BHL

Banks Holdings Limited

Annual Report 2013

Contents

Mission

"To continuously enhance stakeholder value by operating as a key player in the production, distribution, and management of strong brands in domestic and regional markets with an extra-regional presence"

Vision

1. We operate within an integrated corporate culture and utilize the best technologies to maintain cost efficiencies throughout the operation. Resource conservation and effective recycling programs are an on-going priority.
2. We support a culture of ongoing research, feedback and innovation to ensure business continuity/viability.
3. We place an emphasis on modern R&D capabilities, and continue to foster partnerships with reputable parties to develop expertise, new ingredients, product, and packaging technologies.
4. We enjoy a highly-focused customer service culture, and mutually beneficial relationships with partners.
5. We commercialize a portfolio of high quality brands.
6. We expand geographically by investing outside of our traditional sphere of operations and as a result enhance earnings and renew personal and corporate interest in our Group.
7. We develop sustainable financial returns for investment, adding value to shareholders.
8. We are an undisputed Employer of Choice.
9. We maintain the highest standards in Corporate Governance.
10. We are leaders in Corporate Social Responsibility with a consistent commitment to supporting the needs of our communities and the natural environment.

Values

- Honesty & Integrity
- Quality & Excellence
- Fairness & Transparency
- Mutual Trust & Respect
- Commitment & Loyalty
- Innovation
- Recognition & Reward
- Accountability & Responsibility
- Empathy
- Ethical Behavior

Corporate Profile

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

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

REGISTERED OFFICE: Pine Hill Dairy Complex, The Pine, St. Michael, Barbados

ATTORNEYS-AT-LAW: Carrington & Sealy

AUDITORS: Ernst & Young, Chartered Accountants

BANKERS: FirstCaribbean International Bank

Associated Companies

Citrus Products of Belize Limited	(46.58%)
Chemical Industries Limited	(40%)
GCG Services Limited	(33.33%)
Caribco Limited	(30%)
Newtech Inc.	(26.2%)
BCL (Barbados) Limited	(25%)
Tower Hill Merchants Ltd.	(36.7%)
BCB Communications Inc.	(20%)
Banks DIH Limited	(20%)

Subsidiaries

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

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

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

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

Notice of Annual General Meeting

Notice is hereby given that the Fifty-fifth Annual General Meeting of Banks Holdings Limited ('the Company') will be held at the Lloyd Erskine Sandiford Centre, Two Mile Hill, St. Michael, Barbados, **on Tuesday, 25 February, 2014 at 3:00 pm** for the following purposes:

1. To receive and consider the consolidated financial statements of the Company for the Financial Year ended 31 August, 2013 and the Auditors' Report thereon;
2. To elect Directors;
3. To appoint Auditors for the ensuing financial year;
4. To consider and, if thought fit, to confirm By-Law 4 made by the Directors of the Company on the 9 December, 2013 which:
   (a) Adopted new Articles 4.8 and 4.9;
   (b) Deleted article 18.1 and substituted therefor a new article 18.1;
   (c) Deleted articles 18.9.1 and 18.9.2 and substituted therefor new articles 18.9.1 and 18.9.2 respectively; and
   (d) Instituted new articles 18.9.4, 18.9.5 and 18.10.
5. To consider, and if thought fit, to adopt the resolution made by the Directors on the 9th December, 2013 fixing Directors' remuneration with effect from January 1, 2014.
6. To transact any other business which may properly come before the meeting.

By Order of the Board

Natalie M. Brace

Natalie M. Brace
Corporate Secretary

20 December 2013

The full text of the resolutions amending By-Law No.1 of the Company and fixing Directors' remuneration, to be submitted to the meeting with respect to the matters referred to in paragraph 4 and paragraph 5 above, is attached to the notice as Appendix A.

The notes to the enclosed Proxy Form are incorporated in this notice.

REGISTERED OFFICE:
Pine Hill Dairy Complex
The Pine
St. Michael
Barbados

Directors

as of 20 December 2013

MR. ANTHONY KING Chairman

Non-Executive Chairman – Citizen of Barbados – Mr King, a Barbadian national, graduated in 1975 with a B.Sc. (Honours) degree in Computer Science. After working with an international computer firm, he joined the Neal and Massy Group, eventually becoming the Chairman of Neal and Massy's Eastern Caribbean business unit in the mid-1990's. In October 2004 Mr King was appointed CEO of the Barbados Shipping and Trading Group (BS&T). Following Neal and Massy's acquisition of BS&T in 2008, Mr King became an Executive Director of Neal & Massy Holdings but remained as BS&T's CEO, assisting the integration of BS&T's operations into the N&M Group. With that process substantially complete, he retired as an executive of BS&T and Neal & Massy during 2012. In addition to serving on the Boards of a number of companies incorporated in Barbados, Mr King continues to serve on the Neal & Massy Holdings Board as a Non-executive director and he is the Chairman of Barbados Dairy Industries Limited. Mr King has been associated with various private sector organisations including having served as President of the Barbados Chamber of Commerce & Industry and a Director of the Caribbean Association of Industry and Commerce (CAIC). He continues to participate in the community as the Chairman of the Tourism Development Corporation in Barbados and as a Director of the Barbados Private Sector Association, the umbrella private sector body in Barbados.

MR. RICHARD COZIER CEO & Managing Director

Executive Director – Citizen of Barbados - A member of the Board since 13 November 1997, Mr Cozier is a Fellow of the Institute of Chartered Accountants of Barbados (ICAB). He joined the staff at Banks (Barbados) Breweries Limited in 1979 as an Accountant. He was appointed Chief Accountant in 1985 and six years later, General Manager of another Banks Holdings Limited (BHL) subsidiary, the Barbados Bottling Company (BBC). His dedication and commitment was further rewarded in 1999, when he was appointed Managing Director and CEO of the BHL Group comprising Banks (Barbados) Breweries Limited, Barbados Dairy Industries Limited (Pine Hill Dairy), Barbados Bottling Co. Limited and B&B Distribution Ltd. He is a current member of the Master Brewers Association of the Americas, represents The Barbados Chamber of Commerce & Industry on the Board of The Barbados Stock Exchange and is an independent director on the Board of The Barbados Private Sector Association.

MR. FRERE F. C. DELMAS

Mr. Frere Delmas serves as the representative of S.P. Musson Son & Co. Ltd. on the BHL Board. As the Country Manager for the Neal & Massy Group in Barbados, a position which he assumed in January 2013, Mr. Delmas is the Chairman on the Boards of Directors for a number of Neal & Massy's locally-based subsidiaries and as a director on the Boards of others, along with his other duties.

Moreover, Mr. Delmas has an accumulated wealth of management experience and knowledge in the area of food retailing (supermarket trade) and wholesale distribution, acquired during his 35-year career in the field. He continues to offer his expertise in this area in his current position by providing leadership oversight at the domestic level as well as for the Group's retail interests in St. Lucia.

Previous to his current post, Mr. Delmas was the Executive Chairman for Neal & Massy's Retail Business Unit and, before that, as the Executive Chairman of the BS&T Food Retail and Distribution Division as well as a BS&T board director, prior to Neal & Massy's acquisition of BS&T – in addition to holding other management positions in this sector.

He pursued studies in Business Administration at Loughborough College in the United Kingdom, prior to starting his career.

MR. ELVIN R. SEALY

Mr. Elvin Sealy, Airline Executive, joined the Board of Directors in March 2004. Mr. Sealy has distinguished himself both in terms of his corporate undertakings and his community service. Awarded a Civil Aviation Scholarship by BOAC, predecessor to British Airways, he pursued air transport studies at Slough College of Technology and Ealing Technical College (UK). He is a former Airport Manager, BOAC, and has worked in all areas of BA's operation holding a number of key management positions. He was appointed to his current regional post as Commercial Manager South Caribbean in June of 2002. Mr. Sealy is a former Chairman of the Airlines Association.

In 1997 Mr Sealy was appointed a Justice of the Peace and in 2006, a Member of the Order of the British Empire (MBE) for his services to Civil Aviation in The Queen's New Year Honours. He has been an active Rotarian for 28 years and was President of the Rotary Club of Barbados 2008-2009.

Directors as of 20 December 2013 continued

MR. GEORGE McDONALD

Mr George Mc Donald joined the BHL Board of Directors in September 2010.
He is a graduate in Economics from the University of Guyana and has also completed the Western Executive Business Programme of the University of Western Ontario in Canada, specializing in Marketing and Finance.
He possesses over thirty years of experience in the beverage business and has also benefitted immensely from extensive training in Sales and Marketing from the Coca-Cola Company and the London-based multi-national beverage company DIAGEO.
Mr Mc Donald also lectured in Marketing at the University of Guyana for over five years.
He is a past Chairman of the Caribbean Breweries Association, and is currently Co- Managing/ Marketing Director with Banks DIH Limited in Guyana.
In addition to his post on the BHL Board, Mr. Mc Donald sits on the Boards of Citizens Bank (Guyana) Inc. and Banks DIH Ltd. also based in Guyana.

MR. LUIS ALVAREZ

In 2011, Mr. Luis R. Alvarez was appointed to the BHL Board, filling the vacancy resulting from Mr. Ed Bushell's resignation. Mr. Alvarez has significant operating experience in the beverage industry, previously holding positions at the Coca-Cola Company in Atlanta; at Caribbean Refrescos Inc, a division of the Coca-Cola Company, where he was Country Manager for the Dominican Republic and also oversaw the Bahamas, Jamaica, Bermuda and Antigua. He also served as Marketing and Sales Director of Coca-Cola's bottler in El Salvador, where he worked for 15 years. Mr. Alvarez has also served in other marketing positions and various Board positions over the years.

MR. DOMINIC HADEED

Dominic Hadeed leads the Aziz Hadeed Group of Companies, a diverse group of successful enterprises based in Trinidad, involved in manufacturing, distribution, wholesale and retail sales, real estate and property development. Mr. Hadeed holds a BSc. in Business Administration from Lynn University which complements his strong entrepreneurial spirit and drive to succeed. These qualities have allowed Mr. Hadeed to undertake and successfully accomplish very challenging projects. At the age of 24, he formed his first company, Blue Waters Products Limited which began as a small bottled water manufacturing and distribution company in Trinidad and has evolved into the market leader in the Bottled Water and Energy Drink categories in the Trinidad & Tobago non-alcohol beverage market. Mr. Hadeed's passion for business has driven his involvement in both the Trinidad and Tobago Chamber of Commerce and the Trinidad and Tobago Manufacturers' Association (TTMA) where he has just been elected to his second term as President. Mr. Hadeed also chairs the Marketing Committee of the TTMA and advocates on many issues on a national level.

MS. NIARA FRASER

Ms. Niara Fraser joined the BHL Board in 2012 as the representative of LRE CORP. She is an attorney-at-law and certified mediator who was called to the Bar of Saint Vincent and the Grenadines in 2007 and subsequently to the Bar of Barbados in 2010. She received a Bachelor of Law Degree Second Class Honours (upper division) from the University of the West Indies Cave Hill Campus Barbados and also completed the Legal Education Certification at the Hugh Wooding Law School in Trinidad and Tobago, graduating on the Principal Honour's List and obtaining the award of the Pelham Sloane-Seale Memorial prize for the best performance in Conveyance and Registration of Title.
She is currently an associate with Chancery Chambers in Barbados under the leadership of Dr Trevor Carmichael where she focuses mainly on Corporate/Commercial Law and Conveyancing.

Directors as of 20 December 2013 continued

MR. CHRIS DE CAIRES

Christopher deCaires is a Chartered Accountant and holds an MBA from Henley Management College in the United Kingdom. He has over 25 years professional and management experience in Barbados, Guyana and the wider Caribbean as well as Brazil and the United Kingdom. He is currently the Managing Director of Fednav International Ltd, a privately owned international shipping company.

His areas of expertise include corporate finance, international taxation, financial management, mergers and acquisitions, information systems, organisational design and business planning.

Mr. deCaires has served as a Partner of PricewaterhouseCoopers and Senior Vice President with the Interamericana Trading Corporation. He also served as Chairman of World Cup Barbados, has been a director of Sagicor Financial Corporation and Trinidad Cement Limited and currently serves on the boards of several international business companies.

Directors

who demitted office subsequent to 31 August 2013

MR. GERVASE WARNER

Mr. Gervase Warner joined the BHL Board in 2008 as the representative of S.P. Musson. President & Group Chief Executive Officer of Neal & Massy Holdings Ltd., Mr. Warner has extensive experience in the Financial, Information Technology, Telecom and Petroleum sectors. He holds an MBA from the Harvard Graduate School of Business and prior to joining the Neal & Massy Group, he led the Puerto Rico office and Caribbean Practice of McKinsey & Company Inc. He currently serves on the Trinidad & Tobago Board of Citigroup Merchant Bank Limited and the Arthur Lok Jack Graduate School of Business.

Corporate Secretary

MS. NATALIE BRACE Secretary

Ms. Natalie Brace serves as Company Secretary to Banks Holdings Limited. She is an Attorney-at-Law with over 14 years' experience having been admitted to the Bar of Barbados in 1999. Ms. Brace had had extensive experience in mergers and acquisitions, involving both private and public companies in Barbados and in addition to securities law and regulation, her professional experience has focused on property law as well as corporate and commercial law.

Ms. Brace is the in-house Legal Counsel and Corporate Secretary at The Barbados Shipping & Trading Company Limited (BS&T). She provides corporate secretarial services and legal advice to BS&T, its subsidiaries and associates.

Chairman's Report

Revenues of the Group for the 2013 financial year reflect a net marginal increase comprising welcome gains in Banks beer sales and in our Frutee beverages, tempered by reduced sales at the Pine Hill Dairy. The steps being taken to improve efficiencies in our operations have however substantially assisted in the achievement of improved operating results from our Group companies.

The journey of identifying and eliminating inefficiencies continues but is not yet complete and these changes do come at a price. In the prior financial year we incurred over $3 million in plant retirement and severance costs which have brought benefits from this last year. In the year under review we decommissioned uneconomic packaging equipment at the Dairy and in the financial year now underway, much work is being done to change our processes and systems at our distribution company B&B. Our operational results in recent years have not been acceptable and the company must become more efficient, particularly in a depressed market, and it must also position itself to offer its production facilities to other producers who are in need of regional capacity.

The Barbados Dairy Industries Limited (BDIL) continues to be particularly challenging due to the high cost environment, beginning with the source of supply of raw milk from the farms. This situation has pushed up milk prices to the consumer to the point of causing reduced demand while still being unprofitable for the Dairy. BDIL returned losses to the Group for the third year in succession. This in turn has brought about a partial impairment of its Deferred Tax Asset, recorded in our financial statements as a taxation charge, as well as the impairment of goodwill by BHL which had been recognised at the time of acquiring BDIL. This additional value can no longer be supported by projections on the business. As is noted in the Managing Director's Report, in conjunction with the dairy farmers, an industry restructuring plan has been presented to Government and we await their decision. In the meantime, new supply pricing arrangements have had to be implemented by BDIL but this does not represent a solution that addresses the pricing needs of BDIL, the farmers or consumers.

BHL's share of Income from Associates fell materially despite slightly better results from both Caribco Limited in The Bahamas and Banks DIH Limited in Guyana. In contrast, losses were reported by our other major associate, Citrus Products of Belize Limited (CPBL), as compared to a strong profit in 2012. This was due to a reduction in the size of the 2013 crop and a softening in commodity pricing. Furthermore, this year we were unable to obtain audited accounts from CPBL in time for the close of BHL's audit and hence our auditors have used their latest management accounts but have necessarily issued a qualification in respect of this.

An important development with CPBL is that our relationship with our partner, the Citrus Growers Association of Belize (CGA) who is the majority beneficiary owner of CPBL, has reached the stage where we have indicated our willingness to sell our shareholding to them. For many months the CGA have been signaling their desire to acquire BHL's shareholding but we still await a financially qualified offer. Should the CGA not be in a position acquire BHL's shareholding, we will have to take other steps to determine a resolution.

You will have observed that our financial statements contain Restated figures for prior years. This is because the Group decided to 'early adopt' an amendment to an IFRS Accounting Standard which will in any event become mandatory in the next financial year; adopting these Standards requires that the impact of the changes on prior year statements be disclosed.

Your Directors have decided to pay a dividend of 7 cents per share which is the same as last year. While BHL's financial position has strengthened with improving local operations, the Group's overall results have not yet advanced and we expect 2014 to be even more challenging than 2013 in the local market. We have limited control over our associates' results and hence management will continue to effect the measures identified to both increase the output of our plants while becoming more cost efficient. The Group's overall results can therefore become more influenced by our own operations.

The Group continues to be a good corporate citizen through the sponsorship of a wide range of social and sporting activities both at the national and community levels. In addition we have embarked on a path to be 'greener' with the installation of a photo-voltaic system at the brewery; to date this installation is delivering the benefits expected. Further similar installations are planned for the other operating plants. Finally, on behalf of the Board, I extend our thanks to our customers and all stakeholders for your continued support and patronage, and extend our appreciation to the employees and management for their continued dedication in the interest of the BHL Group and its shareholders.

G. Anthony King
Chairman

Managing Director's Report

Consolidated Results

Revenues for the Group increased modestly by $2.4 million or 1.3% for the year. However, when combined with lower operational costs, an improvement of $7.5 million in the profit performance of the Parent and Subsidiary Companies was achieved over the prior year. Unfortunately this improvement was negated by a reduction in the Share of Income from Associates and a Tax charge versus a Tax credit last year.

The reduction in Income from Associates is as a result of a major decline in the performance of Citrus Products of Belize Limited (CPBL), which was impacted by a fall in the size of the 2013 crop and a significant decrease in commodity pricing. Both Banks DIH Limited in Guyana and Caribco Limited in Nassau recorded increased profitability. The Tax charge primarily relates to a partial provision of $1.2 million made by Barbados Dairy Industries Limited (BDIL) in respect of the Deferred Tax Asset previously accumulated by BDIL. This provision was considered necessary due to the trend of trading losses at BDIL over recent years together with the expected depressed demand in the local market - factors which could impact the ability of BDIL to realise the full benefit of its accumulated tax losses prior to expiry. In the prior 3 years, the BHL Group benefitted from the tax allowances related to the acquisition of assets in its subsidiaries.

Apart from the above charge to reduce BDIL's Deferred Tax Asset, the operations at the Pine Hill Dairy were again negative and accounted for over $3.5 million in losses to the consolidated results before tax. These losses however included one-off charges of $922 thousand in relation to the decommissioning of a packaging line at BDIL and associated severance costs. Improvements in the performance of our newer equipment at BDIL made this older line obsolete. The benefits of decommissioning this line will be reflected in the results of the coming year.

Additionally, goodwill related to BHL's original acquisition of its shareholding in BDIL in the amount of $579 thousand needed to be impaired by BHL as this additional value for BDIL could not be demonstrated at the close of the financial year.

The sale of the Wildey property continues to be a work-in-progress as the prospective buyer has not been able to close the transaction and we are again willing to consider other offers. In contrast we successfully disposed of the 'Orange Mall' property at Warrens during the year.

This year our auditors have issued a qualified opinion as a result of the inability to obtain audited 2013 financial statements for CPBL in time for BHL to file its financial statements as required by the local Regulatory Agencies. Further, a number of differences now exist between the two large shareholders (the Belize Citrus Growers Association Investment Company Limited (BCGAICL) and BHL) which are impacting the process of decision making by both CPBL's Board of Directors and its shareholders. BCGAICL, the majority shareholder in CPBL, has however indicated a desire to purchase BHL's shareholding in that company. We however await a binding offer, including confirmation of finance together with certain other matters, failing which BHL shall seek other avenues to resolve the situation.

Notwithstanding the difficult trading environment and the ongoing costs associated with the pursuit of operational efficiencies, BHL's financial position strengthened considerably over the year. Working capital virtually doubled and we retired some $6.3 million in debt including $4 million in Long Term Debt while recording a positive cash flow of $7.4 million.

Banks (Barbados) Breweries Ltd.

Operations at the brewery continued to improve over the course of the year and this was reflected by a strengthened performance. Sales of our flagship Banks Beer grew appreciably over the year despite aggressive marketing and pricing by competing brands. This growth was achieved through a mix of attractive price deals and promotions across the traditional Barbadian "Rum Shop" category; this category has been targeted by the imported brands on an ongoing basis. The cost savings being achieved by the new facility have however facilitated us being able to continue to be as aggressive as the competition and still improve profits. Further cost improvements are being implemented for 2014.

Coconut Cooler

In June we installed a Photo-Voltaic System at the brewery. This system is designed to reduce the total energy purchased from the national supplier. The performance of the system is slightly ahead of expectations and 2014 will record the first full year's benefits. Based on the returns achieved with this system, we will be evaluating similar installations across other plants.

During the year we completed negotiations to both create and co-pack a brand of beer for an export

customer in the Caribbean. The initial order was shipped and reports from the customer indicate that the response has surpassed their expectations. Additionally, we brewed, packaged and shipped to Guyana their Banks Premium Lager in cans - again the reports from Guyana are positive. These successes represent our first two new co-packing deals since the move to the new facility; our facility was designed to facilitate these types of relationships and we have others at varying stages of evaluation/negotiation. We hope that there will be positive conclusions to these evaluations/negotiations so that utilisation of the facility can be maximised.

Last year we successfully launched Banks Beer into the UK market through our relationship with Marston's PLC; that launch was limited to the supermarket/retail trade. During the course of this year we began the expansion into the on-premises trade through Marston's network of owned & operated pubs. Additionally, Marston's is working to have the brand repositioned from the niche 'World of Beers' section at Tesco to their 'Beers Wines & Spirits' section (main beer aisle) thus giving the brand more visibility to mainstream customers and expanding the availability across their entire network. The full benefits from these two initiatives are expected in the new financial year. Closer to home, we participated in trade visits to Brazil & Cuba and made promising contacts in both territories; we are currently in the very early stages of evaluating the opportunities for our portfolio in both territories.

We currently have several new products in R&D some of which are targeted for the first half of the new financial year; indeed by the time this report is circulated two of these products (Deputy Lager and Vex Yellow Monkey) would have been commercialised. The early results from these launches have been positive.

Barbados Bottling Co Ltd.

The recession locally continued to challenge the operations at BBC as consumers continued to seek lower cost alternative refreshment options. To counter this, the Company implemented a combination of cost saving initiatives coupled with new product offerings. The cost saving initiatives started last year with 'light-weighting' our single-use packaging and continued this year with the adoption of a smaller, lighter closure. This smaller cap, as with the lighter bottle, reduces the packaging costs as well as reducing the plastic in the waste stream. The use of these smaller, lighter packaging components, while delivering positive benefits, require strong product management particularly in the trade and the Company has put in place improved policies to ensure consumers get the highest quality beverages at all times.

Frutee 355ml

Among the new product initiatives was the introduction of a smaller package for the Frutee brand. The new 355ml Frutee package was launched in July and sales since then have consistently exceeded

budgeted expectations. What is even more encouraging is that the additional sales have not noticeably impacted existing Frutee sales thereby increasing Frutee's market share. Further product launches are planned for the new financial year.

During the year BBC was successful in being re-certified in the quality standards they employ. This re-certification is an important achievement as it signals to all parties the quality of the operations and processes which BBC employs and is an important element in any plan to grow exports or to enter co-packing arrangements.

B&B Distribution Ltd.

We continued our strategy of deploying structured discounts within the traditional Barbadian "Rum Shop" channel to address the aggressive pricing on regional imports and strengthened this by partnering with a major media house in several national campaigns. This "two-pronged" approach successfully delivered growth in that category for our major brands and will therefore be extended into the coming year. We expect the recessionary nature of the economy to continue and thus getting our pricing and promotions right will be important going forward.

During the year under review we entered into a consultancy arrangement to critically examine and assess the structure and processes deployed by B&B. The engagement commenced in early June and the operational changes will complete in February. By the end of the financial year under review, we had evaluated several refinements/changes to the operations and we have since put in place several refined or new reporting tools. We expect that with the full implementation in February, the efficiency and effectiveness of our selling and distribution systems will be greatly improved to the benefit of all our customers and consumers alike.

Barbados Dairy Industries Limited

Significant enhancements to our case mixing operation, finished goods and raw material warehousing logistics and maintenance facilities were made during the year.

As advised last year, after a thorough review we discontinued our yogurt manufacturing operations in December 2012. Elements of this equipment were subsequently incorporated into our refurbished milkshake operation and enabled the re-launch of Fresh Pasteurised Whole Milk in the half-gallon HDPE (plastic) bottles. Response to this familiar, cold chain, product has been positive and plans are in place for expansion into other package sizes as well as a 2% Reduced Fat Fresh Milk option. Our Ultra Pasteurisation process and longer shelf life of packaged milk in Tetra Gemina Aseptic (TGA) packaging enabled the launch of Lactose Free Milk during the second half of the year. Feedback from the target market, especially from those of the population who are lactose intolerant, has been positive but volumes

are not high.
After a thorough review of the sub-par performance of our Tetra Brick Aseptic (TBA) Line, we negotiated with Tetra Pak for the re-purchase by them of the entire line including spare parts. The last production run was completed just prior to writing this report and all production has migrated to the modern 1L TGA (gable top) carton. The reduction in production costs associated with the discontinuation of the TBA packaging is expected to be realised from the end of the first quarter of the new financial year.

Communications with the Dairy farmers have improved and with it our relationship with these industry partners, and during the year we held several meetings with them to discuss pertinent issues. We have also implemented a process of Farm Inspections – aimed at helping farmers identify areas of risk and working with them to improve farm gate milk quality.

Declining milk consumption, a direct consequence of the depressed economic situation and pricing structure, forced a reduction in the milk quota allocated to farmers during the year. Unfortunately, the imbalance between milk intake and sales persisted and by the end of the financial year our inventories of packaged milk had grown to unacceptably high levels, threatening continued production operations at the Dairy. A one-off Government funded price support facility was implemented and this was successful in bringing the inventory back to manageable levels.

A longer term proposal designed to fuel future growth, reduce pricing to consumers and improve profitability for BDIL has been co-authored by PineHill and the Dairy Farmers and this has been submitted to Government for consideration. It is hoped to have the proposal in place in 2014.

New package design for Pine Hill Dairy's range of Milk

We successfully advanced the implementation of our Integrated Management Systems and at the end of the year received our certification in the following four International Standards:

ISO 9001:2008	(Quality Systems Management)
FSSC 22001:2005	(Food Safety Management)
ISO 14001:2004	(Environmental Management)
OSHAS 18001:2007	(Employee Health & Safety Management)

We are the only such certified Dairy in this region and are not aware of any Dairy world-wide to have received these four concurrent certifications.

These certifications have opened export and co-packing opportunities and we are currently engaged in discussions with several principals relative to filling our spare production capacity.

Capitalising on the operational improvements which the adoption of these standards bring, we are planning to add ISO 50001 (Energy Management) to our list of certifications in the coming year. We expect the implementation of this standard to result in a meaningful reduction in our energy consumption and hence lower cost.

Finally, in closing I would like to thank our consumers, customers, distributors, staff, and suppliers for their continued cooperation, support and patience over the past year and look forward to strengthening our relationships in the coming year.

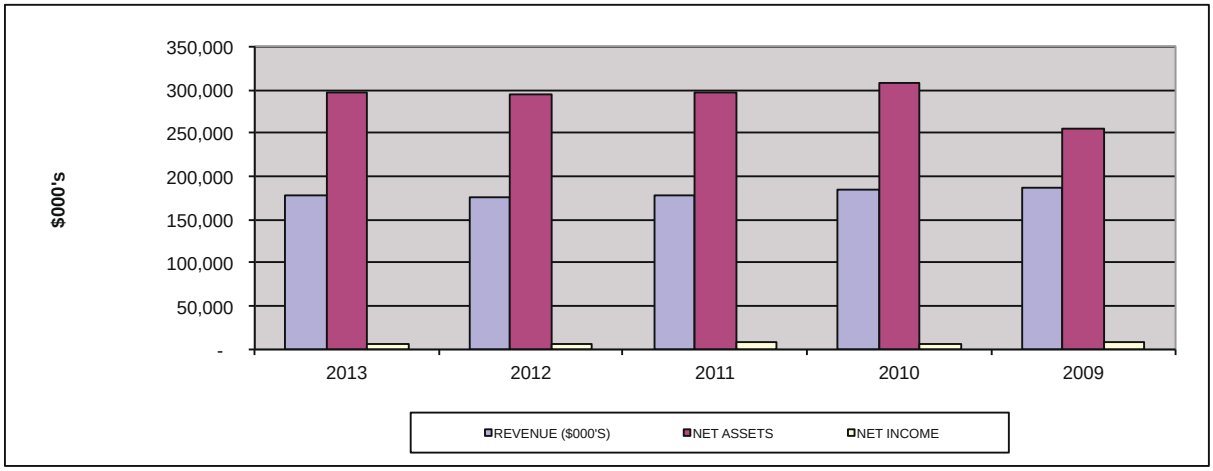
C. R. Cozier, F.C.G.A.
Managing Director / CEO

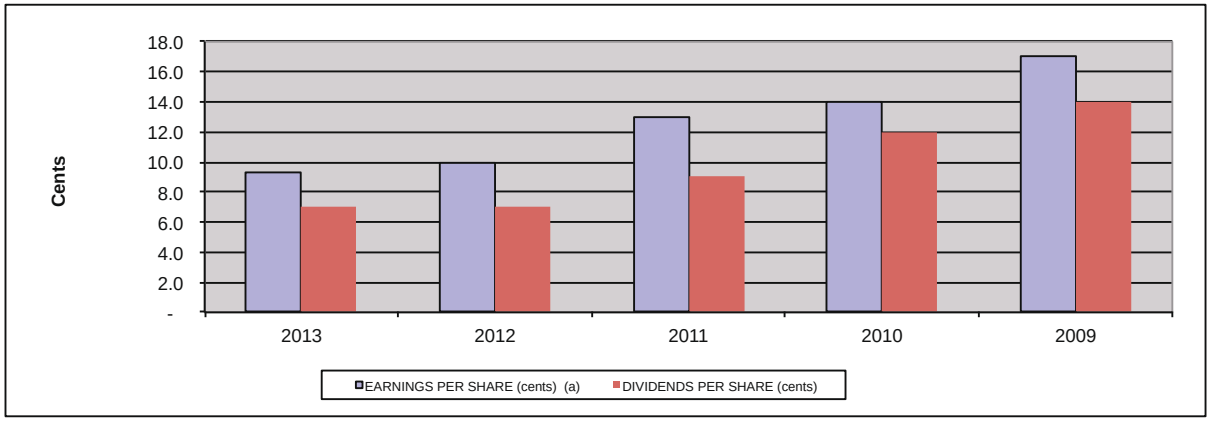
BANKS HOLDINGS LIMITED

Financial Highlights

		Restated	As Published		
	2013	**2012**	**2011**	**2010**	**2009**
REVENUE ($000'S)	179,001	176,624	177,325	184,045	185,724
NET ASSETS ($000's)	296,942	293,888	296,985	308,087	253,831
NET INCOME ($000's)	6,020	6,395	8,334	7,360	8,905
EARNINGS PER SHARE (cents) (a)	9.3	9.9	13.0	14.0	17.0
DIVIDENDS PER SHARE (cents)	7.0	7.0	9.0	12.0	14.0
TIMES DIVIDEND COVERED	1.33	1.41	1.44	1.17	1.21
NET ASSET VALUE PER SHARE ($) (b)	4.58	4.53	4.58	4.75	4.92
SHARE PRICE ($) (c)	2.90	3.00	3.82	4.13	4.39
P/E RATIO	31.18	30.30	29.38	29.50	25.82

During the year the Group early adopted an amendment to IAS 16 – Property, Plant and Equipment and as a result the comparative Net Assets and Net Income were restated to conform to the new policy. The figures for the years prior to 2012 are as previously published.





Notes: (a) Computed using the weighted average ordinary shares in issue during the year
(b) Computed using the total ordinary shares in issue at year-end
(c) Closing price as quoted by the Barbados Stock Exchange on the last day of trading for the financial year

BANKS HOLDINGS LIMITED

Directors' Report

1. The Directors hereby submit their annual report and the audited consolidated financial statements for the financial year ended 31 August 2013.

		$
2.	The consolidated net income for the year attributable to parent was	6,019,596
	Which is added to the restated retained earnings brought forward of	117,674,236
	Less dividend paid (7¢ per share)	(4,539,763)
	Giving retained earnings carried forward of	119,154,069

3. A dividend of 7¢ per share for the financial year ending 31 August 2013 was declared by the Board of Directors on 3 January 2014. Shareholders on record on the 20 January 2014 were entitled to receive the dividend. This dividend will be accounted for as an appropriation of retained earnings in the year ending 2014.

4. In accordance with Clause 4.4 of the Company's By-Laws, the following Directors cease to hold office at the end of this Annual Meeting, but are eligible for re-election for a period of three (3) years:

   Mr. C. Richard Cozier
   Mr. G. Anthony King
   Mr. Dominic Hadeed

5. According to the Company's register, the interests of persons who were Directors as at the close of business on 31 August 2013, and at 20 December 2013 respectively were as follows:

Name	No. of Shares at 31 August 2013	No. of Shares at 20 December 2013
S.P. Musson Son & Co. Ltd	1,925,000	-
C. Richard Cozier	50,620	50,620
G. Anthony King	15,499	15,499
Elvin Sealy	2,632	2,632
George McDonald	-	-
Dominic Hadeed	-	-
Christopher deCaires	-	-
Luis Alvarez	-	-
LRE CORP.	-	-

BANKS HOLDINGS LIMITED

Directors' Report

6. No service contracts were entered into between the Company and any of its Directors during the financial year and there were no contracts subsisting during or at the end of the financial year in which a Director of the Company was materially interested.

7. (i) Interests of persons other than Directors holding more than 5% of the issued shares as at 31 August 2013 were as follows:

Name	No. of Shares	Percentage
SLU Beverages Ltd.	13,250,000	20.43%
Barbados Shipping and Trading Co. Ltd.	10,982,292	16.93%
BWPL Holdings Ltd.	7,620,651	11.75%
Sagicor Financial Corporation	4,349,106	6.71%
Banks D I H Limited	4,343,415	6.70%

(ii) Interests of persons other than Directors holding more than 5% of the issued shares as at 20 December 2013 were as follows:

Name	No. of Shares	Percentage
SLU Beverages Ltd.	13,250,000	20.43%
Neal & Massy Holdings Limited	13,170,728	20.30%
BWPL Holdings Ltd.	7,620,651	11.75%
Sagicor Financial Corporation	4,349,106	6.71%
Banks D I H Limited	4,343,415	6.70%

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

According to section 60(1) of the Securities Act Cap. 318A of the Laws of Barbados, the Company's Annual Report must be filed with the Financial Services Commission (the Commission) and sent to shareholders within three months of the end of its financial year. The Company did not submit its Annual Report for the year ending 31 August 2013 to the Commission, nor did it distribute the Report to shareholders within the timeframe stipulated by the above legistation. The Company requested an extension of time for the filing of its annual report and the Commission granted an extension of the reporting period to 31st January, 2014. The reason for the failure by the Company to issue the Report in the timeframe required was due to having to await the audited financial statements from its Associated Companies whose results are material to the Consolidated Financial Statements of Banks Holdings Limited.

By Order of the Board

Natalie M. Brace

Natalie M. Brace
Corporate Secretary

ERNST & YOUNG

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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 and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as of 31 August 2013 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Basis for Qualified Opinion
The Group's investment in Citrus Products of Belize Limited, a foreign associate is carried at $44,874,206 on the consolidated statement of financial position as of 31 August 2013, and the share of Citrus Products of Belize Limited's net loss of $1,522,249 is included on the consolidated statement of income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the investment as of 31 August 2013 and the share of net loss due to the unavailability of audited financial statements of that company. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 August 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst + Young

CHARTERED ACCOUNTANTS
Barbados
20 December 2013

BANKS HOLDINGS LIMITED

Consolidated Statement of Income
Year ended 31 August 2013

	Notes	2013 $	Restated 2012 $
Revenue	4	179,001,010	176,624,413
Profit (loss) from operations before undernoted items	4	3,212,738	(1,208,228)
Change in fair value of investment properties	12	-	(1,300,000)
Loss on sale of investment property		(207,568)	-
Impairment of decommissioned assets	26	(431,015)	(1,147,215)
Severance costs		(492,352)	(1,996,634)
Interest income		25,380	11,355
Interest expense		(3,222,950)	(3,391,258)
Unrealised loss on short-term investments		-	(249,999)
Gain on sale of short-term investments		-	60,623
Impairment of intangible asset	13	(578,962)	-
Loss from operations – parent and subsidiaries		(1,694,729)	(9,221,356)
Share of income of associated companies	10	8,327,679	13,282,072
		6,632,950	4,060,716
Taxation	5	(1,221,756)	1,501,582
Net income for the year		5,411,194	5,562,298
Attributable to:			
Equity holders of the parent		6,019,596	6,395,190
Non-controlling interests		(608,402)	(832,892)
		5,411,194	5,562,298
Earnings per share	21		
Basic and diluted earnings per share attributable to equity holders of the parent as previously reported		9.3¢	10.8¢
Basic and diluted earnings per share attributable to equity holders of the parent as restated		9.3¢	9.9¢

BANKS HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income
Year ended 31 August 2013

	Notes	2013 $	Restated 2012 $
Net income for the year		5,411,194	5,562,298
Other comprehensive income (loss)			
Share of revaluation surplus (deficit) and fair value reserve of associated companies	19	1,746,894	(171,708)
Foreign currency translation adjustment	19	(158,596)	(875,496)
Other comprehensive income (loss) for the year, net of tax		1,588,298	(1,047,204)
Total comprehensive income for the year, net of tax		6,999,492	4,515,094
Attributable to:			
Equity holders of the parent		7,607,894	5,347,986
Non-controlling interests		(608,402)	(832,892)
		6,999,492	4,515,094

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Financial Position
As of 31 August 2013

	Notes	2013	Restated 2012	Restated 2011
		$	$	$
Current assets				
Cash and short-term deposits	6	4,546,730	3,342,770	16,972,419
Accounts receivable and prepayments	7	19,813,371	19,029,127	15,947,035
Taxation recoverable		2,313	22,003	22,103
Inventories	8	29,016,304	29,185,744	32,723,083
Short-term investments		5	5	495,003
		53,378,723	51,579,649	66,159,643
Assets classified as held for sale	26	11,610,812	11,210,812	-
		64,989,535	62,790,461	66,159,643
Current liabilities				
Bank overdraft	6	7,517,684	13,707,420	7,883,566
Accounts payable and accruals	9	25,425,778	25,968,477	29,031,672
Taxation payable	5	44,790	-	-
Grant	16	59,700	59,700	59,700
Provision for deposits owed to customers		518,422	551,893	560,370
Current portion of long-term liabilities	17	9,131,844	11,294,255	11,741,911
		42,698,218	51,581,745	49,277,219
Working capital		22,291,317	11,208,716	16,882,424
Investments in associated companies	10	118,336,108	112,247,112	102,010,783
Property, plant and equipment	11	164,113,700	174,776,223	182,364,741
Investment properties	12	6,000,000	12,500,000	13,800,000
Intangible assets	13	-	578,962	578,962
Pension plan asset	14	6,665,061	6,755,435	5,734,701
Post-employment medical liability	15	(2,199,444)	(2,122,994)	(2,001,789)
Deferred tax	5	9,008,869	10,185,835	8,682,615
Grant	16	(378,100)	(437,800)	(497,500)
Long-term liabilities	17	(20,596,273)	(24,753,845)	(24,859,897)
		303,241,238	300,937,644	302,695,040
Equity				
Share capital	18	145,951,730	145,965,608	146,126,846
Capital reserves	19	31,836,144	30,247,846	31,295,050
Retained earnings		119,154,069	117,674,236	117,023,126
Attributable to equity holders of the parent		296,941,943	293,887,690	294,445,022
Non-controlling interests		6,299,295	7,049,954	8,250,018
Total equity		303,241,238	300,937,644	302,695,040

The accompanying notes form part of these financial statements.

Approved by the Board on 20 December 2013 and signed on its behalf by:

.....Chairman
G. Anthony King

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

BANKS HOLDINGS LIMITED

Consolidated Statement of Changes in Equity
Year ended 31 August 2013

	Attributable to equity holders of the parent					
	Share capital	**Capital reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	$	$	$	$	$	$
Balance as of 31 August 2011 as previously reported	146,126,846	31,295,050	119,563,246	296,985,142	8,431,024	305,416,166
Prior period adjustment (Note 27)	-	-	(2,540,120)	(2,540,120)	(181,006)	(2,721,126)
Balance as of 31 August 2011 as restated	146,126,846	31,295,050	117,023,126	294,445,022	8,250,018	302,695,040
Net income for the year	-	-	6,395,190	6,395,190	(832,892)	5,562,298
Other comprehensive loss	-	(1,047,204)	-	(1,047,204)	-	(1,047,204)
Total comprehensive income	-	(1,047,204)	6,395,190	5,347,986	(832,892)	4,515,094
Transactions with shareholders:						
Shares repurchased	(69,647)	-	-	(69,647)	-	(69,647)
Repurchase of minority shareholding	-	-	92,758	92,758	(296,079)	(203,321)
Share-based payment	35,410	-	-	35,410	-	35,410
Change in equity component of convertible promissory notes	(127,001)	-	-	(127,001)	-	(127,001)
Dividend paid (9.0¢ per share)	-	-	(5,836,838)	(5,836,838)	-	(5,836,838)
Dividend paid to minority interest	-	-	-	-	(71,093)	(71,093)
Total transactions with shareholders	(161,238)	-	(5,744,080)	(5,905,318)	(367,172)	(6,272,490)
Balance as of 31 August 2012 as restated	145,965,608	30,247,846	117,674,236	293,887,690	7,049,954	300,937,644

BANKS HOLDINGS LIMITED

Consolidated Statement of Changes in Equity
Year ended 31 August 2013

	Attributable to equity holders of the parent					
	Share capital	**Capital reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	$	$	$	$	$	$
Balance as of 31 August 2012 as previously reported	145,965,608	30,247,846	120,835,951	297,049,405	7,276,092	304,325,497
Prior period adjustment (Note 27)	-	-	(3,161,715)	(3,161,715)	(226,138)	(3,387,853)
Balance as of 31 August 2012 as restated	145,965,608	30,247,846	117,674,236	293,887,690	7,049,954	300,937,644
Net income for the year	-	-	6,019,596	6,019,596	(608,402)	5,411,194
Other comprehensive income	-	1,588,298	-	1,588,298	-	1,588,298
Total comprehensive income	-	1,588,298	6,019,596	7,607,894	(608,402)	6,999,492
Transactions with shareholders:						
Change in equity component of convertible promissory notes	(13,878)	-	-	(13,878)	-	(13,878)
Dividend paid (7.0¢ per share)	-	-	(4,539,763)	(4,539,763)	-	(4,539,763)
Dividend paid to minority interest	-	-	-	-	(142,257)	(142,257)
Total transactions with shareholders	(13,878)	-	(4,539,763)	(4,553,641)	(142,257)	(4,695,898)
Balance as of 31 August 2013	145,951,730	31,836,144	119,154,069	296,941,943	6,299,295	303,241,238

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Cash Flows
Year ended 31 August 2013

	2013 $	Restated 2012 $
Cash flows from operating activities		
Income before taxation	6,632,950	4,060,716
Adjustments for:		
Depreciation	17,092,056	17,366,165
Change in fair value of investment properties	-	1,300,000
Loss on disposal of investment property	207,568	-
Loss (gain) on disposal of property, plant and equipment	6,714	(398,823)
Impairment of decommissioned assets	431,015	1,147,215
Gain on disposal of short-term investments	-	(60,623)
Unrealized loss on short-term investments	-	249,999
Share-based payment	-	35,410
Impairment of intangible asset	578,962	-
Interest income	(25,380)	(11,355)
Interest expense	3,222,950	3,391,258
Post-employment medical expense	76,450	121,205
Pension plan expense (credit)	90,374	(1,020,734)
Income from grant	(59,700)	(59,700)
Share of income of associated companies	(8,327,679)	(13,282,072)
Operating profit before working capital changes	19,926,280	12,838,661
Increase in accounts receivable and prepayments	(784,244)	(3,082,092)
Decrease in inventories	169,440	3,537,339
Decrease in accounts payable and accruals	(542,699)	(3,063,195)
Decrease in provision for deposits owed to customers	(33,471)	(8,477)
Cash generated from operations	18,735,306	10,222,236
Corporation taxes refunded (paid), net	19,690	(1,539)
Interest received	25,380	11,355
Interest paid	(3,222,950)	(3,391,258)
Net cash from operating activities	15,557,426	6,840,794
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,327,740)	(26,580,117)
Dividends received from associated companies	3,826,981	1,998,539
Proceeds from disposal of property, plant and equipment	60,478	4,843,266
Proceeds from disposal of short-term investments	-	305,623
Proceeds from disposal of investment property	6,292,432	-
Net cash from (used in) investing activities	2,852,151	(19,432,689)
Cash flows from financing activities		
Repurchase of shares	-	(69,647)
Payment of dividend	(4,539,763)	(5,836,838)
Repurchase of minority shareholding	-	(203,321)
Dividend paid to minority shareholders	(142,257)	(71,093)
Net repayments of long-term liabilities	(6,333,861)	(680,709)
Net cash used in financing activities	(11,015,881)	(6,861,608)
Increase (decrease) in cash	7,393,696	(19,453,503)
Cash – beginning of year	(10,364,650)	9,088,853
Cash – end of year (Note 6)	(2,970,954)	(10,364,650)

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

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 manufacturing of carbonated and non-carbonated beverages, 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 Pine, 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)
Barbados Dairy Industries Limited	(84.43% ownership)
Plastic Containers Limited	(65% ownership)

* During the year Duraplast Incorporated (100% ownership) was amalgamated with Barbados Bottling Co. Limited.

b] Associated companies

Citrus Products of Belize Limited	(46.58% ownership)
Chemical Industries Limited	(40% ownership)
GCG Services Limited	(33.33% ownership)
Caribco Limited	(30% ownership)
Newtech Incorporated	(26.2% ownership)
BCL (Barbados) Limited	(25% ownership)
Tower Hill Merchants Ltd.	(36.7% ownership)
BCB Communications Inc.	(20% ownership)
Banks DIH Limited	(20% ownership)

3. Significant accounting policies

The most significant policies are summarized below:

a] Basis of accounting and financial statement preparation

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

b] Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following standards, amendments and interpretations which are effective in the current year:

The adoption of the standards or interpretations is described below:

IAS 1 – Presentation of items Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012)

The amendments to IAS 1 introduce a grouping of items presented in Other Comprehensive income (OCI). Items that can be reclassified ('recycled') to profit or loss at a future point in time (e.g net loss or gain on available for sale financial assets) have to be disclosed separately from items that will not be reclassified (e.g, revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 12 - Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets (effective 1 January 2012)

The amendment clarifies the determination of deferred tax in investment property measured at fair value by introducing a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying value amount will be recovered through sale. Furthermore, the amendment introduces the requirement to calculate deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 to always be measured on the sale basis of the asset. The adoption of this standard had no effect on the financial position or performance of the Group.

IAS 16 – Property, plant and equipment (Amendment)

During the year the Group early adopted the amendment on the classification of servicing equipment, which becomes effective for annual periods beginning on or after 1 January 2013. This amendment clarifies that major spare parts and servicing equipment which meet the definition of property, plant and equipment are not inventory. (See Note 27)

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

c] Standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards when they become effective. The Group is currently assessing the impact of adopting these standards and interpretations, where applicable, since the impact of adoption depends on the assets held by the Company at the date of adoption. It is not practical to quantify the effect at this time.

- IAS 19 – Employee Benefits (Amendment) (effective 1 January 2013)
- IAS 28 – Investments in Associates and Joint Ventures (effective 1 January 2013)
- IAS 32 – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
- IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 (effective 1 January 2014)
- IAS 39 – Novation of Derivative and Continuation of Hedge Accounting – Amendments to IAS 39 (effective 1 January 2014)
- IFRS 1 – Government Loans – Amendments to IFRS 1 (effective 1 January 2013)
- IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013)
- IFRS 9 – Financial Instruments: Classification and Measurement (Phase 1) (effective 1 January 2015)
- IFRS 10 – Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 – Joint Arrangements (effective 1 January 2013)
- IFRS 10, IFRS 12 and IAS 27 – Investment Entities (Amendments) (effective 1 January 2014)
- IFRS 12 – Disclosure of Interests in Other Entities (Amendments) (effective 1 January 2013)
- IFRS 13 – Fair Value Measurement (effective 1 January 2013)
- IFRIC 20 – Stripping Costs in the Production Phase of a surface Mine (effective 1 January 2013)
- IFRIC 21 – Levies (effective 1 January 2014)

Annual Improvements May 2012 (effective 1 January 2013)
These improvements include:
IAS 1 – Presentation of Financial Statements
IAS 16 – Property, Plant and Equipment
IAS 32 – Financial Instruments, Presentation
IAS 34 – Interim Financial Reporting
IFRS 1 – First-time Adoption of International Financial Reporting Standards

The Group, however, expects no significant impact from the adoption of the amendments on its financial position or performance.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

d] 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.

Non-controlling interests represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the statement of income, statement of comprehensive income and within equity in the consolidated statement of financial position, separate from shareholders' equity.

e] 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.

f] Foreign currencies

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

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

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

g] Taxation

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

h] Inventories

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

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

i] Property, plant and equipment

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

Freehold buildings	40 years
Leasehold buildings	20, 33 1/3 and 50 years
Plant and machinery	3 to 20 years
Furniture, fittings and other equipment	3 to 10 years
Motor vehicles	5 years
Containers	3 to 10 years

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

j] 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.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

j] Intangible assets (cont'd)

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.

k] 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 statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The statement of income 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.

l] Provision for deposits owed to customers

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

m] 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 their quoted market price at the statement of financial position date. Privately held investments, in the absence of readily ascertainable market values, have been estimated by management on the basis of recent trades of similar investments. 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.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

n] Employee retirement benefits

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 statement of income so as to spread the regular cost over the service lives of the employees in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plans every three years. The pension obligation is measured as the present value of the estimated future cash flows using interest rates of Government Securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are spread forward over the average remaining service lives of employees.

The Group also operates defined contribution pension plans. Contributions to these plans are charged to the statement of income in the year to which the contributions are made.

The Group also provides post-employment healthcare benefits to its employees, pensioners and their registered dependants. These benefits are funded by contributions from relevant group companies. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the expected average service lives of the related employees. These obligations are valued by independent qualified actuaries.

o] Leases

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

p] 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.

q] Cash

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

r] Grants

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

s) Convertible promissory notes

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

t] Investment properties

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

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

Gains and losses arising from the changes in fair values of investment properties are included in the statement of income in the year in which they arise. Fair values are based on the directors' valuation taking into consideration asset replacement and land tax valuations and valuations of similar properties.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

u] Share-based payment transactions

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

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 18. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company, if applicable.

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

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

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

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

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

v] Impairment of financial assets

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

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

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

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

w] Impairment of other non-financial assets

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

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

w] Impairment of other non-financial assets (cont'd)

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

x] Borrowing costs

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

y] Significant accounting judgments, estimates and assumptions

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

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

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.

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 13.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

3. Significant accounting policies (cont'd)

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

Impairment of financial assets

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

Fair value of unquoted equity instruments

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

Deferred tax assets

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

Employee retirement benefits

The cost of the defined benefit pension plan and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, future pension increases, proportion of employees opting for early retirement, and future increases in the NIS ceiling. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in Notes 14 and 15.

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 18.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

4. Profit from operations

	2013 $	Restated 2012 $
Sales	179,001,010	176,624,413
Cost of sales	(128,069,286)	(130,075,847)
Gross profit	50,931,724	46,548,566
Other income	1,415,273	2,425,875
Selling, general and administrative expenses	(49,134,259)	(50,182,669)
Profit (loss) from operations	3,212,738	(1,208,228)

Profit from operations is after charging:

	2013 $	Restated 2012 $
Depreciation	17,092,056	17,366,165
Staff costs	39,352,394	40,743,802

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

5. Taxation

	2013 $	2012 $
Statement of income		
The taxation charge (credit) on net income consists of:		
Deferred tax charge (recovery) for the year	1,154,179	(1,636,481)
Over provision of prior year deferred tax	22,787	133,261
Corporation tax charge	44,790	-
Write off of corporation tax refundable	-	1,638
	1,221,756	(1,501,582)

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

	2013 $	2012 $
Loss before taxation – parent and subsidiaries	(1,694,729)	(9,221,356)
Taxed at statutory rates of 15% and 25% (2012 - 15% and 25%)	(381,107)	(1,732,575)
Tax effect of capital allowances	(228,481)	(1,383,270)
Losses utilized	(1,119,395)	-
Group relief claimed	-	(12,883)
Unrealized loss on revaluation of investment property	-	325,000
Other	696,393	352,148
Deferred tax asset not recognized	1,069,483	816,737
Deferred tax asset impaired	1,162,076	-
Overprovision of prior year deferred tax	22,787	133,261
	1,221,756	(1,501,582)

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

5. Taxation (cont'd)

	2013	2012
	$	$
Deferred tax asset		
Balance – beginning of year	10,185,835	8,682,615
Deferred tax (charge) recovery for the year	(1,154,179)	1,636,481
Over provision of prior year deferred tax	(22,787)	(133,261)
Balance – end of year	9,008,869	10,185,835

	2013	2012
	$	$
Deferred tax asset is made up as follows:		
Unutilized tax losses	7,059,249	9,390,435
Accelerated depreciation for income tax purposes	2,467,137	1,386,217
Pension plan asset	(956,121)	(1,012,510)
Post-employment medical benefits	438,604	421,693
	9,008,869	10,185,835

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

5. Taxation (cont'd)

Tax losses totaling $64,280,404 (2012 - $71,127,137) 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
2005	2,569,278	2014
2006	4,901,004	2015
2007	5,831,063	2016
2008	7,929,793	2017
2009	4,598,709	2018
2010	15,260,054	2019
2011	11,074,331	2020
2012	12,116,172	2021
	64,280,404	

There is a potential deferred tax asset $1,069,483 (2012 - $1,743,905) which has not been recognized since it is uncertain that taxable profits will be available against which the deferred tax asset can be utilized.

6. Cash, short-term deposits and bank overdraft

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

	2013 $	2012 $
Cash	4,546,730	3,342,770
Bank overdraft	(7,517,684)	(13,707,420)
	(2,970,954)	(10,364,650)

Bank overdraft
The security for the overdraft facilities of the Group is disclosed in Note 17. Interest was charged at rates between 8.05% and 9.05% (2012 - between 8.05% and 9.05%).

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

7. Accounts receivable and prepayments

	2013 $	2012 $
Trade receivables	15,987,123	14,612,751
Other receivables and prepayments	3,826,248	4,416,376
	19,813,371	19,029,127

	2013 $	2012 $
Gross trade receivables	16,558,088	15,202,403
Provision for doubtful debts	(570,965)	(589,652)
Trade receivables (net)	15,987,123	14,612,751

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

As at 31 August 2013, trade receivables at a nominal value of $570,965 (2012 - $589,652) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Total $
At 31 August 2011	800,084
Charge for the year	103,437
Write-offs	(313,869)
At 31 August 2012	589,652
Charge for the year	78,356
Write-offs	(97,043)
At 31 August 2013	570,965

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

7. Accounts receivable and prepayments (cont'd)

As at 31 August 2013, the ageing analysis of trade receivables is as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	>90 days
	$	$	$	$	$	$
2013	15,987,123	12,187,987	2,733,360	237,305	152,068	676,403
2012	14,612,751	12,625,379	1,439,643	300,313	(74,932)	322,348

With respect to trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations since the Group trades only with recognized creditworthy third parties. With respect to other receivables and prepayments an amount of $Nil (2012 - $46,110) has been provided for in respect of a non-trade receivable balance.

8. Inventories

	2013	Restated 2012
	$	$
Raw materials	16,249,831	16,394,928
Finished goods	10,838,477	11,036,454
Work-in-progress	1,267,748	1,117,789
Marketing materials	318,785	215,928
Fuel and factory supplies	341,463	420,645
	29,016,304	29,185,744

The amount of write-down of inventories recognized as an expense is $882,352 (2012 - $1,956,579). This expense is included in cost of sales as disclosed in Note 4.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

9. Accounts payable and accruals

	2013 $	2012 $
Trade payables	13,266,677	14,395,803
Other payables and accruals	12,159,101	11,572,674
	25,425,778	25,968,477

Terms and conditions of the above financial liabilities

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
- Other payables are non-interest bearing and have an average of three to six months.

10. Investments in associated companies

	2013 $	2012 $
Cost of investments	68,514,761	68,514,761
Increase in equity value over cost from acquisition to end of year	49,821,347	43,732,351
	118,336,108	112,247,112

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

	2013 $	2012 $
Assets	235,452,772	234,673,385
Liabilities	116,715,177	121,024,320
Revenue	152,522,155	163,677,769
Profit	8,327,679	13,282,072

Banks DIH Limited is traded on the Guyana Stock Exchange and the Group's investment amounting to $47,944,018 (2012 - $41,566,921) had a fair value of $35,168,434 (2012 - $31,781,310) based on the closing price at year end.

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

11. Property, plant and equipment

	At 31 August 2012 (as previously reported) $	Prior period adjustment $	At 31 August 2012 (restated) $	Additions $	Disposals $	Transfers $	At 31 August 2013 $
Cost or valuation							
Freehold land	17,360,516	-	17,360,516	-	-	-	17,360,516
Freehold buildings	46,097,079	-	46,097,079	151,182	-	-	46,248,261
Buildings on leasehold land	19,397,799	-	19,397,799	1,139,774	(8,080)	163,420	20,692,913
Plant and machinery	142,979,364	6,667,263	149,646,627	3,477,744	(197,219)	(2,099,244)	150,827,908
Furniture, fittings and other equipment	13,369,248	-	13,369,248	887,840	-	(2,112)	14,254,976
Motor vehicles	4,622,697	-	4,622,697	28,844	(243,982)	2,112	4,409,671
Containers	11,021,681	-	11,021,681	1,141,261	-	-	12,162,942
Capital works in progress	-	-	-	501,095	-	(183,445)	317,650
	254,848,384	6,667,263	261,515,647	7,327,740	(449,281)	(2,119,269)	266,274,837
Accumulated depreciation							
Freehold buildings	2,214,207	-	2,214,207	1,156,206	-	-	3,370,413
Buildings on leasehold land	9,864,628	-	9,864,628	633,160	(2,087)	(12,015)	10,483,686
Plant and machinery	48,180,231	3,387,853	51,568,084	11,961,388	(182,242)	(1,276,239)	62,070,991
Furniture, fittings and other equipment	11,763,755	-	11,763,755	868,846	-	-	12,632,601
Motor vehicles	3,908,111	-	3,908,111	200,281	(197,760)	-	3,910,632
Containers	7,420,639	-	7,420,639	2,272,175	-	-	9,692,814
	83,351,571	3,387,853	86,739,424	17,092,056	(382,089)	(1,288,254)	102,161,137
Net book value							
Freehold land	17,360,516		17,360,516				17,360,516
Freehold buildings	43,882,872		43,882,872				42,877,848
Buildings on leasehold land	9,533,171		9,533,171				10,209,227
Plant and machinery	94,799,133		98,078,543				88,756,917
Furniture, fittings and other equipment	1,605,493		1,605,493				1,622,375
Motor vehicles	714,586		714,586				499,039
Containers	3,601,042		3,601,042				2,470,128
Capital works in progress	-		-				317,650
	171,496,813		174,776,223				164,113,700

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

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

	At 31August 2011 (as previously reported) $	Prior period adjustment $	At 31 August 2011 (restated) $	Additions $	Disposals $	Transfers $	At 31 August 2012 (restated) $
Cost or valuation							
Freehold land	24,848,502	-	24,848,502	-	-	(7,487,986)	17,360,516
Freehold buildings	28,747,363	-	28,747,363	20,182	(448,663)	17,778,197	46,097,079
Buildings on leasehold land	19,097,026	-	19,097,026	212,701	-	88,072	19,397,799
Plant and machinery	116,755,332	5,467,468	122,222,800	6,880,312	(36,205,568)	56,749,083	149,646,627
Furniture, fittings and other equipment	14,476,727	-	14,476,727	319,134	(1,457,827)	31,214	13,369,248
Motor vehicles	7,089,811	-	7,089,811	237,465	(2,704,579)	-	4,622,697
Containers	20,480,244	-	20,480,244	2,000,790	(11,459,353)	-	11,021,681
Capital works in progress	61,499,047	-	61,499,047	16,909,533	-	(78,408,580)	-
	292,994,052	5,467,468	298,461,520	26,580,117	(52,275,990)	(11,250,000)	261,515,647
Accumulated depreciation							
Freehold buildings	1,077,456	-	1,077,456	1,175,939	-	(39,188)	2,214,207
Buildings on leasehold land	9,319,616	-	9,319,616	545,012	-	-	9,864,628
Plant and machinery	69,785,450	2,721,126	72,506,576	11,155,292	(32,093,784)	-	51,568,084
Furniture, fittings and other equipment	11,752,113	-	11,752,113	1,395,219	(1,383,577)	-	11,763,755
Motor vehicles	5,258,265	-	5,258,265	399,758	(1,749,912)	-	3,908,111
Containers	16,182,753	-	16,182,753	2,694,945	(11,457,059)	-	7,420,639
	113,375,653	2,721,126	116,096,779	17,366,165	(46,684,332)	(39,188)	86,739,424
Net book value							
Freehold land	24,848,502		24,848,502				17,360,516
Freehold buildings	27,669,907		27,669,907				43,882,872
Buildings on leasehold land	9,777,410		9,777,410				9,533,171
Plant and machinery	46,969,882		49,716,224				98,078,543
Furniture, fittings and other equipment	2,724,614		2,724,614				1,605,493
Motor vehicles	1,831,546		1,831,546				714,586
Containers	4,297,491		4,297,491				3,601,042
Capital works in progress	61,499,047		61,499,047				-
	179,618,399		182,364,741				174,776,223

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

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

The Group has plant and equipment with a net book value of $12,742,114 (2012 - $14,069,621) secured under a finance lease.

On 1 July 2011, the Group's freehold land and buildings at Wildey were revalued at a fair value of $16,600,000 based on the advice of independent real estate appraisers. The revaluation decrease of $10,801,142 was taken to revaluation surplus. Had the Group's freehold land and buildings been stated at their original cost, their carrying amount would have been $40,832,204 at 31 August 2013 (2012 - $ 40,681,022).

During the year, machinery with a net book value amounting to $831,015 was transferred to asset held for sale (note 26).

12. Investment properties

	2013 $	2012 $
Balance, beginning of the year	12,500,000	13,800,000
Change in fair value of investment properties	-	(1,300,000)
Disposed during the year	(6,500,000)	-
Balance, end of the year	6,000,000	12,500,000

The Group's freehold investment property in Warrens and Thornbury Hill were revalued on 31 August 2012 based on the advice of independent real estate appraisers. The independent valuation took into account replacement cost, land tax valuation and capitalization of imputed rents. During the year the Company disposed of the Warrens property.

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

	2013 $	2012 $
Rental income	779,792	858,037
Operating expenses	(252,908)	(253,866)
	526,884	604,171

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

13. Intangible assets

	2013	2012
	$	$
Goodwill		
Balance, beginning of year	578,962	578,962
Impairment	(578,962)	-
	-	578,962

The goodwill of $578,962 was acquired through business combinations and was 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 respectively 12.5% and 1.5% (2012 – 10.31% and 3% respectively). As a result of the assessment the goodwill was determined to be impaired at the end of the 2013 year.

14. Pension plan asset

	2013	2012
	$	$
The amounts recognized in the statement of financial position are as follows:		
Fair value of plan assets	40,785,342	39,834,017
Present value of funded obligations	(33,520,449)	(32,782,232)
	7,264,893	7,051,785
Unrecognized actuarial gains	(599,832)	(296,350)
Net asset recognized in the statement of financial position	6,665,061	6,755,435
The amounts recognized in the statement of income are as follows:		
Current service cost	638,596	694,044
Interest cost	2,464,793	2,367,688
Expected return on plan assets	(2,986,922)	(3,101,894))
Net actuarial gains recognized	(16,772)	(263,494)
Gains on curtailments and settlements	-	(514,397)
Total, included in staff costs	99,695	(818,053)

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

14. Pension plan asset (cont'd)

	2013 $	2012 $
Movements in the net asset are as follows:		
Balance, beginning of the year	6,755,435	5,734,701
Net (expense) recovery recognized in the statement of income	(99,695)	818,053
Contributions paid	9,321	202,681
Balance, end of the year	6,665,061	6,755,435
Actual return on plan assets	2,166,089	1,213,366

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

	$
Defined benefit obligation at 31 August 2011	30,874,836
Interest cost	2,367,688
Current service cost	985,969
Transfers in – liabilities	56,398
Transfers out – liabilities	(56,398)
Curtailments	(514,397)
Benefits paid	(2,172,045)
Actuarial losses on obligation	1,240,181
Defined benefit obligation at 31 August 2012	32,782,232
Interest cost	2,464,793
Current service cost	918,850
Transfers in – liabilities	100,077
Transfers out – liabilities	(100,077)
Benefits paid	(1,504,339)
Actuarial gains on obligation	(1,141,087)
Defined benefit obligation at 31 August 2013	33,520,449

BANKS HOLDINGS LIMITED

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Year ended 31 August 2013

14. Pension plan asset (cont'd)

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

	$
Fair value of plan assets at 31 August 2011	40,298,091
Expected return	3,101,893
Contributions by employer and employees	494,606
Benefits paid	(2,172,045)
Actuarial losses on plan assets	(1,888,528)
Fair value of plan assets at 31 August 2012	39,834,017
Expected return	2,986,922
Contributions by employer and employees	289,575
Benefits paid	(1,504,339)
Actuarial losses on plan assets	(820,833)
Fair value of plan assets at 31 August 2013	40,785,342

The Group expects to contribute $8,725 to its defined benefit pension plans in 2014.

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

	2013	**2012**
	%	%
Bonds	23	22
Mortgages	8	8
Equities	27	25
Mutual funds	15	16
Real estate	22	22
Other	5	7

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

14. Pension plan asset (cont'd)

Experience history

	2013 $	2012 $
Defined benefit obligation	(33,520,449)	(32,782,232)
Plan assets	40,785,342	39,834,017
Surplus	7,264,893	7,051,785
Experience adjustments of plan liabilities	723,550	(679,268)
Experience adjustments on plan assets	(820,833)	(1,888,526)

	2013 %	2012 %
Principal actuarial assumptions as at 31 August were:		
Discount rate at end of year	7.75	7.75
Expected return on plan assets at end of year	7.75	7.75
Future promotional salary increases	2.00	2.00
Future inflationary salary increase	2.50	3.00
Future increases in NIS ceiling for earnings	4.25	4.25
Future pension increases	3.75	3.75

The pension plan of one of the subsidiaries is in the process of being wound up. The Company agreed to allocate on termination of the Plan, the entire fund after provision for expenses, in an equitable and suitable manner, among members, retired members and any other recipients of benefits under the plan. This will be completed upon the agreement of the Trustees, upon recommendation of the Actuary, and on approval by the Commissioner of Inland Revenue.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

15. Post-employment medical liability

	2013 $	2012 $
The amounts recognized in the statement of financial position are as follows:		
Present value of unfunded obligations	1,396,687	1,347,191
Unrecognized actuarial gains	802,757	775,803
Liability recognized in the statement of financial position	2,199,444	2,122,994

	2013 $	2012 $
The amounts recognized in the statement of income are as follows:		
Current service cost	62,316	74,741
Interest on obligation	107,329	123,980
Net actuarial gains recognized	(43,949)	(30,040)
Total, included in staff costs	125,696	168,681

	2013 $	2012 $
Movements in the net liability recognized in the statement of financial position are as follows:		
Net liability, beginning of year	2,122,994	2,001,789
Net expense recognized in the statement of income	125,696	168,681
Contributions	(49,246)	(47,476)
Net liability, end of year	2,199,444	2,122,994

Experience history

Defined benefit obligation	1,396,687	1,347,191
Experience adjustments on plan liabilities	(70,904)	(302,803)

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

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

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

	$
Obligation at 31 August 2011	1,498,751
Interest cost	123,980
Current service cost	74,741
Contributions	(47,476)
Actuarial gain	(302,805)
Obligation at 31 August 2012	1,347,191
Interest cost	107,329
Current service cost	62,316
Contributions	(49,246)
Actuarial gain	(70,903)
Obligation at 31 August 2013	1,396,687

	2013 %	2012 %
Principal actuarial assumptions used for accounting purposes at 31 August were as follows:		
Discount rate at end of year	7.75	7.75
Future medical claims/premium inflation	4.25	4.25

A one percentage point change in the assumed rate of increase in healthcare costs would have the following effects:

2013	$	$
Effect on the aggregate current service cost and interest cost	205,330	141,846
Effect on the obligation	1,634,079	1,206,534
2012	$	$
Effect on the aggregate current service cost and interest cost	239,310	166,924
Effect on the obligation	1,579,109	1,161,786

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

16. Grant

	2013 $	2012 $
Balance, beginning of year	497,500	557,200
Released to the statement of income	(59,700)	(59,700)
Balance, end of year	437,800	497,500

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

	2013 $	2012 $
Current	59,700	59,700
Non-current	378,100	437,800
	437,800	497,500

17. Long-term liabilities

		2013 $	2012 $
(i)	FirstCaribbean International Bank	21,688,180	25,093,628
(ii)	Tetra Pak S.A.	5,800,181	8,728,594
(iii)	SLU Beverages Ltd.	2,239,756	2,225,878
		29,728,117	36,048,100
	Less: Current portion	(9,131,844)	(11,294,255)
	Long-term portion	20,596,273	24,753,845

(i) The FirstCaribbean International Bank loans bear interest at rates between 6.55% and 7.05% (2012 - between 6.55% and 7.05%). The loans are repayable in various installments 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 $40,000,000; (b) the assignment of the insurance policies on various properties and other permanent fixtures for sums assured totaling $42,142,250; (c) a letter of undertaking to the bank to provide a mortgage over a subsidiary's assets.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

17. Long-term liabilities (cont'd)

(i) There are also certain covenants and other conditions which the Group must maintain. At 31 August 2013 one of the Group's subsidiaries was in breach of one of covenants of a loan but received a letter from the lender subsequent to year end waiving it's rights under the breach.

(ii) The four Tetra Pak leases bear an interest rate of 3 Month Libor (0.27% plus 2.5% with quarterly and annual lease payments over 4 years. All of the leases are secured by certain equipment (See Note 11). Future lease payments due within one year are $2,581,139 (2012 - $2,142,727). Lease payments due after one year total $3,219,042 (2012 - $6,585,867).

(iii) In 2010, the parent company of the Group entered into a convertible debt purchase agreement with Latin Capital Fund 1, L.P. and SLU Beverages Ltd. (the Lenders) and issued 56 senior secured convertible promissory notes to SLU Beverages Ltd. Each note carries a par value of $1,000,000 and is convertible in whole or in part at the option of the note holder into common shares of the parent of the Group at $4.00 per common share. The notes carry an interest rate of 1 year LIBOR plus 1.75%, payable bi-annually on 30 June and 31 December. The shares of Banks (Barbados) Breweries Limited and Barbados Bottling Co. Limited have been pledged as security for the notes. At 31 August 2012, 3 notes remained unconverted. Any notes not converted will mature on 28 February 2020. The equity component of the notes issued but not converted is reflected in share capital. The liability component is reflected in long-term liabilities.

The principal and interest under the notes may not be prepaid by the Company, in whole or in part, prior to the maturity date, without the consent of the note holders. None of the notes or common shares obtained by the conversion of the notes shall be subject to repurchase, purchase, or redemption at the option of the Company, and they shall only be redeemed or repurchased at the option of the note holders. It is a condition of the agreement that no further shares in Banks Holdings Limited be issued except with the written consent of the Lenders until such times as the Lenders cease to hold shares and/or notes convertible into shares in Banks Holdings Limited. There are also certain covenants and other conditions which the Group must maintain until such time as the Lenders cease to hold shares obtained by the conversion of the notes and/or notes convertible into shares in Banks Holdings Limited.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

18. 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	
	2013	**2012**	**2013**	**2012**
			$	$
At the beginning of the year	64,853,760	64,853,760	145,965,608	146,126,846
Shares issued in lieu of bonus	-	18,236	-	-
Shares repurchased and cancelled	-	(18,236)	-	(69,647)
Share-based payment	-	-	-	35,410
Change in equity component of convertible promissory notes	-	-	(13,878)	(127,001)
At the end of the year	64,853,760	64,853,760	145,951,730	145,965,608

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

As at 31 August 2013, 290,707 (2012- 469,201) stock options at exercise prices ranging from $3.50 to $3.58 were outstanding. All options that were issued in prior years were fully vested at 31 August 2012. Consequently, there were no options that vest during the year and no expense to report for the year ended 31 August 2013 (2012 - $35,410). There have been no cancellations or modifications to the Plan during 2013 or 2012.

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

	Number		WAEP	
	2013	**2012**	**2013**	**2012**
			$	$
Outstanding at beginning of the year	469,201	663,256	3.47	3.57
Forfeited during the year	(27,384)	(33,268)	3.54	3.47
Expired during the year	(151,110)	(160,787)	3.33	3.87
Outstanding at end of the year	290,707	469,201	3.54	3.47
Exercisable at end of the year	290,707	469,201	3.54	3.47

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

18. Share capital (cont'd)

Share-based payment plans (cont'd)
The fair value of equity-settled share options granted is estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. There were no options granted in the year ended 31 August 2013 or 31 August 2012.

19. Capital reserves

	Restated Revaluation surplus $	Other $	Total $
Balance as of 31 August 2011	31,375,162	(80,112)	31,295,050
Share of revaluation surplus and fair value reserves of associated companies	-	(171,708)	(171,708)
Foreign currency translation adjustment	-	(875,496)	(875,496)
Balance as of 31 August 2012	31,375,162	(1,127,316)	30,247,846
Share of revaluation surplus and fair value reserves of associated companies	1,746,894	-	1,746,894
Foreign currency translation adjustment	-	(158, 596)	(158,596)
Balance as of 31 August 2013	33,122,056	(1,285,912)	31,836,144

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

20. Related party balances and transactions

The amounts receivable from and amounts payable to other related parties represent transactions with subsidiaries of Neal & Massy Holdings Limited.

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

	2013 $	2012 $
Receivables		
Associated companies	1,997,086	2,091,315
Other related parties	6,307,263	5,438,962
	8,304,349	7,530,277
Payables		
Associated companies	911,443	3,038,942
Other related parties	68,387	106,353
	979,830	3,145,295

During the year, the Group entered into the following transactions with its associates and subsidiaries of Neal & Massy Holdings Limited:

	2013 $	2012 $
Sales	54,812,403	53,610,782
Purchases	14,625,996	24,338,730

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 31 August 2013 and 31 August 2012.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

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

Compensation of key management personnel of the Group:

	2013 $	2012 $
Short-term employment benefits	2,329,741	2,859,962
Post-employment benefits	125,456	283,457
	2,455,197	3,143,419

21. Earnings per share

Basic earnings per share from continuing operations are calculated based on earnings of $6,019,596 (2012 - $6,395,190) and a weighted average of 64,853,760 (2012 - 64,853,760) shares in issue during the year. Diluted earnings per share from continuing operations is as a result of ordinary shares granted under the Company's ESOP and unconverted convertible promissory notes amounted to 9.3¢ (2012 – 9.9¢) based on a potential weighted average number of ordinary shares in issue of 64,853,760 (2012 - 64,853,760).

22. Operating lease commitments

The lease expense for the year was $493,817 (2012 - $317,797).

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

	2013 $	2012 $
Within one year	540,652	466,953
After one year but not more than five years	1,186,750	1,167,604
	1,727,402	1,634,557

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

	2013 $	2012 $
Within one year	432,000	791,066

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

23. Commitments and contingencies

Capital commitments
Capital expenditure of $3,509,510 (2012 - $5,112,910) was approved by the Directors for the ensuing financial year ending 31 August 2013 and nil (2012 - nil) was contracted for at the year-end date.

Litigation
As at 31 August 2013, there were certain legal proceedings outstanding against the Group. No provision has been made as professional advice indicates that it is unlikely that a material loss will arise or that it would be premature at this stage of the action to determine that eventuality.

24. Risk management

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

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

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

Increase/decrease in basis points	2013 Effect on profit before tax	2012 Effect on profit before tax
+-50	186,229	248,778

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

24. Risk management (cont'd)

Foreign currency risk

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

The Group has transactional currency exposures. Approximately 7% of the Group's sales are denominated in a currency other than the functional currency of the operating unit making the sale, whilst 69% of purchases are denominated in a currency other than the functional currency. However, the majority of the Group's transactions are in United States dollars which has a fixed exchange rate to the functional currency. Fluctuations in currencies other than United States dollars are not considered significant.

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

Credit risk

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

Concentration of credit risk

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

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

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

24. Risk management (cont'd)

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

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

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

Year ended 31 August 2013

	On Demand	1 year	2 to 5 years	>5 years	Total
Bank overdraft	7,517,684	-	-	-	7,517,684
Accounts payable and accruals	-	25,425,778	-	-	25,425,778
Provision for deposits owed to customers	-	518,422	-	-	518,422
Long term liabilities	5,759,959	4,699,047	23,745,358	-	34,204,364

Year ended 31 August 2012

	On Demand	1 year	2 to 5 years	>5 years	Total
Bank overdraft	13,707,420	-	-	-	13,707,420
Accounts payable and accruals	-	25,968,477	-	-	25,968,477
Provision for deposits owed to customers	-	551,893	-	-	551,893
Long term liabilities	4,377,247	8,532,917	29,330,814	-	42,240,978

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 August 2013 and 31 August 2012.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

25. Fair value of financial instruments

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

	Carrying amount		Fair value	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
Financial assets				
Cash and short-term deposits	4,546,730	3,342,770	4,546,730	3,342,770
Short-term investments	5	5	5	5
Trade receivables	15,987,123	14,612,751	15,987,123	14,612,751
Financial liabilities				
Bank overdraft	7,517,684	13,707,420	7,517,684	13,707,420
Accounts payable and accruals	25,425,778	25,968,477	25,425,778	25,968,477
Long-term liabilities	29,728,117	36,048,100	29,728,117	36,048,100

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

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

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

Fair value hierarchy
As at 31 August 2013, the Group held the following financial instruments carried at fair value on the statement of financial position:

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

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2013

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

Assets measured at fair value

	31 August 2013	Level 1	Level 2	Level 3
	$	$	$	$
Financial assets at fair value through profit or loss				
Short-term investments	5	5	-	-

	31 August 2012	Level 1	Level 2	Level 3
	$	$	$	$
Financial assets at fair value through profit or loss				
Short-term investments	5	5	-	-

During the reporting period ending 31 August 2013, there were no transfers between Level 1 and 2 fair value adjustments.

26. Assets classified as held for sale

During 2012, the parent company decided to dispose of the Wildey site which was vacated upon the move of the Brewery to Newton. The Company is still currently concluding the sale of the property $13,000, 000 and this is expected to be completed shortly. The carrying value totaled $11,210,812 (2012 - $11,210, 812) at 31 August 2013.

During the year, one of the Group's subsidiaries decided to decommission and dispose of certain packaging equipment with a net book value of $831,015. The sale of this equipment is expected to be completed within twelve months after year end. An impairment loss amounting to $431,015 has been recognized in the statement of comprehensive income.

27. Prior period adjustment

During the year the Group early adopted an amendment to IAS 16 – Property, Plant and Equipment, which becomes effective for accounting periods beginning on or after 1 January 2013, and as a result, implemented the policy of classifying spare parts as property, plant and equipment. This change has been accounted for prospectively and the comparative statements for 2011 and 2012 have been restated to conform to the changed policy.

Consequently, as of 31 August 2011 property, plant and equipment increased by $2,746,342 while retained earnings, non-controlling interests and inventory decreased by $2,540,120, $181,006 and $5,467,468 respectively. As of 31 August 2012 property, plant and equipment increased by $3,279,410 while retained earnings, minority interest and inventory decreased by $3,161,715, $226,138 and $6,667,263 respectively. Net income for the year ended 31 August 2012 decreased by $666,727.

MANAGEMENT PROXY CIRCULAR

Company No: 15726

Management is required by the *Companies Act* Chapter 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 Fifty-fifth Annual General Meeting of the Shareholders of Banks Holdings Limited ('the Company') to be held at the Lloyd Erskine Sandiford Centre, Two Mile Hill, St. Michael, Barbados**,** on **Tuesday, the 25th day of February, 2014 at 3:00 p.m.** (hereinafter called 'the Meeting') and is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting, or any adjournments thereof. 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/her attorney in writing; if the shareholder is a company, executed under its corporate seal or by any duly authorised officer or attorney thereof, and deposited at the registered office of the Company at the Pine, St. Michael at any time up to **4:15 p.m. on Friday, 21st February, 2014** being two business days 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 and Voting Shares

The Directors of the Company have not fixed a record date for determining the shareholders who are entitled to receive notice of the Meeting. Only shareholders of record at the close of business on **the day immediately preceding the day on which the notice is given under section 109 (1) of the Companies Act,** 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 64,853,760 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 31st August, 2013 there were nine (9) 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 enclosed herewith:-

Nominee for Director	Present Principal Occupation
Mr. Carl Richard Cozier	Corporate Executive
Mr. G. Anthony King	Corporate Executive
Mr. Dominic Hadeed	Corporate Executive

With respect to the persons named, 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 persons named above will, for any reason, become unable or unwilling to serve as a director.

Mr. Carl Richard Cozier, Mr. G. Anthony King and Mr. Dominic Hadeed are presently Directors of the Company and will retire at the close of the Fifty-fifth Annual General Meeting in accordance with the provision of Clause 4.4 of the By-Laws of the Company but, being qualified, are eligible for re-election. Mr. Richard Cozier and Mr. G. Anthony King were elected at the Fifty-second Annual General Meeting of the Company held on 23rd March, 2011 for a period ending at the close of the third Annual General Meeting after their election. Mr. Dominic Hadeed was appointed by the Board of Directors to fill a vacancy created by the resignation of Mr. Robert Ramchand from the Board of Directors on 4th September, 2012. Mr. Ramchand was elected at the Fifty-second Annual General Meeting of the Company held on 23rd March, 2011 for a period ending at the close of the third Annual General Meeting after his election.

Appointment of Auditors

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

Confirmation of Amendments to By-Law No. 1

Certain amendments to By-Law No. 1 of the Company are being proposed for confirmation by shareholders for the following purposes: (a) to govern the election of Directors; and (b) in order to facilitate the circulation to shareholders of notices, annual reports and other information or documents by electronic means in accordance with the provisions of Electronic Transactions Act and international practices.

The Board is of the view that it is expedient to clarify the manner in which Directors are to be proposed for election. Further, the Board is also of the view that the Company should adopt the modern international practice of electronic communication with shareholders in this era of increasing technological advancement. This move will also effect cost-savings in printing and postage expenses, facilitate more timely communication with shareholders and reduce the Company's carbon footprint. Shareholders may, however, request that the Company send them a hard copy of any document to which they are entitled, instead of an electronic copy.

The Companies Act requires the Directors to submit any amendment of a by-law made by the Board to the shareholders for confirmation, amendment or rejection at the next meeting of shareholders after the amendment is made. The amendments to By-Law No. 1 were made by resolution of the Board on 9th December, 2013. The Directors recommend that the shareholders vote for the confirmation of the amendments to By-Law No. 1 as set out in the resolution.

Fixing of Directors' Remuneration

International best practice suggests that in order to attract Directors with the requisite knowledge and experience who can make meaningful contributions to the growth and development of the Company, Directors' remuneration should be sufficient to attract, retain and motivate Directors of the quality required to ensure the Company is managed successfully, and should reflect the time, commitment, accountability, risk, impact of decisions and responsibilities of the role. It is therefore important for the Company to be in a position to access and retain persons who possess the expertise required for an effective Board of Directors and accordingly the Board reviewed Directors' remuneration as part of the strengthening of the Company's Corporate Governance framework.

Directors' fees were fixed in 2008 at Bds$20,000 per annum for the Chairman and Bds$15,000 for Directors. Committee member fees were fixed in 2008 at 10% of the annual Directors' fees. Fees have been held at the same rate for the last five (5) years and accordingly, a review of Directors' fees was undertaken. This revealed that the fees being paid are not only below the average of what pertains in the market, but on a value basis are no longer commensurate with the responsibilities of directors and the time involved in undertaking their duties.

A Director's duty encompasses not only preparing for and attending directors and committee meetings, but also the numerous interactions required in keeping abreast of and contributing to matters worthy of a director's attention on an ongoing basis. Further, directors are now accountable for compliance in respect of many recently formalised requirements which have been introduced for publically traded companies by the Barbados Stock Exchange and the Financial Services Commission.

Notwithstanding the above, it is appreciated that shareholders have an interest in the performance of their directors and hence, what is proposed is that the current fixed fees remain as is but that attendance fees be introduced for participation at meetings. These attendance fees will thus not be paid other than for participation at a meeting. For the 2013/14 year, the meeting schedule comprises eight meetings of the Board as well as four meetings for the Governance and Compensation Committee and six meetings of the Finance and Audit Committee.

Board/ Committee	Non- Executive Chairman	Non- Executive Member
Board	Current fixed fee of BD$20,000 per annum plus introduction of BD$1,200 attendance fee per meeting	Current fixed fee of BD$15,000 per annum plus introduction of BD$800 attendance fee per meeting
Board Committees	Current fixed fee of BD$2,000 per annum plus introduction of BD$750 attendance fee per meeting	Current fixed fee of BD$1,500 per annum plus introduction of BD$400 attendance fee per meeting

The Governance and Compensation Committee considered and accepted the above proposed changes which were approved by the Board on 9th December, 2013. The Board of Directors considers that the above recommendations for Director compensation are consistent with comparable companies in the region, reflect international best practice and trends and are reasonable and appropriate for the Company having regard to the number of board and committee meetings held, the time required to read and otherwise prepare for meetings, commitment, accountability and risk.

The Board of Directors therefore recommends that Directors' remuneration be fixed as set out above.

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 judgment of the proxy nominee. Similar discretionary authority is conferred with respect to amendments to the matters identified in the Notice of the Meeting. The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares of the Company have been approved by the Directors of the Company.

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

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

TEXT OF RESOLUTIONS
APPENDIX A

WHEREAS the Directors deem it advisable to amend By-Law No. 1 of Banks Holdings Limited (hereinafter called "the Company") so as to definitively provide for the manner in which Directors to be proposed for election shall be determined.

AND WHEREAS the Directors at their meeting held on 9th December, 2013 resolved that By-Law No.1 of the Company be amended as follows:

(i) By instituting a new Article 4.8 as follows:

Article 4.8 No person other than a retiring Director shall be eligible for election unless:

(a) On or before forty-five (45) days following the close of the financial year-end of the Company, a nomination in writing signed by one or more holders of shares who represent in the aggregate not less than 5% of the issued shares of the Company has been given to the Company proposing him for election; and

(b) the nomination is accompanied by a letter of consent signed by that person confirming his willingness to be nominated and to serve as a Director if elected together with a resume or a company profile including information on ownership and control, if the nominated Director is a company.

(ii) By instituting a new Article 4.9 as follows:

Article 4.9 At the time of sending notice of a meeting of Shareholders at which Directors are to be elected, the Secretary shall include in such notice:

(a) the names of all persons who have been nominated for election as Directors at the meeting pursuant to Article 4.8 together with a resume or company profile including information on ownership and control, where applicable;

(b) the names of all retiring Directors who seek re-election; and

(c) the names of all retiring Directors who do not seek re-election.

AND WHEREAS Paragraph 18.1 of By-Law No. 1 of the Company provides as follows:

"Any notice or other documents required by the Act, the Regulations, the articles or the by-laws to be sent to any shareholder, debenture holder, director or auditor may be delivered personally or sent by prepaid mail or cable or telex to any such person at his latest address as shown in the records of the Company or the Company's transfer agent and to any such director at his latest address as shown in the records of the Company or in the latest notice filed under sections 66 and 74 of the Act, and to the auditor at his business address.";

(a) Paragraph 18.9 of By-Law No. 1 of the Company provides as follows:
"Where a notice required under paragraph 18.1 hereof is delivered personally to the person to whom it is addressed or delivered to his address as mentioned in paragraph 18.1 hereof, service shall be deemed to be at the time of delivery of such notice.";

(b) Paragraph 18.9.1 of By-Law No. 1 of the Company provides as follows:
"Where such notice is sent by post, service of the notice shall be deemed to be effected forty eight hours after posting if the notice was properly addressed and posted by prepaid mail."; and

(c) Paragraph 18.9.1 of By-Law No. 1 of the Company provides as follows:

"Where the notice is sent by cable or telex, service is deemed to be effected on date on which the notice is so sent."

AND WHEREAS the Board of Directors of the Company (hereinafter called "the Directors") consider it expedient and in the best interests of the Company and its shareholders to take advantage of the provisions of the Electronic Transactions Act Chapter 308B of the Laws of Barbados (hereinafter referred to as the "Electronic Transactions Act") to facilitate electronic communication with shareholders.

AND WHEREAS Section 7(1) of the Electronic Transactions Act provides, inter alia, that where the law requires information to be delivered, dispatched given or sent to a person, that requirement is met by doing so in the form of an electronic record AND WHEREAS the Directors deem it advisable to amend By-Law No. 1 of the Company so as to facilitate delivery to shareholders of notice or other documents required by the Companies Act, Regulations, articles or by-laws in the form of an electronic record.

AND WHEREAS the Directors at their meeting held on 9th December, 2013 resolved that By-Law No.1 of the Company be amended as follows:

(i) By deleting Article 18.1 and substituting therefor the following Article 18.1:

Any notice, communication , information or other documents (hereinafter referred to as "the notice") required by the Act, the Regulations, the articles, the by-laws or otherwise to be delivered, given or sent to, or to be served on any shareholder, debenture holder, director, member of a committee of directors, officer or auditor (hereinafter sometimes referred to as "the person") shall be sufficiently delivered, given or sent if:

(a) delivered personally to the person to whom it is to be sent;
(b) delivered to the person's recorded address as shown in the records of the Company or those of the Company's Registrar and Transfer Agent;
(c) sent to the person at his recorded mailing address by prepaid ordinary post or air mail;

(d) sent to the person at his recorded address by any means of prepaid transmitted or recorded communication;

(e) sent to the person by facsimile or other means of electronic communication; or

(f) sent in the form of an electronic record or recording.

(ii) By deleting Article 18.9.1 and substituting therefor the following Article 18.9.1:
Where the notice is sent by post, service of the notice shall be deemed to be effected on the day of the posting.

(iii) By deleting Article 18.9.2 and substituting therefor the following Article 18.9.2:
Where notice is sent by facsimile or other electronic transmission or in the form of an electronic record, service is deemed to be effected on the date on which the notice is sent.

(iv) By instituting a new Article 18.9.4 as follows:
18.9.4 The Company may, in the form of an electronic record, send to shareholders any notice required by law to be sent to shareholders. Where an electronic record is so sent, the shareholder to whom it is addressed shall be deemed to have acknowledged receipt of the same, and the Company shall be deemed to have received such acknowledgement at the time of sending the notice.

(v) By instituting a new Article 18.9.5 as follows:
18.9.5 Where any notice is delivered, given or sent by the Company to a shareholder by electronic means to the information-processing system or electronic address designated by that shareholder for receipt of electronic communication from the Company, the shareholder to whom it is addressed shall be deemed to have acknowledged receipt of the same, and the Company shall be deemed to have received such acknowledgement at the time of sending the notice.

(vi) By instituting a new Article 18.10 as follows:
18.10 REQUEST FOR HARD COPY COMMUNICATIONS
Where a shareholder receives a notice from the Company otherwise than in the form of a hard copy, such shareholder shall be entitled to request the Company to send him a hard copy form of the notice, and the Company shall deliver or send the hard copy form in accordance with Article 18.1 within 21 days of the receipt of such a request from a shareholder.
18.10.1 A shareholder may notify the Company in writing at any time of his desire to receive all notices from the Company in hard copy form and, on receipt of such written shareholder notification, the Company shall deliver or send all future notices to that shareholder in hard copy form and in accordance with Article 18.1, until further notice from that shareholder.

AND WHEREAS Section 61(2) of the Companies Act provides that the Directors of a company must submit any amendment of a by-law to the shareholders of the Company at the next meeting of shareholders after the amendment of the by-laws, and the shareholder may, by ordinary resolution, confirm, amend or reject the amendment.

AND WHEREAS the Board of Directors reccommend that Directors' remuneration be fixed based on attendance at Board meetings.

NOW BE IT RESOLVED AS FOLLOWS:

1. **THAT** the foregoing amendments to By-Law No.1 of the Company as approved by the Directors and outlined herein be and are hereby confirmed without amendment, incorporated into the By-Laws of the Company and known as By-Law No. 4.

2 **THAT** Directors' remuneration be and is hereby fixed at the following amounts with effect from January 1, 2014:

(a) Bds$20,000 per annum plus Bds$1,200 per Board meeting attended for the Non-Executive Chairman of the Board

(b) Bds$15,000 per annum plus Bds$800 per Board meeting attended for a Non-Executive Director

(c) Bds$2,000 per annum plus Bds$750 per Committee meeting attended for the Non-Executive Chairman of a Board Committee

(d) Bds$1,500 per annum plus Bds$400 per Committee meeting attended for a Non-Executive Director serving on a Board Committee

3. **THAT** the Directors and Officers of the Company be and are hereby authorised to do all that is necessary to give effect to the foregoing resolutions.

Company No: 15726

PROXY FORM

I/We……of

……

shareholder(s) of BANKS HOLDINGS LIMITED ('the Company') hereby appoint

……of

…….. or, failing him,

……..…of

……

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the Fifty-fifth Annual General Meeting of the Shareholders of Banks Holdings Limited (the 'Company') to be held at the Lloyd Erskine Sandiford Centre, Two Mile Hill, St. Michael, Barbados, on **Tuesday the 25th day of February, 2014 at 3:00 p.m.** and at any adjournment thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this day of , 2014.

……

(Please print name of Shareholder)

……

(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 any individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of the shareholders of the Company.
   (c) In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
2. A proxy must be executed in writing by the shareholder or his attorney authorised in writing.
3. **Proxy appointments are required to be deposited at the registered office of the Company, Pine Hill Dairy Complex, The Pine, St. Michael, Barbados no later than 4:15 p.m. on the 21st day of February 2014.**

BHL

Banks Holdings Limited

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