



Bestway Group Annual Report & Accounts 2019

Bestway Group was founded in 1963 by Sir Anwar Pervez. It is the UK's 13th largest privately-owned company and 7th largest family-owned business. The Group consists of: Bestway Wholesale, the largest independent wholesaler in the UK; Well Pharmacy, the 3rd largest retail pharmacy in the UK; Bestway Cement, the largest cement manufacturer in Pakistan; and United Bank Limited, the 2nd largest private bank in Pakistan. Bestway continues to consolidate its growth in all these areas.

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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the financial report and audited consolidated financial statements of Bestway Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2019.

Business overview

The Group continues to boast a portfolio consisting of the largest independent wholesaler and 3rd largest retail pharmacy in the UK, in addition to the largest cement manufacturer and 2nd largest private bank in Pakistan.

Group revenue for the year ended 30 June 2019 totalled £3.4 billion compared to £3.2 billion in the previous year, an increase of 7%. Profit before tax decreased by 20% to £227.7 million compared to £283.5 million in the previous year.

The decline in profitability was due to a tough trading environment within the UK wholesale sector as well as the impact of the acquisition, out of administration, of Bestway Retail which has required stabilising. Economic conditions in Pakistan have also been challenging resulting in softer trading results in our cement business as well as the impact of the rupee devaluation on conversion of our results into sterling.

Despite the challenges, it has been an exciting year for the Group and we have been able to capitalise on market opportunities. During the year under review the various retail and distribution businesses we acquired over the last year were integrated into our Wholesale business. We believe that these investments will be value accretive and enable us to broaden our customer proposition.

The business has continued its investment in technology assets across the Group. Well Pharmacy launched a beta version of its app in July 2018, which offers repeat prescriptions and is designed to work with a customer's GP to organise prescription delivery and refills. A full marketing campaign was launched in January 2019 and to date there have been more than 62,500 sign-ups with almost 100,000 items dispensed.

In July 2018, UBL Digital was launched and it has grown to become the highest rated finance app in Pakistan with over 1 million downloads and more than 700,000 active customers. During the year, a host of new capabilities were deployed on the app including the ability to undertake contactless payments, the first of its kind in Pakistan.

Bestway Wholesale's digital channels have also grown. The wholesale app now has over 81,000 registered users averaging sales of £33 million per month and accounting for 31% of total online transactions.



Despite the challenges, it has been an exciting year for the Group and we have been able to capitalise on market opportunities.



Sir MA Pervez OBE HPK
Bestway Group Chairman



Bestway Wholesale, Tottenham depot

Key highlights

Bestway Foundation provided in excess of £225,000 (2018: £200,000) in grants to students of South Asian origin to attend a number of universities in the United Kingdom.

in 2019, Bestway Cement and United Bank Limited have donated in excess of £2 million to a range of educational and health charities.

Social responsibility

Bestway Group is committed to giving back to the communities it operates in through its charitable arm Bestway Foundation as well as through its various subsidiaries. I am proud to report that both of our Pakistani subsidiaries, Bestway Cement Limited and United Bank Limited, have been included in the Top 10 list of publicly listed companies in Pakistan with regards to charitable giving.

During the year under review, Bestway Foundation provided in excess of £225,000 (2018: £200,000) in grants to students of South Asian origin to attend a number of universities in the United Kingdom. In addition, Bestway Foundation donated over £240,000 (2018: £185,000) to nine charities in the UK, including amongst others, The Duke of Edinburgh Award, Crimestoppers and Grocery Aid.

In June 2019 Bestway Wholesale held its 26th annual charity race day at the Royal Ascot. This year's beneficiary charity was Save The Children. During the year, Well Pharmacy under its carrier bag levy, donated over £13,000 to local charities such as the Marine Conservation Society in England and the Scottish Wildlife Trust.

Additionally, in 2019, Bestway Cement and United Bank Limited have donated in excess of £2 million to a range of educational and health charities including, amongst others, National University of Science & Technology Islamabad, Shaukhat Khanum Memorial Hospital and Abdul Sattar Edhi Foundation. They have also provided scholarships, both local and international, to a number of university students across Pakistan.

Bestway Cement undertook a project of converting its Waste Heat Recovery Power Plants in Chakwal to Air Cooled Condenser Systems. The purpose of the conversion was to reduce the reliance of the business on water which is fast becoming a scarce resource in Pakistan. This formed part of Bestway Cement's comprehensive water conservation strategy at all of its sites in order to ensure sustainable water for all of the communities it operates in.

Awards and recognition

On 10 September 2019 it was announced that our Group Chief Executive, Zameer Choudrey CBE SI Pk, would be appointed to the House of Lords under the Queen's intention of conferring Peerages of the United Kingdom. Lord Zameer Choudrey CBE SI Pk assumed his role in the House of Lords on 5 November 2019. The award was in recognition of his considerable contributions to Britain's domestic and foreign trade and his philanthropic work.

United Bank Limited was recognised as the "Bank of the Year 2018" at The Banker Awards. The award was in recognition of the role the bank has played in spearheading digital innovation in Pakistan as well as expanding the scope of financial services in the region.

Bestway Cement Limited was recognised by the National Forum for Environment and Health at their 16th Annual Environment Excellence Awards for its vision and effective implementation of environmentally responsible policies at all of its plants.

The business has continued its investment in the technology assets across the Group.

The Group continues to boast a portfolio consisting of the largest independent wholesaler and 3rd largest retail pharmacy in the UK, in addition to the largest cement manufacturer and 2nd largest private bank in Pakistan.

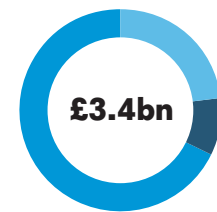
Outlook

We anticipate more challenging operating conditions in the year ahead both in the UK and Pakistan. The uncertainty regarding Brexit will likely result in further austerity and continue to dampen economic growth. In Pakistan, economic growth is likely to slow down in the aftermath of the IMF bailout package and the focus of the government on addressing the balance of payments issue.

However, we believe that our fundamental strengths and the benefits of our business model make us resilient and able to perform well in testing market conditions. Looking to the future, we aim to grow our businesses and reach more customers through investments in new technologies and processes. I am confident that the combination of our experienced Board, and long-term growth objectives, puts Bestway on course for a successful future.

Sir MA Pervez OBE HPK
Chairman

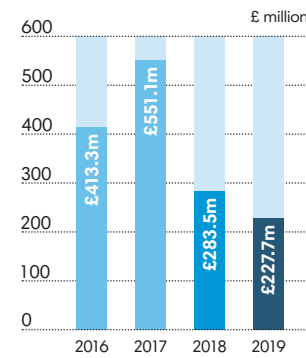
Bestway Group turnover (% by sector)



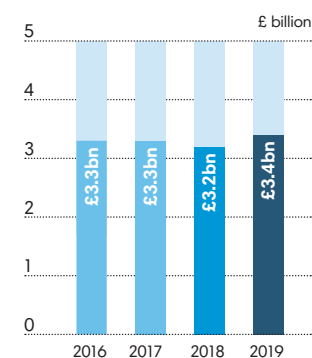
- Well Pharmacy (£790.2m)
- Bestway Cement (£303.5m)
- Bestway Wholesale (£2,300m) (including Bestway Retail)

UBL figure not included as banking group has no turnover

Bestway Group profit (£ m) before tax



Bestway Group turnover (£ bn)



Key figures

£3.4bn
Bestway Group revenue

£986.1m
Tangible fixed assets after depreciation

£227.7m
Profit before tax



Bestway Foundation School classroom, Lahore, Pakistan

I would like to thank all our suppliers and employees for their commitment to the Group.



GROUP CHIEF EXECUTIVE'S REVIEW

On behalf of the Board of Directors, I am pleased to present the Annual Report and audited financial statements for Bestway Group Limited for the year ended 30 June 2019.

Principal activities

The principal activities of the Group during the year were in the wholesale, pharmacy, cement and financial services sectors. The principal activity of the Company was as a holding company.

Review of business

2019 has been a challenging year for Bestway Group as there has been significant economic uncertainty within the geographies we operate in. However, despite these difficult business conditions in both the UK and Pakistan, all our businesses remain profitable.

The UK economy has witnessed unprecedented uncertainty in the aftermath of the Brexit referendum and this has had an impact on business confidence which has been compounded by the ongoing challenges of increased National Living Wage.

The Wholesale business has been focused on integrating Conviviality Retail (now known as Bestway Retail) and landing the associated scale benefits. This is against the backdrop of a difficult wholesale environment that has seen a number of major players withdraw from the market. Trading conditions remain difficult due to the ongoing competition from the grocers, increased National Living Wage as well as the impact of Brexit on our supplier partners.

*Lord Zameer Choudrey, SI PK, BA (Hons), FCA
Bestway Group Chief Executive*

Well Pharmacy has been focused on maintaining market share whilst generating efficiencies to counteract the flat funding imposed by the Department of Health. There has remained a focus on leveraging technology assets to help drive both market share and efficiency gains via our Central Fulfilment and Digital Projects. The Department of Health has also agreed a new 5-year contract with the pharmacy business where funding will remain flat. Specific details of the mechanics of the funding are yet to be determined yet again there is an onus from the government on the sector to become more efficient.

Business conditions in Pakistan have been the most difficult in recent times. In the lead-up to the IMF deal being signed, there was a significant increase in interest rates and material currency devaluation. With the signing of the IMF deal the new government is focused on addressing the country's balance of payments issue and as a result has undertaken austerity measures which have slowed economic growth.

Bestway Cement Limited was able to maintain its market share despite these challenges; however, margins have compressed due to the impact of currency devaluation on input costs. Moreover, competitors began introducing new capacity towards the end of the year which resulted in additional pricing pressure which may continue.

Key highlights

An increase of 7% in Group revenue: £3.4 billion in 2019, compared to £3.2 billion in the previous year.

Overall Group profit before tax decreased by 20% to £227.7 million compared to £283.5 million in the previous year.

The Trading Group had cash balances of £154.2 million in 2019 compared to £170.1 million in the previous year.



UBL regional office building, Lahore, Pakistan

GROUP CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Despite difficult trading conditions, all of our businesses remained profitable

United Bank Limited has been able to benefit from the higher interest rate environment as net interest margins have increased. There has also been a focus on the business becoming more efficient and significant investments have been made in digital technologies to help increase market share as well as bring operational efficiencies. Deteriorating credit quality in the international book has remained an issue because of prevailing conditions in the Gulf region, particularly Qatar.

Group financial performance

During the year ended 30 June 2019 Group revenue was £3.4 billion compared to £3.2 billion in the previous year, an increase of 7% driven predominantly by the full year impact of Bestway Retail revenue. Despite difficult trading conditions, all of our businesses remained profitable, however, overall Group profit before tax decreased by 20% to £227.7 million compared to £283.5 million in the previous year (profit before tax in the prior year included two adjusting items totalling a net expense of £49.3 million).

The decline in profitability has been driven by underperformance in the Bestway Wholesale and Bestway Cement businesses as well as Pakistani Rupee devaluation, of 29% in the year, on translation into our financial statements. Bestway Wholesale has been impacted by the time taken to turnaround Bestway Retail a previously loss-making business that was bought out of administration in the prior year, whilst Bestway Cement has been impacted by the economic slowdown and austerity measures in Pakistan.

The net book value of investment properties and property, plant and equipment as at 30 June 2019 stood at £986.1 million, compared to £1,133.4 million in the previous year.

The Trading Group had cash balances of £154.2 million in 2019 compared to £170.1 million in the previous year.

During the year, the UK Group repaid external borrowings of £48 million as part of its ongoing de-leveraging strategy. The Group retired its loan facility with Habib Bank Limited in October 2018.



Bestway Cement, Kalar Kahar plant

BESTWAY WHOLESALE

Key highlights

Revenue in the Wholesale business grew 13.0% to £2.3 billion in 2019 from £2.1 billion in 2018.

The UK's largest independent wholesaler

Revenue in the Bestway Wholesale business grew 13% to £2.3 billion in 2019 from £2.1 billion in 2018. The market conditions in the wholesale sector are continuously under pressure from the grocery multiples, and whilst this has traditionally been in the convenience retail space, it has now broadened and intensified with Tesco, Morrisons and Asda, all entering the wholesale market.

Management has been focused on incorporating Bestway Retail into the business, delivering the associated scale benefits, and absorbing a number of 'one off' costs that accompanied the acquisition. The sector has also had to absorb the continued impact of National Living Wage as well as the additional costs and associated ongoing economic uncertainty surrounding Brexit.

Bestway Wholesale has remained committed to its strategic plans of offering improved service and convenience to customers, delivering competitive advantage as well as providing a reason for suppliers to invest and partner with the business. There has also been an increased emphasis and investment in the supply chain as the business has

moved to a strategy of designated delivery hubs to offer better service levels and to complement its growing online and digital business as it embraces technology and innovation for the future. Bestway Wholesale has over 60 depots, alongside 600+ retail stores including 450+ franchisees for Bestway Retail.

The revenue increase was driven due to the continued focus of Bestway Wholesale on growing volume through its various customer channels. The Best-one, Multiple Accounts and Xtra Local retail club membership continues to grow as we ensure greater discipline and compliance amongst our affiliated stores. During the year, we continued the MyRewards scheme to help our customers increase their margins and profitability.

Catering sales grew 2.5% during the year to £162 million while online business now has over 81,000 registered users compared to 62,000 the previous year. Weekly sales grew by 12% vs the previous year with total web and app sales averaging £33m per month.

Key figures

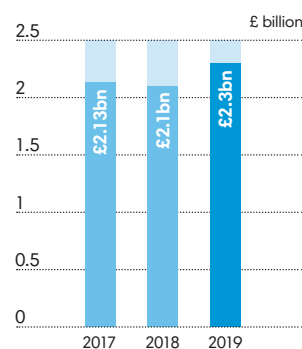
£2.3bn
Turnover

£184.7m
Trading stock

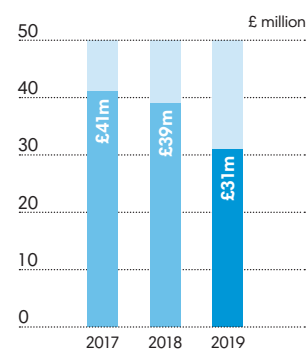
£31.0m
Pre-exception EBITDA

+13%
Revenue increase

Bestway Wholesale Turnover (£ bn)



Bestway Wholesale Pre-exception EBITDA



Number of Depots



Symbol Group sales



Top row: BB Foodservice, Bestway Wholesale and best-one trucks outside Abbey Road depot; Middle row: best-one Dunstable store; inside best-one Sunbury store; Bottom row: Bestpets Newcastle depot; Bargain Booze shop front.

BESTWAY WHOLESALE (CONTINUED)

Despite these challenges, Bestway Wholesale has remained committed to its strategic plans of offering improved service and convenience to customers.

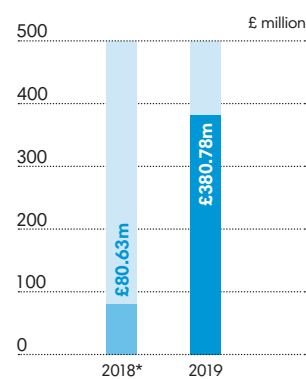
The retail mobile app accounted for 31% of all online transactions, vs 25% the previous year and the new foodservice app launched at the end of the year, accounted for 3% of total online transactions and is a further step in Bestway's strategy to become a progressive, technology led business that supports its customers and supply partners to optimise business opportunity in the years' ahead.

Whilst the tobacco category came under pressure, soft drinks, frozen & licenced products proved to be the best performing categories during the year. Revenue also improved by the inclusion of the full year impact of Bestway Retail in 2019 compared to 3 months in 2018.

Bestway Wholesale Pre-exception EBITDA reported at £31 million, down from £39 million in 2018.

Total inventory balances as at 30 June 2019 amounted to £184.7 million, compared to £203.1 million in the previous year.

Bestway Retail Turnover (£ m)

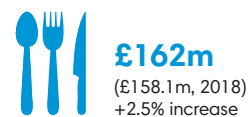


* (under 3 months of trading activity in 2018)

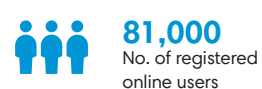
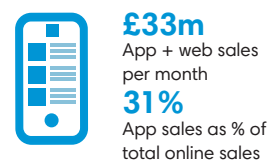
Van Direct sales (£ m)



Catering sales (£ m)



Digital sales (£ m)



Bestway Retail Number of stores



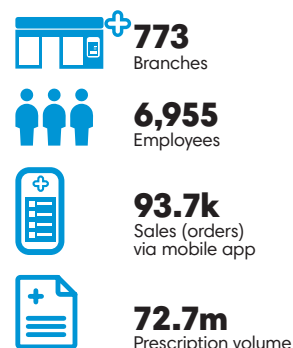
Retail Clubs store members



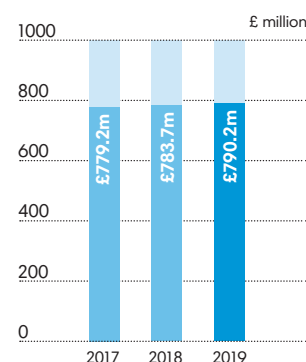
Top row: Bestway Vans Direct delivery; Select Convenience store front; Middle row: best-one Corby store interior; BB foodservice customer; Bottom row: Wine Rack point-of-sale; Wine Rack Maida Vale store.

WELL PHARMACY

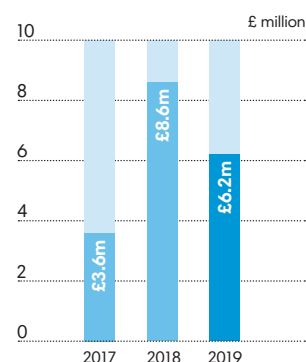
Well Pharmacy in numbers



Well Pharmacy Turnover (£ m)



Well Pharmacy profit (£ m) before tax



Key figures

£790.2m
Well Pharmacy revenue

+0.9%
Increase in revenue

£6.2m
Profit before tax

The UK's 3rd largest retail pharmacy

In previous years, the pharmacy sector received a funding cut from the Department of Health and there was uncertainty around whether a long-term deal was imminent. Encouragingly, the Department of Health has announced a 5-year deal, however, the amount of funding provided to the pharmacy sector will remain flat. Although, this provides some certainty over long-term funding, trading conditions within the sector remain challenging as the onus is on the sector to absorb inflationary pressures within the sector, both wage and cost, against the backdrop of increasing patient demand. There is still a lack of clarity around the specific funding mechanism and the business is reviewing how this may impact its operations.

Despite this environment, Well Pharmacy has over 750 pharmacies and has been able to retain its market share of national prescriptions and has retained its focus on leveraging technology to improve operational efficiency

and grow market share as well as diversifying its product offering away from solely medication dispensing. The Central Fulfilment project has been rolled out to the majority of the estate and the business has seen strong growth in its digital and wholesale offerings.

Revenue for the Pharmacy business for the year ended 30 June 2019 increased 0.9% to £790.2 million compared to £783.7 million in the prior year. The growth was broadly in line with the market and Well's market share of prescriptions nationally remained broadly at 5.8%.

Profit before tax decreased from £8.6 million in 2018 to £6.2 million in 2019. Underlying trading remains robust and the decrease in profitability was driven predominantly by higher depreciation charges due to the increased capex the business has incurred as a result of its Digital and Central Fulfilment projects.

Key highlights

Revenue for the Pharmacy business for the year ended 30 June 2019 increased 0.9% to £790.2 million compared to £783.7 million in the prior year.

Well's market share of prescriptions nationally remained broadly at 5.8%.



BESTWAY CEMENT LIMITED

Pakistan's largest cement manufacturer

Trading conditions in Pakistan have been challenging for the cement sector in 2019 and are likely to remain so for the foreseeable future. Economic uncertainty has resulted in austerity measures, such as reduction in development budgets, which has dampened economic growth and as a result cement demand decreased for the first time in a decade. This has been further exacerbated by increased finance costs and higher input costs due to the material interest rate increases and currency devaluation the economy has had to withstand. Moreover, competitors who had made decisions to expand their capacities during a year of relative economic stability are now going live with their new plants. Consequently, there is excess supply in the market at a time of demand compression which is resulting in downward pricing pressure.

Despite these conditions, BCL maintained its position as Pakistan's market leader and largest cement manufacturer, with an annual clinker capacity of 10.8 million tonnes (2018: 10.8 million tonnes).

BCL's despatches decreased by 9.6% to 8.1 million tonnes in 2019 from 9.0 million tonnes in 2018. Domestic despatches decreased by 2.0% during the year to 7.4 million tonnes from 7.6 million tonnes.



Opposite page: Bestway Cement Kalar Kahar plant, Pakistan; Above from left: Chakwal & Kalar Kahar Bestway Cement plants.

Key highlights

Revenue for the financial year 2019 decreased by 14.2% to £303.5 million compared to £355.3 million in 2018.

BCL's profit before tax decreased 27.0% to £66.8 million compared to £91.5 million in 2018.

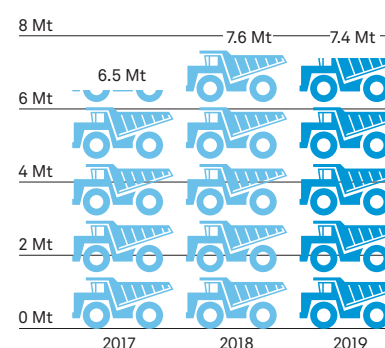
Exports decreased by 32.3% to 0.7 million tonnes due to the imposition on trade restrictions with India as well as increased competition in the Afghanistan market.

Revenue for the financial year 2019 decreased by 14.2% to £303.5 million compared to £355.3 million in 2018. BCL's profit before tax decreased 27.0% to £66.8 million compared to £91.5 million in 2018. The decrease in profitability has been driven by lower retention prices in the market as well as margin compression linked to higher input costs. It should also be noted that a portion of the negative variance can be explained by the weakening of the rupee during the year (from PKR161/£1 to PKR 207/£1)

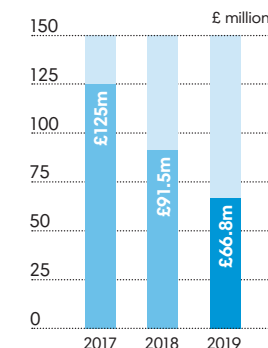
For the year ended 30 June 2019, BCL declared total dividends of 11 PKR per share (£0.06 per share) (2018: 12 PKR per share (£0.08 per share)).



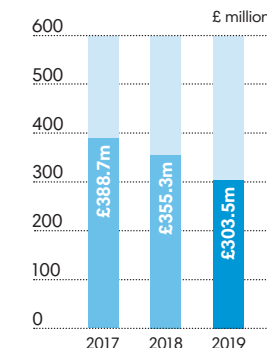
Domestic despatches (Mt, Million tonnes)



BCL Profit before tax (£ m)



BCL Turnover (£ m)



Key figures

£303.5m
Turnover

£66.8m
Profit before tax

£8.1Mt
(Million tonnes)
Global despatches

UNITED BANK LIMITED

Key highlights

UBL's net interest income decreased by 12.2% during the year from £392.7 million in 2018 to £344.3 million in 2019.

UBL's profit before tax decreased by 2.4% from £181.7 million in 2018 to £177.4 million in 2019.

Over 1 million downloads of the UBL Digital app with over 700,000 registered customers during the year.

'UBL' – Pakistan's 2nd largest private bank

During the year, Pakistan reached an agreement with the IMF on a bailout package. As part of the IMF package, Pakistan had to adjust its foreign exchange rates to be in line with the Real Effective Exchange Rate, which resulted in significant rupee devaluation. The government consequently took austerity measures and Pakistan has been in a rapidly increasing interest rate cycle where rates have risen 575bps over the financial year from 6.50% to 12.25%. Rates currently stand at 13.25% and there is a view that these may peak at 14.25%. Although this is positive from a UBL perspective with regards to increased net interest margins, higher foreign exchange volatility and the ability to invest in higher rated risk-free government returns, there is likely to be increased stress in the corporate lending book as businesses will need to adapt their operating model to withstand these pressures. The business will have to be selective in its lending and ensure its customers are robust.

UBL's net interest income decreased by 12.2% during the year from £392.7 million in 2018 to £344.3 million in 2019. UBL's profit before tax decreased by 2.4% from £181.7 million in 2018 to £177.4 million in 2019. The decrease in reported profit is driven by the weakening of the rupee during the year, although when reported in PKR UBL's profit before tax increased during the year.

On the domestic front, UBL enjoyed a strong performance buoyed by higher interest rates and higher foreign exchange volatility. UBL has successfully continued

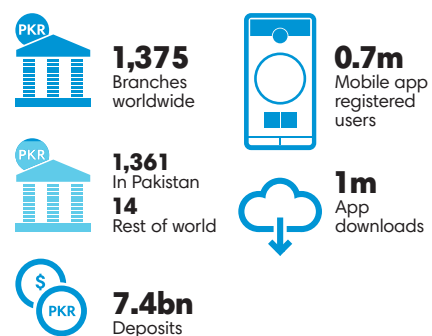
its focus on expanding its low-cost deposit base and improving its non-fund income and it was able to grow in these areas ahead of the competition. Digital remains a key strategic initiative of the bank and during the year it has seen over 1 million downloads of the UBL Digital app with over 700,000 registered customers. UBL is committed to investing technology to improve its customer proposition as well as bring efficiency to its operations and several strategic work streams are planned for 2020.

The International business has not performed as well and there was significant provisioning during the year associated with the Gulf economies. Management has rationalised the portfolio and has identified certain non-core territories and will look to exit or de-risk the business model accordingly. In line with this strategy, UBL closed down its New York branch, sold off its Omani assets and UBL Tanzania subsidiary during the year.

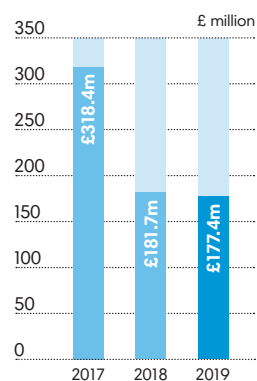
The bank declared a total dividend of 10PKR (£0.06) per share during the year ended 30 June 2019 (13PKR (£0.09) per share during the year ended 30 June 2018).

UBL's total assets at 30 June 2019 were £9.9 billion compared to £12.2 billion in the previous year, a decrease of 18.6%. UBL's deposit base decreased by 14.6% to £7.4 billion for the year to 30 June 2019 as UBL actively decided to shed expensive deposits and improve its cost to income ratio.

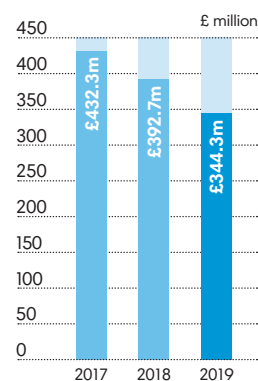
UBL in numbers



Profit before tax



Net interest income

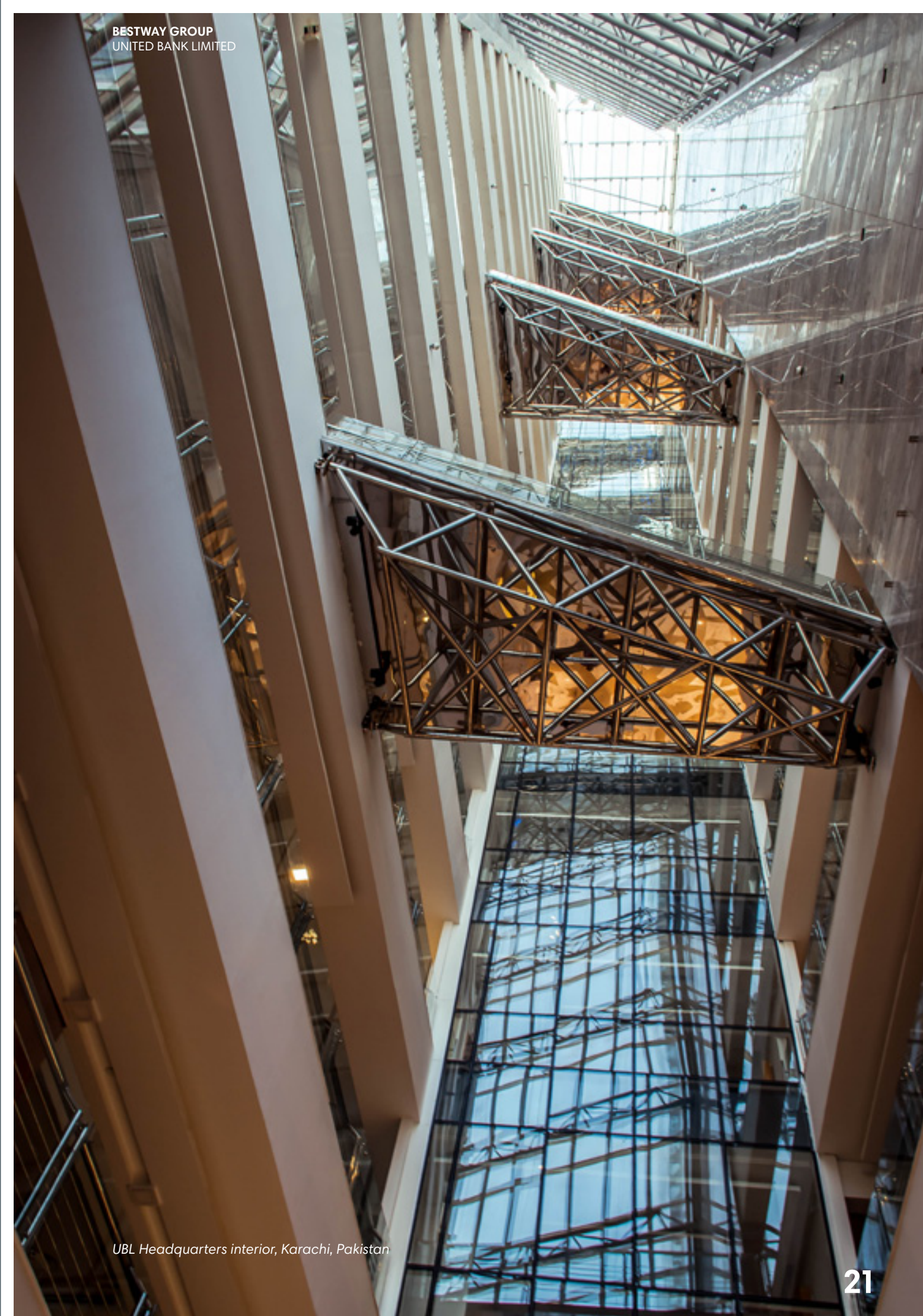


Key figures

£344.3m
Net interest income

£177.4m
Profit before tax

£9.9bn
Total assets



UBL Headquarters interior, Karachi, Pakistan

GROUP CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Principal risks & uncertainties

The Group faces a range of risks and uncertainties as a result of changing external environments such as regulation, economic conditions, competition and consumer trends. The Group has taken the necessary measures to reduce the impact of key risks in the business with appropriate policies where possible, however, not all risks and uncertainties can be controlled.

The impact of the UK's exit from the EU continues to be a risk for the Group's UK subsidiaries due to the prevailing uncertainty and the structural changes it has on business' supply chain. The Group has undertaken a review of the impact of Brexit on its businesses under varied scenarios and has looked to manage these risks where possible. Given the delays in negotiating a Brexit deal, this analysis and the associated mitigants are reviewed periodically for reasonableness.

Competition is another key risk across all of the Group's businesses due to the landscape in which we operate. Competitiveness has increased due to an increase in market entrants within the cement and banking businesses, whilst there are market cost and pricing pressures within the UK businesses. The Group ensures that it has robust strategic planning and budgetary monitoring processes and that it leverages market intelligence to ensure our subsidiaries remain relevant in the market.

Regulation is a key risk across all of the Group's businesses given the sectors that we operate in. Regulation has increased across all subsidiaries with a focus in the UK on data protection, on environmental standards in cement and in capital adequacy in the banking sector. The Group ensures that it remains apprised on the changing regulatory landscape and its impact on the business. The Group also ensures it has robust project teams that oversee operational compliance.

IT & Cyber is an increasing risk across all Group businesses given the increased focus on digital systems of record and

transacting. The Group ensures that it undertakes period cyber assessments and system penetration testing with subject matter experts. The threats are then systematically managed, and its security is enhanced via improvement programmes.

Capital risk management and applicable regulations in Pakistan for the Banking Group

Background

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, depositor and market confidence and to sustain future development of the business. The Bank aims to maintain an optimum level of capital along with maximising shareholders' return as we consider a sound capital position as more appropriate as opposed to leverage supporting business growth.

Minimum paid up capital

The State Bank of Pakistan (SBP) through its BSD Circular No. 7 dated 15 April 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10.0 billion by the year ended 31 December 2015. The paid-up capital of the Bank as at 30 June 2019 totalled Rs.12.2 billion (2018: Rs.12.2 billion).

Basel III capital instructions

The SBP through its BPRD Circular No. 6 dated 15 August 2013 has issued Basel III Capital instructions for Banks/DFIs. The revision to the previously applicable Capital Adequacy regulations pertain to components of eligible capital and related deductions. The amendments have been introduced with an aim to further strengthen the existing capital related rules. Basel III instructions became effective from 31 December 2013; however, there is a transitional phase during which the complete requirements would become applicable with full implementation by 31 December 2019.

The Bank's capital adequacy is reported using the rules and ratios provided by the State Bank of Pakistan. The capital adequacy ratio is a measure of the amount of a Bank's capital expressed as a percentage of its risk weighted assets (RWAs).

Banking operations are categorised as either Trading Book or Banking Book and RWAs are determined according to specific treatments as per the requirements of SBP that measure the varying levels of risk attached to on balance sheet and off-balance sheet exposures.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardised Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral.

Applicable capital ratios under Basel III

Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0%, capital conservation buffer of 1.90% and High Loss Absorbency Requirement of 1.5% of the risk weighted exposures of the Bank.

Further, under Basel III instructions, as at 30 June 2019, the Banks is required to maintain a Common Equity Tier 1 (CET 1) ratio of 6.0% and Tier 1 ratio of 7.5%. The actual ratios for the Bank as at 30 June 2019, which are unaudited, for Common Equity Tier 1 (CET 1) was 12.5% and 13.5% for Tier 1 ratio.

Lower Buffer required in 2020

As per SBP's designation of D-SIBs for the year 2019, the HLA capital charge required to be maintained by UBL has been reduced from 1.5% to 1.0%. The revised HLA capital charge will be applicable from 31 March 2020 and will remain effective till next D-SIB designation is announced by the State Bank of Pakistan.

The Group ensures that it has robust strategic planning and budgetary monitoring processes...

Key performance indicators

Among the financial performance indicators within the wholesale business, the key performance indicators are like for like sales, sales per department gross profit margin, sales per depot, sales per department, operating expenses, wage cost per depot, stock availability, stock levels and cash generation.

The financial performance indicators within the pharmacy business include, the key performance indicators are prescription growth, over the counter sales growth, profitability per branch, operating expenses, stock levels, cost per prescription and cash generation.

Financial performance indicators in the cement business are net retention, gross margin, operating expenses, daily despatches and cost of production.

Among the financial performance indicators within the banking business, the key performance indicators are deposit levels, assets under management, return on assets, return on equity, net interest margin, non-financial income, operating expenses, cost to income ratio, cost of deposits and capital adequacy ratio.

General non-financial performance indicators are staff turnover, staff, supplier and customer satisfaction and health and safety reports, amongst others.

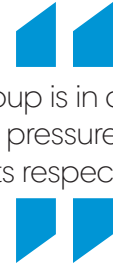
The Board is of the belief that the monitoring of the indicators is an important aspect of the regular business performance reviews conducted by management.

The following financial KPI's (turnover, PBT and cash) are referred to in the business review.

(continues overleaf)



GROUP CHIEF EXECUTIVE'S REVIEW (CONTINUED)



We believe the Group is in a strong position to withstand these pressures and continue to gain share within its respective markets.

Future outlook

We see challenges in both the UK and Pakistani economies. The UK is faced with unprecedented uncertainty as a result of the decision to leave the EU, whilst Pakistan will have to balance its need for economic growth with the austerity measures emanating from the IMF bailout package. However, we believe the Group is in a strong position to withstand these pressures and continue to gain share within its respective markets.

The wholesale business will continue to focus on growing share in a competitive market by leveraging the complementary infrastructure of Bestway Retail as part of its service offering. The business will also be focused on delivering operational efficiencies working better together with Bestway Retail as well as optimising its supply chain infrastructure.

Well Pharmacy will continue to focus on outperforming the market in both prescription volumes and margin delivery by investing in technology initiatives that will enable us to reduce our cost to serve as well as grow our market share. The business will look to respond to the new NHS funding contract to ensure it is delivering all of the services required and achieve the efficiency gains implicit in the new 5-year contract provided by the Department of Health.

Bestway Cement will remain focused on reducing its operational and administrative cost base and retain its status as the lowest cost operator in the sector to better enable it to withstand sustained margin pressure.

United Bank Limited will rebalance its investment portfolio in the increasing interest rate environment. It will also

continue to retain its focus on managing corporate accounts during these turbulent economic times whilst also leveraging digital capabilities to enable it to increase its market share of deposits and reduce its cost to income ratio. UBL will also remain focused on rationalising and de-risking its international portfolio and ensure adherence to international compliance standards across the organisation.

It has been a challenging twelve months and it is likely that the headwinds our businesses have faced will remain for the near future. Notwithstanding these pressures, we have been able to show the resilience of our business model and all of our businesses have been able to maintain market share and are well positioned to grow going forward and create value for all stakeholders.

I would like to thank all our suppliers and employees for their commitment to the Group. I would also like to thank my fellow Directors for their contribution to our strategic and operational priorities.

On behalf of the board,

Lord Z M Choudrey CBE, SI Pk, BA (Hons), FCA
Group Chief Executive



DIRECTORS' REPORT



From left to right:
Sir MA Pervez, OBE HPk (Group Chairman),
Lord ZM Choudrey CBE, SI PK, BA (Hons), FCA
(Group Chief Executive),
M Y Sheikh,
R Pervez, ACA,
D Pervez, BA (Hons), MA Oxon, Solicitor,
HZ Choudrey, MA (Hons) Cantab, ACA



The Directors present their report and the audited financial statements of Bestway Group Limited for the year ended 30 June 2019.

Principal activities

The principal activities of the Group during the year were in the wholesale, pharmacy, cement and financial services sectors. The principal activity of the Company was as a holding company.

Directors

The Directors who held office during the year, and up to the date of signing these financial statements, were as follows:

- Sir MA Pervez OBE HPk (Group Chairman)
- Lord Z M Choudrey CBE, SI PK, BA (Hons), FCA (Group Chief Executive)
- M Y Sheikh
- R Pervez, ACA
- D Pervez, BA (Hons), MA Oxon, Solicitor
- H Z Choudrey, MA (Hons) Cantab, ACA

Indemnity provisions

The Group has made qualifying third-party indemnity provisions for its Directors in relation to certain losses and liabilities that may occur in the course of acting as Directors of the Company, its subsidiaries or associates which were in force during the year and remain in force at the date of this report.

Employee involvement and equal opportunities

The Group systematically provides employees with information on matters of concern to them and consults with employees on a regular basis to ensure that their views can be considered in making decisions which are likely to affect their interests. The Group encourages the involvement of employees in the Group's performance and ensures that it provides employees with the information required such that they can achieve a common awareness of the financial and economic factors affecting its performance.

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 the disabled and gives full and fair consideration to applications for employment from them, having regard to their aptitudes and abilities. So far as particular disabilities permit, the Group will give continued employment and arrange appropriate training for 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.

Dividends

On 26 June 2019, Bestway Group Limited declared and paid a final ordinary dividend of £4.00 per share for the year ended 30 June 2018. This is in addition to the £6.00 per share interim dividend declared and paid on 21 May 2018 for the year ended 30 June 2018. Together, this dividend totalled £10 million.

No dividend has yet been declared for the year ended 30 June 2019.

Political donations

Political donations made in the year totalled £132,106 to the Conservative party (2018: £101,155).

Disclosure of information to auditor

The Directors who held office at the date of 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 the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

KPMG LLP resigned as auditors on 24 January 2019. PricewaterhouseCoopers LLP were subsequently appointed as auditors in accordance with Section 485 of the Companies Act 2006 on 6 March 2019. PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

(Directors' Report continues overleaf)

DIRECTORS' REPORT (CONTINUED)

Going Concern

The financial statements have been prepared on a going concern basis. The Group made a profit before tax of £227.7 million (2018: £283.5 million) and has net assets of £1.7 billion (2018: £1.9 billion) and total assets of £11.9 billion (2018: £14.4 billion). Additionally, the Group generated cash of £474.5 million (2018: £45.7 million) in the financial year ended 30 June 2019.

The Directors have also reviewed the detailed budgets and cash flow forecasts for the businesses and also considered the liquidity requirements of the banking operations and believe that the group has access to sufficient financial resources to enable it to continue its operations and meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

The Company financial statements have also been prepared on a going concern basis. The Company made a profit before tax of £4.0 million and has net assets of £578.0 million. This relates predominately to an investment in Bestway (Holdings) Limited. The Directors consider that this will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on these indications the Directors believe that it remains appropriate to prepare the consolidated and company financial statements on a going concern basis.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 Company and of the profit or loss of the Group

and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The financial statements were approved by the Board of Directors and signed on its behalf by:

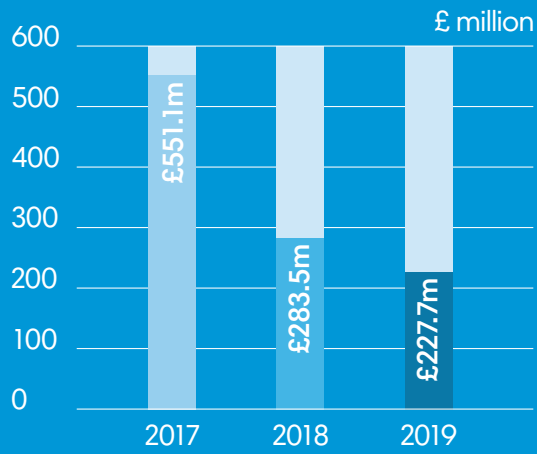
Lord Z M Choudrey CBE, SI Pk, BA (Hons), FCA
Group Chief Executive



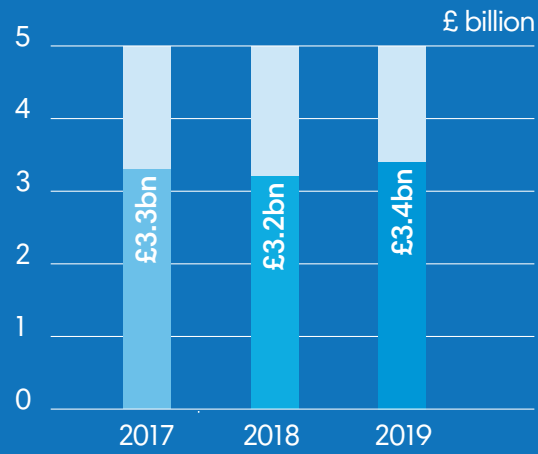
Bestway Cement plant, Chakwal, Pakistan

BESTWAY IN NUMBERS

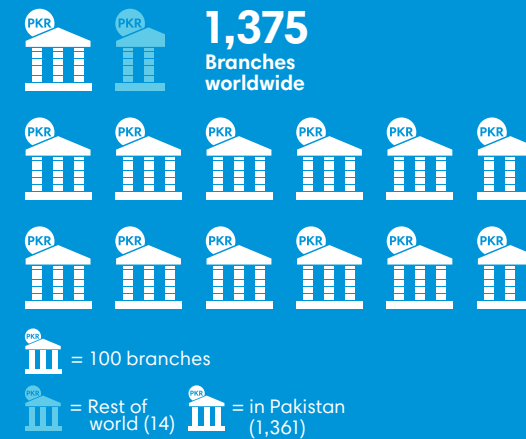
BESTWAY GROUP PROFIT



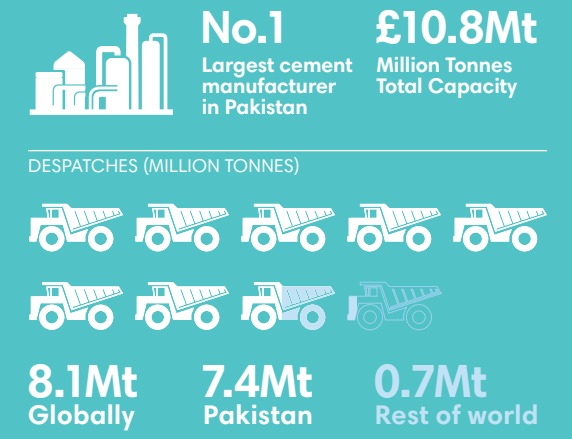
BESTWAY GROUP TURNOVER



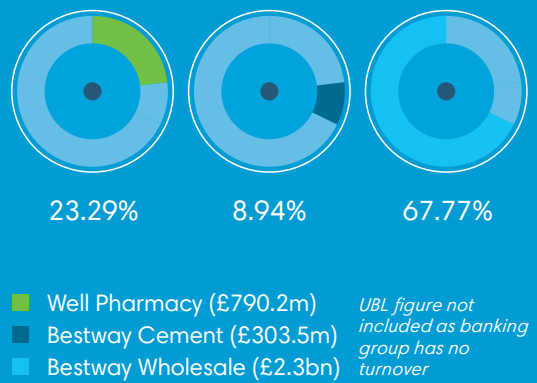
UNITED BANK LIMITED



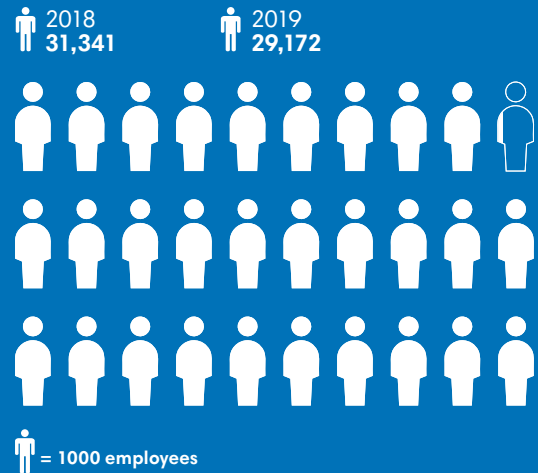
BESTWAY CEMENT LIMITED



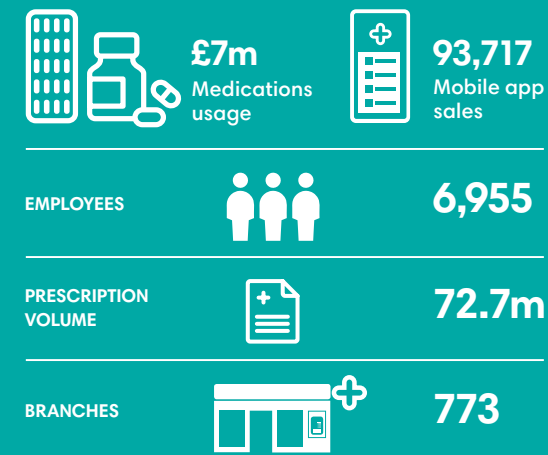
BESTWAY GROUP TURNOVER BY SECTOR



BESTWAY GROUP—TOTAL NO. EMPLOYEES



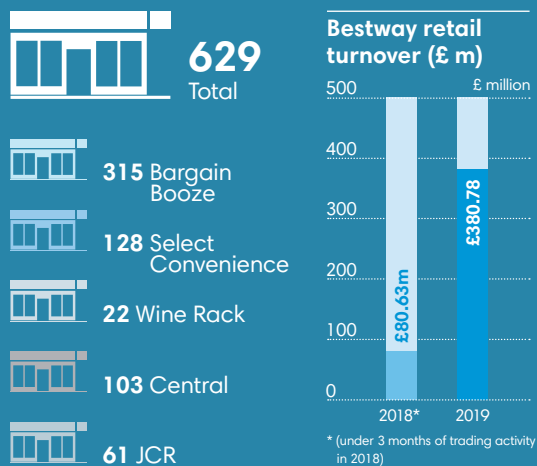
WELL PHARMACY



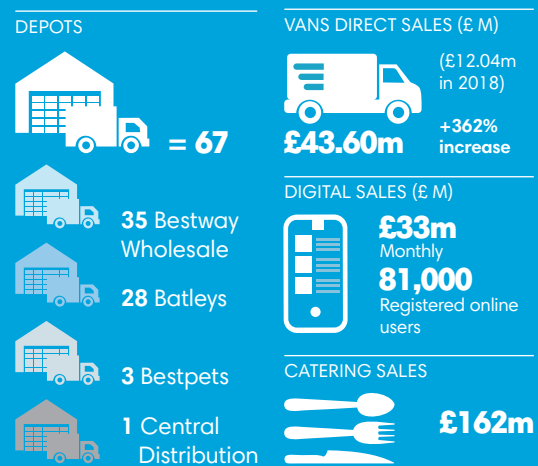
BESTWAY WHOLESALE: DEPOTS



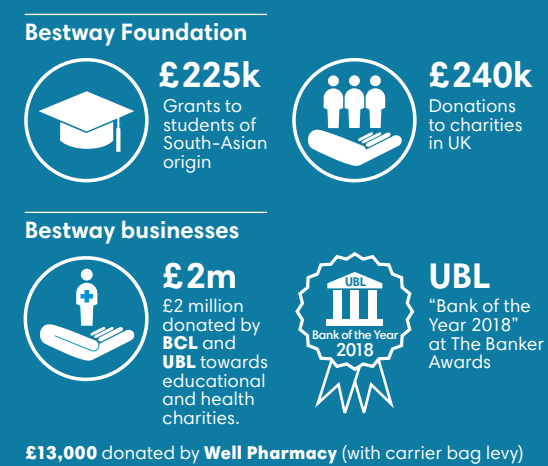
BESTWAY RETAIL IN NUMBERS



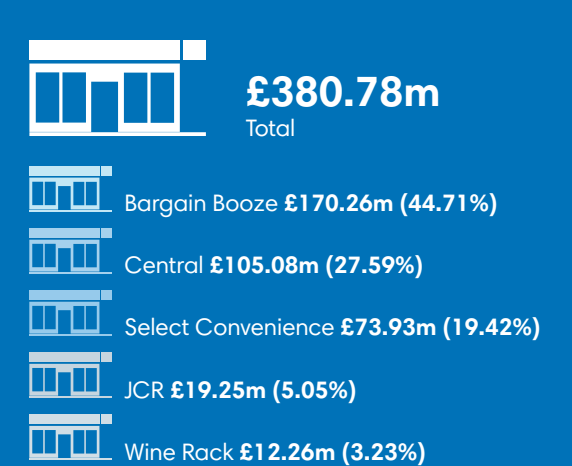
BESTWAY WHOLESALE IN NUMBERS



SOCIAL RESPONSIBILITY & AWARDS



BESTWAY RETAIL—REVENUE BY BUSINESS



BESTWAY WORLDWIDE



- Bestway Wholesale HQ
- Well Pharmacy HQ
- Bestway Cement HQ
- United Bank Limited HQ
- ▲ UBL International branches/subsidiaries
- Bestway Wholesale trade
- Well Pharmacy trade
- Bestway Cement trade
- UBL presence



Bestway Group HQ, London, UK



BCL Kalar Kahar, Pakistan



Well Pharmacy, Northenden, UK



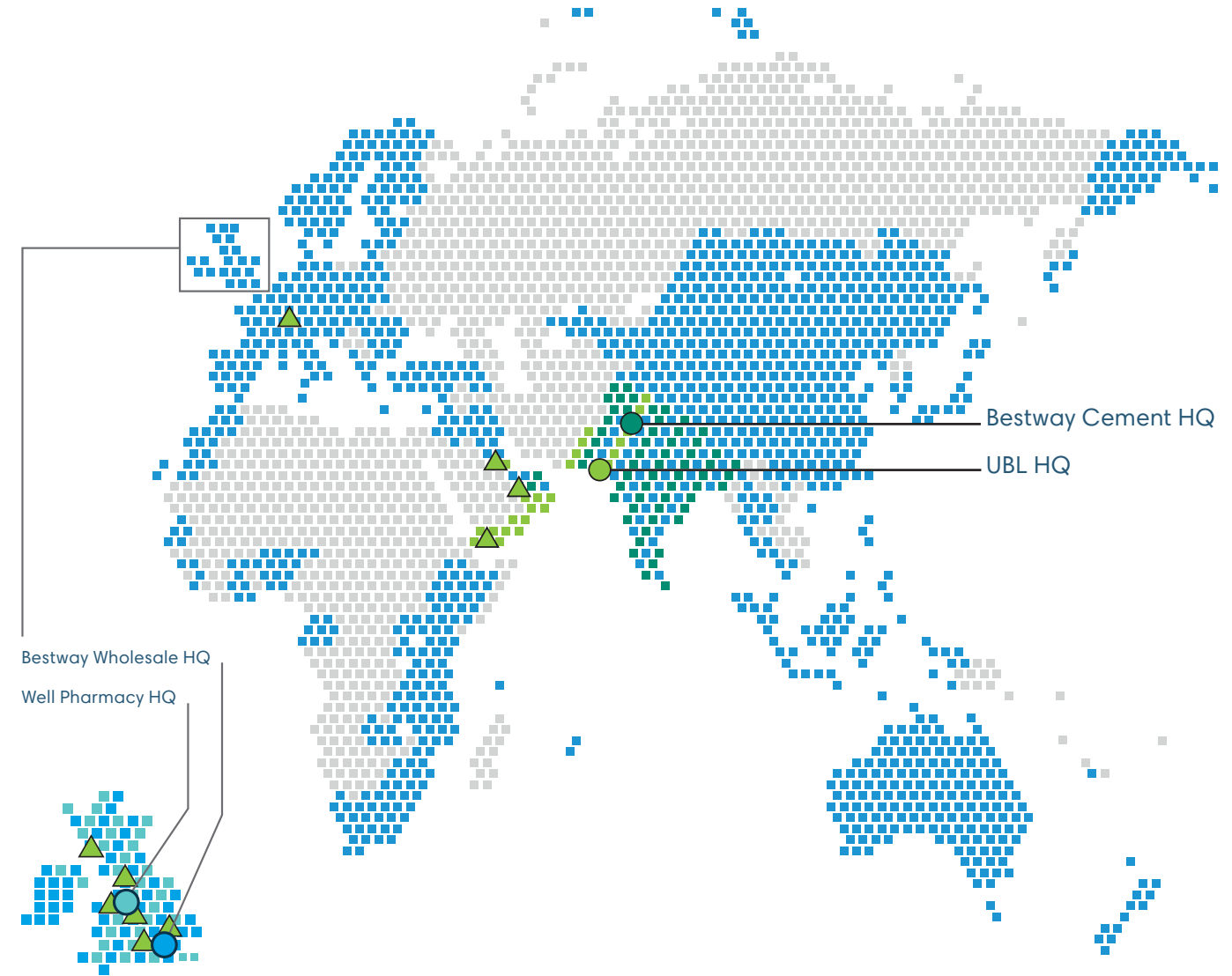
Bestway Wholesale, London, UK



UBL HQ, Karachi, Pakistan



Bestpets depot, UK



Bestway Wholesale HQ
Well Pharmacy HQ

Bestway Cement HQ
UBL HQ



UBL Branch, Karachi, Pakistan



BCL Chakwal, Pakistan



Well Pharmacy, Bristol, UK



Best-One store, Liverpool, UK



Bestway Foundation School,
Chakwal, Pakistan



Bargain Booze store, Birkdale, UK

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Trading Group 2019 £000	Banking Group 2019 £000	Total Consolidated 2019 £000	Trading Group (restated) 2018 £000	Banking Group (restated) 2018 £000	Total Consolidated (restated) 2018 £000
Revenue	3,447,911	-	3,447,911	3,224,375	-	3,224,375
Cost of sales	(2,948,412)	-	(2,948,412)	(2,717,961)	-	(2,717,961)
	499,499	-	499,499	506,414	-	506,414
Interest income	-	736,695	736,695	-	776,133	776,133
Interest expense	-	(392,359)	(392,359)	-	(383,394)	(383,394)
Net interest income	-	344,336	344,336	-	392,739	392,739
Gross written premium	-	22,048	22,048	-	20,804	20,804
Premium ceded to reinsurer	-	(11,668)	(11,668)	-	(11,376)	(11,376)
Net written premiums	-	10,380	10,380	-	9,428	9,428
Gross benefits and claims paid	-	(12,050)	(12,050)	-	(11,613)	(11,613)
Claims ceded to reinsurer	-	7,748	7,748	-	8,367	8,367
Movement in technical provisions	-	282	282	-	(716)	(716)
Net benefits and claims	-	(4,020)	(4,020)	-	(3,962)	(3,962)
Fee, commission and brokerage income	-	94,232	94,232	-	106,651	106,651
Fee, commission and brokerage expense	-	(2,708)	(2,708)	-	(2,287)	(2,287)
Net fee and commission income	-	91,524	91,524	-	104,364	104,364
Gross profit	499,499	442,220	941,719	506,414	502,569	1,008,983
Dividend income from investments	-	8,772	8,772	-	11,867	11,867
Other operating income	4,302	2,482	6,784	3,986	1,716	5,702
Gains and losses on investments	-	7,560	7,560	-	59,799	59,799
Other gains and losses	2,153	1,398	3,551	4,358	541	4,899
Distribution expenses	(18,898)	-	(18,898)	(13,946)	-	(13,946)
Administrative expenses	(411,712)	(254,753)	(666,465)	(382,729)	(264,328)	(647,057)
Credit impairment losses	-	(33,205)	(33,205)	-	(76,608)	(76,608)
Share of profits of associates net of tax	-	2,899	2,899	-	2,600	2,600
Other operating expenses	(3,710)	-	(3,710)	(1,524)	-	(1,524)
Total operating profit	71,634	177,373	249,007	116,559	238,156	354,715
Finance income	69	-	69	34	-	34
Finance expense	(21,391)	(8)	(21,399)	(21,948)	-	(21,948)
Net finance expense	(21,322)	(8)	(21,330)	(21,914)	-	(21,914)
Underlying profit before taxation before adjusting items	50,312	177,365	227,677	94,645	238,156	332,801

CONSOLIDATED INCOME STATEMENT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

	Trading Group 2019	Banking Group 2019	Total Consolidated 2019	Trading Group (restated) 2018	Banking Group (restated) 2018	Total Consolidated (restated) 2018
	£000	£000	£000	£000	£000	£000
Underlying profit before taxation before adjusting items	50,312	177,365	227,677	94,645	238,156	332,801
Adjusting items:						
Gain on acquisition	-	-	-	7,156	-	7,156
International pension provision	-	-	-	-	(56,470)	(56,470)
Profit before tax	50,312	177,365	227,677	101,801	181,686	283,487
Taxation	(27,811)	(84,371)	(112,182)	(28,600)	(53,685)	(82,285)
Profit for the year	22,501	92,994	115,495	73,201	128,001	201,202
Attributable to:						
Equity holders of the parent	1,079	53,888	54,967	38,552	72,468	111,020
Non-controlling interests	21,422	38,911	60,333	34,649	55,311	89,960
Investors of UBL funds	-	195	195	-	222	222
Profit for the year	22,501	92,994	115,495	73,201	128,001	201,202

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Trading Group 2019	Banking Group 2019	Total Consolidated 2019	Trading Group (restated) 2018	Banking Group (restated) 2018	Total Consolidated (restated) 2018
	£000	£000	£000	£000	£000	£000
Profit after taxation	22,501	92,994	115,495	73,201	128,001	201,202
Items that will not be reclassified subsequently to profit or loss:						
Profit attributable to investors of UBL funds	-	(195)	(195)	-	(222)	(222)
Gains on investments on equity instruments designated at FVOCI – net of tax	-	675	675	-	-	-
Remeasurement of net defined benefit liability – net of tax	(582)	13,268	12,686	1,809	(1,533)	276
	(582)	13,748	13,166	1,809	(1,755)	54
Items that are or may be reclassified subsequently to profit or loss when specific conditions have been met:						
Surplus / (loss) arising on revaluation of fixed assets	-	(3,517)	(3,517)	-	44,177	44,177
Surplus / (loss) arising on investments in securities as 'at FVOCI' – net of tax	(2)	(28)	(30)	551	(98,666)	(98,115)
Net loss on investments in debt instruments classified as 'at FVOCI' – net of tax	-	(20,080)	(20,080)	-	-	-
Exchange (loss) / gain on translation of foreign operations	(69,211)	(155,754)	(224,965)	(54,635)	(145,203)	(199,838)
	(69,213)	(179,379)	(248,592)	(54,084)	(199,692)	(253,776)
Other comprehensive (loss) for the year	(69,795)	(165,629)	(235,424)	(52,275)	(201,447)	(253,722)
Total comprehensive (loss) / income for the year	(47,294)	(72,635)	(119,929)	20,926	(73,446)	(52,520)
Total comprehensive (loss) / income attributable to:						
Equity holders of the Parent	(35,424)	(45,990)	(81,414)	12,149	(40,178)	(28,029)
Non-controlling interests	(11,870)	(26,645)	(38,515)	8,777	(33,268)	(24,491)
Total comprehensive (loss) / income for the year	(47,294)	(72,635)	(119,929)	20,926	(73,446)	(52,520)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2019

	At 30 June 2019	At 30 June 2018 (restated)
	£000	£000
Non-current assets		
Goodwill	141,711	173,487
Trading Group		
Intangible assets	400,088	432,221
Property, plant and equipment	600,500	681,017
Investment property	116,442	114,612
Banking Group		
Intangible assets	7,445	9,175
Property, plant and equipment	253,231	318,390
Investment property	15,919	19,454
Reinsurance assets	10,262	11,396
Investments in associates	14,371	23,693
Investments in financial assets	1,942,928	2,894,350
Lending to financial institutions and advances	1,715,703	2,222,911
Net deferred tax asset	39,629	5,866
	5,258,229	6,906,572
Current assets		
Trading Group		
Tax recoverable	18,323	17,030
Inventories	284,908	328,786
Trade and other receivables	249,154	258,259
Cash and cash equivalents	154,181	170,121
Banking Group		
Tax recoverable	99,257	136,590
Investments in financial assets	2,465,728	2,390,652
Trade and other receivables	248,757	299,973
Lending to financial institutions and advances	1,764,113	2,647,665
Cash and cash equivalents	1,337,440	1,229,870
Assets classified as held for sale	20,895	-
	6,642,756	7,478,946
TOTAL ASSETS	11,900,985	14,385,518
Current liabilities		
Trading Group		
Tax payable	2,360	3,555
Bank overdraft	107,148	140,649
Trade and other payables	541,204	582,764
Other interest-bearing loans and borrowings	111,403	91,658
Provisions	8,365	22,588
Banking Group		
Bank overdraft	2,085	6,201
Trade and other payables	263,530	287,079
Deposits and other accounts	7,109,108	8,205,299
Payable to investors of UBL funds	9,536	7,487
Bills payable	143,886	96,844
Other interest-bearing loans and borrowings	967,260	1,734,563
Liabilities directly associated with assets classified as held for sale	20,016	-
Provisions	14,760	16,977
	9,300,661	11,195,664

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

	At 30 June 2019	At 30 June 2018 (restated)
	£000	£000
Non-current liabilities		
Trading Group		
Other interest-bearing loans and borrowings	176,786	275,141
Preference shares	58,178	58,178
Net deferred tax liabilities	122,810	129,044
Net employee benefits	7,475	9,611
Provisions	3,419	-
Banking Group		
Other financial liabilities	21,154	26,201
Deposits and other accounts	299,693	535,828
Other interest-bearing loans and borrowings	174,333	165,605
Subordinated loans	49,202	-
Net employee benefits	2,112	62,043
	915,162	1,261,651
TOTAL LIABILITIES	10,215,823	12,457,315
TOTAL NET ASSETS	1,685,162	1,928,203
Equity		
Share capital	10	10
Revaluation reserve	239,276	265,196
Merger difference reserve	3,165	3,165
Statutory reserve	226,635	217,273
Reserve pertaining to UBL funds	6,884	4,973
Translation reserves	41,626	134,002
Retained earnings	638,460	661,567
Equity attributable to equity holders of the parent	1,156,056	1,286,186
Non-controlling interests	529,106	642,017
TOTAL EQUITY	1,685,162	1,928,203

These financial statements were approved
by the Board of Directors and were signed on its behalf by:

Lord Z M Choudrey, CBE, BA (Hons), FCA **M Y Sheikh**
Group Chief Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Share premium	Revaluation reserve	Capital redemption reserve	Merger difference reserve	Statutory reserve
	£000	£000	£000	£000	£000	£000
At 1 July 2017	71	3,055	271,243	39	-	205,124
Profit for the period	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	(5,715)	-	-	-
Total comprehensive income for the period	-	-	(5,715)	-	-	-
Issue of ordinary shares	10	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Repurchase of own shares	-	-	-	-	-	-
Acquisition of subsidiaries under common control	(71)	(3,055)	-	(39)	3,165	-
Transfers	-	-	(332)	-	-	12,149
At 30 June 2018 (restated)	10	-	265,196	-	3,165	217,273
Adoption of IFRS 9	-	-	(6,280)	-	-	-
At 1 July 2018 (restated)	10	-	258,916	-	3,165	217,273
Profit for the period	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	(19,640)	-	-	-
Total comprehensive (loss) / income for the period	-	-	(19,640)	-	-	-
Dividends paid	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-
Issuance and repurchase	-	-	-	-	-	-
Transfers	-	-	-	-	-	9,362
Realisation of exchange translation reserve	-	-	-	-	-	-
At 30 June 2019	10	-	239,276	-	3,165	226,635

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Reserve pertaining to UBL funds	Translation reserve	Retained earnings	Total attributable to equity holders	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000
At 1 July 2017	1,178	225,775	612,618	1,319,103	720,113	2,039,216
Profit for the period	222	-	111,020	111,242	89,960	201,202
Other comprehensive loss for the period	-	(91,773)	(41,783)	(139,271)	(114,451)	(253,722)
Total comprehensive income for the period	222	(91,773)	69,237	(28,029)	(24,491)	(52,520)
Issue of ordinary shares	-	-	-	10	-	10
Dividends paid	-	-	(6,000)	(6,000)	(53,595)	(59,595)
Repurchase of own shares	3,573	-	(2,471)	1,102	(10)	1,092
Acquisition of subsidiaries under common control	-	-	-	-	-	-
Transfers	-	-	(11,817)	-	-	-
At 30 June 2018 (restated)	4,973	134,002	661,567	1,286,186	642,017	1,928,203
Adoption of IFRS 9	-	-	(30,962)	(37,242)	(29,361)	(66,603)
At 1 July 2018 (restated)	4,973	134,002	630,605	1,248,944	612,656	1,861,600
Profit for the period	195	-	54,967	55,162	60,333	115,495
Other comprehensive loss for the period	-	(83,171)	(33,765)	(136,576)	(98,848)	(235,424)
Total comprehensive (loss) / income for the period	195	(83,171)	21,202	(81,414)	(38,515)	(119,929)
Dividends paid	-	-	(4,000)	(4,000)	(46,211)	(50,211)
Change in non-controlling interest	-	-	15	15	(15)	-
Issuance and repurchase	1,716	-	-	1,716	1,191	2,907
Transfers	-	-	(9,362)	-	-	-
Realisation of exchange translation reserve	-	(9,205)	-	(9,205)	-	(9,205)
At 30 June 2019	6,884	41,626	638,460	1,156,056	529,106	1,685,162

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Trading Group 2019	Banking Group 2019	Total cashflow 2019	Trading Group 2018 (restated)	Banking Group 2018 (restated)	Total cashflow 2018 (restated)
	£000	£000	£000	£000	£000	£000
Cash flows from operating activities						
Profit before tax	50,312	177,365	227,677	101,801	181,686	283,487
<i>Adjustments for:</i>						
Share of profit of associates	-	(2,899)	(2,899)	-	(2,600)	(2,600)
Finance income	(69)	-	(69)	(34)	-	(34)
Finance costs	21,391	-	21,391	21,948	-	21,948
One off gain on acquisition	-	-	-	(7,156)	-	(7,156)
Other gains	(2,153)	(1,398)	(3,551)	(4,358)	(541)	(4,899)
Depreciation of property, plant and equipment	45,686	14,653	60,339	42,182	17,117	59,299
Amortisation of intangible assets	38,671	3,509	42,180	39,040	3,805	42,845
Profit on disposal of property, plant and equipment	(111)	-	(111)	(1,224)	-	(1,224)
Profit on disposal of investment property	(58)	-	(58)	(892)	-	(892)
(Decrease) / increase in provisions (Decrease) / increase in retirement benefits	(11,073)	(39,327)	(50,400)	(2,747)	(55,624)	(58,371)
Impairment of goodwill	(2,836)	(53,215)	(56,051)	(213)	4,528	4,315
Impairment of intangible assets	3,258	-	3,258	10,055	-	10,055
	95	-	95	1,123	-	1,123
Net cash inflow from operating activities before movements in working capital	143,113	98,688	241,801	199,525	148,371	347,896
Decrease / (increase) in inventories	30,236	-	30,236	(28,636)	-	(28,636)
Decrease / (increase) in receivables	1,896	(22,025)	(20,129)	(46,998)	(42,899)	(89,897)
Decrease / (increase) in lending to financial institutions and advances (Decrease) / increase in payables	(29,148)	341,619	341,619	61,745	(923,725)	(923,725)
Increase / (decrease) in bills payable	-	58,880	29,732	-	(81,872)	(20,127)
Increase / (decrease) in deposits and other accounts	-	81,048	81,048	-	(13,539)	(13,539)
Decrease in investments	-	755,326	755,326	-	534,513	534,513
	-	(361,091)	(361,091)	-	1,344,701	1,344,701
Tax paid	146,097	952,444	1,098,541	185,636	965,550	1,151,186
	(27,213)	(76,727)	(103,940)	(45,298)	(102,767)	(148,065)
Net cash inflow from operating activities	118,884	875,717	994,601	140,338	862,783	1,003,121
Cash flows from investing activities						
Proceeds on disposal of property, plant and equipment	3,680	6,266	9,946	4,608	10,622	15,230
Proceeds on disposal of investment property	-	1,572	1,572	5,412	2,182	7,594
Purchases of property, plant and equipment	(46,804)	(23,741)	(70,545)	(125,097)	(41,801)	(166,898)
Purchase of investment property	-	(477)	(477)	(38)	(3,479)	(3,517)
Purchase of intangible assets	(7,082)	(3,618)	(10,700)	(1,829)	(6,886)	(8,715)
Acquisition of subsidiary net of cash	-	-	-	(6,653)	-	(6,653)
Repayment of borrowings from third parties	(52,306)	(387,304)	(439,610)	(72,188)	(630,990)	(703,178)
Borrowings from related parties	116	-	116	51	-	51
Borrowings from subordinated loan	-	57,861	57,861	-	-	-
Dividends received from Banking Group	43,131	-	43,131	63,361	-	63,361
Net cash (outflow) from investing activities	(7,075)	(19,998)	(27,073)	(60,236)	(39,362)	(99,598)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

	Trading Group 2019	Banking Group 2019	Total cashflow 2019	Trading Group 2018 (restated)	Banking Group 2018 (restated)	Total cashflow 2018 (restated)
	£000	£000	£000	£000	£000	£000
Cash flows from financing activities						
Dividends paid to Trading Group	-	(43,131)	(43,131)	-	(63,361)	(63,361)
Dividends paid to owners of the parent	(4,000)	-	(4,000)	(6,000)	-	(6,000)
Dividends paid to non-controlling interest	(16,182)	(29,664)	(45,846)	(20,956)	(43,578)	(64,534)
Interest received	69	-	69	34	-	34
Interest paid	(21,391)	-	(21,391)	(21,948)	-	(21,948)
Proceeds from the issue of shares	-	2,908	2,908	-	1,092	1,092
Net cash (outflow) from financing activities	(93,694)	(399,330)	(493,024)	(121,007)	(736,837)	(857,844)
Net increase / (decrease) in cash and cash equivalents	18,115	456,389	474,504	(40,905)	86,584	45,679
Cash and cash equivalents at beginning of year	29,472	1,223,669	1,253,141	70,653	1,350,390	1,421,043
Effect of foreign exchange rate changes	(554)	(344,703)	(345,257)	(276)	(213,305)	(213,581)
Cash and cash equivalents at end of year	47,033	1,335,355	1,382,388	29,472	1,223,669	1,253,141

COMPANY INFORMATION

Registered number	11003305
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Directors	Sir MA Pervez OBE HPk (Chairman) Lord Z M Choudrey CBE, SI Pk, BA (Hons), FCA (Group Chief Executive) MY Sheikh R Pervez, ACA D Pervez, BA (Hons), MA Oxon, Solicitor H Z Choudrey, MA (Hons) Cantab, ACA
Secretary	RY Sheikh, BA (Hons), Solicitor
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Solicitors	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG



It has been a challenging twelve months and it is likely that the headwinds our businesses have faced will remain for the near future. Notwithstanding these pressures, we have been able to show the resilience of our business model and all of our businesses have been able to maintain market share and are well positioned to grow going forward and create value for all stakeholders.



Lord Z M Choudrey CBE, SI Pk, BA (Hons), FCA
Group Chief Executive

