

BHL

Banks Holdings Limited

2014

Annual Report





Contents

Notice of Annual Meeting.....	6
Chairman’s Report.....	10
Managing Director’s Report.....	12
Corporate Governance Statement.....	16
Financial Highlights.....	19
Directors’ Report.....	20
Auditors’ Report to the Shareholders	22
Consolidated Statement of Income.....	23
Consolidated Statement of Comprehensive Income.....	24
Consolidated Statement of Financial Position.....	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows.....	28
Notes To The Consolidated Financial Statements.....	29
Management Proxy Circular.....	80
Schedule To Notice Of Annual General Meeting	84
Proxy Form	89

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 Limited, a soft drink plant - Barbados Bottling Co. Limited, a dairy - Barbados Dairy Industries Limited (Pine Hill Dairy) and a distribution company - B&B Distribution Limited, which includes a wholesale outlet.

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

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%)

REGISTERED OFFICE: Pine Hill Dairy Complex,
Pine Hill Dairy Complex,

ATTORNEYS-AT-LAW: Carrington & Sealy

AUDITORS: Ernst & Young, Chartered Accountants

BANKERS: FirstCaribbean International Bank

Subsidiaries

as of 31 August 2014



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



Plastic Containers Limited

Thornbury Hill, Christ Church

Tel: (246) 428-7780

Fax: (246) 428-7112

Notice of Annual General Meeting

Notice is hereby given that the Fifty-Sixth Annual General Meeting of the shareholders of Banks Holdings Limited ('the Company') will be held at the Lloyd Erskine Sandiford Centre, Two Mile Hill, St. Michael, Barbados on Tuesday the 03rd day of March, 2015 at 3:00 p.m. for the following purposes:

1. To receive and consider the Financial Statements of the Company for the Financial Year ended 31 August, 2014 and the Auditors' Report thereon;
2. To elect Directors and if thought fit to pass the following resolutions:
 - (i) *THAT, in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Massy Properties (Barbados) Ltd. (formerly S.P Musson Son & Co. Limited) be and is hereby elected Director of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following its election.*
 - (ii) *THAT, in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, Mr. George Gladstone Daniel McDonald be and is hereby elected Director of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following his election.*
 - (iii) *THAT, in accordance with the requirements of paragraph 4.4 of By-Law No. 1 of the Company, LRE CORP. be and is hereby elected Director of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following its election.*
3. To appoint Auditors for the ensuing financial year and to authorise the Directors to fix their remuneration and if thought fit to pass the following resolution:

THAT incumbent auditors Ernst & Young be and are hereby re-appointed as Auditors of the Company for a period ending at the close of the next Annual General Meeting after their re-appointment.
4. To consider, and if thought fit, to pass the following Resolution:

WHEREAS it is considered expedient and in the best interests of the Company to amend Article 18 of By-Law No. 1 of the Company ('the By-Law')

BE IT RESOLVED THAT the amendment of Article 18 as set out in the Schedule to this Notice and which is incorporated herein by reference be and is hereby confirmed without amendment.
5. To consider, and if thought fit, to pass the following resolution:

WHEREAS it is considered expedient and in the best interests of the Company to amend Article 11 of By-Law No. 1 of the Company ('the By-Law')

BE IT RESOLVED THAT the amendment of Article 11 as set out in the Schedule to this Notice and which is incorporated herein by reference be and is hereby confirmed without amendment.
6. To consider, and if thought fit, to pass the following resolution:

WHEREAS it is considered expedient and in the best interests of the Company to amend Article 4 of By-Law No. 1 of the Company ('the By-Law')

BE IT RESOLVED THAT the insertion of the new Articles 4.8 and 4.9 as set out in the Schedule to this Notice and which is incorporated herein by reference be and is hereby confirmed without amendment.
7. To transact any other business which may properly come before the meeting.

By Order of the Board



Cherie S.A. Jones
Corporate Secretary

The notes to the enclosed proxy form are incorporated in this notice.
20 January, 2015

Directors

as of 20 January 2015

MR. ANTHONY KING Chairman



Independent Director & Chairman - Citizen of Barbados - Mr. King joined the BHL Board on December 16th 2004. A Barbadian national, he 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 (since re-branded the Massy Group). With that process substantially complete, he retired as an executive of Massy during 2012. In addition to serving on the Boards of a number of companies incorporated in Barbados, including being the Chairman of Barbados Dairy Industries Limited, Mr King continues to serve on the Board of Massy Holdings Ltd in Trinidad as a Non-executive director. Mr King has been associated with various private sector organisations including having served as President of the Barbados Chamber of Commerce & Industry and as 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



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

MASSY PROPERTIES (BARBADOS) LTD. represented by MR. FRERE F. C. DELMAS



Non-Independent Director - Company incorporated in Barbados - Mr. Frere Delmas is the representative of Massy Properties (Barbados) Ltd. on the BHL Board. As the Country Manager for the Massy Group in Barbados, a position which he assumed in January 2013, he serves as the Board Chairman on a number of Massy's locally-based subsidiaries and as a Director on others. Mr. Delmas has an accumulated wealth of management experience and knowledge in the supermarket industry and wholesale distribution, which he acquired during his 36-year career in the field. He continues to offer his expertise in these areas in his current position, by providing leadership oversight at the domestic level as well as for Massy's retail interests in St. Lucia. Mr. Delmas is a former Executive Chairman for Neal & Massy's Retail Business Unit and before that, was the Executive Chairman of the BS&T Food Retail and Distribution Division as well as a BS&T Director. He pursued studies in Business Administration at Loughborough College in the United Kingdom, prior to starting his career.

MR. ELVIN R. SEALY



Independent Director - Citizen of Barbados - Mr. Elvin Sealy is a retired Airline Executive having worked with British Airways in the Caribbean for over 39 years. On his retirement in August 2006 he held the post of Regional Manager South Caribbean and had served in numerous regional management positions in the airline. Mr Sealy has held a number of Board Directorships including the Chairman of the Barbados Water Authority 2006-2008 and Deputy Chairman Grantley Adams Airport Inc 2006-2008. He has been a Director of Banks Holdings Limited (BHL) since 2004. He owns a party goods retail business which is now in its 11th year of operation. In 1997 Mr Sealy was appointed a Justice of the Peace and in 2006, a Member of the Order of the British Empire (MBE) for his services to Civil Aviation in The Queen's New Year Honours. He has been an active Rotarian for 30 years and was President 2008-2009.

Directors

as of 20 January 2015 continued



MR. GEORGE McDONALD

Independent Director - Citizen of Guyana - Mr. George Mc Donald joined the BHL Board of Directors on March 11th, 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. KRISTIAN FREIWALD

Non-Independent Director - Citizen of Germany - Mr. Kristian Freiwald joined the BHL Board on November 19th 2014. He is an Industrial Engineer with over fifteen years' experience in business strategy, entrepreneurship and corporate finance. He possesses a MBA from The Anderson School at UCLA where he received the prestigious J. Fred Weston Award for Academic Excellence in Finance. He is the founder of Bautek - established in 2014 specializing in the supply of construction solutions to the Costa Rican market. An ardent businessman, Mr. Freiwald has spent most of his career working with and advising businesses throughout the Americas, including Argentina, Brazil, Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala and the USA on revenue generation, strategy and implementation and new business. Mr. Freiwald's vast experience also spans the distribution, retail and media industries. As Managing Director for The Exxel Group, he oversaw investments in the retail, professional services, technology industries and shipbuilding enterprises. Mr. Freiwald is fluent in German, Spanish and English and has knowledge of Portuguese and French.



MR. DOMINIC HADEED

Non-Independent Director - Citizen of Trinidad & Tobago - Mr. Dominic Hadeed joined the BHL Board on September 4th, 2012. He leads the Aziz Hadeed Group of Companies, a diverse group of successful enterprises based in Trinidad, involved in manufacturing, distribution, wholesale, retail sales and real estate development and management. 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. In 2014 Blue Waters established a water production facility in St Lucia. 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). He has served on the TTMA Board for 7 years, with the last 2 years in the role of President. Mr. Hadeed has chaired the Marketing Committee of the TTMA and has advocated on several issues at the national and regional levels.



LRE CORP. represented by MS. NIARA FRASER

Non-Independent Director - company incorporated in Barbados - LRE CORP. joined the BHL Board in 2012 and is represented by Ms. Niara Fraser. 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's Honour 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 as part of her responsibilities is involved in corporate management of several domestic companies and international business companies. She is a graduate of the Institute of Chartered Secretaries and Administrators where she has been exposed to inter alia, the principles of corporate governance and financial decision making.

Director

as of 20 January 2015 continued



MR. CHRISTOPHER DE CAIRES

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

Corporate Secretary



MS. CHERIE JONES Secretary

Ms Cherie Jones serves as Company Secretary and Corporate Counsel to Banks Holdings Limited (BHL). An Attorney-at-Law of over 15 years' experience, her professional experience has focused on corporate and commercial law, intellectual property and securities law and regulation. She was admitted to the Bar of Barbados in 1997. She possesses a Bachelor of Laws degree (with honours) from the University of the West Indies and a Master of Laws Degree from the University of London. She is also a former tutor in Business Law at the University of the West Indies Faculty of Management Studies.



CHAIRMAN'S REPORT

The BHL Group recorded an improved performance in 2014 as against the previous year, making meaningful progress with its restructuring and cost reduction projects in an environment of low revenue growth. Revenues increased 2.6% while profit from operations (parent and subsidiaries) increased by over 100%. Income from operations, after interest and other costs, improved by almost \$4 million turning the prior year's loss around.

Income from associates also increased, reflecting reduced operating losses at Citrus Products of Belize Limited together with somewhat stronger performances in the other businesses.

All taken into account, profit attributable to equity holders of the parent grew by just over \$7 million, a notable improvement on the prior year.

With respect to the Group's financial position, cash flows improved by \$7.6 million allowing for a reduction of current liabilities without an increase in borrowing while lower inventory carrying values were also achieved. The Wildey property, which remains unsold, was reclassified within Investment Property under the accounting standards but the Company's desire and intention to sell this property has not changed.

Barbados Dairy Industries Limited (BDIL) improved its results to a small loss as compared to the sizeable losses over several prior years but production costs continue to be challenging particularly due to the relatively high cost of raw milk from the farms as compared to imports of powdered milk-based products. As is noted in the Managing Director's Report this and last year, an industry restructuring plan created in conjunction with the dairy farmers has been presented to Government but their decision has not been received. There is little choice at this point but to increase fresh milk prices in order for BDIL to provide some return to shareholders but such will likely reduce demand and does not represent the desired solution that addresses the needs BDIL or indeed the farmers or consumers.

I reported last year that our relationship with Citrus Growers Association of Belize (CGA), our partner in Citrus Products of Belize Ltd (CPBL), had become untenable

and we had indicated our willingness to sell our shareholding to them. The CGA however were not able to obtain the financing to acquire BHL's shares and instead, in settlement of its own debt obligations to the Belize National Insurance Scheme (NIS), disposed of a portion of its shareholding to the NIS. This modification in the ownership structure has brought about a restructuring of CPBL's Board with a better balance of interests and relations with the CGA have substantially improved. The matter of improving CPBL's results is now the focus of the new Board.

Last year, we were unable to obtain audited accounts from CPBL in time for the close of BHL's audit and hence our auditors used their latest management accounts but necessarily issued a qualification in respect of this. Audited results of CPBL for both their 2013 and 2014 years were nevertheless received for the completion BHL's 2014 financial statements and thus no qualification has occurred this year. However, due to an impairment in the value of certain equipment owned by CPBL arising from their 2013 audit, BHL has had to restate figures for prior years and the effect of this is contained in Note 28 to the Financial Statements.

In my report last year I indicated that the Group's overall results should become more influenced by our own operations. Notwithstanding that the Group's associates will continue to be material to the Group's performance, it is pleasing that the Group's own operations have improved and these results represent an encouraging milestone on the journey to achieving higher returns for shareholders. Accordingly, after some years of lower dividends, the Directors are pleased to advise of an increase in the dividend from 7 cents last year to 10 cents this year.

For the 2014/15 financial year, the Group shall continue to strive to address competition so as to improve revenues, as well as to seek further cost efficiencies in its operations, and stands ready to benefit from any upturn in the economy when it arrives.

Finally, on behalf of the Board, I wish to thank not only our customers who offer our products for sale but more importantly the ultimate consumers of our beverages. Also, I extend the Board's appreciation to all stakeholders for your continued support and patronage, and 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 by \$4.6 million (2.6%) for the year and this, coupled with continuing efforts at cost containment, resulted in Income from Parent & Subsidiaries improving by \$3.96 million. These gains were largely driven by a better financial performance by our dairy & juice operations (although still reporting a small loss) together with continued improvements in both brewing and carbonated beverage operations. It is noteworthy that this progress was achieved despite operating in an "ailing economy" and after booking an impairment charge of \$700,000 on investment property together with restructuring expenses of \$1.68 million. This was the result of restructuring our distribution operations in the first quarter of 2014, a process that continues to evolve as we seek to be better positioned to serve the varying demands of a more diverse clientele.

The performance of our Associates also improved as all entities either maintained or improved their results. Citrus Products of Belize Ltd (CPBL), whilst still recording a loss, was successful in significantly reducing that loss as compared to 2013. We are also pleased to report that the major issues that divided the main shareholders of this operation a year ago were addressed in a restructuring of the operation in the first half of 2014 and the company now benefits from a more settled and business-oriented approach to operations. With citrus futures still trending positively the new Board of CPBL is focused on working closely with industry partners to maximize our ability to retain a large share of the enhanced pricing. Elsewhere, despite a slowing of the economy in Guyana, the operations there managed to perform credibly and the operation in Nassau also improved in keeping with expectations.

The sale of the Wildey property was not accomplished during the year as the prospective buyer could not raise the required finances to carry out the acquisition. As of writing this report we have had no further written offers and in accordance with accounting standards, the accounting treatment of the property has changed and it has been removed from Assets Held for Sale and classified along with our other Investment Properties. Nevertheless, the property remains for sale.

The improved results at Barbados Dairy Industries Limited resulted in the reversal of an impairment in their Deferred Tax Asset which was booked in the prior year, with the consequent drop in tax charges. Tax charges for the Barbados operations are however of a non-cash nature given the ability of the Group to utilise prior tax losses.

During the year the Directors determined that, as part of our ongoing initiatives, we should invite tenders for the external audit of the Group companies for the three year period 2015 to 2017. Four entities were invited to tender and after receiving the presentations and evaluating the respective proposals, the Board is pleased to recommend that shareholders re-appoint Ernst & Young as auditors for 2015.



Banks (Barbados) Breweries Limited

The Brewery's results for the 2014 financial year were ahead of expectations. Sales revenue increased over the prior year due for the most part, to the success of Deputy Lager on the local market. Although Deputy's success hinged on the value proposition, its success together with improvements in materials usage and product loss reduction, helped to improve the overall Variable Contribution over the prior year. Deputy's rise to fame has resulted in some "cannibalization" of Banks Beer but this is countered by the double digit increase in overall beer sales.

During the year we worked with our equipment supplier to address certain performance indicators with respect of energy and water consumption rates; a remedy was determined and alterations carried out late in Q4. The full benefit of these alterations will be reflected in the new financial year.

Our photo-voltaic system at the brewery continues to perform to expectations and currently accounts for about 9% of our electricity needs there.

In November 2013, the Quality Management Systems as part of its strategic plan underwent a 'Stage 1' certification audit for FSSC 22000 and ISO 9001. Following the implementation of required measures, the company then moved on to seek 'Stage 2' certification. The 'Stage 2' certification audit was conducted in January 2014 and the company was recommended for certification to the ISO 9001 and Food Safety Management 22000 standards.



Deputy Lager



Barbados Bottling Co. Limited

The ongoing economic challenges in the domestic market continue to impact our carbonated soft drink business as consumers are driven, for economic reasons, to consume lower cost offerings. To combat this decline we launched our 355ml Frutee package in 2013 and expanded this in 2014 with the launch of Coca-Cola and Sprite in that package size. Consumer acceptance of the new package and price has been very encouraging and we have begun to re-gain market share as a result.

We continue to monitor public and health authority concerns relative to our offerings and have been working to broaden our portfolio to include options which address these concerns.



*Cranberry Flavoured
Water 500ml*



Competing against imports from lower cost producing domiciles continues to be a challenge and requires that we operate equipment which is designed to be increasingly more energy efficient and flexible in its ability to handle a wider range of product & packaging. We have therefore begun the process of identifying what mix of product & package consumers are likely to support in the future and to assess our options in respect of equipment needs.



B&B Distribution Limited

The Group's distribution arm, formerly named B&B Distribution Ltd, was re-branded as Banks Distribution Limited after the financial year-end and following restructuring. The recommendations of the consultants engaged last year were implemented and the sales & delivery system was restructured to include a routing system which is designed to be more efficient and responsive to the needs of our smaller customers. As with most changes, several challenges were encountered in the transition. We continue to work on refining the system and can report continued improvement, but it is recognised that the distribution needs are dynamic in nature and that the system will require ongoing analysis in addition to being flexible enough to facilitate changes where such are required by our customers.

The launch of Deputy Lager gave us the opportunity to "temper" our strategy of deploying structured discounts within the traditional Barbadian "Rum Shop" channel to address the aggressive pricing on regional imports. This was successful and whilst the pricing on beer in 2014 remains lower than what it was in 2010, the targeted approach together with production and distribution savings, has resulted in better margin retention overall than last year.

During the year we installed a photo-voltaic system at B&B Distribution Limited and to date the results have been in line with expectations.

PINEHILL

Barbados Dairy Industries Limited

Against the backdrop of a depressed economy and cautious consumer spending, volume growth in 2014 was a challenge for most of the BDIL brands. With increasing competitive pressures in all of the major categories, our response has been to strengthen marketing management, product value and to drive and support occasions for consumption of our products. These elements, coupled with the benefits flowing from prior year restructuring decisions, were the driving forces behind the Dairy's improved financial performance.

The white milk category stabilised in case volumes but we achieved an improved margin. Additionally, with the package rebranding, the Milk Every Day campaign was able to expand its reach through multi-media avenues. While the benefits of the campaign might not be apparent immediately, the foundation has been laid to re-position PINEHILL with the aim of being the brand of choice in all segments. Extensive R&D work in the milk category during 2014 allowed the launch of full cream and Fresh 1% Low Fat Milk in quart & half gallon plastic bottles. Consumers have welcomed these additions and sales continue to grow.

Additionally we rebranded Sun Gold evaporated milk in Q1 and launched the 500 ml option, and both of these positively impacted the overall performance of the brand in the market.

The juice category continued to slide into the realm of commodity, with several new higher and lower entrants during 2014. Rapid segmentation within the category has demanded PINEHILL to reposition its offerings, innovate to compete and build equity in its brands. This process started in 2014 with new campaigns behind our 'core' PINEHILL juice range and greater in-store branding as well as the launch of Sensations 100%, a no added sugar pure juice offering.

During the year, improvements to our material storage and handling systems continued and led to reduced product damage. Additionally, focus was placed on reducing our energy consumption through in-house modification of our cold storage system, our steam and air generation systems and our lighting systems throughout the plant. This resulted in a substantial improvement in our energy use ratio (energy consumed per litre produced) and coupled with the commissioning of our roof mounted 150KW Photo Voltaic system in June, has led to a notable reduction in our overall energy cost as compared to prior year.



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

At the end of the financial year, the Dairy successfully passed its first ISO Surveillance Audit and retained its certification in the following four 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)

Additionally, we have begun the implementation of the requirements of ISO 50001 (Energy Management) and expect that this will continue to deliver improvements in our energy consumption which will flow through to the bottom line.

Notwithstanding the gains mentioned above, the long-term sustainability of the local dairy industry remains of critical concern. Both processor and farmers are struggling to maintain profitability in an environment of increasing input costs. We remain hopeful that Government will continue to demonstrate its commitment to the survival of this industry and provide a positive response to the dairy industry proposal submitted jointly by the Dairy Farmers and ourselves since the end of 2013.

C. Richard Cozier F.C.G.A
Managing Director/CEO

BANKS HOLDINGS LIMITED**Corporate Governance Statement**

The Board of Directors of Banks Holdings Limited (the "Company") is committed to the observance of good corporate governance standards and best practices by the Company and seeks to ensure that the conduct of the Company's business takes place in a prudent, ethical and responsible manner.

The Barbados Stock Exchange Inc. issued a number of Corporate Governance Recommendations (the 'Recommendations') as a guide to listed companies. The full text of the Recommendations is available on the BSE's website at www.bse.com.bb. In the past financial year, the Board has made reasonable progress in implementing these Recommendations in an effort to ensure that its observance of the principles of good governance is consistent with the Recommendations.

The Board's mandate includes:

- (i) monitoring the performance of the Management Team and providing guidance and direction as necessary;
- (ii) creating, encouraging and fostering a corporate culture of integrity and social responsibility throughout the Company;
- (iii) directing and supervising the Company's strategic planning process and approving, on an annual basis, a strategic plan, budget and financial objectives which take into account, among other things, the opportunities and risks of the business;
- (iv) identifying the principal risks of the Company's business, and ensuring the implementation of appropriate systems to manage these risks and
- (v) overseeing the design and effectiveness of internal controls and management information systems.

Nomination of Directors

In accordance with By-Law No. 1, and the provisions of the *Companies Act*, Directors are nominated by the Board of Directors or shareholders and elected by shareholders. Directors elected to fill casual vacancies are selected by the Board. In both cases, the Governance Committee reviews the training, experience and business acumen of every candidate to ensure suitability for the role.

Board Meetings & Director Attendance

As at the date of this Report, there were nine (9) Directors of the Company. The Company's Articles provide that it shall have a minimum of three (3) Directors and a maximum of ten (10) Directors.

There were six (6) Board Meetings during the Financial Year and the attendance of Directors is represented on the below table as follows:

Director	Attendance (No. of Meetings)	Rate
G. Anthony King	6 out of 6	100%
Carl Richard Cozier	6 out of 6	100%
SP Musson Son & Co (now Massy Properties (Barbados) Ltd. and represented by Frere Delmas)	6 out of 6	100%
Mr. Luis Alvarez	3 out of 6	50%
Mr. George McDonald	4 out of 6	66%
LRE CORP.	6 out of 6	100%
Mr. Elvin Sealy	6 out of 6	100%
Mr. Chris DeCaires	5 out of 6	83%
Mr. Dominic Hadeed	6 out of 6	100%

Only Non-Executive Directors receive Director's fees for serving on the Board. Those Directors are remunerated on an annual basis in arrears for those meetings which they attend and are remunerated in cash only. They do not receive any performance-based incentives (save and except Mr. Richard Cozier, who is also Chief Executive Officer, and receives such incentives in that capacity only), nor do they participate in stock-option plans or receive other forms of compensation. A total of \$177,300.00 in Director's Fees was paid for the Financial Year.

Board Committees

The Board of Directors has appointed two standing Committees - a Finance and Audit Committee and a Governance & Compensation Committee. Charters for the Audit Committee and Governance and Compensation Committee may shortly be viewed on the Company's website at www.thebhlgroupp.com. Membership of the two Committees as at fiscal year-end was as follows:

Audit Committee

Mr. Chris DeCaires
 Mr. G. Anthony King
 Mr. Elvin Sealy
 Mr. Luis Alvarez

Governance & Compensation Committee

Mr. Elvin Sealy
 Mr. Dominic Hadeed
 Ms. Niara Fraser
 Mr. G. Anthony King

The Audit Committee reviews the Company's financial reporting process, the system of internal control, the audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct. It is empowered to:

- Facilitate the execution of the internal audit function as defined in the internal audit charter.
- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the External Auditor regarding financial reporting.
- Pre-approve all internal and external auditing and non-audit services.
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Meet with company officers, External Auditors, or outside counsel, as necessary.

The mandate of the Governance & Compensation Committee includes

- (i) to implement effective principles of corporate governance that positively influence the Company's operations and the framework within which decisions are made by its management; and
- (ii) to assist the Board in fulfilling its oversight responsibilities with respect to
 - (a) compensation and human resources policies,
 - (b) compensation arrangements for senior executives, and
 - (c) succession planning for senior executive positions.

Details about the qualifications and experience of the Committee members are disclosed at pages 7, 8 & 9 of this Annual Report.

Audit Fees

The following table presents a summary of all fees paid to the Company's Auditors, Ernst & Young, during the financial year under review and the previous financial year:



	2014	2013
Audit Fees	\$350,000	\$334,150
Other Fees	-	\$14,454
Tax Review	\$29,505	\$29,505

Executive Management

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

Insider Trading

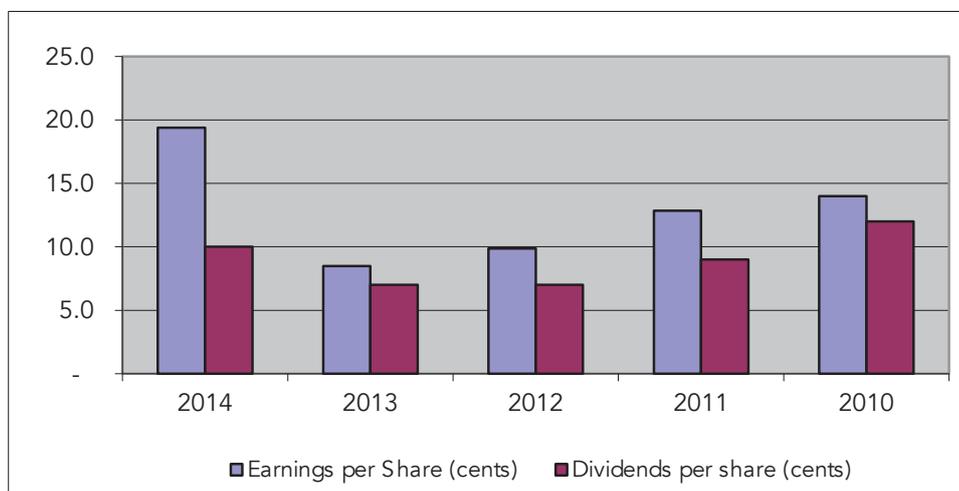
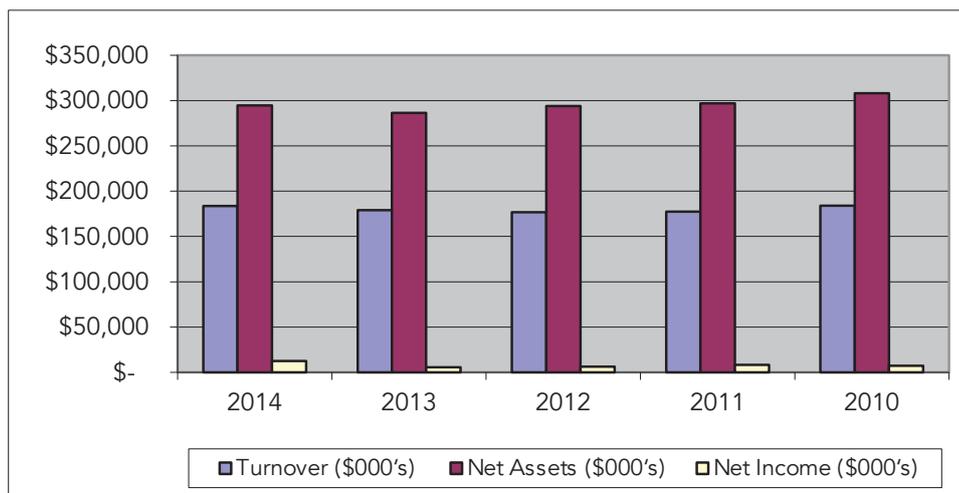
The Company is in compliance with the Insider Trading Guideline of the Barbados Stock Exchange Inc. Further details about the Insider Trading Guidelines of the BSE may be accessed at the BSE website at www.bse.com.bb.

20 January, 2015

Financial Highlights

Expressed in Barbados currency

	2014	Restated 2013	Restated 2012	As Published 2011 2010	
Turnover (\$000's)	\$ 183,635	\$ 179,001	\$ 176,624	\$ 177,325	\$ 184,045
Net Assets (\$000's)	\$ 294,661	\$ 293,496	\$ 283,612	\$ 296,985	\$ 308,087
Net Income (\$000's)	\$ 12,566	\$ 5,497	\$ 6,395	\$ 8,334	\$ 7,360
Earnings per Share (cents)	19.4	8.5	9.9	12.9	14.0
Dividends per share (cents)	10.0	7.0	7.0	9.0	12.0
Times Dividend Covered	1.94	1.21	1.41	1.43	1.17
Net Asset Value per Share (\$)	4.54	4.42	4.53	4.58	4.75
Share Price (\$)	2.95	2.90	3.00	3.82	4.13
P/E Ratio	15.21	34.11	30.30	29.61	29.50





BANKS HOLDINGS LIMITED

Director's Report

1. The Directors hereby submit their annual report and the audited consolidated financial statements for the financial year ended 31 August, 2014.

	\$
2. The consolidated net income for the year attributable to parent was	12,565,749
Which is added to the retained earnings brought forward of	107,418,812
Transferred from revaluation surplus	6,601,762
Less dividend paid (7¢ per share)	(4,539,763)
	122,046,560
	122,046,560

3. A dividend of 10 cents per share for the financial year ending 31 August, 2014 was declared by the Board of Directors on 08 January, 2015 for payment on 11 February, 2015. Shareholders on record on the 30 January, 2015 are entitled to receive the dividend. This dividend will be accounted for as an appropriation of retained earnings in the year ending 2015.

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:

Massy Properties (Barbados) Ltd. <i>(formerly S.P Musson Son & Co. Ltd.)</i>	Corporate Entity
Mr. George Gladstone Daniel McDonald LRE CORP.	Corporate Executive Corporate Entity

5. According to the Company's register, the beneficial and non-beneficial interests of persons who were Directors as at the close of business on 31 August 2014, and at 08 January, 2015 respectively are as follows:

Name	No. of Shares as at 31 August, 2014 - Personally held	No. of Shares as at 31 August, 2014 - Beneficially held	No. of Shares as at 08 January, 2015 - Personally held	No. of Shares as at 08 January, 2015 - Beneficially held
COZIER, Carl Richard	50,620	0	50,620	0
DE CAIRES, Christopher Dennis	0	0	0	0
KING, Gerald Anthony Allan	15,499	0	15,499	0
McDONALD, George Gladstone Daniel	0	0	0	0
HADEED, Dominic George Martin	0	7,654,886	0	7,654,886
Massy Properties (Barbados) Ltd. <i>(formerly S.P. Musson Son & Co. Limited)</i>	0	0	0	0
SEALY, Elvin Royston	2,632	0	2,632	0
LRE CORP.	0	0	0	0
FREIWALD, Kristian	0	0	0	0

6. There have been no changes in the Director's interests occurring between the end of the Company's financial year and close of business on 08 January, 2015 as outlined at Item 5 above.

7. There were no contracts subsisting during or at the end of the financial year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business:
8. Interests of persons other than Directors holding more than 5% of the issued shares as at 31 August 2014 were as follows:

Name	No. of Shares	Percentage
SLU Beverages Ltd.	13,250,000	20.43
Massy Holdings Ltd.	12,907,292	19.90
BWPL Holdings Ltd.	7,654,886	11.80
Banks DIH Limited	4,343,415	6.70
Sagicor Financial Group	4,349,106	6.71

- (ii) Interests of persons other than Directors holding more than 5% of the issued shares as at 08 January, 2015 were as follows:

Name	No. of Shares	Percentage
SLU Beverages Ltd.	13,250,000	20.43
Massy Holdings Ltd.	12,907,292	19.90
BWPL Holdings Ltd.	7,654,886	11.80
Banks DIH Limited	4,343,415	6.70
Sagicor Financial Group	3,956,722	6.10

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

By Order of the Board



Cherie S.A. Jones
Corporate Secretary



Ernst & Young
P.O. Box 261
Bridgetown, BB11000
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 435 2079
246 430 3879
www.ey.com

Street Address
Worthing,
Christ Church, BB15008
Barbados, W.I.

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 2014 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 August 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

CHARTERED ACCOUNTANTS
Barbados
8 January 2015

BANKS HOLDINGS LIMITED**Consolidated Statement of Income
Year ended 31 August 2014***Expressed in Barbados currency*

	Notes	2014 \$	Restated 2013 \$
Revenue	4	<u>183,634,976</u>	<u>179,001,010</u>
Profit from operations before undernoted items	4	6,882,683	3,062,483
Change in fair value of investment properties	12	(700,000)	-
Loss on sale of investment property		-	(207,568)
Impairment of decommissioned assets	27	-	(431,015)
Restructuring costs		(1,682,183)	(492,352)
Interest income		5,884	25,380
Interest expense		(2,384,288)	(3,222,950)
Impairment of intangible asset	13	-	(578,962)
Profit (loss) from operations - parent and subsidiaries		2,122,096	(1,844,984)
Share of income of associated companies	10	<u>10,694,297</u>	<u>7,921,501</u>
		12,816,393	6,076,517
Taxation	5	(398,316)	(1,194,586)
Net income for the year		<u>12,418,077</u>	<u>4,881,931</u>
Attributable to:			
Equity holders of the parent		12,565,749	5,496,610
Non-controlling interests		(147,672)	(614,679)
		<u>12,418,077</u>	<u>4,881,931</u>
Earnings per share	21		
Basic and diluted earnings per share attributable to equity holders of the parent as restated		<u>19.4¢</u>	<u>8.5¢</u>


BANKS HOLDINGS LIMITED
**Consolidated Statement of Comprehensive Income
Year ended 31 August 2014**
Expressed in Barbados currency

	2014	Restated 2013
	\$	\$
Net income for the year	12,418,077	4,881,931
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation adjustment	1,329,306	(158,596)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	1,329,306	(158,596)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Re-measurement (losses) gains on defined benefit plans	(1,554,090)	480,690
Income tax effect	277,555	(115,490)
	(1,276,535)	365,200
Revaluation of property, plant and equipment of Group	95,715	-
Share of revaluation surplus of associated companies	-	1,746,894
Net other comprehensive (loss) income not to be reclassified to profit or loss in subsequent periods	(1,180,820)	2,112,094
Other comprehensive income for the year, net of tax	148,486	1,953,498
Total comprehensive income for the year, net of tax	12,566,563	6,835,429
Attributable to:		
Equity holders of the parent	12,791,270	7,438,075
Non-controlling interests	(224,707)	(602,646)
	12,566,563	6,835,429

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED**Consolidated Statement of Financial Position
As of 31 August 2014***Expressed in Barbados currency*

	Notes	2014 \$	Restated 2013 \$	Restated 2012 \$
Current assets				
Cash and short-term deposits	6	8,310,050	4,546,730	3,342,770
Accounts receivable and prepayments	7	17,375,052	19,813,371	19,029,127
Taxation recoverable		2,882	2,313	22,003
Inventories	8	26,903,557	29,016,304	29,185,744
Short-term investments		5	5	5
		52,591,546	53,378,723	51,579,649
Assets classified as held for sale	27	-	11,610,812	11,210,812
		52,591,546	64,989,535	62,790,461
Current liabilities				
Bank overdraft	6	3,631,810	7,517,684	13,707,420
Accounts payable and accruals	9	21,669,666	25,425,778	25,968,477
Taxation payable		-	44,790	-
Grant	16	59,700	59,700	59,700
Provision for deposits owed to customers		581,169	518,422	551,892
Current portion of long-term liabilities	17	5,684,381	9,131,844	11,294,255
		31,626,726	42,698,218	51,581,744
Working capital				
		20,964,820	22,291,317	11,208,717
Investments in associated companies	10	114,304,602	106,717,659	101,034,840
Property, plant and equipment	11	151,889,202	164,113,700	174,776,223
Investment properties	12	20,900,000	6,000,000	12,500,000
Intangible assets	13	-	-	578,962
Deferred tax	5	8,661,700	8,827,251	10,092,537
Pension plan asset	14	5,591,937	7,264,893	7,051,786
Post-employment medical liability	15	(1,517,220)	(1,396,687)	(1,347,191)
Grant	16	(318,400)	(378,100)	(437,800)
Long-term liabilities	17	(19,834,631)	(20,596,273)	(24,753,845)
		300,642,010	292,843,760	290,704,229
Equity				
Share capital	18	145,865,436	145,951,730	145,965,608
Capital reserves	19	26,748,842	33,125,083	31,183,618
Retained earnings		122,046,560	107,418,812	106,461,965
Attributable to equity holders of the parent		294,660,838	286,495,625	283,611,191
Non-controlling interests		5,981,172	6,348,135	7,093,038
Total equity		300,642,010	292,843,760	290,704,229

The accompanying notes form part of these financial statements.

Approved by the Board on 8 January 2015 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 2014 *Expressed in Barbados currency*

	Attributable to equity holders of the parent					
	Share capital	Capital reserves	Retained earnings	Total	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$	\$
Balance as of 31 August 2012 as previously reported	145,965,608	30,247,846	117,674,236	293,887,690	7,049,954	300,937,644
Prior period adjustment (Note 28)	-	-	(11,212,271)	(11,212,271)	-	(11,212,271)
Adoption of IAS 19 (revised) (Note 3b)	-	935,772	-	935,772	43,084	978,856
Balance as of 31 August 2012 as restated	145,965,608	31,183,618	106,461,965	283,611,191	7,093,038	290,704,229
Net income for the year (as restated)	-	-	5,496,610	5,496,610	(614,679)	4,881,931
Other comprehensive income (as restated)	-	1,941,465	-	1,941,465	12,033	1,953,498
Total comprehensive income	-	1,941,465	5,496,610	7,438,075	(602,646)	6,835,429
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 as restated	145,951,730	33,125,083	107,418,812	286,495,625	6,348,135	292,843,760

Consolidated Statement of Changes in Equity
Year ended 31 August 2014 *Expressed in Barbados currency*

Attributable to equity holders of the parent

	Share capital \$	Capital reserves \$	Retained earnings \$	Total \$	Non- controlling interest \$	Total equity \$
Balance as of 31 August 2013 as restated	145,951,730	33,125,083	107,418,812	286,495,625	6,348,135	292,843,760
Net income for the year	-	-	12,565,749	12,565,749	(147,672)	12,418,077
Other comprehensive income	-	225,521	-	225,521	(77,035)	148,486
Total comprehensive income	-	225,521	12,565,749	12,791,270	(224,707)	12,566,563
Transfer of revaluation surplus to retained earnings	-	(6,601,762)	6,601,762	-	-	-
Transactions with shareholders:						
Change in equity component of convertible promissory notes	(86,294)	-	-	(86,294)	-	(86,294)
Dividend paid (7.0¢ per share)	-	-	(4,539,763)	(4,539,763)	-	(4,539,763)
Dividend paid to minority interest	-	-	-	-	(142,256)	(142,256)
Total transactions with shareholders	(86,294)	-	(4,539,763)	(4,626,057)	(142,256)	(4,768,313)
Balance as of 31 August 2014	145,865,436	26,748,842	122,046,560	294,660,838	5,981,172	300,642,010

The accompanying notes form part of these financial statements.



BANKS HOLDINGS LIMITED

Consolidated Statement of Cash Flows Year ended 31 August 2014

Expressed in Barbados currency

	2014	Restated
	\$	2013
	\$	\$
Cash flows from operating activities		
Income before taxation from continuing operations	12,816,393	6,076,517
Adjustments for:		
Depreciation	16,144,598	17,092,056
Change in fair value of investment properties	700,000	-
Loss on disposal of investment property	-	207,568
Loss on disposal of property, plant and equipment	1,661,640	6,714
Impairment of decommissioned assets	-	431,015
Impairment of intangible asset	-	578,962
Interest income	(5,884)	(25,380)
Interest expense	2,384,288	3,222,950
Post-employment medical liability	125,202	120,399
Pension plan asset	114,197	196,680
Income from grant	(59,700)	(59,700)
Share of income of associated companies	(10,694,297)	(7,921,501)
Operating profit before working capital changes	23,186,437	19,926,280
Decrease (increase) in accounts receivable and prepaid expenses	2,438,319	(784,244)
Decrease in inventories	2,112,747	169,440
Decrease in accounts payable and accruals	(3,756,112)	(542,699)
Increase (decrease) in provision for deposits owed to customers	62,747	(33,470)
Cash generated from operations	24,044,138	18,735,307
Corporation taxes (paid) refunded	(569)	19,690
Interest received	5,884	25,380
Interest paid	(2,384,288)	(3,222,950)
Net cash from operating activities	21,665,165	15,557,427
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,943,297)	(7,327,740)
Dividends received from associated companies	4,436,660	3,826,980
Proceeds from disposal of property, plant and equipment	68,084	60,478
Proceeds from disposal of asset held for sale	400,000	-
Proceeds from disposal of investment property	-	6,292,432
Net cash (used in) from investing activities	(5,038,553)	2,852,150
Cash flows from financing activities		
Payment of dividend	(4,539,763)	(4,539,763)
Dividend paid to minority shareholders	(142,256)	(142,257)
Repayment of long-term liabilities	(4,295,399)	(6,333,861)
Net cash used in financing activities	(8,977,418)	(11,015,881)
Increase in cash and cash equivalents	7,649,194	7,393,696
Cash - beginning of year	(2,970,954)	(10,364,650)
Cash - end of year (Note 6)	4,678,240	(2,970,954)

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****1. Incorporation and principal activities**

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

The principal activities of the Group are in Barbados and consists of the brewing and bottling of alcoholic and non-alcoholic beverages, the manufacturing of carbonated and non-carbonated beverages, the manufacturing and processing of dairy products and fruit juices, and the sale of finished products. 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	Ownership	
Banks (Barbados) Breweries Limited	100%	
Barbados Bottling Co. Limited	100%	
B & B Distribution Limited	100%	
Barbados Dairy Industries Limited	84.43%	
Plastic Containers Limited	65%	

b] Associated companies	Ownership	Principal place of business
Citrus Products of Belize Limited	46.58%	Belize
Chemical Industries Limited	40%	Barbados
GCG Services Limited	33.33%	Barbados
Caribco Limited	30%	The Bahamas
Newtech Incorporated	26.2%	Barbados
BCL (Barbados) Limited	25%	Barbados
Tower Hill Merchants Ltd.	36.7%	England
BCB Communications Inc.	20%	Barbados
Banks DIH Limited	20%	Guyana

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 2014

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:

IFRS 10 Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of this standard did not impact the consolidated financial statements.

IFRS 11 Joint Arrangements

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The adoption of this standard did not impact the consolidated financial statements.

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries and associated companies. The new and amended disclosures are included primarily in notes 10 and 23 of these consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values. IFRS 13 also requires additional disclosures.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****b] Changes in accounting policies and disclosures (cont'd)**

Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets whose fair values were determined.

Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income (OCI)

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., foreign currency gains on investment securities) have to be presented separately from items that will not be reclassified (e.g., re-measurement gains on defined benefit plans). The amendments affect presentation only and have no impact on the Group's financial position or performance.

Amendment to IAS 1 - Clarification of the requirement for comparative information

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the consolidated financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the consolidated opening statement of financial position, presented as a result of retrospective restatement or reclassification of items in the consolidated financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the consolidated statement of financial position as at 31 August 2012. The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised 2011)

IAS 19 (Revised 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****b] Changes in accounting policies and disclosures (cont'd)****IAS 19 Employee Benefits (Revised 2011) (cont'd)**

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, IAS 19 (Revised 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (Revised 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

	2013	2012
	\$	\$
Impact on Consolidated Statement of Income		
Selling, general and administration expenses	(150,255)	-
Net loss before taxation	(150,255)	-
Taxation	27,170	-
Net loss for the year	(123,085)	-
Impact on Consolidated Statement of Other Comprehensive income		
Re-measurement gains on defined benefit plans	480,690	1,072,154
Tax effect	(115,490)	(93,298)
Total other comprehensive income, net of tax	365,200	978,856
Total comprehensive income for the year	242,115	978,856
Impact on net equity		
Recognition of unrealized gains	330,435	1,072,154
Deferred tax impact	(88,320)	(93,298)
Net increase in equity	242,115	978,856
Non-controlling interest	(5,756)	(43,084)
Attributable to equity holders of the parent	236,359	935,772

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****c] Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
- IFRIC Interpretation 21 Levies (IFRIC 21)
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 (effective 1 January 2014)
- IAS 19 Defined Benefit Plans: Employee Contributions - Amendments to IAS 19 (effective after 1 July 2014)
- IFRS 9 - Financial Instruments: Classification and Measurement (effective 1 January 2018)
- IFRS 10, IFRS 12 and IAS 27 - Investment Entities (Amendments) (effective 1 January 2014)

Improvements to International Financial Reporting Standards

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS. In 2010-2012 annual improvement cycle and the 2011-2013 annual improvement cycle, the IASB issued eleven amendments and eight standards. These amendments are applicable to annual periods beginning on or after 1 July 2014.



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

3. Significant accounting policies (cont'd)

c] Standards issued but not yet effective (cont'd)

IFRS	Subject of Amendment
IAS 16 & 38 -	Property, Plant and Equipment and Intangible Assets
IAS 24 -	Related Party Disclosures
IAS40 -	Investment Property
IFRS 1 -	First-time Adoption of International Financial Reporting Standards
IFRS 2 -	Share-based payment
IFRS 3 -	Business Combinations
IFRS 8 -	Operating Segments
IFRS 13 -	Fair Value Measurement

The Group is currently assessing the potential impact of these new standards and interpretations.

d] Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 August 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****d] Basis of consolidation (cont'd)**

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

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

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

e] Business combination and goodwill

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

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

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

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

**BANKS HOLDINGS LIMITED****Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****e] Business combination and goodwill (cont'd)**

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

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

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

f] Revenue recognition

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

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

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****g] Foreign currencies (cont'd)**

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 consolidated retained earnings.

h] 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.

i] 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.

j] 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 and spares	3 to 20 years
Furniture, fittings and other equipment	3 to 10 years
Motor vehicles	5 years
Containers	3 to 10 years

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

**BANKS HOLDINGS LIMITED****Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****k] Intangible assets****Goodwill**

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

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

l] Investments in associated companies

Investments, where the Group has significant influence, are classified as associated companies and are accounted for under the equity method of accounting. The investment in associated companies is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated statement of income reflects the share of the results of operations of the associates. Where there has been a change recognized directly in other comprehensive income, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of other comprehensive income. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

m] 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.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****n] Short-term investments**

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

o] Employee retirement benefits

The Group operates a defined benefit plan, the assets of which are held in a separate fund administered by Trustees. The Group meets the balance of the cost of funding the plan and the Group pays contributions of 0.1% of the employee's salary. The funding requirements are based on regular actuarial valuations of the pension plan every three years, and the assumptions used to determine the funding may differ to those set out in note 14.

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

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

**BANKS HOLDINGS LIMITED****Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****o] Employee retirement benefits (cont'd)**

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

p] 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.

q] Interest bearing loans receivable and payable

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

r] Cash

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

s] Grants

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

t] 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.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****u] Investment properties**

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

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

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

v] 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 consolidated statement of income charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

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

**BANKS HOLDINGS LIMITED****Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****v] Share-based payment transactions (cont'd)**

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.

w] 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.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****x] Impairment of other non-financial assets**

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

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

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

y] 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.

**BANKS HOLDINGS LIMITED****Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****z] 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.

Impairment of financial assets

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

Fair value of unquoted equity instruments

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

Deferred tax assets

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

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****3. Significant accounting policies (cont'd)****z] Significant accounting judgments, estimates and assumptions (cont'd)**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.

Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. In addition, it measures land and buildings at revalued amounts with changes to fair value being recognized in other comprehensive income. The Group engaged an independent valuation specialist to assess the fair value as at 31 August 2014 for the investment properties and for revalued land and buildings. For investment properties, a valuation methodology based on reference to market-based evidence was used. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Notes 11 and 12.

Provision for deposits owed to customers

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



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

4. Profit from operations

	2014	Restated 2013
	\$	\$
Sales	183,634,976	179,001,010
Cost of sales	(126,235,768)	(128,069,286)
Gross profit	57,399,208	50,931,724
Other income	935,745	1,415,273
Selling general and administrative expenses	(51,452,270)	(49,284,514)
Profit from operations	<u>6,882,683</u>	<u>3,062,483</u>

Profit from operations is after charging:

	2014	2013
	\$	\$
Depreciation	<u>16,144,598</u>	<u>17,092,056</u>
Staff costs	<u>40,021,150</u>	<u>39,352,394</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****5. Taxation**

	2014	Restated 2013
	\$	\$
Statement of income		
The taxation charge on net income consists of:		
Deferred tax charge for the year	443,106	1,127,009
Over provision of prior year deferred tax asset	-	22,787
Over provision of prior year corporation tax	(44,790)	-
Corporation tax charge	-	44,790
	<u>398,316</u>	<u>1,194,586</u>

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

	2014	Restated 2013
	\$	\$
Profit (loss) before taxation - parent and subsidiaries	2,122,096	(1,844,984)
Taxed at statutory rates of 25% (2013 - 25%)	530,524	(461,246)
Tax effect of capital allowances	(1,010,416)	(228,481)
Losses utilized	-	(1,119,395)
Other	582,527	696,393
Deferred tax asset not recognized	713,475	1,069,483
Deferred tax asset impaired	-	1,162,076
Overprovision of prior year deferred tax	-	22,787
Effect of different tax rates in certain subsidiaries	(592,794)	52,969
Change in fair value of investment property	175,000	-
	<u>398,316</u>	<u>1,194,586</u>


BANKS HOLDINGS LIMITED
**Notes to the Consolidated Financial Statements
Year ended 31 August 2014**
5. Taxation (cont'd)

	2014	Restated 2013
	\$	\$
Deferred tax asset:		
Balance - beginning of year	8,827,251	10,092,537
Deferred tax charge recognized in the consolidated statement of income	(443,106)	(1,127,009)
Over provision of prior year deferred tax	-	(22,787)
Deferred tax credit (charge) recognized in other comprehensive income	277,555	(115,490)
Balance - end of year	<u>8,661,700</u>	<u>8,827,251</u>

	2014	Restated 2013
	\$	\$
Deferred tax asset is made up as follows:		
Unutilized tax losses	5,091,847	7,059,249
Accelerated depreciation for income tax purposes	3,905,520	2,467,137
Pension plan asset	(635,837)	(977,455)
Post-employment medical benefits	300,170	278,320
	<u>8,661,700</u>	<u>8,827,251</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****5. Taxation (cont'd)**

Tax losses totaling \$60,646,777 (2013 - \$64,280,404) 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
2006	3,576,113	2015
2007	3,423,710	2016
2008	7,306,660	2017
2009	4,598,709	2018
2010	15,260,054	2019
2011	11,300,985	2020
2012	11,809,427	2021
2013	808,010	2022
2014	2,563,109	2023
	60,646,777	

There is a potential deferred tax asset \$4,669,399 (2013 - \$3,955,924) 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:

	2014 \$	2013 \$
Cash	8,310,050	4,546,730
Bank overdraft	(3,631,810)	(7,517,684)
	4,678,240	(2,970,954)

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% (2013 - between 8.05% and 9.05%).



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

7. Accounts receivable and prepayments

	2014	2013
	\$	\$
Trade receivables	14,131,858	15,987,123
Other receivables and prepayments	3,243,194	3,826,248
	<u>17,375,052</u>	<u>19,813,371</u>
	2014	2013
	\$	\$
Gross trade receivables	14,558,389	16,558,088
Provisions for doubtful debts	(426,531)	(570,965)
Trade receivables (net)	<u>14,131,858</u>	<u>15,987,123</u>

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

As at 31 August 2014, trade receivables at a nominal value of \$426,531 (2013 - \$570,965) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Total
	\$
At 31 August 2012	589,652
Charge for the year	78,356
Write-offs	<u>(97,043)</u>
At 31 August 2013	570,965
Charge for the year	84,521
Write-offs	<u>(228,955)</u>
At 31 August 2014	<u>426,531</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****7. Accounts receivable and prepayments (cont'd)**

As at 31 August 2014, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			<30 days	30-60 days	60-90 days	>90 days
	\$	\$	\$	\$	\$	\$
2014	14,131,858	10,489,881	3,041,417	66,057	85,515	448,988
2013	15,987,123	12,187,987	2,733,360	237,305	152,068	676,403

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. No amount was provided with respect to non-trade receivables in the current year (2013 - a provision of \$46,110 was recorded).

8. Inventory

	2014	2013
	\$	\$
Raw materials	16,303,919	16,249,831
Finished goods	8,178,148	10,838,477
Work-in-progress	1,509,971	1,267,748
Marketing materials	612,351	318,785
Fuel and factory supplies	299,168	341,463
	<u>26,903,557</u>	<u>29,016,304</u>

The amount of write-down of inventories recognized as an expense is \$1,372,720 (2013 -\$882,352). 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 2014

9. Accounts payable and accruals

	2014	2013
	\$	\$
Trade payables	10,685,739	13,266,677
Other payables and accruals	10,983,927	12,159,101
	<u>21,669,666</u>	<u>25,425,778</u>

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

	2014	Restated 2013
	\$	\$
Cost of investments	68,514,761	68,514,761
Increase in equity value over cost from acquisition to end of year	45,789,841	38,202,898
	<u>114,304,602</u>	<u>106,717,659</u>

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

	2014	Restated 2013
	\$	\$
Balance beginning of the year	106,717,659	101,034,840
Share of net income	10,694,297	7,921,501
Dividends received	(4,436,660)	(3,826,980)
Exchange and other adjustments	1,329,306	1,588,298
	<u>114,304,602</u>	<u>106,717,659</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****10. Investments in associated companies (cont'd)**

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

	2014	Restated 2013
	\$	\$
Bank DIH Limited	51,807,294	47,944,018
Citrus Products of Belize Limited	32,846,386	33,255,756
Other associated companies in aggregate	29,650,922	25,517,885
	<u>114,304,602</u>	<u>106,717,659</u>

Other associated companies consist of the remaining associated companies as disclosed in Note 2 (b) of which Caribco Limited is the most significant.

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

Summarised statements of financial position as at 31 August 2014:

	Banks DIH Limited	Citrus Products of Belize Limited	Other associated companies
	\$	\$	\$
Current assets	220,554,856	41,887,929	47,021,340
Non-current assets	466,292,188	78,009,225	69,389,968
Current liabilities	(356,928,581)	(31,078,678)	(15,926,201)
Non-current liabilities	(76,224,148)	(18,650,930)	(17,818,653)
Net Assets	<u>253,694,315</u>	<u>70,167,546</u>	<u>82,666,454</u>

Summarised statements of financial position as at 31 August 2013:

	Banks DIH Limited	Citrus Products of Belize Limited	Other associated companies
	\$	\$	\$
Current assets	246,334,846	44,252,769	41,816,300
Non-current assets	411,993,658	82,653,346	67,256,719
Current liabilities	(363,514,148)	(48,282,373)	(19,024,628)
Non-current liabilities	(62,201,817)	(8,146,312)	(16,413,584)
Net assets	<u>232,612,539</u>	<u>70,477,430</u>	<u>73,634,807</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****10. Investments in associated companies (cont'd)**

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

	2014	Restated 2013
	\$	\$
Bank DIH Limited	5,207,398	5,657,796
Citrus Products of Belize Limited	(741,575)	(1,916,253)
Other associated companies in aggregate	6,228,474	4,179,958
	<u>10,694,297</u>	<u>7,921,501</u>

Summarised statements of comprehensive income for the year ended 31 August 2014:

	Banks DIH Limited	Citrus Products of Belize Limited	Other associated companies
	\$	\$	\$
Revenue	<u>259,614,986</u>	<u>102,828,472</u>	<u>151,133,836</u>
Total net and comprehensive income for the year	<u>26,036,991</u>	<u>(1,592,045)</u>	<u>20,479,730</u>

Summarised statements of comprehensive income for the year ended 31 August 2013:

	Banks DIH Limited	Citrus Products of Belize Limited	Other associated companies
	\$	\$	\$
Revenue	<u>257,959,884</u>	<u>114,619,715</u>	<u>151,949,323</u>
Net income for the year	28,288,979	(4,113,497)	13,879,269
Other comprehensive income for the year, net of tax	8,734,470	-	-
Total net and comprehensive income for the year	<u>37,023,449</u>	<u>(4,113,897)</u>	<u>13,879,269</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****10. Investments in associated companies (cont'd)**

Banks DIH Limited is traded on the Guyana Stock Exchange and had a fair value of \$39,256,207 (2013 - \$35,168,434) based on the closing price at year end.

Banks DIH Limited and Caribco Limited paid 91% of the total dividends received by the Group for the year (2013 - 95%).

The principal activities of the material associated companies are as follows:

Banks DIH Limited

The production and wholesale marketing of beers and other assorted beverages; the operation of commercial banking; processing of food items; and the operation of restaurants and hotel and laundry services.

Caribco Limited

The bottler and distributor for Coca-Cola products.

Citrus Products of Belize Limited

The manufacture and distribution of a range of citrus products.

BANKS HOLDINGS LIMITED
**Notes to the Consolidated Financial Statements
Year ended 31 August 2014**
11. Property, plant and equipment

	At 31 August 2013	Additions	Disposals	Revaluation	Transfers	At 31 August 2014
	\$	\$	\$	\$	\$	\$
Cost or valuation						
Freehold land	17,360,516	-	-	(1,315,622)	(1,173,921)	14,870,973
Freehold buildings	46,248,261	262,411	-	(3,411,724)	(2,918,826)	40,180,122
Buildings on leasehold land	20,692,913	646,702	-	-	249,871	21,589,486
Plant and machinery	150,827,908	5,531,925	(6,773,774)	-	415,377	150,001,436
Furniture, fittings and other equipment	14,254,976	475,899	(1,992,336)	-	-	12,738,539
Motor vehicles	4,409,671	-	(181,923)	-	-	4,227,748
Containers	12,162,942	2,627,444	(2,371,140)	-	-	12,419,246
Capital works in progress	317,650	398,916	-	-	(665,248)	51,318
	266,274,837	9,943,297	(11,319,173)	(4,727,346)	(4,092,747)	256,078,868
Accumulated depreciation						
Freehold buildings	3,370,413	1,156,207	-	(4,526,620)	-	-
Buildings on leasehold land	10,483,686	741,301	-	-	-	11,224,987
Plant and machinery	62,070,991	11,606,923	(5,140,185)	-	-	68,537,729
Furniture, fittings and other equipment	12,632,601	637,579	(1,951,301)	-	-	11,318,879
Motor vehicles	3,910,632	179,260	(126,823)	-	-	3,963,069
Containers	9,692,814	1,823,328	(2,371,140)	-	-	9,145,002
	102,161,137	16,144,598	(9,589,449)	(4,526,620)	-	104,189,666
Net book value						
Freehold land	17,360,516					14,870,973
Freehold buildings	42,877,848					40,180,122
Buildings on leasehold land	10,209,227					10,364,499
Plant and machinery	88,756,917					81,463,707
Furniture, fittings and other equipment	1,622,375					1,419,660
Motor vehicles	499,039					264,679
Containers	2,470,128					3,274,244
Capital works in progress	317,650					51,318
	164,113,700					151,889,202

BANKS HOLDINGS LIMITED

**Notes to the Consolidated Financial Statements
Year ended 31 August 2014**

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

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



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

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

The Group has plant and equipment with a net book value of \$9,549,220 (2013 - \$12,742,114) secured under a finance lease.

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

The revaluation decrease of \$200,726 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 at 31 August 2014 \$39,456,328 (2013 - \$40,832,204).

Fair value hierarchy disclosures for investment properties are in Note 26.

Freehold land and buildings of \$4,092,747 (2013 - Nil) located at Wildey were transferred to investment properties as they were no longer owner-occupied. The relating revaluation surplus was transferred to retained earnings.

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

12. Investment properties

	2014	2013
	\$	\$
Balance, beginning of the year	6,000,000	12,500,000
Change in fair value of investment properties	(700,000)	-
Transfer from assets classified as held for sale (Note 27)	11,507,253	-
Disposed during the year	-	(6,500,000)
Transfer from property, plant and equipment (Note 11)	4,092,747	-
Balance, end of the year	<u>20,900,000</u>	<u>6,000,000</u>

As at 31 August 2014, the Company's investment properties located at Wildey and Thornbury Hill were revalued based on valuations performed by an accredited independent valuer. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the properties.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****12. Investment properties (cont'd)**

A valuation model in accordance with that recommended by the International Valuation Committee has been applied. The fair value of the land and building was determined using the market value approach.

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

	2014	2013
	\$	\$
Rental income	432,000	779,792
Operating expenses	(87,123)	(252,908)
Profit arising from investment properties carried at fair value	<u>344,877</u>	<u>526,884</u>

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

Fair value hierarchy disclosures for investment properties are in Note 26.

Significant valuation inputs:

	\$
Price per square foot (land)	18 - 21
Price per square foot (building)	150 - 250



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

13. Intangible assets

	2014	2013
	\$	\$
Goodwill		
Balance, beginning of year	-	578,962
Impairment	-	(578,962)
	<u>-</u>	<u>-</u>

The goodwill of \$578,962 was acquired through business combinations and was allocated to the milk and juice manufacturing cash generating units.

During the prior year, management 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 12.5% and 1.5% respectively. As a result of the assessment the goodwill was determined to be impaired.

14. Pension plan asset

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

	2014	Restated 2013
	\$	\$
Fair value of plan assets	41,441,317	40,099,639
Present value of funded obligations	(35,849,380)	(32,834,746)
Net asset recognized in the consolidated statement of financial position	<u>5,591,937</u>	<u>7,264,893</u>

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

	2014	Restated 2013
	\$	\$
Current service cost	561,459	638,596
Interest cost	2,523,873	2,464,793
Expected return on plan assets	(3,061,639)	(2,983,582)
Administrative and other non-plan expenses	101,360	86,193
Total, included in staff costs	<u>125,053</u>	<u>206,000</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****14. Pension plan asset (cont'd)****Consolidated Statement of Comprehensive income**

	2014	Restated 2013
	\$	\$
Loss (gain) form change in assumptions	1,787,012	(417,536)
Gain from experience	(758,966)	(723,551)
Expected return on plan assets	3,061,639	2,983,582
Actual return on plan assets	(2,530,926)	(2,252,282)
	<hr/>	<hr/>
Other comprehensive loss (income)	1,558,759	(409,787)
	<hr/> <hr/>	<hr/> <hr/>

Movements in the net asset are as follows:

	2014	Restated 2013
	\$	\$
Balance, beginning of the year	7,264,893	7,051,786
Net expense recognized in the consolidated statement of income	(125,053)	(206,000)
Other comprehensive (loss) income	(1,558,759)	409,787
Contributions paid	10,856	9,320
	<hr/>	<hr/>
Balance, end of the year	5,591,937	7,264,893
	<hr/> <hr/>	<hr/> <hr/>

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

	2014	Restated 2013
	\$	\$
Balance, beginning of year	32,834,746	32,096,528
Interest cost	2,523,873	2,464,793
Current service cost	561,459	638,596
Employee contributions	260,896	280,255
Benefits paid	(1,359,640)	(1,504,339)
Actuarial losses (gain) on obligation	1,028,046	(1,141,087)
	<hr/>	<hr/>
Balance, end of year	35,849,380	32,834,746
	<hr/> <hr/>	<hr/> <hr/>



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

14. Pension plan asset (cont'd)

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

	2014	2013
	\$	\$
Fair value of plan assets	40,099,639	39,148,314
Actual return	2,530,926	2,252,282
Contributions by employer and employees	271,752	289,575
Benefits paid	(1,359,640)	(1,504,339)
Administrative fees	(101,360)	(86,193)
	41,441,317	40,099,639

A quantitative sensitivity analysis for significant assumptions on the present value of the obligation as at 31 August 2014 is shown below:

	Increase	Decrease
	\$	\$
Change in discount rate by 1%	(5,059,354)	6,648,176
Change in salary increase by 0.5%	1,526,113	(1,354,802)

Life expectancy at age 60 for current pensioners in years:

Male - 24.35
Female - 26.68

The weighted duration of the defined benefit obligation was 16.44 years.

The Group expects to contribute \$8,135 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:

	2014	2013
	%	%
Bonds	23	23
Mortgages	8	8
Equities	31	27
Mutual funds	13	15
Real estate	21	22
Other	4	5

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 2014****14. Pension plan asset (cont'd)**

Experience history

	2014	2013
	%	%
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	3.50	2.50
Future increases in NIS ceiling for earnings	4.25	4.25
Future pension increases	3.75	3.75

15. Post-employment medical liability**The amounts recognized in the consolidated statement of financial position are as follows:**

	2014	Restated 2013
	\$	\$
Present value of unfunded obligations	1,517,220	1,396,687
Liability recognized in the consolidated statement of financial position	<u>1,517,220</u>	<u>1,396,687</u>

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

	2014	Restated 2013
	\$	\$
Current service cost	64,808	62,316
Interest on obligation	111,293	107,329
Total, included in staff costs	<u>176,101</u>	<u>169,645</u>



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

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

Consolidated Statement of Comprehensive income:

	2014	Restated 2013
	\$	\$
Loss from change in assumptions	155,284	-
Gain from experience	(159,953)	(70,903)
Other comprehensive income	(4,669)	(70,903)

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

	2014	Restated 2013
	\$	\$
Net liability, beginning of year	1,396,687	1,347,191
Net expense recognized in the consolidated statement of income	176,101	169,645
Other comprehensive income	(4,669)	(70,903)
Contributions	(50,899)	(49,246)
Net liability, end of year	1,517,220	1,396,687

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

	2014	Restated 2013
	\$	\$
Balance, beginning of year	1,396,687	1,347,191
Interest cost	111,293	107,329
Current service cost	64,808	62,316
Contributions	(50,899)	(49,246)
Actuarial gain	(4,669)	(70,903)
Balance, end of year	1,517,220	1,396,687

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****15. Post-employment medical liability (cont'd)**

	2014	2013
	%	%
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 the following assumptions would have the following effect on the present value of the obligation:

	Increase	Decrease
	\$	\$
2014		
Change of medical inflation by 1%	259,486	(226,048)
Change of discount rate by 1%	(227,923)	266,671
Change on current service and interest cost by 1%	36,540	(28,519)

The weighted duration of the defined benefit obligation was 16.30 years.

Assuming no changes in the premium rates the company expects to pay premiums of \$51,823 during the 2015 financial year.

16. Grant

	2014	2013
	\$	\$
Balance, beginning of year	437,800	497,500
Released to the statement of income	(59,700)	(59,700)
Balance, end of year	<u>378,100</u>	<u>437,800</u>

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.

	2014	2013
	\$	\$
Current	59,700	59,700
Non-current	318,400	378,100
	<u>378,100</u>	<u>437,800</u>



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

17. Long-term liabilities

	2014	2013
	\$	\$
(i) FirstCaribbean International Bank	19,977,978	21,688,180
(ii) Tetra Pak S.A.	3,214,984	5,800,181
(iii) SLU Beverages Ltd.	2,326,050	2,239,756
	<hr/>	<hr/>
	25,519,012	29,728,117
Less: Current portion	(5,684,381)	(9,131,844)
	<hr/>	<hr/>
Long-term portion	19,834,631	20,596,273
	<hr/> <hr/>	<hr/> <hr/>

- (i) The FirstCaribbean International Bank loans bear interest at a rate of 7.05% (2013 - 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 \$41,700,000; (b) the assignment of the insurance policies on various properties and other permanent fixtures for sums assured totaling \$66,400,000; (c) a letter of undertaking to the bank to provide a mortgage over a subsidiary's assets.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****17. Long-term liabilities (cont'd)**

- (i) There are also certain covenants and other conditions which the Group must maintain. At 31 August 2014, one of the Group's subsidiaries was in breach of one of the covenants of a loan but received a letter from the lender prior to year-end waving its 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 \$1,523,589 (2013 - \$2,581,139). Lease payments due after one year total \$1,691,395 (2013 - \$3,219,042).
- (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 2014, 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 2014

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	
	2014	2013	2014	2013
			\$	\$
At the beginning of the year	64,853,760	64,853,760	145,951,730	145,965,608
Change in equity component of convertible promissory notes	-	-	(86,294)	(13,878)
At the end of the year	64,853,760	64,853,760	145,865,436	145,951,730

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 2014 135,200 (2013- 290,707) stock options at exercise prices ranging from \$3.50 to \$3.54 were outstanding. All options that were issued in prior years were fully vested at 31 August 2013. Consequently, there were no options that vest during the year and no expense to report for the year ended 31 August 2014 (2013 -Nil). There have been no cancellations or modifications to the Plan during 2014 or 2013.

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

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****18. Share capital (cont'd)****Share-based payment plans (cont'd)**

	Number		WAEP	
	2014	2013	2014	2013
			\$	\$
Outstanding at beginning of year	290,707	469,201	3.54	3.47
Forfeited during the year	(9,238)	(27,384)	3.50	3.54
Expired during the year	(146,269)	(151,110)	3.58	3.33
Outstanding at end of year	135,200	290,707	3.50	3.54
Exercisable at end of year	135,200	290,707	3.50	3.54

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 2014 or 31 August 2013.

19. Capital reserves

	Revaluation surplus	Defined Benefit Plans	Other Reserves	Total
	\$	\$	\$	\$
Balance as of 31 August 2012	31,375,162	935,772	(1,127,316)	31,183,618
Share of revaluation surplus of associated companies	1,746,894	-	-	1,746,894
Foreign currency translation adjustment	-	-	(158,596)	(158,596)
Re-measurement gain on defined benefit plans	-	353,167	-	353,167
Balance as of 31 August 2013	33,122,056	1,288,939	(1,285,912)	33,125,083
Share of revaluation surplus of Group	95,715	-	-	95,715
Transfer to retained earnings	(6,601,762)	-	-	(6,601,762)
Foreign currency translation adjustment	-	-	1,329,306	1,329,306
Re-measurement gain on defined benefit plans	-	(1,199,500)	-	(1,199,500)
Balance as at 31 August 2014	26,616,009	89,439	43,394	26,748,842



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

19. Capital reserves (cont'd)

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.

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:

	2014	2013
	\$	\$
Receivables		
Associated companies	73,736	1,997,086
Other related parties	4,913,424	6,307,263
	<u>4,987,160</u>	<u>8,304,349</u>
Payables		
Associated companies	2,178,552	911,443
Other related parties	103,955	68,387
	<u>2,282,507</u>	<u>979,830</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****20. Related party balances and transactions (cont'd)**

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

	2014	2013
	\$	\$
Sales	45,356,338	54,812,403
Purchases	20,979,639	14,625,996

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 2014 and 31 August 2013.

Compensation of key management personnel of the Group:

	2014	2013
	\$	\$
Short-term employment benefits	2,339,944	2,329,741
Post-employment benefits	60,734	125,456
	<u>2,400,678</u>	<u>2,455,197</u>

21. Earnings per share

Basic earnings per share from continuing operations are calculated based on earnings of \$12,565,748 (2013 - \$5,496,610) and a weighted average of 64,853,760 (2013 - 64,853,760) shares in issue during the year. Diluted earnings per share from operations as a result of ordinary shares granted under the Company's ESOP and unconverted convertible promissory notes amounted to 19.4¢ (2013 - 8.5¢) based on a potential weighted average number of ordinary shares in issue of 64,853,760 (2013 - 64,853,760).



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

22. Operating lease commitments

The lease expense for the year was \$623,194 (2013 - \$493,817).

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

	2014	2013
	\$	\$
Within one year	589,915	540,652
After one year but not more than five years	1,154,421	1,186,750
	<u>1,744,336</u>	<u>1,727,402</u>

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

	2014	2013
	\$	\$
Within one year	<u>432,000</u>	<u>432,000</u>

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****23. Material partly-owned subsidiaries**

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

Summarised statement of profit or loss:

	Restated 2014	2013
	\$	\$
Sales	60,714,991	60,530,678
Cost of sales	(55,203,148)	(57,223,771)
Other income	409,126	287,147
Selling, general and administrative expenses	(5,561,246)	(5,632,735)
Finance costs	(848,498)	(1,083,030)
	<hr/>	<hr/>
Loss before taxation	(488,775)	(3,121,711)
Taxation	246,058	(1,640,799)
	<hr/>	<hr/>
Net loss for the year	(242,717)	(4,762,510)
	<hr/> <hr/>	<hr/> <hr/>
Loss allocated to material non-controlling interest	(37,791)	(741,523)

Summarised statement of financial position:

	Restated 2014	2013
	\$	\$
Current assets	16,455,902	21,813,633
Non-current assets	34,830,834	37,752,168
Current liabilities	(22,920,724)	(30,586,601)
Non-current liabilities	(3,632,245)	(3,507,950)
	<hr/>	<hr/>
Total equity	24,733,767	25,471,250
	<hr/> <hr/>	<hr/> <hr/>
Attributable to non-controlling interest	3,851,047	3,965,874

Summarised cash flow information:

	2014	2013
	\$	\$
Operating	7,171,974	3,981,505
Investing	(1,797,585)	(1,099,949)
Financing	(4,054,653)	(4,335,457)
	<hr/>	<hr/>
Increase (decrease) in cash for the year	1,319,736	(1,453,901)



BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements Year ended 31 August 2014

24. Commitments and contingencies

Capital commitments

Capital expenditure of \$8,278,170 (2013 - \$3,509,510) was approved by the Directors for the ensuing financial year ending 31 August 2014 and nil (2013 - nil) was contracted for at the year-end date.

Litigation

As at 31 August 2014, 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.

25. Risk management

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

Interest rate risk

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

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****25. Risk management (cont'd)**

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	2014 Effect on profit before tax \$	2013 Effect on profit before tax \$
+-50	145,754	186,229

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 8% of the Group's sales are denominated in a currency other than the functional currency of the operating unit making the sale, whilst 74% 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 Group. The amount of the Group's maximum exposure to credit risk is indicated by the carrying amount of its financial assets.

**BANKS HOLDINGS LIMITED****Notes to the Consolidated Financial Statements
Year ended 31 August 2014****25. Risk management (cont'd)****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 Group does not offer credit terms without the approval of Management.

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

Liquidity risk

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

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

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

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****25. Risk management (cont'd)****Year ended 31 August 2014**

	On demand \$	1 year \$	2 to 5 years \$	5 Years \$	Total \$
Bank overdraft	3,631,810	-	-	-	3,631,810
Accounts payable and accruals	-	21,669,666	-	-	21,669,666
Provision for deposits owed to customers	-	581,169	-	-	581,169
Long term liabilities	4,926,797	4,699,047	23,745,358	-	33,371,202

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

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 2014 and 31 August 2013.

BANKS HOLDINGS LIMITED**Notes to the Consolidated Financial Statements
Year ended 31 August 2014****26. 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	
	2014 \$	2013 \$	2014 \$	2013 \$
Financial assets				
Cash and short-term deposits	8,310,058	4,546,730	8,310,058	4,546,730
Short-term investments	5	5	5	5
Trade receivables	14,131,858	15,987,123	14,131,858	15,987,123
Financial liabilities				
Bank overdraft	3,631,810	7,517,684	3,631,810	7,517,684
Accounts payable and accruals	21,669,666	25,425,778	21,669,666	25,425,778
Long-term liabilities	25,519,012	29,728,117	25,519,012	29,728,117

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

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

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

Fair value hierarchy

As at 31 August 2014, 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 2014****26. Fair value of financial instruments (cont'd)****Fair value hierarchy (cont'd)****Assets measured at fair value**

	31 August 2014	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Short-term investments	5	5	-	-
Freehold land buildings	55,051,095	-	55,051,095	-
Investment properties	20,900,000	-	20,900,000	-
	31 August 2013	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Short-term investments	5	5	-	-
Freehold land buildings	60,238,364	-	60,238,364	-
Investment properties	6,000,000	-	6,000,000	-

During the reporting period ending 31 August 2014, there were no transfers between Level 1 and 2 fair value adjustments.

27. Assets classified as held for sale

During 2013, the parent company decided to dispose of the Wildey site which was vacated upon the move of the Brewery to Newton. The sale which was being negotiated at the end of the prior financial year did not materialize in the current financial year. The property was therefore transferred to investment property at fair value of \$11,507,253. The difference of \$296,441 between the previous carrying value of \$11,210,812 and fair value at the date of transfer to investment property was credited to revaluation surplus. The cumulative revaluation surplus was subsequently transferred to retained earnings.

During the prior year, the Company decided to decommission and dispose of certain packaging equipment with a net book value of \$831,015. An impairment loss amounting to \$431,015 was recognised in the statement of loss. The company received proceeds of \$400,000 from the supplier in the current year equal to the net carrying value.

28. Prior year adjustment

One of the Group's associated companies restated their retained earnings as at 31 August 2012 and their net income for the year ended 2013. The Group's share was therefore also accounted for as a prior year adjustment. Opening retained earnings was restated by a reduction of \$11,212,271 and the Group's share of income of associated companies decreased by \$406,178 for the year ended 31 August 2013. Investment in associated companies was decreased by \$11,618,449 as at 31 August 2013.

BANKS HOLDINGS LIMITED**COMPANY NO: 15726
MANAGEMENT PROXY CIRCULAR**

Management is required by the *Companies Act* Chapter 308 of the Laws of Barbados (hereinafter called 'the *Companies Act*') to send, 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-Sixth (56th) 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 03rd day of March, 2015 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. 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 **12:00 noon on the 2nd day of March, 2015.**

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 **3:00 p.m. on Monday, 02 March, 2015** being the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such meeting, on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

Record Date, Notice of Meeting and Voting Shares

The Directors of the Company have fixed a record date of **Friday 30 January, 2015** for determining the shareholders who are entitled to receive notice of the meeting. In accordance with the *Companies Act*, only shareholders of record at the close of business on the **Friday 30 January, 2015** 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.

Item 2 - Election of Directors

The Board of Directors consists of members who retire in rotation. On 31st August, 2014 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 who retire as Directors by rotation and are 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

Massy Properties (Barbados) Ltd.
(formerly S.P Musson Son & Co. Ltd.)

Mr. George Gladstone Daniel McDonald

LRE CORP.

Present Principal Occupation

Corporate Entity

Corporate Executive

Corporate Entity

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. All nominated candidates are willing to serve and have signed declarations of consent attesting to their willingness to serve. 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.

Massy Properties (Barbados) Ltd. (formerly S.P Musson Son & Co. Ltd.) , Mr. George Gladstone Daniel McDonald and LRE CORP. are presently Directors of the Company and will retire at the close of the Fifty-Sixth 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. Massy Properties (Barbados) Ltd. (formerly S.P Musson Son & Co. Ltd.) and Mr. George Gladstone Daniel McDonald were elected at the Fifty-Third Annual General Meeting of the Company held on Wednesday, February 29th, 2012 for a period ending at the close of the third Annual General Meeting after their election. LRE CORP. was appointed by the Board of Directors on 18 July, 2012, to fill a vacancy created by the resignation of Mr. Joaquin Enrique Origgi, who resigned from the Board on 22 June, 2012.

Item 3 - 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. In accordance with Section 11 (2) of the *Financial Services Commission Act, 2010 - 21*, the approval of the Financial Services Commission has been sought for this appointment.

Item 4 - Amendment of Article 18 of By-Law No. 1 - Shareholder Communications in Electronic Form

The cost of preparing and mailing the Company's 2013 Annual Report amounted to \$95,360.00, of which postage costs alone was \$31,620.50 and the Company's approximately 4,000 shareholders are located in various parts of the world. Increasing legal and regulatory requirements and accounting disclosures have meant an increase in the size and content of the Annual Report, and the costs of preparing, printing and posting these to shareholders currently represents a significant financial outlay to the Company. The *Electronic Transactions Act* of the Laws of Barbados allows the sending of information legally required to be given to a person using electronic means, and the Directors therefore propose the amendment of Article 18 of the Company's By-Laws to provide for the electronic delivery of shareholder communications and their delivery in electronic format (e.g on a CD ROM or USB stick). Not only is the provision of Annual Reports in this way consistent with local, regional and international practice, but this amendment to allow electronic delivery of annual reports will:

- (i) greatly reduce the cost to the Company of having to print and post Annual Reports;
- (ii) enable speedier delivery of annual reports to all shareholders, especially shareholders overseas;
- (iii) have a positive environmental impact by minimising use of paper.

The Directors are aware that some shareholders may, for various reasons, prefer to continue to receive their Annual Reports in printed format. As such, the amendment to Article 18 provides for shareholders who prefer to do so, to request and receive their Annual Reports in hard copy format.

**Item 5 - Amendment of Article 11 of By-Law No. 1 - Chairmanship of Board Committees**

The Directors propose that Article 11 of the By-Laws be amended to remove the requirement that the Chairman of the Board (or his Deputy) chair all meetings of Board Committees. In accordance with good corporate governance practice these Committees should be chaired by a Director other than the Chairman of the Board. This also allows for Committees to be chaired by Directors best skilled and equipped for leading the work of the particular Committee.

Item 6 - Amendment of Article 4 of By-Law No. 1 - Eligibility for Election of Directors

Both the Barbados Stock Exchange and the Financial Services Commission have issued a number of guidelines to public companies. Within these guidelines are requirements for the supply of information in respect of any person to be considered for election to the boards of public companies whereby due diligence can be undertaken to determine that such persons satisfy the criteria of the regulations and *Companies Act* in order to be admitted as Directors.

Further, the BSE Recommendations require that all Directors to be elected sign and submit declarations of consent attesting to their willingness to serve if elected. The timely submission of written nominations enables the Secretary to carry out the necessary due diligence and thereafter circulate adequate information about the new proposed Directors in a timely manner so that shareholders are informed as to the experience, expertise and interests of the prospective candidates and can make informed decisions about their election.

Accordingly, the Directors deem it advisable to amend By-Law No. 1 of the Company so as to definitively provide for the manner in which Directors for election should be nominated. The proposed amendments facilitate satisfying the requirements of the Regulators' guidelines and also bring the Company in line with international best practice. The required threshold for supporting a nomination mirrors similar provisions in the *Companies Act* ensuring that nominees presented have the support of at least a small percentage shareholding being at least 5% of the issued shares of the Company.

Discretionary Authority

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

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

- (i) **The election of Massy Properties (Barbados) Ltd. to hold office until the close of the third Annual Meeting of the Shareholders of the Company following its election.**
- (ii) **The election of Mr. George Gladstone Daniel McDonald to hold office until the close of the third Annual Meeting of the Shareholders of the Company following his election.**
- (iii) **The election of LRE CORP. to hold office until the close of the third Annual Meeting of the Shareholders of the Company following its election.**
- (iv) **The re-appointment of incumbent auditors Ernst & Young as Auditors of the Company for a period ending at the close of the next Annual General Meeting after their re-appointment.**
- (v) **The amendment of Article 18 as set out in the Schedule to the Notice of Meeting and which is incorporated therein by reference without amendment.**
- (vi) **The amendment of Article 11 as set out in the Schedule to the Notice of Meeting and which is incorporated therein by reference without amendment.**
- (vii) **The amendment of Article 4 as set out in the Schedule to the Notice of Meeting and which is incorporated therein by reference without amendment.**

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

Management knows of no matter to come before the meeting other than the matters referred to in the notice of the meeting enclosed herewith. However, if any other matters which are not now known to Management should properly come before the meeting or any adjournment 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.

SCHEDULE TO NOTICE OF ANNUAL GENERAL MEETING
PROPOSED AMENDMENTS TO BY-LAW NO. 1**Agenda Item 4**
Current Article 18 of By-Laws

18 NOTICES

18.1 METHOD OF GIVING NOTICE: Any notice or other document 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 mail or cable or telex to any such person at his 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 or 74 of the Act, and to the auditor at his business address.

18.2 WAIVER OF NOTICE: Notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of the person entitled thereto.

18.3 UNDELIVERED NOTICES: If a notice or document is sent to a shareholder or debenture holder by prepaid mail in accordance with this paragraph and the notice or document is returned on three consecutive occasions because the or debenture holder cannot be found, it shall not necessary to send any further notices or documents to the shareholder or debenture holder until he informs the Company in writing of his new address.

18.4 SHARES AND DEBENTURES REGISTERED IN MORE THAN ONE NAME: All notices or other documents with respect to any shares or debentures registered in the names of more than one person shall be given to whichever of such persons is named first in the records of the Company and any notice or other document so given shall be sufficient notice or delivery to all the holders of such shares or debentures.

18.5 PERSONS BECOMING ENTITLED BY OPERATION OF LAW: Subject to section 184 of the Act, every person who by operation of law, transfer or by any other means whatsoever becomes entitled to any share is bound by every notice or other document in respect of such share that, previous to his name and address being entered in the records of the Company, is duly given to the person from whom he derives his title to such share.

18.6 DECEASED SHAREHOLDER: Subject to section 184 of the any notice or other document delivered or sent by prepaid mail, cable or telex or left at the address of any shareholder as the same appears in the records of the Company shall, notwithstanding that such shareholder is deceased, and whether or not the Company has notice of his death, be deemed to have been duly served in respect of the shares held by him (whether held solely or with any other person) until some other person is entered in his stead in the records of the Company as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his personal representatives and on all persons, if any, interested in such shares.

18.7 SIGNATURE TO NOTICES: The signature of any director or officer of the Company to any notice or document to be given by the Company may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

18.8 COMPUTATION OF TIME: Where a notice extending over a number of days or other period is required under any provisions of the articles or the by-laws the day of sending the notice shall, unless it is otherwise provided, be counted in such number of days or other period.

18.9 PROOF OF SERVICE: 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.

18.9.1 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.

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

18.9.3 A certificate of an officer of the Company in office at the time of the making of the certificate or of any transfer agent of shares of any class of the Company as to facts in relation to the delivery or sending of any notice shall be conclusive evidence of those facts.

Proposed Amendments to Article 18 as follows:

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

18.1 METHOD OF GIVING NOTICE: 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;**
- (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:

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 if the notice was properly addressed and posted by prepaid mail.

(iii) By deleting Article 18.9.2 and substituting therefor the following Article 18.9.2:

18.9.2: Where notice is sent by facsimile or other electronic transmission 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.

Agenda Item 5

Current Article 11 of the By-Laws

11.5 CHAIRMAN: A Chairman shall, when present, preside at meetings of the directors, or any committee of the Directors and of the shareholders.

11.6 DEPUTY-CHAIRMAN: If the Chairman is absent or is unable or refuses to act, the Deputy-Chairman (if any) shall, when present, preside at all meetings of the directors, or any committee of the directors and of the shareholders.

Proposed Amendments to Article 11 - deletion of 'or any committee of the Directors' as follows:

11.5 CHAIRMAN: A Chairman shall, when present, preside at meetings of the directors, and of the shareholders.

11.6 DEPUTY-CHAIRMAN: If the Chairman is absent or is unable or refuses to act, the Deputy-Chairman (if any) shall, when present, preside at all meetings of the directors and of the shareholders.

Agenda Item 6

Current Article 4 of By-Laws

4 DIRECTORS

4.1 POWERS: Subject to any unanimous shareholder agreement, the business and affairs of the Company shall be managed by the directors.

4.2 NUMBER: There shall be a minimum of 3 and a maximum of 10 directors, at least 2 of whom are not officers or employees of the Company or any of its affiliates.

4.3 ELECTION: Directors shall be elected by the shareholders on a show of hands unless a ballot is demanded in which case such election shall be by ballot. No person shall be elected to be a director of the Company who is disqualified under the provisions of the Act or the Company's Articles.

4.4 TENURE: Unless their tenure is sooner determined, directors shall hold office until the first meeting of the Company succeeding the incorporation or continuance of the Company and thereafter during the terms for which they are elected, not exceeding terms expiring later than the close of the third annual meeting of the shareholders of the Company following their election. Directors shall be eligible for re-election if qualified.

4.4.1 A director shall cease to be a director:

(a) if he becomes bankrupt or compounds with his creditors or is declared insolvent.

(b) if he is found to be of unsound mind; or

(c) if by notice in writing to the Company he resigns his office and any such resignation shall be effective at the time it is sent to the Company or at the time specified in the notice whichever is later.

4.4.2 Subject to section 70 of the Act, the shareholders of the Company may, by ordinary resolution passed at a special meeting of the shareholders, remove any director from office and a vacancy created by the removal of a director may be filled at the meeting of the shareholders at which the director is removed.

4.4.3 Vacancies among the directors of the Company, including a vacancy occurring pursuant to paragraph 4.4.2 hereof, may be filled by a quorum of the directors of the Company under section 72 of the Act.

4.5 Any director may by written notice to the Company appoint any person to be his alternate to act in his place at meetings of the directors at which he is not present or by the By-laws deemed to be but the directors must approve or disapprove the appointment of such person and give notice to the director within a reasonable time. Every alternate shall be entitled to attend and vote at meetings at which the person who appointed him is not present or deemed to be present, and, if he is a director, to have a separate vote on behalf of the director he is representing in addition to his own vote. A director may at any time by written notice to the Company revoke the appointment of an alternate appointed by him. The remuneration payable to such an alternate shall be payable out of the remuneration of the director appointing him.

4.6 A person, who is a director of the Company but who is not an individual, shall by such procedure as may be appropriate for the management of the business and affairs of such person appoint an individual to act as such person's representative as a director of the Company with power to exercise all of the powers of a director of the Company but the person appointing any such individual shall remain fully liable as a director of the Company notwithstanding any such appointment. A duly certified copy of the resolution or document whereby any such appointment is made shall be filed with the Company before any such individual acts as representative as aforesaid. Any person appointing an individual under the provisions of this paragraph may from time to time revoke the appointment of any such individual and appoint another in his place or stead.

4.7 DELEGATION OF POWERS: The directors may, subject to section 80(2) of the Act, delegate powers to committees, Managing Directors or officers of the Company in accordance with the provisions of sections 80 and 93 of the Act.



Proposed Amendment to Article 4 - Addition of Articles 4.8 & 4.9 as follows:

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

Article 4.8 - **Eligibility for Election** - Except as otherwise provided by the by-laws, no person shall be eligible for election as a director at any meeting of shareholders unless:

- (a) nominated by the board, or
- (b) not more than 60 days after the end of the financial year, written notice, signed by persons holding in aggregate not less than 5% of the issued and outstanding shares in the capital of the Company, has been given to the Company of a proposal for the election of a person as a director together with:
 - (i) a letter of consent signed by that person confirming his willingness to be appointed and to serve as a director if elected, and
 - (ii) a resumé or a company profile including information on ownership and control if the nominated person is a company.

(ii) By adding 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.

AGENDA ITEM	RESOLUTION	FOR	AGAINST	ABSTAIN
2(i)	<i>THAT, in accordance with the requirements of paragraph 4.4 of By-Law No. 2 of the Company, Massy Properties (Barbados) Ltd. (formerly S.P Musson Son & Co. Limited) be and is hereby elected Director of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following its election.</i>			
2(ii)	<i>THAT, in accordance with the requirements of paragraph 4.4 of By-Law No. 2 of the Company, Mr. George Gladstone Daniel McDonald be and is hereby elected Director of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following his election.</i>			
2(iii)	<i>THAT, in accordance with the requirements of paragraph 4.4 of By-Law No. 2 of the Company, LRE CORP. be and is hereby elected Director of the Company to hold office until the close of the third Annual Meeting of the Shareholders of the Company following its election.</i>			
3.	<i>THAT incumbent auditors Ernst & Young be and are hereby re-appointed as Auditors of the Company for a period ending at the close of the next Annual General Meeting after their re-appointment.</i>			
4.	<i>THAT the amendment of Article 18 as set out in the Schedule to this Notice and which is incorporated herein by reference be and is hereby confirmed without amendment.</i>			
5.	<i>THAT the amendment of Article 11 as set out in the Schedule to this Notice and which is incorporated herein by reference be and is hereby confirmed without amendment.</i>			
6.	<i>THAT the insertion of the new Articles 4.8 and 4.9 as set out in the Schedule to this Notice and which is incorporated herein by reference be and is hereby confirmed without amendment.</i>			

NOTES:

1. (a) A shareholder who is entitled to vote at any meeting of the shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, none of whom need be shareholders, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.
 (b) In the case of a shareholder who is a body corporate or association, votes at a meeting of shareholders may be given by any individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of the shareholders of the Company
2. A proxy must be executed in writing by the shareholder or his attorney authorised in writing.
3. **Proxy appointments are required to be deposited at the registered office of the Company, Pine Hill Dairy Complex, The Pine, St. Michael, Barbados no later than 12:00 noon on the 02nd day of March, 2015.**



Banks Holdings Limited

Pine Hill Dairy Complex, The Pine, St. Michael, Barbados. Tel: 227-6700, Fax: 227-6729
www.thebhlgroun.com