

BHL

Banks Holdings Limited

2010

Annual Report

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Our Corporate **Vision**

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

Our Corporate **Mission**

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

Our Corporate **Values**

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

Associated **Companies**

Citrus Products of Belize Limited	(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 PLC	(29.36%)
BCB Communications Inc.	(20%)
Banks DIH Limited	(20%)

Our Corporate **Profile**

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

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

SUBSIDIARIES



Banks (Barbados) Breweries Limited

Willey, St. Michael,
Tel:(246) 227-6750
Fax: (246) 227-6790



Barbados Bottling Co. Limited

Newton, Christ Church,
Tel: (246) 418-3300
Fax: (246) 418-3350



Barbados Dairy Industries Limited

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



B&B Distribution Limited

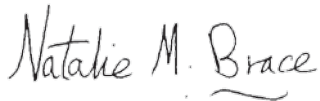
Newton, Christ Church,
Tel: (246) 418-2900
Fax:(246) 418-2970

NOTICE OF MEETING

Notice is hereby given that the Fifty-second Annual General Meeting of Banks Holdings Limited will be held at The Lloyd Erskine Sandiford Centre on Wednesday, 23rd March, 2011 at 5:00pm for the following purposes:-

1. To receive and consider the consolidated financial statements and reports of the Directors and the Auditors with respect to the year ended 31st August, 2010.
2. To elect Directors.
3. To appoint Auditors for the ensuing year.
4. To transact any other business which may be transacted at an ordinary meeting.

By Order of the Board



N.M. Brace
Attorney-at-Law
Secretary

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

Registered Office:
The AutoDome,
Warrens,
St. Michael,
Barbados.
20th December, 2010.

DIRECTORS



SIR ALLAN FIELDS K.C.M.G.
Board Chairman, BHL

RICHARD COZIER F.C.G.A.
Managing Director / CEO, BHL

GERVASE WARNER
CEO, Neal & Massey Holdings Ltd.

ROBERT RAMCHAND
CEO, Blue Waters Products Limited



ANTHONY KING
CEO, The Barbados Shipping
& Trading Company Limited

ELVIN SEALY
Independent Director

DAN STOUTE
Director of Operations, BHL

ED BUSHELL
Independent Director

GEORGE McDONALD
Assistant Managing Director/
Marketing Director, Banks DJH Limited

NATALIE M. BRACE
Board Secretary



CHAIRMAN'S REPORT

Profitability

The 2010 financial year proved to be a challenging year primarily due to the performance of one of our subsidiaries and one of our associates.

Consolidated Net Income and Earnings per Share attributable to shareholders for the year of \$7.4 million and 14 cents respectively were reduced by 17% compared to 2009 primarily due to production issues and one-off charges relating to the re-engineering project at the Barbados Dairy Industries Limited. Successful product and package innovations and improved cost controls at our other major subsidiaries ensured that our Group consolidated revenue only reduced by 0.9% compared to 2009 and buffered a portion of the decreased profitability registered by the Dairy.

Poor crop yields prevented Citrus Products of Belize Limited, our largest associated company, from taking advantage of improved world citrus commodity prices and as a result they registered a loss of similar proportions to 2009. Our other major investments in Banks DIH Limited and Caribco Limited continue to provide good returns on investment and again registered increased earnings to the extent that our net share of income of all of our associates increased by \$1.37 million compared to 2009.

From this financial year, the International Financial Reporting Standards require the Group to present a new financial statement. The new statement is the Statement of Comprehensive Income which incorporates all non-owner changes in equity such as property, plant and equipment revaluations etc. These changes were previously presented in the Statement of Changes in Equity. In 2009 we recorded a revaluation surplus when we revalued our land and buildings and since our policy is to perform revaluations every 5 years, this explains the reduction in other comprehensive income in 2010 as the next revaluation is not due until 2014.

Financial position

The Group's financial position at the year-end indicates an increase in working capital of \$47 million. This is as a result of the proceeds received in June from the issuance of 56 convertible promissory notes to SLU Beverages Ltd. in the amount of \$56 million to finance the purchase and installation of the equipment for the new Brewery in Newton. Approximately 95% of the convertible promissory notes were converted prior to the year-end into 13.25 million shares by the investors, and this accounts for the increase in share capital. These funds were being held at year-end in short-term fixed deposits awaiting the staged payments to the equipment supplier. The increase in long-term liabilities is as a result of the financing obtained to fund the \$34 million in capital expenditure incurred during the year, primarily in the re-engineering project at the Dairy and the initial equipment deposit and civil works for the new Brewery.

After carefully considering the Group's financial performance for the year, its financial position and its capital commitments for the Brewery project in particular, your Directors have declared a dividend of 12 cents per share.

The Group continues to invest significantly in our community through the sponsorship of sporting and cultural associations and events and donations to charitable and other organizations.

While the 2011 financial year is expected to be another challenging one for the Group, the Directors are confident that the current capital expenditure lays the foundation for a solid future by providing management with the technology and tools required to be profitable and sustainable world class manufacturers and distributors of high quality products at a low cost.

I would like to thank the Group's management and staff for their dedication during the 2010 year, and on behalf of the Board of Directors to thank our shareholders and our many customers and business partners for their support, while reaffirming our commitment to improve our service in 2011 and beyond.



Sir Allan C. Fields, K.C.M.G.
Chairman
20 December 2010

MANAGING DIRECTOR'S REPORT



The financial year ended 31 August 2010 was a challenging one for the Group. Consolidated profit attributable to shareholders for the year was \$7.4 million, down from \$8.9 million last year, a drop of \$1.5 million or 16.8%. Whilst the economic conditions during the year were not conducive to growth, most of our local operations improved their performance over that of 2009; the sole exception being Barbados Dairy Industries Limited. This operation incurred significant one-off charges associated with the transition from cold chain to ambient processing, storage & distribution of their milk and juice products. Additionally, equipment delivery delays and “teething” problems have resulted in the project continuing past its scheduled completion date and thus the full benefits of the transition will not be achieved until late Q2 or early Q3 of the new financial year.

As indicated above, the remaining operations improved performances due in part to better sales but also to our continued efforts at cost containment. We managed for the most part to hold our prices during 2010 despite increases in energy and labour. However, this remains a challenge as the costs of both primary inputs and energy are expected to continue to rise during the new financial year.

Income from associates improved over last year in spite of the continued poor performance of Citrus Products of Belize, which again was unable to return a profit and ended the year in a loss position similar to last year, as improved prices could not counter the huge crop shortfall. As of writing this report citrus concentrate prices have risen to their highest level in 3 years and indications are that the crop should return to the levels of 2007/2008, both profitable years for the operation. Elsewhere, Banks DIH in Guyana, Caribco in Nassau and Tower Hill Merchants in London recorded improved profits as revenues improved and costs were controlled.

Our investment properties retained their value during the year, registering a minor \$300,000 increase as compared to the over \$3.6 million in 2009. Whilst

there are no firm plans to divest of these properties, we remain open to consider reasonable offers.

In order to finance the purchase, installation and commissioning of our new brewery to be sited on company lands at Newton, we entered into a Convertible Debt Purchase Agreement with Latin Capital Fund 1, L.P., an entity Incorporated in the British Virgin Islands (BVI). The fund provided US\$28 million through 56 senior secured convertible promissory notes of US\$500,000 each. As of writing this report, 53 of the notes had been converted into 13,250,000 shares. Whilst these funds will finance the plant & equipment portion of the project, the new infrastructure required to house the new plant will also need to be financed. The estimated cost of this is in the region of BDS\$15 million and we plan to finance this through the sale of the Wildey property; as the timelines for construction and property sale will not be identical, we may need to negotiate “bridging” finance to cover the difference in the timelines.

DURAPLAST INC.

Last year I reported that a tentative agreement had been reached with a local entity in respect of the sale of this operation. Unfortunately we were only able to complete the equipment portion of the sale during the year. The 2nd phase of the sale could not close due to challenges experienced by both parties. These have now substantially been addressed and the buyer has reiterated their intention to finalise this outstanding matter in Q2 or Q3 of the new financial year and will be to the benefit of BHL.

As reported last year we continue to retrieve a high percentage of the PET from the market and this material is shipped out of Barbados. Once the above final phase of the sale is completed, we are optimistic that the new operation will utilise as much of the returned PET locally as the market can absorb.



BANKS (BARBADOS) BREWERIES LIMITED**Sales**

Although there were economic indicators during this financial year that in some major markets there were early signs of recovery, on the local scene the Barbados economy continued to be in recession. The impact of this however proved to be in favour of our locally produced products and some growth was seen for our brands. A significant contributor to this success was our ability to innovate our product offerings during this time by reviving current Brands and the introduction of new products. The net effect was an improvement to the bottom line performance of the company when compared to the previous financial year.

Sales volumes were 3.9% higher in 2010 compared to 2009 with Banks 250 ml showing an impressive increase in sales of 138% over 2009. It is important to note that this increase came without any significant change in sales volumes of the 275 ml Banks whose sales volume in 2010 was similar to 2009. PLUS sales increased by 13.4% benefitting from improved package quality due to the introduction of the new labeled bottle.

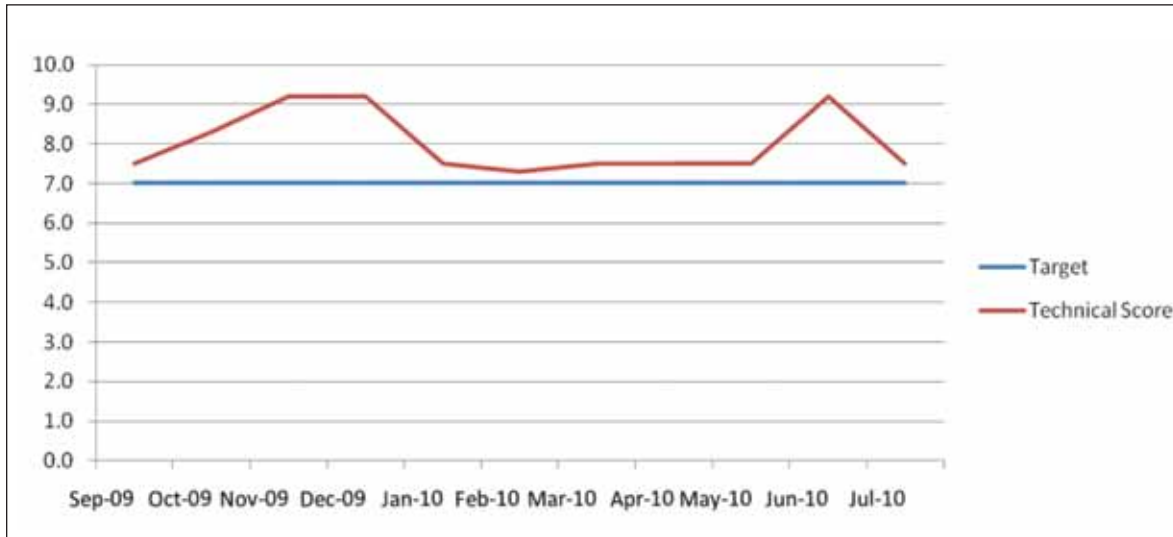
Major innovations in product offerings in 2010 included the introduction of Banks Amber Ale in addition to Seven Strong Lager. Together they have added additional volume to our sales without compromising volume sales of existing brands.

Export sales increased by 10.7% over 2009 mainly due to the introduction of the Banks 250 ml in the regional market and the introduction of Tiger Malt Ginger to the Canadian market.

Operations

Operationally there was an overall improvement in line efficiency in 2010 compared to 2009. With aging equipment (most plant is past the effective life) further gains will be difficult and costly and with the new brewery project well underway, machine overhauls are being limited. Additionally we have been able to achieve significant improvement in reducing the product losses in packaging. The new keg plant which was installed in January 2010 has also brought about a significant reduction in the losses during keggling.

On the energy consumption front, both electricity and thermal energy consumption showed significant improvement and is a result of the energy conservation efforts which the Energy Team have implemented. The Brewery was also able to record one of its lowest water consumption rates in recent years and again this is testament to our continued efforts to reduce all operating costs.

Quality**GUINNESS LEAGUE OF EXCELLENCE SCORES**

In spite of Guinness's declining sales, the results of Guinness's own evaluation scheme, positions BBL amongst the top 3 Breweries in the Caribbean with regards to the quality of Guinness which we consistently produce.

New Brewery - Newton

At the end of the 2010 financial year, site preparation has been completed and the approval of the Town Planning Department to begin construction was received early in the new financial year. Construction of the buildings is progressing and we are on target to begin commercial production in October 2011. The full project (infrastructure & plant) is budgeted at approximately BDS\$70 million and has been partially financed through the Convertible Debt finance mentioned earlier.

BARBADOS BOTTLING CO. LIMITED**Sales**

Overall sales of Carbonated Soft Drinks were somewhat higher than the preceding year and met budgetary expectations. However, continued softening in the “Diet” segment was seen, while Frutee, boosted by the launch in the third quarter of Frutee “Clear”, performed exceedingly well.

Moderate growth occurred in the sports beverage category with the launch of the 7th flavor of Powerade at the beginning of the second half of the year. We expect this growth to continue with the introduction of another flavor in the first quarter of the 2011 financial year.

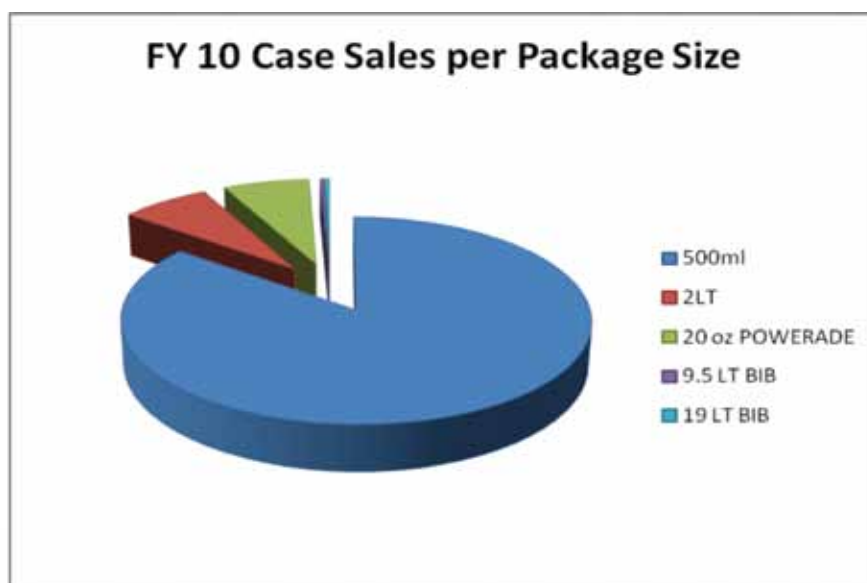
Unfortunately, due to declining sales, the PHD Cooler Brand, co-packed on behalf of the Pine Hill Dairy, was discontinued at the beginning of the year. Fountain sales remain flat due to the “locking in” of the major large-volume customers by our competitors through a combination of low pricing and long-term contracts. We continue to work with our international brand owner to develop strategies to recapture sales in this sector; however meaningful success is unlikely until existing contracts are due for renewal.

While export volumes to date have remained relatively low, our export drive is gathering momentum and we have been achieving increasing regional penetration. We have been recognized as the regional supply point for Powerade and currently service the Trinidad, Guyana, Suriname, St. Lucia and Jamaica markets.

Operations

During the year, the restructuring of our Production and Asset Care departments continued. We expect phase two of the restructuring exercise, involving the Quality Assurance department, to take place during the first half of the 2011 financial year. This evolving structure lends itself to clearer lines of responsibility and ensures greater accountability through the use of objective performance metrics.

In keeping with our commitment to environmental sustainability, construction of our Waste Water Treatment Plant commenced during the year and the plant is now functioning. This



submerged membrane bio-reaction technology is designed to accept 100% of our plant's waste water streams and, after treatment, render it environmentally neutral. We have worked closely with the EPD (Environmental Protection Department) on this project and are pleased to announce that we are the first industrial plant in Barbados to install such a treatment facility.

Quality Systems

During the year, BBC received certification in four ISO standards:

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

Both The Coca-Cola Company and our registrar, BSI (British Standards Institution) have indicated that they are not aware of any other operation worldwide ever having achieved simultaneous quadruple certification. I would like to take this opportunity to congratulate the Staff and Management of the Barbados Bottling Company on achieving this historic milestone. This achievement serves as an example to all of what is possible through an aligned vision, teamwork and dedication.

Human Resources

We continue to enjoy a cordial relationship with our employees' representative, the Barbados Workers Union, and we are set to negotiate a new collective agreement at the beginning of the second half of the new financial year.

Significant refinements have been made to our recruitment process and we are building close ties with the tertiary educational institutions across Barbados, seeking to ensure that their curriculum remains relevant to the requirements of our industry.

The continued training and development of our staff remains paramount. We recently commissioned our custom fabricated Electronics Laboratory (E-Lab) and have begun utilising this facility to deliver specific high level plant automation training to our technical staff.

The Future

With sugar prices near an all time high, The Coca-Cola Company has signaled that there will be a concentrate price increase towards the end of the first half of the new financial year. While we are uncertain of the exact magnitude of this proposed increase, it is likely that we will not be able to absorb all of the increases in these input costs, and wholesale price increases may thus have to be considered.

Looking forward, our strategies will continue to be centered on cost containment, improving plant operational efficiencies and revenue growth. We are in the process of gearing up plant capacity to enable the manufacture of a series of new product offerings and we will continue to diversify into higher margin products. We are increasingly being recognized as one of the region's major supply points for Coca-Cola products and we will continue to explore co-packing opportunities both regionally and extra-regionally.

B&B DISTRIBUTION LIMITED

Distribution costs remained within expectations during the year as fuel prices for the better part of the financial year remained relatively stable and sales volumes grew marginally. Towards the year-end however, prices began to increase and expectations are that 2011 could see the return of the high fuel costs that pre-dated the economic recession. With the increase in volume sales, the Company was able to improve on its 2009 performance as fixed costs were kept within budget.

During the year we succeeded in adding Angostura Bitters to our portfolio and sales to date have been encouraging. With this addition we now represent their bitters and LLB brands.

We continue to seek to improve our systems in respect of sales & distribution and are in the process of transitioning the point-of-sale system in our wholesale operation. We had hoped to roll out the improved customer sales procedure prior to the 2010 Christmas season but had to delay this as resources were tied up in ensuring a smooth transition to the new VAT rate effective December 1st. The new implementation date is February 2011.

We are working closely with our commercial bankers towards the establishment of a “cashless delivery system”. This system will allow our wireless handhelds to accept both debit and credit cards and thus reduce significantly the use of cash as a means of settling transactions. Tests are ongoing and we hope to be in a position to formally launch this during the current financial year.

During the year we also restructured our Commercial Department to improve how we interface with our Traditional Grocery customers. These customers make up the single largest category of our customer base and are collectively responsible for the majority of our sales. We have traditionally benefitted from a strong relationship with these customers and, with the restructuring, are positioning ourselves to build on those relationships to the mutual benefit of both parties. The new structure has already begun to record some successes and we are seeing a lift in sales through this channel. Our sales & marketing initiatives going forward will include elements that speak directly to this category.

BARBADOS DAIRY INDUSTRIES LIMITED

Financial Summary

The year ended 31 August 2010 proved to be a very difficult one. During the first half of the year, both our sales as well as our net profit results were strong. However, the second half recorded sales that were well below budget, specifically in the juice and juice drink categories. Unfortunately our margins on these categories are better than those on milk and cultured products, so the impact on profits was significant.

Sales at \$62.8 million were 7.5% below last year’s \$67.9 million and also below the budgeted figure of \$69.5 million. As a result, the year finished below budget and prior year recording an after tax profit of \$0.3 million compared to a profit of \$3.2 million in 2009. Non-recurring expenses, associated with the plant re-engineering that included

severance payments, rental of property and accelerated depreciation, totalled \$2.6 million. Additionally, we incurred higher than normal production expenses, especially during the last half of the year as we operated in both the re-engineered plant as well as the existing facilities.

The packaged juice sector remains one of the most crowded and fiercely contested markets, and sustaining success in this sector has never been more challenging. The selection is wide and includes regional and extra regional products. Recovering our lost sales volumes will be a challenge as we will also need to ensure that the volume gains do not come through significant erosion of our desired margins. To achieve both of these we will need to focus on cost containing measures as well as improvement of our Key Production Indicators, such as yields, line efficiencies and effective route to market strategies.

We remain very confident that despite initial teething issues associated with getting the new and relocated equipment installed and settled, our decision to invest the significant sum of \$15 million remains a sound one. When fully completed, our dairy and juice beverage operations will be one of the most modern and automated facilities in this region.

Sales Summary

As stated earlier, the year under review was somewhat contrasting with the first half of the year recording sales that were more in line with budget and prior year. However, the second half of the year was more of a challenge as the current recessionary conditions became more prominent.

Sales volumes of TGA ultra-pasteurised milks, UHT long life milks and milk shakes recorded modest growth. Sales of juices, evaporated milks, sweetened condensed milk and yogurt declined.

Production of our new ultra-pasteurised milk using modern direct steam injection (VTIS) methods of sterilization, commenced in May 2010. There was an adverse consumer reaction to this process change, despite our careful and meticulous approach prior to making our decision to acquire this new technology. Ongoing consultation with renowned dairy experts has confirmed that our process is delivering a high quality product that has comparable nutritional value to chilled pasteurized milk with superior shelf life. This has led to a significant reduction in spoilage at all the stages prior to final consumption. All reports received on samples sent to Canada and Europe to obtain opinions from dairy specialists have revealed that the taste of our milk is extremely good and laboratory analysis has shown that our process delivers ultra-pasteurized milk of a very high quality.

Sales figures to date are encouraging, surpassing those for the same period last year. We look forward to an increase in production by our local dairy farmers as this will allow us to fully utilize our manufacturing capabilities and focus on export growth.

Declining sales of our juice categories however continue to be a major concern. Sales volumes in recent years have been trending downward as a result of increased and aggressive competition from several imported brands from both within and outside of CARICOM. Our marketing activities in 2011 will be heavily focused in this area with major rebranding and repositioning of our products planned, as we establish the PineHill

Caribbean Pride family of juices and juice drinks as market leaders.

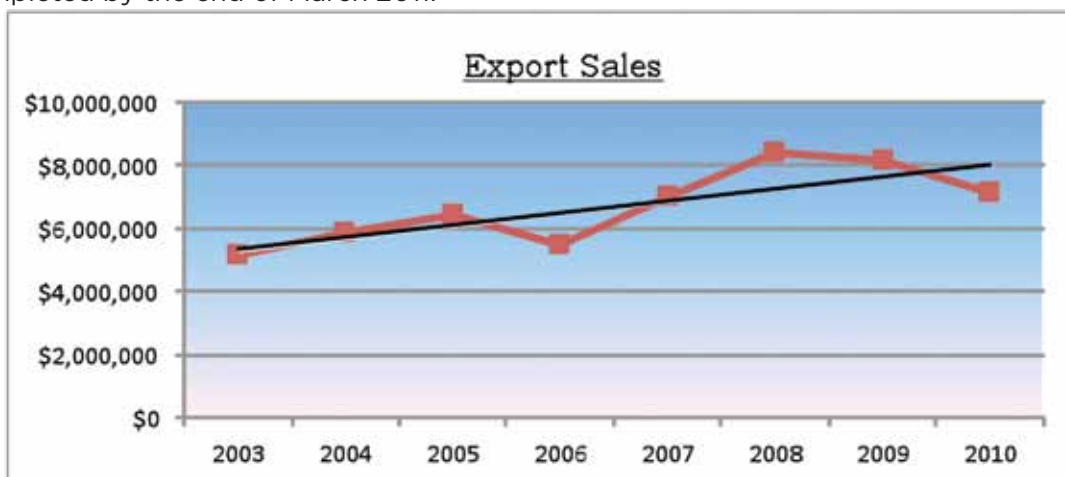
Export sales revenue finished at \$7.1 million compared to \$8.16 million in 2009 and \$8.38 million in 2008, a 12.9 % decline. This decline is similar to the 12.3% recorded for UHT juice sales locally. UHT juices form the nucleus of our export sales. This performance is in keeping with trends seen locally. Exports to Trinidad accounted for 9% of our sales in 2009 and this year there were no exports to this market. The performance of the other markets has been strong considering that they experienced similar economic challenges to the local market. The Antigua, St. Lucia and Guyana markets were again leaders and cumulatively they accounted for 73% of our export sales.

The launch of the new TGA products, especially our milks, presents us with an excellent opportunity to recover and grow our exports. Regrettably, the authorities in Trinidad & Tobago have been using their interpretation of the label standards to prevent entry of our new products as currently labeled; the same products have been accepted across all other CARICOM States. This matter is being addressed at the highest levels and we expect a timely resolution. See below for trends.

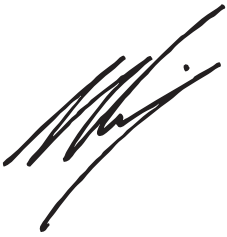
Operations

The year was extremely challenging for Pine Hill Dairy as we ventured into a major re-engineering project to consolidate our two production facilities into one. In my report last year I alluded to the fact that the project would be a nine month project and that it was scheduled to take place during the first nine months of the financial year. I also stated that the objective of the project was to improve our efficiencies and yields and to increase the quality of our products.

Installation of the equipment did not commence until February 2010 as shipping delays due to adverse winter weather conditions in Europe, where most of the equipment was manufactured, resulted in later than planned arrival of the equipment at our facility. Delays in completing the civil works also impacted installation and commissioning, as did unusually high levels of teething problems in correctly programming the functionality of some of the newly installed equipment. The combination of the above resulted in the installation time being extended from nine months to a year; the revised schedule now calls for the entire project, including the robotic palletiser and the warehouse flow rack system to be completed by the end of March 2011.



In closing, I wish to thank our employees, our consumers and our loyal customers and distributors both local and overseas for their support and understanding during these trying times. I am confident that the paths we have chosen will better equip our Group and our brands to compete favourably against the best in the world anywhere in the world.



C. R. Cozier, F.C.G.A.
Managing Director / CEO
20 December 2010

BANKS HOLDINGS LIMITED

Directors' Report

1. The Directors submit their annual report and the audited consolidated financial statements for the year ended 31 August 2010.

2.	The consolidated net income for the year was	\$ 7,360,339
	Which is added to the retained earnings brought forward of	119,886,608
	Less dividend paid (14¢ per share)	(7,220,822)
	Giving retained earnings carried forward of	<u>120,026,125</u>

3. Subsequent to year-end, a dividend of 12¢ per share in respect of 2010 was approved by the Directors. This dividend will be accounted for as an appropriation of retained earnings in the year ending 2011.

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

Messrs. C.R. Cozier, G.A.A. King and R.P. Ramchand

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

	31.8.10	20.12.10
S.P. Musson Son & Co. Ltd.	1,925,000	1,925,000
R.P. Ramchand	50,000	50,000
C.R.A. Cozier, F.C.G.A.	48,537	48,537
D.B. Stoute	45,920	45,920
Sir Allan Fields, K.C.M.G.	33,569	33,569
G.A.A. King, B.Sc. (Hons), C.I.T.P.	15,499	15,499
E.R. Sealy	2,632	2,632
E.S. Bushell	Nil	N/A
G.G.D. McDonald	Nil	Nil
J.E. Origgi	N/A	Nil

6. There has been no change in the Directors' interest occurring between the end of the Company's financial year and one month prior to the date of the notice convening the Annual Meeting.

7. At no time during, or at the end of the financial year, has any Director had any material interests in any contract or arrangement in relation to the business of the Company or any of its subsidiaries.

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

	31.8.10	20.12.10
SLU Beverages Ltd. (20.43%)	13,250,000	13,250,000
The Barbados Shipping & Trading Co. Ltd. (16.93%)	10,030,976	10,982,292
BWPL Holdings Ltd. (11.73%)	8,517,727	7,612,931
Sagicor Financial Corporation (6.71%)	4,349,106	4,349,106
Banks D.I.H. Limited (6.70%)	4,343,415	4,343,415

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

BY ORDER OF THE BOARD

Natalie M. Brace

N.M. Brace
Secretary
20 December 2010

AUDITORS' REPORT

To the Shareholders of Banks Holdings Limited

We have audited the accompanying consolidated financial statements of Banks Holdings Limited, which comprise the consolidated statement of financial position as of 31 August 2010 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 notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

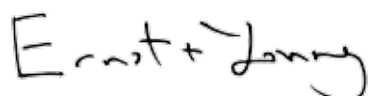
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

As indicated in Note 3(i) to the financial statements, the Group does not provide for depreciation on its freehold buildings. In our opinion, this is not in accordance with International Financial Reporting Standards, which require that buildings be depreciated over their estimated useful lives. Had the Group accounted for depreciation using the straight-line method at an annual rate of 2.5%, the net income would have been reduced by \$1,047,743 (2009 - \$946,459) and property, plant and equipment would have been reduced by accumulated depreciation of \$1,994,202 (2009 - \$946,459) and retained earnings by the same amount. Revaluation surplus would have amounted to \$4,114,396 (2009 - \$4,114,396).

Opinion

In our opinion, except for the effects of the failure to record depreciation on freehold buildings as stated in the preceding paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Banks Holdings Limited as of 31 August 2010 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



CHARTERED ACCOUNTANTS

Barbados

20 December 2010

BANKS HOLDINGS LIMITED

Consolidated Statement of Income
Year ended 31 August 2010

	Notes	2010 \$	2009 \$
Continuing operations			
Revenue	4	184,044,818	185,723,775
Profit from continuing operations before undernoted items			
Change in fair value of investment properties	13	300,000	3,635,347
Interest income		40,323	6,052
Interest expense		(1,271,206)	(1,848,794)
Unrealised loss on short-term investments		(107,550)	(408,700)
Income from continuing operations - parent and subsidiaries			
Share of income of associated companies		2,985,291	1,612,647
Income before taxation from continuing operations			
Taxation	5	1,415,634	(964,549)
Net income for the year from continuing operations			
Discontinued operations			
Loss for the year from discontinued operations	29	(569,341)	(253,440)
Net income for the year			
Attributable to:			
Equity holders of the parent		7,360,339	8,904,501
Non-controlling interests		95,416	1,287,011
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent	23	14¢	17¢
Basic and diluted earnings per share from continuing operations attributable to equity holders of the parent		15¢	18¢

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED

Consolidated Statement of Comprehensive Income
Year ended 31 August 2010

	2010	2009
	\$	\$
Net income for the year	7,455,755	10,191,512
Other comprehensive income		
Revaluation of land and buildings	-	19,688,487
Share of revaluation surplus and fair value reserve of associated companies	23,286	1,464,308
Other comprehensive income for the year, net of tax	23,286	21,152,795
Total comprehensive income for the year, net of tax	7,479,041	31,344,307
Attributable to:		
Equity holders of the parent	7,383,625	30,057,296
Non-controlling interests	95,416	1,287,011
	7,479,041	31,344,307

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED

 Consolidated Statement of Financial Position
 As of 31 August 2010

	Notes	2010 \$	2009 \$
Current assets			
Cash and short-term deposits	6	51,296,676	872,248
Accounts receivable and prepayments	7	19,076,121	19,375,997
Taxation recoverable		2,089	40,536
Inventories	8	34,104,489	35,680,381
Short-term investments		693,753	851,302
Current portion of loans receivable	10	16,447	33,886
		105,189,575	56,854,350
Non-current assets classified as held for sale		-	1,063,640
		105,189,575	57,917,990
Current liabilities			
Bank overdraft	6	1,437,623	5,560,223
Accounts payable and accruals	9	18,692,159	15,181,453
Provision for deposits owed to customers		770,474	680,385
Taxation payable		-	63,967
Current portion of grant	17	39,800	-
Current portion of long-term liabilities	18	7,541,958	6,991,177
		28,482,014	28,477,205
Working capital		76,707,561	29,440,785
Loans receivable	10	-	8,466
Investments in associated companies	11	92,459,934	91,558,699
Property, plant and equipment	12	144,812,390	126,216,476
Investment properties	13	13,800,000	13,500,000
Intangible assets	14	578,962	578,962
Pension plan asset	15	6,382,408	5,925,492
Post-employment medical liability	16	(1,874,764)	(1,613,182)
Deferred tax	5	7,475,076	6,059,442
Grant	17	(557,200)	-
Long-term liabilities	18	(22,274,800)	(8,401,549)
		317,509,567	263,273,591
Equity			
Share capital	19	145,991,082	91,897,688
Capital reserves	20	42,070,226	42,046,940
Retained earnings	21	120,026,125	119,886,608
		308,087,433	253,831,236
Attributable to equity holders of the parent		308,087,433	253,831,236
Non-controlling interests		9,422,134	9,442,355
		317,509,567	263,273,591
Total equity		317,509,567	263,273,591

The accompanying notes form part of these financial statements.

Approved by the Board on 20 December 2010 and signed on its behalf by:


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


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

BANKS HOLDINGS LIMITED

Consolidated Statement of Changes in Equity
Year ended 31 August 2010

Attributable to equity holders of the parent

	Share capital \$	Capital reserves \$	Retained earnings \$	Total \$	Non-controlling interests \$	Total equity \$
Balance as of 31 August 2008	88,101,368	23,424,733	115,544,245	227,070,346	8,270,980	235,341,326
Net income for the year	-	-	8,904,501	8,904,501	1,287,011	10,191,512
Other comprehensive income	-	21,152,795	-	21,152,795	-	21,152,795
Total comprehensive income	-	21,152,795	8,904,501	30,057,296	1,287,011	31,344,307
Issue of share capital	3,675,026	-	-	3,675,026	-	3,675,026
Share-based payment	121,294	-	-	121,294	-	121,294
Dividend paid (14.0¢ per share)	-	-	(7,092,726)	(7,092,726)	-	(7,092,726)
Dividend paid to non-controlling interests	-	-	-	-	(115,636)	(115,636)
Balance as of 31 August 2009 as previously reported	91,897,688	44,577,528	117,356,020	253,831,236	9,442,355	263,273,591
Transfer to retained earnings (Note 30)	-	(2,530,588)	2,530,588	-	-	-
Balance as of 31 August 2009 as restated	91,897,688	42,046,940	119,886,608	253,831,236	9,442,355	263,273,591
Net income for the year	-	-	7,360,339	7,360,339	95,416	7,455,755
Other comprehensive income	-	23,286	-	23,286	-	23,286
Total comprehensive income	-	23,286	7,360,339	7,383,625	95,416	7,479,041
Issue of share capital	53,097,782	-	-	53,097,782	-	53,097,782
Share-based payment	112,430	-	-	112,430	-	112,430
Equity component of convertible promissory notes	883,182	-	-	883,182	-	883,182
Dividend paid (14.0¢ per share)	-	-	(7,220,822)	(7,220,822)	-	(7,220,822)
Dividend paid to non-controlling interests	-	-	-	-	(115,637)	(115,637)
Balance as of 31 August 2010	145,991,082	42,070,226	120,026,125	308,087,433	9,422,134	317,509,567

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED

 Consolidated Statement of Cash Flows
 Year ended 31 August 2010

	2010	2009
	\$	\$
Cash flows from operating activities		
Income before taxation from continuing operations	6,609,462	11,409,501
Loss for the year from discontinued operations	(569,341)	(253,440)
	<hr/>	<hr/>
Income before taxation	6,040,121	11,156,061
Adjustments for:		
Depreciation	14,296,197	12,065,266
Change in fair value of investment properties	(300,000)	(3,635,347)
Impairment of short-term investments	49,999	179,999
(Gain) loss on disposal of property, plant and equipment	(147,493)	156,476
Loss on disposal of assets held for sale	563,640	-
Unrealized loss on short-term investments	107,550	408,700
Share-based payment	112,430	121,294
Interest income	(40,323)	(6,052)
Interest expense	1,271,206	1,848,794
Post-employment medical liability	261,582	215,060
Pension plan asset	(456,916)	(572,675)
Share of income of associated companies	(2,985,291)	(1,612,647)
	<hr/>	<hr/>
Operating profit before working capital changes	18,772,702	20,324,929
Decrease in accounts receivable and prepayments	299,876	1,763,897
Decrease in inventories	1,575,892	96,112
Increase (decrease) in accounts payable and accruals	3,510,706	(3,984,018)
Increase in provision for deposits owed to customers	90,089	34,846
	<hr/>	<hr/>
Cash generated from operations	24,249,265	18,235,766
Corporation taxes (paid) refunded	(25,521)	218,416
Interest received	40,323	6,052
Interest paid	(1,271,206)	(1,848,794)
	<hr/>	<hr/>
Net cash from operating activities	22,992,861	16,611,440
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,025,889)	(12,895,634)
Dividends received from associated companies	2,107,342	2,256,227
Proceeds from disposal of property, plant and equipment	1,281,271	194,925
Proceeds from disposal of assets held for sale	500,000	-
Decrease in loans receivable	25,905	57,826
Purchase of investment in associated companies	-	(215,527)
Short-term deposits	(35,001,578)	-
	<hr/>	<hr/>
Net cash used in investing activities	(65,112,949)	(10,602,183)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of shares	53,097,782	92,629
Payment of dividend	(7,220,822)	(7,092,726)
Receipt of grant	597,000	-
Dividend paid to minority shareholders	(115,636)	(115,636)
Net proceeds (repayment) of long-term liabilities	14,424,032	(4,132,069)
Equity component of convertible promissory notes	883,182	-
	<hr/>	<hr/>
Net cash from (used in) financing activities	61,665,538	(11,247,802)
	<hr/>	<hr/>
Increase (decrease) in cash and cash equivalents	19,545,450	(5,238,545)
Cash and cash equivalents - beginning of year	(4,687,975)	550,570
	<hr/>	<hr/>
Cash and cash equivalents - end of year (Note 6)	14,857,475	(4,687,975)

The accompanying notes form part of these financial statements.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

1. Incorporation and principal activities

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

The principal activities of the Group are the brewing and bottling of alcoholic and non-alcoholic beverages, the manufacturing of carbonated and non-carbonated beverages, the manufacturing and processing of dairy products and fruit juices, and the sale of finished products. As the Group is primarily involved in the manufacturing and sale of beverages, there are no distinguishable business segments for segment reporting purposes.

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

2. Subsidiary and associated companies**a] Subsidiary companies**

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

b] Associated companies

Citrus Products of Belize Limited	(46.58% ownership)
Chemical Industries Limited	(40% ownership)
GCG Services Limited	(33.33% ownership)
Caribco Limited	(30% ownership)
Newtech Incorporated	(26.2% ownership)
BCL (Barbados) Limited	(25% ownership)
Tower Hill Merchants Plc	(29.36% ownership)
BCB Communications Incorporated	(20% ownership)
Banks DIH Limited	(20% ownership)

3. Significant accounting policies

The most significant policies are summarized below:

a] Basis of accounting and financial statement preparation

The financial statements are prepared under the historical cost convention except for land and buildings, investment property 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 2010

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 as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year.

IFRS 2 - Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The IASB also issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. It did not have an impact on the financial position or performance of the Group.

IFRS 3 - Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

This change to the scope of IFRS 3 increases the number and types of transactions to which the standard must be applied, for example by including combinations of mutual entities and combinations without consideration. The more significant changes include changes to the measurement of non-controlling interest at each business combination, changes in the treatment of previously held interests and goodwill in step acquisitions, changes to the measurement of contingent consideration and the treatment of acquisition-related costs.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The Group had no new business combinations for the year and as such, the adoption of these standards had no effect on the financial position or performance.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**b] Changes in accounting policies and disclosures (cont'd)*****IFRS 7 - Financial Instruments: Disclosures (Amendments)***

This standard has been amended to enhance disclosures about fair value measurement and liquidity risk. The enhanced disclosures on fair value measurement include disclosures on the source of the inputs in determining fair value using a three-level hierarchy that distinguishes between quoted prices (level 1), inputs other than quoted prices that are based on observable market data (level 2) and those that are not based on observable market data (level 3). This information must be given by class of financial instrument and is disclosed in Note 28.

The amendment to disclosures on liquidity risk includes a disclosure of the maturity analysis of financial assets held for managing liquidity risk in addition to the financial liabilities that were previously disclosed.

The adoption of this amendment had no effect on the financial position or performance of the Group.

IFRS 8 - Operating Segments

This standard replaces IAS 14 (Segment Reporting), and adopts a full management approach to identifying, measuring and disclosing the results of operating segments by reporting information based on the method used by the chief operating decision maker for internal evaluation of the performance of operating segments and the allocation of resources to those segments (a 'through the eyes of management' approach). The adoption of this standard had no effect on the financial position or performance of the Group.

IAS 1 - Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements. This standard also introduces new terminology, replacing "balance sheet" with "statement of financial position" and "cash flow statement" with "statement of cash flows". The adoption of this standard had no effect on the financial position or performance of the Group.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**b] Changes in accounting policies and disclosures (cont'd)*****IAS 23 - Borrowing Costs***

The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Group has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 September 2009. During the 12 months to 31 August 2010, \$578,617 of borrowing costs have been capitalised on qualifying assets included in construction in progress (Note 12).

IAS 32 - Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation

The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfil a number of specific criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

IAS 39 - Financial Instruments: Recognition and Measurement - Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 17 - Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either the financial position or performance of the Group.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**b] Changes in accounting policies and disclosures (cont'd)*****New Accounting Standards and Interpretations not adopted***

The Group has not adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued as these standards/interpretations do not apply to the activities of the Group:

IFRS 1	First-time Adoption of International Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 18	Transfers of Assets from Customers

c] Standards issued but not yet effective

The Group has not early adopted the following new and revised IFRSs and IFRIC Interpretations that have been issued but are not yet effective. These standards/interpretations either do not apply to the activities of the Group or have no material impact on its financial statements:

IFRS	Subject of Amendment
IFRS 1	First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters (Amendments)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IFRS 2	Group Cash-settled Share-based Payment Arrangements
IAS 32	Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IFRS 9	Financial Instruments
IAS 24	Related Party Disclosures (Revised)
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**c] Standards issued but not yet effective (cont'd)**

In April 2009, the International Accounting Standards Board issued "Improvements to IFRSs", which is part of its annual improvements project, and a vehicle for making non-urgent but necessary amendments to various IFRSs. These amendments primarily become effective for annual periods beginning on or after 1 January 2010. The following shows the IFRSs and topics addressed by these amendments:

IFRS	Subject of Amendment
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash Flows
IAS 17	Leases
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 16	Hedge of a Net Investment in a Foreign Operation

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**d] Principles of consolidation**

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

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

e] Revenue recognition

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

f] Currency

The financial statements are expressed in Barbados dollars, which is also its functional currency.

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

g] Taxation

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**h] Inventories**

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

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

i] Property, plant and equipment

No depreciation is provided on freehold buildings. This practice is not in accordance with International Financial Reporting Standards, which require that buildings be depreciated over their estimated useful lives. The provision for the year ended 31 August 2010 would be \$1,047,743 (2009 - \$946,459) based on the straight-line method of depreciation using an annual rate of 2.5% per annum and the accumulated depreciation would be \$1,994,202 (2009 - \$946,459).

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

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

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

j] Intangible assets - Goodwill

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**j] Intangible assets - Goodwill (cont'd)**

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

k] Investments in associated companies

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

l] Provision for deposits owed to customers

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

m] Short-term investments

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

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**n] Employee retirement benefits**

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

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

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

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

o] Leases

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

p] Interest bearing loans receivable and payable

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

q] Cash and cash equivalents

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**r] Grants**

Grants are recognised 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 recognised 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 recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. Where the Group receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to the statement of income over the expected useful life of the relevant asset by equal annual instalments.

s] Convertible promissory notes

Convertible promissory notes are separated into liability and equity components based on the terms of the contract. On issuance of the convertible promissory notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised 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 recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

t] Investment properties

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

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

Gains and losses arising from the changes in fair values of investment properties are included in the statement of income in the year in which they arise. Fair values are based on the valuations performed by a qualified independent valuer taking into consideration asset replacement costs, capitalization of imputed rents and valuation of similar properties.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**u] Share-based payment transactions**

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

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 19. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company, if applicable.

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

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

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

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**u] Share-based payment transactions (cont'd)**

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.

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.

v] Impairment of financial assets

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

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**w] Impairment of other non-financial assets**

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of 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.

x] 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.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**x] Significant accounting judgments, estimates and assumptions (cont'd)**Operating lease commitments

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

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

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 14.

Impairment of financial assets

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

Fair value of unquoted equity instruments

Where the fair value of financial assets recorded in 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.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

3. Significant accounting policies (cont'd)**x] Significant accounting judgments, estimates and assumptions (cont'd)**Deferred tax assets

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

Employee retirement benefits

The cost of the defined benefit pension plan and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, future pension increases, proportion of employees opting for early retirement, and future increases in the NIS ceiling. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in Notes 15 and 16.

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 19.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

4. Profit from operations

	2010	2009
	\$	\$
Sales	184,044,818	185,723,775
Cost of sales	(131,434,159)	(132,761,754)
Gross profit	52,610,659	52,962,021
Other income	1,617,587	2,232,793
Selling, general and administrative expenses	(49,565,642)	(46,781,865)
Profit from operations	<u>4,662,604</u>	<u>8,412,949</u>

Profit from operations is after charging:

	2010	2009
	\$	\$
Depreciation	<u>14,296,197</u>	<u>12,065,266</u>
Staff costs	<u>40,865,377</u>	<u>37,877,564</u>

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

5. Taxation

	2010	2009
	\$	\$
Statement of income		
The taxation credit on net income consists of:		
Corporation tax expense	-	63,967
Deferred tax (recovery) charge for the year	(1,640,069)	781,736
Over provision of prior year deferred tax	224,435	118,846
	<u>(1,415,634)</u>	<u>964,549</u>

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

	2010	2009
	\$	\$
Income before taxation - parent and subsidiaries	3,624,171	9,796,854
Loss before taxation from discontinued operations	(569,341)	(253,440)
	<u>3,054,830</u>	<u>9,543,414</u>
Taxed at statutory rates of 15% and 25% (2009 - 15% and 25%)	6,246	1,685,634
Tax effect of capital allowances	(2,120,141)	(1,536,839)
Group relief surrendered	-	1,762,729
Other	466,625	(948,717)
Losses expired (utilized)	7,201	(117,104)
Overprovision of prior year deferred tax	224,435	118,846
	<u>(1,415,634)</u>	<u>964,549</u>

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

5. Taxation

	2010 \$	2009 \$
Statement of income		
Deferred tax (recovery) charge reported in the consolidated income statement	(1,415,634)	900,582
Corporation tax charge on continuing operations	-	63,967
	<u>(1,415,634)</u>	<u>964,549</u>
	2010 \$	2009 \$
Deferred tax asset		
Balance - beginning of year	6,059,442	6,960,024
Deferred tax recovery (charge) for the year	1,640,069	(781,736)
Over provision of prior year	(224,435)	(118,846)
	<u>7,475,076</u>	<u>6,059,442</u>
	2010 \$	2009 \$
Deferred tax asset is made up as follows:		
Unutilized tax losses	6,202,634	3,956,737
Accelerated depreciation for income tax purposes	1,787,190	2,632,182
Pension asset	(1,038,891)	(1,001,665)
Provision for bad debts	152,113	150,467
Post-employment medical benefits	372,030	321,721
	<u>7,475,076</u>	<u>6,059,442</u>

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

5. Taxation (cont'd)

Tax losses totaling \$38,498,381 (2009 - \$23,447,969) 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
2002	227,146	2011
2003	187,402	2012
2004	1,215,544	2013
2005	3,544,484	2014
2006	3,576,113	2015
2007	3,423,710	2016
2008	6,516,059	2017
2009	4,371,641	2018
2010	15,436,282	2019
	38,498,381	

6. Cash and short-term deposits

	2010 \$	2009 \$
Cash	8,693,521	872,248
Short-term deposits	42,603,155	-
	51,296,676	872,248
Short-term deposits maturing > 3 months	(35,001,578)	-
Bank overdraft	(1,437,623)	(5,560,223)
	14,857,475	(4,687,975)

Bank overdraft

The security for the overdraft facilities of the Group is disclosed in Note 18. Interest was charged at rates between 8.05% and 9.05% (2009 - between 8.50% and 8.55%).

Short-term deposits

The short-term deposits have maturity dates varying between one month and eleven months and earn interest at the respective short-term deposit rates ranging from 0.28% and 0.90%.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

7. Accounts receivable and prepayments

	2010	2009
	\$	\$
Trade receivables	14,968,255	13,962,206
Other receivables and prepayments	4,107,866	5,413,791
	<u>19,076,121</u>	<u>19,375,997</u>

2010

	2009	2009
	\$	\$
Gross trade receivables	15,864,169	14,679,004
Provision for doubtful debts	(895,914)	(716,798)
Trade receivables (net)	<u>14,968,255</u>	<u>13,962,206</u>

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

As at 31 August 2010, trade receivables at a nominal value of \$895,914 (2009 - \$716,798) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Total
	\$
At 31 August 2008	756,599
Charge for the year	319,312
Write-offs	(359,113)
At 31 August 2009	<u>716,798</u>
Charge for the year	289,491
Write-offs	(110,375)
At 31 August 2010	<u>895,914</u>

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

7. Accounts receivable and prepayments (cont'd)

As at 31 August 2010, 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 \$
2010	14,968,255	11,547,632	1,000,996	1,224,933	305,467	889,227
2009	13,962,206	7,002,597	2,830,902	341,616	703,677	3,083,414

With respect to trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations since the Group trades only with recognized creditworthy third parties. With respect to other receivables and prepayments an amount of \$67,176 has been provided for in respect of a non-trade receivable balance.

8. Inventories

	2010 \$	2009 \$
Raw materials	15,234,542	17,173,822
Finished goods	8,817,193	8,212,549
Work-in-progress	817,366	882,345
Sundry materials	560,248	619,096
Spare parts, fuel and factory supplies	8,675,140	8,792,569
	<u>34,104,489</u>	<u>35,680,381</u>

The amount of write-down of inventories recognized as an expense is \$2,868,079 (2009 - \$1,257,842). 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 2010

9. Accounts payable and accruals

	2010	2009
	\$	\$
Trade payables	12,675,475	8,839,046
Other payables and accruals	6,016,684	6,342,407
	<u>18,692,159</u>	<u>15,181,453</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. Loans receivable

	2010	2009
	\$	\$
Loans to farmers	16,447	42,352
Less: Current portion	(16,447)	(33,886)
	<u>-</u>	<u>8,466</u>

These loans are mainly secured advances to farmers for the purchase of equipment. Interest on the loans is being charged at the commercial banks' prime rate plus 1/2% per annum. Interest was charged at the rate of 8.5% (2009 - 9.15%). The loans are repayable over a period of 4 years with a one-year moratorium on the repayment of principal. The loans are secured by the assets of the respective farmers.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

11. Investments in associated companies

	2010	2009
	\$	\$
Cost of investments	68,514,761	68,514,761
Increase in equity value over cost from acquisition to end of year	23,945,173	23,043,938
	<u>92,459,934</u>	<u>91,558,699</u>

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

	2010	2009
	\$	\$
Assets	<u>194,704,179</u>	<u>190,568,366</u>
Liabilities	<u>101,300,659</u>	<u>97,704,296</u>
Revenue	<u>129,692,024</u>	<u>110,222,066</u>

Banks DIH Limited is traded on the Guyana Stock Exchange and the Group's investment had a fair value of \$20,018,462 (2009 - \$19,818,277) based on the closing price at year end.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

12. Property, plant and equipment

	At 31 August 2009 \$	Additions \$	Disposals \$	Transfers \$	At 31 August 2010 \$
Cost or valuation					
Freehold land	27,551,561	-	-	(4,161,273)	23,390,288
Freehold buildings	37,858,376	-	-	4,051,340	41,909,716
Buildings on leasehold land	16,125,518	226,939	-	239,030	16,591,487
Plant and machinery	112,545,948	4,477,439	(15,876,463)	189,233	101,336,157
Furniture, fittings and other equipment	18,506,466	1,171,385	(6,448,184)	1,075,873	14,305,540
Motor vehicles	10,122,705	1,016,726	(3,178,124)	(498,839)	7,462,468
Containers	16,615,378	988,138	(649,667)	(17,326)	16,936,523
Capital works in progress	1,699,238	26,145,262	(27,241)	(878,038)	26,939,221
	241,025,190	34,025,889	(26,179,679)	-	248,871,400
Accumulated depreciation					
Buildings on leasehold land	8,373,921	413,743	-	6,153	8,793,817
Plant and machinery	72,079,975	8,414,150	(14,794,929)	(405,096)	65,294,100
Furniture, fittings and other equipment	13,590,180	2,757,228	(6,440,816)	703,414	10,610,006
Motor vehicles	8,607,380	633,140	(3,160,489)	(399,444)	5,680,587
Containers	12,157,258	2,077,936	(649,667)	94,973	13,680,500
	114,808,714	14,296,197	(25,045,901)	-	104,059,010
Net book value					
Freehold land	27,551,561				23,390,288
Freehold buildings	37,858,376				41,909,716
Buildings on leasehold land	7,751,597				7,797,670
Plant and machinery	40,465,973				36,042,057
Furniture, fittings and other equipment	4,916,286				3,695,534
Motor vehicles	1,515,325				1,781,881
Containers	4,458,120				3,256,023
Capital works in progress	1,699,238				26,939,221
	126,216,476				144,812,390

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

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

	At 31 August 2008 \$	Additions \$	Disposals \$	Transfers \$	Revaluations \$	At 31 August 2009 \$
Cost or valuation						
Freehold land	10,681,964	-	-	-	16,869,597	27,551,561
Freehold buildings	35,039,486	-	-	-	2,818,890	37,858,376
Buildings on leasehold land	15,213,269	509,956	-	402,293	-	16,125,518
Plant and machinery	115,039,155	3,768,138	(6,615,724)	354,379	-	112,545,948
Furniture, fittings and other equipment	17,027,713	2,835,935	(2,184,319)	827,137	-	18,506,466
Motor vehicles	9,764,672	593,194	(369,947)	134,786	-	10,122,705
Containers	14,032,266	3,389,469	(806,357)	-	-	16,615,378
Capital works in progress	1,618,891	1,798,942	-	(1,718,595)	-	1,699,238
	<u>218,417,416</u>	<u>12,895,634</u>	<u>(9,976,347)</u>	<u>-</u>	<u>19,688,487</u>	<u>241,025,190</u>
Accumulated depreciation						
Buildings on leasehold land	7,947,538	426,383	-	-	-	8,373,921
Plant and machinery	71,160,829	7,095,320	(6,176,174)	-	-	72,079,975
Furniture, fittings and other equipment	13,401,340	2,134,526	(1,945,686)	-	-	13,590,180
Motor vehicles	8,439,996	511,473	(344,089)	-	-	8,607,380
Containers	11,066,051	1,897,564	(806,357)	-	-	12,157,258
	<u>112,015,754</u>	<u>12,065,266</u>	<u>(9,272,306)</u>	<u>-</u>	<u>-</u>	<u>114,808,714</u>
Net book value						
Freehold land	10,681,964					27,551,561
Freehold buildings	35,039,486					37,858,376
Buildings on leasehold land	7,265,731					7,751,597
Plant and machinery	43,878,326					40,465,973
Furniture, fittings and other equipment	3,626,373					4,916,286
Motor vehicles	1,324,676					1,515,325
Containers	2,966,215					4,458,120
Capital works in progress	1,618,891					1,699,238
	<u>106,401,662</u>					<u>126,216,476</u>

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

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

The Group has plant and equipment with a net book value of \$10,566,978 (2009 - \$657,009) secured under a finance lease.

On 31 August 2009, the Group's freehold land and buildings at Newton and Wildey were revalued at a fair value of \$65,300,000 based on the advice of independent real estate appraisers. The revaluation increase of \$19,688,486 was taken to revaluation surplus. The independent valuations took into account replacement costs and capitalization of imputed rents. Had the Group's freehold land and buildings been stated at their original cost, their carrying amount would have been \$17,170,465 at 31 August 2010 (2009 - \$17,170,465).

13. Investment properties

	2010	2009
	\$	\$
Balance, beginning of the year	13,500,000	9,864,653
Change in fair value of investment properties	300,000	3,635,347
	<hr/>	<hr/>
Balance, end of the year	13,800,000	13,500,000
	<hr/> <hr/>	<hr/> <hr/>

The Group's freehold investment property in Warrens was revalued on 31 August 2010 based on the advice of independent real estate appraisers. The excess of the appraised value over the carrying value of the property amounting to \$300,000 resulted in a fair value gain of investment property. The independent valuation took into account replacement costs, land tax valuation and capitalization of imputed rents.

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

	2010	2009
	\$	\$
Rental income	711,555	738,543
Operating expenses	(430,211)	(213,568)
	<hr/>	<hr/>
	281,344	524,975
	<hr/> <hr/>	<hr/> <hr/>

BANKS HOLDINGS LIMITED

 Notes to the Consolidated Financial Statements
 Year ended 31 August 2010

14. Intangible assets

	2010	2009
	\$	\$
Goodwill		
Balance, beginning and end of year	578,962	578,962

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

Management has assessed the recoverable amounts of the cash generating units based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five year period and assuming a discount rate and growth rate of 10.31% and 1% (2009 - 10% and 0%) respectively.

15. Pension plan asset

	2010	2009
	\$	\$
The amounts recognized in the statement of financial position are as follows:		
Fair value of plan assets	39,028,354	38,893,558
Present value of funded obligations	(31,708,204)	(31,374,751)
	7,320,150	7,518,807
Unrecognized actuarial gains	(937,742)	(1,593,315)
Net asset recognized in the statement of financial position	6,382,408	5,925,492

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

Current service cost	909,628	875,233
Interest cost	2,276,296	2,135,633
Expected return on plan assets	(2,818,931)	(3,038,363)
Net actuarial gains recognized	(216,638)	(300,338)
Gains on curtailments and settlements	(264,996)	-
Total, included in staff costs	(114,641)	(327,835)

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

15. Pension plan asset (cont'd)

	2010	2009
	\$	\$
Movements in the net asset are as follows:		
Balance, beginning of the year	5,925,492	5,352,817
Net recovery recognized in the statement of income	114,641	327,835
Contributions paid	342,275	244,840
	<hr/>	<hr/>
Balance, end of the year	6,382,408	5,925,492
	<hr/> <hr/>	<hr/> <hr/>
Actual return on plan assets	1,379,007	(571,002)
	<hr/> <hr/>	<hr/> <hr/>
Changes in the present value of the obligation are as follows:		
		\$
Defined benefit obligation at 31 August 2008		28,352,892
Interest cost		2,135,633
Current service cost		1,237,565
Benefits paid		(1,458,833)
Actuarial losses on obligation		1,107,494
		<hr/>
Defined benefit obligation at 31 August 2009		31,374,751
Interest cost		2,276,296
Current service cost		1,257,567
Transfers in - liabilities		222,364
Transfers out - liabilities		(222,364)
Curtailments		(264,996)
Benefits paid		(1,934,426)
Actuarial gains on obligation		(1,000,988)
		<hr/>
Defined benefit obligation at 31 August 2010		31,708,204
		<hr/> <hr/>

BANKS HOLDINGS LIMITED

 Notes to the Consolidated Financial Statements
 Year ended 31 August 2010

15. Pension plan asset (cont'd)

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

	\$
Fair value of plan assets at 31 August 2008	40,316,222
Expected return	3,038,363
Contributions by employer and employees	607,171
Benefits paid	(1,458,833)
Actuarial losses on plan assets	(3,609,365)
	<hr/>
Fair value of plan assets at 31 August 2009	38,893,558
Expected return	2,818,931
Contributions by employer and employees	690,214
Transfers in – assets	222,364
Transfers out – assets	(222,364)
Benefits paid	(1,934,426)
Actuarial losses on plan assets	(1,439,923)
	<hr/>
Fair value of plan assets at 31 August 2010	<u>39,028,354</u>

The Group expects to contribute \$331,093 to its defined benefit pension plans in 2011.

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

	2010	2009
	%	%
Bonds	18	18
Mortgages	9	10
Equities	27	40
Mutual funds	19	19
Loans	3	4
Real estate	19	1
Other	5	8

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 2010

15. Pension plan asset (cont'd)

	2010	2009
	%	%
Principal actuarial assumptions as at 31 August were:		
Discount rate at end of year	7.50	7.50
Expected return on plan assets at end of year	7.50	7.50
Future promotional salary increases	2.00	2.00
Future inflationary salary increase	3.50	4.00
Future increases in NIS ceiling for earnings	4.00	4.00
Future pension increases	3.50	3.50

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

16. Post-employment medical liability

	2010	2009
	\$	\$
The amounts recognized in the statement of financial position are as follows:		
Present value of unfunded obligations	1,489,020	2,067,640
Unrecognized actuarial gains (losses)	385,744	(454,458)
Liability recognized in the statement of financial position	<u>1,874,764</u>	<u>1,613,182</u>

BANKS HOLDINGS LIMITED

 Notes to the Consolidated Financial Statements
 Year ended 31 August 2010

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

	2010 \$	2009 \$
The amounts recognized in the statement of income are as follows:		
Current service cost	120,025	102,413
Interest on obligation	162,589	134,169
Net actuarial losses recognized	18,581	6,362
	<hr/>	<hr/>
Total, included in staff costs	301,195	242,944
	<hr/> <hr/>	<hr/> <hr/>

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

Net liability, beginning of year	1,613,182	1,398,122
Net expense recognized in the statement of income	301,194	242,944
Contributions	(39,612)	(27,884)
	<hr/>	<hr/>
Net liability, end of year	1,874,764	1,613,182
	<hr/> <hr/>	<hr/> <hr/>

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

	\$
Obligation at 31 August 2008	1,642,742
Interest cost	134,169
Current service cost	102,413
Contributions	(27,884)
Actuarial loss	216,200
	<hr/>
Obligation at 31 August 2009	2,067,640
Interest cost	162,589
Current service cost	120,025
Past service cost - vested benefits	1,339
Contributions	(32,416)
Actuarial gain	(830,157)
	<hr/>
Obligation at 31 August 2010	1,489,020
	<hr/> <hr/>

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

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

	2010	2009
Principal actuarial assumptions used for accounting purposes at August 31 were as follows:		
Discount rate at end of year	7.50%	7.50%
Future medical claims/premium inflation	4.00%	4.75%

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

	Increase	Decrease
2010	\$	\$
Effect on the aggregate current service cost and interest cost	347,241	232,460
Effect on the obligation	1,753,632	1,277,650
2009	\$	\$
Effect on the aggregate current service cost and interest cost	291,686	194,189
Effect on the obligation	2,488,413	1,735,927

BANKS HOLDINGS LIMITED

 Notes to the Consolidated Financial Statements
 Year ended 31 August 2010

17. Grant

During the year, a grant of \$597,000 was received by the Group for the purchase of certain items of plant and equipment. There are no unfulfilled conditions or contingencies attached to the grant.

	2010	2009
	\$	\$
Current portion	39,800	-
Long-term portion	557,200	-
	<hr/>	<hr/>
Balance, end of year	597,000	-
	<hr/> <hr/>	<hr/> <hr/>

18. Long-term liabilities

	2010	2009
	\$	\$
(i) FirstCaribbean International Bank	18,023,737	11,136,705
(ii) Tetra Pak S.A.	8,676,203	1,208,029
(iii) BH Pensions Limited	1,000,000	3,047,992
(iv) SLU Beverages Ltd.	2,116,818	-
	<hr/>	<hr/>
Less: Current portion	29,816,758 (7,541,958)	15,392,726 (6,991,177)
	<hr/>	<hr/>
Long-term portion	22,274,800	8,401,549
	<hr/> <hr/>	<hr/> <hr/>

- (i) The FirstCaribbean International Bank loans bear interest at rates between 6.55% and 9.05% (2009 - between 7.05% and 9.55%). 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 \$25,000,000; (b) the assignment of the insurance policies on various properties and other permanent fixtures for sums assured totaling \$16,512,750; (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 2010

18. Long-term liabilities (cont'd)

- (ii) Two of the finance leases from Tetra Pak are repayable over five years in equal instalments. No interest is charged on these leases and as a result, the present value of the future lease payments approximates the carrying value. The three remaining leases bear an interest rate of 3 Month Libor plus 2.5% with quarterly and annual lease payments over 4 years. All of the leases are secured by certain equipment (See Note 12). Future lease payments due within one year are \$2,599,388 (2009 - \$481,500). Lease payments due after one year total \$6,076,815 (2009 - \$726,529).
- (iii) The loan from the pension scheme is unsecured with no fixed terms of repayment. The loan bears interest at the rate of 7% (2009 - 8%).
- (iv) During the year the parent company of the Group entered into a convertible debt purchase agreement with Latin Capital Fund 1, L.P. through their wholly owned subsidiary SLU Beverages Ltd. (the Lenders) and issued 56 senior secured convertible promissory notes to SLU Beverages Ltd. (the note holder). The proceeds from the issuance of the notes will be used to purchase and install new equipment for the Group's operations and/or for any other approved purpose. 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. Any notes not converted will mature on 28 February 2020.

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.

The notes carry an interest rate of 1 year LIBOR plus 1.75%, payable biannually on 30 June and 31 December. The agreement requires security for the notes with a value equal to at least 1.5 times the aggregate principal amount of the unconverted notes (required loan-to-value ratio) for so long as less than 50% of the aggregate principal amount of the notes have been converted to common shares. From and after the date that 50% or more of the aggregate principal amount of the notes shall have been converted to common shares the required loan-to-value ratio increases to 2. On issuance of the notes, the shares of Banks (Barbados) Breweries Limited and Barbados Bottling Co. Limited were pledged as security for the notes to satisfy the required loan-to-value ratio. The Company is also not permitted to create liens on any assets or sell or transfer certain assets without the consent of the Lenders.

On 25 June 2010 the note holder converted 53 notes into 13,250,000 common shares (see Note 19) of the company leaving 3 notes unconverted at 31 August 2010. 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 conversion transaction resulted in the aggregate principal amount of the unconverted notes dropping below 50% and therefore a portion of the pledged security can be released to the Company.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

19. 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	
	2010	2009	2010 \$	2009 \$
At the beginning of the year	51,577,301	50,662,327	91,897,688	88,101,368
Shares issued during the year	13,250,000	888,932	53,000,000	3,582,396
Shares issued in lieu of bonus	26,144	22,345	96,733	83,794
Employee stock option plan	315	3,697	1,049	8,836
Share based payment	-	-	112,430	121,294
Equity component of convertible promissory notes	-	-	883,182	-
At the end of the year	64,853,760	51,577,301	145,991,082	91,897,688

Share-based payment plans

At a Special General Meeting held on May 28, 1998, the shareholders approved an Employee Stock Option Plan ("ESOP") in respect of the senior management of the Group for shares of not more than 5% of the shares outstanding at that date. The term of the options is seven years from the grant date and the options are granted at the closing prices of the Company's shares on the 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 2010 stock options on 822,257 (2009 - 783,358) shares at prices ranging from \$3.33 to \$3.87 were outstanding. The expense arising from equity-settled share based transactions during the year totaled \$112,430 (2009 - \$121,294). There have been no cancellations or modifications to the plan during 2010 or 2009.

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

	Number		WAEP	
	2010	2009	2010 \$	2009 \$
Outstanding at beginning of the year	783,358	921,263	3.40	3.30
Granted during the year	200,000	-	3.50	-
Exercised during the year	(315)	(3,697)	3.33	2.39
Forfeited during the year	(33,237)	(39,808)	3.57	3.49
Expired during the year	(127,549)	(94,400)	2.61	2.39
Outstanding at end of the year	822,257	783,358	3.54	3.40
Exercisable at end of the year	708,390	737,525	3.55	3.39

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

19. Share capital (cont'd)**Share-based payment plans (cont'd)**

The fair value of equity-settled share options granted is estimated at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the years ended August 31:

	2010	2009
Dividend yield (%)	3.0	N/A
Expected volatility (%)	15.0	N/A
Risk-free interest rate (%)	5.75	N/A
Expected life of the option (years)	6	N/A

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.

20. Capital reserves

	Revaluation surplus	Other	Total
	\$	\$	\$
Balance as of 31 August 2008	23,424,733	-	23,424,733
Share of revaluation surplus and fair value reserve of associated companies	1,593,672	(129,364)	1,464,308
Revaluation of freehold land and buildings (Note 12)	19,688,487	-	19,688,487
Transfer to retained earnings (Note 30)	(2,530,588)	-	(2,530,588)
Balance as of 31 August 2009	42,176,304	(129,364)	42,046,940
Share of fair value reserve of associated companies	-	23,286	23,286
Balance as of 31 August 2010	42,176,304	(106,078)	42,070,226

Other reserve

This reserve is comprised primarily of the Group's share of fair value losses on available for sale assets of an associated company.

21. Retained earnings

	2010	2009
	\$	\$
Parent company	59,854,376	68,430,912
Subsidiaries	37,714,171	29,876,066
Associated companies	22,457,578	21,579,630
	120,026,125	119,886,608

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

22. Related party balances and transactions

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

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

	2010	2009
	\$	\$
Receivables		
Associated companies	2,224,273	2,744,385
Other related parties	3,971,057	1,774,158
	<hr/> 6,195,330	<hr/> 4,518,543
Payables		
Associated companies	1,474,555	1,299,365
Other related parties	338,229	177,261
	<hr/> 1,812,784	<hr/> 1,476,626

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

	2010	2009
	\$	\$
Sales	40,341,066	40,903,990
Purchases	18,331,055	24,170,869

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 2010 and 31 August 2009.

Compensation of key management personnel of the Group:

	2010	2009
	\$	\$
Short-term employment benefits	2,886,453	2,741,653
Post-employment benefits	269,172	254,055
	<hr/> 3,155,625	<hr/> 2,995,708

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

23. Earnings per share

Basic earnings per share are based on earnings attributable to equity holders of the parent. The calculation is based on earnings of \$7,360,339 (2009 - \$8,904,501) and a weighted average number of shares of 53,811,962 (2009 - 51,113,227) in issue during the year. Diluted earnings per share as a result of shares granted under the company's ESOP and unconverted convertible promissory notes amounted to 14¢ (2009 - 17¢) based on a potential weighted average number of ordinary shares in issue of 53,966,764 (2009 - 51,231,562).

Basic earnings per share from continuing operations is calculated based on earnings of \$7,929,680 (2009 - \$9,157,941) and a weighted average number of shares of 53,811,962 (2009 - 51,113,227) in issue during the year. Diluted earnings per share from continuing operations as a result of ordinary shares granted under the company's ESOP and unconverted convertible promissory notes amounted to 15¢ (2009 - 18¢) based on a potential weighted average number of ordinary shares in issue of 53,966,764 (2009 - 51,231,562).

24. Operating lease commitments

The lease expense for the year was \$65,560 (2009 - \$106,284).

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

	2010	2009
	\$	\$
Within one year	56,739	56,739
After one year but not more than five years	52,997	109,736
	<u>109,736</u>	<u>166,475</u>

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

	2010	2009
	\$	\$
Within one year	<u>862,784</u>	<u>776,616</u>

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

25. Commitments and contingencies**Capital commitments**

Capital expenditure of \$65,603,473 (2009 - \$21,351,389) was approved by the Directors and \$54,132,820 (2009 - \$12,928,893) was contracted for.

Contingencies

A subsidiary has guaranteed \$500,000 (2009 - \$500,000) in respect of the Housing Loan Fund for staff.

Litigation

As at 31 August 2010, there were certain legal proceedings outstanding against the Group. No provision has been made as professional advice indicates that it is either unlikely that significant loss will arise or that it would be premature at this stage of the action to determine that eventuality.

26. Dividend

Subsequent to year-end, a dividend of 12¢ per share, amounting to \$7,782,451 (2009 - 14¢ per share, amounting to \$7,220,822) was approved by the Directors. This dividend will be accounted for as an appropriation of retained earnings in the next financial year.

27. Risk management

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

27. Risk management (cont'd)**Interest rate risk**

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

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

Increase/decrease in basis points	2010 Effect on profit before tax	2009 Effect on profit before tax
+-50	+-156,272	+-98,725

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 5% of the Group's sales are denominated in a currency other than the functional currency of the operating unit making the sale, whilst 70% 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.

Credit risk

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

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

27. 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 2010

27. Risk management (cont'd)**Year ended 31 August 2010**

	On Demand	1 year	2 to 5 years	>5 years	Total
Bank overdraft	1,437,623	-	-	-	1,437,623
Accounts payable	-	12,675,475	-	-	12,675,475
Provision for deposits owed to customers	770,474	-	-	-	770,474
Long-term liabilities	1,000,000	7,957,331	17,070,482	10,040,703	36,068,516

Year ended 31 August 2009

	On Demand	1 year	2 to 5 years	>5 years	Total
Bank overdraft	5,560,223	-	-	-	5,560,223
Accounts payable	-	8,839,046	-	-	8,839,046
Provision for deposits owed to customers	680,385	-	-	-	680,385
Long-term liabilities	3,047,992	4,473,872	10,096,828	-	17,618,692

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 2010 and 31 August 2009.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

28. 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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial assets				
Cash and short-term deposits	51,296,676	872,248	51,296,676	872,248
Short-term investments	693,753	851,302	693,753	851,302
Accounts receivable	14,968,255	13,962,206	14,968,255	13,962,206
Loans receivable	16,447	42,352	16,447	42,352
Financial liabilities				
Bank overdraft	1,437,623	5,560,223	1,437,623	5,560,223
Accounts payable	12,675,475	8,839,046	12,675,475	8,839,046
Provision for deposits owed to customers	770,474	680,385	770,474	680,385
Long-term liabilities	29,816,758	15,392,726	29,816,758	15,392,726

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

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

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

Fair value hierarchy

As at 31 August 2010, 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.

Assets measured at fair value

	31 August	Level 1	Level 2	Level 3
	2010	\$	\$	\$
Financial assets at fair value through profit or loss				
Short-term investments	693,753	693,753	-	-
31 August				
	2009	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Short-term investments	851,302	851,302	-	-

There were no transfers between levels for the year ended 31 August 2010.

BANKS HOLDINGS LIMITED

Notes to the Consolidated Financial Statements
Year ended 31 August 2010

29. Discontinued operations

During 2008, the Directors decided to discontinue the manufacturing operations of Duraplast Inc.

During the year the assets held for sale of the discontinued operation were disposed of and at the year end the Directors were still actively pursuing the disposal of its shareholding in the entity.

The results of the discontinued operations (net of intergroup transactions) for the years ending 31 August 2010 and 31 August 2009 are presented below:

	2010	2009
	\$	\$
Other income	8,726	5,534
Interest expense	(10,903)	(50,209)
Loss on disposal of assets held for sale	(563,640)	-
Selling, general and administrative expenses	(3,524)	(208,765)
	<hr/>	<hr/>
Loss for the year	(569,341)	(253,440)
	<hr/> <hr/>	<hr/> <hr/>
	2010	2009
	\$	\$
Earnings per share		
Basic earnings per share from discontinued operations	(1¢)	(0.05¢)
Diluted earnings per share from discontinued operations	(1¢)	(0.05¢)

Basic and diluted earnings per share are based on the loss for the year from discontinued operations of \$569,341 (2009 - \$253,440). To calculate the basic earnings per share and diluted earnings per share from discontinued operations, the weighted average number of ordinary shares for both basic and diluted amounts is disclosed in Note 23.

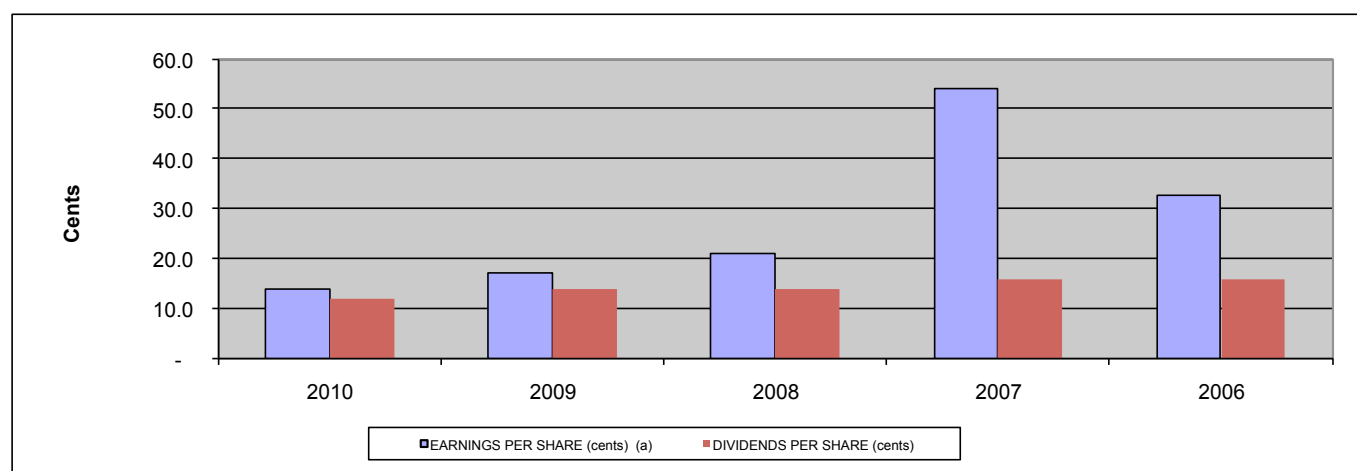
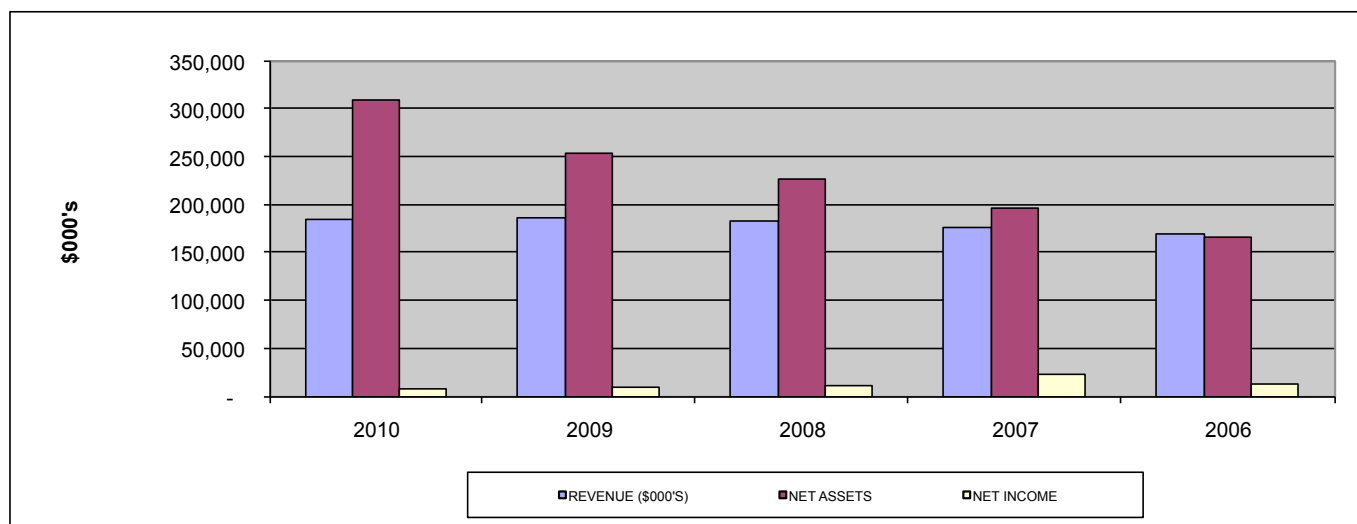
30. Comparatives

Certain comparative amounts have been reclassified to conform to the current year's presentation. As at 31 August 2009, \$2,530,588 was transferred from revaluation surplus to retained earnings on the reclassification of property, plant and equipment to investment property in a subsidiary company.

BANKS HOLDINGS LIMITED

Financial Highlights

	2010	2009	2008	2007	2006
REVENUE (\$000'S)	184,045	185,724	183,080	176,425	168,661
NET ASSETS (\$000's)	308,087	253,831	227,070	196,813	165,622
NET INCOME (\$000's)	7,360	8,905	10,617	22,860	12,863
EARNINGS PER SHARE (cents) (a)	14.0	17.0	21.0	54.0	32.6
DIVIDENDS PER SHARE (cents)	12.0	14.0	14.0	16.0	16.0
TIMES DIVIDEND COVERED	1.17	1.21	1.50	3.38	2.04
NET ASSET VALUE PER SHARE (\$ (b)	4.75	4.92	4.48	4.55	4.20
SHARE PRICE (\$) (c)	4.13	4.39	4.20	4.11	3.80
P/E RATIO	29.50	25.82	20.00	7.61	11.66



Notes:

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

MANAGEMENT PROXY CIRCULAR

Company No: 15726

Management is required by the Companies Act Cap. 308 of the Laws of Barbados (hereinafter called "the Companies Act") to send with the notice convening the meeting forms of proxy. By complying with the Companies Act, management is deemed to be soliciting proxies within the meaning of the Companies Act.

This Management Proxy Circular accompanies the notice of the Fifty-second Annual General Meeting of Shareholders of Banks Holdings Limited (hereinafter called "the Company") to be held on Wednesday, 23rd March, 2011 at 5:00 pm (hereinafter called "the meeting") and is furnished in connection with the solicitation by the management of the Company of proxies for use at the meeting, or any adjournment thereof. It is expected that the solicitation will primarily be by mail. The cost of the solicitation will be borne by the Company.

Proxies

A shareholder who is entitled to vote at a meeting of shareholders has the right by means of the enclosed form of proxy to appoint a person to represent him by inserting the name of such person in the space indicated in the form of proxy.

Proxies given by shareholders for use at the meeting may be revoked by the shareholder giving such proxy at any time prior to their use. In addition to revocation in any other manner permitted by Law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney in writing; if the shareholder is a company, executed under its corporate seal or by any duly authorized officer or attorney thereof, and deposited at the registered office of the Company at The AutoDome, Warrens, St. Michael, at any time up to 4:15pm on Monday, 21st March, 2011, being two (2) business days preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

Record Date, Notice of Meeting & Voting Shares

The directors of the Company have not fixed a record date for determining the shareholders who are entitled to receive notice of the meeting. In accordance with the Companies Act, the statutory record date applies. Only shareholders of record at the close of business on the day immediately preceding the day on which the notice is given under S 109 (1) of the Companies Act will be entitled to receive notice of the meeting.

Only such registered holders of common shares of the Company will be entitled to vote at the meeting. Each holder is entitled to one vote for each share held. As at the date hereof there are 64,853,760 common shares without par value of the Company issued and outstanding.

Election of Directors

The Board of Directors consists of members who retire in rotation annually. On 20th December, 2010 there were ten (10) Board members. The number of directors of the Company to be elected at the meeting is three (3). The following are the names of the persons proposed as nominees for election as directors of the Company and for whom it is intended that votes will be cast for their election as directors pursuant to the forms of proxy herewith enclosed:

Nominee for Director	Present Principal Occupation
C.R. Cozier	Executive Director
G.A.A. King	Non-executive Director
R.P. Ramchand	Non-executive Director

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

Messrs. G.A. King, C.R. Cozier and R.P. Ramchand are now directors of the Company and will retire at the close of the Fifty-second Annual Meeting in accordance with the provisions of clause 4.4 of By-Law No. 1 of the Company but, being qualified are eligible for re-election. Messrs. G.A. King and C.R. Cozier were elected as directors at the Forty-ninth Annual General Meeting of the Company held on 22nd January, 2008. Mr. R. P. Ramchand was appointed by the Board of Directors to fill the vacancy created by the retirement of Mr. C.D. Bynoe who was also elected as a director at the Forty-ninth shareholders meeting held on 22nd January, 2008.

Appointment of Auditors

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

Discretionary Authority

Management knows of no matter to come before the meeting other than the matters referred to in the notice of the meeting enclosed herewith. However, if any other matters which are not now known to management should properly come before the meeting or any adjournment thereof, the shares represented by proxies in favour of management nominees will be voted on any such matter in accordance with the best 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.

COMPANY NO:15726

Proxy Form

The undersigned shareholder of Banks Holdings Limited ("the Company") hereby
 appoints
 of
 or failing him
 of

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the 52nd Annual General Meeting of the Shareholders of the Company to be held on the 23rd day of March, 2011 and at any adjournment thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

Dated this.....day of.....2011

.....
 Name of Shareholder (PLEASE PRINT)

.....
 Signature of Shareholder



- NOTES
1. (a) A shareholder who is entitled to vote at any meeting of the shareholders may by means of a proxy appoint a proxy holder, or one or more alternate proxy holders, none of whom need be shareholders, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.
 - (b) In the case of a shareholder who is a body corporate or association, votes at a meeting of shareholders may be given by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the Company.
 2. A proxy must be executed in writing by the shareholder or his attorney authorised in writing.
 3. Proxy appointments are required to be deposited at the registered office of the Company not later than 4:15p.m. on the 21st day of March, 2011.

The logo consists of the letters 'BHL' in a bold, white, sans-serif font. The letter 'H' is stylized with a vertical line through its center, resembling a keyhole or a similar symbol.

Banks Holdings Limited

Wilkey, St. Michael, Barbados. Tel:227-6700, Fax: 227-6729
www.thebhigroup.com