BHL 2007

ANNUAL REPORT

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OUR CORPORATE VISION

Excellence... Our trademark for products, systems and service.

OUR CORPORATE MISSION

To exceed the expectations of our customers in the production, marketing and delivery of quality products and services through innovation and the development of smart partnerships with all constituent groups.

OUR CORPORATE VALUES

We promote innovation and creativity
We manufacture quality products consistently
We deliver service excellence
We encourage employee fellowship and involvement
We commit to integrity, honest work and professionalism
We believe in good corporate citizenship

ASSOCIATED COMPANIES

Citrus Products of Belize Limited	(41.93%)
Chemical Industries Limited	(40%)
GCG Services Limited	(33.33%)
Caribco	(30%)
Newtech Inc.	(26.2%)
Tower Hill Merchants PLC	(21%)
BCB Communications Inc.	(20%)
Banks DIH Limited	(20%)

OUR CORPORATE PROFILE

Banks Holdings Limited (BHL) is the largest beverage producing conglomerate in Barbados comprising six subsidiaries which range in scope from bottle manufacturing to beverage distribution and recycling. BHL's beverage production arm includes a brewery - Banks (Barbados) Breweries Ltd., a soft drink plant - Barbados Bottling Co. Ltd. and a dairy - Barbados Dairy Industries Ltd. (Pine Hill Dairy). Distribution is facilitated by B&B Distribution Ltd. and includes a wholesale outlet. BHL is also a majority shareholder in a bottle-blowing plant, Plastic Containers Ltd. and a recycling plant, Duraplast Inc. which recycles PET bottles into durable roofing tiles. BHL's shares are listed on the Securities Exchange of Barbados.

OUR SUBSIDIARIES

Banks (Barbados) Breweries Limited
Wildey, St. Michael, Tel: 429-2113 Fax: 427-5778

Barbados Bottling Co. Limited
Newton, Christ Church, Tel: 428-8920 Fax: 428-4095

Barbados Dairy Industries Limited (Pine Hill Dairy)
The Pine, St. Michael, Tel: 430-4100 Fax: 429-3514

B&B Distribution Limited
Newton, Christ Church, Tel: 420-8881 Fax:420-6975

Plastic Containers Limited
Thornbury Hill, Christ Church, Tel 428-7780 Fax: 428-7112

Duraplast Inc.
Newton, Christ Church, Tel:418-9761 Fax: 418-9765

NOTICE OF MEETING

Notice is hereby given that the forty-ninth Annual General Meeting of Banks Holdings Limited will be held at Sherbourne Conference Centre on Tuesday, 22nd January, 2008 at 5:00pm for the following purposes:-

1. To receive and consider the statement of income, the balance sheet and reports of the Directors and the Auditors with respect to the year ending 31st August, 2007.
2. To elect Directors.
3. To appoint Auditors for the ensuing year.
4. To transact any other business which may be transacted at an ordinary meeting.

By order of the Board

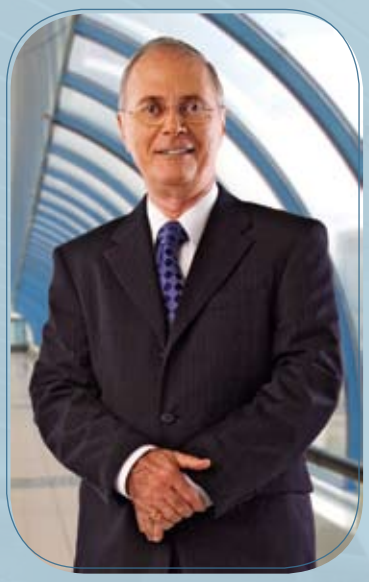
Natalie Brace

N.M. Brace
Attorney-at-law
Secretary

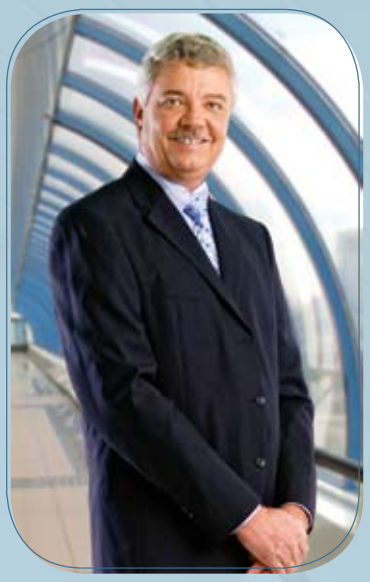
The notes to the enclosed proxy form are incorporated in this notice.

Registered Office:
The AutoDome,
Warrens,
St. Michael,
Barbados.
December 4th, 2007.

BOARD OF DIRECTORS

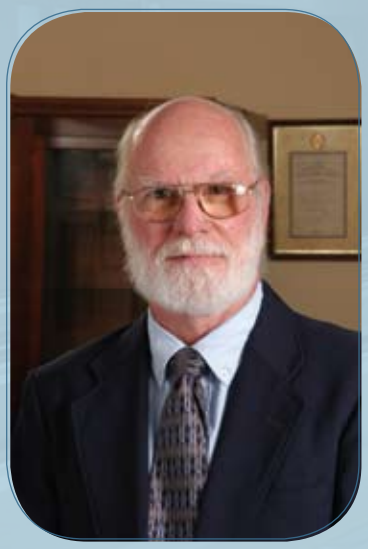


SENATOR SIR ALLAN FIELDS K.C.M.G.

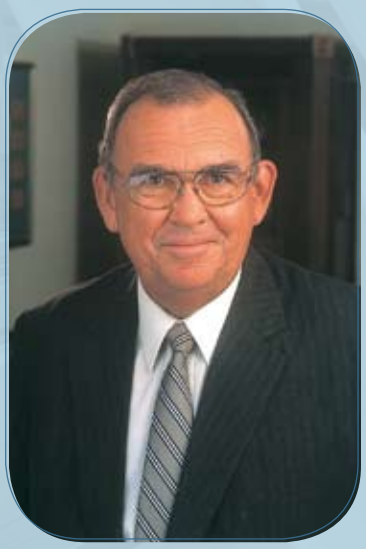


RICHARD COZIER F.C.G.A.

ANTHONY KING



DAN STOUTE

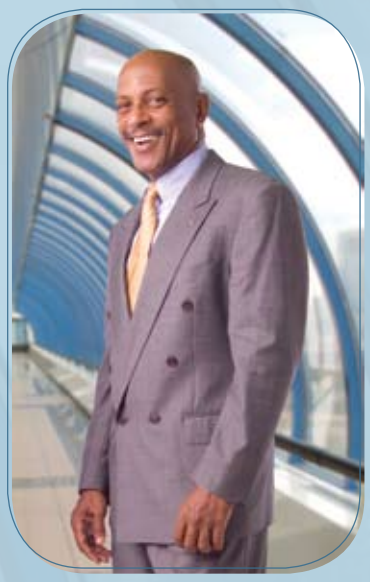


DAVID BYNOE

PETER WEATHERHEAD

FRERE DELMAS

RUALL HARRIS



ELVIN SEALY

REGISTERED OFFICE
The AutoDome, Warrens,
St. Michael, Barbados

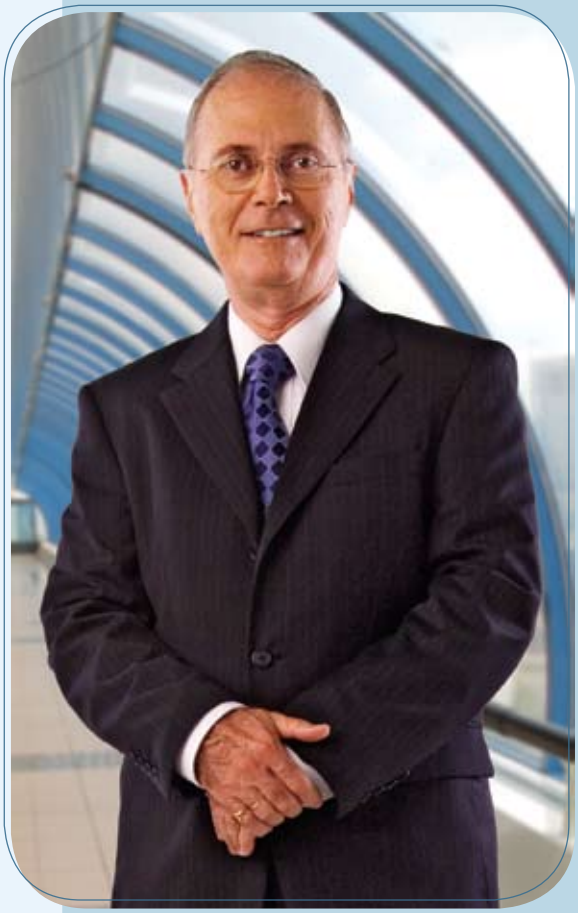
AUDITORS
Ernst & Young Chartered Accountants

ATTORNEY-AT-LAW
Carrington & Sealy

BANKERS
First Caribbean International Bank

AZAM KHAN

CHAIRMAN'S REPORT



SENATOR SIR ALLAN FIELDS K.C.M.G.

BANKS HOLDINGS LIMITED

Net Profit attributable to shareholders improved by $11.378 million to end the year at $24.242 million. Earnings per share at 57.2 cents per share is up from 32.6 cents last year. Whilst the investments in Belize and the Bahamas have met our expectations during the year under review, the level of increase is significantly enhanced by the result of the accounting treatment relating to these acquisitions as the negative goodwill created is required to be accounted for fully in the year of acquisition.

Locally, all operations were challenged in light of significant increases in inputs coupled with relatively flat sales. Only Barbados Dairy Industries recorded sales growth but this was against the background of a very poor performance in 2006. As indicated by the CEO, the price volatility in basic raw materials, instability in energy prices and uncertainty in supply of some basic commodity inputs are presenting enormous challenges across all group operations.

In the last 2 years some commodity prices have more than doubled and suppliers are no longer keen to enter into contracts beyond 6 months. In spite of this, we have resisted, where possible, the urge to recover the additional costs through price adjustments hoping to recoup some of the lost margin through volume increases and improved efficiencies. Unfortunately the high expectations of a strong sales performance in a year which included the Cricket World Cup year did not materialize and operational profits in our local businesses dropped compared to last year.

The working capital of the group dropped considerably and at the end of the year stood at $7.996 million. This drop really relates to a timing issue as the debt incurred for the acquisitions overseas is fully accounted for in working capital. Subsequent to the year end, the proceeds from the Rights Issue were used to

repay that debt in full and the working capital has increased to previous levels.

The Rights Issue was launched in August and it was heartening to note that you the shareholders demonstrated your confidence in the Group as evidenced by the fact that at the closing date in September the issue had been significantly oversubscribed. All shares allotted as a result of the issue are participating in this year's dividend.

In light of the challenges facing the group and the one-off, non-cash accounting treatment of the negative goodwill, the Directors have decided to retain last year's dividend payout of 16 cents ($8.078 million) which is equivalent to 33.3% of earnings or put differently a ten year average of 49.8% of earnings. This represents the highest payout in the group's history whilst maintaining an average payout of close to 50%.

GOING FORWARD.

We will continue to be innovative in ensuring that we maximise our productivity by continuing to upgrade our manufacturing plants and strive to emphasise appropriate training and, where necessary retraining. This planned activity coupled with our focus on quality will put us in position to be market leaders in all of the lines that we manufacture and drive sales.

In so doing we will try to moderate any price increases forced on us by the unprecedented increase in energy costs and raw materials that we have witnessed over the last 9 months.

We continue to support local culture, sports, and other community projects and play our part in by taking an active interest in a wide range of community based activities.

We also continue to work closely with the Barbados Workers Union to face up to the challenges of ensuring that the productivity targets that we set are realistic and are benchmarked against the industry standards and that the challenges to the labour force are handled appropriately.

In closing I would like to take this opportunity to thank the Management and staff across the group for their efforts and continued dedication to the various companies in our portfolio during the year under review.

I would also like to express my gratitude to you the shareholders and our numerous loyal customers and organizations who continue to support our Brands and our Companies.

Senator Sir Allan C. Fields K.C.M.G.
Chairman
7th December 2007

MANAGING DIRECTOR'S REPORT

RICHARD COZIER F.C.G.A.

BANKS HOLDINGS LIMITED

The group recorded an improved performance in 2007 as compared with that of 2006 with net profit growing by 88.4%. However the results of the investments overseas coupled with one-off gains arising from accounting treatments collectively masked the returns from the domestic operations which struggled against rising costs and flat sales, indeed, with the exception of April which benefitted from CWC 2007, sales numbers for the remaining eleven months were either down or flat (this will be dealt with in more detail within the individual company sections). Profits from local operations accounted for 27.6% of total profit compared to 83.6% last year. A reduction in the percentage was anticipated as the overseas entities were expected to perform creditably, the quantum of the change was however unexpected.

The Dairy was the sole local operation to improve on its performance, rebounding from a loss in 2006 to record a reasonable profit in 2007. The outlook for all local operations will be challenging as raw material inputs continue to rise at alarming rates, in some cases more than doubling. Whilst we will continue to seek every available opportunity to maintain selling prices, the levels & frequency of the increases make this almost impossible and there will be the need during the financial year to review pricing on all products.

During the year we completed the purchase of equity in both Citrus Products of Belize (41.93%) and Caribco in The Bahamas (30%). As reported by the Chairman the results of both these operations were in line with expectations. I would caution shareholders however that profitability in Citrus Products of Belize Ltd. is highly conditional on factors such as climate and commodity pricing, both of which are not under our control. Belize narrowly escaped two major hurricanes this year and commodity pricing on Frozen Concentrate Orange Juice is down from last year's high, we are therefore not

expecting the same level of profits in 2008 but our expectations are in line with those we held when we evaluated the operation. As far as Caribco is concerned, we expect them to continue to grow market share albeit at a slower pace. This operation will continue to require significant capital upgrades and improvements if it is to adequately service its market, both our Bahamian partners and ourselves are committed to this and will continue to make the necessary investments on a structured and prioritorised basis.

These acquisitions were initially financed through debt and this has resulted in an 86% increase in our interest expense, however, as indicated in last year's report, we finally managed to launch our Rights Issue in August at a revised conversion of 1 share for every 6 held and I am pleased to report that by the closing date in September it had been significantly over subscribed. The net proceeds from the issue have subsequently been applied in repaying the above debt and the new shares participated in this year's dividend.

During the year we completed the centralisation of our accounting services, this is in keeping with our stated desire of centralisation of operations that can be effectively & efficiently centralised. We have already recorded cost savings through this and are now more efficient in generating monthly financials and costings. To date we have centralised (a) human resources (b) public relations (c) information technology (d) payroll and now accounting, we will continue to examine other opportunities for further centralisation.

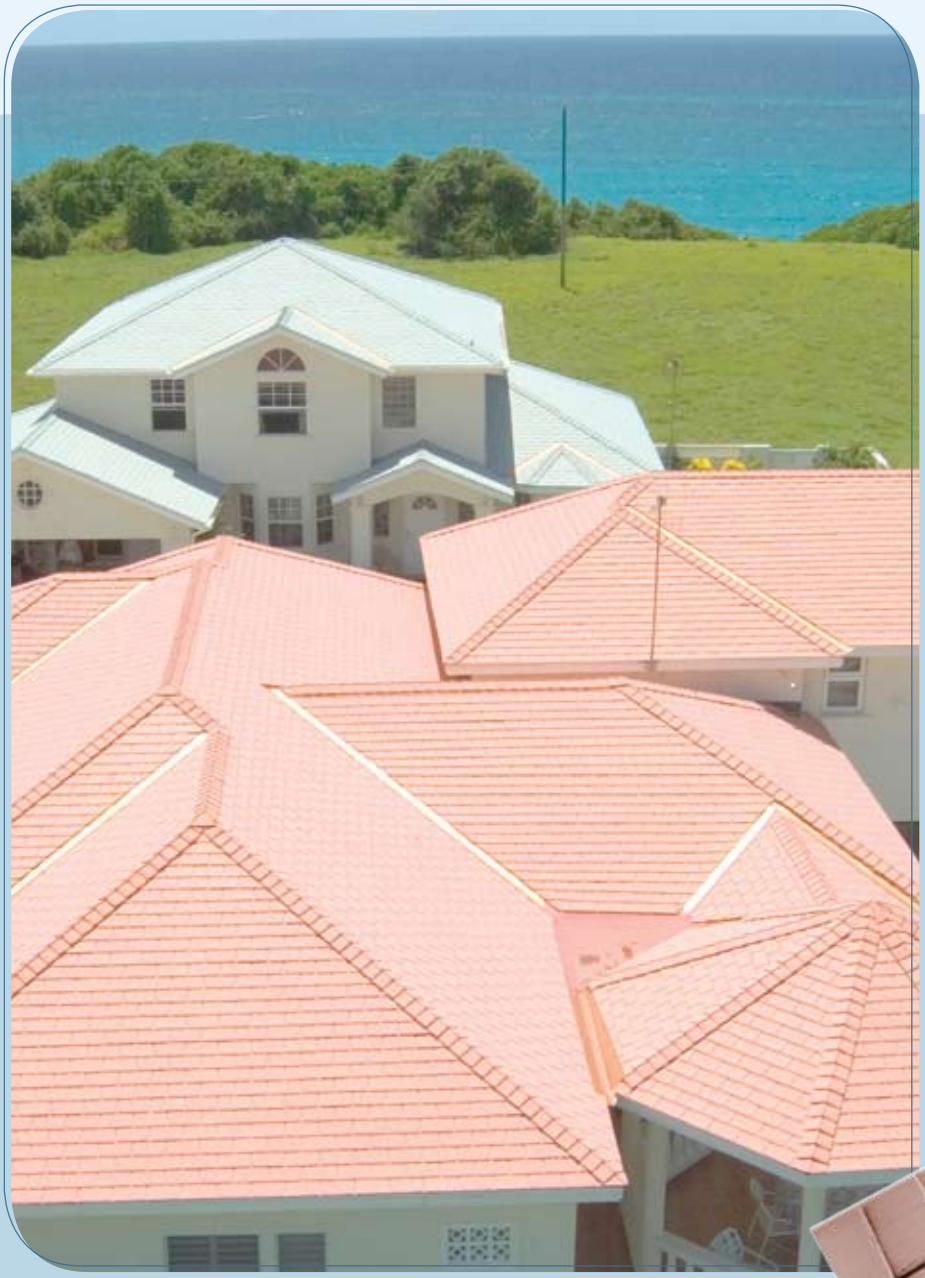
DURAPLAST INC.

Following significant financial losses since its inception, it was decided to do an in-depth analysis of Duraplast's process and operations during this financial year. After a six week period of close monitoring, with input from overseas molding experts, it was decided to suspend manufacturing operations at the Company. The data and information collected over the assessment period is being analysed in conjunction with USA partners who were involved in the original project parameters, to determine if re-engineering the process and optimizing the operation could make the Company viable.

Current indications are that the product has been well accepted by the roofing industry in several Caribbean countries, due to its light weight, aesthetic appeal, weathering and insulating properties and contractors are still requesting proposals for various projects. However, there are several manufacturing challenges associated with producing the product at a competitive cost. Energy for the flaking, compounding, and processing of the shingle, represents a significant component of the input cost. Another major concern is the lack of local plastics processing expertise which is required to manufacture a consistent product given the variability of the input raw material, namely post consumer PET. PET is inherently a difficult raw material to process and the input variability associated with the recycled plastic presents unique challenges. The resulting process variability results in high levels of rework to ensure that only satisfactory products reach the customer.

The original project concept considered some of these processing challenges, however, it was anticipated that Duraplast would attract a diversionary credit from Government for removing PET bottles from the solid waste stream handled by the Sanitation Service Authority. This credit has not been forthcoming and the Company has had to absorb this cost.

Discussions are currently under way internally and with various partners to determine the future path for Duraplast. Due to the high energy requirement



and the lack of local expertise, one of the favoured options at this time is to split the total process between Barbados and a low energy environment like Trinidad where several experienced molding plants are already in operation. Partners have been identified and options under consideration are joint ventures, manufacturing under license and sale of the technology. It is anticipated that a decision on the best way forward for Duraplast will be made by the end of this calendar year.

BANKS (BARBADOS) BREWERIES LIMITED.

The brewery was unable to reproduce the results achieved in 2006 as increases in inputs and flat sales volumes together drove the profits down in 2007. Malt prices already up by 40% in 2007 will rise a further 50% in 2008, effectively doubling in less than 2 years. This situation has developed as a result of (a) higher demand from "newer" consuming nations, most notably China (b) reduced acreage under cultivation and (c) a switch from "farming for food" to "farming for energy" as demands for alternate fuels encourage the conversion from growing for food processing to growing for energy substitution. When we further factor in the increase in energy costs as a result of the unsettled nature of crude oil supplies and pricing you get an idea of the challenges facing the brewery.

The expected sales windfall as a result of Cricket World Cup was limited to April and although that month was better than any other April in the past, it was surrounded by weak sales in both March and May which were both down on the comparative months of the previous year. In addition beer as a category is under "attack" from the newer alcoholic options available and thus its local market did not grow in 2007. The reality is that the market in Barbados is becoming more sophisticated as consumers are presented with more choices, we therefore can no longer rely on this market alone to deliver the volumes we require going forward. In this regard I am happy to report that after several setbacks, the first shipments of Banks Beer should ship to New York in January, representing the culmination of years of working to bring this project to fruition. Of even more satisfaction is that the product will be brewed and packaged in Barbados as against previous attempts at working through a host brewery. The additional volumes can easily be accommodated within our existing capabilities both in respect of brewing and packaging, this option also gives "authenticity" to the product and allows us a better price at retail. We plan to follow up the New York launch with shipments to Florida and Canada all within the 1st half of 2008. Based on discussions with distributors, we expect to generate incremental case volume growth of over 10% within the first 18 months of the launch.

We are also evaluating utilizing spare capacity within our operation to facilitate co-packing arrangements for 3rd party brands. This is an area that we have stayed away from in the past but cannot dismiss going forward as we must seek to ensure full utilization of our existing plant.

We continue to work closely with the NCSA and others in relation to dealing with the negatives surrounding improper consumption of alcoholic beverages. We hold the opinion that our range of these beverages is manufactured for moderate consumption by responsible adults and in our interactions with consumers we will continue to emphasise this.

We continue to support local charities, culture and sport in meaningful ways and I am confident in stating that there are few organizations within these three categories that we have not supported in some way, we intend, given the resources, to continue to do so.

BARBADOS BOTTLING CO. LIMITED.

Sales

The year under review was not without its challenges. Against the backdrop of continually increasing input costs and significantly reduced sales volume and revenue, BBC recorded a net profit considerably below expectations. Despite expansion of the range of flavour offerings within the Frutee brand, total case sales within the carbonated soft drink (CSD) segment were depressed. Good growth

was however seen in the "Diet" and the "Functional" categories where huge increases in sales of PowerAde Sports beverage were realized, owing largely to the change to a new "sporty", easy grip bottle.

Substantial sales volume was lost in the Post Mix category as our major competitor, fuelled by their sponsorship of

the Cricket World Cup, continued to flood the market with their low cost product. Additionally, due to the technical and contractual issues associated with the BIB juice project no meaningful sales in this category were recorded and the decision was taken to discontinue this offering. With a BHL "in-house" solution currently being developed and scheduled for roll out next year, we are confident that we can reverse the decline in sales volume of the entire Post Mix category.

During the year three co-packing agreements, negotiated with both domestic and extra regional partners, were finalized and it is expected that the full benefit of these agreements will be realized in the new financial year.

Operations

In keeping with worldwide standards, BBC continued its plant upgrade with the replacement, towards the end of the year, of a large section of full goods conveyor. This new state of the art conveying system, will considerably improve the material handling aspects of the line, increase flexibility and enhance line operating efficiencies.

At the beginning of the financial year, the Alpla Barbados preform manufacturing facility was commissioned, with Alpla now supplying BBC with 100% of its single serve preform requirements. This local supply point has drastically improved logistics and will afford BBC significant savings and enable a lower inventory of preforms to be carried.

Early in the year an entire review of the Post Mix Department was conducted and the decision to transfer the Technical arm of this department from BBC to B&B was taken. This transfer, which took place on April 1st, has seen the re-amalgamation of the Sales, Distribution and Technical functions and has placed B&B in a better position to address the total needs of its customers and consumers.

During the year, plans to enhance plant production capacity, by migrating BBC to a full twenty four hour, five day a week operation were developed and discussions with the workers representatives were commenced. Agreement with the representatives was reached by the end of the financial year and this new operating system was well underway at the time of writing this report.

Quality

For the fifth consecutive year BBC was awarded the BIDC National Industrial Award for Exceptional Quality, recognizing our continued commitment to 100% Quality. Additionally, in December, BBC finished in first place in the Coca-Cola Regional Quality Standings in the Caribbean and was again awarded the much coveted Pemberton Trophy. We were further pleased to have finished in the top 5 overall in the Latin Centre Division.

In February, after an almost year long implementation phase, culminating in the successful completion of the validation audit, BBC was awarded its HACCP Certification.

Implementation of the four phase Coca-Cola Quality Management System, TCCQS, continues to progress smoothly. As this powerful management tool continues to evolve so too do the requirements of this system and increasing emphasis continues to be placed on the Environmental and the Health and Safety aspects of the system. We continue to be guided by our consultant and expect to gain phase 3 accreditation by the end of the first half of the next financial year.

During the period we also applied for and received funding for both the HACCP as well as TCCQS implementation from the BIDC. This phased

disbursement grant, issued under the Technical Assistance Fund, should cover the consultant's fees as well as the cost of the audits.

Human Resources

BBC continues to enjoy an open, frank and cordial relationship with its staff and their representative, the Barbados Workers Union. Negotiations for a new two year agreement covering wages and conditions of employment, which commenced during the second half of the year, were concluded just recently.

Future

With crude oil prices just below the US$100 per barrel mark and having already received notice from many of our major suppliers of impending raw material price increases, the coming years will continue to pose significant challenges to our industry.

Our strategies will continue to focus on the implementation of technology and the continual upgrading of the skill sets of our employees. The recent capital investment in our operation coupled with the expansion of our in-house training and development programs has resulted in a modern, flexible production plant staffed with a highly skilled, technical team. This has afforded BBC the opportunity to diversify into new beverage categories that meet the demands of our customers and consumers.

Capitalizing on the strong regional and extra regional relationships that we have cultivated with our many business partners, along with increasing production capacity, BBC will continue to explore Co-packing opportunities and the development of a well diversified portfolio of refreshment options.

B & B DISTRIBUTION LIMITED.

As noted earlier, volumes of both brewed and carbonated beverages were flat or showed marginal declines during 2007, as B&B earns its revenue solely on commissions from these, the net result was a decline in gross revenue. Expenses on the other hand grew, lead mainly by energy (fuel & utility costs) leading to a decline in profitability in 2007 compared to 2006. The lack of growth in our beverages is attributable to a soft market for brewed products, the growth of wines and spirits, significant competition in the CSD category and changes in consumer tastes generally across all categories. We continue to measure whether these changes are merely reactions to promotional campaigns or indicative of a more permanent consumption pattern change in order to plan an effective response. Of note is that in spite of the volume decline in brewed beverages, our information indicates a marginal increase in market share in the beer and malta segments whilst our share the CSD category remains unchanged. This suggests a change in consumer consumption patterns supporting the premise of a movement away from traditional beverage options to the newer offerings, this factor was one of the elements utilised in the decision to launch PineHill Coolers. I am happy to report that these have performed beyond our expectations and the technical teams are already evaluating flavour extensions.

As indicated last year, we commissioned an independent review of our warehousing & delivery systems, this review highlighted several opportunities for improvement in both areas. Following up on these we have recently installed a comprehensive state-of-the-art racking system which will improve our storage capacity whilst reducing some multiple handling inefficiencies previously required. We have also upgraded our handheld technology to permit wireless communication from the field to home

base. Under the older system sales teams needed to return to base by a fixed time to physically dock & upload the data in order for warehousing to load product on to trucks for delivery the next day. The new wireless system will allow the data to be transmitted to base at any time during the day without the need for the unit to be physically docked hence permitting better coverage of our customer base without compromising the working hours of warehouse personnel. We anticipate significant reductions in overtime as a result of this.

During the year we also improved our load efficiencies beyond our target of 95%, averaging just over 98%. Load efficiency is a measure of the percentage of product out for delivery that is actually delivered, 98% is above the standard for comparable businesses and is considered excellent.

Additionally we improved our Fleet Utilisation to 91%, this compares favourably with the international benchmark of 85%. Fleet utilization is a measure of capacity used in delivery as a percentage of total capacity available, the higher the number the more efficient the utilization of the assets. In both these cases the improvements translate to reduced unit costs of delivery, an attribute that we constantly monitor.

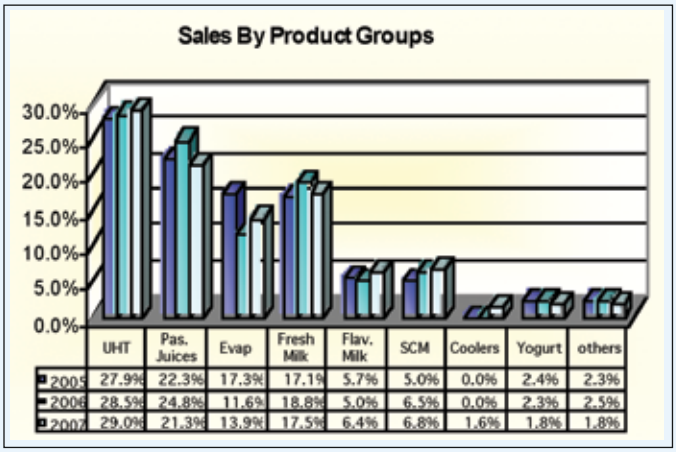
BARBADOS DAIRY INDUSTRIES LIMITED.

I am pleased to report that as promised in last year's report, there was improvement. The net profit after tax finished at $4,051,559 compared to a loss of $429,198 for the previous year. This improvement resulted from better performances in both the UHT and HTST plants, which allowed us to better service the sales demand for our products. Price increases in December 2006, of mainly fresh pasteurised milks, also contributed to our higher sales revenues and better profitability.

This positive result was achieved against very challenging world market conditions where the price of several key ingredients increased during the year. The price of concentrates increased significantly with citrus concentrates increasing by 36%, Bajan Cherry concentrate by 13% and Passion Fruit by 18%. Towards the end of the financial year, milk powder increased by 138%. We also experienced higher costs for ocean freight, along with increases in the cost of energy (fuel oils). We were able to manage our operational cost through improvements in yields and plant efficiencies, allowing our operational profit to improve despite increases in these inputs etc.

Sales

Last year, I stated that our goal was to recapture our lost sales both locally and regionally. I am pleased to report that this goal was achieved. Sales at the end of August 2007 are our highest to date, finishing at $60,461,047 compared to $53,861,191 at the end of August 2006. This is an increase of $6.6 million or 12.3%. As stated above, improved performances in our UHT and HTST plants allowed for growth in local and export sales. Local sales grew by 10.5% and export by 27.9%. Evaporated milk sales lead the way with recovered growth of 34.9% followed by UHT juices with 15.2%, fresh milk with 13.2% and Sweetened Condensed Milk with 17.9%. The introduction of the PINEHILL Coolers towards the end of the year in July also helped to boost sales.

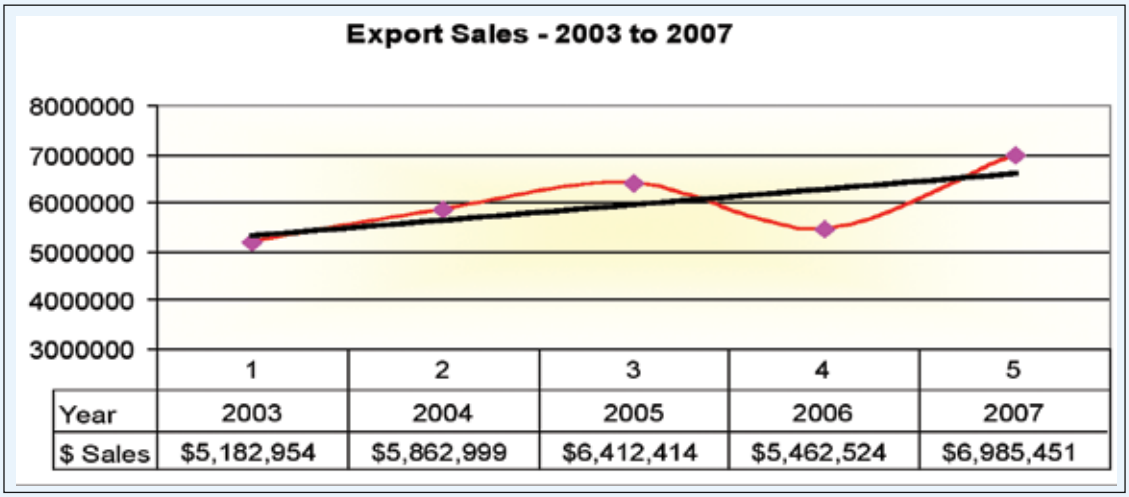


	UHT	Pas. Juices	Evap	Fresh Milk	Flav. Milk	SCM	Coolers	Yogurt	others
2005	27.9%	22.3%	17.3%	17.1%	5.7%	5.0%	0.0%	2.4%	2.3%
2006	28.5%	24.8%	11.6%	18.8%	5.0%	6.5%	0.0%	2.3%	2.5%
2007	29.0%	21.3%	13.9%	17.5%	6.4%	6.8%	1.6%	1.8%	1.8%

Table 1

Export Sales

At year-end, export sales increased by 27.9%. All territories have performed well with Trinidad recording a growth of 121%, the USA 71%, Antigua 37%, Guyana 25% and St. Lucia 14%. St. Lucia remains our strongest market accounting for 32% of our total export sales. Table 2 below shows export trends.



	1	2	3	4	5
Year	2003	2004	2005	2006	2007
$ Sales	$5,182,954	$5,862,999	$6,412,414	$5,462,524	$6,985,451

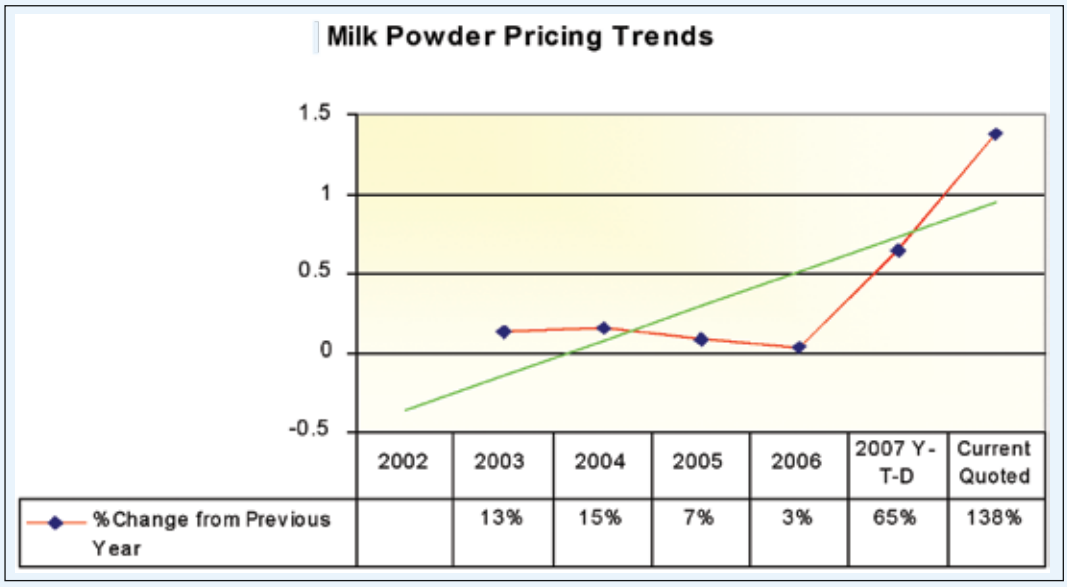
Table 2

Difficulties in procuring milk powder toward the end of the year prevented exports from being stronger. We continue to work with our suppliers to obtain the additional powdered milk to fulfill the strong regional demand of liquid milk products. Even at the extremely high world market prices, potential sales of liquid milks present our best opportunity for continued export growth.

Challenges

Milk Powder

This commodity is vital to our operations, especially for the production of evaporated milks, which accounts for 17.6% of our total sales. Towards the end of the year, the world market price of this commodity increased dramatically by approximately 138%. Naturally, this drove our cost of sales up and necessitated a 40% increase for this commodity. The price of milk powder is projected to remain high but even at these high prices, availability is limited. We have procured adequate supplies to meet our needs up to April 2008 and are in constant contact with suppliers in respect of deliveries beyond that date. Below is a graph showing world market price trends for milk powder.



	2002	2003	2004	2005	2006	2007 Y-T-D	Current Quoted
% Change from Previous Year		13%	15%	7%	3%	65%	138%

Table 3

World crude oil prices continue to rise resulting in increases for our operations through the cost of fuel oils and freight. These, coupled with increasing prices of raw material inputs, mandate that we continue to strive to implement energy savings and cost control measures. This will demand understanding and flexibility that will permit timely interventions as we respond to changing world trends and customer demands.

Human Resources

BDIL continues to benefit from the services of a very loyal and dedicated work force. Our relationship with their representative, the Barbados Workers Union, is good and we need to work even closer to ensure our productivity enhancement programs, such as the performance management scheme, function as intended. Absenteeism, although not widespread, remains a concern and needs to be resolved, if we are to obtain the productivity improvements that are necessary to assist in offsetting the rising prices of inputs.

Future

Product Development

In June 2007 we launched PineHill Coolers in 500ml PET bottles. This is a joint effort between Barbados Bottling Company (BBC) and PineHill. We are responsible for the product development and marketing while BBC executes the production and quality controls. The Coolers are currently available in five flavours with two additional flavours being developed. Sales to date are very encouraging and we will be producing the product in half gallon bottles and 250ml Tetra Pak cartons in December 2007 and January 2008, respectively. Exports of the 500ml PET and 250ml Tetra are scheduled for the second half of this financial year. This new product group is projected to drive most of our sales growth and make a reasonable contribution to our bottom line during the next financial year.

Quality Programs

Last year I advised that our PineHill Quality Management System (PHD QMS) was re-activated. This year I am pleased to report that it has already paid dividends. Our HTST and UHT plant received HACCP accreditation from Medina Quality Management Systems in April 2007 with the HTST plant receiving a gold accreditation. These achievements were recognized by the Barbados Investment and Development Corporation and we were awarded the Exceptional Quality Award by that organization.

Quality, as expected, remains high on our agenda and we are on schedule to be audited for ISO 9001/2000 certification during the first quarter of 2008. Our quality programs will continue to be the main factors that will drive the improvement of our procedures and employee performance leading to continuous improvement of our operations.

PLASTIC CONTAINERS LIMITED.

This operation continued to have problems in respect of sales generation during the year. Whilst we were successful in bringing the lines purchased from Chemical Industries to market during the year, we also registered significant declines in our existing portfolio as more customers opted to produce their bottle requirements in-house, currently PCL produces less than 1/3 of its output in its heyday, but is burdened with the fixed costs associated with possessing that capability.

At the year end the PCL board took the decision to accelerate the write-off of the goodwill associated with those brands, previously this was being

written-off over 10 years. This resulted in the charge of $1,590,000 in this year's consolidated accounts compared to last year's $180,000.

After a few shipments to Nassau, it soon became apparent that, although we were price competitive, the logistics of making the shipments were not and there were therefore lengthy lead times between production and consumption. The customer does not have the capability of carrying any significant inventory of bottles and thus could not accommodate these lead times.

Subsequent to the year end we further downsized the operation to reflect the above; the full effect of this will be felt in early 2008.

In closing, I would like to express my sincere thanks to all my fellow employees for their support and cooperation during the year and to wish all our stakeholders a very Merry Christmas and a prosperous New Year.

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

Managing Director / CEO

December 7th 2007

Directors' Report

1. The Directors submit their annual report and the audited consolidated financial statements for the year ended August 31, 2007.

	$
2. The consolidated net income for the year was	24,242,038
Which is added to the retained earnings brought forward of	97,244,490
Less dividend paid (16¢ per share)	(6,310,753)
Giving retained earnings available for appropriation of	115,175,775

3. Subsequent to year-end, a dividend of 16¢ per share in respect of 2007 was approved by the Directors. This dividend will be accounted for as an appropriation of retained earnings in the year ending 2008.

4. In accordance with the Company's By-Laws, the following Directors cease to hold office at the end of the Annual Meeting, but are eligible for re-election for three years:

   Mr. G.A.A. King, Mr. C.R.A. Cozier F.C.G.A. and Mr. C.D. Bynoe.

5. According to the company's register, the interests of persons who were directors on the dates indicated were as follows:

	31.8.07	**4.12.07**
C.D. Bynoe	1,915	3,000
C.R.A. Cozier F.C.G.A.	40,004	42,635
Senator Sir Allan Fields, K.C.M.G.	44,488	53,569
R.C. Harris BA	Nil	Nil
G.A.A. King, B.Sc. (Hons), C.I.T.P.	10,714	15,499
S.P. Musson Son & Co. Ltd.	1,650,000	1,925,000
P.A. Weatherhead F.C.I.B.	Nil	Nil
E.R. Sealy	Nil	2,632
D.B. Stoute	25,538	50,242
A.A. Khan	Nil	Nil

6. Interests of persons other than Directors holding more than 5% of the issued shares on the dates indicated were as follows:

	31.8.07	**4.12.07**
The Barbados Shipping & Trading Co. Ltd. (23.3%)	10,089,038	11,955,976
BWPL Holdings Limited (13.84%)	5,764,588	6,995,318
Banks D.I.H. Limited (8.59%)	3,604,897	4,343,415

7. The retiring auditors, Ernst & Young, Chartered Accountants, offer themselves for re-appointment.

BY ORDER OF THE BOARD

Natalie Brace

N.M. Brace
Secretary
December 4th, 2007

ERNST & YOUNG

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Barbados

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AUDITORS' REPORT

To the Shareholders of Banks Holdings Limited

We have audited the accompanying consolidated financial statements of Banks Holdings Limited, which comprise the consolidated balance sheet as of August 31, 2007 and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As indicated in Note 3(g) to the financial statements, the Company does not provide for depreciation on its freehold buildings. In our opinion, this is not in accordance with International Financial Reporting Standards, which require that buildings be depreciated over their estimated useful lives. Had the Company accounted for depreciation using the straight-line method at an annual rate of 2.5%, the net income would have been reduced by $979,644 (2006 – $957,892) and property, plant and equipment would have been reduced by accumulated depreciation of $3,238,409 (2006 – $2,258,765) and shareholders' equity by the same amount.

In our opinion, except for the effects of the failure to record depreciation on freehold buildings as stated in the preceding paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Banks Holdings Limited as of August 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

CHARTERED ACCOUNTANTS

Barbados
December 4, 2007

BANKS HOLDINGS LIMITED

Consolidated Statement of Income
Year ended August 31, 2007

	Notes	2007 $	2006 $
Revenue	4	176,424,925	168,661,393
Profit from operations before undernoted items	4	9,359,635	11,861,075
Impairment and amortisation of intangible assets	12	(1,590,000)	(180,000)
Interest income		29,724	69,093
Interest expense		(3,260,666)	(1,750,851)
Unrealised loss on short-term investments		(7,100)	(170,625)
Income before taxation – parent and subsidiaries		4,531,593	9,828,692
Share of income of associated companies		17,371,678	2,029,108
Income before taxation		21,903,271	11,857,800
Taxation	5	2,104,802	545,125
Net income for the year		24,008,073	12,402,925
Attributable to:			
Equity holders of the parent		24,242,038	12,863,230
Minority interest		(233,965)	(460,305)
		24,008,073	12,402,925
Basic earnings per share	19	57.2¢	32.6¢

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED
Consolidated Balance Sheet
As of August 31, 2007

	Notes	2007	2006
		$	$
Current assets			
Cash		1,014,020	3,076,827
Cash on deposit	6	351,376	933,276
Accounts receivable and prepaid expenses		20,745,701	17,599,799
Taxation recoverable		90,796	85,589
Inventories	7	37,147,148	37,077,525
Short-term investments		1,525,776	1,532,876
Current portion of loans receivable	8	87,159	164,848
		60,961,976	60,470,740
Non-current assets classified as held for sale		-	478,240
		60,961,976	60,948,980
Current liabilities			
Bank overdraft	6	6,663,585	3,246,890
Accounts payable and accruals		19,834,618	15,992,136
Provision for deposits owed to customers		622,182	975,171
Taxation payable		-	540,562
Current portion of long-term liabilities	14	25,844,778	7,261,853
		52,965,163	28,016,612
Working capital		7,996,813	32,932,368
Loans receivable	8	100,179	5,156,165
Investments in associated companies	9	83,829,547	30,206,709
Property, plant and equipment	10	115,956,692	111,195,684
Investment property	11	5,742,633	5,742,633
Intangible assets	12	578,962	2,168,962
Pension plan asset	13	4,560,323	3,940,340
Deferred tax	5	5,279,997	3,263,252
Long-term liabilities	14	(16,554,661)	(20,204,216)
		207,490,485	174,401,897
Equity attributable to equity holders of the parent			
Share capital	15	60,131,666	44,701,853
Revaluation surplus	16	23,676,076	23,676,076
Retained earnings	17	115,175,775	97,244,490
		198,983,517	165,622,419
Minority interest		8,506,968	8,779,478
Total equity		207,490,485	174,401,897

The accompanying notes form part of these financial statements.

Approved by the Board on December 4, 2007 and signed on its behalf by:

.....Chairman
Senator Sir Allan Fields K.C.M.G.

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

BANKS HOLDINGS LIMITED
Consolidated Statement of Changes in Equity
Year ended August 31, 2007

	Attributable to equity holders of the parent					
	Share capital $	**Revaluation surplus** $	**Retained earnings** $	**Total** $	**Minority interest** $	**Total equity** $
Balance as of August 31, 2005 - as previously stated	44,027,852	23,676,076	90,719,788	158,423,716	9,441,865	167,865,581
Prior period adjustment	189,545	-	(435,502)	(245,957)	(47,899)	(293,856)
Balance as of August 31, 2005 - as restated	44,217,397	23,676,076	90,284,286	158,177,759	9,393,966	167,571,725
Issue of share capital	301,277	-	-	301,277	-	301,277
Share-based payment	183,179	-	-	183,179	-	183,179
Net income for the year	-	-	12,863,230	12,863,230	(460,305)	12,402,925
Dividend paid (15.0¢ per share)	-	-	(5,903,026)	(5,903,026)	-	(5,903,026)
Dividend paid to minority interest	-	-	-	-	(154,183)	(154,183)
Balance as of August 31, 2006	44,701,853	23,676,076	97,244,490	165,622,419	8,779,478	174,401,897
Issue of share capital	15,226,227	-	-	15,226,227	-	15,226,227
Share-based payment	203,586	-	-	203,586	-	203,586
Net income for the year	-	-	24,242,038	24,242,038	(233,965)	24,008,073
Dividend paid (16.0¢ per share)	-	-	(6,310,753)	(6,310,753)	-	(6,310,753)
Dividend paid to minority interest	-	-	-	-	(38,545)	(38,545)
Balance as of August 31, 2007	60,131,666	23,676,076	115,175,775	198,983,517	8,506,968	207,490,485

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Cash Flows

Year ended August 31, 2007	**2007**	**2006**
	$	$
Cash flows from operating activities		
Income before taxation – parent and subsidiaries	4,531,593	9,828,692
Adjustments for:		
Depreciation	12,446,755	11,940,743
Impairment and amortization of intangible assets	1,590,000	180,000
Loss on disposal of property, plant and equipment	34,390	81,901
Gain on disposal of asset held for sale	(31,448)	-
Unrealized loss on short-term investments	7,100	170,625
Share-based payment	203,586	183,179
Interest income	(29,724)	(69,093)
Interest expense	3,260,666	1,750,851
Pension plan asset	(619,983)	(450,746)
Operating profit before working capital changes	21,392,935	23,616,152
Increase in accounts receivable and prepaid expenses	(3,145,902)	(1,828,768)
Increase in inventories	(69,623)	(1,027,294)
Increase in accounts payable and accruals	3,842,482	259,066
Decrease in provision for deposits owed to customers	(352,989)	(27,417)
Cash generated from operations	21,661,903	20,991,739
Corporation taxes (paid) refunded	(457,713)	12,497
Interest received	29,724	69,093
Interest paid	(3,260,666)	(1,750,851)
Net cash from operating activities	17,978,248	19,322,478
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,409,171)	(12,405,166)
Additions to investment property	-	(784,227)
Dividends received from associated companies	922,465	648,049
Proceeds from disposal of property, plant and equipment	1,167,018	1,944,182
Proceeds from sale of asset held for sale	509,688	-
Decrease (increase) in loans receivable	133,675	(4,942,386)
Purchase of investment in associated companies	(17,270,697)	(1,595,885)
Net cash used in investing activities	(32,947,022)	(17,135,433)
Cash flows from financing activities		
Proceeds from issue of shares	323,300	301,277
Payment of dividend	(6,310,753)	(5,903,026)
Dividend paid to minority shareholders	(38,545)	(154,183)
Net proceeds from long-term liabilities	14,933,370	8,186,873
Net cash from financing activities	8,907,372	2,430,941
(Decrease) increase in cash and cash equivalents	(6,061,402)	4,617,986
Cash and cash equivalents – beginning of year	763,213	(3,854,773)
Cash and cash equivalents – end of year (Note 6)	(5,298,189)	763,213

The accompanying notes form part of these 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 the brewing and bottling of alcoholic and non-alcoholic beverages, the manufacture of soft drinks, tiles and plastic bottles, the manufacturing and processing of dairy products and fruit juices, and the sale of finished products. As the Group is primarily involved in the manufacturing and sale of beverages, there are no distinguishable business segments for segment reporting purposes.

The registered office is The AutoDome, Warrens, St. Michael, Barbados.

2. Subsidiary and associated companies

a] Subsidiary companies

Banks (Barbados) Breweries Limited	(100% ownership)
Barbados Bottling Co. Limited	(100% ownership)
B & B Distribution Limited	(100% ownership)
Duraplast Incorporated	(87.5% ownership)
Barbados Dairy Industries Limited	(83.7% ownership)
Pine Hill Marketing Limited	(83.7% ownership)
Plastic Containers Limited	(65% ownership)

b] Associated companies

Citrus Products of Belize Limited	(41.93% ownership)
Chemical Industries Limited	(40% ownership)
GCG Services Limited	(33.33% ownership)
Caribco Limited	(30% ownership)
Newtech Incorporated	(26.2% ownership)
Tower Hill Merchants Plc	(21% ownership)
BCB Communications Incorporated	(20% ownership)
Banks DIH Limited	(20% ownership)

3. Significant accounting policies

Except as disclosed in Note 3[g], the financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise the standards and interpretations approved by the International Accounting Standards Board, International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. The most significant policies are summarized below:

a] Basis of preparation

The financial statements are prepared under the historical cost convention modified by the revaluation of land and buildings, investment properties and long-term investments.

3. Significant accounting policies (cont'd)

b] Principles of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries, as disclosed in Note 2. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies All inter-company balances and transactions, including unrealized profits from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Minority interest represents the portion of profit or lost and net assets not owned, directly or indirectly, by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separate from shareholders' equity.

c] 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.

d] Currency

The financial statements are expressed in Barbados dollars.

Monetary assets and liabilities denominated in currencies other than Barbados dollars are translated at the rate of exchange ruling at the balance sheet 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 income.

e] Taxation

The Company 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.

f] 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.

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

g] Property, plant and equipment

No depreciation is provided on freehold buildings. This practice is not in accordance with International Financial Reporting Standards, which require that buildings be depreciated over their estimated useful lives. The provision for the year ended August 31, 2007 would be $979,644 (2006 – $957,892) based on the straight-line method of depreciation using an annual rate of 2.5% per annum and the accumulated depreciation would be $3,238,409 (2006 – $2,258,765).

3. Significant accounting policies (cont'd)

g] Property, plant and equipment (cont'd)

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:

Leasehold buildings	20, 33 1/3 and 50 years
Plant and machinery	3 to 20 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years
Tools	20 years
Containers	3 to 5 years

Land and buildings are revalued every five years on the basis of their market value which is determined by independent valuers.

h] Intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities of the acquired subsidiary. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash generating unit, to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized.

Other

Other intangible assets include various brand names and development costs.

Brand names acquired by the Group are initially recognized at cost which represents fair value at the date of acquisition. After initial recognition, these intangible assets are amortized on a straight line basis over their estimated useful lives of ten years. Development costs, which relate to the design and testing of new products and processes, are recognized as assets to the extent that it is expected that such assets will generate future economic benefits.

Other intangible assets are tested for impairment if events or changes in circumstances indicate that the carrying amount may be impaired. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

3. Significant accounting policies (cont'd)

i] 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 balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The income statement reflects the share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

j] 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 turn around of containers.

k] Short-term investments

Short-term investments are initially recorded at cost, being the fair value of consideration given, and include acquisition charges associated with the investment. 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 its quoted market price at the balance sheet date. Privately held investments, in the absence of readily ascertainable market values, have been estimated by management on the basis of recent trades of the same investment. Unrealized gains or losses are recorded in the 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.

l] Pensions

The Group operates defined benefit pension plans, the assets of which are held in a separate fund administered independently by a Trustee. The pension plans are funded by payments from employees and the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

The pension accounting costs are accrued using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement 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. Actuarial gains and losses are spread forward over the average remaining service lives of employees.

3. Significant accounting policies (cont'd)

m] Leases

Finance leases are capitalized at fair value on inception of the leased 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.

n] 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.

o] Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with an original maturity of three months or less, net of bank overdrafts.

p] 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 transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet 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 income statement in the year in which they arise. Fair values are based on the directors' valuation taking into consideration asset replacement, land tax valuations and valuation of similar properties.

q] 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').

3. Significant accounting policies (cont'd)

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 15. 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' best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expens 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, as a minimum an expense is recognized as if the terms had not been modified. In addition, an 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 ofcancellation, 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.

r] Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, 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.

3. Significant accounting policies (cont'd)

r] Significant accounting judgements, estimates and assumptions (cont'd)

Operating lease commitments
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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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.

Impairment of non-financial assets
The Group determines whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other 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. Further details are disclosed in Note 12.

Fair value of unquoted equity instruments
Where the fair value of financial assets recorded on the balance sheet 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 recognised 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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Pension benefits
The cost of the defined benefit pension plan 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 Note 13.

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 15.

4. Profit from operations

	2007 $	2006 $
Sales	176,424,925	168,661,393
Cost of sales	(111,458,584)	(104,531,465)
Gross profit	64,966,341	64,129,928
Other income	719,501	389,263
Selling, general and administrative expenses	(56,326,207)	(52,658,116)
Profit from operations	9,359,635	11,861,075

Profit from operations is after charging:

	2007 $	2006 $
Depreciation	12,446,755	11,940,743
Staff costs	35,602,099	33,729,749

5. Taxation

	2007 $	2006 $
Statement of Income		
The taxation credit on net income consists of:		
Corporation tax for the year	-	540,562
Deferred tax recovery for the year	(1,935,430)	(1,085,687)
Overprovision of prior year corporation tax	(88,057)	-
Overprovision of prior year deferred tax	(81,315)	-
	(2,104,802)	(545,125)

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

	2007 $	2006 $
Income before taxation – parent and subsidiaries	4,531,593	9,828,692
Taxed at the applicable rate of 25% (2006 – 25%)	1,132,898	2,457,173
Tax effect of capital and building allowances	(2,321,296)	(1,780,870)
Exempt profits of subsidiaries	(919,067)	(1,485,063)
Amortization of intangible assets	45,000	45,000
Other	(42,337)	218,635
	(2,104,802)	(545,125)

5. Taxation (cont'd)

	2007	2006
	$	$
Deferred tax asset		
Balance – beginning of year	3,263,252	2,177,565
Deferred tax recovery for the year	1,935,430	1,085,687
Overprovision of prior year deferred tax	81,315	-
Balance – end of year	5,279,997	3,263,252

Deferred tax asset is made up as follows:		
Unutilized tax losses	5,050,960	3,940,046
Accelerated depreciation for income tax purposes	1,209,361	111,116
Pension asset	(1,140,082)	(985,085)
Provision for bad debts	159,758	197,175
	5,279,997	3,263,252

Tax losses totaling $20,203,844 (2006 – $15,760,182) are available to be carried forward by certain subsidiaries and offset against future taxable income of those companies. The losses have not been agreed with the Commissioner of Inland Revenue but they are not in dispute. The losses and their expiry dates are as follows:

Income year	Amount	Expiry date
	$	
1999	151,431	2008
2000	1,638,996	2009
2001	48,007	2010
2002	1,790,111	2011
2003	2,105,362	2012
2004	2,234,627	2013
2005	4,407,481	2014
2006	3,576,114	2015
2007	4,251,715	2016
	20,203,844	

Under the provisions of the Fiscal Incentives Act Cap. 71A, the profits of two subsidiaries are exempt from corporation tax for a period of 10 and 15 years, which commenced from August 1, 1992 and October 1, 2001 respectively. One of the subsidiaries has been granted a further five year extension until 2007.

6. Cash and cash equivalents

Cash and cash equivalents are made up as follows:

	2007 $	2006 $
Cash	1,014,020	3,076,827
Cash on deposit	351,376	933,276
	1,365,396	4,010,103
Bank overdraft	(6,663,585)	(3,246,890)
	(5,298,189)	763,213

Cash on deposit
The deposits are on call and earn interest at varying rates between 4.85% and 5.65% (2006 – 4.85% and 5.50%).

Bank overdraft
The security for the overdraft facilities of the Group is disclosed in Note 14. Interest was charged at rates between 10.15% and 11.15% (2006 – between 9.65% and 10.65%).

7. Inventories

	2007 $	2006 $
Raw materials	19,370,871	17,445,717
Finished goods	7,087,857	7,287,701
Work-in-progress	1,086,523	964,348
Sundry materials	66,447	736,399
Expense stock and spares	9,535,450	10,643,360
	37,147,148	37,077,525

The amount of write-down of inventories recognized as an expense is $676,735 (2006 – $783,329). This expense is included in cost of sales as disclosed in Note 4.

8. Loans receivable

	2007 $	2006 $
(i) Loans to farmers	187,338	321,013
(ii) Loan to Caribco Limited	-	5,000,000
	187,338	5,321,013
Less: Current portion	(87,159)	(164,848)
Long-term portion	100,179	5,156,165

(i) These loans are mainly secured advances to farmers for the purchase of equipment. Interest on the loans is being charged at the commercial banks' prime rate plus 1/2% per annum. Interest was charged at the rate of 10.65% (2006 – 8.5%). The loans are repayable over a period of 4 years with a one-year moratorium on the repayment of principal. The loans are secured by the assets of the respective farmers.

(ii) In the prior year the advance to Caribco Limited represented an interest free loan of Bahamian $1,875,000 and a further loan of Bahamian $625,000 which bears interest at a rate of 7.75%. In December 2006 the interest free loan was converted into equity representing 30% ownership of Caribco Limited, while the second loan was converted into preference shares. These shares bear interest at 2 1/4 % over Bahamian dollar prime (currently 5.5%) for a current yield of 7.75%.

9. Investments in associated companies

	2007 $	2006 $
Cost of investments	64,616,839	27,443,215
Increase in equity value over cost from acquisition to end of year	19,212,708	2,763,494
	83,829,547	30,206,709

The following illustrates summarized financial information of the Group's share of associated companies:

	2007 $	2006 $
Assets	123,406,858	75,020,602
Liabilities	43,542,294	42,243,242
Revenue	83,388,999	43,909,719

Banks DIH Limited is traded on the Guyana Stock Exchange and the Group's investment had a fair value of $20,018,462 based on the closing price at year end.

10. Property, plant and equipment

	At August 31, 2006	Additions	Disposals	Transfers	At August 31, 2007
	$	$	$	$	$
Cost or valuation					
Freehold land	8,453,486	2,674,763	-	-	11,128,249
Freehold buildings	39,056,796	97,762	-	31,188	39,185,746
Buildings on leasehold land	13,937,105	552,494	-	-	14,489,599
Plant and machinery	111,136,007	8,430,766	(4,144,160)	210,604	115,633,217
Furniture and fittings	14,662,019	1,197,021	(317,050)	1,177,962	16,719,952
Motor vehicles	10,340,762	528,295	(904,642)	-	9,964,415
Containers	10,883,377	2,236,934	-	-	13,120,311
Capital works in progress	1,473,728	2,691,136	-	(1,419,754)	2,745,110
	209,943,280	18,409,171	(5,365,852)	-	222,986,599
Accumulated depreciation					
Buildings on leasehold land	7,211,040	358,738	-	-	7,569,778
Plant and machinery	66,496,778	7,299,522	(3,128,428)	-	70,667,872
Furniture and fittings	9,548,949	2,112,424	(282,963)	-	11,378,410
Motor vehicles	7,906,069	964,436	(753,053)	-	8,117,452
Containers	7,584,760	1,711,635	-	-	9,296,395
	98,747,596	12,446,755	(4,164,444)	-	107,029,907
Net book value					
Freehold land	8,453,486				11,128,249
Freehold buildings	39,056,796				39,185,746
Buildings on leasehold land	6,726,065				6,919,821
Plant and machinery	44,639,229				44,965,345
Furniture and fittings	5,113,070				5,341,542
Motor vehicles	2,434,693				1,846,963
Containers	3,298,617				3,823,916
Capital works in progress	1,473,728				2,745,110
	111,195,684				115,956,692

10. Property, plant and equipment

	At August 31, 2005	Additions	Disposals	Transfers	At August 31, 2006
	$	$	$	$	$
Cost or valuation					
Freehold land	9,319,886	-	-	(866,400)	8,453,486
Freehold buildings	42,622,541	776,261	(250,000)	(4,092,006)	39,056,796
Buildings on leasehold land	13,890,316	46,789	-	-	13,937,105
Plant and machinery	107,097,682	6,847,827	(4,246,572)	1,437,070	111,136,007
Furniture and fittings	14,483,628	514,657	(336,266)	-	14,662,019
Motor vehicles	9,548,102	1,119,177	(326,517)	-	10,340,762
Containers	9,239,187	1,644,190	-	-	10,883,377
Capital works in progress	2,093,448	1,456,265	-	(2,075,985)	1,473,728
	208,294,790	12,405,166	(5,159,355)	(5,597,321)	209,943,280
Accumulated depreciation					
Buildings on leasehold land	6,897,744	313,296	-	-	7,211,040
Plant and machinery	61,814,611	7,314,713	(2,471,871)	(160,675)	66,496,778
Furniture and fittings	8,049,249	1,834,584	(334,884)	-	9,548,949
Motor vehicles	7,296,338	936,248	(326,517)	-	7,906,069
Containers	6,042,858	1,541,902	-	-	7,584,760
	90,100,800	11,940,743	(3,133,272)	(160,675)	98,747,596
Net book value					
Freehold land	9,319,886				8,453,486
Freehold buildings	42,622,541				39,056,796
Buildings on leasehold land	6,992,572				6,726,065
Plant and machinery	45,283,071				44,639,229
Furniture and fittings	6,434,379				5,113,070
Motor vehicles	2,251,764				2,434,693
Containers	3,196,329				3,298,617
Capital works in progress	2,093,448				1,473,728
	118,193,990				111,195,684

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

	2007 $	2006 $
Gross carrying values – at valuation	47,510,282	47,510,282
– at cost	175,476,317	162,432,998
	222,986,599	209,943,280

The Group has plant and equipment with a net book value of $1,145,012 (2006 – $1,225,764) secured under finance lease.

On August 31, 2004, the Company's freehold land and buildings at Newton and Wildey were revalued based on the advice of independent quantity surveyors. The buildings were revalued by management based on the quantity surveyors' valuation, which represents their estimate of fair value. On January 13, 2005, the Company's freehold land and buildings of a subsidiary at Thornbury Hill were revalued at $3,750,000 based on the advice of independent real estate appraisers. The independent valuations took into account replacement costs and capitalization of imputed rents.

Subsequent additions are at cost.

11. Investment property

	2007 $	2006 $
Balance, beginning of the year	5,742,633	-
Transfer from property, plant and equipment	-	4,958,406
Additions	-	784,227
Balance, end of the year	5,742,633	5,742,633

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

Rental income	635,732	640,084
Operating expenses	(337,114)	(367,250)
	298,618	272,834

12. Intangible assets

	Goodwill	Other	2007 Total	2006 Total
	$	$	$	$
Cost				
Beginning of the year	578,962	2,284,498	2,863,460	2,863,460
Impairment	-	(1,800,000)	(1,800,000)	-
Elimination of accumulated amortization	-	-	-	-
End of the year	578,962	484,498	1,063,460	2,863,460
Accumulated amortization				
Beginning of the year	-	694,498	694,498	514,498
Charge for the year	-	-	-	180,000
Elimination of accumulated amortization	-	(210,000)	(210,000)	-
End of the year	-	484,498	484,498	694,498
Balance, end of year	578,962	-	578,962	2,168,962

An impairment loss amounting to $1,590,000 was recognized on the intangible asset relating to the consumer chemical cash generating unit in Plastic Containers Limited as the recoverable amount was less than the carrying value. The goodwill remaining of $578,962 acquired through business combinations has been allocated to the milk and juice manufacturing cash generating units.

Management has assessed the recoverable amounts of the cash generating units based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five year period and assuming a discount rate and growth rate of 8% and 0% (2006 – 8% and 0%) respectively.

13. Pension plan asset

	2007	2006
	$	$
The amounts recognized in the balance sheet are as follows:		
Fair value of plan assets	37,219,207	34,160,887
Present value of funded obligations	(26,226,498)	(26,114,017)
	10,992,709	8,046,870
Unrecognized actuarial losses	(6,432,386)	(4,106,530)
Net asset recognized in the balance sheet	4,560,323	3,940,340

The amounts recognized in the income statement are as follows:		
Current service cost	927,647	1,033,545
Interest cost	1,808,519	1,799,140
Expected return on plan assets	(2,369,155)	(2,287,079)
Net actuarial gains recognized	(134,917)	(90,405)
Total, included in staff costs	232,094	455,201

	2007	2006
	$	$
Movements in the net asset are as follows:		
Balance, beginning of the year	3,940,340	3,489,594
Net expense recognized in the income statement	(232,094)	(455,201)
Contributions paid	852,077	905,947
Balance, end of the year	4,560,323	3,940,340
Actual return on plan assets	3,689,939	1,440,938

The principal actuarial assumptions used for accounting purposes at August 31, were:

	2007	2006
Discount rate at end of year	8.0%	7.0%
Expected return on plan assets at end of year	8.0%	7.0%
Future promotional salary increases	2.5%	2.5%
Future inflationary salary increases	4.0%	3.0%
Future changes in NIS ceiling	4.5%	3.5%
Future pension increases	4.0%	3.0%

14. Long-term liabilities

		2007	2006
		$	$
(i)	Bank loans	36,922,707	23,293,112
(ii)	Grassland Development loans	-	134,883
(iii)	Tetra Pak S.A.	2,428,740	990,082
(iv)	BH Pension Limited	3,047,992	3,047,992
		42,399,439	27,466,069
	Less: Current portion	(25,844,778)	(7,261,853)
	Long-term portion	16,554,661	20,204,216

(i) The bank loans bear interest at rates between 6.00% and 10.65% (2006 – between 6.00% and 8.65%). The loans are repayable in various instalments of principal and interest. The Group has 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 $20,000,000; (b) the assignment of the insurance policies on various properties and other permanent fixtures for sums assured totalling $19,422,300; (c) a guarantee for $14,083,000; and (d) a letter of undertaking to the bank to provide a mortgage over a subsidiary's assets.

(ii) There is a facility of $1,000,000 with the Group's bank to be drawn in tranches of $100,000 each for lending to farmers. There is a one-year moratorium on the repayment of the principal from the date of draw down. Interest at the rate of 11.15% (2006 – 8.50%) per annum is charged.

(iii) The finance lease from Tetra Pak is repayable over five years in equal instalments. No interest is charged on the lease and as a result, the present value of the future lease payments approximates the carrying value. It is secured by the asset related to the lease. Future lease payments due within one year are $739,211 (2006 – $733,852). Lease payments due after one year total $1,689,529 (2006 – $256,230).

(iv) The loan to the pension scheme is unsecured with no fixed terms of repayment. The loan bears interest at the rate of 7.0%.

15. 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	
	2007	2006	2007	2006
	$	$	$	$
At the beginning of the year	39,442,206	39,353,812	44,701,853	44,217,397
Shares issued during the year	3,697,997	-	14,902,927	-
Shares issued in lieu of bonus	67,256	81,000	232,706	283,605
Employee stock option plan	31,616	7,394	90,594	17,672
Share based payment	-	-	203,586	183,179
At the end of the year	43,239,075	39,442,206	60,131,666	44,701,853

Share-based payment plans
At a Special General Meeting held on May 28, 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 Securities Exchange of Barbados 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 August 31, 2007, stock options on 1,178,605 (2006 – 1,190,258) shares at prices ranging from $2.39 to $3.73 were outstanding.

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

	Number		WAEP	
	2007	2006	2007	2006
	$	$	$	$
Outstanding at beginning of the year	1,190,258	1,098,238	3.38	3.64
Granted during the year	200,000	200,000	3.58	3.33
Forfeited during the year	-	-	-	-
Exercised during the year	(66,710)	(7,394)	3.16	2.39
Expired during the year	(144,943)	(100,586)	4.68	5.67
Outstanding at end of the year	1,178,605	1,190,258	3.31	2.86
Exercisable at end of the year	833,961	890,256	3.22	3.38

15. Share capital (cont'd)

Share-based payment plans (continued)

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 following table lists the inputs to the model used for the years ended August 31:

	2007	2006
Dividend yield (%)	3.0	3.0
Expected volatility (%)	15.0	15.0
Historical volatility (%)	11.8	15.0
Risk-free interest rate (%)	7.5	7.0
Expected life of the option (years)	6	6

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.

Rights issue

The Company issued Rights to the Shareholders of its outstanding common shares at the close of business on July 20, 2007 (the "Record Date"). Each holder of a Common Share has been issued one Right for every six Common Shares held at the record date. Rights to subscribe for an aggregate of 7,205,551 Common Shares of the Company were issued to the shareholders of record on the record date. As of the record date there were 43,239,075 Common Shares outstanding. Each Right entitles the holder thereof to subscribe for one Common Share at a price of $3.80 per share. Under an Additional Subscription Privilege, holders of Rights that exercise their Rights in full are entitled to subscribe for additional Common Shares which are issuable pursuant to Rights that have not been exercised prior to the Expiry date.

The Barbados Shipping & Trading Co. Ltd., a shareholder of the Company, has agreed to purchase, at the subscription price, all of the Common Shares not otherwise purchased by the other shareholders of the Company pursuant to the entitlement to the Rights, including the Additional Subscription Privilege. The rights expire on September 21, 2007.

The proceeds of the Rights Offering will be used by the Company to extinguish debt incurred to acquire shares in Caribco Limited and Citrus Products of Belize Limited and for working capital purposes.

Subsequent to year end, at the close of the Rights issue on September 21, 2007, the subscription had been fully subscribed; raising $27,381,094 in capital and 7,205,551 Common Shares were issued on November 19, 2007.

16. Revaluation surplus

	2007 $	2006 $
Unrealized gain arising on revaluation of freehold properties:	23,676,076	23,676,076

17. Retained earnings

	2007 $	2006 $
Parent company	53,139,238	62,494,926
Subsidiaries	42,823,829	31,986,070
Associated companies	19,212,708	2,763,494
	115,175,775	97,244,490

18. Related party balances and transactions

The amounts receivable from and amounts payable to other related parties represent transactions with subsidiaries of The Barbados Shipping and Trading Co. Ltd.

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

	2007 $	2006 $
Receivables		
Associated companies	866,505	872,419
Other related parties	2,293,470	1,486,658
	3,159,975	2,359,077
Payables		
Associated companies	196,922	118,960
Other related parties	243,974	489,139
	440,896	608,099

During the year, the Group entered into the following transactions with its associates and subsidiaries of The Barbados Shipping and Trading Co. Ltd:

	2007 $	2006 $
Sales	25,931,306	9,628,302
Purchases	7,042,662	4,809,367

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 years ended August 31, 2007 and 2006.

18. Related party balances and transactions (cont'd)

Compensation of key management personnel of the Group:

	2007 $	2006 $
Short-term employee benefits	1,650,149	1,523,100

19. Earnings per share

Basic earnings per share are based on earnings attributable to equity holders of the parent. The calculation is based on earnings of $24,242,038 (2006 – $12,863,230) and a weighted average of 42,314,576 (2006 – 39,398,009) shares in issue during the year. Diluted earnings per share as a result of ordinary shares granted under the company's ESOP amounted to 57.0¢ based on a potential weighted average of ordinary shares in issue of 42,517,885 (2006 - 39,700,286).

20. Operating lease commitment

The lease expense for the year was $246,350 (2006 – $189,826).

Future minimum lease payments under the non-cancellable leases are as follows as of August 31:

	2007 $	2006 $
Within one year	170,520	-
After one year but not more than five years	43,020	-
	213,540	-

Future minimum lease receivables under the non-cancellable leases are as follows as of August 31:

	2007 $	2006 $
Within one year	879,444	915,597

21. Commitments and contingencies

Capital commitments

Capital expenditure of $6,579,233 (2006 – $13,815,429) was approved by the Directors and $193,727 (2006 – $681,500) was contracted for.

Other commitments

As part of a Memorandum of Understanding, the Company has committed to purchase from BWPL Holdings Limited its remaining 4.64% shareholding of Citrus Products of Belize Limited by December 2008 (no later than two years after the close of the initial purchase of Citrus Products of Belize Limited shares from BWPL Holdings Limited) for the equivalent of 888,932 shares in Banks Holdings Limited.

Contingencies

A subsidiary has guaranteed $500,000 (2006 – $500,000) and $1,000,000 (2006 – $1,000,000) in respect of the Housing Loan Fund for staff and The Farmers Grass Land loan scheme, respectively.

The Company has agreed to guarantee a Royal Bank of Canada credit facility of Caribco Limited to the extent of Bahamian $300,000.

22. Dividend

Subsequent to year end, a dividend of 16¢ per share, amounting to $8,078,451 (2006 – 16¢ per share, amounting to $6,310,753) was approved by the Directors. This dividend will be accounted for as an appropriation of retained earnings in the next financial year.

23. Financial instruments

Fair values

The methods and assumptions used to estimate the fair value of each class of financial instruments are as follows:

(i) Short-term financial assets and liabilities
The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise cash, cash on deposit and accounts receivable. Short-term financial liabilities comprise bank overdraft and accounts payable.

(ii) Short-term investments
Short-term investments are carried at fair value as disclosed in Note 3.

(iii) Long-term financial assets and liabilities
Long-term loans receivable and payable are at variable rates and consequently their fair values approximate their carrying values.

Credit risk: Accounts receivable

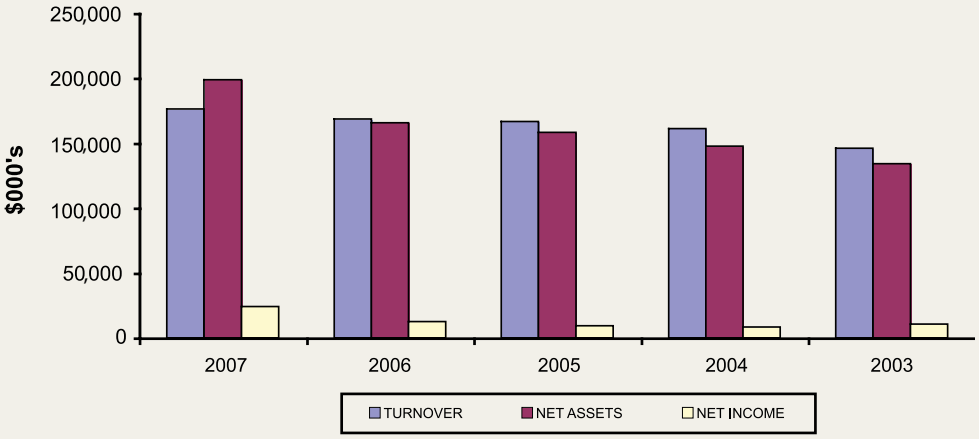
The Group sells products to customers primarily in Barbados. The Group performs ongoing credit evaluations of customers and generally does not require collateral. Provisions are made for potential credit losses.

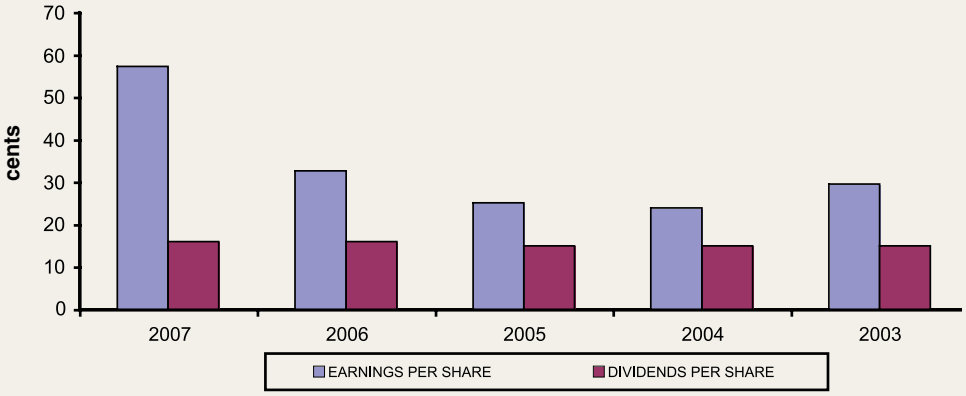
Interest rate risk

The Group is exposed to interest rate risk in respect of its bank overdraft, loans receivable and long- term liabilities as disclosed in Notes 6, 8 and 14 respectively.

BANKS HOLDINGS LIMITED
Selected Financial Information

	2007	2006	2005	2004	2003
Turnover ($000'S)	176,425	168,661	166,614	161,204	146,022
Net Assets ($000's)	198,984	165,622	158,178	147,578	134,118
Net Income ($000's)	24,008	12,402	9,421	8,517	10,533
Earnings per Share (cents)	57.2	32.6	25.1	23.9	29.6
Dividends per share (cents)	16.0	16.0	15.0	15.0	15.0
Times Dividend Covered	3.58	2.04	1.67	1.59	1.97
Net Asset Value per Share ($)	5.06	4.21	4.02	4.13	3.76
Share Price ($)	4.35	3.85	4.30	4.00	2.85
P/E Ratio	7.60	11.81	17.13	16.74	9.63





MANAGEMENT PROXY CIRCULAR

Company No: 15726

Management is required by the Companies Act Cap. 308 of the Laws of Barbados (hereinafter called "the Companies Act") to send with the notice convening the meeting forms of proxy. 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 Forty-Ninth Annual General Meeting of Shareholders of Banks Holdings Limited (hereinafter called "the Company") to be held on Tuesday, January 22nd 2008 at 5:00pm (hereinafter called "the meeting") and is furnished in connection with the solicitation by the management of the company of proxies for use at the meeting, or any adjournment thereof. It is expected that the solicitation will primarily be 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 form of proxy to appoint a person to represent him by inserting the name of such person in the space indicated in the form of proxy.

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, executed under its corporate seal or by any duly authorized officer or attorney thereof, and deposited at the registered office of the company at The AutoDome, Warrens, St. Michael, at any time up to 4:15pm on Friday, January 18th 2008 being the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

Record Date, Notice of Meeting & Voting Shares

The directors of the company have fixed Monday, December 17th, 2007 as the record date for determining the shareholders who are entitled to receive notice of the meeting and have given notice thereof by advertisement as required by the Companies Act. Only shareholders on record at the close of business on December 17th, 2007 will be entitled to receive notice of the meeting.

Only such registered holders of common shares of the company will be entitled to vote at the meeting. Each holder is entitled to one vote for each share held. As at the date hereof there are 50,490,318 common shares without par value of the company issued and outstanding.

Election of Directors

The Board of Directors consists of members who retire in rotation annually. On December 7th 2007 there were ten (10) Board members. The number of directors of the company to be elected at the meeting is three (3). The following are the names of the persons proposed as nominees for election as directors of the company and for whom it is intended that votes will be cast for their election as directors pursuant to the forms of proxy herewith enclosed:

Nominee for Director	Present Principal Occupation
C.D. Bynoe	Non-executive Director
A.A. King	Non-executive Director
C.R. Cozier F.C.G.A.	Executive Director

With respect to the three (3) persons nominated, the term of office for each person so elected will expire at the close of the Third Annual General Meeting of the Shareholders of the company following his election or until his successor is elected or appointed. The management of the company does not contemplate that any of the nominees will for any reason, become unable or unwilling to serve as a director.

Messrs. C.D. Bynoe and A.A. King, and C.R. Cozier are now directors of the company and will retire at the close of the Forty-Ninth Annual Meeting in accordance with the provisions of clause 4.4 of By-Law No. 1 of the company but, being qualified are eligible for re-election. They were elected as directors at the Forty-Sixth shareholders meeting held on January 27th 2005.

Appointment of Auditors

It is proposed to nominate the firm of Ernst & Young, the present auditors of the consolidated accounts of the company, as auditors of the company to hold office until the next annual meeting of shareholders.

Discretionary Authority

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 thereof, the shares represented by proxies in favour of management nominees will be voted on any such matter in accordance with the best judgement 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.

COMPANY NO:15726

Proxy Form

The undersigned shareholder of Banks Holdings Limited hereby

appoints .....

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 49th Annual General Meeting of the Shareholders of the said company to be held on the 22nd day of January, 2008 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 or adjournments thereof.

Dated this day of 2008

.....

Signature of Shareholder

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 an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of 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 not later than 4:15p.m. on the 18th day of January, 2008.

Banks Holdings Limited
Wildey, St. Michael, Barbados. Tel: 429-2113, Fax: 427-0772
www.thebhlgroup.com