BHL

Banks Holdings Limited

Mission Statement

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

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Corporate Profile

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

Associated Companies

Newtech Inc. (26.2%)
Chemical Industries limited (40%)
Tower Hill Merchants PLC (21%)
BCB Communications Inc. (20%)
Banks DIH Ltd. (19%)

Subsidiaries

Banks (Barbados) Breweries Limited
Wildey, St. Michael, Tel: 429-2113 Fax: 427-0772

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

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

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

W.G. Beverage Limited
Warrens West Centre, Tel: 420-5345 Fax: 420-5339

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

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

Board Of Directors

Registered Office

The AutoDome, Warrens, St. Michael, Barbados

Auditors

Ernst & Young Chartered Accountants

Attorney-At-Law

Carrington & Sealy

Bankers

First Caribbean International Bank

From left - right: Anthony King, David Bynoe, Ruall Harris, Frere Delmas, Elvin Sealy, Richard Cozier, Senator Sir Allan Fields, Richard Marshall, Peter Weatherhead and Dan Stoute.

Notice of Meeting

Notice is hereby given that the forty-seventh Annual General Meeting of Banks Holdings Limited will be held at Sherbourne Conference Centre on Tuesday, 31st January, 2006 at 5:30pm for the following purposes:-

1. To receive and consider the statement of income, the balance sheet and reports of the Directors and the Auditors with respect to the year ending 31st August, 2005.

2. To elect Directors.

3. To appoint Auditors for the ensuing year.

4. To consider, and if thought fit, to confirm By-Law No.2 made by the Directors of the Company on the 27th day of October 2005 to be effective from the 1st day of March 2006 which:

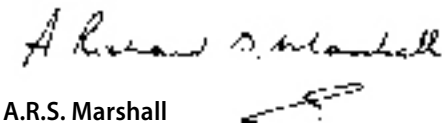
(a) deleted article 13.2 and 13.2.1 of By-Law No.1 and substituted therefor a new article 13.2 and instituted articles 13.3, 13.4 and 13.5 and

(b) deleted article 14.3 and 14.4 of By-Law, No.1 and substituted therefor new articles 14.3 and 14.4

Details of the changes are set out in appendix A which appears on page 51 hereof.

5. To transact any other business which may be transacted at an ordinary meeting.

By order of the Board



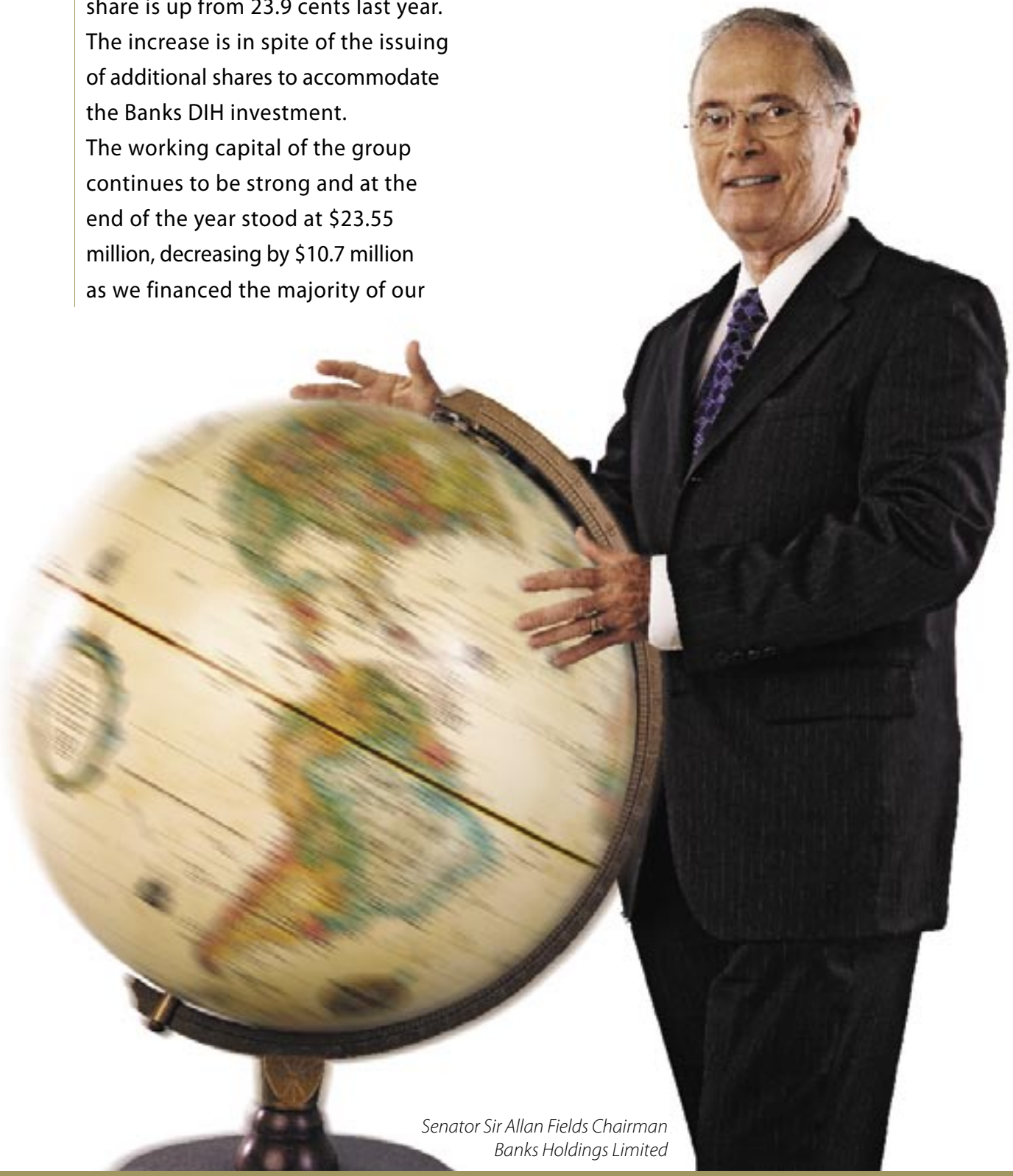
A.R.S. Marshall
Attorney-at-law
Secretary

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

Registered Office:
The AutoDome,
Warrens,
St. Michael,
Barbados.
December 19th, 2005.

Chairman's Report

The Profit before tax and minority interest improved by $1.36 million to end the year at $9.44 million and earnings per share at 26.1 cents per share is up from 23.9 cents last year. The increase is in spite of the issuing of additional shares to accommodate the Banks DIH investment.
The working capital of the group continues to be strong and at the end of the year stood at $23.55 million, decreasing by $10.7 million as we financed the majority of our



Senator Sir Allan Fields Chairman
Banks Holdings Limited

Chairman's Report con't

fixed asset purchases through cash flow, utilizing debt for the DIH investment. This year we invested some $19.5 million on assets the majority of which continue to be on upgrading our production capabilities and information systems as we strive to ensure our ability to compete in a liberalized market.
The Directors have decided to maintain last year's dividend payout at 15 cents ($5.903million) which is equivalent to 60.3% of earnings or put differently a ten year average of 51.6% of earnings.

BANKS DIH LTD. GUYANA

During the Financial year under review we had the opportunity to purchase shares in Banks DIH Guyana and subsequent to the year end we completed the acquisition of 20% of the company. Banks DIH in turn purchased just over 9% of Banks Holdings Ltd.

This relationship will bring significant added benefit to both companies. First and foremost as part of the agreement it now means that we will have the opportunity to export our beer throughout the world without any of the constraints of the past. Additionally, we will have greater purchasing power for our ingredients and access to the Guyanese market for our products while conversely they will have access to the Barbados market for their products. We will have two directors of their Board and they will have one on our Board.

Going Forward.

As stated above, we consider the investments in plant & IT to be crucial as we continue to prepare to be fully competitive so as to reap the benefits of a much larger market for our products. With the CSME scheduled to come into being from 1st January 2006 albeit initially only comprising Barbados, Guyana, Trinidad & Tobago and Jamaica, these investments, together the new equity in Banks DIH, position us well to penetrate these markets. When fully implemented, the CSME will give us even further access to a market forty times the size of the one that

we currently have, this, coupled with the free movement of Capital and Labour will present unlimited opportunities for us to grow our business outside of Barbados.
I am confident that we have the management skills to exploit this opportunity and look forward to the challenges and rewards that this will bring.

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

This year Management brought renewed focus on our distribution system, changing to a proactive selling system where deliveries are made on sales requests thereby streamlining the entire distribution system. Whilst there were teething problems at first, the system seems to be working well and we have noted an uplift on our sales with our many customers requirements being satisfied in a more timely basis.

We continue to work closely with the Barbados Workers Union to face up to the challenges of ensuring that the transition to a more liberalized market and the resulting challenges to the skill sets of the labour force are handled appropriately.

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

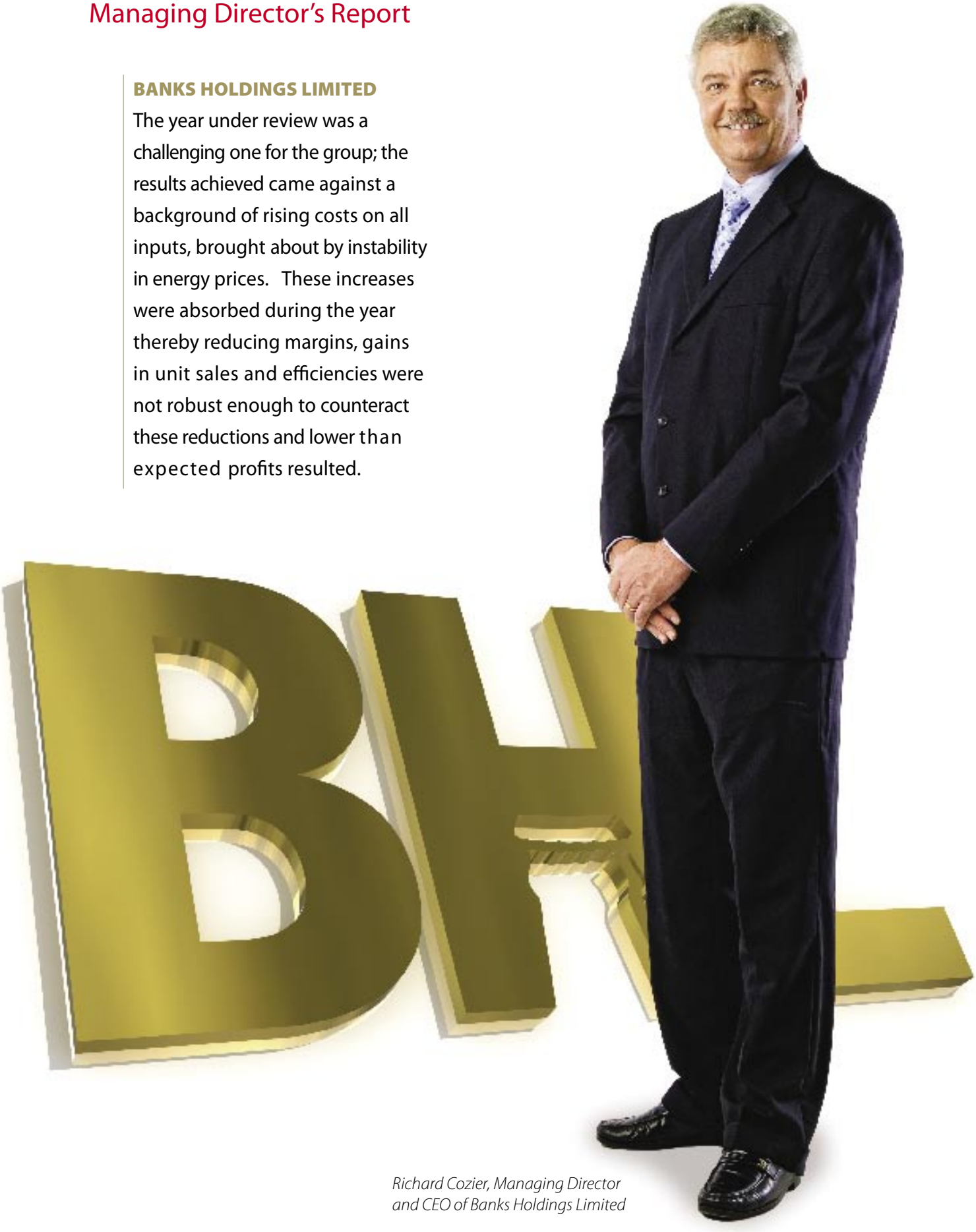
I would also like to express my gratitude to you the shareholders and our numerous loyal customers and organizations who continue to support our Brands and our Companies.

Senator Sir Allan C. Fields KCMG
Chairman
19th. December 2005

Managing Director's Report

BANKS HOLDINGS LIMITED

The year under review was a challenging one for the group; the results achieved came against a background of rising costs on all inputs, brought about by instability in energy prices. These increases were absorbed during the year thereby reducing margins, gains in unit sales and efficiencies were not robust enough to counteract these reductions and lower than expected profits resulted.



Richard Cozier, Managing Director and CEO of Banks Holdings Limited

Additionally one-off expenditures were incurred as a result of decisions taken in the interest of sustaining competitiveness for our products. The cost impact of these decisions exceeded $2.3m and as they were made near or at year end, no portion of the benefit flowed into the operations for this year. In spite of the above, the results for the year show an increase in after tax profits of 14.9 % compared with the previous year.

During the year we entered into an equity arrangement with Banks DIH Ltd which resulted in BHL acquiring a significant shareholding in the Guyana operation. The initial transaction resulted in BHL acquiring 11.8% of the Guyana operation. It was however decided that an equity position of 20% or more would be required for us to maximise the benefit. As of the publishing of these financial statements the investment had reached the required 20% making BHL the largest single investor in Banks DIH Ltd. This level of investment will allow equity accounting of the asset in future years and based on their historical profit pattern, we anticipate strong returns. The investment also entitles BHL to two representatives on the Banks DIH Board and Richard Cozier & Dan Stoute were selected to fill the positions. Conversely Banks DIH acquired just under 10% in BHL and has nominated Mr. Azam Khan as it's representative to the BHL Board. This new relationship has opened up the world to the marketing of a single Banks Brand and the parties have already taken steps to rationalize the packaging, imagery & formula for the global offering. We anticipate getting to market with the unified brand during the 3rd quarter of 2006. The unified or rationalized brand will be offered to markets outside of Barbados & Guyana where the existing package & formulas for each domestic market will be retained. Additionally the relationship brings opportunities for making better purchasing decisions (quality & price) and these have already begun to take shape.

The year under review also saw the group continue the upgrade of its IT technology, the remaining companies came on stream in mid year and although there were some teething problems the benefits of the SAP platform are being realized.

We will continue to invest in further IT upgrades with the commissioning of SAP modules in Quality Management, Internal Audit, Consolidation and Production Planning.

The group will remain in close contact

Managing Director's Report con't

with the local organizing committee for CWC 2007 as we seek a partnership in some of the activities that will come on stream during the World Cup. As of the date of this report no brewery sponsor had yet been identified, an effort from the regional breweries to come together to secure "pouring rights" is underway and Banks is a party to these negotiations.

DURAPLAST INC.

The 2004-2005 financial year has seen improved efficiencies and sales for the company. This sales growth was largely fuelled by the reconstruction work in Grand Cayman brought about by the devastation caused by Hurricane Ivan last year. Exports to Trinidad also continued to improve and locally demand grew by 28%. The growth in exports is encouraging and these sales now account for 41% of our business (see chart below).

Unfortunately, increased raw material pricing, shipping & energy costs outpaced the savings generated to the extent that our financial position only improved slightly compared to 2004. There are three critical components which impact heavily on these costs; these are (a) extruder/ crystallizer output

(b) power costs and
(c) colour concentrate prices.

We addressed the extruder/crystallizer problem by upgrading our equipment to perform the two steps in a single process. This upgrade has resulted in improved operational output of the extruder while simultaneously removing the need for the additional crystallization process. The full effect of these improvements will be recorded in 2006. In addition to these upgrades we have installed our second double-cavity mold, thereby increasing output by a further 33%; our molding capability is now double what it was when we started production.

Once all the upgrades above have fully settled in, we will be in a better position to accurately quantify our power needs so that the appropriate

Roland Toppin, General Manager of Duraplast Inc.

investment in primary power generation can be made. Based on our experience in our other production plants, this equipment is extremely cost effective and will significantly lower the current high energy bill.

The volatility in petroleum prices has exposed us to increased material pricing and shipping costs. We are attempting to cushion these through sourcing some ingredients from suppliers closer to home; in this respect

Managing Director's Report con't

we have identified a prospective supplier for our colour concentrates from Puerto Rico. If these colour concentrates prove acceptable, the cost of this input (a high cost component) will be significantly reduced.

Awards

The company continues to receive awards, this year being awarded the "Environmental Stewardship" award from the Ministry of Environment.

Future

Discussions with an interested party in Trinidad are in progress with respect to having them mold our pellets (produced in Barbados) into shingles in Trinidad for their market and possibly the rest of the Caribbean. Additionally we are in talks with an interested party in Nigeria in respect to licensed production in that African nation, the talks are only at the pre-liminary stage but the early signs are encouraging.

BANKS (BARBADOS) BREWERIES LIMITED).

Local sales of Banks Beer continued the growth pattern experienced the previous year and grew by 3.25%. This pattern was however not repeated in our non-alcoholic brands, Plus sales decreased by 1.6% & Tiger Malt by 7.2%. The decrease in Tiger Malt was influenced by a price adjustment in April and a reduction in the demand for the Vanilla flavour. While Plus pricing also was increased, the brand maintained a strong performance in a non-Olympics year.

The drop-off in the vanilla flavoured Tiger Malt is disturbing as early sales numbers indicated a reasonably strong acceptance within the category. In light of this turn of events we are re-evaluating the brand extension and experimenting with alternative flavours.

Quality

We were awarded our HACCP certi-fication during the year and my congratulations are extended to all staff who were instrumental in making this achievement possible. Of course

the certification is not to be considered the end of the process, rather just another step on the path of high quality standards.

Training

I am pleased to report that all our brewing assistants successfully

Chris St. John, General Manager of Banks (Barbados) Breweries Limited

Managing Director's Report con't

completed their certification exams thus providing us with increased technical capabilities in this aspect of our operations. In addition our Brewmaster recently returned from a 6-week stint with Sleeman Breweries in Canada where he was exposed to new procedures & policies in brewing science. We consider this exposure extremely important as our ability to remain competitive is conditional on adopting, as far as is feasible, some or all of the newer cost saving techniques already in place with our competition.

Future

Subsequent to the year end, we successfully utilized the newly installed filling equipment at BBC to package Banks Beer in PET, thus becoming the 1st brewery in the Caribbean to do so. We have released some product for consumer taste testing and feedback as well as retaining some for quality checks over time. We anticipate completion of all testing by year end and, once we are happy with the results, commercial production in late January.

The ability to package Banks in PET also opens opportunities for other brewed products and both Plus & Tiger Malt are being looked at in this regard.

As mentioned earlier, our equity relationship with Banks DIH opens the door for a meaningful collaborative attempt at taking the brand Banks to the Regional & International markets. The parties have commissioned some qualitative work on the brand (flavour, logos & marks etc), the results of which are due in late January. The plan is to launch this "unified" brand in all international markets, except Guyana & Barbados where the existing formulations & packaging will remain. This is a very exciting project which, if handled well could be the launching pad for the Brand's future financial success.

BARBADOS BOTTLING CO. LIMITED.

Sales

BBC again showed a strong performance. There were some initial challenges associated with the transition of B&B Distribution from the traditional route sales delivery system to a "pre-sell and "tel-sell" environment during the latter half of the year, in addition to a

William Haslett, General Manager of Barbados Bottling Co. Limited

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higher than expected "one time" write off of obsolete packaging material and equipment associated with the change in primary packaging at the end of the year. Despite these hurdles, profit before tax improved substantially over the prior year and total case sales exceeded the sales budget and prior year by 9% and 4% respectively. The strongest growth was seen in the single serve CSD package, which exceeded budget expectations by 10% and the prior year by 6%. Disappointingly, sales of the multi-serve 2 litre package remained flat. In addition, the loss of the Dasani export market to Trinidad, as a result of the start up of production there by the local bottler, contributed to a decline in the sales of the "functional" and "hydration" categories.

Operations

The initial hurdles posed by the implementation of SAP at the beginning of the financial year were quickly overcome and the true benefits of the "real time" information available, combined with the extensive reporting abilities of this tool, are now being exploited. The introduction of the additional modules (Quality Assurance, Business Warehouse and Maintenance) which are planned for the next financial year will serve to enhance this management tool and significantly improve and streamline the operations of the company.

The PET plant upgrade continued with new volumetric rinsing/filling/capping, pasteurizing and QA inspection and rejection equipment installed during the final quarter. This new "state of the art", fully automated equipment is able to achieve extremely accurate processing of the beverages and filling of the bottles. Despite a longer than expected commissioning phase, due principally to the complexity of the automated features of the machinery, significant improvements in the line operating efficiencies as well as substantial improvements in raw material yields have already been observed.

Installation of this new technology launched BBC into an entirely new phase of operations. It permitted the change in the single serve primary packaging from a generic 16 oz straight wall bottle to the 500ml contour Coke, Sprite and BBC Wave bottles which have been extremely

well accepted. In addition, the technology will now allow for the processing and filling of "sensitive" products and a series of new product launches is planned for early in the next financial year.

During the second quarter, the re-location of the Post Mix Technical and Service Department to a custom designed facility was completed. This department is now positioned to effectively service all of the draft beer and fountain CSD installations in the trade as well as to accept the challenges associated with the introduction of new beverage types.

After a protracted commissioning phase, the two 600 KVA electricity generating sets were put on line during the second half of the year. These sets produce over 75% of BBC's electrical demand at a significantly reduced cost and will help to reduce operating expenses.

Our emphasis continues to be on quality. In addition to being awarded the BIDC National Industrial Award for Exceptional Quality for the second consecutive year in 2004, we placed first in the Coca-Cola regional competition for greatest improvement in carbonation and date coding.

Further, BBC was only narrowly edged out of first place (a position that was had held for the previous two years) to finish second in the Coca-Cola Regional Quality Standings.

Implementation of the four phase Coca Cola Quality Management system, TCCQS, continues. This system continues to evolve and additional requirements recently introduced have necessitated that further resources be dedicated to this effort. Certification of phase three is expected to be achieved by the third quarter of the next financial year.

Human Resources

At the end of the year, negotiations for a new two year agreement covering wages and conditions of employment were concluded and BBC continues to enjoy an open and cordial relationship with its staff and the Barbados Workers Union.

Our in-house staff training and development program was expanded during the year and we continue to add new disciplines to ensure that the skill sets of our employees at all levels are continuously upgraded.
The development program has enabled BBC to continue with its preference of "Promotion from within"

Managing Director's Report con't

resulting in numerous internal promotions during the year.

Future

As alluded to in last year's report, the increase in the cost of all of our major raw materials and utilities continues to place a huge strain on profitability. These increases have accelerated to unprecedented levels in concert with the escalating world oil, steel and freight prices and this, coupled with the "explosion" of the new ranges of beverages available in the market, will continue to challenge the management and staff of BBC to become increasingly flexible and resourceful in order to remain competitive.

We will seek to capitalize on our increasingly skilled work force and on the use of "cutting edge technology" to continuously improve operating efficiencies and yields. Our recent capital investment in processing equipment has afforded us the opportunity to develop new beverage categories that meet the increasing demands of the consumers and to focus our concentration towards the higher margin functional and wellness beverage types. By these means, together with an increase in our export drive and continued strategic marketing initiatives, we will seek to command an ever increasing share of the local and regional beverage market.

We will continue to develop the strong partnerships we have cultivated with many of the bottlers in the region as well as our many international business partners such as the Coca-Cola Company. In this way we will seek to ensure that BBC remains competitive in the increasingly liberalized and open, global market which is being fuelled by the requisites of the FTAA, WTO and CSME.

B&B DISTRIBUTION LIMITED.

During the year we finalized and implemented our move from a conventional route based distribution system to the more efficient pre-sell system. This change required an investment in our distribution IT system and new contracts for all sales delivery staff. The IT upgrade included GPS identifiers for all our customers, these GPS locations are overlaid on a digital map of Barbados and the software identifies the optimum

delivery loading & routing for the day's sales. The system further required a new pre-sell team whose responsibility it is to visit the outlets and secure orders daily; after some initial hiccups, I am pleased to report that we have increased our load & delivery efficiencies to the expected levels, I am also pleased to report that, the transition period, although challenging did not impact our sales to the extent experienced by other entities when they made similar changes.

During the year the Drinks Plus operations were fully integrated into the B & B operations, while some improvement was achieved, we fell short of our expectations. We have

Andre Thomas, General Manager of B&B Distribution Limited

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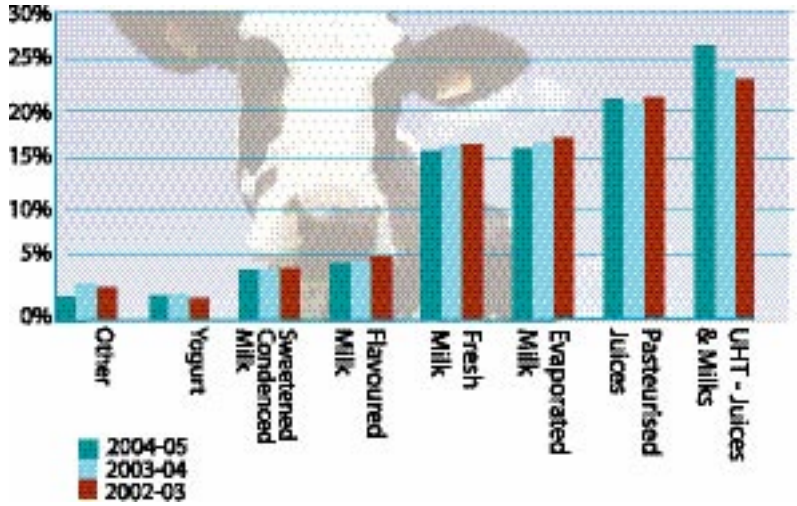
therefore taken the decision to re-structure this aspect of our operations, by December 1st, the operations of our Warrens outlet will be managed by Stansfield Scott & Co. Ltd., whilst our Newton location will operate as a wholesale operation only. Customers wishing to benefit from accessing the reduced wholesale prices will need to purchase minimum quantities higher than those previously demanded.
The change to pre-sell also brings opportunities to broaden our portfolio of brands beyond those from within the group; we will have access to the Banks DIH portfolio (spirits & snacks) as a result of our investment, but are also working with regional & international brand owners in the hope of representing their brands in the future. During the next financial year we are expecting to add several non-group brands to our portfolio.
B & B also assumed full responsibility for the marketing of all brewed & soft drink group output during the year and the department has been relocated to new more spacious surroundings in Thornbury Hill.
The increased cost of energy continued to impact the operation during the year and shortly after the yearend we instituted a price adjustment to address the impact of these and other cost increases. It is too early to report what impact the increased prices will have on sales through Christmas and beyond but early indications are that it will not be significant.

BARBADOS DAIRY INDUSTRIES LIMITED

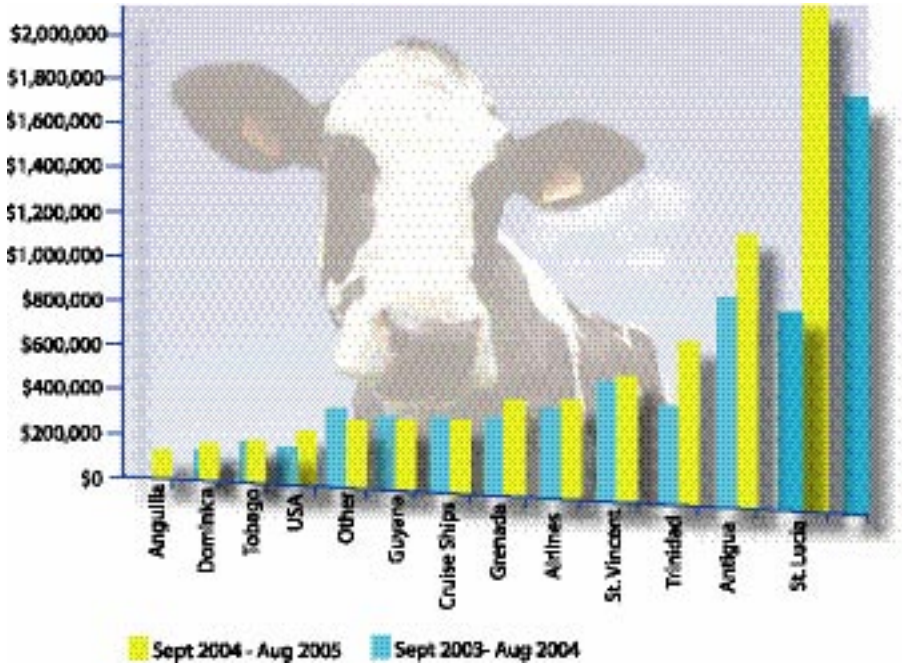
Sales increased by 1.95 % over the previous year, this was achieved as a result of improved exports of 9.4% along with a 1% growth in local sales. This performance is especially commendable given that there was continued competition from imports in all key market segments and is a reverse of the somewhat flat performance over the previous three years. Sales at year-end finished at $59,611,704 compared to $58,470,854 the previous year.
Headlining this performance is the UHT product group, which recorded an encouraging 12.1% growth. The one-litre slim line products continue to do well in both the local and export markets and the 250-ml Buddy Pak has benefited from B&B being

appointed as a distributor. It is also encouraging to report the growth of 3.6% in fresh pasteurized juices, reversing the downward trend of the last 2 years. With the exception of yogurt, which grew by 0.6% the remaining product groups recorded declines for varying reasons. As I note later in this report, the Dairy Industry in Barbados is experiencing serious infrastructural problems which require the commitment of all partners, farmers, Government & processors to design acceptable solutions.



Exports

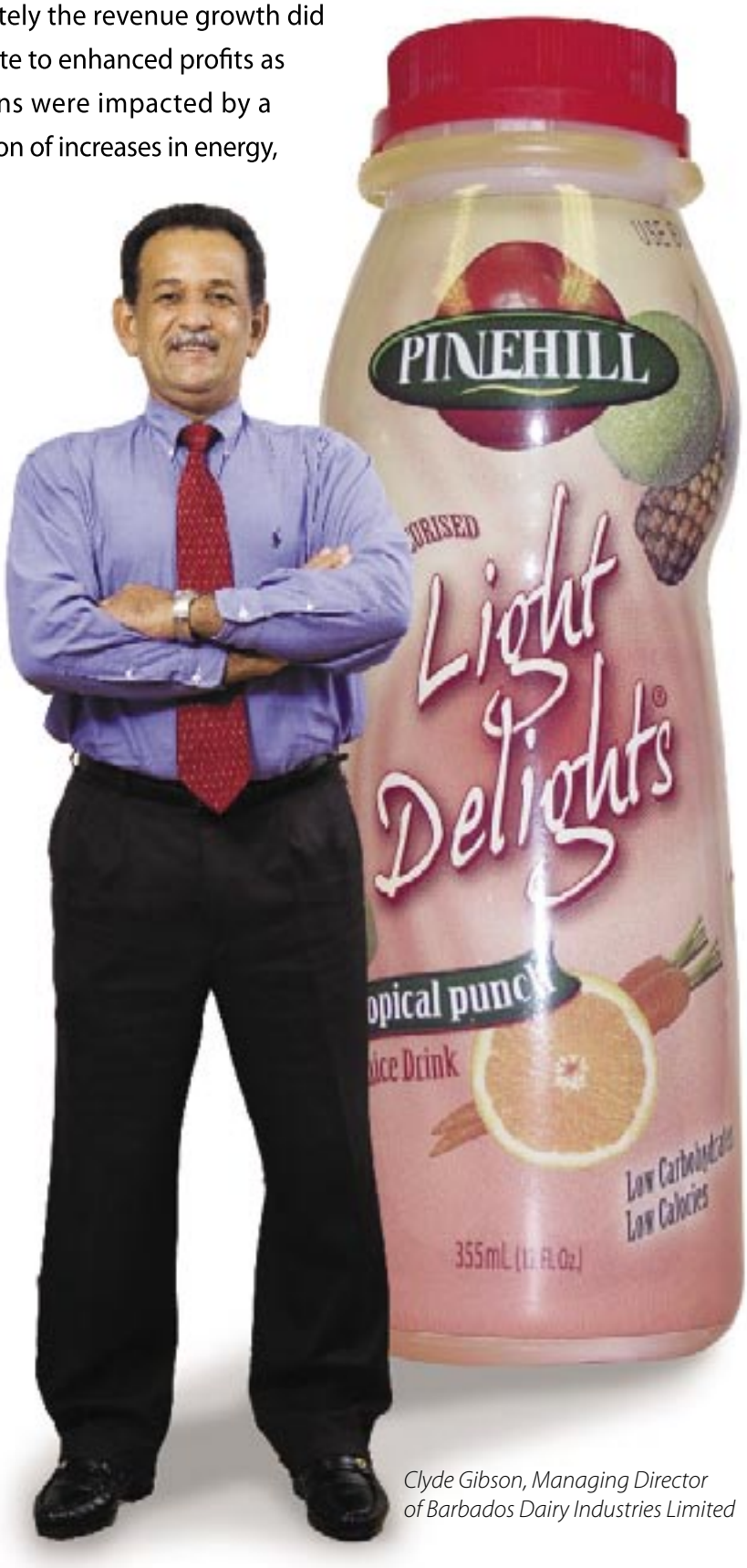
Export sales grew by 9.45% as compared to 13.2% the previous year.
This growth resulted mainly from increases to Antigua, St. Lucia and St. Vincent. This is excellent in view of the challenges being experienced in the economies of these countries.



Managing Director's Report con't

Financial Summary

Unfortunately the revenue growth did not translate to enhanced profits as our margins were impacted by a combination of increases in energy,



Clyde Gibson, Managing Director of Barbados Dairy Industries Limited

wages, salaries, packaging and ingredients. The increases were compounded by numerous occasions of stock-outs of critical packaging and ingredients, mostly as a result of delays in shipping attributed to the active hurricane seasons in recent years. While we dealt with the situation to the best of our ability, we have to continue to seek new ways to insulate ourselves from any re-occurrences; the new inventory management capabilities of our SAP enterprise software system will help us in this aspect.

Additionally there were one-off costs incurred in relation to the closure of the canning line amounting to $929,000.

Dairy Industry

As noted earlier our ability to achieve growth in the dairy product lines and to develop new ones using fresh milk, is severely challenged, the current status of the dairy industry is a major concern and its revitalization to annual production levels of 6 million kilograms, achieved in the late nineties, does not look feasible in the near future. The shortfall is compounded by the demand to service the needs of the cruise lines that homeport or call to our port, resulting in shortages of product over the winter months, we continue to discuss these and related problems with our farming partners as we collectively strive for win-win solutions.

Future

Our goal is to achieve continued sales growth both locally and extra-regionally through dynamic marketing strategies coupled with mutually beneficial synergies with established organizations. At the same time, we must continue to rationalize our operating procedures in order to manage cost and increase productivity. To achieve this we will continue to invest in technology, we are currently installing a new electrical generator to reduce electricity cost. New filling equipment is also on order, designed to extend the shelf life of our pasteurized juice products and improve yields. We will continue to investigate alternative processing and packaging options, specifically the aseptic solution, this is relatively new technology and hence carries a high price tag. We are in the process of identifying the financial impact of a conversion to aseptic processing & packaging, the outcome of this will determine future strategic moves in our process.

Managing Director's Report con't

PLASTIC CONTAINERS LIMITED

The purchase by PCL of the consumer division business of Chemical Industries was completed in June / July, in anticipation of this PCL invested in new equipment designed to mix & package a range of household cleaners. This equipment was installed late in the financial year but has suffered from teething problems which delayed production until late November. Production is slowly ramping up as

Richard Hinkson, General Manager of Plastic Containers Limited

we commission the various products & packages and by end of the 2nd quarter 2006 we should be fully up to speed on all product SKU's.

In the meantime we have again been the beneficiary of production problems elsewhere as bottle blowing problems in neighbouring islands have resulted in PCL shipping product to these islands. As I stated last year, these sales are temporary and evaporate as soon as the underlying plant problem is solved, nevertheless, we are fortunate to be in a position where we can respond quickly to emergency orders.

The future profitability of PCL is tied to the success of the consumer business acquired from CIL, it is anticipated that the results for 2006, although not representative of a full year of this business, will be much improved over 2005.

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

C. R. Cozier
Managing Director / CEO.
December 19th 2005

Report of the Directors

1. The Directors submit their annual report and the audited consolidated financial statements for the year ended August 31, 2005.

		$
2.	The consolidated net income for the year was	9,783,913
	Which is added to the restated retained earnings brought forward of	80,935,875
	Giving retained earnings available for appropriation of	90,719,788
3.	The Directors recommend the following appropriation:	
	To pay a dividend of 15 cents per share	(5,903,026)
	Leaving retained earnings to be carried forward of	84,816,762

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:

   (a) Senator Sir Allan Fields, S.P. Musson Son & Co. Ltd., and Mr. R.C. Harris

   (b) It should also be noted that under a reciprocal agreement Banks DIH Limited is now entitled to appoint a Director to the Company's Board, and further to this they have nominated Mr. Azam Ali Khan. This nomination must be ratified by the shareholders of the Company.

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

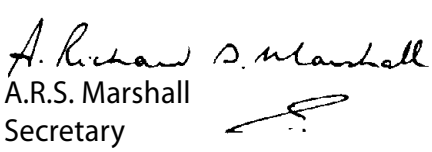
	31.8.05	**19.12.05**
C.D. Bynoe	1,915	1,915
C.R.A. Cozier CGA	33,727	33,727
Senator Sir Allan Fields, K.C.M.G.	56,661	56,661
R.C. Harris BA	Nil	Nil
G.A.A. King, B.Sc. (Hons), C.I.T.P.	10,714	10,714
S.P. Musson Son & Co. Ltd.	1,650,000	1,650,000
P.A. Weatherhead F.C.I.B.	Nil	Nil
E.R. Sealy	Nil	Nil
D.B. Stoute	18,230	18,230

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

	31.8.05	**19.12.05**
The Barbados Shipping & Trading Co. Ltd.	8,439,038	8,439,038
Sagicor Life Inc.	4,171,097	4,171,097
Banks D.I.H. Limited	3,604,897	3,604,897

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

BY ORDER OF THE BOARD



A.R.S. Marshall
Secretary
December 19, 2005

ERNST & YOUNG

[redacted]

Tel [redacted]
Fax [redacted]

Auditors' Report

To the shareholders of Banks Holdings Limited

We have audited the accompanying consolidated balance sheet of Banks Holdings Limited as of August 31, 2005 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.

As indicated in Note 3(g) to the financial statements, the Company does not provide for depreciation on its freehold buildings. In our opinion, this is not in accordance with International Financial Reporting Standards, which require that buildings be depreciated over their estimated useful lives. Had the Company accounted for depreciation using the straight-line method at an annual rate of 2.5%, the net income would have been reduced by $1,023,068 (2004 - $792,401) and the fixed assets would have been reduced by accumulated depreciation of $1,384,688 (2004 - $361,620) and shareholders' equity by the same amount.

In our opinion, except for the effects of the failure to record depreciation on freehold buildings as stated in the preceding paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of August 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

CHARTERED ACCOUNTANTS

Barbados

December 19, 2005

Consolidated Statement of Income
Year ended August 31, 2005

	Notes	2005 $	2004 $
Revenue	4	166,613,988	161,204,394
Profit from operations before undernoted items	4	11,700,217	11,121,925
Impairment and amortisation of intangible assets	11	(625,426)	(309,042)
Interest income		95,648	96,701
Interest expense		(854,500)	(709,827)
Realised gain on disposal of long-term investments		-	78,765
Unrealised gain on long-term investments		252,250	40,765
Income before taxation before undernoted item		10,568,189	10,319,287
Other expenses	20	(2,322,191)	(2,692,702)
Income before taxation - parent and subsidiaries		8,245,998	7,626,585
Share of associated companies' income before taxation		1,196,619	460,097
Income before taxation and minority interest		9,442,617	8,086,682
Taxation	5	818,609	1,023,963
Income before minority interest		10,261,226	9,110,645
Minority interest		(477,313)	(593,299)
Net income for the year		9,783,913	8,517,346
Basic earnings per share	17	26.1¢	23.9¢

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet

As at August 31, 2005

	Notes	2005 $	2004 $
Current assets			
Cash		2,674,114	1,931,382
Cash on deposit	6	910,149	885,590
Accounts receivable and prepaid expenses		15,771,031	17,025,210
Taxation recoverable		98,086	103,747
Inventories	7	36,344,087	32,914,403
Current portion of loans receivable	8	154,439	145,622
		55,951,906	53,005,954
Current liabilities			
Bank overdraft	6	7,439,036	2,471,448
Accounts payable and accruals		15,733,070	12,073,706
Provision for deposits owed to customers		1,002,588	1,500,000
Current portion of long-term liabilities	13	8,218,862	2,682,942
		32,393,556	18,728,096
Working capital		23,558,350	34,277,858
Loans receivable	8	224,188	321,697
Investments in associated companies	9	27,229,765	2,789,394
Fixed assets	10	118,193,990	112,308,639
Intangible assets	11	2,348,962	1,174,388
Long-term investments		1,703,501	1,709,501
Pension plan asset	12	3,489,594	1,328,652
Deferred tax	5	2,177,565	1,206,873
Long-term liabilities	13	(11,060,334)	(8,241,858)
		167,865,581	146,875,144
Financed by:			
Share capital	14	44,027,852	29,010,657
Revaluation surplus	15	23,676,076	22,481,814
Retained earnings	16	84,816,762	80,935,875
Proposed dividend		5,903,026	5,355,021
Shareholders' equity		158,423,716	137,783,367
Minority interest		9,441,865	9,091,777
		167,865,581	146,875,144

The accompanying notes form part of these financial statements.
Approved by the Board on December 19, 2005 and signed on its behalf by:

A.C. Fields
Chairman

C. R. A. Cozier CGA
Director

Consolidated Statement of Changes in Equity

Year ended August 31, 2005

	Share capital $	Revaluation surplus $	Proposed dividend $	Retained earnings $	Total $
Balance at August 31, 2003	28,831,140	13,026,280	5,344,340	77,382,777	124,584,537
Issue of share capital	179,517	-	-	-	179,517
Net income for the year	-	-	-	8,517,346	8,517,346
Revaluation during the year	-	9,455,534	-	-	9,455,534
Adjustment arising from change in minority interest	-	-	-	390,773	390,773
Dividend paid	-	-	(5,344,340)	-	(5,344,340)
Dividend proposed (15.0¢ per share)	-	-	5,355,021	(5,355,021)	-
Balance at August 31, 2004	29,010,657	22,481,814	5,355,021	80,935,875	137,783,367
Balance at August 31, 2004 as previously stated	29,010,657	22,481,814	5,355,021	81,639,179	138,486,671
Prior period adjustment (Note 22)	-	-	-	(703,304)	(703,304)
Balance at August 31, 2004 as restated	29,010,657	22,481,814	5,355,021	80,935,875	137,783,367
Issue of share capital	15,017,195	-	-	-	15,017,195
Net income for the year	-	-	-	9,783,913	9,783,913
Group's share of revaluation during the year	-	1,194,262	-	-	1,194,262
Dividend paid	-	-	(5,355,021)	-	(5,355,021)
Dividend proposed (15.0¢ per share)	-	-	5,903,026	(5,903,026)	-
Balance at August 31, 2005	44,027,852	23,676,076	5,903,026	84,816,762	158,423,716

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

Year ended August 31, 2005

	2005 $	2004 $
Cash flows from operating activities		
Income before taxation and minority interest	9,442,617	8,086,682
Adjustments for:		
Depreciation	12,571,128	12,578,645
Impairment and amortisation of intangible assets	625,426	309,042
Loss on disposal of fixed assets	305,995	2,688,600
Realised gain on disposal of long-term investments	-	(78,765)
Unrealised gain on long-term investments	(252,250)	(40,765)
Share of associated companies' income before taxation	(1,196,619)	(460,097)
Interest income	(95,648)	(96,701)
Interest expense	854,500	709,827
Pension benefits	(2,160,942)	277,506
Operating profit before working capital changes	20,094,207	23,973,974
Decrease (increase) in accounts receivable and prepaid expenses	1,254,179	(1,387,921)
(Increase) decrease in inventories	(3,429,684)	415,698
Increase (decrease) in accounts payable and accruals	3,659,364	(2,909,321)
Decrease in provision for deposits owed to customers	(497,412)	(157,400)
Cash generated from operations	21,080,654	19,935,030
Corporation taxes refunded (paid)	5,661	(784)
Interest received	95,648	96,701
Interest paid	(854,500)	(709,827)
Net cash from operating activities	20,327,463	19,321,120
Cash flows from investing activities		
Purchase of fixed assets	(17,181,022)	(14,245,680)
Purchase of long-term investments	(200,000)	(250,000)
Addition to intangible assets	(1,800,000)	(32,734)
Dividends received from associated companies	922,127	218,614
Proceeds from disposal of fixed assets	255,876	657,073
Proceeds from sale of long-term investment	458,250	78,766
Decrease in loans receivable	88,692	103,977
Purchase of investment in associated companies	(9,484,667)	-
Purchase of minority interest shares	(600)	-
Net cash used in investing activities	(26,941,344)	(13,469,984)
Cash flows from financing activities		
Proceeds from issue of shares	183,900	179,517
Payment of dividend	(5,355,021)	(5,344,340)
Dividend paid to minority shareholders	(769,691)	(337,931)
Repurchase of shares from minority interest	-	(305,910)
Proceeds from long-term liabilities	10,830,621	2,000,000
Repayment of long-term liabilities	(2,476,225)	(2,129,444)
Net cash from (used in) financing activities	2,413,584	(5,938,108)
Decrease in cash and cash equivalents	(4,200,297)	(86,972)
Cash and cash equivalents - beginning of year	345,524	432,496
Cash and cash equivalents - end of year (Note 6)	(3,854,773)	345,524

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

1. Incorporation and principal activities

The Company and its subsidiaries are incorporated in Barbados.

The principal activities of the Group are the brewing and bottling of alcoholic and non-alcoholic beverages, the manufacture of soft drinks, carbon dioxide, tiles and plastic bottles, the manufacturing and processing of dairy products and fruit juices, and the sale of finished products. As the Group is primarily involved in the manufacturing 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)
Barbados Dairy Industries Limited	(83.7% ownership)
Pine Hill Marketing Limited	(83.7% ownership)
Plastic Containers Limited	(65% ownership)
Duraplast Incorporated	(87.5% ownership)

b] Associated companies

Newtech Incorporated	(26.2% ownership)
Chemical Industries Limited	(40% ownership)
Tower Hill Merchants Plc	(21% ownership)
BCB Communications Incorporated	(20% ownership)
Banks DIH Limited	(19% [2004 – nil] ownership)

3. Significant accounting policies

Except as disclosed in note 3[g], the financial statements are prepared in accordance with International Financial Reporting Standards, which comprise the standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remainin effect. The most significant policies are summarised below:

a] Basis of preparation

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

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

3. Significant accounting policies (cont'd)

b] Principles of consolidation

The consolidated financial statements include the results and state of affairs of the Company, its subsidiaries and share of the post-acquisition results of its associated companies. The subsidiaries and associated companies are disclosed in note 2.

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 readily measured. Interest income is recognised on the accrual basis.

d] Currency

The financial statements are expressed in Barbados dollars.

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

e] Taxation

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

f] Inventories

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

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

g] Depreciation

No depreciation is provided on freehold buildings. This practice is not in accordance with International Financial Reporting Standards, which require that buildings be depreciated over their estimated useful lives. The provision for the year ended August 31, 2005 would be $1,023,068 (2004- $792,401) based on the straight-line method of depreciation using an annual rate of 2.5% per annum and the accumulated depreciation would be $1,384,688 (2004 - $361,620).

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

3. Significant accounting policies (cont'd)

g] Depreciation (cont'd)

Depreciation of fixed assets is made using the straight-line method over the useful lives of the assets which are estimated as follows:

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

h] Intangible assets

Goodwill

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

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

Other

Other intangible assets include various brand names and development costs.

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

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

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

3. Significant accounting policies (cont'd)

i] Investments in associated companies

Investments, where the Group has significant influence, are classified as associated companies and are accounted for under the equity method of accounting.

j] Provision for deposits owed to customers

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

k] Long-term investments

Long-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 available-for-sale, are recorded at their fair value. The fair value of listed investments is its quoted market price at the balance sheet date. Privately held investments, in the absence of readily ascertainable market values, have been estimated by management on the basis of recent trades of the same investment. Unrealised 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 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.

l] Pensions

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

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

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

3. Significant accounting policies (cont'd)

m] 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.

n] 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.

o] 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.

p] Cash and cash equivalents

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

q] Changes in accounting policies

The Group has adopted IFRS 3 – 'Business Combinations' and the revised IAS 36 – 'Impairment of Assets' and IAS 38 – 'Intangible Assets', effective October 1, 2004. The adoption of these standards has resulted in the following changes:

(a) The Group ceased the annual goodwill amortization as at the beginning of the financial year. Goodwill is now tested for impairment as disclosed in Note 2(h).

(b) The Group has eliminated the goodwill accumulated amortization with a corresponding entry to the cost of the goodwill.

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

4. Profit from operations

	2005 $	2004 $
Sales	166,613,988	161,204,394
Cost of sales	(106,749,375)	(101,765,302)
Gross profit	59,864,613	59,439,092
Other income	867,041	252,741
Selling, general and administrative expenses	(49,031,437)	(48,569,908)
Profit from operations	11,700,217	11,121,925

Profit from operations is after charging:

	2005 $	2004 $
Depreciation	12,571,128	12,578,645
Staff costs	32,586,613	32,729,887

	2005	2004
The number of employees at the end of the year	657	699

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

5. Taxation

	2005 $	2004 $
Statement of Income		
The taxation credit on net income consists of:		
Associated companies	152,083	153,212
Deferred tax recovery for the year	(970,692)	(1,176,881)
Over provision of prior year's corporation tax	-	(294)
	(818,609)	(1,023,963)

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

	2005 $	2004 $
Income before taxation and minority interest	9,442,617	8,086,682
Taxed at the applicable rate	2,360,654	2,668,605
Tax effect of capital and building allowances	(2,189,545)	(2,737,171)
Exempt profits of subsidiaries	(814,595)	(868,143)
Amortisation of intangible assets	156,357	101,984
Other	(261,714)	187,908
Effect on opening deferred tax of reduction in income tax rates	(69,766)	(377,146)
	(818,609)	(1,023,963)

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

5. Taxation (cont'd)

	2005 $	2004 $
Deferred tax asset		
Balance - beginning of year	1,206,873	29,992
Deferred tax recovery for the year	970,692	1,176,881
Balance - end of year	2,177,565	1,206,873

Deferred tax asset is made up as follows:		
Unutilised tax losses	3,505,215	2,445,689
Accelerated depreciation for income tax purposes	(628,390)	(1,253,928)
Pension asset	(872,399)	(332,164)
Provision for bad debts	173,139	347,276
	2,177,565	1,206,873

Tax losses totalling $14,020,857 (2004 - $9,745,923) 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
1998	16,479	2007
1999	151,431	2008
2000	1,638,996	2009
2001	48,007	2010
2002	1,790,111	2011
2003	2,105,362	2012
2004	3,886,256	2013
2005	4,384,215	2014
	14,020,857	

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

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

6. Cash and cash equivalents

Cash and cash equivalents are made up as follows:

	2005 $	2004 $
Cash	2,674,114	1,931,382
Cash on deposit	910,149	885,590
	3,584,263	2,816,972
Bank overdraft	(7,439,036)	(2,471,448)
	(3,854,773)	345,524

Cash on deposit
The deposits are on call and earned interest at varying rates between 4.35% and 5.00% (2004 – 4.50% and 7.50%).

Bank overdraft
The security for the overdraft facilities of the Group is disclosed in Note 13. Interest was charged at rates between 9.15% and 10.15% (2004 – between 7.15% and 8.15%).

7. Inventories

	2005 $	2004 $
Raw materials	17,785,814	13,584,445
Finished goods	6,863,201	7,396,991
Work-in-progress	895,968	1,120,754
Sundry materials	653,678	506,185
Expense stock and spares	10,145,426	10,306,028
	36,344,087	32,914,403

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

8. Loans receivable

	2005 $	2004 $
Loans receivable due at end of year	378,627	467,319
Less: Current portion	(154,439)	(145,622)
Long-term portion	224,188	321,697

The 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 8.50% (2004 – 7.65%). 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.

9. Investments in associated companies

	2005 $	2004 $
Cost of investments	25,847,330	1,529,368
Increase in equity value over cost from acquisition to end of year	1,382,435	1,260,026
	27,229,765	2,789,394

During the year, Banks Holdings Limited acquired an interest in Banks DIH Limited. The company issued 3,591,597 shares to Banks DIH Limited in an initial share exchange and subsequently paid $9,484,667 as consideration for additional shares.

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

10. Fixed assets

	At August 31, 2004 $	Additions $	Disposals $	Revaluation $	At August 31, 2005 $
Cost or Valuation					
Freehold land	8,584,955	-	-	734,931	9,319,886
Freehold buildings	39,222,944	2,297,200	-	1,102,397	42,622,541
Buildings on leasehold land	13,404,550	485,766	-	-	13,890,316
Plant and machinery	109,764,488	7,378,820	(10,045,626)	-	107,097,682
Furniture and fittings	11,093,114	4,431,793	(1,041,279)	-	14,483,628
Motor vehicles	9,571,144	668,747	(691,789)	-	9,548,102
Containers	10,092,989	1,614,655	(2,468,457)	-	9,239,187
Capital works in progress	1,789,407	2,624,397	(2,320,356)	-	2,093,448
	203,523,591	19,501,378	(16,567,507)	1,837,328	208,294,790
Accumulated Depreciation					
Buildings on leasehold land	6,670,249	227,495	-	-	6,897,744
Plant and machinery	63,271,820	8,150,047	(9,607,256)	-	61,814,611
Furniture and fittings	7,539,551	1,546,999	(1,037,301)	-	8,049,249
Motor vehicles	6,902,241	966,365	(572,268)	-	7,296,338
Containers	6,831,091	1,680,222	(2,468,455)	-	6,042,858
	91,214,952	12,571,128	(13,685,280)	-	90,100,800
Net Book Value					
Freehold land	8,584,955				9,319,886
Freehold buildings	39,222,944				42,622,541
Buildings on leasehold land	6,734,301				6,992,572
Plant and machinery	46,492,668				45,283,071
Furniture and fittings	3,553,563				6,434,379
Motor vehicles	2,668,903				2,251,764
Containers	3,261,898				3,196,329
Capital works in progress	1,789,407				2,093,448
	112,308,639				118,193,990

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

10. Fixed assets (cont'd)

	2005 $	2004 $
Gross carrying values - at valuation	51,942,427	47,807,899
- at cost	156,352,363	155,715,692
	208,294,790	203,523,591

The group has plant and equipment with a net book value of $1,332,795 (2004 - $1,440,496) secured under finance lease.

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

Subsequent additions are at cost.

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

11. Intangible assets

	Goodwill $	Other $	2005 Total $	2004 Total $
Cost				
Beginning of the year	2,622,332	484,498	3,106,830	3,074,096
Additions	-	1,800,000	1,800,000	32,734
Impairment	(262,500)	-	(262,500)	-
Elimination of accumulated amortization	(1,780,870)	-	(1,780,870)	-
End of the year	578,962	2,284,498	2,863,460	3,106,830
Accumulated amortisation				
Beginning of the year	1,780,870	151,572	1,932,442	1,623,400
Charge for the year	-	362,926	362,926	309,042
Elimination of accumulated amortization	(1,780,870)	-	(1,780,870)	-
End of the year	-	514,498	514,498	1,932,442
Balance, end of year	578,962	1,770,000	2,348,962	1,174,388

An impairment loss has been recognised on the goodwill relating to the tile production cash generating unit as the recoverable amount is less than the carrying value. The goodwill remaining of $578,962 acquired through business combinations has been allocated to the milk and juice manufacturing cash generating units.

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

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

12. Pension plan asset

	2005 $	2004 $
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	32,625,139	29,771,418
Present value of funded obligations	(25,590,807)	(26,298,750)
	7,034,332	3,472,668
Unrecognised actuarial losses	(3,544,738)	(2,144,016)
Net asset recognised in the balance sheet	3,489,594	1,328,652

The amounts recognised in the income statement are as follows:		
Current service cost	1,223,241	1,089,931
Interest cost	1,587,447	1,651,836
Expected return on plan assets	(2,073,527)	(1,735,139)
Net actuarial (gains) loss recognised	(25,254)	117,837
Gains on curtailments and settlements	(2,029,178)	-
Total, included in staff costs	(1,317,271)	1,124,465

	2005 $	2004 $
Movements in the net asset are as follows:		
Balance, beginning of the year	1,328,652	1,606,158
Net income (expense) recognised in the income statement	1,317,271	(1,124,465)
Contributions paid	843,671	846,959
Balance, end of the year	3,489,594	1,328,652
Actual return on plan assets	2,916,621	4,665,711

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

	2005	2004
Discount rate at end of year	7.0%	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 increases	3.0%	2.5%
Future changes in NIS ceiling	3.5%	2.5%
Future pension increases	3.0%	2.0%

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

13. Long-term liabilities

	2005 $	2004 $
(i) Bank loans	13,756,779	9,423,088
(ii) Grassland Development loans	111,319	287,875
(iii) Tetra Pak S.A.	1,005,233	1,213,837
(iv) BH Pension Limited	4,405,865	-
	19,279,196	10,924,800
Less: Current portion	(8,218,862)	(2,682,942)
Long-term portion	11,060,334	8,241,858

(i) The bank loans bear interest at rates between 6.00% and 7.90% (2004 – between 5.65% and 6.00%). The loans are repayable in various instalments of principal and interest. The Group has granted security for all the bank loans and the bank overdrafts as follows: (a) a debenture over its fixed and floating assets registered and stamped to cover $13,000,000; (b) the assignment of theinsurance policies on various properties and other permanent fixtures for sums assured totalling $29,668,750; (c) a guarantee for $13,083,000; and (d) a letter of undertaking to the bank toprovide a mortgage over a subsidiary's assets.

(ii) There is a facility of $1,000,000 with the Group's bank to be drawn in tranches of $100,000 each for lending to farmers. There is a one-year moratorium on the repayment of the principal from the date of draw down. Interest at the rate of 9.15% (2004 – 7.65%) per annum is charged.

(iii) The finance leases from Tetra Pak S.A. carry interest at rates between nil and 8% (2004– nil and 8%) per annum and are repayable over five years in varying quarterly instalments of principal and interest. They are secured by the assets related to the leases.

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

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

14. Share capital

Authorised:
The company is authorised to issue an unlimited number of shares of one class designated as common shares.

Stated and issued:

	Number		Stated	
	2005	2004	2005 $	2004 $
At the beginning of the year	35,700,139	35,628,936	29,010,657	28,831,140
Shares issued during the year	3,591,597	-	14,833,295	-
Shares issued in lieu of bonus	62,076	71,203	183,900	179,517
At the end of the year	39,353,812	35,700,139	44,027,852	29,010,657

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. As at August 31, 2005, stock options on 1,583,270 (2004 - 1,388,104) shares at prices ranging from $2.39 to $5.67 were outstanding. Under the terms of the ESOP, these options vest in equal monthly instalments over a period of three years.

During the year the company issued 3,591,597 shares in exchange for 118,281,250 shares in Banks DIH Limited.

15. Revaluation surplus

	2005 $	2004 $
Unrealised gain arising on revaluation of freehold properties:		
Balance, beginning of year	22,481,814	13,026,280
Group's share of Revaluation during the year	1,194,262	9,455,534
Balance, end of year	23,676,076	22,481,814

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

16. Retained earnings

	2005 $	2004 $
Parent company	50,040,202	42,669,424
Subsidiaries	33,394,125	37,006,425
Associated companies	1,382,435	1,260,026
	84,816,762	80,935,875

17. Earnings per share

Basic earnings per share are based on earnings after deduction of the minority interest. The calculation is based on earnings of $9,783,913 (2004 - $8,517,346) and a weighted average of 37,526,976 (2004 - 35,664,538) shares in issue during the year. The fully dilutive earnings per share is not materially different from the basic earnings per share.

18. Operating lease commitment

The lease expense for the year was $389,297 (2004 - $347,346).

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

	2005 $	2004 $
Within one year	142,098	314,834
After one year but not more than five years	2,886	219,447
	144,984	534,281

19. Commitments and contingencies

Capital commitments

Capital expenditure of $12,917,340 (2004 - $7,370,000) was approved by the directors and $4,142,000 (2004-nil) was contracted for.

Contingencies

A subsidiary has guaranteed $500,000 (2004 - $500,000) and $1,000,000 (2004 - $1,000,000) in respect of the Housing Loan Fund for staff and The Farmers Grass Land loan scheme, respectively.

Notes to the Consolidated Financial Statements
Year ended August 31, 2005

20. Other expenses

During the current and prior year, several companies in the Group incurred expenses as a result of discontinuing various beverage lines and in transitioning to a pre-sell system. As a result, the Group incurred losses on disposal and impairment of fixed assets of $293,933 (2004 - $1,727,702) as well as severance and other miscellaneous expenses of $2,028,258 (2004 - $965,000).

21. Financial instruments

Fair values

The carrying values of the Group's financial assets and liabilities are shown at their fair value, withthe exception of loans receivable and long-term liabilities, which are shown at amortised cost, asdisclosed in Note 3 to these financial statements. The methods and assumptions used to estimate the fair value of each class of financial instrument 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 becauseof the short maturity of these instruments. Short-term financial assets comprise cash, cash on deposit and accounts receivable. Short-term financial liabilities comprise bank overdraft and accounts payable.

ii) Long-term financial assets

Long-term investments are carried at fair value as disclosed in Note 3.

Credit risk: Accounts receivable

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

Interest rate risk

The group is exposed to interest rate risk in respect of its bank overdraft, loans receivable and long-term liabilities as disclosed in Notes 6, 8 and 13 respectively.

22. Prior period adjustment

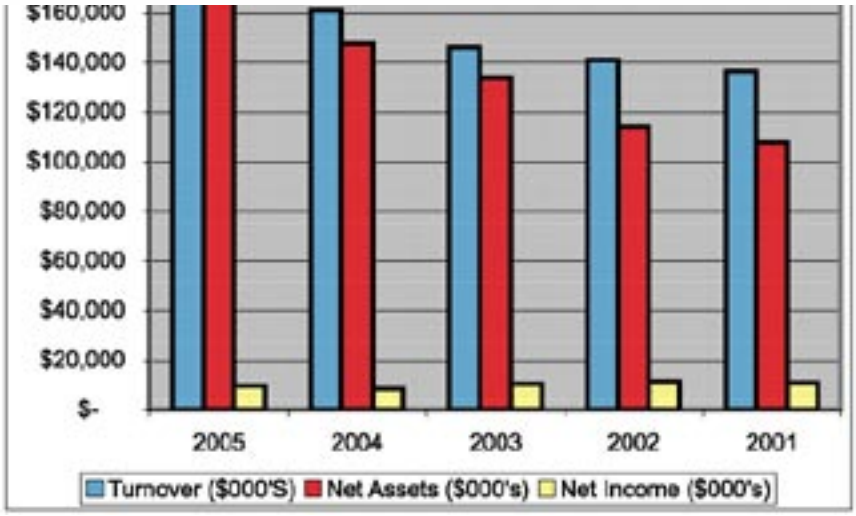
In the prior year, the inventory of a subsidiary was overstated by $703,304. The amount has beentreated as a prior period adjustment to retained earnings and the 2004 comparatives have been restated accordingly.

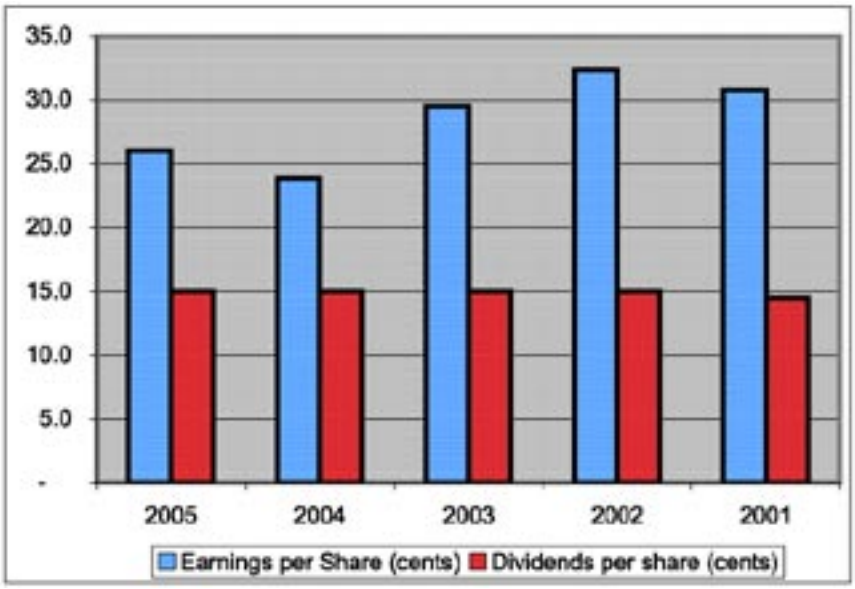
23. Subsequent event

Subsequent to year end, the Group acquired an additional 12,832,809 shares in Banks DIH Limited for $1,997,712. This represented an additional 1.28% ownership of the associated company.

Selected Financial Information

	2005	2004	2003	2002	2001
Turnover ($000'S)	$ 166,614	$ 161,204	$ 146,022	$ 141,067	$ 136,651
Net Assets ($000's)	$ 167,866	$ 147,578	$ 134,118	$ 113,914	$ 107,873
Net Income ($000's)	$ 9,784	$ 8,517	$ 10,533	$ 11,493	$ 10,931
Earnings per Share (cents)	26.1	23.9	29.6	32.3	30.8
Dividends per share (cents)	15.0	15.0	15.0	15.0	14.5
Times Dividend Covered	1.74	1.59	1.97	2.15	2.12
Net Asset Value per Share ($)	4.47	4.13	3.76	3.20	3.04
Share Price ($)	4.30	4.00	2.85	3.10	3.35
P/E Ratio	16.49	16.77	9.64	9.60	10.89





APPENDIX A

By-Law No. 2

Being a by-law to facilitate the operation of the company in a dematerialized and electronic environment in accordance with Sections 97(2) and 99(4) of the Securities Act, Cap. 318A of the Laws of Barbados.

WHEREAS the Directors, being of the opinion that it was expedient and in the best interests of the Company and its shareholders to have its share transactions facilitated by means of computerized clearance and settlement and to have the Company's Share Register managed in a dematerialized environment, appointed the Barbados Central Securities Depository Inc. as Registrar and Transfer Agent for the Company

AND WHEREAS the Directors consider it expedient and in the best interests of the Company and its shareholders that the issue of share certificates by the Company for shares held or to be purchased in the capital of the Company be discontinued

AND WHEREAS Section 97 (2) of the Securities Act, Cap. 318A (hereinafter referred to as "the Act") provides inter alia that where a security is issued or transferred by book entry, a certificate issued by the Barbados Central Securities Depository Inc. identifying the beneficial owner of the security is sufficient evidence of ownership without recourse to a security certificate

AND WHEREAS Section 99 (4) of the Act provides that on the issue of a security, an issuer may instead of delivering a security certificate, issue a security in the name of the beneficial owner, to the Depository by means of book entries if

a) the issuer has written authorization in that regard signed by or on behalf of the beneficial owner of the security;

b) the issue is further evidenced by a written confirmation executed by the Depository and sent at once to the beneficial owner of the security or his agent; and

c) the issue is recorded at once in the securities register of the issuer and the records of the Depository.

AND WHEREAS the Board deems it advisable to amend the By-Laws of the Company so as to facilitate operating in a dematerialized and electronic environment.

NOW BE IT RESOLVED AS FOLLOWS:-

1. That the decision of the Directors to appoint the Barbados Central Securities Depository Inc. as Registrar and Transfer Agent for Banks Holdings Limited be and is hereby confirmed.
2. That with effect from the 1st day of March, 2006 the Company be and is hereby authorized to issue and transfer its securities by book entry and discontinue the issue of share certificates for shares purchased in the Company and to cancel all share certificates presently issued by the Company.
3. That each shareholder of the Company be provided with written confirmation of his holding with effect from the aforementioned date and that in accordance with Section 99 (5) of the Act, such written confirmation shall, in the absence of evidence to the contrary, be proof that the person named in the confirmation is the beneficial owner of the shares described therein at the date of confirmation.
4. That the By-Law No. 1 of the Company be amended as follows:-
   a) By deleting Articles 13.2 and 13.2.1 and substituting therefor the following Article 13.2 and by instituting Articles 13.3, 13.4 and 13.5

"13.2 CERTIFICATES

Any issue or transfer of shares may be automatically credited to accounts maintained for shareholders in the register of shareholders of the Company and the form of share certificate shall be in the form of a shareholding statement showing details of transactions each time the shareholder acquires or disposes of shares during the period covered by the statement and in the form of such a statement sent annually or semi- annually to the shareholder by the Registrar or Transfer Agent.

13.3 EFFECT OF LATER SHAREHOLDING STATEMENT

The issue by the Registrar or Transfer Agent of a shareholding statement bearing a later date cancels and replaces any shareholding statement in favour of the same person bearing an earlier date.

13.4 JOINT SHAREHOLDERS

If two or more persons are registered as joint holders of any shares of the Company, the Company shall not be bound to issue more than one shareholding statement in respect thereof and delivery of such statement to whichever of such persons is named first in the records of the Company shall be sufficient delivery to all of them, and such first-named person may give effectual receipts for the shareholding statement issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

13.5 DECEASED SHAREHOLDERS

In the event of death of a holder or of one of the joint holders of any shares or debentures the Company shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Company and its Transfer Agent."

b) By deleting Articles 14.3 and 14.4 and substituting therefor the following as Articles 14.3 and 14.4:-

"14.3 REGISTRATION OF SECURITIES

Without prejudice to the Company's discretion to keep its register of securities in such format as it deems fit, the Company may register securities issued by it with the Barbados Central Securities Depository Inc. under the provisions of the Act and may issue and transfer such securities by way of a computerized accounting system.

14.4 TRANSFER AGENTS AND REGISTRARS

The Directors may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers but one person may be appointed both registrar and transfer agent, and the Directors may at any time terminate any such appointment."

5. That the foregoing amendments to the By-Law No. 1 of the Company be incorporated into the By-Laws of the Company and be known as By-Law No. 2.
6. That subject to the foregoing resolution being passed by the requisite majority, the Directors and Officers of the Company be and are hereby authorized to do all that is necessary to give effect to the foregoing resolution.

Management Proxy Circular

Company No: 15726

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

This Management Proxy Circular accompanies the notice of the Forty-Seventh Annual General Meeting of Shareholders of Banks Holdings Limited (hereinafter called "the Company") to be held on Tuesday, January 31st 2006 at 5:30pm (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, January 30th 2006 being the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked.

Record Date, Notice of Meeting & Voting Shares

The directors of the company have fixed Thursday, December 29th 2005 as the record date for determining the shareholders who are entitled to receive notice of the meeting and have given notice thereof by advertisement as required by the Companies Act. Only shareholders on record at the close of business on December 29th 2005 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 39,381,638 common shares without par value of the company issued and outstanding.

Election of Directors

The Board of Directors consists of members who retire in rotation annually. On December 19th 2005 there were nine (9) Board members. The number of directors of the company to be elected at the meeting is three (3). The following are the names of the persons proposed as nominees for election as directors of the company and for whom it is intended that votes will be cast for their election as directors pursuant to the forms of proxy herewith enclosed:

Nominee for Present Principal Director Occupation

Senator Sir Allan Fields KCMG	Non-executive Director
S.P.Musson & Son Co.Ltd.	Non-executive Director
R.C. Harris	Non-executive Director
A.A.Khan	Non-executive Director

With respect to the four (4) persons nominated, the term of office for each person so elected will expire at the close of the Third Annual General Meeting of the Shareholders of the company following his election or until his successor is elected or appointed. The management of the company does not contemplate that any of the nominees will for any reason, become unable or unwilling to serve as a director.

Senator Sir Allan Fields, S.P. Musson Son & Company Limited and Mr. R.C. Harris, three (3) above nominees are now directors of the company and will retire at the close of the Forty-Seventh Annual Meeting in accordance with the provisions of clause 4.4 of By-Law No. 1 of the company but, being qualified are eligible for re-election. They were elected as directors at the Forty-Fourth shareholders meeting held on December 20th 2002.

Mr. A.A.Khan, the fourth nominee has been nominated by the Board of Directors of Banks DIH Limited pursuant to a reciprocal agreement between the company and Banks DIH Limited which gives them the right to appoint one (1) director to the Company's Board. If Mr. Khan is elected his term of office 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.

Appointment of Auditors

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

Discretionary Authority

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

The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares of the company have been approved by the directors of the company.

COMPANY NO:15726
PROXY FORM

The undersigned shareholder of Banks HOLDINGS LIMITED hereby

appoints .....

of .....

or failing him .....

of .....

as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the 47th Annual General Meeting of the Shareholders of the said company to be held on the 31st day of January, 2006 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 2006

.....

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 meetingin 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 share holders 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 30th day of January, 2006.

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