Bestway (Holdings) Limited was founded in 1963 by Sir Anwar Pervez. It is the UK’s 18th largest privately-owned company and 7th largest family-owned business. The Group consists of: Bestway Wholesale, the largest independent wholesaler in the UK; Bestway Cement, the 2nd largest cement manufacturer in Pakistan; United Bank Limited, the 2nd largest private bank in Pakistan. We continue to grow from strength to strength in all these areas.

Welcome to the Bestway (Holdings) Limited 2013/14 Annual Report.
Chairman’s Statement

On behalf of the Board of Directors, I am pleased to place before you the consolidated financial statements of Bestway (Holdings) Limited and its subsidiaries (‘the Group’) for the year ended 30 June 2014.

Business overview
Ten years ago under our new Chief Executive, the Group set out a new direction. The emphasis was not only to maintain the Group’s position as a major player in the sectors that it operates in, but also to increase market share in these sectors.

The progress since has been significant; we have not only consolidated our leadership positions, the management team led by the Chief Executive has doubled the group turnover and profitability. Significant investments have been made in long-term growth drivers including infrastructure and human capital development.

Performance
The wholesale sector remains under pressure, with the growth of the multiples, discounters and increasingly competitive pricing posing significant challenges. We continue to meet these challenges by offering our customers an attractive combination of quality, value and service, and this, underpinned by our values, will ensure that Bestway continues to be the wholesaler of choice to the independent retailers.

Group turnover, for the year ended 30 June 2014 totalled £1.98 billion compared to £1.96 billion in the previous year. Profit before tax increased to £129.8 million compared to £84.8 million in the previous year (both figures exclude the Banking Group subsidiary, United Bank Limited (‘UBL’)). From 1 January 2014, United Bank Limited became a subsidiary undertaking and has been consolidated as the Banking Group in this set of consolidated financial statements. Profit before tax including the Banking Group totalled £250.3 million in 2014 compared to £164.3 million in 2013.

In April 2014 Bestway acquired Glasgow based wholesaler, Sher Brothers (Cash & Carries) Limited, and merged it into the Batleys brand. This latest investment underlines our commitment to the Scottish wholesale sector.

As part of the Group’s diversification strategy, in July 2014 the Group acquired The Co-operative’s Pharmacy business for £620 million. The Co-operative Pharmacy is the UK’s third largest independent pharmacy business and the largest in Wales.

During the period under review Bestway Cement Limited (‘BCL’) operations have experienced growth with turnover decreasing by 1.9% to £174.5 million. BCL contributed £59.3 million towards Group operating profit an impressive increase of 34.06% on the prior year.

In July 2014 BCL entered into a binding agreement to acquire Lafarge’s 75.86% stake in Lafarge Pakistan Cement Limited for an enterprise value of £193 million (US $329 million). Lafarge Pakistan Cement Limited operates an integrated cement plant in the north of Pakistan, close to Islamabad. With this acquisition Bestway Cement Limited has become Pakistan’s largest cement manufacturer.

During the period under review our banking subsidiary UBL experienced a period of robust growth with the asset base increasing by 16.16% to US $10.29 billion and deposits growing by 13.03% to US $ 9.90 billion for the year ending December 2013.
In June 2013 UBL established its first dedicated African subsidiary in Tanzania. Tanzania is one of the most under served markets in East Africa with only 12% of the country’s population having access to a bank account. The subsidiary was officially opened by the Vice-President of Tanzania Dr Mohamed Gharib Bilal in September 2013.

“We have not only consolidated our leadership positions, the management team led by the Chief Executive has doubled the group turnover and profitability.”
In June 2013 UBL established its first dedicated African subsidiary in Tanzania. Tanzania is one of the most underserved markets in East Africa with only 12% of the country’s population having access to a bank account. The subsidiary was officially opened by the Vice-President of Tanzania Dr Mohamed Gharib Bilal in September 2013.

For the second consecutive year in November 2013, UK’s Banker Magazine declared UBL ‘The Bank of the Year in Pakistan 2013’.

By 31 December 2013, the Group had increased its shareholding in UBL to 59.25% by acquiring an additional 8.30% of the shares of UBL from the Abu Dhabi Group. With this investment of over $120 million, Bestway Group acquired the last part of the remaining shareholding that its former joint venture partner (the Abu Dhabi Group) held in UBL.

In March 2014 UBL Omni was launched in the United Kingdom to facilitate remittances from the UK to the South Asian subcontinent.

Social responsibility
I firmly believe that our commitment to good financial performance needs to be matched by a continued focus on corporate social responsibility, by working with integrity and delivering sustainable business development.

In February 2014 Bestway was awarded the Investors in People Bronze award for demonstrating a degree of excellence in the way they develop and support their staff. The Bronze award is achieved by just 5% of Investors in People recognised organisations in the UK. The Investors in People Standard is awarded to well-run organisations, which demonstrate good management practice with a high emphasis on best practice people management and development.

In May 2014 BCL was ranked 10th out of 478 Publically Listed Companies by volume of donations in Pakistan according to Pakistan Centre for Philanthropy’s (PCP) Philanthropy Survey 2012.

In June 2014 Bestway Group organised its 20th annual charity event at Royal Ascot. The chosen charity this year was Action for Children. This national charity works directly with over 300,000 children, young people, parents and carers. It provides 650 services across the country. It tackles issues such as child neglect and abuse.

In the UK, Bestway Group donated £535,000 to the Bestway Foundation in the UK. The Bestway Foundation continues to provide vital support to University students; local; national and international charities.

Outlook
In 2015, our focus will be on continuing to drive margin improvement in our established businesses, together with delivering value from our recent acquisitions and achieving the synergies between them and other parts of the Group.

Overall, reflecting on a successful year, let me express my thanks and appreciation to our supplier partners; our loyal customers; my fellow directors; our Chief Executive Officer; Senior Management and to all the other 33,600 employees around the world. Looking ahead, I am confident that we have the strategy, people and resources to continue to deliver sustainable growth in the years ahead.

Sir MA Pervez, OBE HPk
Chairman
17 February 2015
‘In the UK, Bestway Group donated £535,000 to the Bestway Foundation in the UK. The Bestway Foundation continues to provide vital support to University students; local; national and international charities.’
£1.98 billion turnover
Group Chief Executive’s Review

On behalf of the Board of Directors, I am pleased to present the audited financial statements for Bestway (Holdings) Limited for the year ended 30 June 2014.

Review of business
Despite a challenging business environment both in the UK and globally during the year under review, all the Group businesses continued to enhance their respective market share.

Group financial performance
During the year under review, turnover for the wholesale business increased by 1.2% to £1.80 billion, while turnover for the cement business in Pakistan saw a decrease of 1.9% to £174.5 million. Overall, the Group’s turnover for the year ended 30 June 2014 increased by 0.9% to £1.98 billion from £1.96 billion in 2013.

All our businesses were profitable for the year under review, and the overall Group profit before tax increased by 51.5% to £250.3 million as compared to £164.3 million in 2013.

Key highlights
Overall, the Group’s turnover for the year ended 30 June 2014 increased by 0.9% to £1.98 billion from £1.96 billion in 2013.

All our businesses were profitable for the year under review, and the overall Group profit before tax increased by 51.5% to £250.3 million as compared to £164.3 million in 2013.

Tangible fixed assets after depreciation as at 30 June 2014 stood at £624.0 million, compared to £458.7 million in the previous year. These include fixed assets acquired due to the acquisition of UBL which is now consolidated within the Group. During the period under review, fixed asset additions amounted to £24.4 million; these included the acquisition and development of Sher Brothers (Cash & Carries) Limited and investment in the Waste Heat Recovery Power Plant being set up in Hattar, Pakistan.

The Group’s share of operating profit from UBL during the year under review increased from £84.9 million in 2013 to £103.3 million. This increase of 21.7% on an equity accounting basis is mainly due to the fact that UBL has been consolidated for the first time in the Group accounts.

The Group’s total loans and overdrafts decreased by £96.9 million during the period under review as the loans were repaid. The Group managed to reduce debt in the UK and Pakistan by £47.8 million and £48.9 million respectively, which consequently reduced the related financial charges for the Group.

Profit before tax for the wholesale business was £32.0 million, an increase of 5.8% over last year.

Bestway Cement Limited continued to trade well and saw its profit before tax increase by 14.3% from £49.8 million in 2013 to £56.9 million. This was due to improved gross profit margins together with a reduction in finance costs.
In April 2014 the Group acquired the Sher Brothers (Cash & Carries) Limited business based in Glasgow… This again underlines Bestway’s commitment to the wholesale sector and reiterates the Group’s mission of “Building Business for the Independents”.
...keeping in mind the demands of our customers, two years ago we identified three major areas on which we intended to focus in order to drive future growth. The key areas were Retail Growth, Online Sales and Foodservice Distribution.

Key highlights

Turnover in our wholesale business amounted to £1.80 billion, an increase of 1.2%.

We now have over 500 Best Pets branded stores all over the UK.

The Group’s three focus areas—foodservice and catering, symbol/retail club, and digital—continue to grow robustly.

Wholesale business

Turnover in our wholesale business amounted to £1.80 billion, an increase of 1.2%. The Group maintained its market share in the food, drinks and wholesale sector. Profit before tax increased by £1.8 million to £32.0 million. This was despite the pressure on margins. Trading stock as at 30 June 2014 amounted to £185.4 million as compared to £170.1 million in the previous year.

In April 2014 the Group acquired the Sher Brothers (Cash & Carries) Limited business based in Glasgow. The new dual branded Bestway Batleys depot was opened to customers in July and offers customers a brand new shopping experience from a 100,000 square foot sales area. This again underlines Bestway’s commitment to the wholesale sector and reiterates the Group’s mission of “Building Business for the Independents”.

Two years ago, the Group had announced an investment plan of £10 million to expand the Best Pets division including enhancement of the pet retail club. We now have over 500 Best Pets branded stores all over the UK.

In line with the dynamics of the wholesale sector and keeping in mind the demands of our customers, two years ago we identified three major areas on which we intended to focus in order to drive future growth. The key areas were Retail Growth, Online Sales and Foodservice Distribution.

The Group’s three focus areas continue to grow robustly. Retail growth is driven by retail clubs. Our retail clubs, Best One and Xtra Local are the largest retail clubs in the UK with over 4,300 members and a turnover of £640 million per annum, an increase of 6.7% over 2013.
We are the first wholesaler to introduce a fully functional smart phone app which quickly shot up the rankings to be amongst the top 10 apps in Apple’s [business section] App Store.

Key highlights
- Our retail clubs, Best One and Xtra Local are the largest retail clubs in the UK with over 4,300 members and a turnover of £640 million per annum, an increase of 6.7% over 2013.
- During the year under review, web sales increased by 47.1% to £176.3 million.
- Foodservice turnover increased by 2.3% to £128.3 million.

Wholesale business (continued)
In digital, our online business continues to grow with over 26,000 registered users of our websites. During the year under review, web sales increased by 47.1% to £176.3 million. We are the first wholesaler to introduce a fully functional smart phone app which quickly shot up the rankings to be amongst the top 10 apps in Apple’s [business section] App Store.

The Group believes that the app will change customer shopping behaviour and to further reinforce our leadership in digital innovation, we are also now at the forefront of pioneering new technologies for the channel such as geo-fencing and ibeacons.

Bestway Batleys foodservice now has 23 contracts covering an extensive range of local authorities, NHS hospitals, schools, private ventures with another 22 tenders in place.

During the year, the Group invested in re-launching its flagship catering own label brand, Essentially Catering. The new range includes over 50 everyday catering products and was made available to customers from February 2014. Foodservice turnover increased by 2.3% to £128.3 million.
Web sales increased by 47.1% to £176.3 million.

Retail clubs turnover now £640 million per annum, an increase of 6.7% over 2013.

We now have over 500 Best Pets branded stores all over UK.
Bestway Cement Limited

During the period under review BCL despatches decreased by 1.5% to 4,371,841 tonnes from 4,437,731 tonnes in the corresponding prior period. Despite an increase in domestic demand, overall despatches decreased as export sales were adversely affected.

BCL’s domestic sales increased by 2.4% to 3,533,761 tonnes from 3,449,365 tonnes in 2013. Export sales decreased by 15.2% to 838,080 tonnes in 2014 as compared to 988,366 tonnes in 2013. Despite a decrease in exports to Afghanistan, we were able to maintain our position as the largest exporter of cement to Afghanistan.

Turnover net of excise duty, rebates and discounts to customers amounted to £174.5 million compared to £177.8 million for 2013, a decrease of 1.9%. Despite an increase in cement prices, overall turnover was down due to foreign exchange movements.

During the year, operating profits increased by 2.4% to £59.3 million as compared to £57.9 million in 2013. BCL reduced its total debt by £48.9 million during the year. Consequently, financial charges decreased to £2.7 million from £6.0 million in 2013. Profit before tax registered an increase of 14.3% from £49.8 million in 2013 to £56.9 million for the year to 30 June 2014. For the year ended 30 June 2014, the company has paid a total dividend of £22.7 million.

In July 2014, BCL entered into a binding agreement to acquire Lafarge Pakistan’s 2.4 million tonnes per annum cement plant located in Chakwal. Lafarge has an enterprise value of £193 million on a cash-free, debt-free basis. With this planned acquisition, BCL will become Pakistan’s largest cement manufacturer with an annual capacity of 8 million tonnes. We have recently launched a public tender and hope to complete this transaction by 27 April 2015.

Key highlights
During the year, operating profits increased by 2.4% to £59.3 million as compared to £57.9 million in 2013.

Profit before tax registered an increase of 14.3% from £49.8 million in 2013 to £56.9 million for the year to 30 June 2014.

£56.9m
Profit before tax (14.3% increase)

“BCL will become Pakistan’s largest cement manufacturer with an annual capacity of 8 million tonnes.”

£59.3m
Operating profit increased by 2.4%
In July 2014, BCL entered into a binding agreement to acquire Lafarge Pakistan’s 2.4 million tonnes per annum cement plant located in Chakwal.
UBL’s total assets as at 31 December 2013 were $10.3 billion as compared to $9.1 billion for the corresponding period last year, an increase of 13.2%.

**Key highlights**

UBL’s deposit base grew by 18.2% to $8.45 billion for the year to 31 December 2013.

The Group’s share of profit from UBL during the year under review increased from £84.9 million in 2013 to £103.3 million, an increase of 21.7%.

After yet another successful year in Pakistan, UBL Omni was launched in the UK in March 2014.

During the year under review, an increase in the cost of deposits further compressed the declining margins. However, as interest rates began to improve, this enabled UBL to contain the decline in net interest income. For the year ended June 2014, UBL’s Net Interest Income was up 9.5% at £275.2 million as compared to £251.4 million in 2013. With effective asset management and a prudent lending strategy, the bank was able to register a 12.5% increase in its profit before tax from £190 million in 2013 to £213.8 million for the year ended June 2014.

UBL Omni Branchless banking was internationally recognised as one of 14 “sprinters”, because of its rapid growth, by the GSMA Mobile Money for the Unbanked programme in 2013. After yet another successful year in Pakistan, UBL Omni was launched in the UK in March 2014. The idea behind the UK launch is to offer a reliable transfer network to the UK’s growing Asian community. UBL UK is the only bank to offer such a service in the UK.

In September and December 2013, the Group increased its shareholding in UBL by 8.3%. The Group’s current shareholding in UBL is now 59.25%. The Group’s share of profit from UBL during the year under review increased from £84.9 million in 2013 to £103.3 million, an increase of 21.7% on a like for like equity accounting basis.
UBL Omni Branchless banking was internationally recognised as one of 14 “sprinters”, because of its rapid growth, by the GSMA Mobile Money for the Unbanked programme in 2013.
The Group has ventured into the Pharmacy sector by acquiring The Co-operative Pharmacy for a purchase price of £620 million.

**The Co-operative Pharmacy**
The Group has ventured into the Pharmacy sector by acquiring The Co-operative Pharmacy for a purchase price of £620 million. The transaction was completed in October 2014. During the sale process, Bestway saw off competition from Lloyds Pharmacy and Alliance Boots.

The Co-operative Pharmacy is the third largest pharmacy business in the UK. It has over 770 branches and over 7,000 employees. Our initial focus remains on rebranding the pharmacy brand, followed by capital investment in the renovation and relocation of existing branches as well as acquiring more pharmacies going forward.

**Principal risks & uncertainties**
Working capital, capital expenditure and major acquisitions are funded by the Group’s cash flows and banking facilities. In light of the prevalent economic environment, regular monitoring of banking requirements, cash flow and net debt is undertaken.

One of the commercial risks faced by the Group is the increasing influence of multiples in the wholesale sector, which consequently imposes pressure on margins. Another risk faced by the Group’s wholesale business is the duty fraud on alcohol.

Due to the Group’s presence in Pakistan, it is exposed to foreign exchange risk. Additionally, the increase in power costs in Pakistan continues to pose a threat to the cement sector.

**Key performance indicators**
The Board of Directors uses many performance indicators, both financial and non-financial, to monitor the Group’s position. Among the financial performance indicators within the wholesale business, the most important ones are gross profit margin, sales per depot, sales per department, wages per depot, stock availability and stock levels.

Financial performance indicators in the cement business are net retention price, daily despatches and cost of production. Financial performance indicators in the banking sector are return on assets, return on equity and net interest margin.

The non-financial performance indicators are staff turnover, staff / supplier / customer satisfaction, health and safety reports, among others. The Board is of the belief that the monitoring of the above-mentioned indicators is an effective aspect of business performance review.

**Future outlook**
The focus of the Group’s wholesale business on organic growth is supported by investments in existing and new initiatives. Despite the tough trading conditions, we are confident that we will continue to provide maximum support to our customers by delivering the best prices, value and service to them.

In Pakistan we remain committed to our long term investments.

UBL continues its focus on managing its asset portfolio, improving asset quality and expanding its network both through branches and through Omni branchless banking.

We see challenges ahead of us both in the UK and in Pakistan as the respective economies go through an economic stabilisation phase. We will continue to enhance our market share in UK wholesale and pharmacy sectors and in the Pakistan cement and banking sectors whenever suitable opportunities arise.

In the last twelve months we have continued to demonstrate the strength of our business model and to create value for all our stakeholders. This has been accomplished with the continued support of our employees and our highly successful relationships with suppliers and customers.

I would like to thank all our suppliers and employees for their commitment to the business. I would also like to thank my fellow directors for their contribution to our strategic deliberations.

Z M Choudrey, BA (Hons), FCA
Group Chief Executive
17 February 2015
Bataley's Central Distribution
Bestway New (2014)

Bestway Wholesale: depots

Global presence

United Bank Limited

Bestway (Holdings) Ltd Turnover (£ billion)

2014
14,548 employees (8,884 additional employees)

2013
5,664 employees

14,548*
Total employees around the world

Bestway Wholesale HQ
Bestway Cement HQ
United Bank Limited HQ
United Bank Limited International branches

Bestway Cement
United Bank Limited

Bestway Wholesale: depots

United Bank Limited

Bestway Cement Limited

8m. Tonnes

Cement capacity (million tonnes)

*Annual capacity after contracted acquisition of Lafarge Pakistan

1.976
1.968
1.963
1.953
1.958
1.942
1.842
1.647
1.5bn
1.6bn
1.7bn
1.8bn
2bn
2010 2011 2012 2013 2014

United Bank Limited

$8.45bn

↑18.2%

UBL's deposit base grew 18.2% to $8.45bn

£275.2m

↑9.5%

UBL's Net Interest income up 9.5% at £275.2 million (2013, £251.4 million)
Director's Report

Sir MA Pervez, OBE HPK
Chairman

ZM Choudrey, BA (Hons), FCA
Chief Executive

MY Sheikh
Managing Director

AM Chaudhary, MBA
Director

AK Chaudhary
Director

AK Bhatti
Director

R Pervez, ACA
Director

D Pervez, BA (Hons), FRSA MA Oxon, Solicitor
Director and Company Secretary
The directors submit their report and the financial statements of Bestway (Holdings) Limited for the year ended 30 June 2014.

Principal activities
The principal activity of the Group during the year was the operation of cash and carry warehouses in the UK supplying groceries, tobacco, wines and spirits, beers, and other household goods, together with property investment in the UK, the production and sale of cement in Pakistan, commercial and retail banking primarily in Pakistan and the Gulf and general insurance through its subsidiary UBL Insurers Limited.

Review of the business and future developments
A detailed review of the business and an indication of likely future developments are contained in the Strategic Report on pages 2 to 17.

Results and dividends
The profit for the year after taxation was £168.2 million (2013: £109.4 million).

The directors do not recommend the payment of a dividend (2013: £nil).

Directors
The directors who held office during the year were as follows:

Sir MA Pervez, OBE HPk
ZM Choudrey, BA (Hons), FCA
MY Sheikh
AK Bhatti
AK Chaudhary
AM Chaudhary, MBA
R Pervez, ACA
D Pervez, BA (Hons), FRSA MA Oxon, Solicitor

Financial instruments
The Group’s policy is to finance its operations on a medium term basis from retained profits, inter-company borrowings and bank facilities. Additional uncommitted borrowing and overdraft facilities are utilised for short term financing requirements.

The financial instruments utilised by the Group are borrowings, short-term cash deposits and items such as trade creditors which arise directly from its operations. Borrowing and deposit facilities are on a floating rate basis. Further details are included in notes 16, 17 and 22.

Employee involvement and disabled persons
The Group informs and consults regularly with employees on matters affecting their interests with a view to achieving a common awareness of the financial and economic factors affecting its performance. The views expressed by employees have been taken into account when making decisions where appropriate.

The Group is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. It recognises its responsibilities towards disabled persons and gives full and fair consideration to applications for employment from them and, so far as particular disabilities permit, will give continued employment to any existing employee who becomes disabled. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Policy and practice on payment of creditors
The Group aims to settle supplier accounts in accordance with their individual terms of business, and as such no specific code or standard on payment practice is followed. At the year end there were 38 days (2013: 39 days) purchases in trade creditors.

Donations
The Group made charitable donations of £705,000 (2013: £878,000) to the Bestway Foundation whose objectives are the advancement of education, the relief of sickness, the preservation and protection of health and the relief of suffering of the old, disabled and needy. Donations of £8,000 (2013: £11,300) were made to other charities. The Group made political donations of £71,000 (2013: £67,000) to the Conservative party.

Disclosure of information to auditors
The directors who held office at the date of the approval of this directors’ report confirm that, so far as they are each aware, there is no relevant audit information of which the Company’s auditor is unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Z M Choudrey, BA (Hons), FCA
Director

17 February 2015
2 Abbey Road, Park Royal
London NW10 7BW
The directors are responsible for preparing the Strategic Report, the Directors’ Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company’s transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.
We have audited the financial statements of Bestway (Holdings) Limited for the year ended 30 June 2014 set out on pages 24 to 95. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors’ Responsibilities Statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council’s website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the group’s and of the parent company’s affairs as at 30 June 2014 and of the group’s profit for the year then ended;
• have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
• the parent company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors’ remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

KPMG LLP
Statutory Auditor
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB,
United Kingdom

17th February 2015
Consolidated profit and loss account
for the year ended 30 June 2014

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<td>213,645</td>
<td>92,029</td>
</tr>
<tr>
<td>12</td>
<td>42,483</td>
<td>-</td>
<td>42,483</td>
<td>84,873</td>
</tr>
<tr>
<td></td>
<td>135,679</td>
<td>120,449</td>
<td>256,128</td>
<td>176,902</td>
</tr>
<tr>
<td>5a</td>
<td>2,382</td>
<td>-</td>
<td>2,382</td>
<td>1,362</td>
</tr>
<tr>
<td>6a</td>
<td>(8,253)</td>
<td>-</td>
<td>(8,253)</td>
<td>(13,918)</td>
</tr>
<tr>
<td></td>
<td>129,808</td>
<td>120,449</td>
<td>250,257</td>
<td>164,436</td>
</tr>
<tr>
<td>3-7</td>
<td>(27,118)</td>
<td>(38,764)</td>
<td>(65,882)</td>
<td>(23,502)</td>
</tr>
<tr>
<td></td>
<td>(16,185)</td>
<td>-</td>
<td>(16,185)</td>
<td>(31,488)</td>
</tr>
<tr>
<td></td>
<td>(43,303)</td>
<td>(38,764)</td>
<td>(82,067)</td>
<td>(54,990)</td>
</tr>
<tr>
<td></td>
<td>86,505</td>
<td>81,685</td>
<td>168,190</td>
<td>109,356</td>
</tr>
<tr>
<td></td>
<td>(20,124)</td>
<td>(35,038)</td>
<td>(55,162)</td>
<td>(18,873)</td>
</tr>
<tr>
<td></td>
<td>66,381</td>
<td>46,647</td>
<td>113,028</td>
<td>90,483</td>
</tr>
</tbody>
</table>

A controlling interest in United Bank Limited, “Banking Group” was acquired during the year ended 30 June 2014. In the prior year the Banking Group was accounted for as a joint venture within the Trading Group.

All of the other group’s activities were entirely from continuing operations.

The notes on pages 30 to 95 form part of these financial statements.
## Consolidated balance sheet

at 30 June 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading Group</td>
<td>10</td>
<td>69,890</td>
</tr>
<tr>
<td>Banking Group</td>
<td>10</td>
<td>8,086</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>77,976</td>
</tr>
<tr>
<td>Tangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading Group</td>
<td>11</td>
<td>450,108</td>
</tr>
<tr>
<td>Banking Group</td>
<td>11</td>
<td>173,848</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>623,956</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in joint ventures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Share of gross assets</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Share of gross liabilities</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>13</td>
<td>185,423</td>
</tr>
<tr>
<td>Debtors: due within one year</td>
<td>14</td>
<td>84,950</td>
</tr>
<tr>
<td>Debtors: due after more than one year</td>
<td>14</td>
<td>586</td>
</tr>
<tr>
<td>Investments</td>
<td>15</td>
<td>4,917</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>35,661</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>311,537</td>
</tr>
<tr>
<td>Banking Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors: due within one year</td>
<td>14</td>
<td>1,984,931</td>
</tr>
<tr>
<td>Debtors: due after more than one year</td>
<td>14</td>
<td>1,064,848</td>
</tr>
<tr>
<td>Investments: due within one year</td>
<td>15</td>
<td>838,326</td>
</tr>
<tr>
<td>Investments: due after one year</td>
<td>15</td>
<td>2,038,426</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>827,962</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>6,754,493</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading Group</td>
<td>16</td>
<td>(305,841)</td>
</tr>
<tr>
<td>Banking Group</td>
<td>16</td>
<td>(5,788,126)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>(6,093,967)</td>
</tr>
<tr>
<td><strong>Net current assets/(liabilities)</strong></td>
<td></td>
<td>972,063</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td></td>
<td>1,673,995</td>
</tr>
</tbody>
</table>
## Consolidated balance sheet (continued)

**at 30 June 2014**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2014</th>
<th>2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

**Creditors:** amounts falling due after more than one year

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Group</td>
<td>(81,821)</td>
<td>(103,999)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking Group</td>
<td>(414,381)</td>
<td>-</td>
<td>(496,202)</td>
<td>(28,292)</td>
</tr>
</tbody>
</table>

**Provisions for liabilities**

| 18 | (496,202) | (103,999) |

**Net assets excluding pension liabilities**

| 29 | 1,142,753 | 765,255 |

**Pension scheme liability**

| 29 | (10,266) | (4,054) |

**Net assets including pension liabilities**

| 29 | 1,132,487 | 761,201 |

**Capital and reserves**

<table>
<thead>
<tr>
<th>19</th>
<th>96</th>
<th>96</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>3,055</td>
<td>3,055</td>
</tr>
<tr>
<td>20</td>
<td>43,519</td>
<td>35,864</td>
</tr>
<tr>
<td>20</td>
<td>32,354</td>
<td>32,354</td>
</tr>
<tr>
<td>20</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>20</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>20</td>
<td>670,419</td>
<td>610,848</td>
</tr>
<tr>
<td>21</td>
<td>748,499</td>
<td>682,231</td>
</tr>
<tr>
<td>30</td>
<td>382,988</td>
<td>78,970</td>
</tr>
</tbody>
</table>

**Minority interest**

| 30 | 1,132,487 | 761,201 |

**Shareholders' funds**

The notes on pages 30 to 95 form part of these financial statements.

These financial statements were approved by the board on 17th February 2015 and were signed on its behalf by:

Z M Choudrey, BA (Hons), FCA  
**Director**

M Y Sheikh  
**Director**
## Company balance sheet
### at 30 June 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014 £’000</th>
<th>2013 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>11</td>
<td>115,701</td>
</tr>
<tr>
<td>Investments</td>
<td>12</td>
<td>402,095</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>517,796</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors: due within one year</td>
<td>14</td>
<td>16,322</td>
</tr>
<tr>
<td>Debtors: due after more than one year</td>
<td>14</td>
<td>20,000</td>
</tr>
<tr>
<td>Investments</td>
<td>15</td>
<td>587</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td>2,805</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>36,322</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
<td>16</td>
<td>(165,839)</td>
</tr>
<tr>
<td><strong>Net current liabilities</strong></td>
<td></td>
<td>(126,125)</td>
</tr>
<tr>
<td><strong>Total assets less current liabilities</strong></td>
<td></td>
<td>391,671</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due after more than one year</strong></td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td><strong>Provisions for liabilities</strong></td>
<td>18</td>
<td>(752)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>390,919</td>
</tr>
</tbody>
</table>

**Capital and reserves**

<table>
<thead>
<tr>
<th>Note</th>
<th>2014 £’000</th>
<th>2013 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Called up share capital</td>
<td>19</td>
<td>96</td>
</tr>
<tr>
<td>Share premium account</td>
<td>20</td>
<td>3,055</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>20</td>
<td>1,401</td>
</tr>
<tr>
<td>Investment property revaluation reserve</td>
<td>20</td>
<td>6,482</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>20</td>
<td>14</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>20</td>
<td>379,871</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>2014 £’000</th>
<th>2013 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ funds</strong></td>
<td></td>
<td>390,919</td>
</tr>
</tbody>
</table>

The notes on pages 30 to 95 form part of these financial statements.
These financial statements were approved by the board on 17th February 2015 and were signed on its behalf by:

Z M Choudrey, BA (Hons), FCA  
**Director**  

M Y Sheikh  
**Director**  

Company registered number: 01392861
## Consolidated cash flow statement
for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>23a</td>
<td>265,212</td>
</tr>
<tr>
<td>Dividends received from joint ventures</td>
<td></td>
<td>16,086</td>
</tr>
<tr>
<td>Returns on investments and servicing of finance</td>
<td>23b</td>
<td>(40,549)</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td>(51,988)</td>
</tr>
<tr>
<td>Capital expenditure and financial investment</td>
<td>23b</td>
<td>(23,018)</td>
</tr>
<tr>
<td>Acquisitions and disposals</td>
<td>23b</td>
<td>(76,771)</td>
</tr>
</tbody>
</table>

### Cash inflow before management of liquid resources and financing

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Management of liquid resources</td>
<td>23b</td>
<td>(14)</td>
</tr>
<tr>
<td>Financing</td>
<td>23b</td>
<td>(95,665)</td>
</tr>
</tbody>
</table>

### Decrease in cash in the year

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Decrease in cash</td>
<td>23c</td>
<td>(6,707)</td>
</tr>
<tr>
<td>Cash outflow from movement in debt</td>
<td>23c</td>
<td>95,665</td>
</tr>
<tr>
<td>Cash outflow from movement in liquid resources</td>
<td></td>
<td>14</td>
</tr>
</tbody>
</table>

### Reconciliation of net cash flow to movement in net debt

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Change in net debt resulting from cash flows</td>
<td></td>
<td>88,972</td>
</tr>
<tr>
<td>Movement due to exchange differences</td>
<td>23c</td>
<td>26,658</td>
</tr>
<tr>
<td>Movement due to acquisition of subsidiary undertakings</td>
<td>23c</td>
<td>797,886</td>
</tr>
</tbody>
</table>

### Movement in net debt in the period

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Net debt at the start of the period</td>
<td>23c</td>
<td>(93,714)</td>
</tr>
<tr>
<td>Net funds/(debt) at the end of the period</td>
<td>23c</td>
<td>819,802</td>
</tr>
</tbody>
</table>
### Consolidated statement of total recognised gains and losses for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the financial year after minority interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>86,730</td>
<td>37,098</td>
</tr>
<tr>
<td>Share of joint ventures</td>
<td>26,298</td>
<td>53,385</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>113,028</strong></td>
<td><strong>90,483</strong></td>
</tr>
<tr>
<td>Actuarial (losses)/gains recognised in the pension scheme (see note 29)</td>
<td>(2,012)</td>
<td>1,793</td>
</tr>
<tr>
<td>Deferred tax arising on losses/(gains) in the pension scheme (see note 29)</td>
<td>308</td>
<td>(412)</td>
</tr>
<tr>
<td>Revaluation of assets on acquisition</td>
<td>10,527</td>
<td>-</td>
</tr>
<tr>
<td>Change in market value of available for sale assets</td>
<td>4,294</td>
<td>-</td>
</tr>
<tr>
<td>Share of revaluation of assets in joint ventures</td>
<td>(6,208)</td>
<td>14,501</td>
</tr>
<tr>
<td>Exchange differences on retranslation of net investments</td>
<td>(52,711)</td>
<td>(2,673)</td>
</tr>
<tr>
<td>Cash flow hedges: effective portion of changes in fair value</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total gains recognised for the year</strong></td>
<td><strong>67,268</strong></td>
<td><strong>103,692</strong></td>
</tr>
</tbody>
</table>

Unrealised surplus on revaluation of properties includes £nil (2013: £14.50 million) in relation to joint ventures.

### Note of consolidated historical cost profits and losses for the year ended 30 June 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported profit on ordinary activities before taxation</td>
<td>250,257</td>
<td>164,346</td>
</tr>
<tr>
<td>Difference between historical cost depreciation charge and the actual depreciation charge</td>
<td>958</td>
<td>148</td>
</tr>
<tr>
<td><strong>Historical cost profit on ordinary activities before taxation</strong></td>
<td><strong>251,215</strong></td>
<td><strong>164,494</strong></td>
</tr>
<tr>
<td><strong>Historical cost profit for the year retained after taxation and minority interests</strong></td>
<td><strong>112,335</strong></td>
<td><strong>83,896</strong></td>
</tr>
</tbody>
</table>
Notes
(forming part of the financial statements)

Overview
Bestway (Holdings) Limited is a private company incorporated in the United Kingdom (Registration number 01392861). The company is domiciled in the United Kingdom and its registered address is 2 Abbey Road, Park Royal, London, NW10 7BW. The nature of the Group’s operations and its principal activities are set out in the Strategic and Directors’ Reports.

1. Accounting policies
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group’s financial statements, except as noted below.

Basis of preparation
The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice and under the historical cost accounting rules, modified to include the revaluation of certain land and buildings/certain assets. The Group has applied the transitional rules contained in FRS 15 Tangible fixed assets to retain previous valuations as the basis on which certain of these assets are held. The Group has adopted FRS 26 Financial Instruments: Measurement and FRS 29 Financial Instruments Disclosures.

The risks noted in the Strategic Report are those known to the Directors at the date of this Report which the Directors consider to be material to the Group, but these do not necessarily comprise all the risks to which the Group is exposed. In particular, the Group’s performance could be adversely affected by poor economic conditions. Additional risks and uncertainties currently unknown to the Directors, or which the Directors currently believe are immaterial, may also have a material adverse effect on the business, financial condition or prospects of the Group.

The Group accounts have been prepared on a going concern basis. The directors are confident that the group has access to sufficient financial resources to meet its liabilities as they fall due.

The Directors have considered compliance with covenants within certain UK loan agreements and are satisfied that no events of default have occurred. The Directors are confident that Bestway Cement Limited can meet capital and interest payments as they fall due, and that no default events will be experienced in the foreseeable future.

Basis of consolidation
The Group financial statements consolidate the financial statements of Bestway (Holdings) Limited and all its subsidiaries made up to 30 June 2014. Under section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

During the period, the Group acquired an additional shareholding in United Bank Limited. As at the period end, had a shareholding of 59.25%. Due to the size and significance of the United Bank Limited, in order to provide users of the financial statements within clarity the financial statements, the results have been separately disclosed between those of the “Trading Group” and those of the “Banking Group”.

Accounting for acquisitions and disposals
The results of businesses acquired or disposed of are consolidated from or to the effective date of acquisition or disposal. On the acquisition of subsidiary undertakings or businesses, the acquisition cost is allocated against the fair value of net assets acquired, after adjustments to bring accounting policies into line with the Group.

Joint venture
A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group’s share of the profits of the joint venture is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Goodwill arising on the acquisition of a joint venture is included in the carrying value of the investment but is accounted for as detailed below.

Goodwill and amortisation
Goodwill represents the excess or shortfall of the cost of an acquisition over the fair value attributed to the net assets at acquisition which is capitalised.

The useful economic life of the goodwill arising on each acquisition is determined at the time of acquisition. In accordance with FRS 11, impairment of the goodwill is evaluated by comparing the present value of the expected future cash flows, excluding financing and tax, (the ‘value-in-use’) to the carrying value of the underlying goodwill. If the net assets and goodwill were to exceed the value-in-use, an impairment would be deemed to have occurred and the resulting write-down in the goodwill would be charged to the profit and loss account immediately.

Goodwill arising on acquisitions is written off on a straight line basis over its useful economic life, which is expected not to exceed 20 years, or the period in which the assets acquired are recovered, whether through depreciation or sale. Provision is made for any impairment.

Negative goodwill arising on business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.
1. Accounting policies (continued)

**Goodwill and amortisation (continued)**
Prior to becoming a subsidiary undertaking, United Bank Limited was accounted for as a joint venture. In accordance with FRS 2, and in order to give a true and fair view, purchased goodwill has been calculated as the sum of the goodwill arising on each purchase of shares in United Bank Limited, being the difference at the date of each purchase between the fair value of the consideration given and the fair value of the identifiable assets and liabilities attributable to the interest purchased. This represents a departure from the statutory method, under which goodwill is calculated as the difference between cost and fair value on the date that United Bank Limited became a subsidiary undertaking. The statutory method would not give a true and fair view because it would result in the group’s share of United Bank Limited’s retained reserves, during the period that it was a joint venture, being re-characterised as goodwill. The effect of this departure is to increase the revaluation reserve by £10,527,000 which is the difference generated from the change in value that has been previously equity accounted for and the related movement in the fair value of the investment.

**Tangible fixed assets**
Fixed assets include certain properties professionally valued in prior years by Chartered Surveyors on an existing use open market basis, in accordance with the Royal Institute of Chartered Surveyors Valuation – Professional Standards and the associated guidance notes. Other fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets other than freehold and long leasehold land, and freehold and leasehold investment properties where the lease has over 20 years to run, at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold and long leasehold properties</td>
<td>2% straight line</td>
</tr>
<tr>
<td>Short leasehold properties</td>
<td>over life of lease</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>5 - 25% straight line or reducing balance</td>
</tr>
<tr>
<td>Fixtures, fittings and equipment</td>
<td>10 - 25% reducing balance</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>20 - 25% reducing balance</td>
</tr>
</tbody>
</table>

The carrying values of tangible fixed assets are subject to annual review and any impairment is charged to the profit and loss account.

In accordance with Statement of Standard Accounting Practice No.19, the Group’s investment properties have been revalued in the current year to market valuations.

In accordance with Statement of Standard Accounting Practice No.19, no depreciation is provided in respect of freehold investment properties and leasehold investment properties where the lease has over 20 years to run.

This treatment, as regards certain of the Group’s investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets.

However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

**Investment properties**
Investment properties are initially recorded at open market value. Changes in the value of investment property are recognised in the statement of total recognised gains and losses; unless these are impaired in which case the impairment loss is recognised in profit and loss.

**Rental income**
Rental income from investment property leased out under an operating lease is recognised in the profit and loss account on a straight-line basis.

**Stocks and work in progress**
Stocks and work in progress are valued at the lower of cost and net realisable value. Work in progress comprises the cost of direct materials, labour and appropriate manufacturing overheads. Provision is made for obsolete and slow moving items.

Stores, spares and loose tools are valued at the lower of moving average cost and net realisable value, while items considered obsolete are carried at nil value. Net realisable value signifies estimated selling price less costs necessary to be incurred to affect such a sale.
1. Accounting policies (continued)

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group’s taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the statement of total recognised gains and losses on revaluations where, at the balance sheet date, there is an agreement to sell the asset.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance.

Leased assets and obligations
Where assets are financed by leasing agreements that give rights approximating to ownership (“finance leases”), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are “operating leases” and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Post-retirement benefits
The Group makes contributions towards the personal money purchase pension schemes of certain directors and senior employees. Contributions to the defined contribution fund are charged to the profit and loss account and represent a fixed percentage of pensionable salaries of scheme members. Contributions to both the defined contribution fund and the defined benefit fund continue to be made to separately administered trust funds.

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. Full details are disclosed in note 29.

Pension scheme assets are measured using market values which for quoted securities is the bid price. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Turnover
Turnover represents the invoiced value, net of Value Added Tax and discounts, of goods sold to customers. Turnover is recognised when goods are received by the customer and the risks and rewards of ownership have passed to them. Turnover is measured at the fair value of consideration received or receivable and represents amounts receivable for goods net of discounts, volume rebates and value added tax. Discounts are accounted for in the period they are earned.

Turnover from cement sales is recorded on despatch of goods to the customer.

Retrospective rebates and discounts
The Group’s cash and carry subsidiaries negotiate discounts directly with suppliers. These discounts are accounted for once the directors are confident that those companies are entitled to the discount. Supplier allowances and credits are recorded as a reduction of cost of sales as they are earned according to the underlying agreement. Allowances consist primarily of promotional allowances, quantity discounts and payments under merchandising agreements. Amounts received under promotional or other merchandising allowance agreements that require specific performance are recognised when the performance is satisfied, the amount is fixed and determinable and the collection is reasonably assured.
1. Accounting policies (continued)

**Investments**
In the Company's financial statements, investments in subsidiary undertakings and joint ventures are stated at cost.

**Foreign currency transactions**
Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the profit and loss account. The assets and liabilities of overseas subsidiary, joint ventures and associates undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves.

**Cash and liquid resources**
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), and investments in money market managed funds.

The Banking Group accounting policies

**Non-derivative financial instruments**
Non-derivative financial instruments comprise investments, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

**Interest income**
Mark-up, return and interest on performing advances and investments is recognised on a time proportionate basis that takes into account the effective yield of the asset over the term of the advances and interest earning investments. Where debt securities are purchased at a premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity of the debt securities.

Interest recoverable on non-performing advances and investments in debt securities is recognised on interest continues to accrue in a memorandum account. Mark up accrued after classification is not recognised in the books, as a result of the legal framework in Pakistan, the recoverability of such mark-up is highly uncertain and it is not probable that the mark up as agreed at the time of financing will be recovered.

Mark-up is the agreed profit on cost plus basis for deferred sale of goods under which one party purchases goods from a supplier and sells the goods to another party at cost price plus an agreed mark-up. The delivery of the goods is immediate, payment is deferred. Murabaha contract has a variety of applications and is often used as an Islamic financing arrangement, for instance for working capital and trade finance.

**Interest expense**
Interest expense on borrowings and deposits is recognised on an effective interest rate method as an expense in the period in which it is incurred.

**Discounting**
If the effect is material, other debtors are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

**Foreign currency transactions- Banking group**
Transactions in foreign currencies are translated at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts and foreign bills purchased are measured at fair value.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets or liabilities.

**Foreign operations and subsidiaries- Banking group**
The assets and liabilities of foreign operations and subsidiaries are translated to rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations and subsidiaries are translated at the average rate of exchange for the year.

**Translation gains and losses- Banking group**
Translation gains and losses are taken to the profit and loss account, except those arising on translation of the net investment in foreign branches and subsidiaries which are taken to reserves until the disposal of the net investment, at which time these are recognised in the profit and loss account.
1. Accounting policies (continued)

**Loans and advances**
Loans and advances to banks/customers are initially measured at fair value and subsequently measured at their amortised cost (less impairment losses) using the effective interest method. For details pertaining to impairment, refer to accounting policy section on impairment.

Loans and advances to banks also include purchases under resale agreement. In this case, the amount advanced (being the purchase price) is classified as loans and advances while the differential between the purchase price and the resale price is amortized over the period of the agreement and recorded as income. Securities held as collateral are not recognized in the books, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

**Investment securities**
Investments of the Bank, other than investments in subsidiaries and associates, are classified as held for trading, held to maturity and available for sale.

**Held for trading**
These are securities which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements and dealer’s margin, or are securities included in a portfolio in which a pattern of short term profit taking exists.

**Held to maturity**
These are securities with fixed or determinable payments and fixed maturities, in respect of which the Bank has the positive intent and ability to hold to maturity.

**Available for sale**
These are investments, other than those in subsidiaries and associates that do not fall under the held for trading or held to maturity categories.

**Initial measurement**
All purchases and sales of investments are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the investment. Purchases or sales of investments that require delivery of investments within the time frame generally established by regulation or convention in the market place. Investments are initially recognised at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

**Subsequent measurement**

**Held for trading**
These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

**Held to maturity**
These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

**Available for sale**
Investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the revaluation reserve), except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

**Borrowings and deposits**
Borrowings and deposits from banks and deposits from customers are recorded at fair value which is the amount of proceeds received.

Borrowings from banks also include securities sold under repurchase agreements. Securities sold subject to a repurchase agreement are continued to be recorded as investments since the risk and rewards associated with the security is not transferred while the amount of cash advanced is reported as borrowings from financial institutions. The differential between the sale price and the repurchase price is amortized over the period of the agreement and recorded as an expense.

**Fee and commission**
Fee, brokerage and commission income is recognised on an accrual basis.

**Dividend income**
Dividend income is recognised when the right to receive the dividend is established.
1. Accounting policies (continued)

Impairment

Impairment of financial instruments carried at amortised cost or debt securities
The Group considers evidence of impairment for loans and advances, held-to-maturity and available for sale investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on debt securities are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Impairment of available for sale equity investments
Available for sale equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price.

Impairment of investments in subsidiaries and associates
The Banking Group considers that a decline in the recoverable value of the investment in a subsidiary or an associate below its cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable value falls below the carrying value and is charged to the profit and loss account. A subsequent reversal of an impairment loss, up to the cost of the investment in the subsidiary or the associate, is credited to the profit and loss account.

Impairment in non-financial assets (excluding deferred tax)
The carrying amounts of non-financial assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is charged to the profit and loss account except for an impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the revaluation surplus.

Provisions
Provisions are recognised when; the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provisions are recognised.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists that the Banking Group will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities.

Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when their fair value is positive and liabilities when their fair value is negative. Any change in the fair value of derivative financial instruments during the period is taken to the profit and loss account.
1. Accounting policies (continued)

Hedge accounting
The Banking Group makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks. In order to manage particular risks, the Banking Group may undertake a hedge. The Banking Group applies hedge accounting for transactions which meet the specified criteria.

At the inception of the hedging relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship. A formal assessment is also undertaken to ascertain whether the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. A hedge is regarded as highly effective if, during the period for which the hedge is designated, changes in the fair value or cash flows attributable to the hedged item are expected to be offset by between 80% to 125% by corresponding changes in the fair value or cash flows attributable to the hedging instrument.

Cash flow hedges
For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in the statement of changes in equity, and recycled through the profit and loss account in the periods when the hedged item will affect profit or loss. Any gain or loss on the ineffective portion of the hedging instrument is recognised in the profit and loss account immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the profit and loss account.

Offsetting financial instruments
Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Banking Group has access to at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

The Banking Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.
2. Turnover

Group turnover was derived from the following classes of business and was earned in the following geographical areas set out below. The Banking Group does not have any turnover which would fall under the consolidated definition of turnover, instead this is shown in interest income. For a breakdown of the Banking Group see note 5b.

Analysis of Trading Group

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK wholesale business</td>
<td>1,801,024</td>
<td>1,779,365</td>
</tr>
<tr>
<td>Production of cement – Pakistan</td>
<td>174,479</td>
<td>177,700</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>121</td>
</tr>
<tr>
<td></td>
<td><strong>1,975,503</strong></td>
<td><strong>1,957,186</strong></td>
</tr>
</tbody>
</table>

Further segmental information has not been given since, in the opinion of the directors, this might be seriously prejudicial to the commercial interests of the Group.

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amounts written off tangible fixed assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned assets – Trading Group</td>
<td>14,877</td>
<td>15,486</td>
</tr>
<tr>
<td>Owned assets – Banking Group</td>
<td>4,047</td>
<td>-</td>
</tr>
<tr>
<td>Leased assets – Trading Group</td>
<td>46</td>
<td>50</td>
</tr>
<tr>
<td>Leased assets – Banking Group</td>
<td>634</td>
<td>-</td>
</tr>
<tr>
<td>Operating lease rentals:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>105</td>
<td>59</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>646</td>
<td>598</td>
</tr>
<tr>
<td>Auditor’s remuneration</td>
<td>100</td>
<td>48</td>
</tr>
<tr>
<td>Audit of these financial statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts receivable by auditors and their associates in respect of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit of financial statements of subsidiaries pursuant to legislation</td>
<td>323</td>
<td>183</td>
</tr>
<tr>
<td>Taxation compliance services</td>
<td>126</td>
<td>72</td>
</tr>
<tr>
<td>Taxation advisory services</td>
<td>148</td>
<td>65</td>
</tr>
<tr>
<td>All other services</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td>Amortisation of goodwill and intangible assets (see note 10)</td>
<td>6,975</td>
<td>454</td>
</tr>
<tr>
<td>Amortisation of joint venture goodwill (see note 12)</td>
<td>4,515</td>
<td>9,029</td>
</tr>
<tr>
<td>Impairment losses (see note 11)</td>
<td>-</td>
<td>2,895</td>
</tr>
<tr>
<td>Loss on sale of fixed assets</td>
<td>1,457</td>
<td>28</td>
</tr>
</tbody>
</table>

Amounts paid to the Company’s auditor and their associates in respect of services to the Company, other than the audit of the Company’s financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4. Other operating income

<table>
<thead>
<tr>
<th></th>
<th>Trading Group</th>
<th>Banking Group</th>
<th>Total</th>
<th>Trading Group</th>
<th>Banking Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net rental income</td>
<td>7,469</td>
<td>-</td>
<td>7,469</td>
<td>6,636</td>
<td>-</td>
<td>6,636</td>
</tr>
<tr>
<td>Other operating income</td>
<td>3,877</td>
<td>430</td>
<td>4,307</td>
<td>3,920</td>
<td>-</td>
<td>3,920</td>
</tr>
<tr>
<td>Exchange gain / (loss)</td>
<td>2,746</td>
<td>-</td>
<td>2,746</td>
<td>(1,048)</td>
<td>-</td>
<td>(1,048)</td>
</tr>
<tr>
<td></td>
<td>14,092</td>
<td>430</td>
<td>14,522</td>
<td>9,508</td>
<td>-</td>
<td>9,508</td>
</tr>
</tbody>
</table>
5. Other interest receivable and similar income

5a. Trading Group: interest receivable

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank interest</td>
<td>403</td>
<td>282</td>
</tr>
<tr>
<td>Other interest</td>
<td>763</td>
<td>96</td>
</tr>
<tr>
<td>Expected return on defined benefit pension plan assets of trading assets</td>
<td>1,216</td>
<td>984</td>
</tr>
<tr>
<td></td>
<td>2,382</td>
<td>1,362</td>
</tr>
</tbody>
</table>

5b. Banking Group: interest income

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>On loans and advances to customers</td>
<td>106,596</td>
<td>-</td>
</tr>
<tr>
<td>On lending's to financial institutions</td>
<td>5,137</td>
<td>-</td>
</tr>
<tr>
<td>On investments in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held for trading securities</td>
<td>13,973</td>
<td>-</td>
</tr>
<tr>
<td>Available for sale securities</td>
<td>87,147</td>
<td>-</td>
</tr>
<tr>
<td>Held to maturity securities</td>
<td>43,480</td>
<td>-</td>
</tr>
<tr>
<td>On deposits with financial institutions</td>
<td>3,063</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>259,396</td>
<td>-</td>
</tr>
</tbody>
</table>

6. Interest payable and similar charges

6a. Trading Group: interest payable

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>On bank loans, overdrafts and other loans</td>
<td>6,210</td>
<td>12,586</td>
</tr>
<tr>
<td>Finance charges in respect of finance leases</td>
<td>-</td>
<td>79</td>
</tr>
<tr>
<td>Other interest</td>
<td>802</td>
<td>49</td>
</tr>
<tr>
<td>Interest on defined benefit pension plan obligation of trading liabilities</td>
<td>1,241</td>
<td>1,204</td>
</tr>
<tr>
<td></td>
<td>8,253</td>
<td>13,918</td>
</tr>
</tbody>
</table>

Interest payable of £233,000 (2013: £6,000) has been transferred to fixed assets. The amount transferred represents the cost of funds forming part of the Group’s general borrowings which were used in financing major capital projects.

6b. Banking Group: interest expense

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>On deposits</td>
<td>101,190</td>
<td>-</td>
</tr>
<tr>
<td>On securities sold under repurchase agreements</td>
<td>8,304</td>
<td>-</td>
</tr>
<tr>
<td>On other short term borrowings</td>
<td>6,385</td>
<td>-</td>
</tr>
<tr>
<td>On long term borrowings</td>
<td>1,818</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>117,697</td>
<td>-</td>
</tr>
</tbody>
</table>
7. Employees, contract employees and directors

The average monthly number of persons employed by the Group (including directors) during the year was:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office and management</td>
<td>1,292</td>
<td>956</td>
</tr>
<tr>
<td>Retailing</td>
<td>2,366</td>
<td>2,555</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>673</td>
<td>879</td>
</tr>
<tr>
<td>Distribution</td>
<td>580</td>
<td>440</td>
</tr>
<tr>
<td>Banking</td>
<td>4,644</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>9,555</td>
<td>4,830</td>
</tr>
</tbody>
</table>

Staff costs for the above persons:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>114,569</td>
<td>78,326</td>
</tr>
<tr>
<td>Social security costs</td>
<td>6,143</td>
<td>6,449</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>1,319</td>
<td>899</td>
</tr>
<tr>
<td></td>
<td>122,031</td>
<td>85,674</td>
</tr>
</tbody>
</table>

The year end number of contract employees was:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract employees (Manufacturing)</td>
<td>691</td>
<td>834</td>
</tr>
<tr>
<td>Contract employees (Banking)</td>
<td>4,302</td>
<td>-</td>
</tr>
<tr>
<td>Total contract employees</td>
<td>4,993</td>
<td>834</td>
</tr>
</tbody>
</table>

Costs for the above contracted employees:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees</td>
<td>6,111</td>
<td>1,446</td>
</tr>
</tbody>
</table>

Directors’ emoluments

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emoluments</td>
<td>12,437</td>
<td>13,887</td>
</tr>
<tr>
<td>Contribution to money purchase pension schemes</td>
<td>80</td>
<td>56</td>
</tr>
<tr>
<td>Total emoluments</td>
<td>12,517</td>
<td>13,943</td>
</tr>
</tbody>
</table>

The number of directors to whom relevant benefits are accruing in respect of qualifying services to the company is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money purchase schemes</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Emoluments in respect of the highest paid director, including contributions for money purchase schemes amounted to:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emoluments</td>
<td>3,077</td>
<td>2,966</td>
</tr>
</tbody>
</table>
### 8. Taxation

**Trading Group and Banking Group combined**

#### Analysis of charge in period

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>UK corporation tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax on income for the period</td>
<td>8,381</td>
<td>5,814</td>
</tr>
<tr>
<td>Adjustments in respect of prior periods</td>
<td>92</td>
<td>1,237</td>
</tr>
<tr>
<td><strong>Foreign tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax on income for the period</td>
<td>51,257</td>
<td>2,035</td>
</tr>
<tr>
<td><strong>Share of joint venture’s current tax</strong></td>
<td>16,185</td>
<td>30,084</td>
</tr>
<tr>
<td><strong>Total current tax</strong></td>
<td>75,915</td>
<td>39,170</td>
</tr>
<tr>
<td><strong>Deferred taxation (see note 18)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Origination and reversal of timing differences</td>
<td>6,814</td>
<td>15,440</td>
</tr>
<tr>
<td>Movement in FRS 17 liability</td>
<td>(232)</td>
<td>302</td>
</tr>
<tr>
<td>Effect of corporation tax rate change</td>
<td>(781)</td>
<td>(174)</td>
</tr>
<tr>
<td>Adjustments in respect of previous periods</td>
<td>351</td>
<td>(1,152)</td>
</tr>
<tr>
<td><strong>Total deferred tax</strong></td>
<td>6,152</td>
<td>14,416</td>
</tr>
<tr>
<td><strong>Share of joint venture’s deferred tax</strong></td>
<td>-</td>
<td>1,404</td>
</tr>
<tr>
<td><strong>Tax on profit on ordinary activities</strong></td>
<td>6,152</td>
<td>15,820</td>
</tr>
<tr>
<td><strong>Total tax on profit on ordinary activities</strong></td>
<td>82,067</td>
<td>54,990</td>
</tr>
</tbody>
</table>

#### Factors affecting the current tax charge for the current period

The tax assessed for the period is higher (2013: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Profit on ordinary activities before tax</td>
<td>250,257</td>
<td>164,346</td>
</tr>
<tr>
<td>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013: 23.75%)</td>
<td>56,308</td>
<td>39,032</td>
</tr>
<tr>
<td><strong>Effects of:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses not allowable for tax purposes</td>
<td>1,643</td>
<td>630</td>
</tr>
<tr>
<td>Income not treated as taxable</td>
<td>803</td>
<td>530</td>
</tr>
<tr>
<td>Capital allowances less than depreciation</td>
<td>104</td>
<td>274</td>
</tr>
<tr>
<td>Other timing differences</td>
<td>(11,395)</td>
<td>(5,263)</td>
</tr>
<tr>
<td>Higher rates of tax on overseas earnings</td>
<td>24,390</td>
<td>16,555</td>
</tr>
<tr>
<td>Adjustments in respect of prior periods</td>
<td>92</td>
<td>1,237</td>
</tr>
<tr>
<td>Utilisation of losses</td>
<td>-</td>
<td>(13,825)</td>
</tr>
<tr>
<td>Overseas withholding tax</td>
<td>3,970</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current tax charge for period</strong></td>
<td>75,915</td>
<td>39,170</td>
</tr>
</tbody>
</table>

#### Factors that may affect future current and total tax charges

On 21 March 2013 the Chancellor announced the reduction in the main rate of UK corporation tax to 21% with effect from 1 April 2014 and a further reduction to 20% with effect from 1 April 2015. These changes became substantively enacted on 2 July 2013 and therefore the effect of the rate reductions creates a reduction in the deferred tax liability which has been included in the figures above.
9. Profit attributable to members of the parent company

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the financial year (see note 20)</td>
<td>54,768</td>
<td>37,980</td>
</tr>
</tbody>
</table>

10. Intangible fixed assets

<table>
<thead>
<tr>
<th>Trading Group</th>
<th>Positive goodwill £000</th>
<th>Negative goodwill £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>12,373</td>
<td>(2,879)</td>
<td>9,494</td>
</tr>
<tr>
<td>Additions (see below)</td>
<td>66,048</td>
<td>-</td>
<td>66,048</td>
</tr>
<tr>
<td>Disposals</td>
<td>(567)</td>
<td>2,688</td>
<td>2,121</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>-</td>
<td>191</td>
<td>191</td>
</tr>
<tr>
<td>30 June 2014</td>
<td>77,854</td>
<td>-</td>
<td>77,854</td>
</tr>
<tr>
<td><strong>Amortisation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>2,381</td>
<td>(719)</td>
<td>1,662</td>
</tr>
<tr>
<td>Disposals</td>
<td>(16)</td>
<td>833</td>
<td>817</td>
</tr>
<tr>
<td>Charged/(credited) in the year</td>
<td>5,599</td>
<td>(114)</td>
<td>5,485</td>
</tr>
<tr>
<td>30 June 2014</td>
<td>7,964</td>
<td>-</td>
<td>7,964</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 June 2014</td>
<td>69,890</td>
<td>-</td>
<td>69,890</td>
</tr>
<tr>
<td>30 June 2013</td>
<td>9,992</td>
<td>(2,160)</td>
<td>7,832</td>
</tr>
</tbody>
</table>

On 2 April 2014, the Group acquired all the ordinary shares of Sher Brothers (Cash & Carry) Limited which operates one cash & carry depot in Scotland for consideration of £5.1 million. The resulting goodwill was £984,000. This has been capitalised and will be written off over 20 years in accordance with the Group’s accounting policy. The other additions relate to the increased shareholding in United Bank Limited (see note 12 for further details).

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The following sets out the periods over which goodwill is amortised and the net book values:

- Benson (Grocers) Limited – amortised over 20 years: net book value £2,044,000;
- Batleys Limited – amortised over 20 years: net book value £5,849,000;
- Martex Cash & Carry – amortised over 20 years: net book value £910,000;
- UBL Insurers Limited – amortised over 20 years: net book value £54,000;
- Sher Brothers (Cash & Carry) Limited– amortised over 20 years: net book value £973,000; and
- United Bank Limited – amortised over six and a half years: net book value £60,060,000.
## 10. Intangible fixed assets (continued)

### Banking Group

<table>
<thead>
<tr>
<th></th>
<th>Intangible assets (Continued)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquired in business combination</td>
<td>8,470</td>
<td>8,470</td>
</tr>
<tr>
<td>Additions</td>
<td>874</td>
<td>874</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>511</td>
<td>511</td>
</tr>
<tr>
<td><strong>30 June 2014</strong></td>
<td>9,855</td>
<td>9,855</td>
</tr>
<tr>
<td><strong>Amortisation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Charged in the year</td>
<td>1,490</td>
<td>1,490</td>
</tr>
<tr>
<td>Disposals</td>
<td>(132)</td>
<td>(132)</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>411</td>
<td>411</td>
</tr>
<tr>
<td><strong>30 June 2014</strong></td>
<td>1,769</td>
<td>1,769</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 June 2014</td>
<td>8,086</td>
<td>8,086</td>
</tr>
</tbody>
</table>

### 11. Tangible fixed assets

#### Trading Group

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings</th>
<th>Investment properties</th>
<th>Plant and machinery</th>
<th>Fixtures, fittings and equipment</th>
<th>Motor vehicles</th>
<th>Assets in course of construction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Cost or valuation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>253,561</td>
<td>94,858</td>
<td>208,052</td>
<td>29,403</td>
<td>9,245</td>
<td>2,597</td>
<td>597,716</td>
</tr>
<tr>
<td>Acquired in business combination</td>
<td>5,830</td>
<td>-</td>
<td>305</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,135</td>
</tr>
<tr>
<td>Additions</td>
<td>1,907</td>
<td>819</td>
<td>7,989</td>
<td>976</td>
<td>1,194</td>
<td>6,307</td>
<td>19,192</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(1,063)</td>
<td>(7)</td>
<td>(997)</td>
<td>-</td>
<td>(2,067)</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(4,906)</td>
<td>(252)</td>
<td>(18,623)</td>
<td>(181)</td>
<td>(205)</td>
<td>(323)</td>
<td>(24,490)</td>
</tr>
<tr>
<td>Transfers</td>
<td>229</td>
<td>(204)</td>
<td>5,488</td>
<td>-</td>
<td>-</td>
<td>(5,513)</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td>256,621</td>
<td>95,221</td>
<td>202,148</td>
<td>30,191</td>
<td>9,237</td>
<td>3,068</td>
<td>596,486</td>
</tr>
</tbody>
</table>

#### Depreciation

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>37,190</td>
<td>-</td>
<td>72,923</td>
<td>23,014</td>
<td>5,927</td>
<td>-</td>
<td>139,054</td>
</tr>
<tr>
<td>Charged in year</td>
<td>3,948</td>
<td>-</td>
<td>8,636</td>
<td>1,260</td>
<td>1,079</td>
<td>-</td>
<td>14,923</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(787)</td>
<td>(6)</td>
<td>(758)</td>
<td>-</td>
<td>(1,551)</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(1,288)</td>
<td>-</td>
<td>(4,550)</td>
<td>(101)</td>
<td>(109)</td>
<td>-</td>
<td>(6,048)</td>
</tr>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td>39,850</td>
<td>-</td>
<td>76,222</td>
<td>24,167</td>
<td>6,139</td>
<td>-</td>
<td>146,378</td>
</tr>
</tbody>
</table>

#### Net book value

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 June 2014</td>
<td>216,771</td>
<td>95,221</td>
<td>125,926</td>
<td>6,024</td>
<td>3,098</td>
<td>3,068</td>
<td>450,108</td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>216,371</td>
<td>94,858</td>
<td>135,129</td>
<td>6,389</td>
<td>3,318</td>
<td>2,597</td>
<td>458,662</td>
</tr>
</tbody>
</table>
11. Tangible fixed assets (continued)

Cost or valuation at 30 June 2014 is represented by:

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings</th>
<th>Investment properties</th>
<th>Plant and machinery</th>
<th>Fixtures, fittings and equipment</th>
<th>Motor vehicles</th>
<th>Assets in course of construction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trading Group</strong></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cost</td>
<td>246,065</td>
<td>363</td>
<td>202,148</td>
<td>30,191</td>
<td>9,237</td>
<td>3,068</td>
<td>491,072</td>
</tr>
<tr>
<td>Valuation in 1981</td>
<td>506</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>506</td>
</tr>
<tr>
<td>Valuation in 1984</td>
<td>2,950</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,950</td>
</tr>
<tr>
<td>Valuation in 1985</td>
<td>7,100</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,100</td>
</tr>
<tr>
<td>Valuation in 2014</td>
<td>-</td>
<td>94,858</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>94,858</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>256,621</td>
<td>95,221</td>
<td>202,148</td>
<td>30,191</td>
<td>9,237</td>
<td>3,068</td>
<td>596,486</td>
</tr>
</tbody>
</table>

Included within the net book value of plant and machinery is an amount of £nil (2013: £1,264,000) in respect of assets held under finance leases. Depreciation charged for the year on these assets before they were disposed was £46,000 (2013: £50,000). Included within the cost of land and buildings is £54.1 million (2013: £58.5 million) of land which is not depreciated.

The Trading Group investment properties were revalued in the year by the directors based on information prepared by Iain Gordon, an employee of the Bestway Group, taking into account selling costs. The last external valuation of investment properties was performed by Jones Lang LaSalle in the year to 30 June 2012. Jones Lang LaSalle is member of the Royal Institution of Chartered Surveyors.

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings</th>
<th>Investment properties</th>
<th>Plant and machinery</th>
<th>Fixtures, fittings and equipment</th>
<th>Motor vehicles</th>
<th>Assets in course of construction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banking Group</strong></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cost or valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquired in business combination</td>
<td>121,456</td>
<td>11,139</td>
<td>5,003</td>
<td>22,078</td>
<td>1,335</td>
<td>11,250</td>
<td>172,261</td>
</tr>
<tr>
<td>Additions</td>
<td>489</td>
<td>-</td>
<td>819</td>
<td>2,405</td>
<td>214</td>
<td>1,317</td>
<td>5,244</td>
</tr>
<tr>
<td>Disposals</td>
<td>(3)</td>
<td>(1,702)</td>
<td>(1,885)</td>
<td>(42)</td>
<td>(53)</td>
<td>-</td>
<td>(3,685)</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>3,472</td>
<td>370</td>
<td>210</td>
<td>1,167</td>
<td>61</td>
<td>359</td>
<td>5,639</td>
</tr>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td>125,414</td>
<td>9,807</td>
<td>4,147</td>
<td>25,608</td>
<td>1,557</td>
<td>12,926</td>
<td>179,459</td>
</tr>
</tbody>
</table>

Depreciation

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Charged in year</td>
<td>1,318</td>
<td>-</td>
<td>634</td>
<td>2,597</td>
<td>132</td>
<td>-</td>
<td>4,681</td>
</tr>
<tr>
<td>Disposals</td>
<td>228</td>
<td>-</td>
<td>99</td>
<td>578</td>
<td>25</td>
<td>-</td>
<td>930</td>
</tr>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td>1,546</td>
<td>-</td>
<td>733</td>
<td>3,175</td>
<td>157</td>
<td>-</td>
<td>5,611</td>
</tr>
</tbody>
</table>

Net book value

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 June 2014</td>
<td>123,868</td>
<td>9,807</td>
<td>3,414</td>
<td>22,433</td>
<td>1,400</td>
<td>12,926</td>
<td>173,848</td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Included within the cost of land and buildings is £18.1 million (2013: £nil) of land which is not depreciated.

Included within the net book value of plant and machinery is an amount of £3,413,000 (2013: £nil) in respect of assets held under finance leases. Depreciation charged for the year on these assets before they were disposed was £634,000 (2013: £nil).

The Banking Group investment properties were externally revalued in the year. The valuations were performed by Maricon Consultants (Pvt) Limited (for domestic operations), Chesterton International LLC (international branches) and Jones Lang LaSalle LLP for UBL UK.
### Notes (continued)

#### 11. Tangible fixed assets (continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>Land and buildings £000</th>
<th>Investment properties £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost or valuation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>104,997</td>
<td>26,935</td>
<td>131,932</td>
</tr>
<tr>
<td></td>
<td>153</td>
<td>1,506</td>
<td>1,659</td>
</tr>
<tr>
<td>At 30 June 2014</td>
<td>105,150</td>
<td>28,441</td>
<td>133,591</td>
</tr>
<tr>
<td><strong>Amortisation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charged in year</td>
<td>16,469</td>
<td>-</td>
<td>16,469</td>
</tr>
<tr>
<td></td>
<td>1,421</td>
<td>-</td>
<td>1,421</td>
</tr>
<tr>
<td>At 30 June 2014</td>
<td>17,890</td>
<td>-</td>
<td>17,890</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 30 June 2014</td>
<td>87,260</td>
<td>28,441</td>
<td>115,701</td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>88,528</td>
<td>26,935</td>
<td>115,463</td>
</tr>
</tbody>
</table>

Cost or valuation at 30 June 2014 is represented by:

<table>
<thead>
<tr>
<th>Company</th>
<th>Land and buildings £000</th>
<th>Investment properties £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost or valuation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valuation in 1981</td>
<td>94,594</td>
<td>1,506</td>
<td>96,100</td>
</tr>
<tr>
<td>Valuation in 1984</td>
<td>506</td>
<td>-</td>
<td>506</td>
</tr>
<tr>
<td>Valuation in 1985</td>
<td>2,950</td>
<td>-</td>
<td>2,950</td>
</tr>
<tr>
<td>Valuation in 2014</td>
<td>7,100</td>
<td>-</td>
<td>7,100</td>
</tr>
<tr>
<td>Valuation in 2014</td>
<td>-</td>
<td>26,935</td>
<td>26,935</td>
</tr>
<tr>
<td>Total</td>
<td>105,150</td>
<td>28,441</td>
<td>133,591</td>
</tr>
</tbody>
</table>

Included within the cost of land and buildings is £31.8 million (2013: £31.8 million) of land which is not depreciated.

#### Group and company

Land and buildings and investment properties at net book value comprise:

<table>
<thead>
<tr>
<th></th>
<th>Trading and Banking Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land and buildings 2014 £000</td>
<td>Investment properties 2014 £000</td>
</tr>
<tr>
<td>Freehold</td>
<td>268,077</td>
<td>104,339</td>
</tr>
<tr>
<td>Long leasehold</td>
<td>72,562</td>
<td>689</td>
</tr>
<tr>
<td></td>
<td>340,639</td>
<td>105,028</td>
</tr>
</tbody>
</table>
11. Tangible fixed assets (continued)

Group and company (continued)
The following information relates to tangible fixed assets carried out on the basis of revaluations in accordance with SSAP19 Accounting for investment properties and FRS 15 Tangible fixed assets.

<table>
<thead>
<tr>
<th>Historical cost</th>
<th>Land and buildings £000</th>
<th>Investment properties £000</th>
<th>Land and buildings £000</th>
<th>Investment properties £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 June 2014</td>
<td>246,065</td>
<td>95,221</td>
<td>94,594</td>
<td>28,441</td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>243,005</td>
<td>65,823</td>
<td>94,441</td>
<td>23,663</td>
</tr>
</tbody>
</table>

Aggregate depreciation

<table>
<thead>
<tr>
<th>Historical cost</th>
<th>Land and buildings £000</th>
<th>Investment properties £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 June 2014</td>
<td>41,021</td>
<td>-</td>
</tr>
<tr>
<td>At 30 June 2013</td>
<td>37,073</td>
<td>-</td>
</tr>
</tbody>
</table>
12. Fixed asset investments

Trading Group

The Trading Group had an investment during the year in United Bank Limited, which was accounted for as a joint venture until an additional tranche of equity was purchased in United Bank Limited. Bestway (Holdings) Limited has now gained a controlling stake in United Bank Limited and as such from 1 January 2014, United Bank Limited has been treated as a subsidiary undertaking and has been consolidated into these financial statements. United Bank Limited forms the Banking Group.

<table>
<thead>
<tr>
<th>Joint Venture</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>At beginning of year</td>
<td>285,612</td>
<td>285,612</td>
</tr>
<tr>
<td>Additions</td>
<td>35,708</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from joint venture to subsidiary undertaking</td>
<td>(321,320)</td>
<td>-</td>
</tr>
<tr>
<td>At 30 June</td>
<td>-</td>
<td>285,612</td>
</tr>
</tbody>
</table>

**Share of post acquisition reserves**

<table>
<thead>
<tr>
<th>At beginning of year</th>
<th>Profit after tax for the year</th>
<th>Goodwill amortisation</th>
<th>Dividends received</th>
<th>Actuarial loss</th>
<th>Cash flow hedges</th>
<th>Surplus on revaluation of assets</th>
<th>Exchange difference</th>
<th>Revaluation of fixed assets</th>
<th>Transfer from joint venture to subsidiary undertaking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>151,928</td>
<td>30,813</td>
<td>(4,515)</td>
<td>(16,086)</td>
<td>23</td>
<td>(6,208)</td>
<td>(39,265)</td>
<td>(395)</td>
<td>(116,295)</td>
</tr>
<tr>
<td>At 30 June</td>
<td>-</td>
<td>121,719</td>
<td>(9,029)</td>
<td>(35,953)</td>
<td>-</td>
<td>-</td>
<td>(1,724)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Net book value**

<table>
<thead>
<tr>
<th>At 30 June</th>
<th>Share of net assets, other than goodwill</th>
<th>Goodwill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-437,540</td>
</tr>
</tbody>
</table>

During the financial year ended 30 June 2014 Bestway (Holdings) Limited acquired a further 8.3% ownership of United Bank Limited giving the group an overall holding of 59.25% at 30 June 2014. The joint venture agreement ended as the other party to the agreement no longer holds any shares. The purchase of this additional shareholding was split over two tranches; 4.8% was acquired in September 2013 and a further 3.5% was acquired in December 2013. The interest in United Bank Limited was not recognised as a subsidiary for the year ended 30 June 2013 as, by virtue of the shareholder agreement over United Bank Limited, Bestway (Holdings) Limited had joint control with another shareholder.

Goodwill in relation for United Bank Limited is amortised over a period of 10 years. The impact of this amortisation in the year ending 30 June 2014 is a charge to the profit and loss account of £4,515,000 (2013: £9,029,000).
12. Fixed asset investments (continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>Subsidiary undertakings £000</th>
<th>Joint venture £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>76,427</td>
<td>263,986</td>
<td>340,413</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>61,682</td>
<td>61,682</td>
</tr>
<tr>
<td>Transfer between items</td>
<td>325,668</td>
<td>(325,668)</td>
<td>-</td>
</tr>
<tr>
<td>30 June 2014</td>
<td>402,095</td>
<td>-</td>
<td>402,095</td>
</tr>
</tbody>
</table>

The undertakings in which the Company's interest at the year end is more than 20% are as follows:

<table>
<thead>
<tr>
<th>Country of incorporation and operation</th>
<th>Principal activity</th>
<th>Class of shares held</th>
<th>Percentage of equity held %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bestway Cash &amp; Carry Limited</td>
<td>England</td>
<td>Wholesalers</td>
<td>Ordinary</td>
</tr>
<tr>
<td>MAP Trading Limited</td>
<td>England</td>
<td>Milling and processing of rice</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Palmbest Limited</td>
<td>England</td>
<td>Investment property</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Bestway Cement Limited</td>
<td>Pakistan</td>
<td>Cement production</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Euroimpex (U.K.) Limited</td>
<td>England</td>
<td>Dormant</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Bestway Direct Limited</td>
<td>England</td>
<td>Wholesalers</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Batleys Limited</td>
<td>England</td>
<td>Wholesalers</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Batleys Properties Limited*</td>
<td>England</td>
<td>Property and related services</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Benson (Grocers) Limited*</td>
<td>Scotland</td>
<td>Holding company</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Bellevue Cash and Carry Limited*</td>
<td>Scotland</td>
<td>Property and related services</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Batleys Glasgow Limited*</td>
<td>Scotland</td>
<td>Property and related services</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Bestway Power Limited</td>
<td>Pakistan</td>
<td>Dorman</td>
<td>Ordinary</td>
</tr>
<tr>
<td>MAP (UK) Limited</td>
<td>England</td>
<td>Dorman</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Bestway Limited</td>
<td>England</td>
<td>Dorman</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Bestway Bluechip limited</td>
<td>England</td>
<td>Dorman</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Bestway Securities Limited</td>
<td>England</td>
<td>Holding Company</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Bestway UK Holdco Limited</td>
<td>England</td>
<td>Holding Company</td>
<td>Ordinary</td>
</tr>
<tr>
<td>UBL Insurers Limited*</td>
<td>Pakistan</td>
<td>Insurance brokers</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Banking Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Bank Limited</td>
<td>Pakistan</td>
<td>Banking</td>
<td>Ordinary</td>
</tr>
<tr>
<td>United Bank AG Zurich*</td>
<td>Switzerland</td>
<td>Banking</td>
<td>Ordinay</td>
</tr>
<tr>
<td>United National Bank Limited*</td>
<td>England</td>
<td>Banking</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Oman Exchange Company*</td>
<td>Oman</td>
<td>Banking</td>
<td>Ordinary</td>
</tr>
<tr>
<td>UBL Bank (Tanzania) Limited*</td>
<td>Tanzania</td>
<td>Banking</td>
<td>Ordinary</td>
</tr>
<tr>
<td>Khushhali Bank Limited*</td>
<td>Pakistan</td>
<td>Banking</td>
<td>Ordinary</td>
</tr>
<tr>
<td>United Executors &amp; Trustees Company Limited*</td>
<td>Pakistan</td>
<td>Banking</td>
<td>Ordinary</td>
</tr>
<tr>
<td>UBL Fund Managers Limited*</td>
<td>Pakistan</td>
<td>Banking</td>
<td>Ordinary</td>
</tr>
</tbody>
</table>

*Held through a subsidiary
12. Fixed asset investments (continued)

United Bank Limited joint venture
Included within joint ventures is the following individually significant undertaking up to the 1 January 2014 when it became a subsidiary undertaking:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Group's share of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>132,143</td>
<td>265,455</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(58,856)</td>
<td>(122,153)</td>
</tr>
<tr>
<td>Fees and commission</td>
<td>19,347</td>
<td>32,731</td>
</tr>
<tr>
<td>Net trading income</td>
<td>5,820</td>
<td>7,444</td>
</tr>
<tr>
<td>Other operating income</td>
<td>8,232</td>
<td>31,797</td>
</tr>
<tr>
<td>General administrative</td>
<td>(48,209)</td>
<td>(94,188)</td>
</tr>
<tr>
<td>expenses</td>
<td>(1,803)</td>
<td>(1,979)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>56,674</td>
<td>119,107</td>
</tr>
<tr>
<td>before impairment losses and taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment losses on</td>
<td>(3,934)</td>
<td>(7,584)</td>
</tr>
<tr>
<td>loans and advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other credit risk</td>
<td>(952)</td>
<td>(2,780)</td>
</tr>
<tr>
<td>provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(814)</td>
<td>(873)</td>
</tr>
<tr>
<td>Other impairment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>movements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from associates</td>
<td>208</td>
<td>343</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>51,182</td>
<td>108,213</td>
</tr>
<tr>
<td></td>
<td>(16,185)</td>
<td>(31,488)</td>
</tr>
<tr>
<td>Minority interest</td>
<td>(4,184)</td>
<td>(14,311)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group’s share of profits after tax for the year to 30 June</td>
<td>30,813</td>
<td>62,414</td>
</tr>
<tr>
<td>before goodwill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>amortisation of £4,515,000 (2013: £9,029,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group’s share of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balance</td>
<td>-</td>
<td>317,779</td>
</tr>
<tr>
<td>with treasury banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances with banks</td>
<td>-</td>
<td>88,618</td>
</tr>
<tr>
<td>Lending to financial</td>
<td>-</td>
<td>75,214</td>
</tr>
<tr>
<td>institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>1,612,965</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>-</td>
<td>1,338,785</td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>-</td>
<td>98,417</td>
</tr>
<tr>
<td>Investment property</td>
<td>-</td>
<td>6,312</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>-</td>
<td>5,411</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td>144,206</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>-</td>
<td>3,687,707</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bills payable</td>
<td>-</td>
<td>70,047</td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>236,695</td>
</tr>
<tr>
<td>Deposits and other</td>
<td>-</td>
<td>2,761,029</td>
</tr>
<tr>
<td>accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-ordinated loans</td>
<td>-</td>
<td>22,960</td>
</tr>
<tr>
<td>Minority interests</td>
<td>-</td>
<td>95,759</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>-</td>
<td>126,883</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>-</td>
<td>3,313,373</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group’s share of net</td>
<td>-</td>
<td>374,334</td>
</tr>
<tr>
<td>assets as at 30 June</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
12. Fixed asset investments (continued)

On the 1 January 2014 United Bank Limited became a subsidiary undertaking with £65,064,000 of goodwill arising. The following net assets were acquired:

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration</td>
<td></td>
</tr>
<tr>
<td>Pre-consolidation cost of United Bank Limited shares</td>
<td>321,320</td>
</tr>
<tr>
<td>Pre-consolidation share in profits of United Bank Limited</td>
<td>116,295</td>
</tr>
<tr>
<td>Additional consideration for United Bank Limited shares to gain a controlling interest</td>
<td>25,982</td>
</tr>
<tr>
<td><strong>Total consideration</strong></td>
<td><strong>463,597</strong></td>
</tr>
<tr>
<td><strong>Less: Net assets transferred</strong></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>(172,261)</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>(8,470)</td>
</tr>
<tr>
<td>Current investments</td>
<td>(2,729,932)</td>
</tr>
<tr>
<td>Debtors</td>
<td>(2,852,390)</td>
</tr>
<tr>
<td>Cash</td>
<td>(799,606)</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>(9,917)</td>
</tr>
<tr>
<td>Creditors</td>
<td>5,873,980</td>
</tr>
<tr>
<td>Pension liability</td>
<td>6,684</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>(691,912)</strong></td>
</tr>
<tr>
<td>Add: True and fair override recognised in the revaluation reserve (see note 20)</td>
<td>10,527</td>
</tr>
<tr>
<td>Add: Minority interest (see note 30)</td>
<td>282,852</td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td><strong>65,064</strong></td>
</tr>
</tbody>
</table>

Prior to becoming a subsidiary undertaking, United Bank Limited was accounted for as a joint venture. In accordance with FRS 2, and in order to give a true and fair view, purchased goodwill has been calculated as the sum of the goodwill arising on each purchase of shares in United Bank Limited, being the difference at the date of each purchase between the fair value of the consideration given and the fair value of the identifiable assets and liabilities attributable to the interest purchased. This represents a departure from the statutory method, under which goodwill is calculated as the difference between cost and fair value on the date that United Bank Limited became a subsidiary undertaking. The statutory method would not give a true and fair view because it would result in the group’s share of United Bank Limited’s retained reserves, during the period that it was a joint venture, being re-characterised as goodwill. The effect of this departure is to increase the revaluation reserve by £10,527,000 which is the difference generated from the change in value that has been previously equity accounted for and the related movement in the fair value of the investment.
13. Stocks

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores, spares and loose tools</td>
<td>24,089</td>
<td>23,450</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Raw materials</td>
<td>1,376</td>
<td>1,886</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Work in progress</td>
<td>7,764</td>
<td>9,821</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goods for resale</td>
<td>152,194</td>
<td>134,914</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>185,423</strong></td>
<td><strong>170,071</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The Banking Group does not have any stock.

14. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade debtors</td>
<td>32,169</td>
<td>26,495</td>
<td>300</td>
<td>275</td>
</tr>
<tr>
<td>Amounts owed by group undertakings</td>
<td>-</td>
<td>-</td>
<td><strong>13,515</strong></td>
<td>6,876</td>
</tr>
<tr>
<td>Amounts owed by related parties</td>
<td>717</td>
<td>306</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other debtors*</td>
<td>31,226</td>
<td>30,786</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prepayments and other accrued income</td>
<td>20,136</td>
<td>17,657</td>
<td>2,507</td>
<td>-</td>
</tr>
<tr>
<td>Corporation tax debtor</td>
<td>702</td>
<td>697</td>
<td>-</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td><strong>84,950</strong></td>
<td><strong>75,941</strong></td>
<td><strong>16,322</strong></td>
<td><strong>7,287</strong></td>
</tr>
<tr>
<td>Due in more than one year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts owed by group undertakings</td>
<td>-</td>
<td>-</td>
<td><strong>20,000</strong></td>
<td><strong>20,000</strong></td>
</tr>
<tr>
<td>Other debtors</td>
<td>586</td>
<td>683</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>85,536</strong></td>
<td><strong>76,624</strong></td>
<td><strong>36,322</strong></td>
<td><strong>27,287</strong></td>
</tr>
</tbody>
</table>

*Included within the Trading Group other debtors are £6,267,000 (2013: £6,571,000) of debtors relating to UBL Insurers Limited business, which principally relate to reinsurance assets and insurance receivables.

Banking group

<table>
<thead>
<tr>
<th></th>
<th>Total £000</th>
<th>Less than one year £000</th>
<th>Greater than one year £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending to financial institutions (see note 14a)</td>
<td>111,004</td>
<td>95,724</td>
<td>15,280</td>
</tr>
<tr>
<td>Advances (see note 14b)</td>
<td>2,684,229</td>
<td>1,637,598</td>
<td>1,046,631</td>
</tr>
<tr>
<td>Deferred tax asset - net</td>
<td>7,894</td>
<td>7,894</td>
<td>-</td>
</tr>
<tr>
<td>Other debtors</td>
<td>246,652</td>
<td>243,715</td>
<td>2,937</td>
</tr>
<tr>
<td>30 June 2014</td>
<td><strong>3,049,779</strong></td>
<td><strong>1,984,931</strong></td>
<td><strong>1,064,848</strong></td>
</tr>
</tbody>
</table>

As the Banking Group was not consolidated in the prior year the 2013 comparative figures are nil.
14a. Lending to financial institutions

<table>
<thead>
<tr>
<th>Banking group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Repurchase agreement lending</td>
<td>5,852</td>
<td>-</td>
</tr>
<tr>
<td>Other lending to financial institutions</td>
<td>109,568</td>
<td>-</td>
</tr>
<tr>
<td>Provision against lending to financial institutions</td>
<td>(4,416)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>111,004</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

14b. Advances

<table>
<thead>
<tr>
<th>Banking group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Loans, cash credits and running finances</td>
<td>2,636,796</td>
<td>-</td>
</tr>
<tr>
<td>Bills discounted and purchased</td>
<td>307,679</td>
<td>-</td>
</tr>
<tr>
<td>Advances - Gross</td>
<td>2,944,475</td>
<td>-</td>
</tr>
<tr>
<td>Provision against advances</td>
<td>(260,246)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Advances - Net</strong></td>
<td><strong>2,684,229</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

68% of the gross advances are lent domestically in Pakistan, with the remaining 32% being lent overseas. 84% of UBL’s domestic advances are made up of corporate customers; the remaining 15% of domestic loans are made up of consumer and other customer’s balances.

15. Current asset investments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Listed investments</td>
<td>587</td>
<td>-</td>
<td>587</td>
<td>573</td>
<td>-</td>
<td>573</td>
</tr>
<tr>
<td>UBL Insurers Limited investments</td>
<td>4,330</td>
<td>-</td>
<td>4,330</td>
<td>4,999</td>
<td>-</td>
<td>4,999</td>
</tr>
<tr>
<td>Other investments (see note 15a)</td>
<td>-</td>
<td>2,876,752</td>
<td>2,876,752</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,917</strong></td>
<td><strong>2,876,752</strong></td>
<td><strong>2,881,669</strong></td>
<td><strong>5,572</strong></td>
<td><strong>-</strong></td>
<td><strong>5,572</strong></td>
</tr>
</tbody>
</table>

Listed investments in current assets are held at fair value.

UBL Insurers Limited investments of £4,330,000 (2013: £4,999,000) relates to available for sale investments in mutual funds which are measured at fair value.
## 15a. Current asset investments: Other investments

<table>
<thead>
<tr>
<th></th>
<th>Total £000</th>
<th>Less than one year £000</th>
<th>Greater than one year £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other investments (see below)</td>
<td>2,876,752</td>
<td>838,326</td>
<td>2,038,426</td>
</tr>
</tbody>
</table>

### Banking group

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held for trading securities</td>
<td>181,136</td>
<td>-</td>
</tr>
<tr>
<td>Available for sale securities (see note 15b)</td>
<td>1,862,814</td>
<td>-</td>
</tr>
<tr>
<td>Held to maturity securities</td>
<td>822,835</td>
<td>-</td>
</tr>
<tr>
<td>Associates</td>
<td>7,782</td>
<td>-</td>
</tr>
<tr>
<td>Provision for diminution in value of investments</td>
<td>(18,894)</td>
<td>-</td>
</tr>
<tr>
<td>Surplus on revaluation of available for sale securities</td>
<td>18,001</td>
<td>-</td>
</tr>
<tr>
<td>Surplus on revaluation of held for trading securities</td>
<td>3,078</td>
<td>-</td>
</tr>
</tbody>
</table>

The total for other investments is 2,876,752 £000.

## 15b. Current asset investments: Available for sale securities

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Treasury Bills</td>
<td>353,096</td>
<td>-</td>
</tr>
<tr>
<td>Pakistan Investment Bonds</td>
<td>964,598</td>
<td>-</td>
</tr>
<tr>
<td>Government of Pakistan Sukuk</td>
<td>59,700</td>
<td>-</td>
</tr>
<tr>
<td>Government of Pakistan Eurobonds</td>
<td>78,684</td>
<td>-</td>
</tr>
<tr>
<td>Ordinary shares of listed companies</td>
<td>92,628</td>
<td>-</td>
</tr>
<tr>
<td>Preference shares</td>
<td>2,524</td>
<td>-</td>
</tr>
<tr>
<td>Ordinary shares of unlisted companies</td>
<td>1,448</td>
<td>-</td>
</tr>
<tr>
<td>Term Finance Certificates</td>
<td>20,284</td>
<td>-</td>
</tr>
<tr>
<td>Units of mutual funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>288,367</td>
<td>-</td>
</tr>
<tr>
<td>Sukuk Bonds</td>
<td>1,485</td>
<td>-</td>
</tr>
</tbody>
</table>

The total for available for sale securities is 1,862,814 £000.

## 15c. Current asset investments

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed investments</td>
<td>587</td>
<td>573</td>
</tr>
</tbody>
</table>

The company listed investments in current assets are held at fair value, with any change in market value being recognised through the profit and loss account.
## 16. Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Group 2014 £000</th>
<th>Group 2013 £000</th>
<th>Company 2014 £000</th>
<th>Company 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trading group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td>48,701</td>
<td>42,092</td>
<td>32,214</td>
<td>25,761</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>-</td>
<td>684</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>-</td>
<td>425</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>188,422</td>
<td>194,809</td>
<td>13</td>
<td>52</td>
</tr>
<tr>
<td>Amounts due to group undertakings</td>
<td>-</td>
<td>-</td>
<td>46,067</td>
<td>52,685</td>
</tr>
<tr>
<td>Amounts due to related parties (see note 27)</td>
<td>171</td>
<td>1,392</td>
<td>81,271</td>
<td>-</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>5,414</td>
<td>3,991</td>
<td>238</td>
<td>-</td>
</tr>
<tr>
<td>Other taxation and social security costs</td>
<td>11,241</td>
<td>14,068</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Other creditors</td>
<td>23,026</td>
<td>22,703</td>
<td>548</td>
<td>289</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>28,866</td>
<td>25,991</td>
<td>5,476</td>
<td>7,720</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>305,841</td>
<td>306,155</td>
<td>165,839</td>
<td>86,537</td>
</tr>
</tbody>
</table>

### Banking group

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2014 £000</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td>Less than 1 year</td>
<td>Greater than 1 year</td>
</tr>
<tr>
<td>Bills Payable</td>
<td>74,538</td>
<td>74,538</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings (16a)</td>
<td>208,161</td>
<td>171,474</td>
<td>36,687</td>
</tr>
<tr>
<td>Deposits and other accounts (16b)</td>
<td>5,455,267</td>
<td>5,114,631</td>
<td>340,636</td>
</tr>
<tr>
<td>Subordinated loans (16c)</td>
<td>1,981</td>
<td>1,981</td>
<td>-</td>
</tr>
<tr>
<td>Obligations under finance leases (16d)</td>
<td>5</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Payable to investors of UBL Funds</td>
<td>179,360</td>
<td>179,360</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>283,195</td>
<td>246,137</td>
<td>37,058</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,202,507</td>
<td>5,788,126</td>
<td>414,381</td>
</tr>
</tbody>
</table>

As the Banking Group was not consolidated in the prior year the 2013 comparative figures are nil.
16. Creditors: amounts falling due within one year (continued)

a) At 30 June 2014 the Trading Group had total utilised bank and overdraft facilities of £49.5 million (2013: £146.86 million).

At 30 June 2014 the Trading Group had total utilised term loan facilities with HSBC Bank plc of £35.35 million (2013: £97.95 million).

The £34.56 million (2013: £96.67 million) bank loan from HSBC Bank plc is divided between Bestway (Holdings) Limited with £32.21 million (2013: £92.72 million) and Palmbest Limited with £2.35 million (2013: £3.95 million). This is shown after deduction of unamortised issue costs.

The Palmbest Limited tranche of the bank loan is repayable by equal quarterly instalments until 30 June 2015 and bears an interest rate of LIBOR plus a margin of 0.7%. The loan is secured by a fixed charge on properties owned by Palmbest Limited. This loan was fully repaid in August 2014.

Bestway (Holdings) Limited loans include bank loans from HSBC Bank Plc of £nil (2013: £37.5 million) denominated in US Dollars, £30.5 million (2013: £38.1 million) and £2.5 million (2013: £18.4 million). These loans are repayable by fixed quarterly instalments until 31 January 2016 and bears interest at rates between 1.50% and 2.50% per annum above the Bank of England base rate. The loans are secured by a fixed charge on properties owned by the Company. These loans were fully repaid in August 2014.

b) The Group has utilised £0.01 million (2013: £0.17 million) of a £1.79 million running finance facility (2013: £3.34 million) for a period of one year from Barclays Bank Limited. Interest is payable on quarterly basis at the rate of one month’s KIBOR plus 0.40% (2013: three months’ KIBOR plus 0.6%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of Bestway Cement Limited for an amount of £3.97 million.

c) The Group has utilised £1.48 million (2013: £0.01 million) of a £1.79 million running finance facility (2013: £2.00 million) for a period of one year from Soneri Bank Limited. Interest is payable on quarterly basis at the rate of three month’s KIBOR plus 0.40% (2013: three months’ KIBOR plus 0.6%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of Bestway Cement Limited for an amount of £3.97 million.

d) The Group has utilised £6.01 million (2013: £4.37 million) of a £6.85 million running finance facility (2013: £6.68 million) for a period of one year from Allied Bank Limited. Interest is payable on quarterly basis at the rate of one month’s KIBOR plus 0.40% (2013: three months’ KIBOR plus 0.6%) per annum. The facility is secured by a lien over saving accounts and first pari passu hypothecation charge on all present and future assets excluding land and buildings of Bestway Cement Limited for an amount of £7.94 million.

e) The Group has utilised £2.68 million (2013: £0.1 million) of a £5.78 million running finance facility (2013: £6.48 million) for a period of one year from Habib Bank Limited. Interest is payable on quarterly basis at the rate of three month’s KIBOR plus 0.60% (2013: three months’ KIBOR plus 0.6%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future movables assets and current assets of Bestway Cement Limited for an amount £7.7 million.

f) The Group has utilised £Nil (2013: £0.25 million) of a running finance facility from Allied Bank Limited for a period of one year. The facility has been fully paid down during the year.

g) The Group has utilised £Nil (2013: £1.47 million) of a running finance facility from Habib Bank Limited for a period of one year. The facility has been fully paid down during the year.

h) The group has utilised £0.99 million (2013: £Nil) of a £2.47 million running finance facility (2013: £Nil) for a period of one year from Askari Bank Limited. Mark up is payable on quarterly basis at the rate of three month’s KIBOR plus 0.40% per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Bestway Cement Limited for an amount of £6.9 million.
16a. Creditors: amounts falling due within one year – Borrowings

<table>
<thead>
<tr>
<th>Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing from the state of Pakistan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export refinance scheme</td>
<td>59,381</td>
<td>-</td>
</tr>
<tr>
<td>Refinance facility for modernisation of SME</td>
<td>201</td>
<td>-</td>
</tr>
<tr>
<td>Long term financing facility</td>
<td>35,642</td>
<td>-</td>
</tr>
<tr>
<td>Long term financing under export oriented projects</td>
<td>1,617</td>
<td>-</td>
</tr>
<tr>
<td>Repurchase agreement borrowings</td>
<td>57,314</td>
<td>-</td>
</tr>
<tr>
<td>Unsecured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Call borrowings</td>
<td>19,974</td>
<td>-</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>316</td>
<td>-</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>33,716</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>208,161</td>
<td>-</td>
</tr>
</tbody>
</table>

16b. Creditors: amounts falling due within one year - Deposits and Other accounts

<table>
<thead>
<tr>
<th>Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>1,551,912</td>
<td>-</td>
</tr>
<tr>
<td>Saving deposits</td>
<td>1,675,603</td>
<td>-</td>
</tr>
<tr>
<td>Sundry deposits</td>
<td>104,319</td>
<td>-</td>
</tr>
<tr>
<td>Margin deposits</td>
<td>28,663</td>
<td>-</td>
</tr>
<tr>
<td>Current accounts - remunerative</td>
<td>42,661</td>
<td>-</td>
</tr>
<tr>
<td>Current accounts - non-remunerative</td>
<td>1,934,458</td>
<td>-</td>
</tr>
<tr>
<td>Financial institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remunerative deposits</td>
<td>78,672</td>
<td>-</td>
</tr>
<tr>
<td>Non-remunerative deposits</td>
<td>38,979</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,455,267</td>
<td>-</td>
</tr>
</tbody>
</table>

16c. Creditors: amounts falling due within one year – Subordinated loans

<table>
<thead>
<tr>
<th>Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Finance Certificates – III</td>
<td>1,981</td>
<td>-</td>
</tr>
</tbody>
</table>

The Term Finance Certificates – III were issued in September 2006 for a period of eight years and expire in September 2014. Interest is paid every six months at a rate of KIBOR + 1.70%.

16d. Creditors: amounts falling due within one year – Obligations under finance leases

The maturity of obligations under finance leases and hire purchase contracts is as follows

<table>
<thead>
<tr>
<th>Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>5</td>
<td>-</td>
</tr>
</tbody>
</table>
### 17. Creditors: amounts falling due after more than one year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Trading group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td>36</td>
<td>103,485</td>
<td>-</td>
<td>66,962</td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>81,271</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other creditors</td>
<td>514</td>
<td>514</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>81,821</td>
<td>103,999</td>
<td>-</td>
<td>66,962</td>
</tr>
</tbody>
</table>

#### Repayment analysis:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trading Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in one year or less</td>
<td>49,485 (784)</td>
<td>48,701</td>
</tr>
<tr>
<td>in more than one year but less than two</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>in the third to fifth year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>49,485 (784)</td>
<td>48,701</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in one year or less</td>
<td>32,998 (784)</td>
<td>32,214</td>
</tr>
<tr>
<td>in more than one year but less than two</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>in the third to fifth year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>32,998 (784)</td>
<td>32,214</td>
</tr>
</tbody>
</table>
17. Creditors: facilities falling due after more than one year (continued)

The group has the following secured loans falling due within one year:

a) The Group has utilised £Nil (2013: £2.23 million) of a term finance facility from Allied Bank. The facility has been fully paid down during the year.

b) The Group has utilised £Nil (2013: £2.0 million) of a term finance facility from Habib Bank Limited. The facility has been fully paid down during the year.

c) The Group has utilised £Nil (2013: £10.63 million) of a demand finance facility from Habib Bank Limited. The facility has been fully paid down during the year.

d) The Group has utilised £Nil (2013: £2.0 million) of a term finance facility from Soneri Bank Limited. The facility has been fully paid down during the year.

e) The Group has utilised £Nil (2013: £3.34 million) of a term finance facility from Faysal Bank Limited. The facility has been fully paid down during the year.

f) The Group has utilised £Nil (2013: £1.75 million) of a term finance facility from Soneri Bank Limited. The facility has been fully paid down during the year.

g) The Group has utilised £Nil (2013: £4.38 million) of a term finance facility from Allied Bank Limited. The facility has been fully paid down during the year.

h) The Group has utilised £Nil (2013: £6.85 million) of a syndicated term finance facility from Allied Bank Limited, Habib Bank Limited, the Bank of Punjab and Faysal Bank Limited. The facility has been fully paid down during the year.

i) The Group has utilised £Nil (2013: £6.01 million) of a syndicated term finance facility from Allied Bank Limited, Summit Bank Limited, Standard Chartered Bank (Pakistan) Limited, Askari Bank Limited, Bank AL Habib Limited and MCB Bank Limited. The facility has been fully paid down during the year.

j) The Group has utilised £Nil (2013: £2.00 million) of a diminishing musharaka finance facility from Meezan Bank Limited. The facility has been fully paid down during the year.

k) The Group has utilised £Nil (2013: £1.34 million) of a shirkat-ul-melik cum ijarah facility from Dubai Islamic Bank Pakistan Limited. The facility has been fully paid down during the year.
17. Creditors: amounts falling due after more than one year (continued)

The maturity of obligations under finance leases and hire purchase contracts is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>5</td>
<td>425</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>425</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

18. Provisions for liabilities

<table>
<thead>
<tr>
<th></th>
<th>Deferred taxation</th>
<th>Insurance contract liabilities</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 July 2013</td>
<td>21,175</td>
<td>7,117</td>
<td>28,292</td>
</tr>
<tr>
<td>Movement in profit and loss account</td>
<td>6,413</td>
<td>(559)</td>
<td>5,854</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>1,658</td>
<td>(764)</td>
<td>894</td>
</tr>
<tr>
<td>At 30 June 2014</td>
<td>29,246</td>
<td>5,794</td>
<td>35,040</td>
</tr>
</tbody>
</table>

Deferred taxation provided in the financial statements is made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of capital allowances over depreciation</td>
<td>29,900</td>
<td>29,989</td>
</tr>
<tr>
<td>Short term timing differences</td>
<td>(433)</td>
<td>(2,344)</td>
</tr>
<tr>
<td>Losses</td>
<td>(221)</td>
<td>(6,470)</td>
</tr>
<tr>
<td></td>
<td>29,246</td>
<td>21,175</td>
</tr>
</tbody>
</table>

The carry forward of tax losses arise in Bestway Cement Limited as a result of claiming capital allowances and business trading losses. Local tax laws in Pakistan allow losses arising from capital allowances to be carried forward for an indefinite period of time. Accordingly, such losses are not expected to expire. A small proportion of the deferred tax asset consists of business losses which can be carried forward for a period of up to six years as per local tax laws.

Banking Group

The Banking Group has a deferred tax asset at 30 June 2014, therefore this is not included in the deferred tax provision.

<table>
<thead>
<tr>
<th>Company</th>
<th>Deferred taxation £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>759</td>
</tr>
<tr>
<td>Credit to profit and loss account</td>
<td>(7)</td>
</tr>
<tr>
<td>At 30 June 2014</td>
<td>752</td>
</tr>
</tbody>
</table>
18. Provisions for liabilities (continued)

Deferred taxation provided in the financial statements is made up of the following:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Excess of capital allowances over depreciation</td>
<td>752</td>
<td>759</td>
</tr>
</tbody>
</table>

Group and Company

Deferred taxation
No provision has been made for deferred tax in either the Group or Company on gains recognised on revaluing property to its market value as there is currently no commitment to sell these assets. The total amounts unprovided for by the Group and Company are £15 million (2013: £15 million) and £1.8 million (2013: £1.8 million), respectively. At present, it is not envisaged that any tax will become payable in the foreseeable future.

On 20 March 2013 the Chancellor announced the reduction in the main rate of UK corporation tax to 21% with effect from 1 April 2014 and a further reduction to 20% with effect from 1 April 2015. These changes became substantively enacted on 2 July 2013 and therefore the effect of these rate reductions creates a reduction in the deferred tax asset/liability which has been included in the figures above.

Insurance claims excess provision
The amounts included above relate to a provision to cover the estimated cost of insurance claim excesses for which the Group will be liable to pay in the event of successful claims against it, as the group no longer believes it necessary to hold this provision it has been removed in the current year.

Insurance contract liabilities
The amounts included above relate to provisions for outstanding claims and unearned premiums in relation to UBL Insurers Limited.

19. Called up share capital

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Authorised:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500,000 ordinary shares of £1 each</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Issued and fully paid:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>95,940 ordinary shares of £1 each</td>
<td>96</td>
<td>96</td>
</tr>
</tbody>
</table>
## 20. Reserves

### Trading Group and Banking Group

<table>
<thead>
<tr>
<th></th>
<th>Share Premium account £000</th>
<th>Revaluation reserve £000</th>
<th>Investment property revaluation reserve £000</th>
<th>Cash flow hedge reserve £000</th>
<th>Capital redemption reserve £000</th>
<th>Profit and loss account £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>3,055</td>
<td>35,864</td>
<td>32,354</td>
<td>-</td>
<td>14</td>
<td>610,848</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in market value of available for sale assets</td>
<td>-</td>
<td>4,294</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of revaluation loss in joint venture</td>
<td>-</td>
<td>(6,208)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation of assets on acquisition</td>
<td>-</td>
<td>10,527</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial gain recognised in the pension schemes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,012)</td>
</tr>
<tr>
<td>Deferred tax arising on gains in the pension schemes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>308</td>
</tr>
<tr>
<td>Excess depreciation on revalued basis</td>
<td>-</td>
<td>(958)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>958</td>
</tr>
<tr>
<td>Cash flow hedge reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>42</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At end of year</td>
<td>3,055</td>
<td>43,519</td>
<td>32,354</td>
<td>42</td>
<td>14</td>
<td>670,419</td>
</tr>
</tbody>
</table>

#### Notes

- **2014**
- **2013**

**Profit and loss reserve excluding pension liability**: 680,685  
**Pension liability**: (10,266)  
**Profit and loss reserve including pension liability**: 670,419

---

### Company

<table>
<thead>
<tr>
<th></th>
<th>Share Premium account £000</th>
<th>Revaluation reserve £000</th>
<th>Investment property revaluation reserve £000</th>
<th>Cash flow hedge reserve £000</th>
<th>Capital redemption reserve £000</th>
<th>Profit and loss account £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>3,055</td>
<td>1,401</td>
<td>6,482</td>
<td>14</td>
<td>-</td>
<td>325,103</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At end of year</td>
<td>3,055</td>
<td>1,401</td>
<td>6,482</td>
<td>14</td>
<td>-</td>
<td>379,871</td>
</tr>
</tbody>
</table>
21. Reconciliation of movement in shareholders’ funds

<table>
<thead>
<tr>
<th>Trading Group and Banking Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>113,028</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(52,711)</td>
</tr>
<tr>
<td>Share of revaluation of assets in joint ventures</td>
<td>(6,208)</td>
</tr>
<tr>
<td>Change in market value of available for sale assets</td>
<td>4,294</td>
</tr>
<tr>
<td>Revaluation of assets on acquisition</td>
<td>10,527</td>
</tr>
<tr>
<td>Actuarial (loss)/gain recognised in the pension schemes</td>
<td>(2,012)</td>
</tr>
<tr>
<td>Deferred tax arising on loss/(gain) in the pension schemes</td>
<td>308</td>
</tr>
<tr>
<td>Cash flow hedge reserve</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>67,268</td>
</tr>
</tbody>
</table>

Opening shareholders’ funds

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>682,231</td>
<td>583,472</td>
</tr>
</tbody>
</table>

Closing shareholders’ funds

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>749,499</td>
<td>682,231</td>
</tr>
</tbody>
</table>

22. Financial instruments and financial risk review

(a) Fair values of financial instruments

**Investments**
The fair value of current asset investments is determined by reference to their quoted bid price at the balance sheet date.

**Trade and other debtors**
The fair value of trade and other debtors is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

**Trade and other creditors**
The fair value of trade and other creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

**Cash and cash equivalents**
The fair value of cash and cash equivalents is estimated as its carrying amount.

**Interest-bearing borrowings**
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Financial instruments by class (excluding related party balances) as shown in the balance sheet are as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>Carrying amount 2014</th>
<th>Carrying amount 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current asset investments</td>
<td>4,917</td>
<td>5,572</td>
</tr>
<tr>
<td>Trade and other debtors</td>
<td>63,981</td>
<td>57,964</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>35,661</td>
<td>47,400</td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>(211,959)</td>
<td>(218,028)</td>
</tr>
<tr>
<td>Loans and borrowings (including finance leases)</td>
<td>(48,737)</td>
<td>(146,686)</td>
</tr>
<tr>
<td></td>
<td>(156,137)</td>
<td>(253,778)</td>
</tr>
</tbody>
</table>
22. Financial instruments and financial risk review (continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>Carrying amount</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014  £000</td>
<td>2013  £000</td>
</tr>
<tr>
<td>Current asset investments</td>
<td>587</td>
<td>573</td>
</tr>
<tr>
<td>Trade and other debtors</td>
<td>300</td>
<td>275</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,805</td>
<td>6,673</td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>(561)</td>
<td>(288)</td>
</tr>
<tr>
<td>Loans and borrowings (including finance leases)</td>
<td>(32,214)</td>
<td>(92,724)</td>
</tr>
<tr>
<td></td>
<td>(29,083)</td>
<td>(85,491)</td>
</tr>
</tbody>
</table>

The fair values are not significantly different from the carrying amounts set out above.

(b) Credit risk

Financial risk management
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers.

The group manages credit risk principally through the performance of credit checks on new customers and credit control procedures. The trade debtor balances are made up of a large number of individual customer balances, none of which are individually significant. Cash and cash equivalents represent deposits at high quality financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<table>
<thead>
<tr>
<th></th>
<th>Group 2014 £000</th>
<th>Group 2013 £000</th>
<th>Company 2014 £000</th>
<th>Company 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>32,169</td>
<td>26,495</td>
<td>300</td>
<td>275</td>
</tr>
<tr>
<td>Amounts owed by group undertakings</td>
<td>-</td>
<td>-</td>
<td>13,515</td>
<td>6,876</td>
</tr>
<tr>
<td>Amounts owed by related parties</td>
<td>717</td>
<td>306</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other debtors</td>
<td>31,812</td>
<td>31,469</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>35,661</td>
<td>47,400</td>
<td>2,805</td>
<td>6,673</td>
</tr>
<tr>
<td></td>
<td>100,359</td>
<td>105,670</td>
<td>16,620</td>
<td>13,824</td>
</tr>
</tbody>
</table>

The maximum exposure to credit risk for trade debtors at the balance sheet date by geographic region was:

<table>
<thead>
<tr>
<th></th>
<th>Group 2014 £000</th>
<th>Group 2013 £000</th>
<th>Company 2014 £000</th>
<th>Company 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>28,763</td>
<td>24,567</td>
<td>300</td>
<td>275</td>
</tr>
<tr>
<td>Pakistan</td>
<td>3,406</td>
<td>1,928</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>32,169</td>
<td>26,495</td>
<td>300</td>
<td>275</td>
</tr>
</tbody>
</table>
22. Financial instruments and financial risk review (continued)
The maximum exposure to credit risk for trade debtors at the balance sheet date by type of counterparty was:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>UK wholesale customers</td>
<td>28,129</td>
<td>24,149</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cement customers</td>
<td>3,406</td>
<td>1,928</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other customers</td>
<td>634</td>
<td>418</td>
<td>300</td>
<td>275</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>32,169</strong></td>
<td><strong>26,495</strong></td>
</tr>
</tbody>
</table>

(b) Credit risk – analysis of credit quality

Credit quality of financial assets and impairment losses

The table below sets out information about the credit quality of financial assets and the allowance for impairment/loss held by the Group against those assets.

The aging of trade debtors of the Trading Group at the balance sheet date was:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Not past due</td>
<td>24,960</td>
<td>-</td>
<td>21,125</td>
<td>-</td>
</tr>
<tr>
<td>Past due 0-30 days</td>
<td>4,740</td>
<td>-</td>
<td>3,335</td>
<td>-</td>
</tr>
<tr>
<td>Past due 31-120 days</td>
<td>388</td>
<td>-</td>
<td>572</td>
<td>-</td>
</tr>
<tr>
<td>More than 120 days</td>
<td>2,814</td>
<td>(733)</td>
<td>2,482</td>
<td>(1,019)</td>
</tr>
<tr>
<td></td>
<td><strong>32,902</strong></td>
<td>(733)</td>
<td><strong>27,514</strong></td>
<td>(1,019)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Not past due</td>
<td>288</td>
<td>-</td>
<td>172</td>
<td>-</td>
</tr>
<tr>
<td>Past due 0-30 days</td>
<td>-</td>
<td>-</td>
<td>102</td>
<td>-</td>
</tr>
<tr>
<td>Past due 31-120 days</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>More than 120 days</td>
<td>12</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>300</strong></td>
<td>-</td>
<td><strong>275</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

The movement in the allowance for impairment in respect of Trading Group trade receivables during the year was as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Balance at 1 July</td>
<td>(1,019)</td>
<td>(614)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss recognised</td>
<td>162</td>
<td>(430)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss reversed</td>
<td>124</td>
<td>25</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 30 June</td>
<td>(733)</td>
<td>(1,019)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The allowance account for trade receivables is used to record impairment losses unless the Group or Company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.
22. Financial instruments and financial risk review (continued)

(b) Credit risk – analysis of credit quality (continued)

Credit quality of financial assets and impairment losses (continued)

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount £000</td>
<td>Contractual cash flows £000</td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans and overdrafts</td>
<td>48,701</td>
<td>49,181</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>188,424</td>
<td>188,424</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>237,125</td>
<td>237,605</td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans and overdrafts</td>
<td>146,261</td>
<td>160,345</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>425</td>
<td>425</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>194,809</td>
<td>194,809</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>341,495</td>
<td>355,579</td>
</tr>
</tbody>
</table>

(c) Liquidity risk

Liquidity risk – Company

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount £000</td>
<td>Contractual cash flows £000</td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans and overdrafts</td>
<td>32,214</td>
<td>32,214</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>32,214</td>
<td>32,214</td>
</tr>
<tr>
<td>Non-derivative financial liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans and overdrafts</td>
<td>92,724</td>
<td>97,453</td>
</tr>
</tbody>
</table>

It is not expected that the cash flows included in the maturity analysis could occur earlier or at significantly different amounts.
22. Financial instruments and financial risk review (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group’s income or the value of its holdings of financial instruments.

Market risk - Foreign currency risk

Trading Group
The Group’s exposure to foreign currency risk is as follows. This is based on the carrying amount for assets and liabilities held by the group:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014</th>
<th></th>
<th>30 June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td></td>
<td>£000</td>
</tr>
<tr>
<td>Assets</td>
<td>1,605</td>
<td></td>
<td>728</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(5,665)</td>
<td></td>
<td>(28,604)</td>
</tr>
<tr>
<td>Cash</td>
<td>417</td>
<td></td>
<td>531</td>
</tr>
<tr>
<td><strong>Balance sheet exposure</strong></td>
<td><strong>(3,643)</strong></td>
<td></td>
<td><strong>(27,345)</strong></td>
</tr>
</tbody>
</table>

The Group has decided not to take out any foreign currency hedges to manage this risk within the Trading Group.

Company
The Company’s only exposure to foreign currency risk is a US Dollar loan held with HSBC Bank Plc for £nil million (2013: £37.5 million).

Sensitivity analysis

Group
A 1% weakening of the following currencies against pound sterling at 30 June would have increased or decreased equity by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 2013.

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollars</td>
<td>36</td>
<td>273</td>
</tr>
</tbody>
</table>

A 1% strengthening of the above currencies against the pound sterling at 30 June 2014 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.
Financial instruments and financial risk review (continued)

d) Market risk (continued)

Market risk – Interest rate risk

The Group has exposure to interest rate risk on bank loans of £14.1 million which bear interest on a KIBOR plus basis. A 1.0% change in interest rates will increase or decrease equity by £14,100. The Group and Company have exposure to interest rate risk on bank loans of £35.4 million which bear interest on a Bank of England base rate plus basis. A 1.0% change in interest rates will increase or decrease equity by £35,400. The Group and Company have decided not to take out any interest rate hedges to manage this risk.

Market risk – Equity price risk

The Group’s and Company’s exposure to equity price risk arises from its investment in equity securities which are classified as available for sale financial assets or designated at fair value through profit or loss and are shown on the balance sheet as current asset investments (see note 15).

Banking Group

This section presents information about the Banking Group’s exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments such as credit, market, liquidity, and operational risks.

Risk management

The Banking Group has an integrated risk management structure in place. The Board Risk Management Committee (BMRC) oversees the entire risk management process of the Bank. The Risk and Credit Policy Group is responsible for the development and implementation of all risks policies as approved by the BMRC/Board of Directors. The Group is organized into the functions of Market & Financial Institutions Risk, Credit Policy & research, Credit Risk Management and Operational Risk & Basel II. Each risk function is headed by a senior manager who reports directly to the Group Head, Risk and Credit Policy. The role of the Risk and Credit Policy Group include:

- Determining guidelines relating to the Banking Group’s risk appetite;
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II framework and international best practices;
- Reviewing policies/manuals and ensuring that these are in accordance with BMRC/Board of Directors approved risk management policies;
- Developing systems and resources to review the key risk exposures of the Banking Group;
- Approving credits and granting approval authority to qualified and experienced individuals;
- Reviewing the adequacy of credit training across the Banking Group;
- Organizing portfolio reviews focusing on quality assessment, risk profiles, industry concentrations, etc.; and
- Setting systems to identify significant portfolio indicators, problem credits and level of provisioning required.

(e) Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The table over the page analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
22. Financial instruments and financial risk review (continued)

(e) Fair value of financial instruments (continued)

<table>
<thead>
<tr>
<th></th>
<th>Level 1 £000</th>
<th>Level 2 £000</th>
<th>Level 3 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>160,005</td>
<td>1,886,372</td>
<td>9,956</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>-</td>
<td>17,624</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>160,005</td>
<td>1,903,995</td>
<td>9,956</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>-</td>
<td>(6,919)</td>
<td>-</td>
</tr>
</tbody>
</table>

The carrying amounts of financial instruments by class as shown in the statement of financial position are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Related party balances £000</th>
<th>Other than related party balances £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with treasury banks</td>
<td>-</td>
<td>570,296</td>
<td>570,296</td>
</tr>
<tr>
<td>Balances with other banks</td>
<td>-</td>
<td>257,667</td>
<td>257,667</td>
</tr>
<tr>
<td>Lendings to financial institutions</td>
<td>4,498</td>
<td>106,506</td>
<td>111,004</td>
</tr>
<tr>
<td>Investments</td>
<td>30,287</td>
<td>2,846,465</td>
<td>2,876,752</td>
</tr>
<tr>
<td>Advances</td>
<td>77,962</td>
<td>2,606,267</td>
<td>2,684,228</td>
</tr>
<tr>
<td>Other assets</td>
<td>609</td>
<td>179,967</td>
<td>180,575</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>113,356</td>
<td>6,567,168</td>
<td>6,680,524</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Related party balances £000</th>
<th>Other than related party balances £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills payable</td>
<td>-</td>
<td>74,538</td>
<td>74,538</td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>208,161</td>
<td>208,161</td>
</tr>
<tr>
<td>Deposits and other accounts</td>
<td>47,283</td>
<td>5,407,983</td>
<td>5,455,267</td>
</tr>
<tr>
<td>Subordinated loans</td>
<td>-</td>
<td>1,981</td>
<td>1,981</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>-</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Payable to investors of UBL Funds</td>
<td>-</td>
<td>179,360</td>
<td>179,360</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,062</td>
<td>269,474</td>
<td>269,536</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>48,345</td>
<td>6,140,502</td>
<td>6,188,847</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Related party balances £000</th>
<th>Other than related party balances £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>65,011</td>
<td>426,666</td>
<td>491,677</td>
</tr>
</tbody>
</table>

(f) Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer’s or counterparty’s willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Group. The credit risk management process is driven by the Bank’s Credit Policy, which provides policies and procedures in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management. Individual credit authorities are delegated to credit officers by the Board according to their seasoning/maturity. Approvals for Corporate and Consumer loans are centralized, while approval authorities for Commercial and SME exposures are delegated to a Regional level. All credit policy functions are centrally organised.
22. Financial instruments and financial risk review (continued)

(f) Credit risk (continued)

Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographical region, or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Group manages limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Group considers it appropriate to restrict credit risk concentrations, or to areas of higher risk, or to control the rate of portfolio growth. The table below sets out the carrying amount of financial assets which represents the maximum credit exposure at year end (including geographical segment):

At 30 June 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with treasury banks</td>
<td>467,592</td>
</tr>
<tr>
<td>Balances with other banks</td>
<td>257,667</td>
</tr>
<tr>
<td>Lendings to financial institutions</td>
<td>111,004</td>
</tr>
<tr>
<td>Investments (debt securities)</td>
<td>2,707,700</td>
</tr>
<tr>
<td>Advances</td>
<td>2,684,229</td>
</tr>
<tr>
<td>Other assets</td>
<td>180,575</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,408,767</strong></td>
</tr>
</tbody>
</table>

At 30 June 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan operations</td>
<td>4,523,798</td>
</tr>
<tr>
<td>Middle East</td>
<td>1,410,970</td>
</tr>
<tr>
<td>United States of America</td>
<td>21,924</td>
</tr>
<tr>
<td>Karachi Export Processing Zone</td>
<td>8,524</td>
</tr>
<tr>
<td>Europe</td>
<td>423,858</td>
</tr>
<tr>
<td>Africa</td>
<td>19,693</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,408,767</strong></td>
</tr>
</tbody>
</table>

Credit risk – analysis of credit quality

The table below sets out information about the credit quality of financial assets and the allowance for impairment/loss held by the Group against those assets.

At 30 June 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>Lendings to financial institutions</th>
<th>Loans and advances</th>
<th>Investments (debt securities)</th>
<th>Off balance sheet items</th>
</tr>
</thead>
<tbody>
<tr>
<td>At amortised cost</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Considered good</td>
<td>106,237</td>
<td>2,404,562</td>
<td>799,872</td>
<td>-</td>
</tr>
<tr>
<td>Watch list</td>
<td>-</td>
<td>152,366</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Substandard</td>
<td>-</td>
<td>68,720</td>
<td>7,117</td>
<td>-</td>
</tr>
<tr>
<td>Doubtful</td>
<td>7,985</td>
<td>44,217</td>
<td>12,166</td>
<td>-</td>
</tr>
<tr>
<td>Loss</td>
<td>1,198</td>
<td>274,610</td>
<td>3,681</td>
<td>-</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td>(4,416)</td>
<td>(260,247)</td>
<td>(10,198)</td>
<td>-</td>
</tr>
<tr>
<td>Available for sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Considered good</td>
<td>-</td>
<td>-</td>
<td>1,768,258</td>
<td>-</td>
</tr>
<tr>
<td>Watch list</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Substandard</td>
<td>-</td>
<td>-</td>
<td>581</td>
<td>-</td>
</tr>
<tr>
<td>Doubtful</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss</td>
<td>-</td>
<td>-</td>
<td>3,247</td>
<td>-</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td>-</td>
<td>-</td>
<td>(3,391)</td>
<td>-</td>
</tr>
<tr>
<td>Fair value through profit and loss</td>
<td>-</td>
<td>-</td>
<td>126,367</td>
<td>-</td>
</tr>
</tbody>
</table>
22. Financial instruments and financial risk review (continued)

(f) Credit risk (continued)

Credit risk – analysis of credit quality

<table>
<thead>
<tr>
<th></th>
<th>Lendings to financial institutions £000</th>
<th>Loans and advances £000</th>
<th>Investments (debt securities) £000</th>
<th>Off balance sheet items £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off balance sheet</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade-related contingent liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>866,437</td>
</tr>
<tr>
<td>Direct credit substitutes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>69,492</td>
</tr>
<tr>
<td>Transaction-related contingent liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>733,596</td>
</tr>
<tr>
<td>Forward contracts - purchase</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,234,591</td>
</tr>
<tr>
<td>Forward contracts - sale</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,042,451</td>
</tr>
<tr>
<td>Derivatives - Interest rate swaps</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>29,815</td>
</tr>
<tr>
<td>Derivatives - Cross currency swaps</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>61,258</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>111,004</td>
<td>2,684,228</td>
<td>2,707,700</td>
<td>4,037,640</td>
</tr>
</tbody>
</table>

Included in the above loans and advances are restructured loans, details of which are as follows:

- Gross amount: 290,641
- Allowance for impairment: (54,353)
- Net carrying amount: 236,288

The table below shows the breakdown of the Company's on/off-balance sheet credit exposure categorised by the degree of risk of financial loss:

<table>
<thead>
<tr>
<th></th>
<th>Lendings to financial institutions £000</th>
<th>Loans and advances £000</th>
<th>Investments (debt securities) £000</th>
<th>Off balance sheet items £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neither past due nor impaired</td>
<td>106,237</td>
<td>2,387,792</td>
<td>2,694,497</td>
<td>4,037,640</td>
</tr>
<tr>
<td>Past due but not impaired</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 59 days</td>
<td>-</td>
<td>61,331</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>59 – 89 days</td>
<td>-</td>
<td>5,015</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>66,346</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impaired portfolio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Sector</td>
<td>-</td>
<td>102,700</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Substandard</td>
<td>-</td>
<td>68,720</td>
<td>7,698</td>
<td>-</td>
</tr>
<tr>
<td>Doubtful</td>
<td>7,985</td>
<td>44,217</td>
<td>12,166</td>
<td>-</td>
</tr>
<tr>
<td>Loss</td>
<td>1,198</td>
<td>274,610</td>
<td>6,928</td>
<td>-</td>
</tr>
<tr>
<td>Less: Allowance for impairment</td>
<td>(4,416)</td>
<td>(149,410)</td>
<td>(13,589)</td>
<td>-</td>
</tr>
<tr>
<td>Individually significant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collective</td>
<td>-</td>
<td>(110,837)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>111,004</td>
<td>2,684,228</td>
<td>2,707,700</td>
<td>4,037,640</td>
</tr>
</tbody>
</table>
22. Financial instruments and financial risk review (continued)

(f) Credit risk (continued)
The table below shows a breakdown of the credit exposure by collateral type:

<table>
<thead>
<tr>
<th></th>
<th>Lendings to financial institutions £000</th>
<th>Loans and advances £000</th>
<th>Investments (debt securities) £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>-</td>
<td>149,261</td>
<td>-</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>5,852</td>
<td>16,928</td>
<td>132,645</td>
</tr>
<tr>
<td>Property</td>
<td>-</td>
<td>985,734</td>
<td>-</td>
</tr>
<tr>
<td>Stock</td>
<td>-</td>
<td>569,031</td>
<td>2,204,501</td>
</tr>
<tr>
<td>Guarantee</td>
<td>-</td>
<td>569,031</td>
<td>2,204,501</td>
</tr>
<tr>
<td>Others</td>
<td>95,531</td>
<td>328,525</td>
<td>325,730</td>
</tr>
<tr>
<td>Unsecured</td>
<td>14,037</td>
<td>395,782</td>
<td>58,412</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115,420</strong></td>
<td><strong>2,944,474</strong></td>
<td><strong>2,721,288</strong></td>
</tr>
</tbody>
</table>

The table below sets out the credit quality of trading debt securities:

<table>
<thead>
<tr>
<th>SBP rating grade</th>
<th>Govt. bonds £000</th>
<th>Corporate bonds and others £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>33,117</td>
</tr>
<tr>
<td>2</td>
<td>-</td>
<td>32,733</td>
</tr>
<tr>
<td>3</td>
<td>-</td>
<td>55,053</td>
</tr>
<tr>
<td>4</td>
<td>-</td>
<td>13,611</td>
</tr>
<tr>
<td>5</td>
<td>-</td>
<td>35,408</td>
</tr>
<tr>
<td>6</td>
<td>162,710</td>
<td>6,235</td>
</tr>
<tr>
<td>Unrated</td>
<td>2,248,410</td>
<td>134,011</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,411,120</strong></td>
<td><strong>310,168</strong></td>
</tr>
</tbody>
</table>

The table below sets out the credit quality of trading debt securities. The analysis has been based on following ratings by following rating agencies:

<table>
<thead>
<tr>
<th>Rating grade</th>
<th>Moody's</th>
<th>Fitch</th>
<th>JCR-VIS</th>
<th>S &amp; P</th>
<th>PACRA</th>
<th>ECA scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aaa</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
<td>0</td>
</tr>
<tr>
<td>Aa1</td>
<td>AA+</td>
<td>AA+</td>
<td>AA+</td>
<td>AA+</td>
<td>AA+</td>
<td>1</td>
</tr>
<tr>
<td>Aa2</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td></td>
</tr>
<tr>
<td>Aa3</td>
<td>AA-</td>
<td>AA-</td>
<td>AA-</td>
<td>AA-</td>
<td>AA-</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>A1</td>
<td>A+</td>
<td>A+</td>
<td>A+</td>
<td>A+</td>
<td>2</td>
</tr>
<tr>
<td>A2</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Baa1</td>
<td>BBB+</td>
<td>BBB+</td>
<td>BBB+</td>
<td>BBB+</td>
<td>3</td>
</tr>
<tr>
<td>Baa2</td>
<td>BBB</td>
<td>BBB</td>
<td>BBB</td>
<td>BBB</td>
<td>BBB</td>
<td></td>
</tr>
<tr>
<td>Baa3</td>
<td>BBB-</td>
<td>BBB-</td>
<td>BBB-</td>
<td>BBB-</td>
<td>BBB-</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Ba1</td>
<td>BB+</td>
<td>BB+</td>
<td>BB+</td>
<td>BB+</td>
<td>4</td>
</tr>
<tr>
<td>Ba2</td>
<td>BB</td>
<td>BB</td>
<td>BB</td>
<td>BB</td>
<td>BB</td>
<td></td>
</tr>
<tr>
<td>Ba3</td>
<td>BB-</td>
<td>BB-</td>
<td>BB-</td>
<td>BB-</td>
<td>BB-</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>B1</td>
<td>B+</td>
<td>B+</td>
<td>B+</td>
<td>B+</td>
<td>5</td>
</tr>
<tr>
<td>B2</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>B3</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Caa1</td>
<td>CCC+</td>
<td>CCC+</td>
<td>CCC+</td>
<td>CCC+</td>
<td>7</td>
</tr>
<tr>
<td>and below</td>
<td>and below</td>
<td>and below</td>
<td>and below</td>
<td>and below</td>
<td>and below</td>
<td></td>
</tr>
</tbody>
</table>
22. Financial instruments and financial risk review (continued)

(f) Credit risk (continued)

The table below sets out the credit quality of trading debt securities at 30 June 2014:

<table>
<thead>
<tr>
<th>Lendings to financial institutions £000</th>
<th>Loans and advances £000</th>
<th>Investments (debt securities) £000</th>
<th>Off balance sheet items £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical and pharmaceuticals</td>
<td>-</td>
<td>56,935</td>
<td>1,791</td>
</tr>
<tr>
<td>Agri business</td>
<td>-</td>
<td>338,702</td>
<td>-</td>
</tr>
<tr>
<td>Communication</td>
<td>-</td>
<td>73,670</td>
<td>871</td>
</tr>
<tr>
<td>Textile</td>
<td>-</td>
<td>347,175</td>
<td>1,402</td>
</tr>
<tr>
<td>Sugar</td>
<td>-</td>
<td>43,244</td>
<td>110</td>
</tr>
<tr>
<td>Shoes and leather garments</td>
<td>-</td>
<td>10,100</td>
<td>93</td>
</tr>
<tr>
<td>Automobile and transportation equipment</td>
<td>-</td>
<td>93,963</td>
<td>17,975</td>
</tr>
<tr>
<td>Financial</td>
<td>115,420</td>
<td>110,341</td>
<td>86,986</td>
</tr>
<tr>
<td>Electronics and electrical appliances</td>
<td>-</td>
<td>11,267</td>
<td>49,731</td>
</tr>
<tr>
<td>Production and transmission of energy</td>
<td>-</td>
<td>434,740</td>
<td>49,731</td>
</tr>
<tr>
<td>Paper and allied</td>
<td>-</td>
<td>17,261</td>
<td>685</td>
</tr>
<tr>
<td>Wholesale traders</td>
<td>-</td>
<td>117,459</td>
<td>11,267</td>
</tr>
<tr>
<td>Fertilizer dealers</td>
<td>-</td>
<td>42,412</td>
<td>4,836</td>
</tr>
<tr>
<td>Sports goods</td>
<td>-</td>
<td>30</td>
<td>483</td>
</tr>
<tr>
<td>Food industries</td>
<td>-</td>
<td>140,477</td>
<td>41,906</td>
</tr>
<tr>
<td>Construction</td>
<td>-</td>
<td>188,865</td>
<td>1,495</td>
</tr>
<tr>
<td>Engineering</td>
<td>-</td>
<td>32,558</td>
<td>2,750</td>
</tr>
<tr>
<td>Glass and allied</td>
<td>-</td>
<td>4,672</td>
<td>464</td>
</tr>
<tr>
<td>Hotels</td>
<td>-</td>
<td>5,932</td>
<td>86</td>
</tr>
<tr>
<td>Polyester and fibre</td>
<td>-</td>
<td>20,066</td>
<td>3,801</td>
</tr>
<tr>
<td>Individuals</td>
<td>-</td>
<td>403,192</td>
<td>2,554,745</td>
</tr>
</tbody>
</table>

| Pakistan operations                    | 26,443                  | 1,988,762                        | 2,148,514                   | 2,219,498                  |
| Middle East                            | 66,903                  | 769,034                          | 396,556                     | 1,366,980                  |
| United States of America               | 12,362                  | 3,236                            | 9                           | 9                          |
| Karachi Export Processing Zone         | -                       | 1,337                            | -                           | 478                        |
| Europe                                 | 7,479                   | 173,539                          | 167,911                     | 450,047                    |
| Africa                                 | 2,233                   | 8,567                            | 8,308                       | 629                        |

(g) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes. Measuring and controlling market risk is usually carried out at a portfolio level. However, certain controls are applied, where necessary, to individual risk types, to particular books and to specific exposures. Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price, volatility, market depth and liquidity. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors and issuers.

Trading activities are centered in the Treasury and Capital Markets Group which facilitates clients and also runs proprietary positions. The Group is active in the cash and derivative markets for equity, interest rate and foreign exchange.
22. Financial instruments and financial risk review (continued)

(g) Market risk (continued)

The Market and Treasury Risk division performs market risk management activities. Within this division, the Market Risk Management unit is responsible for the development and review of market risk policies and processes, and is involved in research, financial modelling and testing / implementation of risk management systems, while Treasury Middle Office is responsible for implementation and monitoring of market risk and other policies, escalation of deviations to senior management, and MIS reporting.

The functions of the Market Risk Management unit are as follows:

- To keep the market risk exposure within the Group’s risk appetite as assigned by the Board of Directors and the BRMC;
- To develop, review and upgrade procedures for the effective implementation of market risk management policies approved by the Board of Directors and BRMC;
- To review new product proposals and propose/recommend/approve procedures for the management of their market risk. Various limits are assigned to different businesses on a product/portfolio basis. The products are approved through product programs, where risks are identified and limits and parameters are set. Any transactions/products falling outside these product programs are approved through separate transaction/product memos; and
- To maintain a comprehensive database for performing risk analysis, stress testing and scenario analysis. Stress testing activities are performed on a quarterly basis on both the Banking and trading books.

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios:

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount £000</th>
<th>Risk measure Trading portfolio £000</th>
<th>Non-trading portfolio £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets subject to market risk</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with treasury banks</td>
<td>570,296</td>
<td>-</td>
<td>570,296</td>
</tr>
<tr>
<td>Balances with other banks</td>
<td>257,667</td>
<td>-</td>
<td>257,667</td>
</tr>
<tr>
<td>Lendings to financial institutions</td>
<td>111,004</td>
<td>-</td>
<td>111,004</td>
</tr>
<tr>
<td>Investments</td>
<td>2,876,752</td>
<td>184,214</td>
<td>2,692,536</td>
</tr>
<tr>
<td>Advances</td>
<td>2,684,229</td>
<td>-</td>
<td>2,684,229</td>
</tr>
<tr>
<td>Other assets (including derivative assets)</td>
<td>180,576</td>
<td>-</td>
<td>180,576</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,680,524</strong></td>
<td><strong>184,214</strong></td>
<td><strong>6,496,308</strong></td>
</tr>
<tr>
<td><strong>Liabilities subject to market risk</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bills payable</td>
<td>74,538</td>
<td>-</td>
<td>74,538</td>
</tr>
<tr>
<td>Borrowings</td>
<td>208,161</td>
<td>-</td>
<td>208,161</td>
</tr>
<tr>
<td>Deposits and other accounts</td>
<td>5,455,267</td>
<td>-</td>
<td>5,455,267</td>
</tr>
<tr>
<td>Subordinated loans</td>
<td>1,981</td>
<td>-</td>
<td>1,981</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Payable to investors of UBL Funds</td>
<td>179,360</td>
<td>-</td>
<td>179,360</td>
</tr>
<tr>
<td>Other liabilities (including derivative liabilities)</td>
<td>269,535</td>
<td>-</td>
<td>269,535</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,188,847</strong></td>
<td>-</td>
<td><strong>6,188,847</strong></td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td><strong>491,677</strong></td>
<td><strong>184,214</strong></td>
<td><strong>307,461</strong></td>
</tr>
</tbody>
</table>
22. Financial instruments and financial risk review (continued)

(g) Market risk (continued)

Particulars of provision against advances

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>259,647</td>
</tr>
<tr>
<td>Exchange adjustments</td>
<td>(3,052)</td>
</tr>
<tr>
<td>Reversal for the period – net</td>
<td>(5,269)</td>
</tr>
<tr>
<td>Transfer in</td>
<td>1,228</td>
</tr>
<tr>
<td>Amounts written off</td>
<td>(782)</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>8,475</td>
</tr>
<tr>
<td>At end of year</td>
<td>260,247</td>
</tr>
</tbody>
</table>

(h) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. Exposures are monitored by currency to ensure that they remain within the established limits for each currency. Exposures are also monitored on an overall basis to ensure compliance with the Bank’s SBP approved Foreign Exchange Exposure Limit.

The Banking Group is an active participant in the cash and derivatives markets for currencies and carries currency risk from these trading activities, conducted primarily by the Treasury and Capital Markets Group (TCM). These trading exposures are monitored through prescribed stress tests and sensitivity analyses.

The Banking Groups local currency is the Pakistan Rupee, but its assets, liabilities, income and expenses are denominated in multiple currencies and converted to British pounds. From time to time, TCM proactively hedges foreign currency exposures resulting from its market making activities, subject to pre-defined limits.

June 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Assets £000</th>
<th>Liabilities £000</th>
<th>Off - balance sheet items £000</th>
<th>Net currency exposure £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan Rupee</td>
<td>4,809,906</td>
<td>4,012,904</td>
<td>(131,932)</td>
<td>665,070</td>
</tr>
<tr>
<td>US Dollar</td>
<td>904,098</td>
<td>583,298</td>
<td>(317,068)</td>
<td>3,730</td>
</tr>
<tr>
<td>Pound Sterling</td>
<td>357,684</td>
<td>379,926</td>
<td>61,132</td>
<td>38,890</td>
</tr>
<tr>
<td>Japanese Yen</td>
<td>2,121</td>
<td>2,237</td>
<td>151</td>
<td>34</td>
</tr>
<tr>
<td>Euro</td>
<td>18,568</td>
<td>55,947</td>
<td>40,671</td>
<td>3,292</td>
</tr>
<tr>
<td>UAE Dirham</td>
<td>501,705</td>
<td>753,304</td>
<td>249,574</td>
<td>(2,026)</td>
</tr>
<tr>
<td>Bahraini Dinar</td>
<td>69,410</td>
<td>111,428</td>
<td>44,872</td>
<td>2,765</td>
</tr>
<tr>
<td>Qatari Riyal</td>
<td>112,469</td>
<td>146,957</td>
<td>28,778</td>
<td>(5,710)</td>
</tr>
<tr>
<td>Other currencies</td>
<td>161,057</td>
<td>162,878</td>
<td>23,912</td>
<td>22,091</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,937,018</strong></td>
<td><strong>6,208,879</strong></td>
<td><strong>-</strong></td>
<td><strong>728,136</strong></td>
</tr>
</tbody>
</table>

Sensitivity analysis

The effect of different levels of shocks in the exchange rates would have following impact on the equity of the Bank. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed at the bank level.

<table>
<thead>
<tr>
<th>Magnitude of shock (%)</th>
<th>20%</th>
<th>30%</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net foreign exposure in £000</td>
<td>11,351</td>
<td>11,351</td>
<td>11,351</td>
</tr>
<tr>
<td>Loss on exchange rate change in £000</td>
<td>2,269</td>
<td>3,407</td>
<td>5,676</td>
</tr>
<tr>
<td>Tax adjusted loss in £000</td>
<td>1,477</td>
<td>2,215</td>
<td>3,687</td>
</tr>
</tbody>
</table>
22. Financial instruments and financial risk review (continued)

(i) Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the prices of individual stocks or the levels of equity indices. The banking group’s equity book comprises of held for trading (HFT) and available for sale (AFS) portfolios. The objective of the HFT portfolio is to make short-term capital gains, whilst the AFS portfolio is maintained with a medium term view of earning both capital gains and dividend income. Product program manuals have been developed to provide guidelines on the objectives and policies, risks and mitigants, limits and controls for the equity portfolios of the Banking Group.

(j) Yield/interest risk

Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in the Banking Group and arises from mismatches between the contractual maturities or the re-pricing of on balance sheet assets and liabilities.

The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities. Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing; taking appropriate actions where required.

The table below discloses the mismatch between contractual maturities and re-pricing of cash flows of on balance sheet assets and liabilities:

<table>
<thead>
<tr>
<th>On balance sheet financial instruments</th>
<th>Effective yield/interest rate</th>
<th>Total</th>
<th>Up to 1 year</th>
<th>Over 1 year to 2 years</th>
<th>Over 2 years to 5 years</th>
<th>Over 5 years</th>
<th>Non-interest bearing financial instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>%</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cash with treasury banks</td>
<td>0%</td>
<td>570,296</td>
<td>58,384</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>511,912</td>
</tr>
<tr>
<td>Cash with other banks</td>
<td>0%</td>
<td>257,667</td>
<td>128,838</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>128,829</td>
</tr>
<tr>
<td>Lendings to financial institutions</td>
<td>6%</td>
<td>111,004</td>
<td>100,153</td>
<td>5,884</td>
<td>-</td>
<td>-</td>
<td>4,718</td>
</tr>
<tr>
<td>Investments</td>
<td>10%</td>
<td>2,876,752</td>
<td>766,777</td>
<td>220,081</td>
<td>1,202,265</td>
<td>442,841</td>
<td>244,788</td>
</tr>
<tr>
<td>Advances</td>
<td>9%</td>
<td>2,684,229</td>
<td>2,318,157</td>
<td>24,616</td>
<td>72,040</td>
<td>101,493</td>
<td>167,923</td>
</tr>
<tr>
<td>Other assets</td>
<td>0%</td>
<td>162,952</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>162,952</td>
</tr>
<tr>
<td>Derivative assets</td>
<td></td>
<td>17,624</td>
<td>16,658</td>
<td>-</td>
<td>966</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,680,524</td>
<td>3,372,309</td>
<td>250,581</td>
<td>1,274,305</td>
<td>549,052</td>
<td>1,234,277</td>
</tr>
</tbody>
</table>
22. Financial instruments and financial risk review (continued)

(j) Yield/interest risk (continued)

On balance sheet financial instruments | Effective yield/interest rate | Total | Up to 1 year | Over 1 year to 2 years | Over 2 years to 5 years | Over 5 years | Non-interest bearing financial instruments
---|---|---|---|---|---|---|---
Liabilities | % | £000 | £000 | £000 | £000 | £000 | £000
Bills payable | 0% | 74,538 | - | - | - | - | 74,538
Borrowings | 8% | 208,161 | 208,161 | - | - | - | -
Deposits and other accounts | 4% | 5,455,267 | 3,158,005 | 85,010 | 70,358 | 35,477 | 2,106,417
Subordinated loans | 12% | 1,981 | 1,981 | - | - | - | -
Finance lease obligations | 0% | 5 | 5 | - | - | - | -
Payable: UBL fund investors | 0% | 179,360 | - | - | - | - | 179,360
Other liabilities | 0% | 262,616 | - | - | - | - | 262,616
Derivative liabilities | | 6,919 | 6,370 | - | 549 | - | -

6,188,847 | 3,368,152 | 85,010 | 70,358 | 35,477 | 2,629,850

On balance sheet gap | 491,677 | 4,157 | 165,571 | 1,203,947 | 513,575 | (1,395,573)

Sensitivity analysis

The effect of different levels of shocks in the interest rate applicable as of the balance sheet date would have following impact on the equity of the Bank. This analysis assumes that all other variables remain constant. The analysis is performed at bank level.

Magnitude of shock | 2% | 3% | 4%
---|---|---|---
Total Assets - GBP 'Mn | 6,326 | 6,326 | 6,326
Net fall in MVE - GBP '000 | 153 | 229 | 306
Tax Adjusted Loss - GBP '000 | 99 | 149 | 199

(k) Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable cost or losses. The Assets and Liability Management Committee (ALCO) of the banking group is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required. The banking group’s approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking sustained damage to business franchises. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the banking groups business.
22. Financial instruments and financial risk review (continued)

(k) Liquidity risk (continued)

Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

The maturity profile presented below has been prepared on the basis of contractual maturities, except for products that do not have a contractual maturity which are shown in the first bucket.

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>30 June 2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>Up to 1 year</td>
<td>Over 1 year to 2 years</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Cash and balances with treasury banks</td>
<td>570,296</td>
<td>570,296</td>
<td>-</td>
</tr>
<tr>
<td>Balances with other banks</td>
<td>257,667</td>
<td>257,667</td>
<td>-</td>
</tr>
<tr>
<td>Lendings to financial institutions</td>
<td>111,004</td>
<td>95,723</td>
<td>3,276</td>
</tr>
<tr>
<td>Investments</td>
<td>2,876,752</td>
<td>838,327</td>
<td>251,995</td>
</tr>
<tr>
<td>Advances</td>
<td>2,684,229</td>
<td>1,637,598</td>
<td>84,319</td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>172,128</td>
<td>24,661</td>
<td>6,192</td>
</tr>
<tr>
<td>Investment property</td>
<td>9,807</td>
<td>9,196</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>7,894</td>
<td>7,894</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>247,242</td>
<td>243,716</td>
<td>3,006</td>
</tr>
<tr>
<td>Liabilities</td>
<td>74,538</td>
<td>74,538</td>
<td>-</td>
</tr>
<tr>
<td>Bills payable</td>
<td>208,161</td>
<td>171,474</td>
<td>5,594</td>
</tr>
<tr>
<td>Borrowings</td>
<td>5,455,267</td>
<td>5,114,631</td>
<td>63,701</td>
</tr>
<tr>
<td>Deposits and other accounts</td>
<td>1,981</td>
<td>1,981</td>
<td>-</td>
</tr>
<tr>
<td>Subordinated loans</td>
<td>5</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>179,360</td>
<td>179,360</td>
<td>-</td>
</tr>
<tr>
<td>Payable to investors of UBL Funds</td>
<td>289,566</td>
<td>246,136</td>
<td>4,466</td>
</tr>
<tr>
<td>Net assets/(liabilities)</td>
<td>728,141</td>
<td>(2,103,047)</td>
<td>275,027</td>
</tr>
</tbody>
</table>

23. Cash flows

a) Reconciliation of operating profit to net cash flow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Operating profit</td>
<td>213,645</td>
<td>92,029</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>19,804</td>
<td>15,990</td>
</tr>
<tr>
<td>Loss on sale of tangible and intangible fixed assets</td>
<td>143</td>
<td>28</td>
</tr>
<tr>
<td>Impairment losses on tangible fixed assets</td>
<td>6,975</td>
<td>2,855</td>
</tr>
<tr>
<td>Pension payments</td>
<td>(2,425)</td>
<td>(906)</td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>(17,188)</td>
<td>13,302</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>(97,610)</td>
<td>9,119</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>196,419</td>
<td>(35,884)</td>
</tr>
<tr>
<td>Provisions</td>
<td>(559)</td>
<td>2,215</td>
</tr>
<tr>
<td>Investments</td>
<td>(63,792)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>265,212</td>
<td>98,788</td>
</tr>
</tbody>
</table>
### 23. Cash flows (continued)

b) Analysis of cash flows for headings netted in the cash flow statement

<table>
<thead>
<tr>
<th></th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Returns on investments and servicing of finance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>1,166</td>
<td>378</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(7,012)</td>
<td>(12,714)</td>
</tr>
<tr>
<td>Interest element of finance lease rental payments</td>
<td>-</td>
<td>(79)</td>
</tr>
<tr>
<td>Dividends paid to minority interests</td>
<td>(34,703)</td>
<td>(4,933)</td>
</tr>
<tr>
<td><strong>Net cash outflow from returns on investments and servicing of finance</strong></td>
<td><strong>(40,549)</strong></td>
<td><strong>(17,348)</strong></td>
</tr>
<tr>
<td><strong>Capital expenditure and financial investment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of tangible fixed assets</td>
<td>(24,888)</td>
<td>(14,300)</td>
</tr>
<tr>
<td>Sale of tangible fixed assets</td>
<td>2,744</td>
<td>495</td>
</tr>
<tr>
<td>Payments for new intangible assets</td>
<td>(874)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash outflow from capital expenditure and financial investment</strong></td>
<td><strong>(23,018)</strong></td>
<td><strong>(13,805)</strong></td>
</tr>
<tr>
<td><strong>Acquisitions &amp; disposals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of subsidiary</td>
<td>721,247</td>
<td>-</td>
</tr>
<tr>
<td>Disposal of subsidiary</td>
<td>(132)</td>
<td>-</td>
</tr>
<tr>
<td>Cash acquired with subsidiary undertaking</td>
<td>(797,886)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash outflow acquisitions &amp; disposals</strong></td>
<td><strong>(76,771)</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Management of liquid resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of listed investments</td>
<td>(14)</td>
<td>(688)</td>
</tr>
<tr>
<td><strong>Net cash outflow from management of liquid resources</strong></td>
<td><strong>(14)</strong></td>
<td><strong>(688)</strong></td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(95,245)</td>
<td>(112,071)</td>
</tr>
<tr>
<td>New borrowings from third parties</td>
<td>-</td>
<td>16,557</td>
</tr>
<tr>
<td>Capital element of finance lease rental payments</td>
<td>(420)</td>
<td>(252)</td>
</tr>
<tr>
<td><strong>Net cash outflow from returns on investments and servicing of finance</strong></td>
<td><strong>(95,665)</strong></td>
<td><strong>(95,766)</strong></td>
</tr>
</tbody>
</table>
### 23. Cash flows (continued)

c) Analysis of net debt

<table>
<thead>
<tr>
<th></th>
<th>At 1 July 2013</th>
<th>Cash flow</th>
<th>Other non-cash changes</th>
<th>Acquisition</th>
<th>At 30 June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>47,400</td>
<td>(7,391)</td>
<td>25,727</td>
<td>797,886</td>
<td>863,622</td>
</tr>
<tr>
<td>Overdrafts</td>
<td>(684)</td>
<td>684</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>46,716</td>
<td>(6,707)</td>
<td>25,727</td>
<td>797,886</td>
<td>863,622</td>
</tr>
<tr>
<td>Debt due within one year</td>
<td>(42,092)</td>
<td>95,245</td>
<td>(101,849)</td>
<td>-</td>
<td>(48,696)</td>
</tr>
<tr>
<td>Debt due after one year</td>
<td>(103,485)</td>
<td>-</td>
<td>103,449</td>
<td>-</td>
<td>(36)</td>
</tr>
<tr>
<td>Finance leases</td>
<td>(425)</td>
<td>420</td>
<td>-</td>
<td>-</td>
<td>(5)</td>
</tr>
<tr>
<td></td>
<td>(146,002)</td>
<td>95,665</td>
<td>1,600</td>
<td>-</td>
<td>(48,737)</td>
</tr>
<tr>
<td>Current asset investments</td>
<td>5,572</td>
<td>14</td>
<td>(669)</td>
<td>-</td>
<td>4,917</td>
</tr>
<tr>
<td>Total</td>
<td>(93,714)</td>
<td>88,972</td>
<td>26,658</td>
<td>797,886</td>
<td>819,802</td>
</tr>
</tbody>
</table>

The above table excludes loans from related parties as set out in notes 16 and 17.
24. Commitments under operating leases

At 30 June 2014 the Group and company had annual commitments under non-cancellable operating leases as follows:

<table>
<thead>
<tr>
<th>Trading Group</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land and buildings £000</td>
<td>Other £000</td>
</tr>
<tr>
<td>Operating leases which expire:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the second to fifth years inclusive</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over five years</td>
<td>153</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>506</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land and buildings £000</td>
<td>Other £000</td>
</tr>
<tr>
<td>Operating leases which expire:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>In the second to fifth years inclusive</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Over five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

25. Contingent liabilities – Group and Company

The Company, together with other companies in the Bestway (Holdings) Limited and Bestway Northern Limited is party to a Composite Accounting and Guarantee Agreement with HSBC Bank plc, whereby the liabilities to HSBC Bank plc of each of the subsidiaries are cross guaranteed by each of the companies. The loans under the guarantee at 30 June 2014 amount to £35.35 million (2013: £93.70 million). The loans related to this guarantee were repaid in full on 29 August 2014.

The group has a guarantee in the favour of the Council of The City of Salford for £700,000.

Bestway Cement Limited and associates had various appeals pending adjudication related to income tax payable. These appeals are filed with either the Commissioner Inland Revenue (appeals) or the Appellant Tribunal Inland Revenue depending on the stage of the appeal. As management are confident of favourable outcomes in these cases no provision has been made at the balance sheet date.
26. Transactions with directors

During the year sales transactions were entered into with certain directors or persons connected with the directors. These transactions were entered into during the normal course of business, with one of the Group companies, on an arm’s length basis with certain of the directors’ retail shops; although no specific payment terms are set.

The total value of the sales to those retail shops was £3.8 million (2013: £3.9 million). Certain of the retail shops have common directors. As required by the Companies Act 2006, the total transaction value, by director, is set out below:

<table>
<thead>
<tr>
<th>Director</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA Pervez</td>
<td>2,781</td>
<td>2,238</td>
</tr>
<tr>
<td>ZM Choudrey</td>
<td>2,781</td>
<td>2,238</td>
</tr>
<tr>
<td>AK Bhatti</td>
<td>258</td>
<td>252</td>
</tr>
<tr>
<td>AK Chaudhary</td>
<td>718</td>
<td>616</td>
</tr>
<tr>
<td>AM Chaudhary</td>
<td>718</td>
<td>616</td>
</tr>
<tr>
<td>R Pervez</td>
<td>2,781</td>
<td>2,238</td>
</tr>
<tr>
<td>D Pervez</td>
<td>659</td>
<td>539</td>
</tr>
</tbody>
</table>

The outstanding balances due from directors in respect of these transactions were:

<table>
<thead>
<tr>
<th>Director</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA Pervez</td>
<td>201</td>
<td>239</td>
</tr>
<tr>
<td>ZM Choudrey</td>
<td>201</td>
<td>239</td>
</tr>
<tr>
<td>AK Bhatti</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AK Chaudhary</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>AM Chaudhary</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>R Pervez</td>
<td>201</td>
<td>239</td>
</tr>
<tr>
<td>D Pervez</td>
<td>51</td>
<td>9</td>
</tr>
</tbody>
</table>
27. Related party disclosures

The Trading and Banking Group’s related parties (as defined by Financial Reporting Standard 8), the nature of the relationship and the amount of transactions with them during the year were as follows:

<table>
<thead>
<tr>
<th>Sub notes</th>
<th>2014 £000</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sales made by Bestway Cash &amp; Carry Limited to Bestway Northern Limited</td>
<td>24,005</td>
<td>22,907</td>
</tr>
<tr>
<td>2. Purchases made by Bestway Cash &amp; Carry Limited from Bestway Northern Limited</td>
<td>240</td>
<td>121</td>
</tr>
<tr>
<td>3. Management fee charged by Bestway Cash &amp; Carry Limited to Bestway Northern Limited</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>4. Year end intercompany balance due from/(to) Bestway Northern Limited (from)/to Bestway Cash &amp; Carry Limited</td>
<td>119</td>
<td>(1,244)</td>
</tr>
<tr>
<td>5. Sales made by MAP Trading Limited to Bestway Northern Limited</td>
<td>1,714</td>
<td>1,831</td>
</tr>
<tr>
<td>6. Sales to Bestway Stores by Bestway Cash &amp; Carry Limited</td>
<td>1,919</td>
<td>1,697</td>
</tr>
<tr>
<td>7. Sales to Peppermill Supermarket Limited by Bestway Cash &amp; Carry Limited</td>
<td>606</td>
<td>539</td>
</tr>
<tr>
<td>8. Year end intercompany balance due from Bestway Northern Limited to MAP Trading Limited</td>
<td>310</td>
<td>264</td>
</tr>
<tr>
<td>9. Sales made by Bestway Direct Limited to Bestway Stores</td>
<td>203</td>
<td>731</td>
</tr>
<tr>
<td>10. Sales made by Bestway Direct Limited to Peppermill Supermarket Limited</td>
<td>53</td>
<td>92</td>
</tr>
<tr>
<td>11. Purchases made by Bestway Direct Limited from Bestway Northern Limited</td>
<td>22,126</td>
<td>18,659</td>
</tr>
<tr>
<td>12. Year end intercompany balance due to Bestway Northern Limited from Bestway (Holdings) Limited</td>
<td>(81,271)</td>
<td>-</td>
</tr>
<tr>
<td>13. Charitable donation paid to the Bestway Foundation from Bestway (Holdings) Limited</td>
<td>420</td>
<td>587</td>
</tr>
<tr>
<td>14. Charitable donation paid to the Bestway Foundation from Bestway Cement Limited</td>
<td>285</td>
<td>289</td>
</tr>
<tr>
<td>15. Year end intercompany balance due from Bestway Stores to Bestway Cash &amp; Carry Limited</td>
<td>148</td>
<td>230</td>
</tr>
<tr>
<td>16. Sales made by Bestway Cash &amp; Carry Limited to London Food &amp; Wine</td>
<td>258</td>
<td>252</td>
</tr>
<tr>
<td>17. Sales made by Bestway Cash &amp; Carry Limited to Food Corner</td>
<td>718</td>
<td>616</td>
</tr>
<tr>
<td>18. Year end intercompany balance due from Food Corner to Bestway Cash &amp; Carry Limited</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>19. Year end intercompany balance due from Bestway Stores to Bestway Direct Limited</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>20. Year end intercompany balance due (to)/from Peppermill Supermarkets Limited (from)/to Bestway Direct Limited</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>21. Year end intercompany balance due (to)/from Peppermill Supermarkets Limited (from)/to Bestway Cash &amp; Carry Limited</td>
<td>49</td>
<td>9</td>
</tr>
<tr>
<td>22. Year end intercompany balance due (to)/from Bestway Direct Limited to/(from) Bestway Northern Limited</td>
<td>171</td>
<td>142</td>
</tr>
<tr>
<td>23. Sales made by MAP Trading Limited from Map Rice Mills (Pvt) Limited</td>
<td>3,200</td>
<td>2,380</td>
</tr>
</tbody>
</table>

Sub notes


2. The trustees of the Bestway Foundation are also directors of Bestway (Holdings) Limited and Bestway Cement Limited.

3. MAP Trading Limited and MAP Rice Mills (Pvt) Limited have common shareholders.
28. Capital commitments

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading and Banking Group</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Capital expenditure contracted for but not provided in the financial statements</td>
<td>10,048</td>
<td>538</td>
</tr>
<tr>
<td>Company</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Capital expenditure contracted for but not provided in the financial statements</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

29. Pension commitments

Trading Group

The Group’s main pension commitments relate to its two occupational pension schemes: the Batleys Limited Retirement Benefits Scheme (the “principal scheme”) and the Batleys Limited Officers’ Retirement Benefits Scheme (the “officers’ scheme”). Both schemes are funded by the payment of contributions to separately administered trust funds.

The principal scheme is a mixed scheme in that it provides benefits on both a defined benefit basis and on a defined contribution basis. All defined benefit rights within the principal scheme are deferred in that they relate to member service prior to 4 May 2002, the date when the accrual of benefits was converted to a defined contribution basis for all non-officer members. The officers’ scheme operates entirely on a defined benefit basis.

The Group currently pays funding contributions at the rate £16,667 per month for the Batleys Limited Officers’ Retirement Scheme, and funding contributions of £60,000 per month for the Batleys Limited Retirement Benefits Scheme. Members are not required to contribute to the schemes.

Defined contribution pension scheme

The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £1,034,000 (2013: £899,000).

At the end of the year contributions of £87,000 (2013: £84,000) were outstanding.

Defined benefit pension schemes

The Group operates two schemes in the UK. A full actuarial valuation of the Batleys Limited Retirement Benefits Scheme was carried out on 30 April 2011; and Batleys Limited Officers’ Retirement Benefits Scheme was carried out on 31 December 2012. Both have been updated to 30 June 2014 by a qualified independent actuary. The best estimate of contributions to be paid by the Company to the schemes for the period commencing 1 July 2014 is £965,000.

Present values of scheme liabilities, fair values of assets and deficit:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of scheme liabilities</td>
<td>(27,465)</td>
<td>(25,424)</td>
</tr>
<tr>
<td>Fair value of assets and deficit</td>
<td>21,853</td>
<td>20,159</td>
</tr>
<tr>
<td>Deficit</td>
<td>(5,612)</td>
<td>(5,265)</td>
</tr>
<tr>
<td>Related deferred tax asset</td>
<td>1,130</td>
<td>1,211</td>
</tr>
<tr>
<td>Net liability</td>
<td>(4,482)</td>
<td>(4,054)</td>
</tr>
</tbody>
</table>
29. Pension commitments (continued)

Trading Group (continued)

Movements in present value of defined benefit obligation:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation at beginning of year</td>
<td>(25,424)</td>
<td>(25,732)</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(1,241)</td>
<td>(1,204)</td>
</tr>
<tr>
<td>Actuarial (losses)/gains</td>
<td>(1,830)</td>
<td>506</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>1,030</td>
<td>1,006</td>
</tr>
<tr>
<td>At end of year</td>
<td>(27,465)</td>
<td>(25,424)</td>
</tr>
</tbody>
</table>

Movements in fair value of plan assets:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of scheme assets at beginning of year</td>
<td>20,159</td>
<td>17,988</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>1,216</td>
<td>984</td>
</tr>
<tr>
<td>Actuarial gains</td>
<td>564</td>
<td>1,287</td>
</tr>
<tr>
<td>Contributions by employer</td>
<td>944</td>
<td>906</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,030)</td>
<td>(1,006)</td>
</tr>
<tr>
<td>At end of year</td>
<td>21,853</td>
<td>20,159</td>
</tr>
</tbody>
</table>

Expense recognised in the profit and loss account:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on defined benefit pension plan obligation</td>
<td>1,241</td>
<td>1,204</td>
</tr>
<tr>
<td>Expected return on defined benefit pension plan assets</td>
<td>(1,216)</td>
<td>(984)</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>220</td>
</tr>
</tbody>
</table>

The expense is recognised in the following line items in the profit and loss account:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest payable and similar charges</td>
<td>1,241</td>
<td>1,204</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>(1,216)</td>
<td>(984)</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>220</td>
</tr>
</tbody>
</table>

The cumulative amount of actuarial loss recognised in the statement of total recognised gains and losses since the adoption of FRS17 is £3,996,000.
29. Pension commitments (continued)

Trading Group (continued)

The fair value of the plan assets and the return on those assets were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Equities</td>
<td>14,036</td>
<td>13,253</td>
</tr>
<tr>
<td>Bonds</td>
<td>5,830</td>
<td>5,035</td>
</tr>
<tr>
<td>Cash</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>1,977</td>
<td>1,857</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,853</td>
<td>20,159</td>
</tr>
</tbody>
</table>

Actual return on plan assets

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,780</td>
<td>2,271</td>
</tr>
</tbody>
</table>

None of the fair values of the assets shown in the above table include any of the Company’s own financial instruments or any property occupied by, or other assets used by the Company.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.45%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Future salary increases</td>
<td>3.60%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Future pension increases</td>
<td>3.60%</td>
<td>3.50%</td>
</tr>
</tbody>
</table>

Mortality – current pensioners*

Actuarial tables used

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male life expectancy at age 65</td>
<td>22.5</td>
<td>27.3</td>
</tr>
</tbody>
</table>

Mortality – future pensioners*

Actuarial tables used

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male life expectancy at age 65</td>
<td>24.7</td>
<td>29.8</td>
</tr>
</tbody>
</table>

*main scheme

The expected rates of return for each asset class, net of investment manager expenses, were:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>6.85%</td>
<td>6.20%</td>
</tr>
<tr>
<td>Bonds</td>
<td>3.75%</td>
<td>3.30%</td>
</tr>
<tr>
<td>Cash</td>
<td>4.50%</td>
<td>4.25%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>6.85%</td>
<td>6.20%</td>
</tr>
</tbody>
</table>

The long-term expected rate of return on cash is determined by reference to the expected return on bonds at the balance sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.
29. Pension commitments (continued)

Trading Group (continued)

History of plans

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Present value of scheme liabilities</td>
<td>(27,465)</td>
<td>(25,424)</td>
<td>(25,732)</td>
<td>(23,680)</td>
<td>(23,369)</td>
</tr>
<tr>
<td>Fair value of scheme assets</td>
<td>21,853</td>
<td>20,159</td>
<td>17,988</td>
<td>18,916</td>
<td>15,746</td>
</tr>
<tr>
<td>Scheme deficit</td>
<td>(5,612)</td>
<td>(5,265)</td>
<td>(7,744)</td>
<td>(4,764)</td>
<td>(7,623)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Experience adjustments</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Experience adjustments on scheme liabilities</td>
<td>42</td>
<td>10</td>
<td>500</td>
<td>128</td>
<td>441</td>
</tr>
<tr>
<td>Experience adjustments on scheme assets</td>
<td>(564)</td>
<td>(1,287)</td>
<td>(1,570)</td>
<td>2,125</td>
<td>991</td>
</tr>
</tbody>
</table>

Company

The Company does not participate in any pension schemes.

Banking Group

The Bank operates a funded pension scheme established in 1986. The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme.

The Bank also maintains an employee compensated absences scheme. The liabilities of the Bank in respect of these schemes are determined based on actuarial valuations carried out using the Projected Unit Credit Method.

Actuarial valuations of the defined benefit schemes are carried out every year and the latest valuation was carried out as at 30 June 2014.

The number of employees covered under the following defined benefit schemes are:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>At 30 June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension fund</td>
<td>7,028</td>
</tr>
<tr>
<td>Gratuity fund</td>
<td>6,726</td>
</tr>
<tr>
<td>Post-retirement medical benefit scheme</td>
<td>7,927</td>
</tr>
</tbody>
</table>

Principal actuarial assumptions

The actuarial valuations were carried out as at 30 June 2014 using the following significant assumptions:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>At 30 June 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate and expected rate of return on plan assets</td>
<td>13.25%</td>
</tr>
<tr>
<td>Expected rate of future salary increase</td>
<td>11.25%</td>
</tr>
<tr>
<td>Expected rate of increase in pension and medical benefit</td>
<td>5.50%</td>
</tr>
</tbody>
</table>
### 29. Pension commitments (continued)

#### Banking Group (continued)

Present values of scheme liabilities, fair values of assets and deficit:

<table>
<thead>
<tr>
<th></th>
<th>Pension fund £000</th>
<th>Gratuity fund £000</th>
<th>Post-retirement medical benefit £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of scheme liabilities</td>
<td>(18,981)</td>
<td>(3,312)</td>
<td>(5,484)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>19,160</td>
<td>3,722</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>179</strong></td>
<td><strong>410</strong></td>
<td><strong>(5,484)</strong></td>
</tr>
</tbody>
</table>

Movement in present value of defined obligations:

<table>
<thead>
<tr>
<th></th>
<th>Pension fund £000</th>
<th>Gratuity fund £000</th>
<th>Post-retirement medical benefit £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation at 1 January 2014</td>
<td>(18,719)</td>
<td>(3,395)</td>
<td>(5,370)</td>
</tr>
<tr>
<td>Current service cost</td>
<td>(30)</td>
<td>(241)</td>
<td>(14)</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(425)</td>
<td>(223)</td>
<td>(356)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>2,211</td>
<td>385</td>
<td>406</td>
</tr>
<tr>
<td>Return allocated to other funds</td>
<td>(891)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial (loss)/gain on obligations</td>
<td>(518)</td>
<td>273</td>
<td>25</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(609)</td>
<td>(111)</td>
<td>(175)</td>
</tr>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td><strong>(18,981)</strong></td>
<td><strong>(3,312)</strong></td>
<td><strong>(5,484)</strong></td>
</tr>
</tbody>
</table>

Movement in fair value of plan assets:

<table>
<thead>
<tr>
<th></th>
<th>Pension fund £000</th>
<th>Gratuity fund £000</th>
<th>Post-retirement medical benefit £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of scheme assets at 1 January 2014</td>
<td>19,059</td>
<td>2,492</td>
<td>-</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>1,337</td>
<td>167</td>
<td>-</td>
</tr>
<tr>
<td>Contribution by employer</td>
<td>-</td>
<td>1,206</td>
<td>-</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(1,861)</td>
<td>(251)</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial gain on plan assets</td>
<td>2</td>
<td>34</td>
<td>-</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>623</td>
<td>75</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td><strong>19,160</strong></td>
<td><strong>3,723</strong></td>
<td>-</td>
</tr>
</tbody>
</table>
Notes (continued)

29. Pension commitments (continued)

Banking Group (continued)

Expense recognised in profit and loss account:

<table>
<thead>
<tr>
<th></th>
<th>Pension fund £000</th>
<th>Gratuity fund £000</th>
<th>Post-retirement medical benefit £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current service cost</td>
<td>30</td>
<td>241</td>
<td>14</td>
</tr>
<tr>
<td>Net interest on defined benefit asset/liability</td>
<td>(912)</td>
<td>56</td>
<td>356</td>
</tr>
<tr>
<td>Return allocated to other funds</td>
<td>891</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td>9</td>
<td>297</td>
<td>370</td>
</tr>
</tbody>
</table>

Movement recognised in the statement of total recognised gains and losses:

<table>
<thead>
<tr>
<th></th>
<th>Pension fund £000</th>
<th>Gratuity fund £000</th>
<th>Post-retirement medical benefit £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gain on obligations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demographic assumptions</td>
<td>340</td>
<td>199</td>
<td>42</td>
</tr>
<tr>
<td>Financial assumptions</td>
<td>(6)</td>
<td>10</td>
<td>(12)</td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>172</td>
<td>(483)</td>
<td>(55)</td>
</tr>
<tr>
<td>Return on plan assets over interest income</td>
<td>(2)</td>
<td>(34)</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment for mark up</td>
<td>16</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cumulative amount of actuarial loss recognised in the statement of total recognised gains and losses</strong></td>
<td>520</td>
<td>(307)</td>
<td>(25)</td>
</tr>
</tbody>
</table>

The fair value of the plan assets and the return on those assets were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Pension fund £000</th>
<th>Gratuity fund £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 30 June 2014</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>711</td>
<td>36</td>
</tr>
<tr>
<td>Term finance certificates</td>
<td>2,805</td>
<td>68</td>
</tr>
<tr>
<td>Return on plan assets over interest income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificates of investment</td>
<td>485</td>
<td>-</td>
</tr>
<tr>
<td>Pakistan investment bonds</td>
<td>10,927</td>
<td>2,273</td>
</tr>
<tr>
<td>Special savings certificates</td>
<td>4,232</td>
<td>1,345</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19,160</td>
<td>3,722</td>
</tr>
</tbody>
</table>
29. Pension commitments (continued)

Banking Group (continued)

Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase/(decrease) in the present value of defined benefit obligations as a result of a change in each assumption is summarised below:

<table>
<thead>
<tr>
<th></th>
<th>Pension fund £000</th>
<th>Gratuity fund £000</th>
<th>Post-retirement medical benefit £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in discount rate by 1%</td>
<td>(442)</td>
<td>(229)</td>
<td>(417)</td>
</tr>
<tr>
<td>Decrease in discount rate by 1%</td>
<td>501</td>
<td>265</td>
<td>482</td>
</tr>
<tr>
<td>Increase in expected future increment in salary by 1%</td>
<td>-</td>
<td>267</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in expected future increment in salary by 1%</td>
<td>-</td>
<td>(265)</td>
<td>-</td>
</tr>
<tr>
<td>Increase in expected future increment in pension by 1%</td>
<td>454</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease in expected future increment in pension by 1%</td>
<td>(404)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in expected future increment in medical benefit by 1%</td>
<td>-</td>
<td>-</td>
<td>473</td>
</tr>
<tr>
<td>Decrease in expected future increment in medical benefit by 1%</td>
<td>-</td>
<td>-</td>
<td>(417)</td>
</tr>
</tbody>
</table>

Although the analysis does not take account of the full distribution of expected cash flows, it does provide an approximation of the sensitivity of the assumptions shown.

Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary’s advice. Based on actuarial advice, management estimates that the expected contribution and charge/reversal be as follows:

<table>
<thead>
<tr>
<th></th>
<th>Pension fund £000</th>
<th>Gratuity fund £000</th>
<th>Post-retirement medical benefit £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected contribution</td>
<td>30</td>
<td>439</td>
<td>-</td>
</tr>
<tr>
<td>Expected charge for the year</td>
<td>30</td>
<td>439</td>
<td>759</td>
</tr>
</tbody>
</table>

Maturity profile

Weighted average duration of the obligation (in years) | 7 | 7 | 8
29. Pension commitments (continued)

Banking Group (continued)

Funding policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

Pension and Life Assurance Scheme for U.K Employees

As part of the Shareholders’ Agreement (‘the Agreement’) signed on 9 November 2001 between United National Bank Limited (UNBL) and its shareholders, United Bank Limited and National Bank of Pakistan (NBP), it was agreed that UNBL may participate as an associated employer in the United Bank Limited Pension and Life Assurance Scheme (‘the Scheme’) with effect from 19 November 19, the date of completion of transfer of the businesses from the Bank and NBP into UNBL (the Completion Date). The Scheme is classified as a defined benefit scheme providing benefits based on final pensionable salary. Under the terms of the Agreement, UNBL is responsible for the funding requirements of the active members whose employment was transferred to UNBL on the Completion Date and for any new members admitted to the scheme after the Completion Date. United Bank Limited remains responsible for the funding of the deferred member’s up to the Completion Date. The scheme is closed for new members and the accrual of benefits has ceased from 1 January 2010.

Full actuarial valuations using the Projected Unit Credit Method are obtained triennially and updated at each statement of financial position date. The last full actuarial valuation of the scheme was carried out at 30 June 2014 by a qualified actuary.

The major assumptions used by the actuary in the latest update as of 30 June 2014 are as follows:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.2%</td>
</tr>
<tr>
<td>Rate of revaluation of pension in deferment</td>
<td>2.6%</td>
</tr>
<tr>
<td>Expected rate of salary increase</td>
<td>0%</td>
</tr>
<tr>
<td>Expected rate of pension increase</td>
<td>3.4%</td>
</tr>
<tr>
<td>Price inflation</td>
<td>2.3% - 3.4%</td>
</tr>
</tbody>
</table>

Present values of scheme liabilities, fair values of assets and deficit:

<table>
<thead>
<tr>
<th>Description</th>
<th>2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of scheme liabilities</td>
<td>(4,961)</td>
</tr>
<tr>
<td>Fair value of assets and deficit</td>
<td>4,087</td>
</tr>
</tbody>
</table>

Net liability                       | (874)     |
90

Notes
(continued)

29. Pension commitments (continued)

Banking Group (continued)

Movements in present value of defined benefit obligation:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation at 1 January 2014</td>
<td>(5,022)</td>
<td></td>
</tr>
<tr>
<td>Interest cost</td>
<td>(103)</td>
<td></td>
</tr>
<tr>
<td>Actuarial losses</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>Exchange difference</td>
<td>174</td>
<td></td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td><strong>(4,961)</strong></td>
<td></td>
</tr>
</tbody>
</table>

Movements in fair value of plan assets:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of scheme assets at 1 January 2014</td>
<td>4,281</td>
<td></td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td>Actuarial losses</td>
<td>(157)</td>
<td></td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(173)</td>
<td></td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td><strong>4,087</strong></td>
<td></td>
</tr>
</tbody>
</table>

Expense recognised in the profit and loss account:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on defined benefit pension plan obligation</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>Expected return on defined benefit pension plan assets</td>
<td>(136)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(33)</strong></td>
<td></td>
</tr>
</tbody>
</table>

The cumulative amount of actuarial loss recognised in the statement of total recognised gains and losses is £167,000.

The fair value of the plan assets and the return on those assets were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance policies</td>
<td>3,788</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Annuities</td>
<td>298</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,087</strong></td>
<td></td>
</tr>
</tbody>
</table>
**29. Pension commitments (continued)**

**Banking Group (continued)**

**United Bank Limited – Fund Managers Pension Plan**

**Principal actuarial assumptions**

United Bank Limited Fund Manager (UFML) operates a funded gratuity scheme. The liability of UFML in respect of this scheme is determined based on an annual actuarial valuation carried out using the Projected Unit Credit Method. The latest valuation was carried out as at 31 December 2013, updated to 30 June 2014. The main assumptions used in the actuarial valuation are as follows:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>12.75%</td>
</tr>
<tr>
<td>Expected rate of return on plan assets</td>
<td>12.75%</td>
</tr>
<tr>
<td>Expected rate of future salary increase</td>
<td>12.75%</td>
</tr>
</tbody>
</table>

Present values of scheme liabilities, fair values of assets and deficit:

<table>
<thead>
<tr>
<th>Year</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>Present value of scheme liabilities</td>
<td>(258)</td>
</tr>
<tr>
<td>Fair value of assets and deficit</td>
<td>243</td>
</tr>
<tr>
<td>Net liability</td>
<td>(15)</td>
</tr>
</tbody>
</table>

Movements in present value of defined benefit obligation:

<table>
<thead>
<tr>
<th>Description</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit obligation at 1 January 2014</td>
<td>(220)</td>
</tr>
<tr>
<td>Current service cost</td>
<td>(24)</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(16)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>9</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td>(258)</td>
</tr>
</tbody>
</table>
29. Pension commitments (continued)

Banking Group (continued)

Movements in fair value of plan assets:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of scheme assets at 1 January 2014</td>
<td>187</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>13</td>
</tr>
<tr>
<td>Contributions by employer</td>
<td>46</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(9)</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>6</td>
</tr>
<tr>
<td><strong>At end of year</strong></td>
<td><strong>243</strong></td>
</tr>
</tbody>
</table>

The fair value of the plan assets and the return on those assets were as follows:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt securities</td>
<td>144</td>
</tr>
<tr>
<td>Cash</td>
<td>9</td>
</tr>
<tr>
<td>Equity securities</td>
<td>90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>243</strong></td>
</tr>
</tbody>
</table>

Expense recognised in the profit and loss account:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>24</td>
</tr>
<tr>
<td>Interest on defined benefit pension plan obligation</td>
<td>16</td>
</tr>
<tr>
<td>Expected return on defined benefit pension plan assets</td>
<td>(13)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27</strong></td>
</tr>
</tbody>
</table>
29. Pension commitments (continued)

Banking Group (continued)

Other employee benefit schemes

Defined contribution plans

The Bank operates a contributory provident fund scheme for its employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

UFML operates a contributory provident fund scheme. The employer and employee each contribute 10% of the basic salary to the funded scheme every month.

UBL Bank (Tanzania) Limited operates a contributory provident fund scheme. The employer and employee each contribute 10% of the basic salary to the funded scheme every month.

Employee Stock Option Scheme

UBL Fund Managers has an incentive scheme for its top performing employees in the form of share options under the policy of Employee Stock Option Scheme (ESOS). The options give a right to eligible employees to acquire shares of UFML granted at a specified exercise price. The options vest over 3 years with 50% vesting at the end of second year and 50% vesting at the end of third year. During the year, 182,300 shares were issued pursuant to exercise of the share options.
### 30. Minority interest

<table>
<thead>
<tr>
<th>Description</th>
<th>Minority interest (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>78,970</td>
</tr>
<tr>
<td>Minority interest share of profits for the year</td>
<td>55,162</td>
</tr>
<tr>
<td>Exchange difference</td>
<td>707</td>
</tr>
<tr>
<td>Dividends received</td>
<td>(34,703)</td>
</tr>
<tr>
<td>Acquisition of subsidiary undertakings (see note 12)</td>
<td>282,852</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>382,988</strong></td>
</tr>
</tbody>
</table>
31. Post balance sheet events

On 29 September 2014 Bestway (Holdings) Limited transferred its Shareholding of the following subsidiaries to Bestway UK Holdco Limited (a member of the Bestway Holdings group):

- Batleys Limited
- Palmbest Limited
- MAP Trading Limited
- Bestway Cash & Carry Limited
- Bestway Direct Limited
- Euroimpex (U.K.) Limited

On 4 October 2014 Bestway UK Holdco Limited purchased the entire share capital of Co-operative Healthcare Holdings Limited (renamed to Panacea Holdings Limited), from the Co-operative Group Limited. This purchase added 770 Pharmacies and the management team to the group. The purchase of Panacea Holdings Limited was funded by 2 term loans and a Revolving Credit Facility totalling £725 million.

On 6 October 2014 Companies within the Bestway (Holdings) Limited and Bestway Northern Limited (a related party) became party to a Senior Facilities Agreement with JP Morgan Limited, whereby the liabilities to JP Morgan Limited of each of the subsidiaries are cross guaranteed by each of the companies. JP Morgan Limited represents a group of lenders who are party to the facilities.

In July 2014 Bestway (Holdings) Limited repaid the bank loan that on the balance sheet dates was valued at £32,997,552.

In August 2014 Palmbest Limited repaid the bank loan that on the balance sheet date was valued at £2,350,000.

In November 2014 Bestway (Holdings) Limited transferred its properties to Bestway Cash & Carry Limited and Palmbest Limited; these transfers were funded by intercompany loan notes repayable in 10 years.

In July 2014 Bestway Cement Limited entered into a binding agreement to purchase 75.86% in Lafarge Pakistan Cement Limited. Bestway cement also entered a binding agreement to purchase 50% share of Ecocem Pakistan (Pvt.).
### Depot Information

**Bestway Cash and Carry depots at 30 June 2014**

<table>
<thead>
<tr>
<th>Location</th>
<th>Sq Ft</th>
<th>Address</th>
<th>General Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Acton</td>
<td>58,000</td>
<td>11 Chandos Road, Acton, London NW10 6NF</td>
<td>Ateeque Ahmed</td>
</tr>
<tr>
<td>2. Southall</td>
<td>110,000</td>
<td>International Trading Estate, Brent Road, Southall, Middlesex UB2 5LG</td>
<td>Dilip Joshi</td>
</tr>
<tr>
<td>3. Hackney</td>
<td>60,000</td>
<td>260 Cambridge Heath Road, Hackney, London E2 9DA</td>
<td>Ghufrran Ashraf</td>
</tr>
<tr>
<td>4. Park Royal</td>
<td>242,000</td>
<td>Abbey Road, London NW10 7BW</td>
<td>Mohammed Gulistan</td>
</tr>
<tr>
<td>5. Romford</td>
<td>100,000</td>
<td>Spilsby Road, Harold Hill Industrial Estate, Romford, Essex RM3 8SB</td>
<td>Sajid Mahmood</td>
</tr>
<tr>
<td>6. Edgware Road</td>
<td>110,000</td>
<td>Geron Way, Edgware Road, Nr Staples Corner, London NW2 6LJ</td>
<td>Mohammad Bashir</td>
</tr>
<tr>
<td>7. Bristol</td>
<td>92,000</td>
<td>7-12 Dixon Road, Brislington Trading Estate, Bristol BS4 5QW</td>
<td>Raja Khudiosad Banaras</td>
</tr>
<tr>
<td>8. Leicester</td>
<td>109,000</td>
<td>241 Loughborough Road, Leicester LE4 5PN Sarbhj</td>
<td>Sarbjit Singh Ubhey</td>
</tr>
<tr>
<td>9. Tottenham</td>
<td>85,000</td>
<td>Block 3, Industrial Trading Estate, Brantwood Road, Tottenham,</td>
<td>Mohammed Ejaz Ali</td>
</tr>
<tr>
<td></td>
<td></td>
<td>London N17 0XX</td>
<td></td>
</tr>
<tr>
<td>10. Croydon</td>
<td>92,000</td>
<td>Croydon Trading Park, Beddington Farm Road off Purley Way,</td>
<td>Malik Akhtar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Croydon, Surrey CR9 4QJ Malik Akhtar</td>
<td></td>
</tr>
<tr>
<td>11. Luton</td>
<td>106,000</td>
<td>356-366 Dallow Road, Luton, Bedfordshire LU1 1DE</td>
<td>Shafaq Hussain</td>
</tr>
<tr>
<td>12. Lewisham</td>
<td>100,000</td>
<td>St Mildreds Road, Hither Green, London SE12 9RL</td>
<td>Pervaiz Choudhary</td>
</tr>
<tr>
<td>13. Cardiff</td>
<td>82,000</td>
<td>Brindley Road, Grangetown, Cardiff CF11 8TL</td>
<td>Javed Chaudhry</td>
</tr>
<tr>
<td>14. Swansea</td>
<td>90,000</td>
<td>Camffrwd Way, Swansea Enterprise Park, Swansea SA6 8DQ</td>
<td>Aizad Durrani</td>
</tr>
<tr>
<td>15. Northampton</td>
<td>92,000</td>
<td>Hill Close, Lodge Farm Industrial Estate (off Harlestone Road),</td>
<td>Michael McCann</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Northampton NN5 7UN</td>
<td></td>
</tr>
<tr>
<td>16. Peterborough</td>
<td>81,000</td>
<td>Woodstone Industrial Estate, Shrewsbury Avenue, Peterborough PE2 7BY</td>
<td>Mohammed Dar</td>
</tr>
<tr>
<td>17. Exeter</td>
<td>88,000</td>
<td>Unit P, Matford Park, Exeter, Devon EX2 8FD</td>
<td>Asif Hussain</td>
</tr>
<tr>
<td>18. Plymouth</td>
<td>84,000</td>
<td>Burrington Way Industrial Estate, Plymouth PL5 3LR</td>
<td>Shamshar Ali Sheikh</td>
</tr>
<tr>
<td>19. Barking</td>
<td>70,000</td>
<td>Goscaign Wharf, Alfreeds Way, Barking, Essex IG11 0AU</td>
<td>Muhammad Asad</td>
</tr>
<tr>
<td>20. Enfield</td>
<td>90,000</td>
<td>Andra Road, Meridian Way, Enfield, London N9 0BD</td>
<td>Umar Choudrey</td>
</tr>
<tr>
<td>21. Brighton</td>
<td>65,000</td>
<td>6 Crowhurst, Hollingbury Trading Estate, Brighton BN1 8AF</td>
<td>Fida Hussain</td>
</tr>
</tbody>
</table>

**Central Distribution**

- 22. Coventry 250,000 Units & 2, Massey Complex, Broadlane Trading Centre, Banner Lane, Coventry CV4 9WH
### Depot Information

#### Batleys Cash and Carry depots at 30 June 2014

<table>
<thead>
<tr>
<th>Location</th>
<th>Sq Ft</th>
<th>Address</th>
<th>General Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>23. Huddersfield</td>
<td>58,000</td>
<td>977 Leeds Road, Huddersfield HD2 1UP</td>
<td>Barry Routledge</td>
</tr>
<tr>
<td>24. Sheffield</td>
<td>76,000</td>
<td>Park House Lane, Bawtry Road, Tinsley, Sheffield S9 1XA</td>
<td>Robert Hodgkinson</td>
</tr>
<tr>
<td>25. Bradford</td>
<td>93,000</td>
<td>Euroway Estate, Bradford BD4 6RY</td>
<td>Danny Greenwood</td>
</tr>
<tr>
<td>26. Preston</td>
<td>83,000</td>
<td>Unit 70 Walton Summit Road, Bamber Bridge, Preston PR5 8AD</td>
<td>Cyril Tomlinson</td>
</tr>
<tr>
<td>27. Doncaster</td>
<td>80,000</td>
<td>Chappel Drive, Docking Hill, Doncaster DN1 2RG</td>
<td>Tony Hirst</td>
</tr>
<tr>
<td>28. Newcastle</td>
<td>124,000</td>
<td>Drum Industrial Estate, Birtley, Chester-le-Street DH2 1SR</td>
<td>Robert Reid</td>
</tr>
<tr>
<td>29. Manchester</td>
<td>106,000</td>
<td>Ohio Avenue, Off Broadway, Salford Enterprise Zone, Manchester M50 2GT</td>
<td>Anthony Hogg</td>
</tr>
<tr>
<td>30. Liverpool</td>
<td>107,000</td>
<td>Windy Arbor Road, Venture Park Industrial Estate, Whiston, Liverpool L35 1RX</td>
<td>Eugene Mulroy</td>
</tr>
<tr>
<td>31. Edinburgh</td>
<td>106,000</td>
<td>M8 Estate, Clifton Hall Road, Newbridge EH28 8TP</td>
<td>Derek Davidson</td>
</tr>
<tr>
<td>32. Birmingham</td>
<td>124,000</td>
<td>Kentrick Way, Sandwell, West Bromwich B71 4LT</td>
<td>Jonathan Griffin</td>
</tr>
<tr>
<td>33. Cleveland</td>
<td>107,000</td>
<td>Concorde Way, Preston Farm Industrial Estate, Stockton-on-Tees TS18 3RB</td>
<td>David Bolam</td>
</tr>
<tr>
<td>34. Leeds</td>
<td>138,000</td>
<td>Skelton Grange Road, Stourton, Leeds LS10 1RZ</td>
<td>Jason Longstaff</td>
</tr>
<tr>
<td>35. Coventry</td>
<td>108,000</td>
<td>Geilgud Way, Walsgrave, Coventry CV2 2SZ</td>
<td>Mark Wright</td>
</tr>
<tr>
<td>36. Glasgow</td>
<td>124,000</td>
<td>Clydesmill Place, Cambuslang Investment Park, Cambuslang G32 8RF</td>
<td>Pat Collins</td>
</tr>
<tr>
<td>37. Nottingham</td>
<td>118,000</td>
<td>Firth Way, Blenheim Industrial Estate, Camberley Road, Bulwell, Nottingham NG6 8XF</td>
<td>Steven Lee</td>
</tr>
<tr>
<td>38. Cardiff</td>
<td>120,000</td>
<td>Longwood Drive, Forest Farm, Coryton, Cardiff CF14 7HY</td>
<td>Marc Rees</td>
</tr>
<tr>
<td>39. Southampton</td>
<td>115,000</td>
<td>Talbot Road, Off Stephenson Road, Segensworth South, Fareham PO15 5RY</td>
<td>Anton James</td>
</tr>
<tr>
<td>40. Swindon</td>
<td>97,000</td>
<td>Blagrove Industrial Estate, Franklands Road, Blagrove, Swindon SN5 8YG</td>
<td>Alan Redman</td>
</tr>
<tr>
<td>41. Exeter</td>
<td>10,330</td>
<td>Unit P, Matfورد Park, Exeter, Devon EX2 8 FD (Bestpets hub)</td>
<td>Alan Hipspsley</td>
</tr>
<tr>
<td>42. Gillingham</td>
<td>95,000</td>
<td>Courteney Road, Gillingham, Kent ME8 0RT</td>
<td>Alan McCartren</td>
</tr>
<tr>
<td>43. Bristol</td>
<td>14,500</td>
<td>7-12 Dixon Road, Brislington Trading Estate, Bristol BS4 5QW (Bestpets hub)</td>
<td>Allen Brown</td>
</tr>
<tr>
<td>44. Luton</td>
<td>15,000</td>
<td>356-366 Dallow Road, Luton, Bedfordshire LU1 1DE (Bestpets hub)</td>
<td>Donald Payne</td>
</tr>
<tr>
<td>45. Stirling</td>
<td>25,000</td>
<td>Colquhoun Street, Stirling FK7 7PX</td>
<td>Gary Thomson</td>
</tr>
<tr>
<td>46. Dundee</td>
<td>53,000</td>
<td>334 Clepington Road, Dundee DD3 8RZ</td>
<td>Mike Bradley</td>
</tr>
<tr>
<td>47. Perth</td>
<td>34,000</td>
<td>Inveralmond Industrial Estate, Perth PH1 3EE</td>
<td>David Good</td>
</tr>
<tr>
<td>48. Aberdeen</td>
<td>58,000</td>
<td>Scotstown Road, Bridge of Don, Aberdeen AB23 8HG</td>
<td>Steven Young</td>
</tr>
<tr>
<td>49. Edinburgh</td>
<td>54,000</td>
<td>30 McDonald Place, Edinburgh EH7 4NH</td>
<td>David Howe</td>
</tr>
</tbody>
</table>

#### Sher Bros Cash and Carry depot at 30 June 2014

<table>
<thead>
<tr>
<th>Location</th>
<th>Sq Ft</th>
<th>Address</th>
<th>General Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>50. Glasgow</td>
<td>100,000</td>
<td>29 Kilbourn Street, Glasgow G5 8JB</td>
<td>Steve Wilkie</td>
</tr>
</tbody>
</table>

#### Chilled Distribution

<table>
<thead>
<tr>
<th>Location</th>
<th>Sq Ft</th>
<th>Address</th>
<th>General Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>51. Coventry</td>
<td>15,000</td>
<td>Geilgud Way, Walsgrave, Coventry CV2 2SZ</td>
<td>John Attwater</td>
</tr>
</tbody>
</table>
Batleys depot
Bestpets hub
Chilled distribution depot
Sher Bros depot
Company information

**Company registration number**
01392861

**Registered Office**
2 Abbey Road
Park Royal
London
NW10 7BW

**Directors**
Sir MA Pervez, OBE HPk (Chairman)
ZM Choudrey, BA (Hons), FCA (Group Chief Executive)
MY Sheikh (Managing Director of Wholesale Businesses)
AK Bhatti
AK Chaudhary
AM Chaudhary, MBA
R Pervez, ACA
D Pervez, BA (Hons), FRSA MA Oxon, Solicitor

**Secretary**
D Pervez, BA (Hons), FRSA MA Oxon, Solicitor

**Solicitors**
Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

**Auditors**
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
We will continue to enhance our market share in UK wholesale and pharmacy sectors and in the Pakistan cement and banking sectors whenever suitable opportunities arise.