

j] Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Work-in-progress and finished goods comprise the direct cost of production and an attributable proportion of direct overheads appropriate to location and condition.

Supplies are valued at cost. Provisions are made for obsolete, slow moving and defective items as considered appropriate in the circumstances.

k] Property, plant and equipment

Depreciation of property, plant and equipment is made using the straight-line method over the useful lives of the assets which are estimated as follows:

Freehold buildings	40 years
Leasehold buildings	20, 33⅓ and 50 years
Plant and machinery and spares	3 to 20 years
Furniture, fittings and other equipment	3 to 10 years
Motor vehicles	5 years
Containers	3 to 10 years

Freehold land and freehold buildings are revalued every five years on the basis of their market value which is determined by independent real estate appraisers.

Increases in the carrying amount arising on revaluation of freehold land and buildings are recognized in the consolidated statement of comprehensive income and accumulated in revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognized in the consolidated statement of comprehensive income and reduce the revaluation surplus in equity; all other decreases are charge in the consolidated statement of income.

l] Segmental reporting

The Group derives its revenue in two major segments – (1) the brewing and bottling of alcoholic and non-alcoholic beverage and manufacture of carbonated and non-carbonated drinks and (2) the manufacturing and processing of dairy products and fruit juices. The Group's operations are located in Barbados.

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors which is responsible for allocating resources and assessing performance of the operating segments has been identified as the chief operating decision-maker.

m] Investments in associated companies

Investments, where the Group has significant influence, are classified as associated companies and are accounted for under the equity method of accounting. The investment in associated companies is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated statement of income reflects the share of the results of operations of the associates.

3. Significant accounting policies (cont'd)

m] Investments in associated companies (cont'd)

Where there has been a change recognized directly in other comprehensive income, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of other comprehensive income. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

n] Provision for deposits owed to customers

The quantity of containers in customers' possession, on which the provision for deposits is based, is estimated by management, having regard to the level of sales and the turnaround of containers.

o] Short-term investments

Short-term investments are initially recorded at cost, being the fair value of consideration given. After initial recognition, investments, which have been classified as at fair value through profit and loss, are recorded at their fair value. The fair value of listed investments is their quoted market price at the reporting date. Privately held investments, in the absence of readily ascertainable market values, have been estimated by management on the basis of recent trades of similar investment. Unrealized gains or losses are recorded in the consolidated statement of income.

The values assigned to the investments are based on available information and do not necessarily represent the amounts that might ultimately be realized, since such amounts depend on future circumstances and cannot be determined until the investments are actually liquidated. Because of the inherent uncertainties of valuation, the assigned values may differ significantly from the values that would have been used had a ready market for the investments existed, and the difference could be material.

p] Employee retirement benefits

The Group operates a defined benefit plan, the assets of which are held in a separate fund administered by Trustees. The Group meets the balance of the cost of funding the plan and the Group pays contributions of 0.1% of the employee's salary. The funding requirements are based on regular actuarial valuations of the pension plan every three years, and the assumptions used to determine the funding may differ to those set out in Note 13.

The pension accounting costs are accrued using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of comprehensive income so as to spread the regular cost over the service lives of the employees in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plans every three years. The pension obligation is measured as the present value of the estimated future cash flows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

The Group also operates a contributory defined contribution pension scheme. Contributions are charged to the consolidated statement of comprehensive income in the year to which they relate.

The Group also provides post-employment healthcare benefits to its employees, pensioners and their registered dependants. These benefits are funded by contributions from the Group to Guardian Life. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. These obligations are valued by independent qualified actuaries.

3. Significant accounting policies (cont'd)

q] Leases
Finance leases are capitalized at fair value on inception of the lease agreement. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

r] Interest bearing loans receivable and payable
All interest bearing loans receivable and payable are initially recognized at cost. After initial recognition, they are measured at amortized cost, using the effective interest rate method.

s] Cash
Cash comprises cash at bank and in hand and short-term deposits net of bank overdrafts.

t] Grants
Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. Where the Company receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to the consolidated statement of income over the expected useful life of the relevant asset by equal annual instalments.

u] Convertible promissory notes
Convertible promissory notes are separated into liability and equity components based on the terms of the contract. On issuance of the convertible promissory notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

v] Investment properties
Properties that are held by the Group to earn third party rental income and/or for capital appreciation are classified as investment properties.

Investment properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the statement of financial position date. Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation.

Gains and losses arising from the changes in fair values of investment properties are included in the consolidated statement of income in the year in which they arise. Fair values are based on market value which is determined by independent valuers and/or directors' valuation taking into consideration asset replacement and land tax valuations and valuations of similar properties.

Investment properties are derecognized either when they have been disposed of or whether they are permanently withdrawn from use and no further economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in income in the period of derecognition.

3. Significant accounting policies (cont'd)

w] Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 17. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company, if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of income charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

x] Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognized in income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in income.

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3. Significant accounting policies (cont'd)

x] Impairment of financial assets (cont'd)

In relation to loans and receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of loans and receivables is reduced through use of an allowance account.

y] Impairment of other non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

z] Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

aa] Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below:

<u>Operating lease commitments</u>

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

3. Significant accounting policies (cont'd)

aa] Significant accounting judgments, estimates and assumptions (cont'd)

Impairment of non-financial assets
The Group determines whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of financial assets
When the fair value declines or when there is objective evidence of impairment, management makes assumptions about the declines in value to determine whether it is an impairment that should be recognized in the consolidated statement of income.

Fair value of unquoted equity instruments
Where the fair value of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined by management on the basis of recent trades of the same instrument.

Deferred tax assets
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Employee retirement benefits
The cost of the defined benefit pension plan and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, future pension increases, proportion of employees opting for early retirement, and future increases in the NIS ceiling. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in Notes 13 and 14.

Share-based payments
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield, and making assumptions about them. The assumptions and models used are disclosed in Note 17.

Property, plant and equipment
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Revaluation of property, plant and equipment and investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. In addition, it measures land and buildings at revalued amounts with changes to fair value being recognized in other comprehensive income. For investment properties, a valuation methodology based on reference to market-based evidence was used. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of the property.

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3. Significant accounting policies (cont'd)

aa] Significant accounting judgments, estimates and assumptions (cont'd)

Revaluation of property, plant and equipment and investment properties (cont'd)
The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Notes 11 and 12.

Provision for deposits owed to customers
This liability pertains to returnable bottles and is represented by the cumulative net movement of deposits received and repaid. The estimate of the provision is based on the level of sales and historical returns and is revised annually.

4. Profit from operations

	2017	**2016**
	$	$
Sales	149,549,437	204,095,483
Cost of sales	(94,474,918)	(143,804,847)
Gross profit	55,074,519	60,290,636
Other income	2,704,938	1,503,346
Selling, general and administrative expenses	(29,392,166)	(29,488,467)
Profit from operations	28,387,291	32,305,515

Profit from operations is after charging:

	2017	**2016**
	$	$
Depreciation	13,636,816	16,945,509
Staff costs	35,310,250	52,877,426

5. Taxation

	2017	**2016**
	$	$
Statement of income		
The taxation charge on net income of continuing operations consists of:		
Deferred tax charge/(credit) for the year/period	3,640,913	(1,048,700)
The taxation charge on net income of discontinued operations consists of:		
Deferred tax (credit) charge for the year/period	(487,171)	(258,290)
Corporation tax charge	-	344,418
	(487,171)	86,128

5. Taxation (cont'd)

The tax on the income before taxation differs from the theoretical amount that would arise using the basic corporation tax rate as follows:

	2017 $	2016 $
Profit before taxation – parent and subsidiaries	62,049,804	29,062,330
Taxed at statutory rates of 25 % (2016 - 25%)	15,512,451	7,265,582
Tax effect of capital allowances	(424,264)	(1,136,690)
Losses utilized	(2,104,881)	(3,303,232)
Other	25,854	202,636
Deferred tax asset previously not recognized	(72,626)	(1,154,026)
Overprovision of prior year deferred tax	-	(398,949)
Effect of different tax rates in certain subsidiaries	3,164,181	(2,174,021)
Gaon on sale of asset	(12,459,802)	-
Change in fair value of investment property	-	(350,000)
	3,640,913	(1,048,700)
Deferred tax asset:		
Balance – beginning of year/period	10,126,971	9,247,603
Deferred tax (charge)/credit recognized in the consolidated statement of income on continuing operations	(3,640,913)	1,048,700
Deferred tax credit (charge) recognized on discontinued operations	487,171	258,290
Deferred tax (charge) credit recognized in other comprehensive income	(1,735,299)	(801,099)
Transfer to disposal group held for sale	(427,022)	373,477
Balance – end of year/period	4,810,908	10,126,971
Deferred tax asset is made up as follows:		
Unutilized tax losses	3,433,647	7,027,537
Accelerated depreciation for income tax purposes	3,577,127	3,655,050
Pension plan asset	(2,450,449)	(830,850)
Post-employment medical benefits	250,583	275,234
	4,810,908	10,126,971

Tax losses totaling $21,109,677 (2016 - $40,799,685) are available to be carried forward by certain subsidiaries and offset against future taxable income of those companies. The losses have not been agreed by the Revenue Commissioner of the Barbados Revenue Authority but they are not in dispute. The losses and their expiry dates are as follows:

Income year	Amount $	Expiry date
2010	401,656	2019
2011	7,700,745	2020
2012	1,867,650	2021
2015	8,020,478	2022
2016	268,648	2023
2017	2,850,500	2024
	21,109,677	

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5. Taxation (cont'd)

There is a potential deferred tax asset of $Nil (2016 - $Nil) which has not been recognized since it is uncertain that taxable profits will be available against which the deferred tax asset can be utilized.

6. Cash, short-term deposits and bank overdraft

For the purpose of the consolidated statement of cash flows, cash is made up as follows:

	2017	2016
	$	$
Cash	179,855,401	115,069,492
Cash attributable to disposal group held for sale (Note 26)	3,937,194	532,294
	183,792,595	115,601,786

Bank overdraft

The security for the overdraft facilities of the Group is disclosed in Note 16. Interest was charged at a rate of 4.25% (2016 - 4.25%).

7. Accounts receivable and prepayments

	2017	2016
	$	$
Trade receivables	26,945,372	29,253,503
Other receivables and prepayments	3,549,661	5,029,253
	30,495,033	34,282,756

	2017	2016
	$	$
Gross trade receivables	27,094,979	29,530,563
Provisions for doubtful debts	(149,607)	(277,060)
Trade receivables (net)	26,945,372	29,253,503

Trade receivables are non-interest bearing and are generally on 30-60 day terms.

As at 31 December 2017, trade receivables at a nominal value of $149,607 (2016 - $277,060) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Total
	$
At 31 December 2016	277,060
Net charge for the year	(17,756)
Net write-offs	(109,697)
At 31 December 2017	149,607

7. Accounts receivable and prepayments (cont'd)

As at 31 December 2017 the ageing analysis of trade receivables is as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	>90 days
	$	$	$	$	$	$
2017	26,945,372	26,059,582	805,506	66,347	38,965	(25,028)
2016	29,253,503	26,391,974	2,536,996	421,175	141,540	(238,182)

Included within the trade receivables balance of $27,094,979 are intercompany receivables totaling $9,024,306 (note 19). With respect to trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations since the Group trades only with recognized creditworthy third parties. Included within other receivables are intercompany receivables totaling $178,966 (note 19). No amount was provided with respect to non-trade receivables in the current year (2016 – $Nil).

8. Inventories

	2017	2016
	$	$
Raw materials	12,964,490	13,522,154
Finished goods	7,677,591	6,026,356
Work-in-progress	525,766	953,646
Marketing materials	790,681	769,847
Fuel, factory supplies and spares	4,584,433	4,473,502
	26,542,961	25,745,505

The amount of write-down of inventories recognized as an expense is $620,446 (2016 - $424,935). This expense is included in cost of sales as disclosed in Note 4.

9. Accounts payable and accruals

	2017	2016
	$	$
Trade payables	19,010,734	16,872,734
Other payables and accruals	8,773,195	13,659,092
	27,783,929	30,531,826

Included within the payables balance of $27,783,929 (2016-$30,531,826) are intercompany payables totaling $2,387,529 (2016-$2,520,927) (note 19).

Terms and conditions of the above financial liabilities

- Trade payables are non-interest bearing and are normally settled on 30-120 day terms.
- Other payables are non-interest bearing and have an average of three to six months.

10. Investments in associated companies

	2017	2016
	$	$
Cost of investments	37,500,914	41,350,914
Increase in equity value over cost from acquisition to end of year/period	(467,196)	22,225,256
	37,033,718	63,576,170

Movement in investment in associates during the year/period was as follows:

	2017	2016
	$	$
Balance - beginning of the year/period	63,576,170	121,748,490
Share of net income	3,443,356	14,586,152
Disposal of associates	(27,241,039)	(48,151,069)
Disposal of BCL (Barbados) Ltd	-	(100,000)
Transfer to other investments	-	(16,050,356)
Dividends received	(2,744,769)	(8,829,316)
Exchange and other adjustments	-	372,269
	37,033,718	63,576,170

During the year, the Company disposed of all of its 30% stake in Caribco Limited for approximately $53.6 million. The resulting gain of approximately $26.3 million is included in the consolidated statement of income.

In 2016 the Company disposed of 75% of its 20% stake in Bank DIH Limited for approximately $52 million. The resulting gain of approximately $7.2 million is included in the consolidated statement of income. The remaining investment of less than 5% in Banks DIH Limited is now shown as investments in the Consolidated Statement of Financial Position.

The following illustrates the Group's carrying amount of investment in associated companies.

	2017	2016
	$	$
Citrus Products of Belize Limited	32,619,422	31,590,801
Other associated companies in aggregate	4,414,296	31,985,369
	37,033,718	63,576,170

Other associated companies consist of the remaining associated companies as disclosed in Note 2 (b) of which Tower Hill Merchants Ltd is the most significant. (2016-Caribco Limited)

The following illustrates the Summarized financial information for the Group's material associates:

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10. Investments in associated companies (cont'd)

Summarized statements of financial position as at 31 December 2017:

	Citrus Products of Belize Limited	Other Associated Companies
	$	$
Current assets	39,228,000	18,461,690
Non-current assets	71,570,000	1,482,395
Current liabilities	(22,474,000)	(9,259,250)
Non-current liabilities	(18,866,000)	(640,760)
Net assets	69,458,000	10,044,075

Summarized statements of financial position as at 31 December 2016:

	Citrus Products of Belize Limited	Other Associated Companies
	$	$
Current assets	29,256,000	55,194,711
Non-current assets	72,633,000	68,272,435
Current liabilities	(22,442,000)	(22,764,103)
Non-current liabilities	(13,436,000)	(12,164,656)
Net assets	66,011,000	88,538,387

The following illustrates the Group's share income of associated companies.

	2017	2016
	$	$
Bank DIH Limited	-	9,677,104
Citrus Products of Belize Limited	1,028,621	(2,662,531)
Other associated companies in aggregate	2,414,735	7,571,579
	3,443,356	14,586,152

10. Investments in associated companies (cont'd)

Summarized statements of comprehensive income for the period ended 31 December 2017:

	Citrus Products of Belize Limited	Other Associated Companies
	$	$
Revenue	12,207,000	15,977,246
Total net and comprehensive income for the period	(5,194,000)	643,962

Summarized statements of comprehensive income for the year ended 31 December 2016:

	Citrus Products of Belize Limited	Other Associated Companies
	$	$
Revenue	104,197,303	166,431,455
Total net and comprehensive income for the period	(5,224,361)	26,833,345

Caribco Limited paid 75% of the total dividends received by the Group for the period (2016 – Banks DIH Limited and Caribco Limited 93%).

The principal activities of the material associate company is as follows:

Citrus Products of Belize Limited	The manufacture and distribution of a range of citrus products.

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11. Property, plant and equipment

	At 31 December 2016 $	Additions $	Disposals $	Transfer $	Impairment $	Assets of disposal group $	At 31 December 2017 $
Cost or valuation							
Freehold land	14,870,973	-	-	(2,952,096)	-	-	11,918,877
Freehold buildings	40,180,122	-	-	(9,327,641)	-	-	30,852,481
Buildings on leasehold land	22,171,807	1,423,082	-	-	-	-	23,594,889
Plant and machinery	116,921,218	1,143,052	-	-	-	-	118,064,270
Furniture, fittings and other equipment	11,545,210	500,934	-	-	-	-	12,046,144
Motor vehicles	5,779,928	-	(214,497)	(1,372,888)	-	-	4,192,543
Containers	20,547,558	298,011	-	-	-	-	20,845,569
Capital works in progress	2,436,852	1,372,617	(9,201)	-	-	-	3,800,268
	234,453,668	4,737,696	(223,698)	(13,652,625)	-	-	225,315,041
Accumulated depreciation							
Freehold buildings	2,343,858	1,004,900	-	(777,303)	-	-	2,571,455
Buildings on leasehold land	12,395,455	977,244	-	-	-	-	13,372,699
Plant and machinery other equipment	61,935,397	7,615,079	-	-	-	-	69,550,476
Furniture, fittings and other equipment	10,553,484	527,007	-	-	-	-	11,080,491
Motor vehicles	2,871,779	340,460	(214,497)	(875,853)	-	-	2,121,889
Containers	13,424,795	1,516,218	-	-		-	14,941,013
	103,524,768	11,980,908	(214,497)	(1,653,156)	-	-	113,638,023
Net book value							
Freehold land	14,870,973						11,918,877
Freehold buildings	37,836,264						28,281,026
Buildings on leasehold land	9,776,352						10,222,190
Plant and machinery	54,985,821						48,513,794
Furniture, fittings and other equipment	991,726						965,653
Motor vehicles	2,908,149						2,070,654
Containers	7,122,763						5,904,556
Capital works in progress	2,436,852						3,800,268
	130,928,900						111,677,018

11. Property, plant and equipment (cont'd)

	At 31 August 2015 $	Additions $	Disposals $	Transfer $	Impairment $	Assets of disposal group $	At 31 December 2016 $
Cost or valuation							
Freehold land	14,870,973	-	-	-	-	-	14,870,973
Freehold buildings	40,180,122	-	-	-	-	-	40,180,122
Buildings on leasehold land	23,402,073	186,651	-	-	-	(1,416,917)	22,171,807
Plant and machinery	145,040,368	2,865,335	(2,391,726)	2,468	(1,392,471)	(27,202,756)	116,921,218
Furniture, fittings and other equipment	13,170,318	257,696	(19,499)	-	-	(1,863,305)	11,545,210
Motor vehicles	4,041,716	3,221,192	(1,482,980)	-	-	-	5,779,928
Containers	16,761,369	3,786,189	-	-	-	-	20,547,558
Capital works in progress	282,559	2,230,666	-	(42,468)	-	(33,905)	2,436,852
	257,749,498	12,547,729	(3,894,205)	(40,000)	(1,392,471)	(30,516,883)	234,453,668
Accumulated depreciation							
Freehold buildings	1,004,511	1,339,347	-	-	-	-	2,343,858
Buildings on leasehold land	12,124,854	1,347,757	-	-	-	(1,077,156)	12,395,455
Plant and machinery other equipment	73,033,671	13,745,321	(2,064,992)	-	(1,129,360)	(21,649,243)	61,935,397
Furniture, fittings and other equipment	11,853,036	532,771	-	-	-	(1,832,323)	10,553,484
Motor vehicles	3,923,539	425,821	(1,477,581)	-	-	-	2,871,779
Containers	11,072,919	2,351,876	-	-	-	-	13,424,795
	113,012,530	19,742,893	(3,542,573)	-	(1,129,360)	(24,558,722)	103,524,768
Net book value							
Freehold land	14,870,973						14,870,973
Freehold buildings	39,175,611						37,836,264
Buildings on leasehold land	11,277,219						9,776,352
Plant and machinery	72,006,697						54,985,821
Furniture, fittings and other equipment	1,317,282						991,726
Motor vehicles	118,177						2,908,149
Containers	5,688,450						7,122,763
Capital works in progress	282,559						2,436,852
	144,736,968						130,928,900

11. Property, plant and equipment (cont'd)

The Group has plant and equipment with a net book value of $nil (2016 - $6,192,468) secured under a finance lease.

The Group has plant and equipment with a carrying value of $40,000 which was transferred to asset held for sale in accordance with IFRS 5 as the asset is currently held for sale. This amount was written off during the year.

The Group also entered into an agreement to sell the shares in Barbados Bottling Co. Limited (See Note 27).

As at 31 August 2014, the Group's freehold land and buildings at Wildey and Newton were revalued at a fair value of $55,051,095 based on valuations performed by an accredited independent valuer. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the properties. A valuation model in accordance with that recommended by the International Valuation Committee has been applied. The fair value of the land and building was determined using the market comparable approach and replacement cost approach.

Had the Group's freehold land and buildings been stated at their original cost, their carrying amount would have been $26,038,617 (2016 - $38,318,354).

Fair value hierarchy disclosures are in Note 25.

Significant valuation inputs:	**$**
Price per square foot (land)	15 – 36
Price per square foot (building)	125 - 225

12. Investment properties

	2017	**2016**
	$	$
Balance, beginning of the year/period	8,300,000	19,800,000
Change in fair value of investment properties	650,000	(1,400,000)
Transfer from / (to) held for sale	10,100,000	(10,100,000)
Balance, end of the year/period	19,050,000	8,300,000

As at 31 December 2017, the Company's investment properties located at Wildey and Thornbury Hill were revalued based on valuations performed by an accredited independent valuer.

In the current year, the property at Wildey was transferred to investment property as the potential sale from the prior year did not crystallize.

In 2016 - The property at Wildey was transferred to held-for-sale in accordance with IFRS 5 as the property is currently held for sale.

A valuation model in accordance with that recommended by the International Valuation Committee has been applied. The fair value of the land and building was determined using the market comparable approach, which is based on the price a property would sell for in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of cash and achievable in a reasonable time.

Included in profit from operations are the following amounts arising on investment properties:

	2017	**2016**
	$	$
Rental income	980,960	1,165,400
Operating expenses	(64,191)	(282,532)
Profit arising from investment properties carried at fair value	916,769	882,868

12. Investment properties (cont'd)

The Group has no restrictions on the realisibility of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 25.

Significant valuation inputs:	**$**
Price per square foot (land)	17 – 36
Price per square foot (building)	150 - 200

13. Pension plan asset

The amounts recognized in the Consolidated Statement of Financial Position are as follows:

	2017	**2016**
	$	$
Fair value of plan assets	39,937,649	38,163,649
Present value of funded obligations	(25,080,033)	(31,748,033)
Net asset recognized in the Consolidated Statement of Financial Position	14,857,616	6,415,616

The amounts recognized in the Consolidated Statement of Income are as follows:

	2017	**2016**
	$	$
Current service cost	303,000	676,376
Interest cost	2,636,000	3,723,698
Expected return on plan assets	(3,273,000)	(4,149,700)
Administrative and other non-plan expenses	150,000	200,111
Total	(184,000)	450,485

Consolidated Statement of Comprehensive income

	2017	**2016**
	$	$
Gain from change in assumptions	(7,064,000)	(1,906,228)
Gain from experience	(1,152,000)	(3,123,530)
Expected return on plan assets	3,273,000	4,149,700
Actual return on plan assets	(3,830,000)	(3,720,425)
Other comprehensive gain	(8,773,000)	(4,600,483)

13. Pension plan asset (cont'd)

Movements in the net asset are as follows:

	2017	**2016**
	$	$
Balance, beginning of the year/period	6,415,616	4,555,026
Net income/(expense) recognized in the Consolidated Statement of Income	184,000	(450,485)
Other comprehensive income	8,773,000	4,600,483
Contributions paid	6,000	11,623
Disposal group held for sale	(521,000)	(2,301,031)
Balance, end of the year/period	14,857,616	6,415,616

Changes in the present value of the obligation are as follows:

	2017	**2016**
	$	**$**
Balance, beginning of year/period	31,748,033	36,545,709
Interest cost	2,636,000	3,723,698
Current service cost	303,000	676,376
Employee contributions	194,000	306,192
Administrative fees	150,000	-
Benefits paid	(1,914,000)	(2,002,406)
Actuarial gain on obligation	(8,216,000)	(5,029,758)
Disposal group held for sale	179,000	(2,471,778)
Balance, end of year/period	25,080,033	31,748,033

Changes in the fair value of plan assets are as follows:

	2017	**2016**
	$	**$**
Fair value of plan assets	38,163,649	41,100,735
Actual return	3,830,000	3,720,425
Contributions by employer and employees	200,000	317,815
Benefits paid	(1,914,000)	(2,002,406)
Administrative fees	-	(200,111)
Disposal group held for sale	(342,000)	(4,772,809)
	39,937,649	38,163,649

A quantitative sensitivity analysis for significant assumptions on the present value of the obligation as at 31 December 2017 is shown below:

	Increase	**Decrease**
	$	**$**
Change in discount rate by 1%	21,693,638	28,884,230
Change in salary increase by 0.5%	25, 916,553	24,354,377

Life expectancy at age 60 for current pensioners in years:
Male - 23.4
Female - 26.0

The weighted duration of the defined benefit obligation was 15 years.

The Group expects to contribute $6,261 (2017 - $5,721) to its defined benefit pension plans in 2018.

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13. Pension plan asset (cont'd)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2017	2016
	%	%
Bonds	35	22
Mortgages	11	7
Equities	18	25
Mutual funds	14	12
Real estate	17	25
Other	5	9

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

Experience history

	2017	2016
	%	%
Principal actuarial assumptions as at 31 December 2017 and 31 December 2016 were:		
Discount rate at end of year	9.25	7.75
Future promotional salary increases	2.00	2.00
Future inflationary salary increase for 1 year and 4% per annum thereafter	3.00	3.50
Future increases in NIS ceiling for earnings	4.25	4.25
Future pension increases	3.75	3.75
Mortality	UP94-AA	UP94-AA

Through its defined benefit plan, the Group is exposed to various risk:

- Longevity risk
- Inflation risk
- Interest rate risk due to the liabilities being of longer duration than the date securities
- Investment risk in order to counter the inflation risk and improve the investment return.

14. Post-employment medical liability

The amounts recognized in the consolidated statement of financial position are as follows:

	2017	2016
	$	$
Present value of unfunded obligations	1,354,220	1,461,221
Liability recognized in the consolidated statement of financial position	1,354,220	1,461,221

The amounts recognized in the consolidated statement of income are as follows:

	2017	2016
	$	$
Past service cost	-	(209,461)
Current service cost	66,000	98,127
Benefits paid	(66,000)	
Interest on obligation	135,000	176,864
Total, included in staff costs	135,000	65,530

14. Post-employment medical liability (cont'd)

Consolidated Statement of Comprehensive income:

	2017	2016
	$	$
Loss from experience	(241,000)	73,231
Other comprehensive income	(241,000)	73,231

Movements in the net liability recognized in the consolidated statement of financial position are as follows:

	2017	2016
	$	$
Net liability, beginning of year/period	1,461,221	1,655,765
Net expense recognized in the Consolidated Statement of Income	135,000	65,530
Other comprehensive income	(241,000)	73,231
Contributions	-	(84,618)
Disposal group held for sale	(1,001)	(248,687)
Net liability, end of year/period	1,354,220	1,461,221

Changes in the present value of the obligation are as follows:

	2017	2016
	$	**$**
Balance, beginning of year/period	1,461,221	1,655,765
Interest cost	135,000	176,864
Current service cost	66,000	98,127
Contributions	(66,000)	(84,618)
Past service costs	-	(209,461)
Actuarial gain	(241,000)	73,231
Disposal group held for sale	(1,001)	(248,687)
Balance, end of year/period	1,354,220	1,461,221

	2017	2016
	%	%
Principal actuarial assumptions used for accounting purposes at 31 December 2017 were as follows:		
Discount rate at end of year/period	9.25	7.75
Future medical claims/premium inflation	4.75	4.25

A one percentage point change in the assumed rate of the following assumptions would have the following effect on the present value of the obligation:

	Increase	Decrease
	$	**$**
2017		
Change of medical inflation by 1%	1,593,255	1,163,180
Change of discount rate by 1%	1,162,239	1,568,787

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14. Post-employment medical liability (cont'd)

The weighted duration of the defined benefit obligation was 16 years.

Assuming no changes in the premium rates the Group expects to pay premiums of $67,435 during the 2018 financial year (2017 - $51,709).

15. Grant

	2017	2016
	$	$
Balance, beginning of year/period	-	318,400
Released to the consolidated statement of income	-	(79,600)
Transferred to disposal group held for sale	-	(238,800)
Balance, end of year/period	-	-

In 2011, a Grant was received by the Group for the purchase of certain items of plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

	2017	2016
	$	$
Current	-	60,000
Non-current	-	178,800
	-	238,800

16. Long-term liabilities

	2017	2016
	$	$
(i) FirstCaribbean International Bank	-	17,608,401
(ii) Tetra Pak S.A.	-	398,404
(iii) SLU Beverages Ltd.	-	2,450,687
	-	20,457,492
Less: Current portion	-	(4,434,448)
Long-term portion	-	16,023,044

(i) In March 2017, the FirstCaribbean International Bank loans were fully repaid.

The FirstCaribbean International Bank loans bore interest at a rate of 4.25% (2016 - 4.25%). The loans were repayable in various installments of principal and interest. The Group had granted security for all the bank loans and the bank overdrafts as follows: (a) a debenture over its fixed and floating assets registered and stamped to cover $41,700,000; (b) the assignment of the insurance policies on various properties and other permanent fixtures for sums assured totaling $66,400,000; (c) a letter of undertaking to the bank to provide a mortgage over a subsidiary's assets.

In March 2015, one of the subsidiaries entered into a $3 million committed installation loan facility, which will mature in 15 years. The loan bears interest of 4.25% and is repayable in 180 monthly instalments of $22,575 of blended principal and interest. The loan is secured by an unlimited guarantee endorsed by the parent company Banks Holdings Limited and a letter of under-taking to provide the bank with a mortgage over the Company's assets.

16. Long-term liabilities (cont'd)

(i) There were also certain covenants and other conditions which the Group must maintain.

(ii) During the year, these loans were fully repaid. The four Tetra Pak leases bore an interest rate of 3 Month Libor (0.27%) plus 2.5% with quarterly and annual lease payments over 4 years. All of the leases were secured by certain equipment (See Note 11). Future lease payments due within one year are nil (2016 - $398,404). Lease payments due after one year total $nil (2016 - $Nil).

(iii) In 2010, the parent company of the Group entered into a convertible debt purchase agreement with Latin Capital Fund 1, L.P. and SLU Beverages Ltd. (the Lenders) and issued 56 senior secured convertible promissory notes to SLU Beverages Ltd. Each note carried a par value of $1,000,000 and was convertible in whole or in part at the option of the note holder into common shares of the parent of the Group at $4.00 per common share. The notes carried an interest rate of 1 year LIBOR plus 1.75%, payable bi-annually on 30 June and 31 December. The shares of Banks (Barbados) Breweries Limited and Barbados Bottling Co. Limited were pledged as security for the notes. Any notes not converted were to mature on 28 February 2020. The equity component of the notes issued but not converted would be reflected in share capital. The liability component would be reflected in long-term liabilities. During the year, this loan was fully repaid and at 31 December 2017, there were no notes which were unconverted.

The principal and interest under the notes could not be prepaid by the Company, in whole or in part, prior to the maturity date, without the consent of the note holders. None of the notes or common shares obtained by the conversion of the notes could be subject to repurchase, purchase, or redemption at the option of the Company, and they could only be redeemed or repurchased at the option of the note holders. It was a condition of the agreement that no further shares in the Company be issued except with the written consent of the Lenders until such times as the Lenders cease to hold shares and/or notes convertible into shares in the Company.

If a fundamental change (as defined in the Purchase Agreement) occurred at any time that any notes, or commons shares which were conversion shares issued upon conversion of any notes, were outstanding, then any holder of any such notes or common shares would have the right, at its sole option, to require the Company or any successor entity to the Company (i) to convert any or all of the notes into common shares, (ii) to purchase any or all of such notes, or (iii) to purchase any or all such conversion shares.

If a holder elected to require the Company to convert any notes pursuant to the Purchase Agreement, the conversion price would have been determined in the same manner as the conversion price as set forth in the Purchase Agreement and the notes.

If a holder elected to require the Company purchase any notes pursuant to the Purchase Agreement then the purchase price the Company would pay to the holder of such notes would have been 2.5 times the outstanding principal amount thereof, plus accrued and unpaid interest.

If the holder elected to require the Company to purchase any common shares which were conversion shares issued upon conversion of any notes, then the purchase price the Company would pay to the holder of such common shares would have been 2.5 times the outstanding principal amount thereof, plus accrued and unpaid dividends to, but excluding, the date of such purchase by the Company.

16. Long-term liabilities (cont'd)

A fundamental change will be deemed to have taken place upon the occurrence of any one or more events. These include (i) any person or group becomes the direct or indirect ultimate owner of common shares of the company representing more than 25% of the total voting power of the common shares; (ii) Consummation of any share exchange, consolidation or merger of the Company pursuant to which the common shares are converted in cash, securities or other property, or any conveyance, transfer, sale, lease or other disposition in one transaction or a series of transactions of all or substantially all of the consolidated assets of the company and its subsidiaries, taken as a whole, to an (iii) any board members appointed by the investors are removed without just cause (iv) the shareholders of the company approve any plan or proposal for the liquidation or dissolution of the Company (v) the common shares cease to be quoted or listed on the Barbados Stock Exchange (vi) for any reason, no director appointed by the investors is a member of the Company's board of directors (vii) for any reason, any holders of Notes are prevented from exercising conversion rights as set out in the purchase agreement and the notes (viii) revocation of any of the necessary regulatory approvals described as closing conditions in article V of the purchase agreement.

There are also certain covenants and other conditions which the Group must maintain until such time as the Lenders cease to hold shares obtained by the conversion of the notes and/or notes convertible into shares in Banks Holdings Limited.

17. Share capital

Authorized:
The Company is authorized to issue an unlimited number of shares of one class designated as common shares.

Stated and issued:

	Number		Stated	
	2017	2016	2017 $	2016 $
At the beginning of the year	64,960,760	64,853,760	146,115,299	145,740,799
Exercised during the year	-	107,000	-	374,500
Change in equity component of convertible promissory notes	-	-	(549,314)	-
At the end of the year	64,960,760	64,960,760	145,565,985	146,115,299

Share-based payment plans
At a Special General Meeting held on 28 May 1998, the shareholders approved an Employee Stock Option Plan ("ESOP") in respect of the senior management of the Group for shares of not more than 5% of the shares outstanding at that date. The term of the options is seven years from the grant date and the options are granted at the closing prices of the Company's shares on the Barbados Stock Exchange as at the date of allotment, less a 10% discount. Under the terms of the ESOP, the options vest in equal monthly installments over a period of three years.

As at 31 December 2017 no stock options (2016 - 107,000) at exercise prices of $3.50 were outstanding. All options that were issued in prior years were fully vested at 31 August 2013. Consequently, there were no options that vested during the period and no expense to report for the period ended 31 December 2017 (2016 - $Nil). There have been no cancellations or modifications to the ESOP during 2016.

17. Share capital (cont'd)

The movement in the number of share options and the weighted average exercise prices ("WAEP") are as follows:

	Number		WAEP	
	2017	**2016**	**2017**	**2016**
Outstanding at beginning of year	-	113,600	-	-
Exercised during the year	-	(107,000)	-	-
Expired during the year	-	(6,600)	-	-
Outstanding at end of year	-	-	-	-
Exercisable at end of year	-	-	-	-

The fair value of equity-settled share options granted is estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. There were no options granted in the year ended 31 December 2017.

18. Capital reserves

	Revaluation Surplus $	Defined Benefit Plans $	Other Reserves $	Total $
Balance as at 31 December 2016	26,616,009	3,246,209	(1,901,709)	27,960,509
Share of fair value gains on available for sale assets of associate companies	-	-	-	-
Transfer of associate company reserves on disposal	-	6,891,062	-	6,891,062
Re-measurement gain on defined benefit plans	-	-	-	-
Balance as at 31 December 2017	26,616,009	10,137,271	(1,901,709)	34,851,571

Other reserves

These reserves are comprised primarily of the Group's share of fair value gains (losses) on available for sale assets of an associated company and adjustments relating to currency translation on associates.

19. Related party balances and transactions

Included in accounts receivable and accounts payable are the following related party balances:

	2017 $	2016 $
Receivables		
Associated companies	192,803	-
Other related parties	9,203,272	9,929,412
	9,396,075	9,929,412
Payables		
Associated companies	2,561,192	1,797,945
Other related parties	2,387,529	2,520,297
	4,948,721	4,318,242

During the year, the Group entered into the following transactions with its associates and related companies

	2017 $	2016 $
Sales to associated companies	1,432,382	5,965,255
Sales to other related parties	1,675,341	7,785,774
Purchases from associated companies	10,697,341	20,680,873
Purchases from other related parties	3,064,897	1,996,261
Purchase from parent	611,366	350,774

The sales to and purchases from related parties are made under normal market prices. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables and the Group has not made any provision for doubtful debts relating to amounts owed by related parties for the period ended 31 December 2017.

Compensation of key management personnel of the Group:

	2017 $	2016 $
Short-term employment benefits	3,587,161	3,929,482
Post-employment benefits	58,548	114,383
	3,645,709	4,043,865

20. Earnings per share

Basic earnings per share from continuing operations are calculated based on earnings of $58,574,313 (2016 - $43,966,185) and a weighted average of 64,960,760 (2016 - 64,960,760) shares in issue during the year/period. Diluted earnings per share from operations as a result of ordinary shares granted under the Company's ESOP and unconverted convertible promissory notes amounted to 90.2¢ (2016 – 67.7¢) based on a potential weighted average number of ordinary shares in issue of 64,960,760 (2016 - 64,960,760).

21. Operating lease commitments

The lease expense for the period was $248,029 (2016 - $971,144).

Future minimum lease payments under the non-cancellable leases are as follows as of 31 December 2017

	2017	2016
	$	$
Within one year	265,840	351,328
After one year but not more than five years	387,268	709,820
	653,108	1,061,148

Future minimum lease receivables under the non-cancellable leases are as follows:

	2017	2016
	$	$
Within one year	432,000	432,000

22. Material partly-owned subsidiary

Financial information of Barbados Dairy Industries Limited, a subsidiary that has a material non-controlling interest, is provided below:

Summarized Statement of Profit or Loss:

	2017	2016
	$	$
Sales	59,629,903	84,790,334
Cost of sales	(47,309,306)	(66,905,524)
Other income	19,620	94,948
Selling, general and administrative expenses	(4,785,690)	(6,518,431)
Separation costs	9,669	(476,941)
Finance costs	(211,434)	(510,114)
Profit before taxation	7,352,762	10,474,272
Taxation	(1,166,906)	1,453,351
Net profit for the year	6,185,856	11,927,623
Profit allocated to material non-controlling interest	963,138	1,857,131

Summarized statement of financial position:

	2017	2016
	$	$
Current assets	35,026,312	27,482,630
Non-current assets	27,806,822	29,303,613
Current liabilities	(14,943,030)	(14,045,054)
Non-current liabilities	(354,355)	(2,895,816)
Total equity	47,535,749	39,845,373
Attributable to non-controlling interest	7,401,316	6,203,925

22. Material partly-owned subsidiary (cont'd)

Summarized cash flow information:

	2017	2016
	$	$
Operating	7,751,754	8,009,082
Investing	(152,151)	(1,368,486)
Financing	(5,419,757)	(1,199,143)
Increase in cash for the year/period	2,179,846	5,441,453

23. Commitments and contingencies

Capital commitments
Capital expenditure of $5,285,000 (2016 - $6,000,000) was approved by the Directors for the ensuing financial year and no amounts were contracted for at the period end date.

Litigation
As at 31 December 2017, there were certain legal proceedings outstanding against the Group. No provision has been made as professional advice indicates that it is unlikely that a material loss will arise or that it would be premature at this stage of the action to determine that eventuality.

24. Risk management

The Group's principal financial liabilities comprise the bank overdraft, trade payables, deposits owed to customers and long-term liabilities which comprise bank loans, finance lease obligations and senior secured convertible promissory notes. The main purpose of these financial liabilities is to raise finance for the Group's operations and to finance investments. The Group has various financial assets such as trade receivables, investments and cash and short-term deposits, which arise directly from its operations. The Group does not enter into derivative transactions. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group manages its interest rate exposure by using a mixture of fixed and variable rate debt. The Group's exposure to the risk of changes in the market interest rates relates primarily to its long-term liabilities.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with other variables held constant of the Group's income before taxation. There is no impact on the Group's equity.

Increase/decrease in basis points	2017 Effect on profit before tax	2016 Effect on profit before tax
+-50	-	102,287

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group operates primarily in the Barbados market and is therefore not subject to significant foreign currency risk. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses.

24. Risk management (cont'd)

The Group has transactional currency exposures. Approximately 10% of the Group's sales are denominated in a currency other than the functional currency of the operating unit making the sale, whilst 63% of purchases are denominated in a currency other than the functional currency. However, the majority of the Group's transactions are in United States dollars which has a fixed exchange rate to the functional currency. Fluctuations in currencies other than United States dollars are not considered significant.

Foreign currency exposure also arises from investments by the Group in currencies other than the unit's functional currency.

24. Risk management (cont'd)

The aggregate value of assets and liabilities are denoted in Barbados dollars, except for the following:-

Year ended 31 December 2017

	USD	BDS	CAD	EURO	XCD	GPB	TOTAL
ASSETS							
Cash	95,684,436	84,170,965	-	-	-	-	179,855,401
Accounts receivables and prepayments	3,024,221	18,446,505	-	9,024,307	-	-	30,495,033
Total financial assets	98,708,657	102,617,470	-	9,024,307	-	-	210,350,434

	USD	BDS	CAD	EURO	XCD	GPB	TOTAL
LIABILITIES							
Trade payables and accrued liabilities	9,036,491	16,473,399	-	28,181	2,008,311	237,547	27,783,929
Long-term debt	-	-	-	-	-	-	-
Total financial liabilities	9,036,491	16,473,399	-	28,181	2,008,311	237,547	27,783,929

24. Risk management (cont'd)

Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Group. The amount of the Group's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

Concentration of credit risk

Concentrations of credit risk may arise from exposures to a single debtor or to groups of debtors having a common characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. Substantially all the assets of the Group are located in Barbados.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 7. For transactions that do not occur in the country of the relevant operating unit, the Groupy does not offer credit terms without the approval of Management.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Group utilizes available credit facilities such as loans, overdrafts and other financing options.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

Year ended 31 December 2017

	On demand $	1 year $	2 to 5 years $	5 Years $	Total $
Bank overdraft	-	-	-	-	-
Accounts payable and accruals	-	27,783,929	-	-	27,783,929
Provision for deposits owed to customers	-	1,307,176	-	-	1,307,176
Long term liabilities	-	-	-	-	-

Period ended 31 December 2016

	On demand $	1 year $	2 to 5 years $	5 Years $	Total $
Bank overdraft	-	-	-	-	-
Accounts payable and accruals	-	30,531,826	-	-	30,531,826
Provision for deposits owed to customers	-	1,122,578	-	-	1,122,578
Long term liabilities	2,450,687	2,735,240	16,995,204	-	22,181,131

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24. Risk management (cont'd)

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended 31 December 2017.

25. Fair value of financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value	
	2017	2016	2017	2016
	$	$	$	$
Financial assets				
Cash and short-term deposits	179,855,401	115,069,042	179,855,401	115,069,042
Trade receivables	26,945,372	29,253,503	26,945,372	29,253,503
Investments	18,817,358	10,460,902	18,817,358	10,460,902
Financial liabilities				
Bank overdraft	-	-	-	-
Accounts payable and accrual	27,783,929	30,531,826	27,783,929	30,531,826
Long-term liabilities	-	20,457,492	-	20,457,492

The carrying amounts of financial assets and liabilities comprise the Group's cash and short-term deposits, accounts receivable, accounts payable, provision for deposits owed to customers and bank overdraft approximate their fair values because of their short-term maturities.

Long-term loans payable are at variable rates and consequently their fair values approximate their carrying values.

Fair value of short-term investments is derived from quoted market prices in active markets, if available at the reporting date.

Fair value hierarchy
The Group measures financial instruments at fair value at each Statement of Financial Position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability, or

ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

25. Fair value of financial instruments (cont'd)

Fair value hierarchy (cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identifiable assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2017, the Group held the following financial instruments carried at fair value on the consolidated statement of financial position:

Assets measured at fair value

	31 December 2017 $	**Level 1 $**	**Level 2 $**	**Level 3 $**
Investments	18,817,358	18,817,358	-	-
Freehold land buildings	40,199,903	-	-	40,199,903
Investment properties	19,050,000	-	-	19,050,000

	31 December 2016 $	**Level 1 $**	**Level 2 $**	**Level 3 $**
Short-term investments	10,460,902	10,460,902	-	-
Freehold land buildings	52,707,236	-	-	52,707,236
Investment properties	8,300,000	-	-	8,300,000

During the reporting period ending 31 December 2017, there were no transfers between Level 1 and 2 fair value adjustments (2016 - Nil).

26. Disposal group classified as held for sale

On 15 November 2016, the Company entered into an agreement for the sale of 100% minus one share of the issued and outstanding shares of Barbados Bottling Co. Limited for USD $53 million. With Barbados Bottling Co. Limited being classified as discontinued operations, the soft drinks segment is no longer included in the segment note. As at the statement of financial position date, the transaction has not been completed.

The classes of assets and liabilities of the subsidiary classified as held for sale are as follows:

	2017 $	**2016 $**
Assets		
Cash	3,937,194	532,294
Accounts receivable and prepayments	491,632	613,929
Inventories	5,778,115	6,047,334
Pension asset	2,822,031	2,301,031
Deferred tax	53,336	-
Property, plant and equipment	4,798,898	5,958,161
Total	17,881,206	15,452,749

BANKS HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
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For the year ended 31 December 2017

26. Disposal group classified as held for sale (cont'd)

	2017 $	2016 $
Liabilities		
Accounts payable and accruals	7,012,741	7,910,636
Tax payable	-	343,942
Grant	179,100	238,800
Deferred tax liability	-	373,477
Post-employment medical liability	249,687	248,687
Total	7,441,528	9,115,542
Net assets in the statement of financial position of subsidiary	10,439,679	6,337,207
Adjustments for intercompany balances	4,866,459	10,816,661
	15,306,138	17,153,868
Amounts included in accumulated other comprehensive income		
Re-measurement gains on defined benefit plans	401,000	176,222
Income tax effect	(60,150)	(26,433)
	340,850	149,789

The analysis of the results of discontinuing operations is as follows:

	2017 $	2016 $
Sales	50,193,441	75,499,190
Cost of sales	(38,520,721)	(49,513,256)
Gross profit	11,672,720	25,985,934
Other (expense) income	59,493	(109,599)
Interest expense	(88,245)	(55,007)
Selling, general and administrative expenses	(12,663,421)	(21,779,639)
Depreciation expense	(1,656,298)	(2,797,384)
(Loss)/Income before taxation	(2,675,751)	1,244,305
Taxation (note 5)	487,171	(86,128)
Net (loss)/income for the year	(2,188,580)	1,158,177
(Loss)/Earnings per share		
Basic and diluted earnings per share from discontinued operations	(3.37)¢	1.78¢

Basic and diluted earnings per share are based on the loss for the year from discontinued operations of $2,188,580 (2016 - $1,158,177). To calculate the basic earnings and diluted earnings per share from discontinued operations, the weighted average number of ordinary shares for both basic and diluted amounts is disclosed in Note 20.

26. Disposal group classified as held for sale (cont'd)

The net cash flows incurred by Barbados Bottling Co. Limited are as follows:

	2017 $	2016 $
Operating	3,901,941	6,720,108
Investing	(497,042)	(345,959)
Financing	-	(8,552,121)
Net cash (outflow)/inflow	3,404,899	(2,177,972)
Assets classified as Held for Sale		
Freehold land and building for sale/Transferred from Investment properties (Note 12)	10,915,500	10,100,000
Transferred from Property, plant and equipment (Note 11)	-	40,000
	10,915,500	10,140,000

27. Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Segment performance is evaluated based on revenue and profit or loss before tax, and is measured consistently with profit or loss in the consolidated financial statements.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations" column. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Operating segments

	Manufacture and processing of dairy products and fruit juices $	Other segments $	Adjustments and eliminations $	Total $
2017				
Revenue	59,629,903	214,477,026	(124,557,492)	149,549,437
Segment profit before undernoted items	10,760,490	91,589,663	(73,962,862)	28,387,291
Finance income	-	1,431,073	(1,428,925)	2,148
Finance costs	(211,434)	(1,958,834)	1,428,638	(741,630)
Depreciation	(3,205,690)	(8,774,821)	-	(11,980,511)
Restructuring cost	9,699	(956,373)	-	(946,673)
Segment profit before taxation	7,353,065	81,330,709	(26,633,970)	62,049,804
Share of income of associated companies				3,443,356
Income before taxation				65,493,160

BANKS HOLDINGS LIMITED
Notes to the Consolidated Financial Statements
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For the year ended 31 December 2017

27. Segmental reporting (cont'd)

Operating segments

	Manufacture and processing of dairy products and fruit juices $	Other segments $	Adjustments and eliminations $	Total $
2017				
Segment assets	58,923,175	491,008,120	(132,902,639)	417,028,656
Investment in associated companies				37,033,718
Total assets				454,062,374
Segment liabilities	11,387,472	124,880,248	(105,822,395)	30,445,325
2016				
Revenue	84,790,334	291,564,761	(172,259,612)	204,095,483
Segment profit before undernoted items	16,286,939	77,082,560	(43,831,577)	49,537,922
Finance income	-	2,049,532	(2,029,104)	20,428
Finance costs	(510,114)	(3,056,500)	2,029,104	(1,537,510)
Depreciation	(4,825,612)	(12,119,897)	-	(16,945,509)
Restructuring cost	(476,941)	(1,536,060)	-	(2,013,001)
Segment profit before taxation	10,474,272	62,419,635	(43,831,577)	29,062,330
Share of income of associated companies				14,586,152
Income before taxation				43,648,842
2016				
Segment assets	56,786,243	397,388,081	(102,697,521)	351,476,803
Investment in associated companies				63,576,170
Total assets				415,052,973
Segment liabilities	16,940,870	142,214,812	(105,582,566)	53,573,116

28. Events subsequent to the balance sheet date

On 1 June 2018, 100% of the shares of Barbados Bottling Co. Ltd. were sold to KOSCAB (Barbados).
Effectively on 20 November 2018, the Company had its shares suspended on the Barbados Stock Exchange Inc. (BSE) pursuant to Rule 3.01.5 1(a) and (b) of the Rules of the Barbados Stock Exchange Inc. as a consequence of the requirement to submit the quarterly and annual audited consolidated financial statements to the Financial Services Commission (FSC) and annual audited consolidated financial statements to the BSE within the time period stipulated by those regulatory bodies. Management has realigned its internal processes in order to rectify these instances of non-compliance.

BANKS HOLDINGS LIMITED

COMPANY NO: 15726
MANAGEMENT PROXY CIRCULAR

Management is required by the *Companies* Act Chapter 308 of the laws of Barbados (hereinafter called the *"Companies Act"*) to send forms of proxy with the Notice convening the Meeting. By complying with the *Companies Act*, Management is deemed to be soliciting proxies within the meaning of the *Companies Act*.

This Management Proxy Circular accompanies the Notice of the Fifty-ninth (59th) Annual General Meeting of the Shareholders of Banks Holdings Limited (the 'Company') to be held at Banks (B'dos.) Breweries Limited Complex, Newton, Christ Church, Barbados on **Tuesday the 19th day of February, 2019 at 2:00 P.M** (hereinafter called 'the Meeting') and is furnished in connection with the solicitation of proxies by the Management of the Company for use at the Meeting, or any adjournment(s) thereof. The solicitation will be primarily by mail. The cost of the solicitation will be borne by the Company.

Proxies

A shareholder who is entitled to vote at a meeting of shareholders has the right by means of the enclosed proxy form to appoint a person to represent him by inserting the name of such person in the space indicated in the proxy form. Proxy appointments are required to be deposited at the registered office of the Company, at the Pine Hill Dairy Complex, The Pine, St. Michael, Barbados no later than **Monday the 18th day of February, 2019 at 4:15 P.M.**

Proxies given by shareholders for use at the meeting may be revoked by the shareholder giving such proxy, at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder (or by his attorney) in writing. If the shareholder is a company, the proxy may be executed under its corporate seal or by any duly authorised officer or attorney thereof, and deposited at the registered office of the Company at the Pine Hill Diary Complex, The Pine, St. Michael at any time up to **4:15 P.M. Monday, the 18th day of February, 2019** being the last business day preceding the day of the meeting, or any adjournment(s) thereof, at which the proxy is to be used. Alternatively, it may be delivered to the Chairman of such meeting, on the day of the meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

Record Date, Notice of Meeting and Voting Shares

The Directors of the Company have fixed a record date of **Tuesday, the 29th day of January, 2019** for determining the shareholders who are entitled to receive notice of the meeting. In accordance with the Companies Act, only shareholders of record at the close of business on **Tuesday, the 29th day of January, 2019** shall be entitled to receive notice of the meeting.

Only such registered holders of common shares of the Company shall be entitled to vote at the meeting. Each holder is entitled to one vote for each share held. As at the date of this Notice, there are **64,960,760** common shares without par value of the Company issued and outstanding.

Discretionary Authority

Shares represented by any proxy, given on the enclosed proxy form to the persons named in the proxy, shall be voted on any ballot in accordance with the instructions contained therein.

In the absence of shareholder instructions, shares represented by proxies shall be VOTED FOR:

- **(i) The adoption of the Annual Report and Financial Statements for the financial year ended 31 December, 2017;**
- **(ii) The election of Caio Augosto Miranda Ramos to hold office until the close of the third Annual Meeting of the Shareholders of the Company following his election;**
- **(iii) The election of Jose Infante to hold office until the close of the third Annual Meeting of the Shareholders of the Company following his election;**
- **(iv) The election of Fernando Guimarães to hold office until the close of the third Annual Meeting of the Shareholders of the Company following his election;**
- **(v) The election of Alberto Gaudry to hold office until the close of the third Annual Meeting of the Shareholders of the Company following his election;**
- **(vi) The election of Leonardo Cabral to hold office until the close of the third Annual Meeting of the Shareholders of the Company following his election;**
- **(vii) The election of Fatima Vinas to hold office until the close of the third Annual Meeting of the Shareholders of the Company following her election;**
- **(viii) The re-appointment of incumbent auditors Deloitte as Auditors of the Company for a period ending at the close of the next Annual General Meeting after their re-appointment.**

The enclosed proxy form confers discretionary authority upon the persons named with respect to amendments to or variations in matters identified in the Notice of Meeting, or other matters that may properly come before the meeting.

Management knows of no matter to come before the meeting other than the matters referred to in the Notice of the meeting enclosed herewith. However, if any other matters which are not now known to management should properly come before the meeting or any adjournment(s) thereof, the shares represented by proxies in favour of management nominees will be voted on any such matter in accordance with the best judgment of the proxy nominee. Similar discretionary authority is conferred with respect to amendments to the matters identified in the Notice of the meeting. The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares of the Company have been approved by the Directors of the Company.

No director's statement has been received by the Company pursuant to section 71(2) of the *Companies Act.*

No auditor's statement has been received by the Company pursuant to section 163 (1) of the *Companies Act.*

BANKS HOLDINGS LIMITED

COMPANY NO: 15726

PROXY FORM

I/We ……………………………………………………………………………….of.………………………………………………

………

……………………………………………………………………………… shareholder(s) of BANKS HOLDINGS LIMITED

(the "Company") hereby appoint ………………………………………………………………………………………………

of……….

……………………………………………………………………………………………………….. or, failing him, ………………

…………………………………………………………………………..of…………………………………………………………

………………………………………………………………………………………………………..………………………………

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the Fifty-Ninth (59th) Annual General Meeting of the Shareholders of Banks Holdings Limited (the 'Company') to be held at Banks (B'dos.) Breweries Limited Complex, Newton, Christ Church, Barbados on **Tuesday the 19th day of February, 2019 at 2:00 P.M.** (and at any adjournment thereof in the same manner), to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment(s) thereof.

Dated this day of , 2019.

…………………………………………………………………….
(Please print name of Shareholder)

…………………………………………………………………….
(Signature of Shareholder)

Please indicate with an 'X' for each resolution below how you wish your votes to be cast. The 'vote withheld' option below is provided to enable you to abstain on any particular resolution. However, it should be noted that an abstention will not be counted in the calculation of the proportion of the votes 'for' and 'against' a resolution. In the absence of Shareholder instructions, shares represented by proxies will be VOTED FOR each of the Resolutions itemised in the table below. With respect to amendments to or variations in matters identified in the Notice of Meeting, or other matters that may properly come before the meeting, proxy-holders shall be entitled to exercise their discretion.

AGENDA ITEM	RESOLUTION	FOR	AGAINST	ABSTAIN
3(i)	*THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Caio Augosto Miranda Ramos be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*			
3(ii)	*THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Jose Infante be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*			
3(iii)	*THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Fernando Guimarães be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*			
3(iv)	*THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Alberto Gaudry be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*			
3(v)	*THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. Leonardo Cabral be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following his election.*			
3(vi)	*THAT in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Ms. Fatima Vinas be and is hereby elected Director of the Company to hold office until the third Annual Meeting of the Shareholders of the Company following her election.*			
4.	*THAT the incumbent auditors Deloitte be and are hereby re-appointed as Auditors of the Company for a period ending at the close of the next Annual General Meeting after their re-appointment.*			

NOTES:

1. (a) A shareholder who is entitled to vote at any meeting of the shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, none of whom need be shareholders, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.

   (b) In the case of a shareholder who is a body corporate or association, votes at a meeting of shareholders may be given by any individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of the shareholders of the Company.

2. A proxy must be executed in writing by the shareholder or his attorney authorised in writing.

3. **Proxy appointments are required to be deposited at the registered office of the Company, Pine Hill Dairy Complex, The Pine, St. Michael, Barbados no later than 4:15 P.M. Monday, the 18th day of February, 2019.**

Banks Holdings Limited

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