

BESTWAY
GROUP
ANNUAL
REPORT
2020

well
Pharmacy



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 largest independent pharmacy chain 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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BESTWAY

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the financial report and consolidated financial statements of Bestway Group Limited (the "Group") for the year ended 30 June 2020.

Key highlights

Group revenue for the year ended 30 June 2020 totalled £3.41 billion compared to £3.45 billion in the previous year, a slight decrease of 1%.

Profit before tax decreased by 27% to £166.3 million compared to £227.7 million in the previous year.

In February 2021 the Group successfully acquired the Costcutter Supermarkets UK Group enhancing its retail offering by an additional c1,500 stores.

Key figures

£3.41bn
Bestway Group Revenue

£166.3m
Profit before tax

Business Overview

The Group continues to boast a portfolio consisting of the largest independent wholesaler and largest independent 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 2020 totalled £3.41 billion compared to £3.45 billion in the previous year, a slight decrease of 1%. Profit before tax decreased by 27% to £166.3 million compared to £227.7 million in the previous year.

The decline in profitability was mainly due to the tough trading environment within the UK wholesale sector and economic conditions in Pakistan continuing to be challenging.

I want to thank all of our staff for their tireless efforts in ensure essential services could be maintained throughout the pandemic

In February 2021 the Group successfully acquired the Costcutter Supermarkets UK Group enhancing its retail offering by an additional c1,500 stores.

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 continued to be 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 £184,000 (2019: £225,000) in grants to students of South Asian origin to attend a number of universities in the United Kingdom. In addition, Bestway Foundation donated over £215,000 (2019: £240,000) to nine charities in the UK, including amongst others, The Duke of Edinburgh Award, Crimestoppers and Grocery Aid.

Additionally, in 2020, Bestway Cement and United Bank Limited have donated in excess of £1.7 million to a range of educational and health charities including, amongst others, National University of Science & Technology Islamabad, Shaukhat Khanum Memorial Hospital and Abul Sattar Edhi Foundation. They have also provided scholarships, both local and international, to a number of university students across Pakistan.

After pioneering Waste Heat Recovery Power Generation in cement industry of Pakistan, Bestway Cement Limited has also championed water conservation through replacement of the conventional Water-Cooled System with Air-Cooled Condenser System (ACC) at two of its plants, the first and only ones in the cement industry, which has resulted in reduction of about 80% in the industrial water requirements at those plants. Rainwater harvesting has also been a key area of focus and BCL has made huge strides in not only improving the existing rainwater harvesting ponds but also setting up new ones, to the extent that 100% of industrial water requirement at our Chakwal and Kallar Kahar plants are now being fulfilled through rainwater harvesting. BCL has also installed latest technology Reverse Osmosis Plants to convert industrial waste water for reuse.



Sir MA Pervez, OBE HPK Group Chairman



Bestway Wholesale depot, Park Royal, UK

Chairman's Statement (continued)

'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.'

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.

During the year, the Bank was recognized both locally and internationally, as the Best Digital Bank for 2020 by Asiamoney, and the "Best Digital Bank" at the 2020 Pakistan Banking Awards. UBL was also recognized as the "Bank of the Year 2020 - Pakistan" at the Banker Awards. The Banker, is an affiliate of the Financial Times UK and is the world's leading financial publication. One of the most prestigious titles in the global Banking industry, the Banker Awards recognize excellence in performance, adding customer value, innovation and leadership in society. UBL has won the award for the fourth time this decade. It is a testament to the Bank's contributions during these extraordinary times, spearheading innovation and expanding the scope of financial services in Pakistan as a core strategy.

Outlook

We anticipate more challenging operating conditions in the year ahead both in the UK and Pakistan. The uncertainty relating to Covid-19 and 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.

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

Key highlights

Group Chief Executive, Zameer Choudrey CBE SI Pk, appointed to the House of Lords on 10 September 2019.

UBL recognized as the "Bank of the Year 2020 - Pakistan" at the Banker Awards.

Key figures

£1.7m

Donated by Cement and United Bank Limited to educational and health charities in Pakistan.

£215,000

Donated by Bestway Foundation to 9 charities in UK.

£184,000

Grants provided by Bestway Foundation to South Asian students in UK.

Group Chief Executive's Review

On behalf of the Board of Directors, I am pleased to present the Annual Report and financial statements for Bestway Group Limited for the year ended 30 June 2020.

Principal activities

The principal activities of the Group during the year were in the wholesale, pharmacy, cement and financial services sectors.

Review of business

2020 has been a challenging year for Bestway Group as there has been significant economic uncertainty within the geographies we operate in. The uncertain operating environment was further accentuated by the COVID-19 pandemic during the latter part of the year, particularly affecting the supply chain and operations of each of our businesses. However, despite these difficult business conditions in both the UK and Pakistan, all our businesses remain profitable.

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.

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 but 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. 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.

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 these 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 as a result of prevailing conditions in the Gulf region, particularly Qatar.

'2020 has been a challenging year for Bestway Group as there has been significant economic uncertainty within the geographies we operate in.'

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



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



R&D laboratory, Bestway Cement Ltd, Pakistan

Group Chief Executive's Review (continued)

'Despite the uncertain operating environment created by COVID-19, all of our businesses both in the UK and Pakistan were able to remain open and continue to operate as essential businesses.'

In the final quarter of the year, the focus of each of the businesses shifted in light of the COVID-19 pandemic. I am pleased to report that despite the uncertain operating environment created by COVID-19, all of our businesses both in the UK and Pakistan were able to remain open and continue to operate as essential businesses. The Group responded by setting up an agile management team consisting of expertise across the businesses who have been able to identify pinch points and risks and take corrective action to minimise the disruption to customers. As the situation around the COVID-19 virus outbreak continues to evolve, our primary concern is keeping our customers and colleagues safe and helping support the relevant authorities to continue to serve the communities in which we operate.

Group financial performance

During the year ended 30 June 2020 Group revenue was £3.41 billion compared to £3.45 billion in the previous year, a slight decrease of 1% driven predominantly by the decline in

the cement business revenue. Despite difficult trading conditions, all of our businesses remained profitable, however, overall Group's profit before tax decreased by 27% to £166.3 million compared to £227.7 million in the previous year.

The decline in profitability has been primarily driven by underperformance of the Bestway Cement business offset slightly by better performance from Bestway Wholesale and United Bank Limited compared to prior year.

Property, plant and equipment after depreciation as at 30 June 2020 stood at £821.7 million, compared to £853.7 million in the previous year.

The Trading Group had cash balances of £213.8 million in 2020 compared to £166.7 million in the previous year.

During the year, the UK Group repaid external borrowings of £32 million as part of its ongoing de-leveraging strategy.

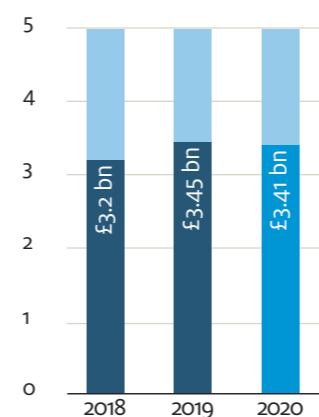
Key figures

£213.8m
Trading Group cash balance

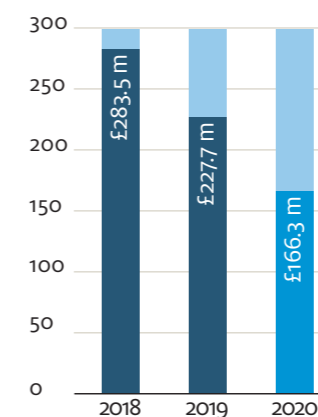
£821.7m
Property, plant and equipment after depreciation

£166.7m
Cash generated by the Trading Group

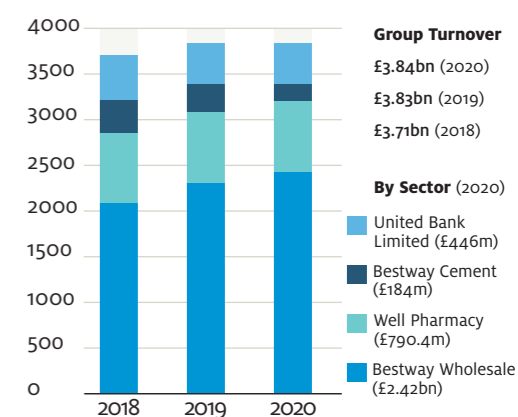
Bestway Group Revenue
(£ billion)



Bestway Group Profit
(£ million)



Bestway Group Turnover—By Sector



Bestway Wholesale

Bestway Wholesale profit before tax increased to £7.3 million in 2020 from £6.5 million in 2019.

Key highlights

Revenue in the Wholesale business grew 3.3% to £2.42 billion in 2020 from £2.35 billion in 2019.

Key figures

£2.42bn

Bestway Wholesale revenue

+3.3%

Increase in revenue (£2.35bn, 2019)

£7.3m

Profit before tax

+12.3%

Increase in profit before tax (£6.5m, 2019)

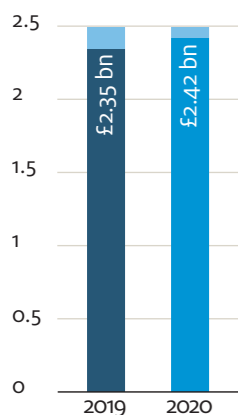
The UK's largest independent wholesaler

Market conditions in the wholesale sector remain challenging. The pressure from the grocery multiples is continuing and whilst this has traditionally been in the convenience retail space, this has now broadened and intensified with Tesco, Morrison's and Asda all entering the wholesale market. The sector has also had to absorb the continued impact of National Living Wage as well as the additional costs and associated uncertainty surrounding Brexit.

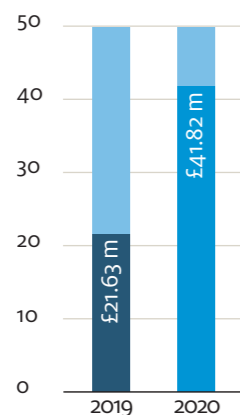
Despite these challenges, Bestway Wholesale has remained committed to its strategic plans of offering improved service and convenience to customers. Management has been focused on integrating Bestway Retail into the business and delivering the associated scale benefits. There has also been an increased emphasis and investment in the supply chain and 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.

Revenue in the Wholesale business grew 3.3% to £2.42 billion in 2020 from £2.35 billion in 2019. Revenue increased significantly during the last quarter due to the impact of Covid-19. Increased demand in independent convenience retail due to COVID-19 lockdown restrictions has resulted in an uplift in sales across all product categories, with the exception of Catering which was adversely impacted by UK lockdown restrictions. The business spent significant time and resource ensuring that all sites were robust from a health and safety perspective in light of COVID-19. We have continued to improve and manage availability of products during this period which has resulted in the positive impact on sales.

Bestway Wholesale Revenue (£ billion)



Bestway Wholesale EBITDA (£ million)



Bestway Wholesale— No. Employees



Customer Types



- Independent
- Symbol (Bestone)
- Symbol (CostCutter)
- Franchisee • Catering
- Pets • Export
- Corporate Stores
- Van • MAP

Bestway Wholesale Depots



- 35 Bestway
- 24 Batleys
- 3 Best Pets
- 1 Central Distribution



Bestway Wholesale depot, Tottenham, UK

Bestway Wholesale (continued)

'The Wholesale business is now looking to integrate Costcutter alongside Bestway Retail within the wider Bestway Wholesale Group.'

Key highlights

In February 2021 the Group successfully acquired the Costcutter Supermarkets UK Group enhancing its retail offering by an additional 1,500 stores.

The Best-one and Xtra Local retail club membership continues to grow as we ensure greater discipline and compliance among our affiliated stores. During the year, we continued the MyRewards scheme to help our customers increase their margins and profitability.

In February 2021 the Group successfully acquired the Costcutter Supermarkets UK Group enhancing its retail offering by an additional c1,500 stores. The Wholesale business is now looking to integrate Costcutter alongside Bestway Retail within the wider Bestway Wholesale Group.

Key figures

184.7m

Total inventory balances

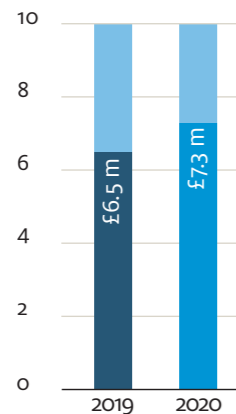
+1500

Additional Bestway Wholesale stores

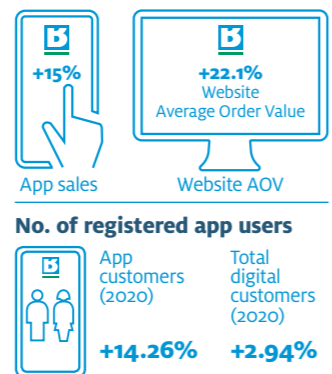
Bestway Wholesale profit before tax increased to £7.3 million in 2020 from £6.5 million in 2019. Together with the increase due to COVID-19 driven sales increases, the Wholesale division has improved buying negotiations and promotional strategy. Improved productivity and reorganisation of delivery operations has enabled the wholesale division to reduce costs while fulfilling customer demands.

Total inventory balances as at 30 June 2020 amounted to £184.7 million, compared to £203.1 million in the previous year.

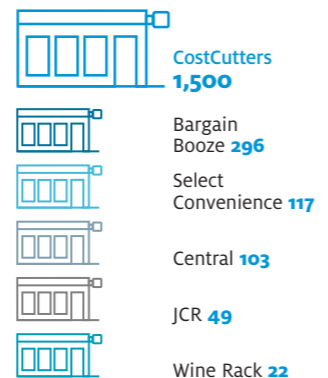
Bestway Wholesale Profit Before Tax (£m)



Wholesale Digital Sales for the year ended 30 June 2020



Bestway Stores Presence (Company-owned & Franchisee)



Costcutter store, Isleworth, UK; Best-one store, Harrow, UK; Bestway Snacks service by Bestway Vans Direct; Best-one fleet lorry

Well Pharmacy

The future objective of the Group is to improve gross margins and maximise profitability by realising efficiencies within the business.

Key highlights

Revenue for the year in the Pharmacy business was £790.4 million (2019: £790.2 million).

The profit for the year before taxation was £2.2 million (2019: £291.6 million).

Key figures

£790.4m
Revenue

£55.7m
EBITDA

£5.3m
Operating profit

The UK's 3rd largest retail pharmacy

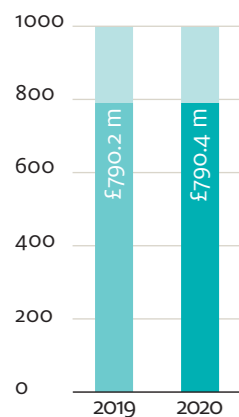
Revenue for the year in the Pharmacy business was £790.4 million (2019: £790.2 million). The profit for the year before taxation was £2.2 million (2019: £291.6 million). The net assets position of the Group as at 30 June 2020 was £287.7 million (2019: £291.6 million). The Group owned 751 pharmacies at the end of the year.

Operating profit for the year ended 30 June 2020 was £5.3 million (2019: £7.1 million). During quarter 3 the COVID pandemic struck which has, to a degree, impacted every industry. As a front line provider within the NHS response to the pandemic, the pharmacy industry had seen both an impact but also financial support from the NHS. The lockdown of the country brought decreased footfall with resulting impact on non-prescription trade, but also a shift in peoples habits on how they sought prescription dispensing in addition to doctors' prescribing lengths.

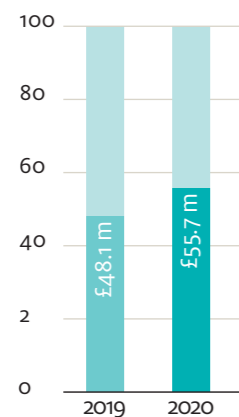
Additional costs incurred in making pharmacies safe and keeping colleagues safe were also incurred along with ensuring we could remain open and able to support our customers and communities. The NHS in all regions have provided funding to support extra costs incurred and, in order to aid the industry as a whole, provided repayable cash advances to ensure pharmacies could continue to trade within difficult supply chain conditions.

The future objective of the Group is to improve gross margins and maximise profitability by realising efficiencies within the business. 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.

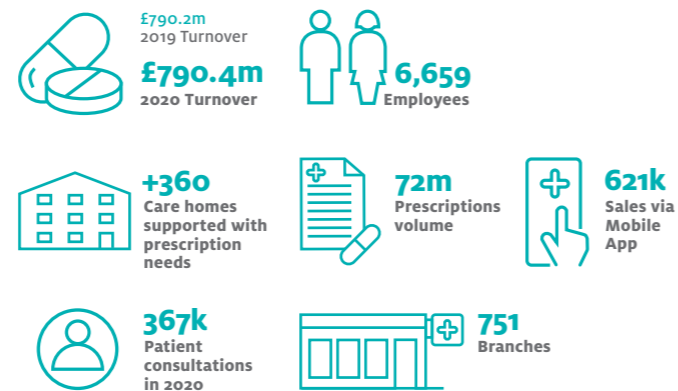
Well Pharmacy Turnover (£ million)



Well Pharmacy EBITDA (£ million)



Well Pharmacy — in Numbers



Well Pharmacy, Northenden, UK; Well Pharmacy delivery van, Manchester, UK

Bestway Cement Limited ('BCL')

Key highlights

Revenue for the financial year 2019 was £183.8 million in the year ended 30 June 2020 (£264.1 million, 2019).

Key figures

£183.8m
Revenue

£15.7m
EBITDA

6.7Mt
BCL exports

£47.3m
Cash generated

Pakistan's largest cement manufacturer

Trading conditions in Pakistan have been challenging for the cement sector in FY20 though these have already started to pick up subsequently. Economic uncertainty during the year 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.

BCL's domestic cement dispatches declined by 6% from 7.4 million tonnes in 2019 to 6.7 million tonnes in 2020. This is attributed to slowdown in construction activity due to challenging macroeconomic environment, which was further exacerbated by Covid-19 lockdowns during the fourth quarter. BCL exports were 0.3 million tonnes for the year, compared to 0.7 million tonnes in previous year.

Export of cement and clinker witnessed contrasting fortunes during the year across the industry. Cement exports declined from 4.4 million tonnes to 3.6 million tonnes, mainly due to seizure of trade with India. However, clinker exports for the year rose to 4.2 million tonnes as against 2.1 million tonnes in the previous year. Commissioning of new

production lines, particularly in the South, along with Rupee devaluation enabled this substantial growth in clinker exports by sea across the industry.

Overall, cement dispatches by the industry declined by 2.5% from 44.7 million tonnes to 43.6 million tonnes during the year. Industry gross margins significantly eroded due to intense competition and rising input costs.

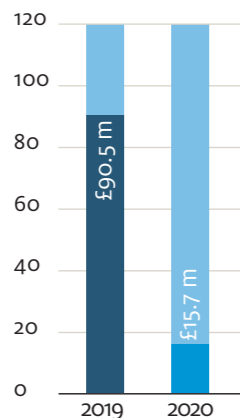
Revenue for the financial year 2019 was £183.8 million in the year ended 30 June 2020, 30% lower compared to £264.1 million during the last year. Gross profit for the year declined to £5.5 million from £90.7 million last year.

Erosion of turnover and gross profit was driven by significant decline in cement prices, substantial increase in Federal Excise Duty, lower volumes and higher input costs. Loss before tax amounted to £11.1 million as compared to a profit of £60.1 million for the year ended 30 June 2020.

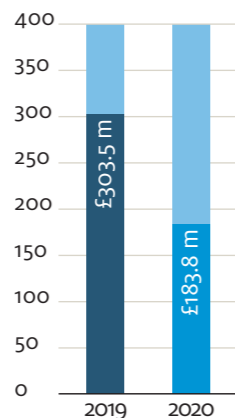
For the year ended 30 June 2020, BCL declared total dividends of 6 PKR per share (£0.03 per share) (2019: 11 PKR per share (£0.06 per share)).

In the final quarter of the year once the COVID-19 pandemic struck, the Pakistan government quickly shifted to a policy of smart lockdowns rather than a full national lockdown. This ensured that there was less of an economic impact on businesses and operations were able to continue. However, BCL ensured that proper social distancing and other measures were in place both at Head Office and across all of its plant sites.

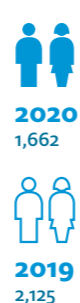
BCL EBITDA
(£ million)



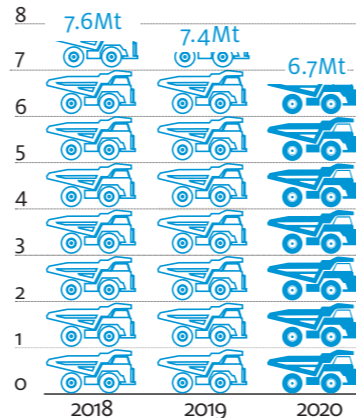
BCL Revenue
(£ million)



BCL No. of Employees



Domestic Cement Dispatches
(Million Tonnes)



'Trading conditions in Pakistan have been challenging for the cement sector in FY20 though these have already started to pick up subsequently.'



Kalar Kahar cement factory, Pakistan

United Bank Limited ('UBL')

Despite these (COVID-19) challenges, UBL maintained its momentum with another year of stable returns.

Key highlights

Gross Revenues grew by 1% to reach £464.1 million in 2020.

Profit before tax (PBT) recorded at of £176.3 million in 2020 (2019: £177.4 million).

Key figures

£464.1m

Gross revenues

£176.3m

Profit before tax

£10.3bn

Total assets

(£9.9bn, 2019)

Pakistan's 2nd largest private bank

It was a difficult year for the Bank with the impact of COVID-19 evident across all major sectors of the economy. Despite these challenges, UBL maintained its momentum with another year of stable returns. Gross Revenues grew by 1% to reach £464.1 million in 2020 while profit before tax (PBT) recorded at of £176.3 million in 2020 (2019: £177.4 million).

These results were delivered by the highly dedicated UBL team, which has worked with the tremendous discipline and perseverance in the face of the challenges from COVID-19. The Bank's total assets at 30 June 2020 were 10.3 billion compared to £9.9 billion in the previous year, an increase of 4%. Total deposits grew to £7.8 billion as at June 2020, an increase of 5% over Jun'19 of £7.4 billion. This enabled the Bank to maintain average domestic deposits market share of over 8.1% for the year. Lending opportunities remained restricted during most of 2020 due to the pandemic, while the Bank continued its de-risking strategy in its International operations. Resultantly, UBL's net advances declined by 8%, standing at £3.2 billion at Jun'20.

As the Bank steps into the development and execution of its long term strategy, its focus remains on enhancing shareholder value while building a sustainable business momentum. It has clearly defined its priorities for 2020-21 where the teams

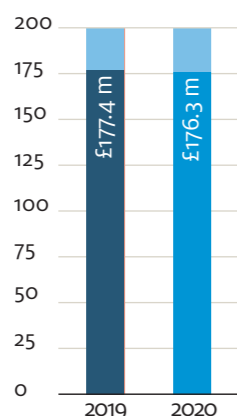
will lead a unified effort to deliver aggressively and rebuild business levels to their true potential.

The Bank has identified five areas of focus to maximize its core earnings.

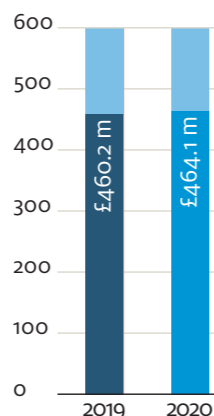
1. The Bank will look to reposition, optimize and improve the branch network by improving service levels with operational efficiencies.
2. A re-focus on International, returning to profitability and evaluating the business model.
3. Prioritizing non-fund income as a key component of our growth strategy, with a strong culture of cross sell.
4. Technology enhancements – leverage and build digital capabilities to strengthen customer service
5. More proactive treasury – capitalize on AFS opportunities, better balance sheet management and reduce concentration risk.

The Bank declared a total dividend of 12 PKR (£0.06) per share during the year ended 30 June 2020 (10 PKR (£0.06) per share during the year ended 30 June 2019).

UBL Profit Before Tax (£ million)



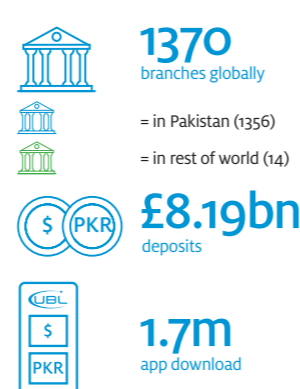
UBL Gross Revenue (£ million)



UBL No. of Employees



No. of UBL Branches



UBL branch, Karachi, Pakistan

Group Chief Executive's Review (continued)

'... we are confident our businesses will be able to continue to gain share within their respective markets.'



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

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 ensure 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 threat environment is then systematically managed and its security is enhanced via improvement programmes.



From left to right: R Pervez, ACA; D Pervez, BA (Hons), MA Oxon, Solicitor; HZ Choudrey, MA (Hons) Cantab, ACA

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.

Group Chief Executive's Review (continued)

'It has been a challenging twelve months, however, notwithstanding these pressures, we have been able to show the resilience of our business model...'

Future outlook

We see challenges in both the UK and Pakistani economies as they look to rebound from the impact of the pandemic. The UK is faced with the added uncertainty of the longer term impacts of Brexit in addition to the austerity measures required in the aftermath of the pandemic. Pakistan will also face challenges as it looks to balance economic growth alongside austerity measures emanating from the IMF bailout package. However, we believe the Group is in a strong position to withstand these pressures, as evidenced by the resilience our operations showed during the pandemic and we are confident our businesses will be able to continue to gain share within their respective markets.

The Wholesale business will continue to focus on growing share in a competitive market by leveraging the complementary infrastructure of the recently acquired Costcutter business. The business will also be focused on delivering operational efficiencies via the integration of Bestway Retail and Costcutter 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 grow on the strong engagement it has had with customers across services lines during the pandemic and remain focused on delivery the service proposition and efficiency gains implicit in the NHS forward view.

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. Bestway Cement will be focused on locating suitable sites for capacity expansion and also on completing a number of projects that it has announced, including the installation of solar power at all of its cement plants.

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, however, 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



UBL branch, Karachi, Pakistan; BCL plant, Chakwal, Pakistan; Well Pharmacy branch, Northenden, UK; Bestway Wholesale and BB foodservice lorries, Park Royal, UK

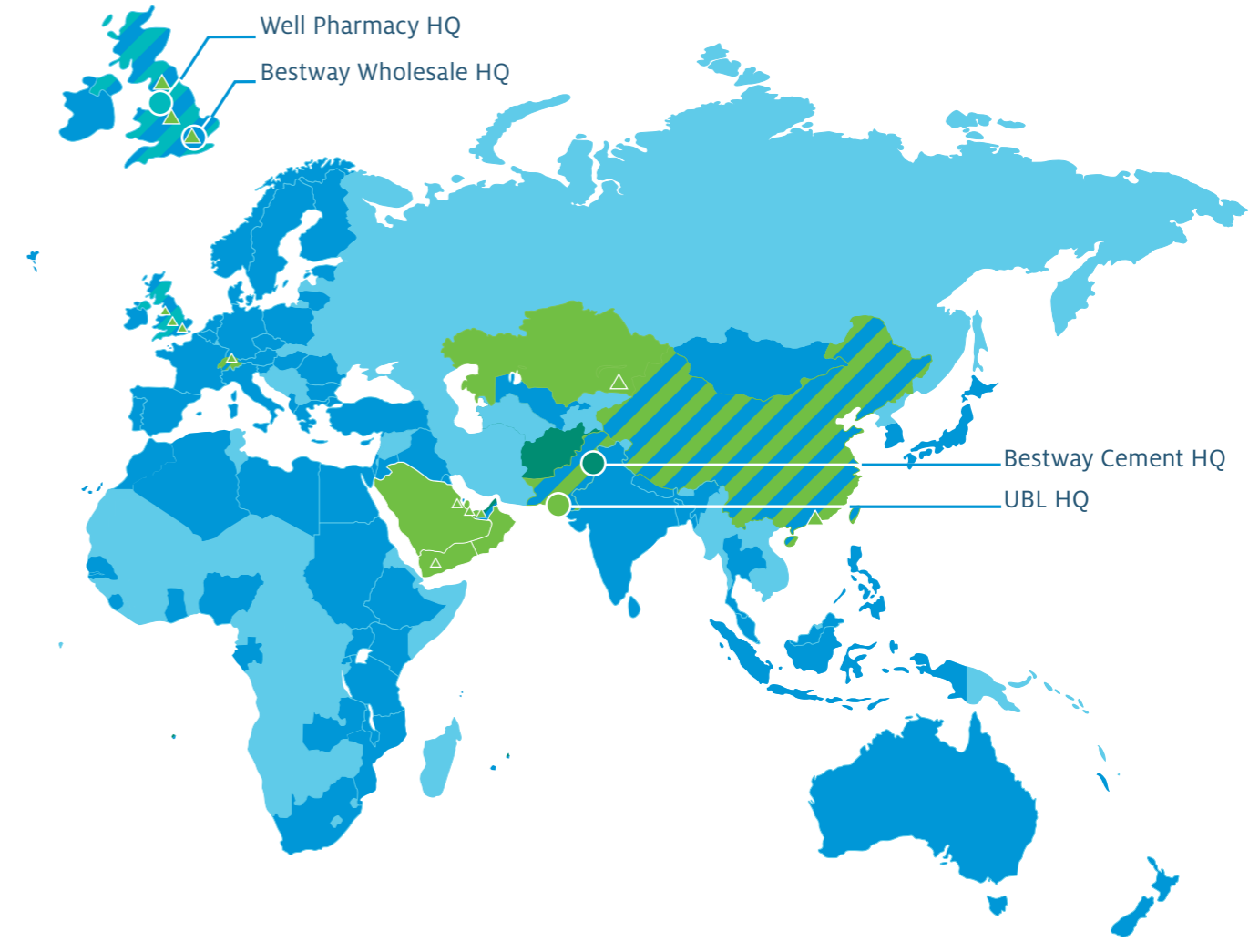
Bestway in Numbers

Bestway Group HQs (offices & branches)

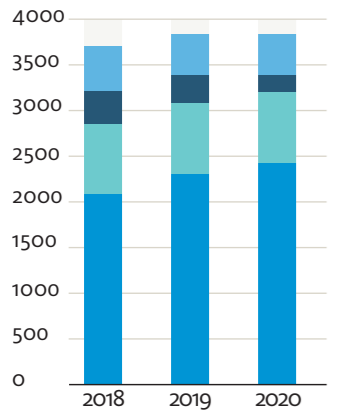
- Bestway Wholesale HQ
- Well Pharmacy HQ
- Bestway Cement HQ
- United Bank Limited HQ
- ▲ UBL International branches

Bestway Group Presence (by business)

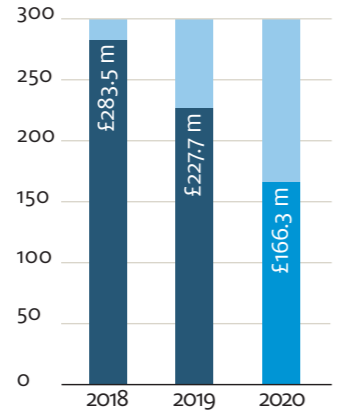
- Bestway Wholesale trade
- Well Pharmacy trade
- Bestway Cement trade
- UBL presence



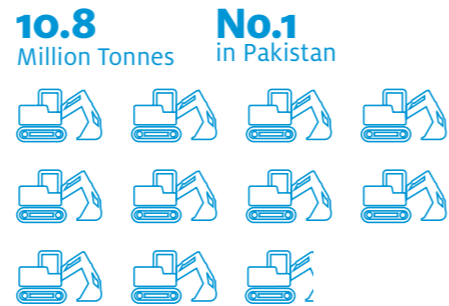
Bestway Group Turnover —By Sector



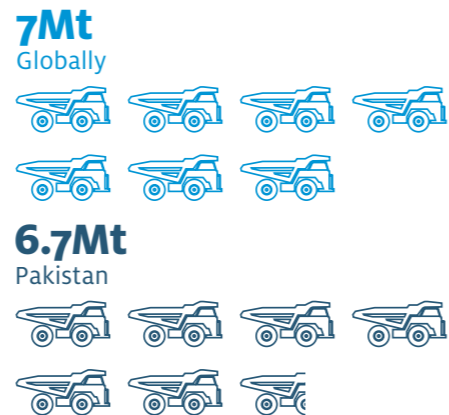
Bestway Group Profit (£ million)



Bestway Cement Ltd—Total Capacity (Million Tonnes)



Total dispatches (Million Tonnes)



Bestway Group Revenue



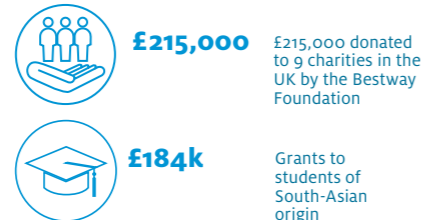
Cash Generated by Trading Group



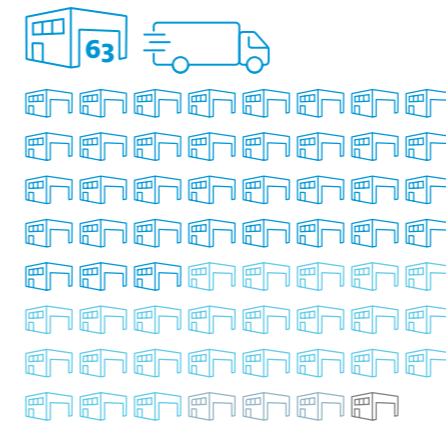
Bestway Group—Total No. Employees



Bestway Foundation



Bestway Wholesale

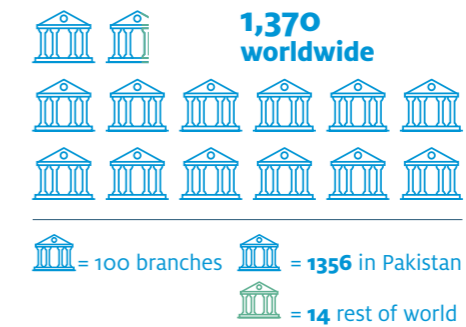


- Total No. of depots = 63
- 35 Bestway
- 24 Batleys
- 3 Best Pets
- 1 Central Distribution

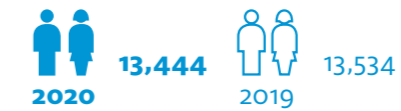
Bestway Wholesale Digital Sales



UBL—No. Branches



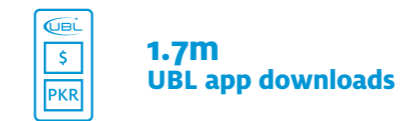
UBL—No. Employees



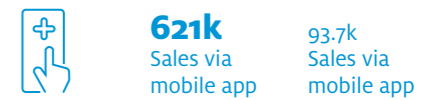
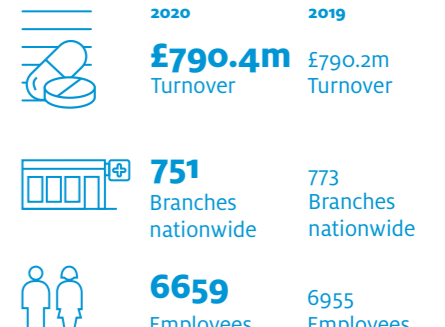
UBL—deposits



UBL—app downloads



Well Pharmacy





Bestway Wholesale depot, Tottenham, UK

Consolidated Income Statement

For the year ended 30 June 2020

	Trading Group 2020	Banking Group 2020	Total Combined 2020	Trading Group 2019	Banking Group 2019	Total Combined 2019
	£000	£000	£000	£000	£000	£000
Revenue	3,409,650	-	3,409,650	3,447,911	-	3,447,911
Cost of sales	(2,983,293)	-	(2,983,293)	(2,948,412)	-	(2,948,412)
	426,357	-	426,357	499,499	-	499,499
Interest income	-	892,328	892,328	-	736,695	736,695
Interest expense	-	(519,831)	(519,831)	-	(392,359)	(392,359)
Net interest income	-	372,497	372,497	-	344,336	344,336
Gross written premium	-	22,644	22,644	-	22,048	22,048
Premium ceded to reinsurer	-	(11,970)	(11,970)	-	(11,668)	(11,668)
Net written premiums	-	10,674	10,674	-	10,380	10,380
Gross benefits and claims paid	-	(11,866)	(11,866)	-	(12,050)	(12,050)
Claims ceded to reinsurer	-	7,552	7,552	-	7,748	7,748
Movement in technical provisions	-	35	35	-	282	282
Net benefits and claims	-	(4,279)	(4,279)	-	(4,020)	(4,020)
Fee, commission and brokerage income	-	70,590	70,590	-	120,754	120,754
Fee, commission and brokerage expense	-	(3,413)	(3,413)	-	(29,230)	(29,230)
Net fee and commission income	-	67,177	67,177	-	91,524	91,524
Gross profit	426,357	446,069	872,426	499,499	442,220	941,719
Dividend income from investments	-	4,732	4,732	-	8,772	8,772
Other operating income	3,967	1,011	4,978	4,302	2,482	6,784
Gains and losses on investments	-	26,410	26,410	-	7,560	7,560
Other gains and losses	-	682	682	2,153	1,398	3,551
Administrative expenses	(409,937)	(294,139)	(704,076)	(430,610)	(254,753)	(685,363)
Credit for impairment losses	-	-	-	-	(33,205)	(33,205)
Share of profits of equity accounted investees net of tax	-	1,746	1,746	-	2,899	2,899
Other operating expenses	(5,867)	-	(5,867)	(3,710)	-	(3,710)
Total operating profit	14,520	186,511	201,031	71,634	177,373	249,007
Finance income	205	-	205	69	-	69
Finance expense	(26,644)	(8,318)	(34,962)	(21,391)	(8)	(21,399)
Net finance expense	(26,439)	(8,318)	(34,757)	(21,322)	(8)	(21,330)
Underlying profit before taxation before adjusting items	(11,919)	178,193	166,274	50,312	177,365	227,677

Continued overleaf >

Consolidated Income Statement (continued)

For the year ended 30 June 2020

	Trading Group 2020	Banking Group 2020	Total Combined 2020	Trading Group 2019	Banking Group 2019	Total Combined 2019
	£000	£000	£000	£000	£000	£000
Underlying profit before taxation before adjusting items	(11,919)	178,193	166,274	50,312	177,365	227,677
Adjusting items:						
Gain on acquisition	-	-	-	-	-	-
International pension provision	-	-	-	-	-	-
Profit before tax from continuing operations	(11,919)	178,193	166,274	50,312	177,365	227,677
Taxation for the year	(6,462)	(77,613)	(84,075)	(27,811)	(84,370)	(112,181)
Profit from continuing operations	(18,381)	100,580	82,199	22,501	92,995	115,496
Profit after taxation from discontinued operations attributable	-	576	576	-	-	-
Profit for the year	(18,381)	101,156	82,775	22,501	92,995	115,496
Attributable to:						
Equity holders of the parent	(14,914)	58,530	43,616	1,079	53,889	54,968
Non-controlling interests	(3,467)	43,085	39,618	21,422	38,910	60,332
Investors of UBL funds	-	(459)	(459)	0	195	195
Profit for the year	(18,381)	101,156	82,775	22,501	92,994	115,495

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	Trading Group 2020	Banking Group 2020	Total Consolidated 2020	Trading Group (restated) 2019	Banking Group (restated) 2019	Total Combined (restated) 2019
	£000	£000	£000	£000	£000	£000
Profit after taxation	(18,381)	101,156	82,775	22,501	92,995	115,496
Items that will not be reclassified subsequently to profit or loss:						
Profit attributable to investors of UBL funds	-	459	459	-	(195)	(195)
Net gains on investments on equity instruments designated at FVOCI	-	370	370	-	675	675.00
Remeasurement of net defined benefit liability	(1,323)	(15,128)	(16,451)	(582)	13,268	12,686
	(1,323)	(14,299)	(15,622)	(582)	13,748	13,166
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	-	740	740	-	(3,517)	(3,517)
Surplus / (loss) arising on available for sale securities 'at FVOCI' net of tax	-	35	35	(2)	(28)	(30)
Net loss on investments in debt instruments classified as 'at FVOCI'	-	47,344	47,344	-	(20,080)	(20,080)
Exchange (loss) / gain on translation of foreign operations	1,003	9,634	10,638	(69,211)	(155,754)	(224,965)
	1,003	57,753	58,757	(69,213)	(179,379)	(248,592)
Other comprehensive (loss) for the year	(320)	43,454	43,134	(69,795)	(165,631)	(235,426)
Total comprehensive (loss) / income for the year	(18,701)	144,610	125,909	(47,294)	(72,636)	(119,930)
Total comprehensive (loss) / income attributable to:						
Equity holders of the Parent	(17,086)	79,743	62,657	(35,424)	(45,990)	(81,414)
Non-controlling interests	(1,615)	64,867	63,252	(11,870)	(26,646)	(38,516)
Total comprehensive (loss) / income for the year	(18,701)	144,610	125,909	(47,294)	(72,636)	(119,930)

Consolidated Balance Sheet

For the year ended 30 June 2020

	At 30 June 2020	At 30 June 2019
	£000	£000
Non-current assets		
Goodwill	145,028	141,711
Trading Group		
Intangible assets	369,383	400,088
Property, plant and equipment	572,556	600,500
Right of use assets	146,196	-
Investment property	113,456	116,442
Banking Group		
Intangible assets	9,622	7,445
Property, plant and equipment	249,168	253,231
Right of use assets	31,447	-
Investment property	11,002	15,919
Reinsurance assets	12,108	10,262
Investments in associates	20,157	14,371
Investments in financial assets	3,013,696	1,942,928
Lending to financial institutions and advances	1,709,755	1,715,703
Net employee benefits obligations	32,788	39,629
	6,436,362	5,258,229
Current assets		
Trading Group		
Tax receivable	23,220	18,323
Inventories	331,179	284,908
Trade and other receivables	247,890	249,154
Cash and cash equivalents	213,776	154,181
Banking Group		
Tax receivable	51,235	99,257
Investments in financial assets	2,162,897	2,465,728
Trade and other receivables due after more than one year	165,083	248,757
Lending to financial institutions and advances	1,472,303	1,764,113
Cash and cash equivalents	1,455,442	1,337,440
Assets classified as held for sale	1,184	20,895
	6,124,209	6,642,756
TOTAL ASSETS	12,560,571	11,900,985
Current liabilities		
Trading Group		
Tax payable	5,356	2,360
Bank overdraft	-	107,148
Trade and other payables	700,802	541,204
Other interest-bearing loans and borrowings	85,106	111,403
Provisions	1,936	8,365
Lease liabilities	13,517	-
Banking Group		
Bank overdraft	-	2,085
Trade and other payables	201,805	263,530
Deposits and other accounts	7,814,102	7,109,108
Payable to investors of UBL funds	3,507	9,536
Bills payable	131,299	143,886
Other interest-bearing loans and borrowings	663,848	967,260
Liabilities directly associated with assets classified as held for sale	113	20,016
Lease liabilities	5,296	-
	9,626,687	9,285,901

Consolidated Balance Sheet (continued)

For the year ended 30 June 2020

	At 30 June 2020	At 30 June 2019
	£000	£000
Non-current liabilities		
Trading Group		
Other interest-bearing loans and borrowings	200,291	176,786
Preference shares	58,480	58,178
Net deferred tax liabilities	110,869	122,810
Net employee benefits	8,469	7,475
Provisions	4,719	3,419
Lease liabilities	128,570	-
Banking Group		
Other financial liabilities	21,154	21,154
Deposits and other accounts	299,693	299,693
Other interest-bearing loans and borrowings	174,333	174,333
Subordinated loans	49,202	49,202
Provisions	14,760	14,760
Net employee benefits	2,112	2,112
	1,160,521	929,922
TOTAL LIABILITIES	10,787,208	10,215,823
TOTAL NET ASSETS	1,773,363	1,685,162
Equity		
Share capital	10	10
Revaluation reserve	269,132	239,276
Merger difference reserve	3,165	3,165
Statutory reserve	237,246	226,635
Reserve pertaining to UBL funds	2,659	6,884
Translation reserves	41,712	47,784
Retained earnings	664,361	638,460
Equity attributable to equity holders of the parent	1,218,285	1,162,214
Non-controlling interests	555,078	522,948
TOTAL EQUITY	1,773,363	1,685,162

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Share capital account	Share premium account	Revaluation reserve	Capital redemption reserve	Merger difference reserve	Statutory reserve
	£000	£000	£000	£000	£000	£000
At 1 July 2018	10	-	258,916	-	3,165	217,273
Profit for the period	-	-	-	-	-	-
Other comprehensive income for the period	-	-	(19,640)	-	-	-
Total comprehensive 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
Change in accounting policy	-	-	-	-	-	-
At 30 June 2019 (restated)	10	-	239,276	-	3,165	226,635
Profit for the period	-	-	-	-	-	-
Other comprehensive income for the period	-	-	29,856	-	-	(49)
Total comprehensive income for the period	-	-	29,856	-	-	(49)
Dividends paid	-	-	-	-	-	-
Issuance and repurchase	-	-	-	-	-	-
Transfers	-	-	-	-	-	10,660
At 30 June 2020	10	-	269,132	-	3,165	237,246

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Reserve pertaining to UBL funds	Translation reserve	Retained earnings	Total attributable to owners	Non-controlling interest	Total
	£000	£000	£000	£000	£000	£000
At 1 July 2018	4,973	134,002	630,605	1,248,944	612,656	1,861,600
Profit for the period	195	-	54,968	55,163	60,332	115,495
Other comprehensive loss for the period	-	(83,171)	(33,765)	(136,576)	(98,848)	(235,424)
Total comprehensive income for the period	195	(83,171)	21,203	(81,413)	(38,516)	(119,929)
Dividends paid	-	-	(4,000)	(4,000)	(46,211)	(50,211)
Change in non-controlling interest	-	-	14	14	(14)	-
Issuance and repurchase	1,716	-	-	1,716	1,192	2,908
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	529,107	1,685,163
Change in accounting policy	-	-	3,177	3,177	874	4,051
At 30 June 2019 (restated)	6,884	41,626	641,637	1,159,233	529,981	1,689,214
Profit for the period	-	-	43,157	43,157	39,618	82,775
Other comprehensive income for the period	-	86	(10,393)	19,500	23,634	43,134
Total comprehensive income for the period	-	86	32,764	62,657	63,252	125,909
Dividends paid	-	-	-	-	(38,155)	(38,155)
Issuance and repurchase	(4,225)	-	-	(4,225)	-	(4,225)
Transfers	-	-	(10,040)	620	-	620
At 30 June 2020	2,659	41,712	664,361	1,218,285	555,078	1,773,363

Consolidated Cash Flow Statement

For the year ended 30 June 2020

	Trading Group 2020	Banking Group 2020	Total Combined 2020	Trading Group 2019	Banking Group 2019	Total Combined 2019
	£000	£000	£000	£000	£000	£000
Cash flows from operating activities						
Profit before tax	(11,919)	178,193	166,274	50,312	177,365	227,677
<i>Adjustments for:</i>						
Share of profit of equity accounted investees	-	(1,746)	(1,746)	-	(2,899)	(2,899)
Finance income	(205)	-	(205)	(69)	-	(69)
Other gains and losses	-	(3,362)	(3,362)	(2,153)	(1,398)	(3,551)
Finance costs	26,644	8,318	34,962	21,391	-	21,391
Depreciation of property, plant and equipment	61,255	28,680	89,935	45,686	14,653	60,339
Amortisation of intangible assets	37,457	4,069	41,526	38,671	3,509	42,180
Profit / (loss) on disposal of property, plant and equipment	(338)	492	154	(111)	-	(111)
Profit / (loss) on disposal of investment property	-	-	-	(58)	-	(58)
Change in value of investment property	3,144	-	3,144	-	-	-
Increase / (decrease) in provisions	-	60,238	60,238	(11,073)	(39,327)	(50,400)
Increase / (decrease) in pension provision (reversal)/impairment of fixed assets	-	178	178	(2,836)	(53,215)	(56,051)
Impairment of goodwill	(3,640)	-	(3,640)	3,258	-	3,258
Impairment of intangible assets	-	-	-	95	-	95
Operating cash flows before movements in working capital	116,218	275,060	391,278	143,113	98,688	241,801
(Increase) / decrease in inventories	(46,395)	-	(46,395)	30,236	-	30,236
Decrease / (increase) in receivables	(9,712)	-	(9,712)	1,896	-	1,896
(Decrease) / increase in payables	151,405	-	151,405	(29,148)	-	(29,148)
Decrease / (increase) in lending to financial institutions and advances	-	404,534	404,534	-	400,642	400,642
Increase / (decrease) in deposits and other accounts	-	346,643	346,643	-	814,206	814,206
Decrease / (increase) in investments	-	(799,388)	(799,388)	-	(361,091)	(361,091)
	211,516	226,849	438,365	146,097	952,445	1,098,542
Tax paid	(20,126)	(27,388)	(47,514)	(27,213)	(76,727)	(103,940)
Net cash from / (used in) operating activities	191,390	199,461	390,851	118,884	875,718	994,602
Cash flows from investing activities						
Interest received	1,058	-	1,058	69	-	69
Proceeds on disposal of property, plant and equipment	8,348	2,483	10,831	3,680	6,266	9,946
Proceeds on disposal of investment property	-	-	-	-	1,572	1,572
Purchases of property, plant and equipment	(20,426)	(14,144)	(34,570)	(46,804)	(23,741)	(70,545)
Purchase of investment property	-	-	-	-	(477)	(477)
Purchase of intangible assets	(7,970)	-	(7,970)	(7,082)	(3,619)	(10,701)
Acquisition of subsidiary net of cash	-	-	-	-	-	-
Dividends received / (paid)	43,545	(43,545)	-	43,131	(43,131)	-
Dividends paid to Owners of the Company	-	-	-	(4,000)	-	(4,000)
Dividends paid to non-controlling interest	(7,836)	(30,310)	(38,146)	(16,182)	(29,664)	(45,846)
Net cash (used in) investing activities	16,719	(85,516)	(68,797)	(27,188)	(92,794)	(119,982)

Consolidated Cash Flow Statement (continued)

For the year ended 30 June 2020

	Trading Group 2020	Banking Group 2020	Total Combined 2020	Trading Group 2019	Banking Group 2019	Total Combined 2019
	£000	£000	£000	£000	£000	£000
Cash flows from investing activities						
Interest received	1,058	-	1,058	69	-	69
Proceeds on disposal of property, plant and equipment	8,348	2,483	10,831	3,680	6,266	9,946
Proceeds on disposal of investment property	-	-	-	-	1,572	1,572
Purchases of property, plant and equipment	(20,426)	(14,144)	(34,570)	(46,804)	(23,741)	(70,545)
Purchase of investment property	-	-	-	-	(477)	(477)
Purchase of intangible assets	(7,970)	-	(7,970)	(7,082)	(3,619)	(10,701)
Acquisition of subsidiary net of cash	-	-	-	-	-	-
Dividends received / (paid)	43,545	(43,545)	-	43,131	(43,131)	-
Dividends paid to Owners of the Company	-	-	-	(4,000)	-	(4,000)
Dividends paid to non-controlling interest	(7,836)	(30,310)	(38,146)	(16,182)	(29,664)	(45,846)
Net cash (used in) investing activities	16,719	(85,516)	(68,797)	(27,188)	(92,794)	(119,982)
Cash flows from financing activities						
Net borrowings to / (from) third parties	(1,204)	-	(1,204)	(52,306)	(387,304)	(439,610)
Interest paid	(23,392)	(74)	(23,466)	(21,391)	-	(21,391)
Principal elements of lease payments	(17,098)	-	(17,098)	-	-	-
Net borrowings to / (from) subordinated loan	-	-	-	-	57,861	57,861
Net borrowings related party	290	-	290	116	-	116
Movement in unit holders funds	-	(4,023)	(4,023)	-	2,908	2,908
Net cash (used in) / from financing activities	(41,404)	(4,097)	(45,501)	(73,581)	(326,535)	(400,116)
Net increase / (decrease) in cash and cash equivalents	166,705	109,848	276,553	18,115	456,389	474,504
Cash and cash equivalents at beginning of year	47,034	1,337,350	1,384,384	29,472	1,223,669	1,253,141
Effect of foreign exchange rate changes	37	8,244	8,281	(554)	(344,703)	(345,257)
Cash and cash equivalents at end of year	213,776	1,455,442	1,669,218	47,033	1,335,355	1,382,388

Company Information

Registered number	11003305
Registered Office	2 Abbey Road Park Royal London United Kingdom NW10 7BW
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
Solicitors	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG

' 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

