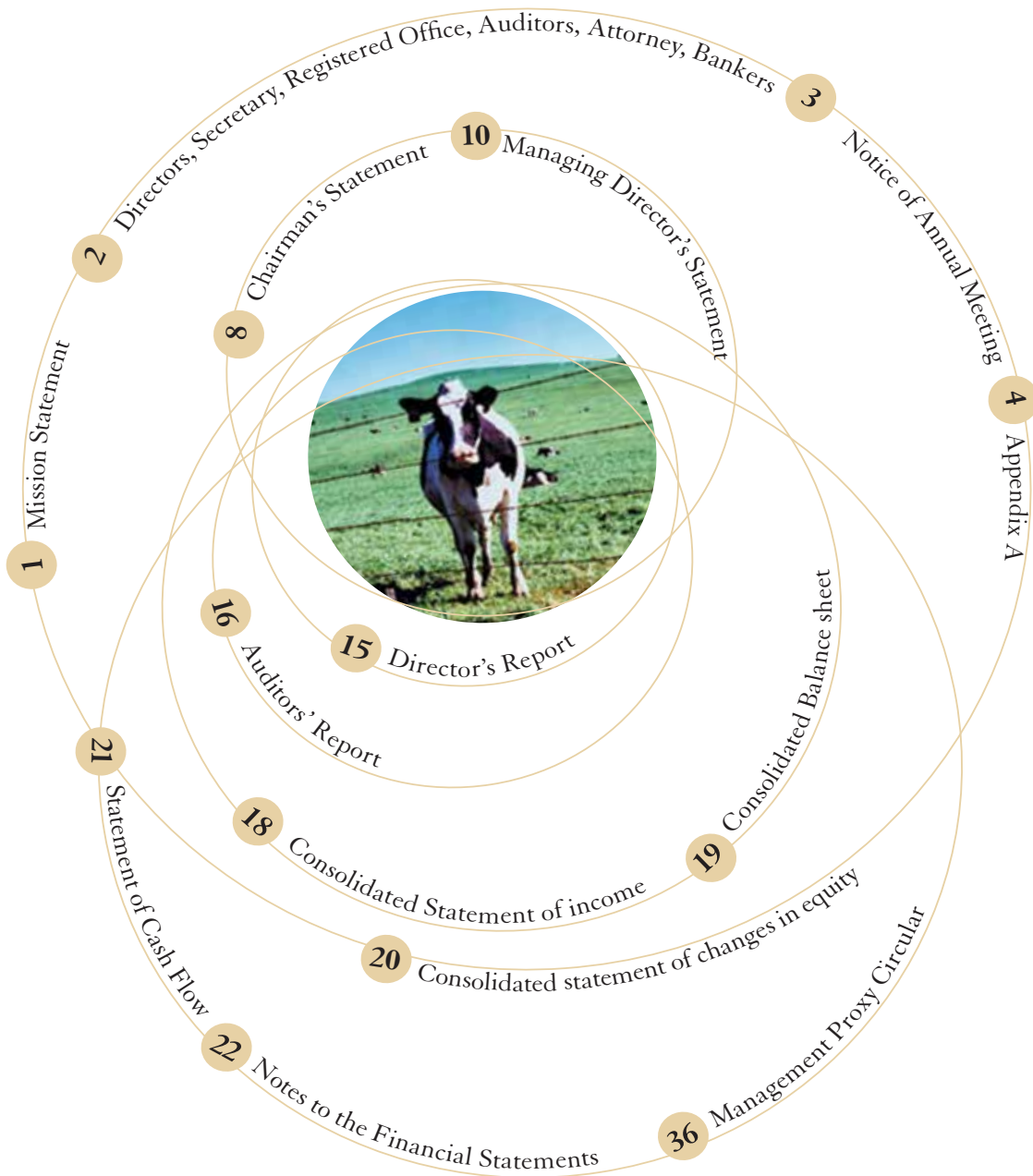


# PINEHILL

Annual Report 2003







## Our Mission:

To manufacture and market high quality foods that consistently meet and exceed our customers' expectations while improving value for shareholders, ensuring the well-being of employees and being a responsible corporate citizen.



NEXT CL

# Barbados Dairy Industries Limited

## **DIRECTORS**

A.C. Fields  
*Chairman*

N.G. Horsley

E.R. Cumberbatch

P.D. Davis

N. McD. Brewster

C.R. Cozier

C. E. Gibson

## **SECRETARY**

A.R.S. Marshall  
*Attorney-at-Law*

## **REGISTERED OFFICE**

Pine, St. Michael

## **AUDITORS**

Ernst & Young  
Chartered Accountants

## **ATTORNEY**

Patterson Cheltenham, Q.C.

## **BANKERS**

FirstCaribbean International Bank




## Notice of Annual Meeting

*Notice is hereby given that the Thirty-Ninth Annual General Meeting of Barbados Dairy Industries Limited will be held at:*

**PINE HILL DAIRY  
ST. MICHAEL  
FRIDAY, 19TH DECEMBER, 2003  
AT 10:30 A.M.**



1. To receive and consider the Statement of Income, Changes in Equity, the Balance Sheet and the reports of the Directors and of the Auditors with respect to the year ended 31st August, 2003.
2. To consider, and, if approved to pass the resolution set out in Appendix A hereto as a Special Resolution.
3. To elect Directors.
4. To appoint Auditors for the ensuing year.
5. To transact any other business which may be transacted at an annual meeting.

*A. Richard S. Marshall*  


By order of the Board  
A.R.S. Marshall  
Secretary

November 18th, 2003.

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

## Appendix A

### Now Therefore be it resolved as follows:-

The Articles of Continuance of the Company dated the 17th day of December, 1986, and filed on the 31st day of December, 1986 (“the Articles”) be amended as follows:

(a) to change the classes and maximum number of shares that the Company is authorized to issue by deleting paragraph 3 of the schedule to the articles of continuance which states:

“3. The classes and any maximum number of shares that the Company is authorized to issue:

The Company is authorized to issue:

- a) 250,000 shares of one class of shares without nominal or par value to be designated as Class A shares; and
- b) 250,000 shares of one class of shares without nominal or par value to be designated as Class B shares; and
- c) 250,000 shares of one class of shares without nominal or par value to be designated as Class C shares; and
- d) 250,000 shares of one class of shares without nominal or par value to be designated as Class D shares; and
- e) an unlimited number of one class of shares without nominal or par value to be designated as Class E shares.

It is intended that:

- (i) the Class A shares shall replace the former Class A ordinary shares which are vested in Northern Dairies Ltd.
- (ii) the Class B shares shall replace the former Class B ordinary shares which are vested in New Zealand Dairy Production & Marketing Board.
- (iii) the Class C and Class D shares shall replace the Class C ordinary shares which are vested in the Crown.
- (iv) the Class E shares shall replace the former Class D shares and the unissued ordinary shares of the company.





The rights, privileges, restrictions and conditions attaching to the Class A shares, Class B shares, Class C shares, Class D shares and the Class E shares are as follows:-

1. The holders of each class of shares voting separately as a class shall elect one Director; if the board of Directors shall consist of more than five directors, the directors in excess of 5 shall be elected by all of the shareholders of the Company voting together without distinction as to class.
2. The holders of Class A and Class B shares shall not hold any Class E shares.
3. Save as mentioned in subparagraph (1) hereof Class A shares, Class B shares, Class C shares, Class D shares and Class E shares of the Company shall rank *pari passu* in all respects.”

and by substituting there for the following:

**“3. The Company is authorized to issue an unlimited number of shares of one class designated as common shares.”**

**(b)** To change the restrictions on share transfers by deleting paragraph 4 of the schedule to the articles of continuance which states:

“4. Restrictions if any on share tranfers: -

No shares of Class A or Class B of the Company shall be transferred or sold by any shareholder to any person unless either:

1. All of the holders of the Class A, Class B, Class C and Class D shares of the Company consent thereto by an instrument or instruments in writing signed by all such shareholders; or
2. a) In the event that Class A shares are desired to be transferred such shares shall be first offered by the share holder desiring to transfer or sell his shares in the first instance to all of the holders of shares of Class B shares of the Company.  
  
b) If the holders of Class B shares of the Company do not agree to purchase all of the shares offered for sale, the shares not so purchased shall be offered to the holders of Class C shares of the Company.



c) If the holders of Class C shares of the Company do not agree to purchase all of the shares offered for sale, the shares not so purchased shall be offered to the holders of Class D shares of the Company.

d) If all the shares offered for sale have not been purchased by the holders of the said classes of shares of the Company in accordance with the foregoing provisions the shareholder desiring to transfer or sell his shares may within six calendar months from the date of the said offer transfer or sell such number of shares as shall not have been purchased by shareholders of the Company pursuant to the provisions of this clause to any person or persons at a price not less than the price specified in the offer.

3 a) In the event that Class B shares are desired to be transferred such shares shall be first offered by the shareholder desiring to transfer or sell his shares in the first instance to all of the holders of shares of Class A shares of the Company.

b) If the holders of Class A shares of the Company do not agree to purchase all of the shares offered for sale, the shares not so purchased shall be offered to the holders of Class C shares of the Company.

c) If the holders of Class C shares of the Company do not agree to purchase all of the shares offered for sale, the shares not so purchased shall be offered to the holders of Class D shares of the Company.

d) If all the shares offered for sale have not been purchased by the holders of the said classes of shares of the Company in accordance with the foregoing provisions the shareholder desiring to transfer or sell his shares may within six calendar months from the date of the said offer transfer or sell such number of shares as shall not have been purchased by shareholders of the Company pursuant to the provisions of this clause to any person or persons at a price not less than the price specified in the offer.

4. All offers made in pursuance hereof, shall be in writing to the shareholders of the class of shares to whom the offer is made as nearly as may be in proportion to the number of the shares of that class held by them respectively at the date of such offer and shall specify the price and limit the time within which the offer, if not accepted, will be deemed to have been declined (which shall not be less than 30 days or more than 60 days after the date of such offer) and shall state that any shareholder who desires to purchase a number of shares so offered in excess of his proportion shall in his reply state how many shares in excess of his proportion he desires to purchase.



5. If any shares shall not be capable of being offered to or being divided among the holders of the shares of that class in proportion to their existing holdings of such shares without division into fractions of shares, the same shall be offered to or divided among the holders of shares of that class as nearly as may be in proportion to the number of such shares held by them respectively at the date of such offer as may be determined by the Directors of the Company.

6. If any of the shares offered for sale shall be agreed to be purchased by holders of shares pursuant to the foregoing provisions of this clause then the shares so agreed to be purchased shall be sold at the price specified in the offer.” and by substituting there for the following:

**“4. There shall be no restriction on the transfer of shares”**



## Chairman's Statement

During the year under review, key sectors of both the local and the regional economies were under significant pressure, especially Sugar and Non-sugar agriculture, which recorded declines while the manufacturing sector was flat. As a consequence, the environment in which Barbados Dairy Industries Limited had to operate proved to be very challenging. We experienced a marginal reduction in the local market and a modest increase of 4% in the export market.

Our performance declined when compared to the previous year. Sales were flat, finishing at \$58.4 million compared to \$58.7 million for the previous year. Cost of sales increased as a result of higher prices for ingredients, and energy. Our gross profit fell by 2.6%, while administration and selling/distribution expenses increased. The increase in administration expenses is due mainly to non-recurring expenses for obsolete spare parts. Our net income before tax finished at \$3.6 million, compared to \$4.3 million in the previous year. After tax revenue of \$3.4 million was lower than anticipated as a result of a deferred tax charge of \$0.6 million resulting from the changes to the corporation tax rate.

Earnings per share ended at \$0.73, which is below last years \$1.01. The debt to equity ratio, based on the bank overdraft and long-term borrowing, remains in control at 0.25. Our working capital has improved by 8% and the return on equity finished at 10%. Based on the satisfactory financial position of our company, the Board is pleased to be able to declare a dividend of 21 cents, the same as last year. This represents an average dividend payout of 24% over the last five years.

The number of farms supplying milk remains at 20. However, the quantity of milk received declined by 7%. Contributing to this decline is the increasing number of times when milk had to be rejected from the farms. As I stated last year it is critical that our dairy farmers make every effort to improve their farm efficiencies by adapting recognised world-class best practices. A sustained quality system, such as HACCP, will eliminate the problems leading to milk rejection.

During the year we presented a proposal to the farmers to streamline the existing system. Our proposal was developed, based on previous years sales history and was designed to revise the existing quotas to meet projected future market demands. Our policy, over the years, has been consistent in that we will only purchase quantities of fresh milk, which we can sell. The farmers rejected our proposal and we are awaiting an alternative proposal from them. The issues surrounding the quota system needs to be resolved expeditiously to allow all parties to focus on the challenges ahead of us with the acceleration of trade liberation.

Subsequent to year end, Barbados Dairy Industries Limited received a letter from the Fair Trading Commission (FTC) advising that the FTC is investigating whether Pine Hill Dairy has abused a dominant position in the dairy processing market. We welcome this investigation, intend to co-operate fully and





we are hopeful that this investigation will put to rest the dairy farmers suggestion that Pine Hill Dairy does not support them and treat them fairly. Annually, the dairy subsidises the processing of fresh milk with its profits from the sales of Evaporated and Sweetened Condensed Milk. As globalisation becomes more entrenched, sales of these two product lines will become more challenging and the dairy will not be in a position to continue this subsidy. This will compound the level of uncertainty regarding the future of the local dairy industry. The outcome of the FTC's

investigation is extremely critical in determining what role we play regarding future fresh milk processing in Barbados.

We continue to voice our concerns with respect to food security. The local dairy industry is critical in this regard and we continue to implore the Government to find ways to protect our agricultural sector within this new regime of liberalisation. We are happy to note that the "100% Bajan" campaign continues to gain the support of our Government. This programme has assisted tremendously in encouraging consumers to use locally grown and produced products.

I would like to congratulate the management and staff for their commitment and dedication that led to another satisfactory year's performance. On their behalf and on behalf of the Board of Directors, I wish to thank our many shareholders and the public in general for supporting the Company during the year. I would also like to take this opportunity to appeal to all Barbadians to support locally produced products, especially those that have demonstrated the commitment to high quality.

9

A.C.Fields  
Chairman

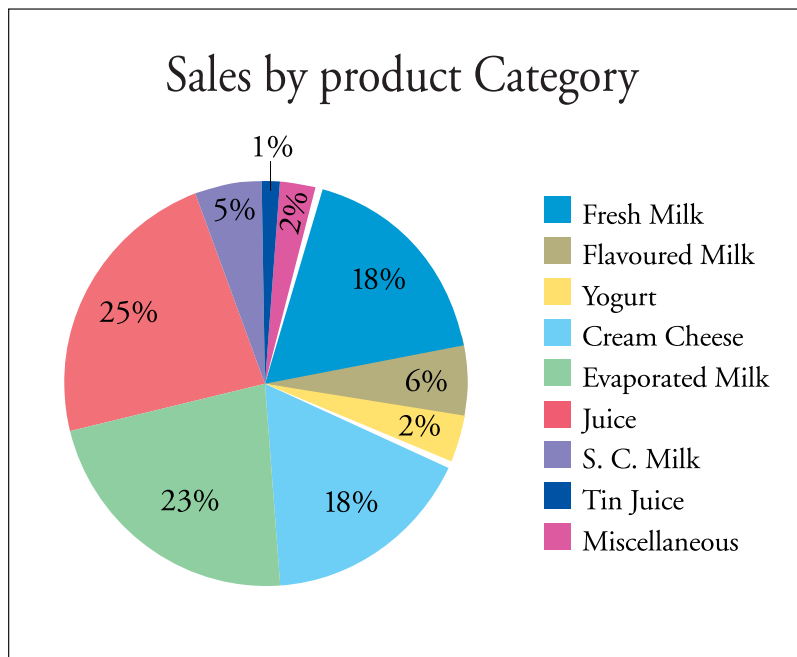


## Managing Director’s Statement

The past year was a challenging one for Barbados Dairy Industries Limited. Our sales were flat and our after tax revenue was below expectations. The first half of the year recorded encouraging sales numbers and margins were in line with budgetary projections. However, the second half of the year presented challenges that resulted in out of stock conditions for both our UHT and pasteurised juices. During the year several new juices and juice drinks entered the market as trade liberalization policies continue. This coupled with gable top packaging problems and ingredient shortages, impacted our juice sales, which contributed significantly to our flat performance.

It is worth noting than in recent years, increased juice sales accounted for most of our revenue growth. The negative growth experienced this year is a concern. We will continue our marketing strategies, focusing on activities that aggressively market and promote the PineHill brands in both the domestic and regional markets. This coupled with market research and product development, that is customer driven, will result in a range of new products that will increase our brand extension and equity, especially in the juice and juice drink categories.

Sales finished at \$58.4 million, down marginally from the \$58.7 million for the previous year. Pasteurised milks (white and flavoured combined) were the volume leader with 24%, followed closely by UHT products with 25%, pasteurised juices 23% and evaporated milk 18%.



### Fresh Milk

The sale of fresh pasteurised milk finished the year 1% above the previous year. Our fresh pasteurised flavoured milk performed well recording a 9% growth. This increase is a direct result of the combined marketing programme between the Dairy and Farmers. The programme ran between June and September, and it was designed to allow flavoured milk to retail at the same price as white milk, thus negating the 15% VAT differential between the two products. This is the second successive year for the promotion and the results clearly indicate that consumers are willing to purchase flavoured milk, if the 15% VAT, was removed.

Fresh pasteurised milk sales continue to be a challenge as the consumers have a choice of several other beverages, as well as breakfast bars designed to meet the current life styles that demand meals on the go. We plan to upgrade our packaging to compete with the very attractive products that are already present in our markets from North America. Recently, the emphasis has been placed on the design of the package. The trend is moving away from the conventional gable top and UHT Tetra Pak boxes and shifting towards bottles, which stand out because of their shape and very bright attractive “shrink sleeves”. The down side to this is the impact on the environment.

### Juices

As stated previously, the sales in all three categories of juice drinks and juices declined. Fresh pasteurised, UHT and canned juices declined by 1, 3 and 21 percent respectively. In the two previous years, these products recorded positive growth, with fresh pasteurised recording 16 and 19%.

At the beginning of the year, we were forced to switch to a new supplier for the gable top packages for pasteurised juices, due to the uncertainty surrounding the political climate in Venezuela. This change presented challenges that contributed to a 7% decline of one litre gable-top sales. Consumers switched to half gallon plastic packed products but the switch was not sufficient to offset the decline in one litre. Exports of pasteurised milks and juices to Trinidad were curtailed in early July 2003 as the major retailer took a decision to import competing products directly from the USA. We are very confident that exports to this market will resume early in the current financial year. All these factors resulted in a net decline of 1% for pasteurised juice sales.

We have implemented a continuous improvement programme designed to significantly increase the shelf life of our pasteurised juices and milks from the current 18 days to 28 days or greater. This will enhance our export opportunities as well as improve our local distribution efficiency.





The new TB8A UHT one-litre filler was installed and the first three months sales have been very encouraging. The regional markets have received the new packaging format with the added convenient features, very well. The first three months recorded a 54% increase over the same period last year. We expect this to level off somewhere between 12 and 15 percent. These factors, coupled with the introduction of new products will allow us to regain and hopefully increase our market share for all our juice products.

### **Evaporated and Sweetened Condensed Milks**

The purchase of a new sterilizer, mentioned in last year’s report took place. It was installed early in the year and assisted in eliminating the bottleneck, which existed at the sterilization stage. Sales increased by 1.6% but they are still well below our 2001 levels. Our “Sungold” brand has proved to be very resilient holding its own against the imported brands, despite of a sustained and massive marketing campaign coupled with attractive retail prices, by the main competitor. Our marginal growth under these challenges is a commendable achievement.

The re-design of the package, re-formulation and improvements to the processing procedures were completed for our “Sungold” evaporated milk in Tetra Pak UHT packaging. As you are aware, attempts were made in the past to produce this product, with little success. This time around, we took extreme care to ensure that the process was perfected. Two of our senior staff members visited a plant in Peru to observe its production procedures and I am pleased to state that we were successful in producing a product that is of equal quality to the canned product. This product is now on the market and we anticipate good sales especially in the export market.

Sweetened Condensed Milk (SCM) sales declined by 4%, which is a steeper decline than the 2% recorded the previous year. The SCM market experienced much competition during the year with the main competitor cutting their retail prices by as much as 20% below our “Sun Sweet” brand. We will continue to

evaluate this downward trend to determine to what extent the market has changed and if the retail price reductions have contributed to our declining sales.

### **Yogurts and Ice Cream**

Sales ended the year marginally better than last year, recording a modest 0.6% growth. The quality of our product is well accepted but of all our product lines, yogurt is faced with the most competition from imported brands. At times, they are six or more imported brands on



the market. Our processing equipment and batch sizes do not allow us to optimise our efficiency. To ensure that a consistent quality product reaches the market, we have to deploy too many resources, especially from our quality assurance department. We will review our process, giving serious consideration towards its re-engineering in order to remain competitive.

Our 4.4 oz packages size was launched towards the end of the year and includes exciting new flavours such as “Strawberry Cheesecake” and “Blueberry”. This will give our consumers a choice of the “PINEHILL” brand in this reduced package size. Our 6.6 –oz Swiss Style saw new flavours of Key Lime and Guava Passion introduced and during the coming year we intend to add others and cull those flavours that fall below our minimum production levels. This will allow our consumers fresh choices.

Our “PineHill” ice cream continues to receive excellent acceptance especially after the introduction of the new design package. The tubs are still being filled manually, which is not cost effective. This will be addressed when we review the needs of our yogurt lines, with the objective of utilizing the same filling equipment for both products.

### Sponsorship

During the year the company continued its corporate sponsorship and support of sporting and community events. Our contribution to society over our 37 years of existence was recognised and rewarded by the Barba dos Industrial and Development Corporation during its annual awards ceremony when we received the Nation Builders Award. Again this year, we assisted teams competing at the junior and senior levels in swimming, tennis, cricket, cycling, basketball and netball. We co-sponsored the national trial games designed to prepare our senior cricket team in their defence of the regional championship. The island wide PINEHILL primary school netball competition continued with its usual level of success. Once more, our support of sporting activities travelled to our neighbouring islands of St. Lucia, Tobago and St. Vincent.



13



*The Nation Builders Award*

**Exports**

In our last annual report, we informed you that we would continue to be export oriented, as it was our best opportunity for continued growth. I am pleased to report that our exports grew by 4.3% breaking the \$5 million mark with sales totalling \$5.2 million. We achieved this result by re-entering the Suriname market as well as enhancing our distribution arrangements in both St. Lucia and Guyana. We plan similar strategy in Antigua for this year and hopefully we can penetrate the Jamaica market. With the new 250-ml UHT evaporated milk coming on stream as well as the new re-designed one litre UHT juices, we anticipate further growth, as we continue to pursue our goal of establishing the PINEHILL brand in the region. Supplies to the cruise ship industry of fresh milk and yogurt looks better for the coming winter season and this will further boost our export numbers.



We recognise that our achievement over the years is a direct result of the various programs and training implemented at the Dairy. Our dedicated employees have contributed to this improvement and we look forward to their continued support in future years. We have made an encouraging start to the current financial year in an ever increasingly competitive market as trade liberalisation gathers momentum. We pledge to continue our efforts to sustain the financial performances of recent years but we must remain conscious of the fact that the challenges ahead of us, as stated in the Chairman's report, will continue to be a threat. The changing market conditions are here to stay and it is imperative that we stay committed to managing all our resources prudently.

I wish to thank our Directors and the employees of Barbados Dairy Industries Limited for their support, during my first full year. The investments and improvements made in our company in recent years will allow our company to continue to provide high quality products and services that will ensure our future success. To our customers, distributors and suppliers I extend thanks on behalf of all the stakeholders of Barbados Dairy Industries Limited for your loyalty during the past year.

Clyde Gibson  
Managing Director



## Directors' Report

- The Directors present their annual report and the audited consolidated financial statements for the year ended August 31, 2003.

\$

- |    |  |            |
|----|--|------------|
| 2. | The consolidated net income for the year was               | 3,441,690  |
|    | To which is added the retained earnings brought forward of | 29,175,150 |
|    |  | 32,616,860 |
|    | Giving retained earnings available for appropriation of    | 32,616,860 |

- The Directors recommend the following appropriation:

	To pay a dividend of 21 cents per share, absorbing	(993,201)
		31,623,639
	Leaving retained earnings to be carried forward of	31,623,639
		=====

- At August 31, 2003 and November 18, 2003 the following party held more than 5% of the share capital of the company. No other party held more than 5% of the stated capital of the company at those dates.

**No. of Shares**

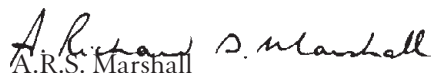
**31.08.03**

**18.11.03**

Banks Holdings Limited	3,960,587 (83.7%)	3,960,587 (83.7%)
------------------------	-------------------	-------------------

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

BY ORDER OF THE BOARD

  
A.R.S. Marshall

Secretary

November 18, 2003

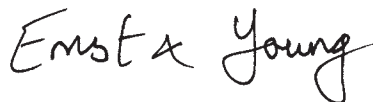
## Auditors' Report

To the shareholders of Barbados Dairy Industries Limited

We have audited the accompanying consolidated balance sheet of Barbados Dairy Industries Limited as of August 31, 2003 and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2003 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  
November 18, 2003





USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**PURE 100% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**PURE 100% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**LOW FAT 2% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**LOW FAT 2% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**LOW FAT 2% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**LOW FAT 2% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**LOW FAT 2% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**LOW FAT 2% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**LOW FAT 2% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)

USE BY NOV 20 2011

**PINEHILL**  
PASTEURIZED  
**LOW FAT 2% MILK**

KEEP REFRIGERATED Nutrition Facts

1 gallon (128 fl oz)



**Consolidated Statement of Income**  
**Year ended August 31, 2003**

	Notes	2003 \$	2002 \$
Sales	3	58,416,375	58,693,316
<b>Profit from operations before undernoted items</b>	3	<u>3,996,454</u>	<u>4,898,343</u>
Interest income		29,832	10,783
Interest expense		(412,627)	(533,670)
Severance costs		-	(51,395)
<b>Income before taxation</b>		<u>3,613,659</u>	<u>4,324,061</u>
Taxation	4	(171,969)	441,212
<b>Net income for the year</b>		<u>3,441,690</u>	<u>4,765,273</u>
Earnings per share	16	<u>\$0.73</u>	<u>\$1.01</u>


The accompanying notes form part of these financial statements.

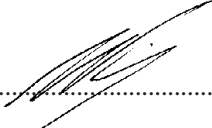
**Consolidated Balance Sheet**  
**As at August 31, 2003**

	Notes	2003 \$	2002 \$
<b>Current assets</b>			
Cash		26,168	31,552
Accounts receivable		2,705,140	2,712,853
Prepaid expenses		92,349	600,140
Corporation tax refundable	4	22,729	22,729
Inventories	5	14,686,156	13,793,794
Current portion of loans receivable	6	82,200	60,761
Due from related companies	7	2,253,837	730,812
		19,868,579	17,952,641
<b>Current liabilities</b>			
Bank overdraft	8	1,351,386	1,491,169
Accounts payable and accrued expenses		6,315,602	4,859,975
Due to related companies	7	137,687	554,196
Current portion of long-term liabilities	9	1,594,102	1,388,792
		9,398,777	8,294,132
<b>Working capital</b>		10,469,802	9,658,509
<b>Deferred taxation</b>	4	1,263,314	1,435,283
<b>Loans receivable</b>	6	489,096	115,143
<b>Long-term investments</b>	10	226,381	226,381
<b>Fixed assets</b>	11	26,075,343	24,056,884
<b>Long-term liabilities</b>	9	(5,317,484)	(4,539,603)
<b>Pension plan</b>	12	416,592	221,958
		33,623,044	31,174,555
<b>Shareholders' equity</b>			
Share capital	13	1,006,204	1,006,204
Proposed dividend		993,201	993,201
Retained earnings		31,623,639	29,175,150
		33,623,044	31,174,555

The accompanying notes form part of these financial statements.

Approved by the Board of Directors on November 18, 2003 and signed on its behalf by:

  
.....Chairman

  
.....Director

**Consolidated Statement of Changes in Equity**  
**Year ended August 31, 2003**

	Share Capital \$	Proposed Dividend \$	Retained Earnings \$	Total \$
<b>Balance at August 31, 2001</b>	1,006,204	933,201	25,403,078	27,402,483
Net income for the year	-	-	4,765,273	4,765,273
Ordinary dividend paid	-	(993,201)	-	(993,201)
Ordinary dividend proposed (21¢ per share)	-	993,201	(993,201)	-
<b>Balance at August 31, 2002</b>	1,006,204	993,201	29,175,150	31,174,555
Net income for the year	-	-	3,441,690	3,441,690
Ordinary dividend paid	-	(993,201)	-	(993,201)
Ordinary dividend proposed (21¢ per share)	-	993,201	(993,201)	-
<b>Balance at August 31, 2003</b>	1,006,204	993,201	31,623,639	33,623,044

The accompanying notes form part of these financial statements.

**Consolidated Statement of Cash Flows**  
**Year ended August 31, 2003**

	2003	2002
	\$	\$
<b>Cash flows from operating activities</b>		
Income before taxation	3,613,659	4,324,061
<b>Adjustments for:</b>		
Depreciation	2,806,746	2,716,185
Gain on disposal of fixed assets	(8,550)	(31,661)
Interest income	(29,832)	(10,783)
Interest expense	412,627	533,670
Pension benefit	(194,634)	(286,782)
	<hr/>	<hr/>
Operating profit before working capital changes	6,600,016	7,244,690
Decrease in accounts receivable	7,713	166,727
Decrease (increase) in prepaid expenses	507,791	(191,882)
Increase in inventories	(892,362)	(426,382)
Increase in due from related companies	(1,523,025)	(268,655)
Increase (decrease) in accounts payable and accrued expenses	1,455,627	(880,645)
(Decrease) increase in due to related companies	(416,509)	214,760
	<hr/>	<hr/>
Cash generated from operations	5,739,251	5,858,613
Interest paid	(412,627)	(533,670)
Interest received	29,832	10,783
	<hr/>	<hr/>
Net cash from operating activities	5,356,456	5,335,726
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of fixed assets	8,550	35,000
Purchase of fixed assets	(4,825,205)	(2,080,114)
Purchase of long-term investment	-	(226,380)
	<hr/>	<hr/>
Net cash used in investing activities	(4,816,655)	(2,271,494)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Increase in loans receivable	(395,392)	(14,155)
Proceeds from long-term liabilities	1,840,138	849,486
Repayment of long-term liabilities	(856,947)	(2,693,268)
Dividend paid	(993,201)	(993,201)
	<hr/>	<hr/>
Net cash used in financing activities	(405,402)	(2,851,138)
	<hr/>	<hr/>
<b>Decrease in bank overdraft less cash</b>	134,399	213,094
<b>Bank overdraft less cash - beginning of year</b>	(1,459,617)	(1,672,711)
	<hr/>	<hr/>
<b>Bank overdraft less cash - end of year</b>	(1,325,218)	(1,459,617)
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

**1. Incorporation and principal activity**

The Company and its subsidiary are incorporated in Barbados.

The Company is a subsidiary of Banks Holdings Limited, incorporated under the Laws of Barbados.

The principal activity of the Group during the year was the manufacture, processing and distribution of dairy products and fruit juices.

The company's registered office is located at the Pine, St. Michael, Barbados.

**2. Accounting policies**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards (IAS) and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect.

The most significant policies are summarised below:

- a] **Basis of accounting**  
These financial statements are prepared under the historical cost convention. No account is taken of the effects of inflation.
- b] **Principles of consolidation**  
The consolidated financial statements include the results and state of affairs of the Company and its wholly-owned subsidiary, Pine Hill Marketing Limited.
- c] **Revenue recognition**  
Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer and the amount of revenue can be measured reliably. Interest income is recognised on an accrual basis.
- d] **Currency**  
These financial statements are expressed in Barbados dollars.

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

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

**2. Accounting policies (cont'd)**

**e] Inventories**

Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

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

**f] Depreciation**

Depreciation of fixed assets is made by using the straight-line basis at rates sufficient to write off the cost of the assets over their estimated useful lives as follows:

Buildings on leasehold land	-	50 years
Motor vehicles	-	5 years
Plant and machinery	-	10 & 15 years
Furniture, fittings and equipment	-	10 years
Computer equipment	-	4 years
Containers	-	5 years

**g] Taxation**

The Company follows the liability method of accounting for taxation, whereby the future tax asset or liability arising 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 realised or liability is settled.

**h] Pensions**

The Company contributes to a Group contributory defined benefit pension plan administered on behalf of its employees. The assets of the pension plan are held in a separate fund administered by a Trustee. The pension plan is funded by payments taking into account the recommendations of independent qualified actuaries.

The pension accounting costs are accrued using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of the employees in accordance with the advice of independent qualified actuaries who carry out a full valuation of the plan 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.



**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

**2. Accounting policies (cont'd)**

**i] Long-term investments**

The Company's investments, which have been classified as available-for-sale, are recorded at their fair value. The fair value of these privately held investments, in the absence of readily ascertainable market values, has been estimated by management on the basis of the market value of the underlying assets.

The values assigned to the investments are based on available information and do not necessarily represent the amounts that might ultimately be realised, 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.

Unrealised gains or losses are recorded in the statement of income.

**j] Use of estimates**

The preparation of the financial statements, in conformity with International Financial Reporting Standards, requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate.

**k] Leases**

Finance leases are capitalised at fair value on inception of the leased agreement. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

**l] Interest bearing loans receivable and payable**

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

**3. Profit from operations**

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

<b>2003</b>	<b>2002</b>	
\$	\$	
Sales	58,416,375	58,693,316
Cost of sales	(44,668,646)	(44,578,155)
Gross profit	<u>13,747,729</u>	<u>14,115,161</u>
Other income	98,399	26,213
13,846,128	<u>14,141,374</u>	
Selling and distribution expenses	<u>4,019,799</u>	<u>3,793,436</u>
General and administrative expenses	5,829,875	5,449,595
9,849,674	<u>9,243,031</u>	
Profit from operations	<u>3,996,454</u>	<u>4,898,343</u>
<b>Profit from operations is after charging</b>	<b>2003</b>	<b>2002</b>
\$	\$	
Staff costs	9,506,291	9,395,097
Depreciation	<u>2,806,746</u>	<u>2,716,185</u>
<b>2003</b>	<b>2002</b>	
Average number of employees during the year was	190	186
<b>4. Taxation</b>	<b>2002</b>	
<b>2003</b>		

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

\$	\$	
<b>Statement of income</b>		
Deferred tax charge (recovery)	171,969	(441,212)

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

	2003	2002
	\$	\$
Income before taxation	3,613,659	4,324,061
Taxed at the applicable rate of 36% (2002- 37.5%)	1,300,917	1,621,523
Effects of tax deductible items not reducing accounting profit:		
Capital allowances	(252,630)	(374,307)
Other	(4,765)	(272)
Over-provision of prior year's deferred tax	-	(19,756)
Exempt profits	(1,484,937)	(1,730,529)
Effect on deferred tax resulting from reduction in tax rate	613,384	62,129
	<u>171,969</u>	<u>(441,212)</u>

**4. Taxation (cont'd)**

<u>2003</u>	<u>2002</u>
-------------	-------------

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

		\$
<b>\$</b>		
<b>Balance Sheet</b>		
Corporation tax refundable	<u>22,729</u>	<u>22,729</u>
<b>Deferred taxation</b>		
Balance, beginning of year	1,435,283	994,071
Deferred tax (charge) recovery	(171,969)	441,212
Balance, end of year	<u><del>1,263,314</del></u>	<u><del>1,435,283</del></u>
Deferred tax balance is made up as follows:		
Pension asset	(104,148)	(83,234)
Unutilised tax losses	338,994	475,821
Accelerated depreciation for income tax purposes	1,028,468	1,042,696
	<u><del>1,263,314</del></u>	<u><del>1,435,283</del></u>

**Tax losses**

The Company has unrelieved tax losses of \$1,355,976 (2002 - \$1,268,855) available to be carried forward and applied against future taxable income. The losses have not been agreed by the Commissioner of Inland Revenue but are not in dispute.

Income year	Amount \$	Expiry Date
1999	151,431	2008
2000	963,575	2009
2001	48,007	2010
2002	111,120	2011
2003	81,843	2012
	<u><del>1,355,976</del></u>	

Under the provisions of the Fiscal Incentives Act Cap. 71A, the profits of the subsidiary are exempt from corporation tax for a period of 10 years, which commenced from August 1, 1992. The Company was granted a further five year extension until 2007.

**5. Inventories**

<b>2003</b>	<b>2002</b>
\$	\$

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

Raw materials	8,267,747	7,781,150
Finished goods	2,123,025	1,863,886
Spares and supplies	4,295,384	4,148,758
	<u>14,686,156</u>	<u>13,793,794</u>

**6. Loans receivable**

	2003	2002
	\$	\$
Loans receivable due at end of year	586,165	207,771
Less: Deferred interest	(14,869)	(31,867)
	<u>571,296</u>	<u>175,904</u>
Less: Current portion	(82,200)	(60,761)
Long-term portion	<u>489,096</u>	<u>115,143</u>

The loans are mainly secured advances to farmers for the purchase of equipment. Interest on the loans is being charged at the commercial bank's prime rate plus 0.5% per annum. Interest at the rate of 7.9% (2002 - 8.5%) per annum was charged. 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.

**7. Related party transactions and balances**

The amounts due from/to related Companies are unsecured, interest free and have no fixed terms of repayment.

**7. Related party transactions and balances (cont'd)**

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

During the year the Company entered into the following transactions with its parent and fellow subsidiaries:

	2003	2002
	\$	\$
Sales to a related company	16,645,161	16,892,390
Purchases from related companies	1,241,502	1,172,500
Management fees paid to parent company	108,000	96,000
Interest paid to parent company	232,008	329,377
Interest paid to a related company	101,837	112,500

**8. Bank overdraft**

The bank overdraft up to a limit of \$2,000,000 is secured by a guarantee from the parent company, Banks Holdings Limited and a negative pledge by the borrower.

Interest is charged and payable monthly on the overdraft balance at the rate of 1% below the bank's prime rate. The rate at year-end was 6.40% (2002 – 7%).

**9. Long-term liabilities**

2003	2002	
	\$	\$
i) Grassland Development loans	494,648	181,954
ii) Banks (Barbados) Breweries Limited	1,116,494	1,500,000
iii) Banks Holdings Limited	2,249,860	2,942,363
iv) Tetra Pak S.A. 20-110	279,235	554,592
v) First Caribbean International Bank	1,243,905	749,486
vi) Tetra Pak TBA/8	1,527,444	-
	<u>6,911,586</u>	<u>5,928,395</u>
Less: current portion (1,388,792)	(1,594,102)	
Long-term portion	<u>5,317,484</u>	<u>4,539,603</u>

**9. Long-term liabilities (cont'd)**

i) There is a facility of \$1,000,000 with First Caribbean International Bank to be



**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

drawn in tranches of \$100,000 each for lending to farmers. There is a one-year moratorium on the repayment of the principal from the date of draw down. Interest at the rate of 7.90% (2002 – 8.5%) per annum is charged.

- ii) The loan from a related company bears interest at the rate of 7.5% (2002 - 7.5%) per annum. There is a twenty-eight month moratorium on the repayment of the principal from August 31, 2000, after which the loan is repayable in varying instalments of principal and interest over three years. The loan is unsecured.
- iii) The loans from the parent company bears interest at the rates of 7.5% (2002 - 7.5% and 8.25%) per annum and are repayable in monthly instalments maturing at various intervals through 2007. The loans are unsecured.
- iv) The finance lease from Tetra Pak S.A. carried interest at the rate of 8% (2002 - 8%) per annum and is repayable over four years in varying quarterly instalments of principal and interest. It is secured by the assets related to the lease.
- v) The company has a facility of \$1.5 Million loan from First Caribbean International Bank, of which \$1,243,905 (2002 - \$749,486) has been drawn down. The loan bears interest of 5.90% (2002 - 6.50%) per annum and is repayable over five years. It is secured by a letter of undertaking to provide the bank with a mortgage over the company's assets, if called upon to do so.
- vi) The finance lease from Tetra Pak is repayable over five years in equal instalments. No interest is charged on the lease. It is secured by the asset related to the lease.

**10. Long-term investments**

	2003	2002
	\$	\$
Barbados Agro Processing Company Ltd. (in receivership)	1	1
Little Bristol Investments Inc.	226,380	226,380
	226,381	226,381

**11. Fixed assets**

At August 31, 2002	Additions	Disposals	At August 31, 2003
\$	\$	\$	\$
	_____	_____	_____
	\$	\$	\$



**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

Present value of funded obligations	10,723,043	9,103,667
Fair value of plan assets	(10,109,636)	(9,024,387)
	613,407	79,280
Unrecognised actuarial losses	(1,029,999)	(301,238)
Net liability recognised in the balance sheet	(416,592)	(221,958)
<b>Statement of income</b>		
Current service cost	308,465	253,727
Interest cost	557,262	569,321
Expected return on plan assets	(630,233)	(600,654)
Net actuarial gain recognised in the year	-	(40,496)
Total, included in staff costs	235,494	181,898

**Movement in the net amount recognised in the balance sheet:**

	2003	2002
	\$	\$
Net (asset) liability, beginning of year	(221,958)	64,824
Net expense recognised in the income statement	235,494	181,898
Contributions paid	(430,128)	(468,680)
Net asset, end of year	(416,592)	(221,958)
Actual return on plan assets	568,169	279,668

Principal actuarial assumptions as at August 31, were:

	2003	2002
Discount rate at end of year	6.0%	6.0%
Expected return on plan assets at end of year	7.0%	7.0%
Future promotional salary increases	2.5%	2.5%
Future inflationary salary increase	2.5%	2.5%
Future increases in NIS ceiling for earnings	2.5%	2.5%
Future pension increases	2.0%	2.0%

**13. Share capital**

**Authorised:**

The Company is authorised to issue an unlimited number of shares without nominal or par value designated as common shares.

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

	2003	2002
	\$	\$
<b>Stated and issued:</b>		
4,729,529 (2002 – 4,729,529) common shares	1,006,204	1,006,204

**14. Operating lease commitment**

The lease expense for the year for motor vehicles was ~~\$375,042 (2002 - \$358,714)~~.  
Future minimum rentals under the non-cancellable leases are as follows as of August 31:

	2003	2002
	\$	\$
Within one year	366,462	366,462
After one year but not more than five years	534,282	435,839
	900,744	802,301

**15. Commitments and contingencies**

The Company has guaranteed \$500,000 and \$1,000,000 ~~in respect of the Housing Loan~~  
Fund for staff and The Farmers Grass Land loan scheme respectively.

The Company is currently involved in a legal claim in which the Plaintiff is claiming damages in excess of \$250,000. No provision has been made in these financial statements for this amount, as the Company is confident that it will win the case.

Capital expenditure of \$1,228,750 (2002 - 750,514) was approved by the Directors but not subject to contract.

**16. Earnings per share**

**Notes to the Consolidated Financial Statements**  
**Year ended August 31, 2003**

Earnings per share are based on net income of \$3,441,690 (2002 - \$4,765,273) and 4,729,529 shares (2002 - 4,729,529) in issue during the year.

**17. Financial instruments**

**Fair values**

The carrying value of the Group's financial assets and liabilities are shown at their fair value, with the exception of loans receivables and long-term liabilities which are shown at amortised cost.

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

- i) Short-term financial assets and liabilities  
The carrying value of these assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets comprise cash, accounts receivable and due from related Companies. Short-term financial liabilities comprise bank overdraft, accounts payable and accrued expenses and due to related Companies.
- ii) Long-term financial assets  
Long-term investments are carried at fair value as disclosed in Note 2.

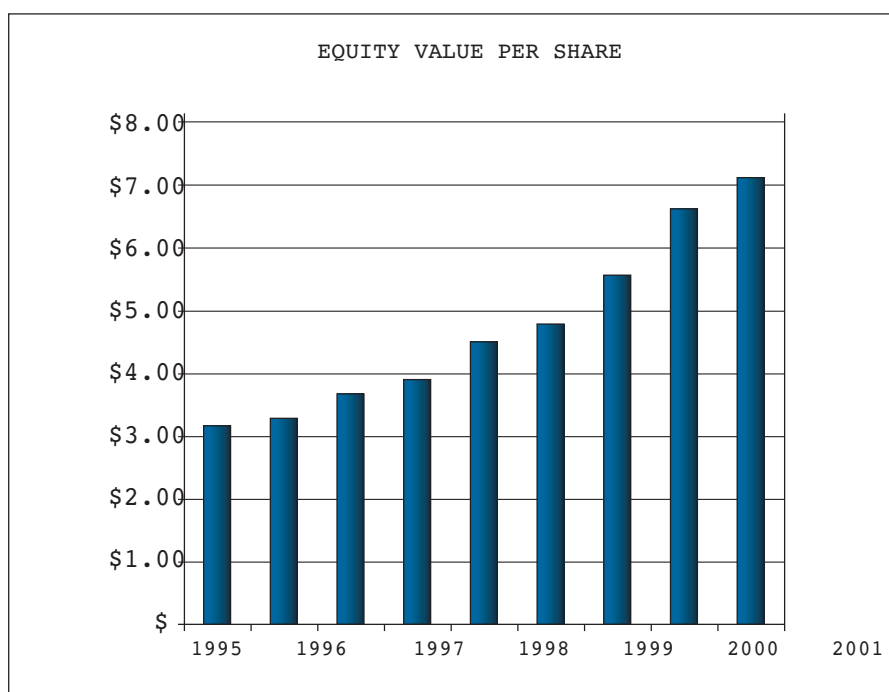
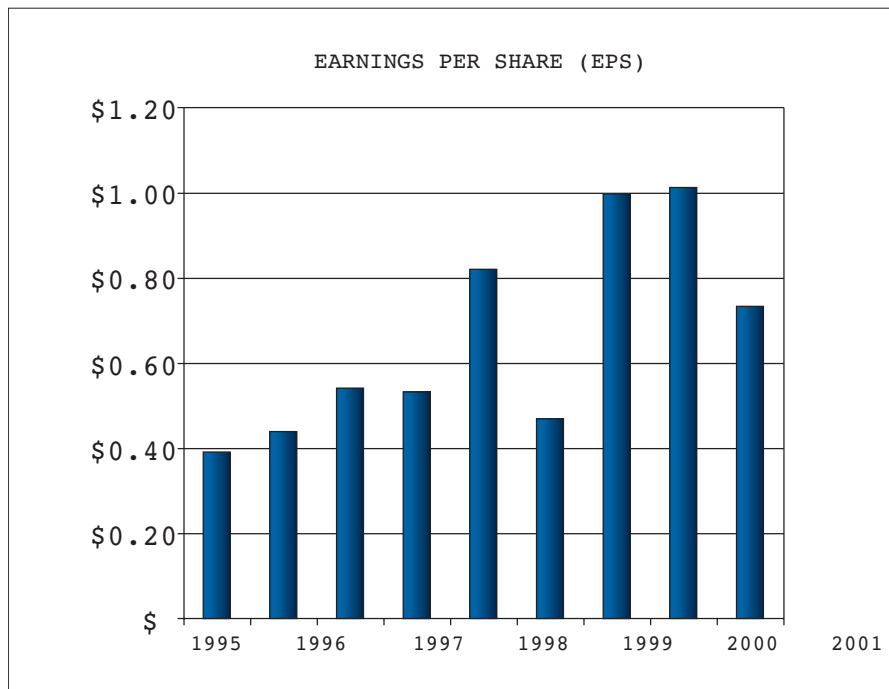
**Credit risk**

The Company sells its products to customers primarily in Barbados and provides loans as detailed in Note 6. Credit risk arises from the possibility that customers and counterparties may default on their obligations to the Company. The amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets. The Company performs ongoing credit reviews of its customers and counterparties, and provisions are set aside against amounts deemed irrecoverable.

**Interest rate risk**

The Company is exposed to interest rate risk as detailed in Notes 6,8 and 9.

### Selected Financial Information





**BARBADOS DAIRY INDUSTRIES LIMITED**  
**MANAGEMENT PROXY CIRCULAR**

Company No 3382

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 Act, management is deemed to be soliciting proxies within the meaning of the Act.

This Management Proxy Circular accompanies the notice of the Thirty-Ninth Annual Meeting of Shareholders of Barbados Dairy Industries Limited (hereinafter called “the Company”) to be held on Friday, December 19th, 2003 at 10.30 am (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/her attorney in writing; if the shareholder is a Company, executed under its corporate seal or by any duly authorised officer or attorney thereof, and deposited at the registered office of the Company at the Pine, St Michael, at any time up to 4.15 pm on Thursday, December 18th, 2003 being the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

**RECORD DATE, NOTICE OF MEETING AND VOTING SHARES**

The Directors of the Company have fixed Friday, November 14th, 2003 as the record date for determining the shareholders who are entitled to receive notice of the meeting and have given notice thereof by advertisement as required by the Companies Act. Only shareholders of record at the close of business on Friday, November 14th, 2003, 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 4,729,529 common shares without par value of the Company issued and outstanding.

**BARBADOS DAIRY INDUSTRIES LIMITED**  
**MANAGEMENT PROXY CIRCULAR**

**ELECTION OF DIRECTORS**

The Board of Directors consists of members who will retire in rotation annually. On November 18th 2003 there were seven (7) Board members, and they will all retire at this meeting and will be 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 form of proxy herewith enclosed. The following are the proposed nominees:-

(a) to serve for a period of one (1) year:

E.R. Cumberbatch	Director
P.D. Davis	Director
N.G. Horsley	Director

(b) to serve for a period of two (2) years:

A.C. Fields	Director
C.E. Gibson	Director

(c) to serve for a period of three (3) years:

N.McD. Brewster	Director
C.R. Cozier	Director

The term of office for each Director so elected will expire at the close of the First, Second and Third Annual General Meeting of the shareholders of the Company following his election on until his successor is elected and appointed. The management of the Company does not contemplate that any of the persons named above will, for any reason, become unable or unwilling to serve as a director. Each of the above nominees is now a director of the Company and will retire at the close of the Thirty Ninth Annual General Meeting in accordance with the provision of Clause 4.4 of By-Law No 1 of the Company but, being qualified, is eligible for re-election.

**APPOINTMENT OF AUDITORS**

It is proposed to nominate the firm 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 meeting enclosed herewith. However, if any other matters which are not now known to management should properly come before the meeting or any adjournment thereof, the shares represented by proxies in favour of management nominees will be voted on any such matter in accordance with the best judgement of the proxy nominee. Similar discretionary authority is conferred with respect to amendments to the matters identified in the notice of the meeting. The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares of the Company have been approved by the Directors of the Company.

BARBADOS DAIRY INDUSTRIES LIMITED

COMPANY NO. 3382

**PROXY FORM**

The undersigned shareholder of BARBADOS DAIRY INDUSTRIES LIMITED hereby

appoints .....

of .....

or, failing him .....

of .....

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the 39th Annual General Meeting of the Shareholders of the said company to be held on Friday, December 19th, 2003, and at any adjournment or adjournments 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 ..... day of ..... 2003

.....  
Signature of shareholder

Notes 1. (a) A shareholder who is entitled to vote at a meeting of 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 meetings 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 4.15 p. m. on Thursday, December 18th, 2003.

CUT HERE







