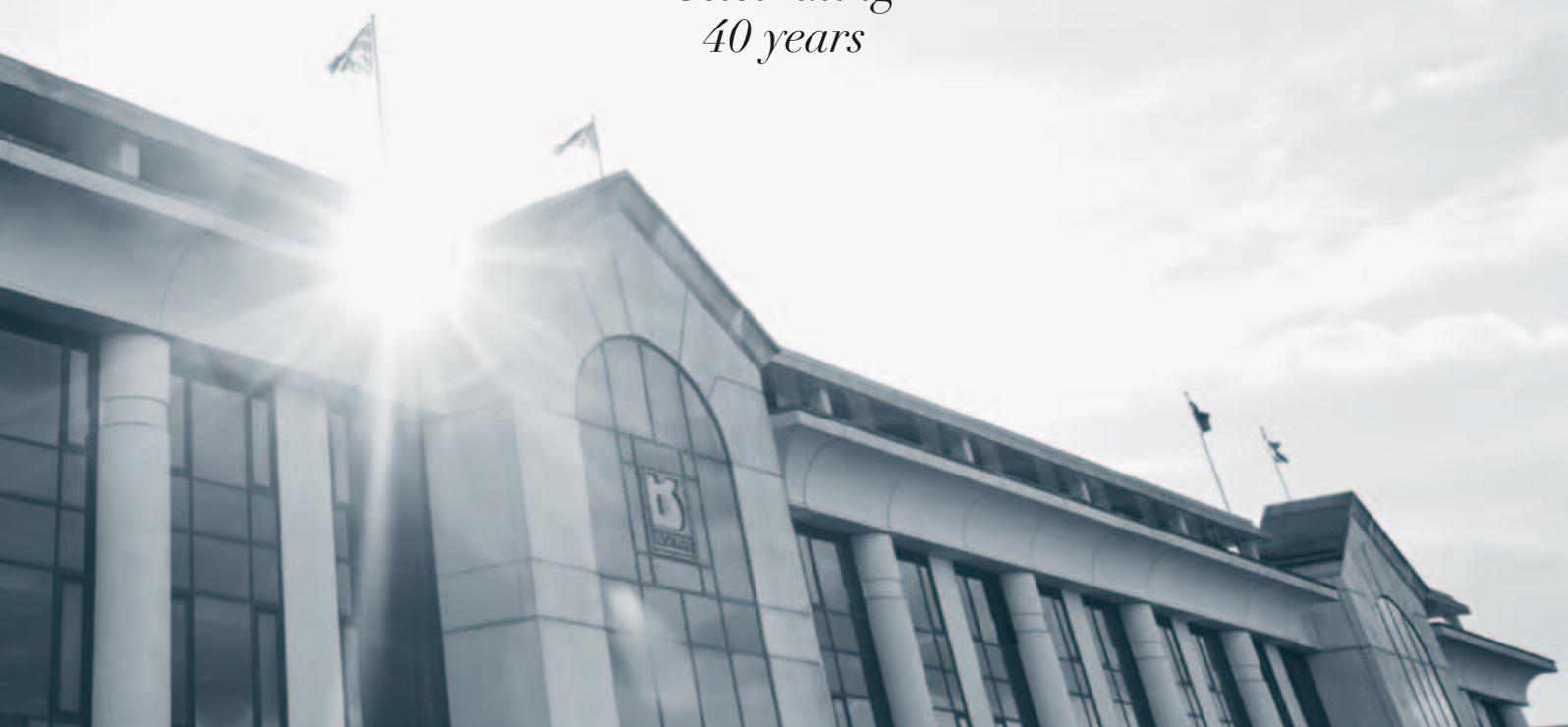


1976
—
2016

Annual Report
2016

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BESTWAY
GROUP

Celebrating
40 years



Welcome
TO THE
BESTWAY GROUP
2015/2016
ANNUAL REPORT

Bestway Group was founded in 1976 by Sir Anwar Pervez. It is the UK's 8th largest privately-owned company and 5th largest family-owned business. The Group consists of: Bestway Wholesale, the largest independent wholesaler in the UK; Bestway Cement, the largest cement manufacturer in Pakistan; United Bank Limited, the 2nd largest private bank in Pakistan; and most recently, Well Pharmacy, the 3rd largest pharmacy business in the UK. We continue to grow from strength to strength in all these areas.



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BESTWAY GROUP'S *History*

FROM ITS HUMBLE BEGINNINGS, THE GROUP HAS WORKED HARD AND HAS GROWN INTO A WELL DIVERSIFIED BUSINESS THAT HAS ALWAYS STAYED TRUE TO ITS ORIGINAL ETHOS AND PRINCIPLES – INVESTING IN AND CONNECTING WITH THE COMMUNITIES WE SERVE.

1963



In 1963, Sir Anwar Pervez opened his first ethnic-focussed convenience store, “Kashmir” in Earls Court, London. Having gained recognition in the area, Sir Anwar decided to take the strategic decision to enter the mainstream retail market, catering to a wider customer base.

1976



By the early seventies, Sir Anwar had 10 well-stocked convenience stores in and around west London.

After shrewdly observing that, with independent retailers being charged a margin of 10-12% by wholesalers, they would have no chance of surviving against the big supermarket chains, he devised a strategy of operating a wholesale company profitably on a 4% margin in order to help customers, passing the savings onto the customer and building business for the independents.

This led to Sir Anwar Pervez founding Bestway and Bestway entered the UK wholesale market, establishing its first warehouse in Acton, West London in 1976. Within the first 18 months of trading, Acton had achieved an impressive £12m turnover. The move changed the face of the wholesale sector in the UK, and, from here, the company has gone from strength to strength.

1980s



Throughout the eighties, Bestway began to build up its network of cash and carries across the UK.

By the end of the decade, the company had grown to 11 depots, establishing a strong foothold in London both through organic growth and acquisitions. This also included their first depots outside of London (with the opening of the Bristol depot in 1986 and the Leicester depot in 1987), as well as the flagship of the company in Park Royal in 1984, which continues to serve as the Group's Corporate Head Office today.

At an impressive rate of almost one warehouse per year, the company's rapid expansion quickly established Bestway as a major player within the UK Wholesale market, with the Group's turnover growing from £30m to £300m by 1990.

“

The Group now has an annual turnover of approximately £3.3 billion and a global workforce of 32,344 people. This remarkable rise is only the beginning...

”

1990s



The 1990s proved to be a landmark decade for the Group.

With the Wholesale operation continuing to expand rapidly, adding another 10 depots across the UK during this period, the board saw an opportunity to diversify and expand the business, a move that would be the first step towards propelling the company into the multi-national conglomerate it is today.

In early 1995, the Group made the decision to enter the Pakistani cement market, setting up its first cement plant from scratch in Hattar. The cement plant was built in an industry record time for that time in Pakistan and generated positive cash flow since its commissioning in 1998.

In 1997, Bestway set up Bestway Foundation, the Group's philanthropic arm.

2000s



In the 2000s, Bestway began to emerge as a multinational conglomerate. In Wholesale, the Group added 41 warehouses, including 28 depots in 2005 when it acquired rival operator Batleys Plc., with turnover reaching £1.78bn.

In 2001, Bestway Cement was listed on the Karachi Stock Exchange, and soon the company set up 2 more cement plants, both in Chakwal, between 2005 and 2007, as well as acquiring rival Mustekham Cement's operations in 2005. By 2013, Bestway Cement's capacity had grown to 6m tonnes per annum and its turnover stood at £177.7m.

In 2002, Bestway entered the banking sector after successfully bidding for a controlling share in United Bank Limited. Since then, Bestway Group has increased its shareholding to become the major shareholder with 61.37%. In the past decade, the Group has taken it from being the fourth largest bank in Pakistan to the third largest, and has expanded operations as far as the UK, Switzerland and Tanzania.

2010s



In the past two years, the Group cemented its position as an emerging conglomerate through a series of acquisitions.

In April 2014, the Group announced the takeover of Sher Brothers' Cash & Carry business in Glasgow, Scotland, bringing the total number of Wholesale depots nationwide to 63.

Not long after in October 2014, Bestway saw off competition from the likes of Alliance Boots and Carlyle Group, and successfully acquired the UK's 3rd largest pharmacy chain, The Co-operative Pharmacy, for £620m, which has since been rebranded Well Pharmacy.

And if that wasn't enough, less than a week later, the Group announced that it had also acquired Lafarge Pakistan Cement Limited for £194m, becoming the largest cement manufacturer in Pakistan.

With these acquisitions, the Group now has an annual turnover of approximately £3.3 billion and a global workforce of c. 33,000 people. It is the UK's eighteenth largest privately owned company and seventh largest family-owned business.

Chairman's STATEMENT

ON BEHALF OF THE BOARD OF DIRECTORS,
I AM PLEASED TO PLACE BEFORE YOU THE
AMALGAMATED FINANCIAL STATEMENTS OF
BESTWAY NORTHERN LIMITED AND BESTWAY
(HOLDINGS) LIMITED AND ITS SUBSIDIARIES ('THE
GROUP') FOR THE YEAR ENDED 30 JUNE 2016.

BUSINESS OVERVIEW

Over the years, Bestway has transformed itself from a regional wholesaler to a truly vibrant national wholesaler with a presence across the UK. The Group now boasts a portfolio consisting of the 2nd largest independent wholesaler and 3rd largest retail pharmacy in UK, in addition to, the largest cement manufacturer and 2nd largest private bank in Pakistan.

Bestway Cement Limited has maintained its position as the largest cement producer in Pakistan as well as the largest exporter of cement to Afghanistan and India.

United Bank Limited was adjudged 'Best Bank 2016' at the first Pakistan Banking Awards in May 2016. This award highlights UBL's position as the leading bank in the industry and endorses its reputation as a progressive and innovative bank.

PERFORMANCE

Group turnover, for the year ended 30 June 2016 totalled £3.28 billion compared to £3.01 billion in the previous year an increase of 9.0%. Profit before tax increased by 5.8% to £413.3 million compared to £390.5 million in the previous year.

During the period under review, the Group's focus was on consolidating the acquisition of Well Pharmacy and Pakcem Cement into its existing operations.

Bestway Wholesale has invested in new technologies and delivery channels to assist our customers in the Independent Retail & Grocery Sector to remain competitive.

Well Pharmacy's rebranding was completed during the year and the business' performance was in line with our targets despite the challenges being faced by the pharmacy sector.

SOCIAL RESPONSIBILITY

In June 2016 Bestway Group organised its 22nd annual charity event at Royal Ascot. The chosen charity this year was The Duke of Edinburgh's Award (DofE). Bestway Foundation has a long standing relationship with the DofE Award Scheme going back to 1994.

During the period under review Bestway Foundation donated £254,000 to eleven national charities, including British Asian Trust, Crimestoppers and Springboard, among others.

Bestway Foundation also provided £187,000 in scholarships to students of South Asian origin to the Universities of Cambridge; Warwick; Westminster; Nottingham; and Kings College London.

We have continued with our support of the Retail Development Awards (RDAs). The RDAs underline Bestway's commitment to the nation's independent retail sector.

“

Profit before tax increased by 5.8% to £413.3 million compared to £390.5 million in the previous year.

”



SIR MA PERVEZ, OBE HPK
Group Chairman

Chairman's STATEMENT

(CONTINUED)

OUTLOOK

The Board remains confident that Bestway is strategically placed in today's challenging global environment and that our strength leads to opportunity. Our time tested proactive approach has served us well and has positioned us for long-term growth. Thanks to a highly diversified business model and a clear and well-articulated strategy with a focus on fundamentals, we look forward to the future with enthusiasm and confidence.

In our 40th Anniversary year, we are very much aware of the potential challenges but the inherent strength of our businesses, our partnerships with industry suppliers, the loyalty of our customer base and dedication and commitment of our staff will guide us in the future. There are still many challenges and milestones ahead of us and I am sure that we will continue to meet and exceed these, as we have done in the past.

SIR MA Pervez, OBE HPK
Group Chairman

KEY HIGHLIGHTS

During the year ended 30 June 2016, the Group's turnover increased by 9% to £3.28 billion from £3.01 billion in 2015.

Overall Group profit before tax increased by 5.8% to £413.3 million as compared to £390.5 million in 2015.

KEY FIGURES

£3.28bn

BESTWAY GROUP
TURNOVER

£888.2m

TANGIBLE FIXED ASSETS
AFTER DEPRECIATION

£413.3m

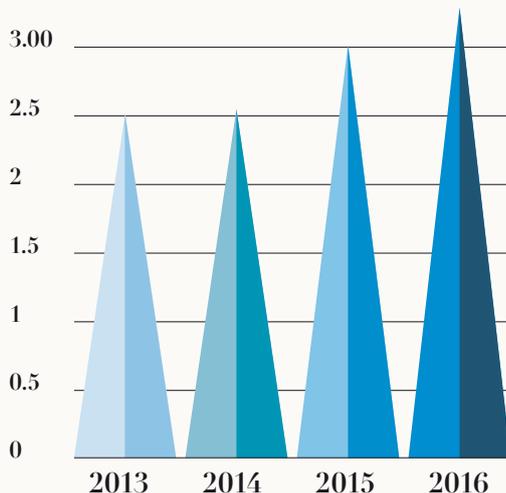
PROFIT BEFORE TAX

6%

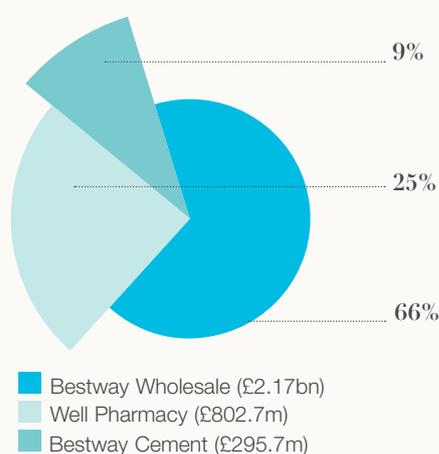
INCREASE IN PROFIT

BESTWAY GROUP TURNOVER

£ billion



BESTWAY GROUP TURNOVER BY BUSINESS SECTOR



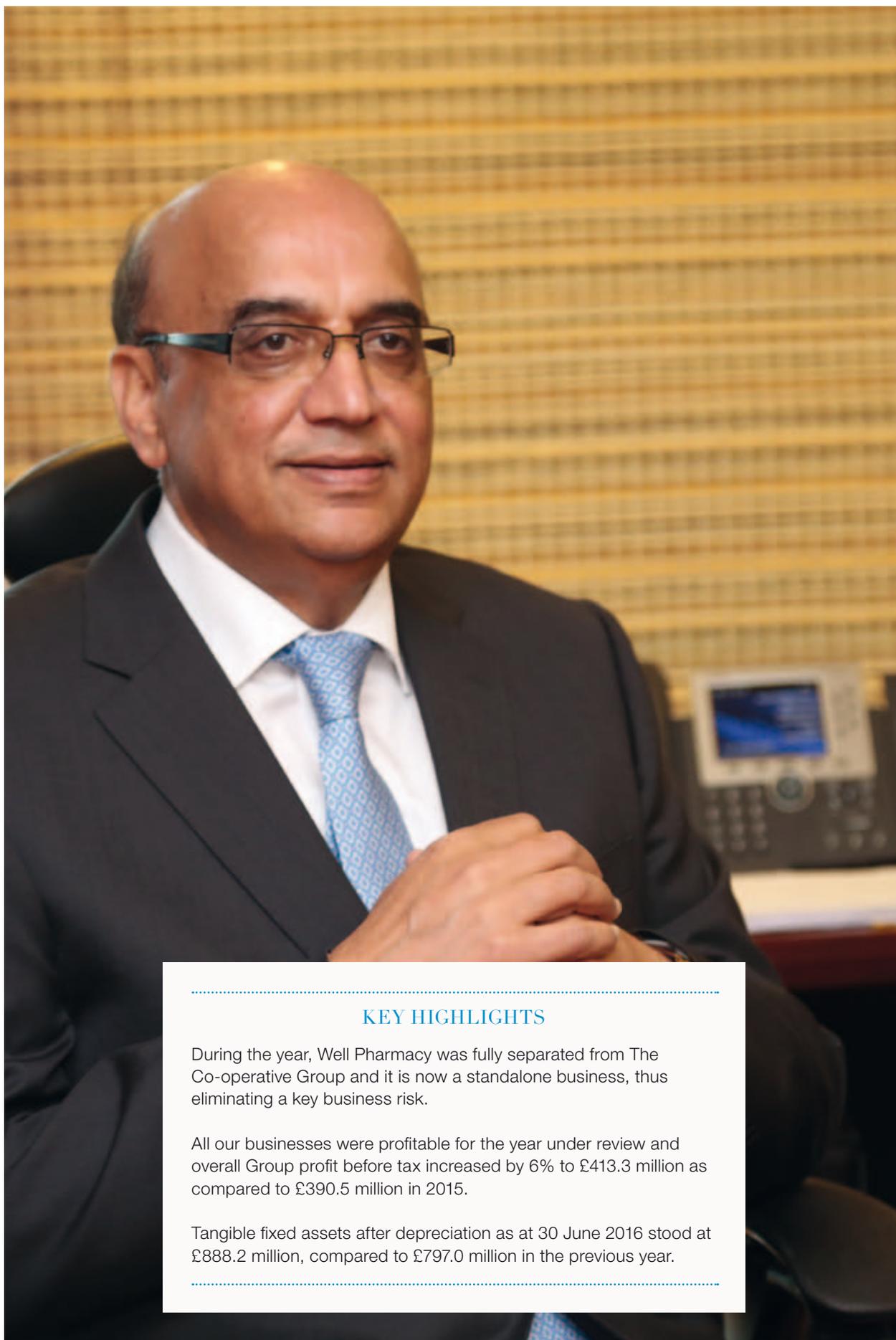
(UBL figure not included as banking group has no turnover)

“

Our time tested proactive approach has served us well and has positioned us for long-term growth.

”





KEY HIGHLIGHTS

During the year, Well Pharmacy was fully separated from The Co-operative Group and it is now a standalone business, thus eliminating a key business risk.

All our businesses were profitable for the year under review and overall Group profit before tax increased by 6% to £413.3 million as compared to £390.5 million in 2015.

Tangible fixed assets after depreciation as at 30 June 2016 stood at £888.2 million, compared to £797.0 million in the previous year.

ZM CHOUDREY CBE, BA (HONS), FCA
Group Chief Executive

Group Chief **EXECUTIVE'S REVIEW**

ON BEHALF OF THE BOARD OF DIRECTORS, I
AM PLEASED TO PRESENT THE AMALGAMATED
FINANCIAL STATEMENTS FOR BESTWAY
(HOLDINGS) LIMITED AND BESTWAY NORTHERN
LIMITED FOR THE YEAR ENDED 30 JUNE 2016.

REVIEW OF BUSINESS

2016 has been a year of consolidation for the Group. Despite difficult business conditions in the UK, we have maintained our market share across the Wholesale and Pharmacy businesses. During the year, Well Pharmacy was fully separated from The Co-Operative Group and it is now a standalone business, thus eliminating a key business risk.

Business conditions in Pakistan have been more favourable than last year and we have capitalised on opportunities to enhance our market share in the cement and banking sectors through Bestway Cement Limited and United Bank Limited. During the year, Pakcem has been fully integrated into Bestway Cement Limited and has enabled us to enhance our market leader position in the sector.

GROUP FINANCIAL PERFORMANCE

The accounts have been prepared in accordance with IFRS and the move from UK GAAP accounting has resulted in a conversion of the financial statements for the year ended 30 June 2015.

During the year ended 30 June 2016, the Group's turnover increased by 9% to £3.28 billion from £3.01 billion in 2015. All our businesses were profitable for

the year under review and overall Group profit before tax increased by 6% to £413.3 million as compared to £390.5 million in 2015. This was due to an improvement in the underlying performance of the Banking Group and the Cement business as well as a full reflection of the twelve month performance of Well Pharmacy and Pakcem.

Tangible fixed assets after depreciation as at 30 June 2016 stood at £888.2 million, compared to £797.0 million in the previous year.

The Trading Group has improved cash in hand to £92.3 million in 2016 as compared to £71.6 million in 2015.

During the year, the Group made repayments of £172.2 million as part of its ongoing de-leveraging strategy. This included £125.5 million repayment of debt in the UK, which had been taken as part of the acquisition of Well Pharmacy, as well as repayments of £46.7 million of debt by Bestway Cement Limited as part of Pakcem's acquisition.

The Group remains committed to reducing its financial risk and will continue to repay its debt as quickly as possible.

BESTWAY WHOLESALE

THE WHOLESALE SECTOR HAS BEEN ADVERSELY AFFECTED BY FOOD PRICE DEFLATION, INTENSE COMPETITION AND CHANGING CONSUMER HABITS.

BESTWAY WHOLESALE

This has no doubt impacted our turnover and profitability. However, our focus on the three pillars, as explained below, remains strong.

Turnover in the wholesale business amounted to £2.17 billion, a decrease of 1.1% compared to the corresponding period last year. The marginal decrease was in line with the performance of the broader wholesale sector.

Profit before tax decreased to £19.7 million. This has been driven by a conscious decision to invest in margin to support the independent retail sector against the increased competition from the multiples. There has also been investment in Foodservice and Symbol & Club, which should translate into a more positive trading performance going forward. The variance in profitability is also explained by a lower gain on revaluation of properties of £3.0 million in 2016 compared to £18.8 million in 2015.

Trading stock as at 30 June 2016 amounted to £166.3 million as compared to £180.9 million in the previous year.

Despite the challenges, we have maintained our focus on the three pillars of Symbol & Club, Foodservice and Digital;

SYMBOL & CLUB

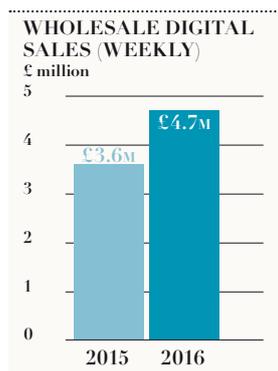
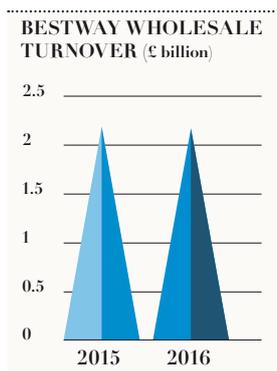
Symbol & Club: The Best-one and Xtra Local retail club membership continues to grow as we ensure greater discipline and compliance among our affiliated stores. During the year, we introduced The Great Rebate and MyRewards schemes to help our customers increase their margins and profitability.

FOODSERVICE

Foodservice: Our catering sales are up 5% with over 25 major suppliers now enjoying growth of over 20%.

DIGITAL

Digital: Our online business now has over 28,500 registered users with weekly sales averaging £4.7 million. The mobile app accounts for nearly 15% of all online transactions.



“

Despite the challenges,
we have maintained our
focus on the three pillars
of Symbol & Club,
Foodservice and Digital

”

M YOUNUS SHEIKH
Chairman
Wholesale Division



KEY HIGHLIGHTS

Turnover in the wholesale business amounted to £2.17 billion.

Foodservice: Catering sales are up 5% with over 25 major suppliers now enjoying growth of over 20%.

Digital: Over 28,500 registered users with weekly sales averaging £4.7 million.

KEY FIGURES

£2.17bn
WHOLESALE BUSINESS
TURNOVER

£4.7m
AVERAGE WEEKLY
ONLINE SALES

5%
INCREASE IN
CATERING SALES

15%
ONLINE TRANSACTIONS
VIA MOBILE APP



KEY HIGHLIGHTS

Turnover was £802.7 million. Profit before tax was £27.5 million.

During the year, Well's market share of the prescriptions nationally grew to 6.0%.

During the year, the company added Care4U and Ideal Healthcare Limited to its existing portfolio.

KEY FIGURES

£802.7m
 PHARMACY BUSINESS
 TURNOVER

6%
 NATIONAL SHARE OF
 PRESCRIPTIONS

£27.5m
 PROFIT BEFORE TAX

57m
 PRESCRIPTION VOLUME

WELL PHARMACY

THE PERIOD UNDER REVIEW REFLECTS THE FIRST FULL YEAR OF TRADING OF WELL PHARMACY WITHIN THE BESTWAY GROUP.

WELL PHARMACY

Given the challenges presented by government intervention, both directly in pharmacy via reduction in NHS funding and indirectly via National Living Wage policy, Well Pharmacy's performance for the year ended 30 June 2016 has been very credible.

Despite, the impending reduction in Government funding, Well Pharmacy is well-placed to adapt to market conditions and deliver on its strategic plans. In the medium-term, there will need to be focus on driving efficiencies in the business without compromising on patient service.

Turnover of the pharmacy business for the year ended June 2016 was £802.7 million, with profit before tax of £27.5 million.

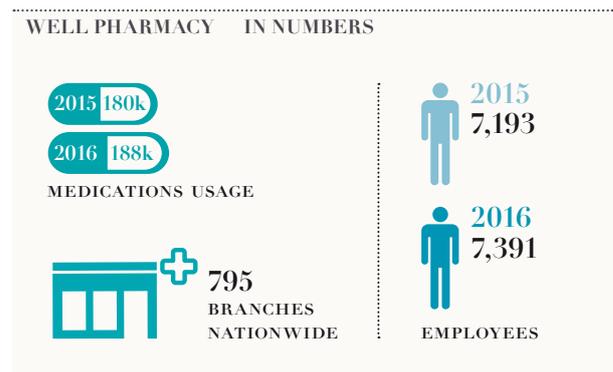
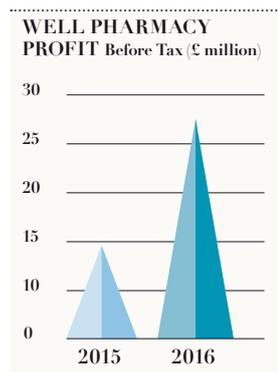
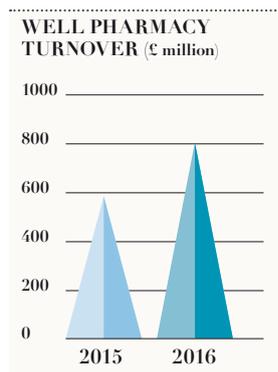
The sales growth was driven by prescription volumes and is now comfortably above our competitors and ahead of the market in UK. During the year under review, Well's market share of the prescriptions nationally grew to 6.0%.

Overall stores performance was driven by good cost control and higher operating margins.

Last year we introduced new initiatives like B2B trading under "Bestway Medhub" and "WellCarePlus", a care home pharmaceutical supply solution. The B2B business has grown steadily during the period under review and delivered on its forecast profit target through growing volume of accounts and sales per account.

WellCarePlus has grown sales steadily during the year. The conversion of sales to implemented revenue generating activity was initially a challenge. However, these have now been addressed and WellCarePlus has a strong pipeline.

The rebranding of Well Pharmacy was completed in October 2015 and this coincided with the move to its new headquarter in Manchester. In February 2016, Well Pharmacy's operations were fully separated from the Co-operative Group. During the year, the company added Care4U and Ideal Healthcare Limited to its existing portfolio.



BESTWAY CEMENT LIMITED

PAKCEM WAS FULLY INTEGRATED WITHIN
BESTWAY CEMENT AND BCL'S FIGURES REFLECT A
FULL 12 MONTHS OF TRADING OF PAKCEM.

BESTWAY CEMENT LIMITED ('BCL')

BCL has been able to capitalise on the growing cement demand in Pakistan and maximise capacity utilisation both of its core business as well as the recently acquired Pakcem plant. The gap between supply and demand has enabled the Pakistani cement sector to maximise sales with the benefit of stable pricing. However, in the medium term there is likely to be a wave of capacity expansion, which may impact both cement prices and capacity utilisation. BCL is well placed for a change in market conditions given it is the lowest cost producer in the country and it has a diversified cement brand portfolio,

During the period under review, BCL's despatches increased by 42.2% to 6.9 million tonnes from 4.9 million tonnes in 2015. This increase reflected Pakcem's despatches for the full 12 months compared to only two months despatches in the corresponding period last year.

Domestic despatches increased by 43.9% to 5.9 million tonnes from 4.1 million tonnes in 2015. On a like to like basis, domestic despatches increased by 13.3%. Exports grew by 21.9% to 941 thousand tonnes as compared to 772 thousand tonnes in 2015.

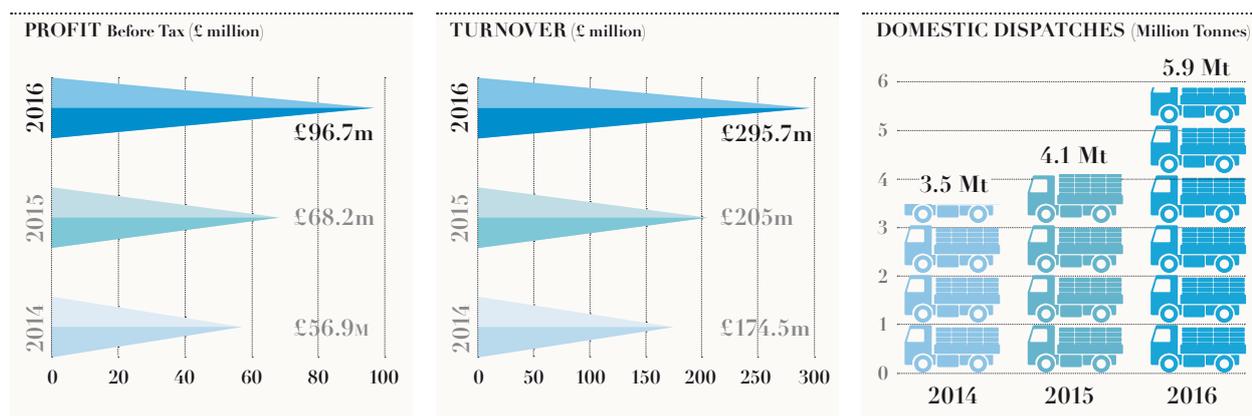
BCL maintained its position as the largest cement producer and the market leader in the domestic market and the largest exporter to Afghanistan and India.

Turnover for the financial year 2016 increased by 44.2% to £295.7 million compared to £205.0 million for 2015. Profit before tax registered an increase of 41.8% from £68.2 million in 2015 to £96.7 million for the year to 30 June 2016. This is due to the increase in sales volumes.

In April 2015, BCL had taken on debt of £182 million for Pakcem. During the year under review, the company repaid £46.7 million of its debt. For the year ended 30 June 2016, BCL declared a combined dividend of 10 PKR per share.

Construction work on the 12MW Waste Heat Recovery Power Plant (WHRPP) at Pakcem plant is on schedule and the plant is expected to be fully operational by March 2017. This will reduce our cost of production, as we will be relying on our own power sources, and we shall be able to enjoy financial benefits in future years. This will also reduce emission of waste gases and positively impact the environment.

In May 2016, the merger of Pakcem into BCL was approved by the shareholders of both companies.



KEY HIGHLIGHTS

In May 2016, the merger of Pakcem into BCL was approved by the shareholders of both companies.

Turnover for the financial year 2016 increased by 44.2% to £295.7 million compared to £205.0 million for 2015.

Profit before tax registered an increase of 41.8% from £68.2 million in 2015 to £96.7 million for the year to 30 June 2016.

KEY FIGURES

+44.2%
INCREASE IN
TURNOVER

+42.2%
INCREASE IN
DESPATCHES

+41.8%
INCREASE IN PROFIT
BEFORE TAX

+43.9%
INCREASE IN DOMESTIC
DESPATCHES

UNITED BANK LIMITED

UBL IS ONE OF THE LARGEST BANKS IN PAKISTAN THAT HAS MARKET LEADING POSITIONS IN ALL CORE BUSINESSES AND WAS AWARDED THE “BEST BANK 2016” AWARD AT THE INAUGURAL PAKISTAN BANKING AWARDS.

UNITED BANK LIMITED (‘UBL’)

The bank’s long term strategy is to evolve its leading segments resulting in deeper market access and creating opportunities through new product development.

UBL has been able to counteract the narrowing of the interest rate corridor through continued focus on expanding its low-cost deposit base and diversifying of its non-fund income portfolio.

There is likely to be ongoing pressure on interest rates in Pakistan in the medium term, however, UBL is well placed to continue to drive volume growth to counteract market conditions.

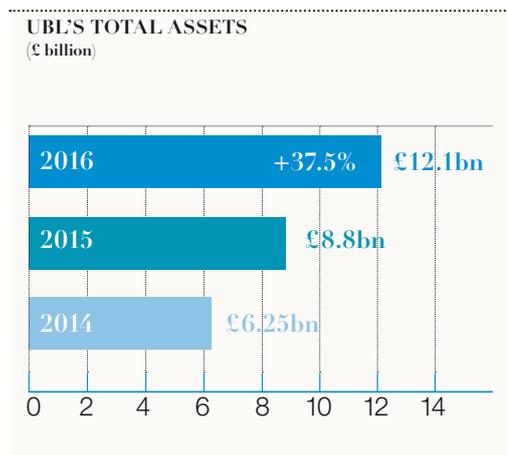
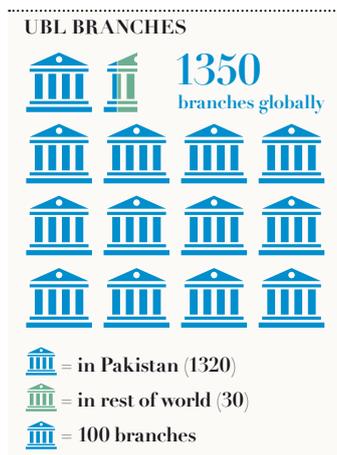
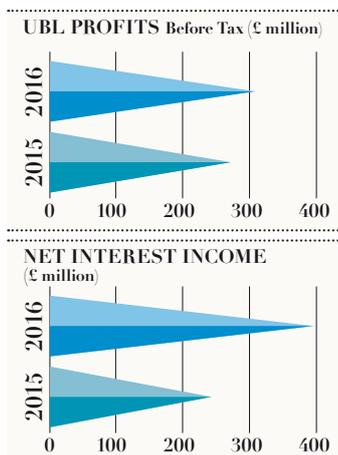
UBL’s net interest income increased by 15.6% from £342.2 million in 2015 to £395.6 million in 2016. UBL’s profit before tax recognised in the Group’s accounts

during the period under review increased from £272.1 million in 2015 to £307.8 million, an increase of 13.1%. For the year ended 30 June 2015, the bank declared total dividend of 13 PKR per share.

UBL’s total assets at 30 June 2016 were £12.1 billion as compared to £8.8 billion for the corresponding period last year, an increase of 37.5%. UBL’s deposit base grew by 30.3% to £8.6 billion for the year to 30 June 2016.

Buoyed by the good performance of the Tanzanian subsidiary, the bank recently opened up another branch in Tanzania.

UBL’s branchless banking ‘Omni’ has doubled its agent network to over 40,000 spread across Pakistan.



KEY HIGHLIGHTS

UBL's deposit base grew by 30.3% to £8.6 billion for the year to 30 June 2016.

UBL's net interest income increased by 15.6% from £342.2 million in 2015 to £395.6 million in 2016.

UBL's profit before tax recognised in the Group's accounts during the period under review increased from £272.1 million in 2015 to £307.8 million, an increase of 13.1%.

KEY FIGURES

<p>£307.8m</p> <p>PROFIT BEFORE TAX</p> <hr style="width: 20%; margin: 0 auto;"/> <p>+13.1%</p> <p>INCREASE IN PROFIT (BEFORE TAX)</p> <hr style="width: 20%; margin: 0 auto;"/> <p>£8.6bn</p> <p>DEPOSIT BASE</p>	<p>£12.1bn</p> <p>TOTAL ASSETS</p> <hr style="width: 20%; margin: 0 auto;"/> <p>+37.5%</p> <p>INCREASE IN TOTAL ASSETS</p> <hr style="width: 20%; margin: 0 auto;"/> <p>+30.3%</p> <p>DEPOSIT BASE INCREASE</p>
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Group Chief EXECUTIVE'S REVIEW



PRINCIPAL RISKS & UNCERTAINTIES

The Group's wholesale business is exposed to the market risk of an increasing number of multiples which is putting pressure on margins. Economic risks of reducing commodity prices and deflationary factors in the economy could adversely affect sales and margins. There is a liquidity risk surrounding the management of stock and working capital.

The Group's pharmacy business is exposed to funding risks linked to the NHS, which is under pressure to reduce costs. Risks associated with separation have been alleviated in the year due to the smooth transition away from The Co-operative Group.

Due to the Group's presence in Pakistan, it is exposed to foreign exchange risk and interest rate movements. As the cement industry is directly related to the state of the economy a key risk is the performance of the Pakistani economy. Additionally, the increase in power costs in Pakistan continues to pose a threat to the cement sector.

The Group's banking subsidiary faces the risk of future net interest margin compression as the State Bank of Pakistan has cut interest rates in the last year. There is economic risk as the state of the economy has an effect on lending. As with any bank there is regulatory compliance risk.

The Group has taken the necessary measures to reduce, or where possible eliminate, the key risks in the business.

KEY PERFORMANCE INDICATORS

The Board of Directors uses many performance indicators, both financial and non-financial, to monitor the Group's position.

Among the financial performance indicators within the wholesale business, the key performance indicators are gross profit margin, sales per depot, sales per department, wages per depot, stock availability and stock levels.

Among the financial performance indicators within the pharmacy business, the key performance indicators are prescription growth, over the counter sales growth, profitability per branch, stock levels and cost per prescription.

Financial performance indicators in the cement business are margin, 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 and non-financial income.

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 aforementioned indicators is an effective aspect of business performance review.

“

In the last twelve months we have continued to demonstrate the strength of our business model and to create value for all our stakeholders.

”



FUTURE OUTLOOK

The Group's focus is to continue to de-leverage its debt and enhance market share in its respective business sectors.

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

The pharmacy sector is adversely affected by the reduction in government funding. In the medium term, there will be financial pressure on the pharmacy market however, with low operating costs, Well is in a sound position. We will continue to focus on delivering our strategic plans whilst minimising capital expenditure and expediting good control of working capital.

BCL, being one of the most efficient and lowest cost producers in the country, is comparatively better positioned to face the challenges of rising coal prices, endemic power shortages, and pressure on the Pakistani rupee. In the medium term BCL will consider the possibility of further expansion, either through greenfield sites or acquisitions, as a wave of capacity expansion is expected in the Pakistani cement section.

UBL continues its focus on managing its asset portfolio, improving asset quality and expanding its network both through branches and through Omni branchless banking. The bank is well positioned to take benefit from the

implementation of the China Pakistan Economic Corridor (CPEC). UBL will also continue its strategy of increasing deposit volumes and diversifying its income base to protect against interest rate movements.

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

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

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

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU. Until further clarity is known regarding terms in which the UK will exit, the directorship are not able to assess the impact on the Group or what impact the wider regulatory and legal consequences of the UK leaving the EU would be on the Group.

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

Directors' **REPORT**

The directors submit their report and the amalgamated financial statements of Bestway (Holdings) Limited and Bestway Northern Limited for the year ended 30 June 2016.

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

- Sir MA Pervez, OBE HPk (Group Chairman)
- ZM Choudrey, CBE BA (Hons), FCA (Group Chief Executive)
- MY Sheikh
- R Pervez, ACA
- D Pervez, BA (Hons), FRSA MA Oxon, Solicitor
- AK Bhatti; resigned 14 November 2016
- AK Chaudhary; resigned 14 November 2016
- AM Chaudhary, MBA; resigned 14 November 2016

INDEMNITY PROVISIONS

No qualifying third party provision is in force for the benefit of any director of the company.

ZM CHOUDREY, CBE, BA (HONS), FCA
Group Chief Executive



SIR MA PERVEZ, OBE HPK
Group Chairman



THE DIRECTORS SUBMIT THEIR REPORT
AND THE FINANCIAL STATEMENTS OF
BESTWAY (HOLDINGS) LIMITED FOR THE
YEAR ENDED 30 JUNE 2016.

EMPLOYEE INVOLVEMENT AND
EQUAL OPPORTUNITIES

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

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

FINANCIAL INSTRUMENTS

The Group's policy is to finance its operations on a medium term basis from retained profits, related party borrowings and bank facilities. Additional uncommitted borrowing and overdraft facilities are utilised for short term financing requirements.

The financial instruments utilised by the company are borrowings, short-term cash deposits and items such as trade creditors which arise directly from its operations. Borrowing and deposit facilities are on a floating rate basis. The company's policy is not to trade in other financial instruments.

POLITICAL DONATIONS

£115,000 of political donations have been made in 2016 (2015: £127,000).

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

R PERVEZ, ACA
Director

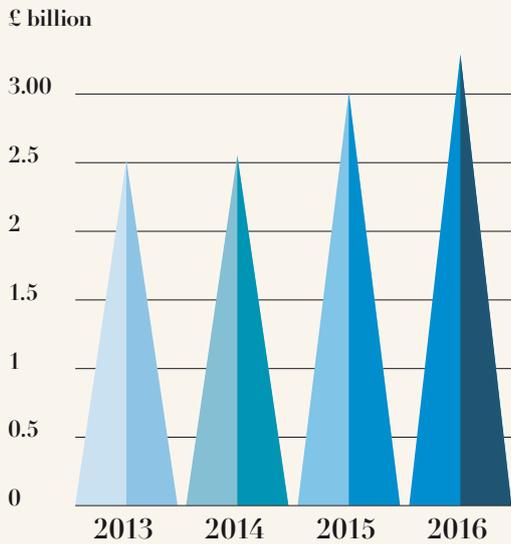
MY SHEIKH
Chairman, Wholesale Division

D PERVEZ, FRSA MA OXON,
Director & Company Secretary

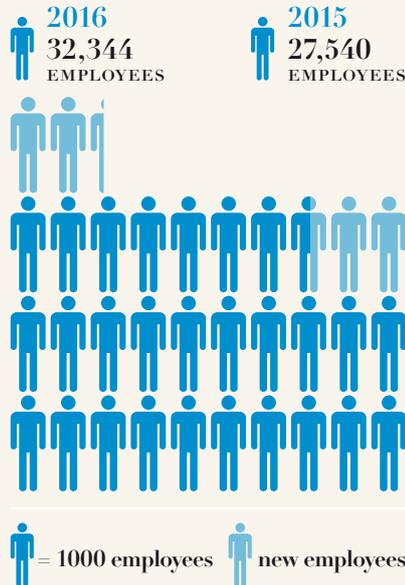


BESTWAY *In numbers*

BESTWAY GROUP TURNOVER



BESTWAY GROUP TOTAL NO. OF EMPLOYEES (INCLUDING CONTRACTORS)

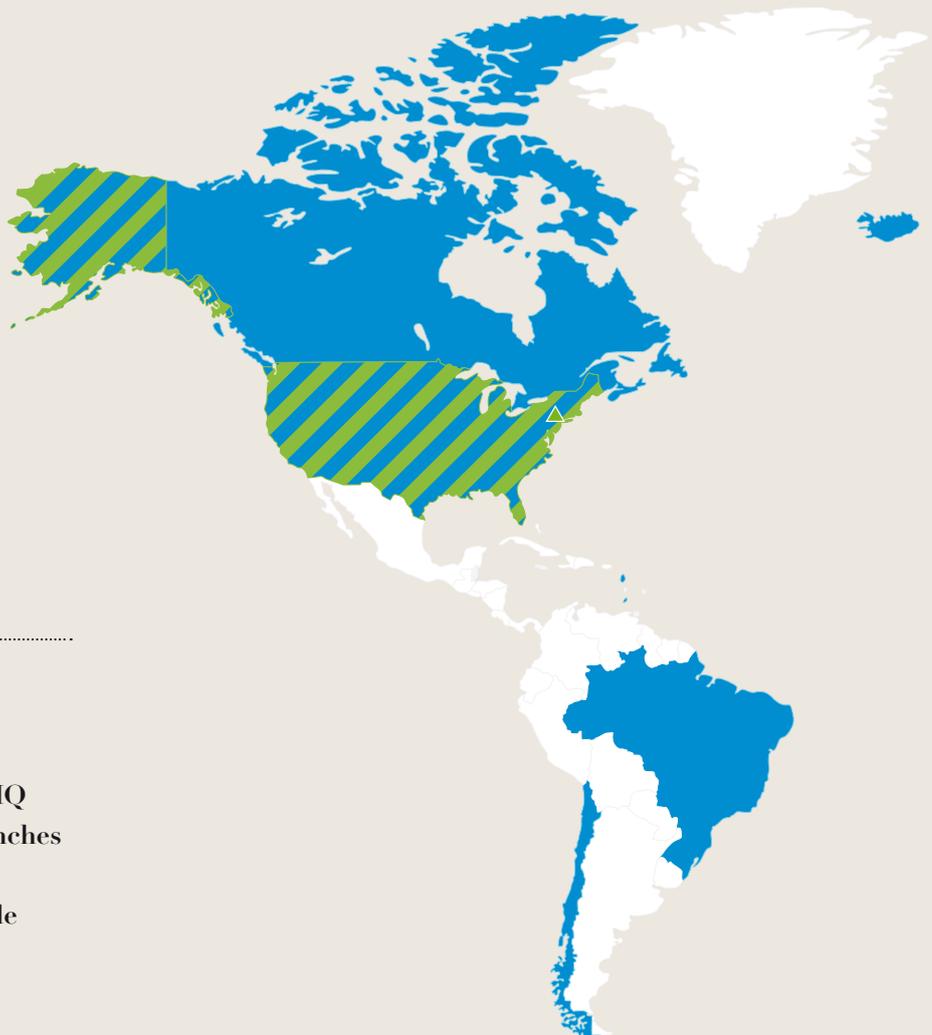


UBL BRANCHES

1350 BRANCHES GLOBALLY



= 100 branches
 = Pakistan (1320)
 = rest of world (30)

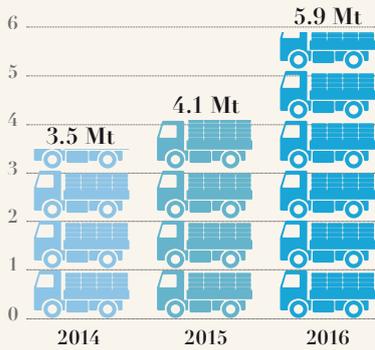


- Bestway Wholesale HQ
- Well Pharmacy HQ
- Bestway Cement HQ
- United Bank Limited HQ
- UBL International branches
- Bestway Wholesale trade
- Well Pharmacy trade
- Bestway Cement trade
- UBL presence

BESTWAY CEMENT LIMITED CAPACITY



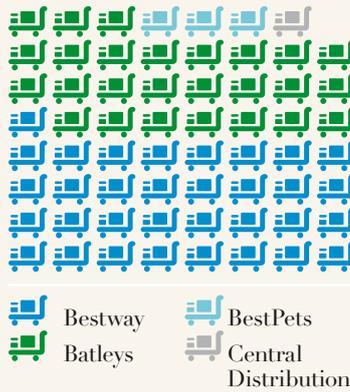
DOMESTIC DISPATCHES (Million Tonnes)



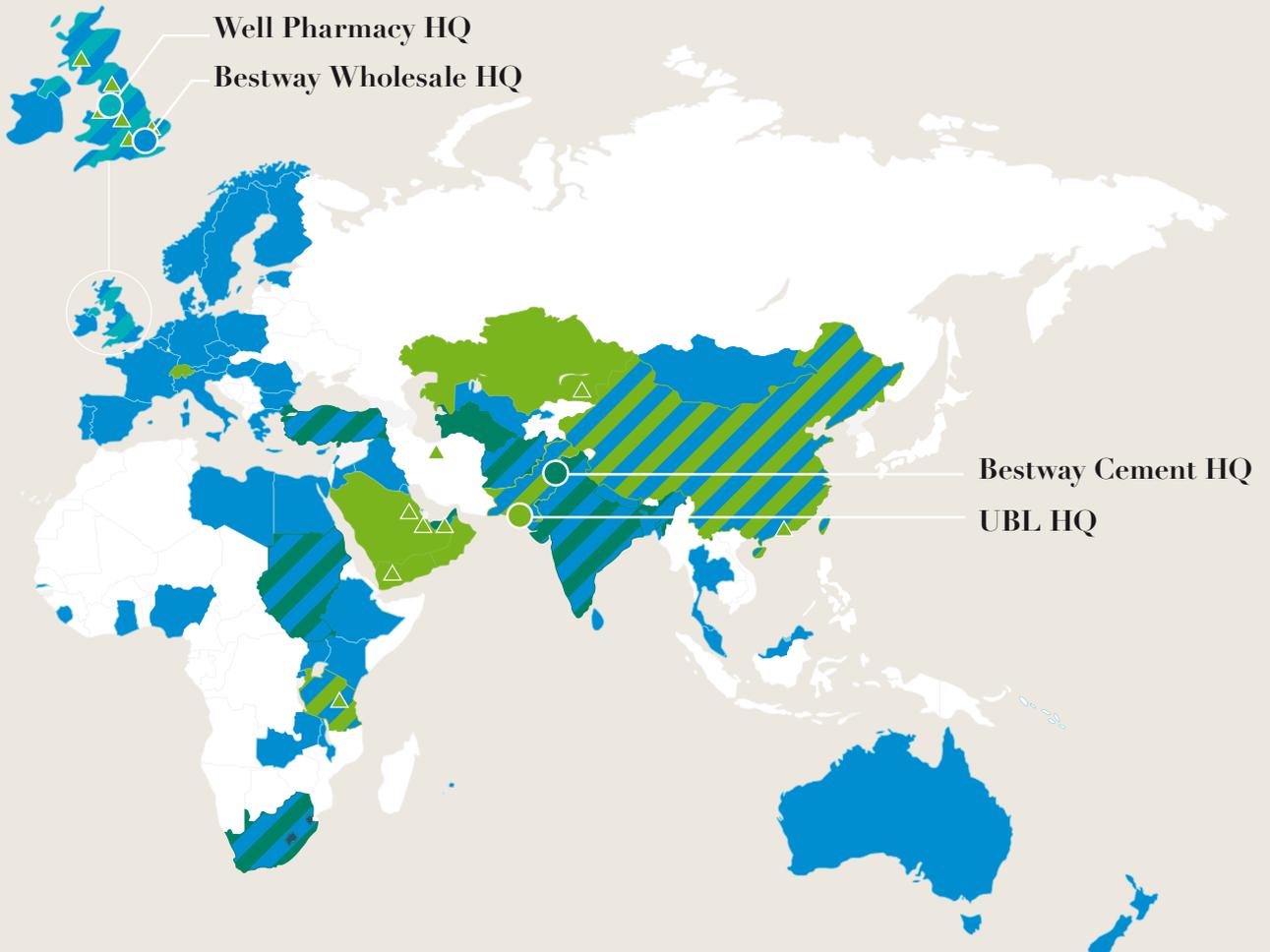
BESTWAY WHOLESALE (WEEKLY) DIGITAL SALES



BESTWAY WHOLESALE DEPOTS



WELL PHARMACY



Bestway (Holdings) Limited & Bestway Northern Limited

Amalgamated financial statements
Registered numbers: 01392861 and 02675585
For the year ended 30 June 2016



AMALGAMATED INCOME STATEMENT

for the year ended 30 June 2016

	Trading Group 2016	Banking Group 2016	Total Combined 2016	Trading Group 2015*	Banking Group 2015*	Total Combined 2015*
	£000	£000	£000	£000	£000	£000
Revenue	3,275,525	-	3,275,525	3,007,291	-	3,007,291
Cost of sales	(2,780,144)	-	(2,780,144)	(2,623,659)	-	(2,623,659)
	495,381	-	495,381	383,632	-	383,632
Interest income	-	659,734	659,734	-	584,451	584,451
Interest expense	-	(264,132)	(264,132)	-	(242,301)	(242,301)
Net interest income	-	395,602	395,602	-	342,150	342,150
Gross written premium	-	12,051	12,051	-	7,169	7,169
Premium ceded to reinsurer	-	(7,540)	(7,540)	-	(4,490)	(4,490)
Net written premiums	-	4,511	4,511	-	2,679	2,679
Gross benefits and claims paid	-	(4,784)	(4,784)	-	(3,321)	(3,321)
Claims ceded to reinsurer	-	2,991	2,991	-	2,104	2,104
Movement in technical provisions	-	(204)	(204)	-	171	171
	-	(1,997)	(1,997)	-	(1,046)	(1,046)
Fee and commission income	-	91,423	91,423	-	85,443	85,443
	-	91,423	91,423	-	85,443	85,443
Gross profit	495,381	489,539	984,920	383,632	429,226	812,858
Dividend income on investments	-	15,370	15,370	-	14,121	14,121
Gains and losses on investments	-	60,155	60,155	-	50,907	50,907
Other operating income	2,158	1,565	3,723	958	2,573	3,531
Other gains and losses	3,045	2,975	6,020	23,386	150	23,536
Distribution costs	(7,606)	-	(7,606)	(4,954)	-	(4,954)
Administrative expenses	(345,970)	(264,528)	(610,498)	(252,213)	(227,035)	(479,248)
Share of profits of equity accounted investees net of tax	-	2,703	2,703	-	2,151	2,151
Restructuring costs	(4,273)	-	(4,273)	(6,224)	-	(6,224)
Operating profit	142,735	307,779	450,514	144,585	272,093	416,678
Finance income	973	-	973	1,543	-	1,543
Finance expense	(38,139)	-	(38,139)	(27,762)	-	(27,762)
Profit before tax	105,569	307,779	413,348	118,366	272,093	390,459
Taxation for the year	(34,946)	(110,872)	(145,818)	(26,452)	(106,049)	(132,501)
Profit for the year	70,623	196,907	267,530	91,914	166,044	257,958

The Trading Group consists of Wholesale, Pharmacy, Cement and Holding companies operations. Banking Group consists of the Financial Services operations.

Continued overleaf >

AMALGAMATED INCOME STATEMENT (*CONTINUED*)
for the year ended 30 June 2016

	Trading Group 2016	Banking Group 2016	Total Combined 2016	Trading Group 2015*	Banking Group 2015*	Total Combined 2015*
	£000	£000	£000	£000	£000	£000
Profit for the year	70,623	196,907	267,530	91,914	166,044	257,958
Attributable to:						
Owners of the Company	41,397	103,393	144,790	68,799	82,883	151,682
Non-controlling interests	29,226	86,458	115,684	23,115	76,261	99,376
Investors of UBL funds	-	7,056	7,056	-	6,900	6,900
Profit for the year	70,623	196,907	267,530	91,914	166,044	257,958

*Figures converted from UK GAAP to IFRS.

The results shown above are derived entirely from continuing operations.

AMALGAMATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Trading Group 2016	Banking Group 2016	Total Combined 2016	Trading Group 2015*	Banking Group 2015*	Total Combined 2015*
	£000	£000	£000	£000	£000	£000
Profit after taxation	70,623	196,907	267,530	91,914	166,044	257,958
Items that will not be reclassified subsequently to profit or loss:						
Profit attributable to investors of UBL funds	-	(7,056)	(7,056)	-	(6,900)	(6,900)
Revaluation of Property Plant and Equipment	-	4,863	4,863	-	32,187	32,187
Remeasurement of net defined benefit liability net of tax	(3,473)	(2,471)	(5,944)	(150)	(634)	(784)
	(3,473)	(4,664)	(8,137)	(150)	24,653	24,503
Items that may be reclassified subsequently to profit or loss:						
Gains/(losses) on revaluation of assets net of tax	4,285	22,920	27,205	1,588	100,228	101,816
Less: reclassification adjustments for gains/(losses) included in profit net of deferred tax effects	-	-	-	-	(13,846)	(13,846)
Issuance and repurchase of units	-	-	-	-	4,101	4,101
Other losses	-	(5,592)	(5,592)	-	(2,318)	(2,318)
Exchange differences on translation of foreign operations	184,696	-	184,696	38,078	-	38,078
	188,981	17,328	206,309	39,666	88,165	127,831
Other comprehensive income for the year, net of tax	185,508	12,664	198,172	39,516	112,818	152,334
Total comprehensive income for the year	256,131	209,571	465,702	131,430	278,862	410,292
Total comprehensive income attributable to:						
Owners of the Company	141,675	116,101	257,776	88,608	145,050	233,658
Non-controlling interests	114,456	93,470	207,926	42,822	133,812	176,634
Total comprehensive income for the year	256,131	209,571	465,702	131,430	278,862	410,292

*Figures converted from UK GAAP to IFRS.

AMALGAMATED BALANCE SHEET

As at 30 June 2016

	At 30 June 2016 £000	At 30 June 2015* £000
Non-current assets		
Group Goodwill	214,977	212,520
Trading Group		
Other intangible assets	501,173	535,777
Property, plant and equipment	616,314	581,817
Investment property	129,117	124,652
Other receivables	-	921
Banking Group		
Other intangible assets	7,100	7,547
Property, plant and equipment	271,857	215,155
Investment property	25,543	11,845
Reinsurance assets	10,606	5,229
Investments in equity accounted investees	23,803	17,582
Other financial assets classified as held for sale	3,636,520	2,914,450
Lendings to financial institutions and advances	1,543,610	1,276,463
	6,980,620	5,903,958
Current assets		
Trading Group		
Inventories	273,096	280,146
Other financial assets classified as held for sale	19,262	12,094
Tax receivable	7,303	1,856
Trade and other receivables	215,648	216,346
Cash and cash equivalents	92,345	71,616
Banking Group		
Other financial assets classified as held for sale	2,764,453	1,429,472
Lendings to financial institutions and advances	2,587,324	1,839,384
Tax receivable	53,456	20,383
Trade and other receivables	272,438	219,791
Deferred acquisition costs	-	374
Cash and cash equivalents	942,470	858,989
	7,227,795	4,950,451
TOTAL ASSETS	14,208,415	10,854,409
Current liabilities		
Trading Group		
Trade and other payables	488,530	456,208
Tax payable	2,347	1,842
Bank overdraft	7,394	-
Other interest bearing loans and borrowings	29,275	50,124
Provisions	12,864	1,727
Banking Group		
Trade and other payables	344,178	291,385
Deposits and other accounts	8,225,328	5,950,940
Payable to investors of UBL funds	99,630	61,930
Bills payable	87,272	91,516
Bank overdraft	4,065	2,300
Other interest bearing loans and borrowings	1,555,115	729,851
	10,855,998	7,637,823

AMALGAMATED BALANCE SHEET (*CONTINUED*)

As at 30 June 2016

	At 30 June 2016 £000	At 30 June 2015* £000
Non-current liabilities		
Trading Group		
Other interest bearing loans and borrowings	527,352	678,770
Employee benefits	11,151	7,029
Deferred tax liabilities	149,305	147,590
Preference shares	516	514
Banking Group		
Other interest bearing loans and borrowings	6,727	31,995
Deposits and other accounts	415,790	614,194
Employee benefits	7,716	6,325
Deferred tax liabilities	72,640	52,302
Technical provisions	14,663	7,672
Other financial liabilities	85,718	14,541
	1,291,578	1,560,932
TOTAL LIABILITIES	12,147,576	9,198,755
TOTAL NET ASSETS	2,060,839	1,655,654
Equity		
Share capital	196	196
Share premium	3,055	3,055
Revaluation reserve	316,212	243,164
Capital redemption reserve	14	14
Statutory reserve	185,270	141,836
Reserve pertaining to UBL funds	8,133	5,301
Translation reserves	222,774	38,078
Retained earnings	625,508	671,742
Equity attributable to owners of the Company	1,361,162	1,103,386
Non-controlling interests	699,677	552,268
TOTAL NET ASSETS	2,060,839	1,655,654

*Figures converted from UK GAAP to IFRS.

These financial statements were approved by the Board of Directors on 16 December 2016 and were signed on its behalf by:

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

M Y Sheikh
Director

Company registered number: 01392861

AMALGAMATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Share Capital account	Share premium reserve	Revaluation reserve	Capital redemption reserve	Statutory reserve	Reserve pertaining to UBL Funds
At 30 June 2015*	196	3,055	243,164	14	141,836	5,301
Profit for the period	-	-	-	-	-	-
Other comprehensive income for the period	-	-	73,048	-	23,701	2,832
Total comprehensive income for the period	-	-	73,048	-	23,701	2,832
Dividends paid	-	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-
Transfers	-	-	-	-	19,733	-
At 30 June 2016	196	3,055	316,212	14	185,270	8,133

*Figures converted from UK GAAP to IFRS.

	Translation reserve	Retained Earnings	Total attributable to owners	Minority Interest	Total
At 30 June 2015*	38,078	671,742	1,103,386	552,268	1,655,654
Profit for the year	-	144,790	144,790	115,684	260,474
Exchange difference	184,696	(171,291)	112,986	92,242	205,228
Total comprehensive income for the period	184,696	(26,501)	257,776	207,926	465,702
Dividends paid	-	-	-	(58,893)	(58,893)
Change in non-controlling interest	-	-	-	(1,624)	(1,624)
Transfers	-	(19,733)	-	-	-
At 30 June 2016	222,774	625,508	1,361,162	699,677	2,060,839

AMALGAMATED CASH FLOW STATEMENT

for the year ended 30 June 2016

	Trading Group 2016	Banking Group 2016	Total Combined 2016	Trading Group 2015*	Banking Group 2015*	Total Combined 2015*
	£000	£000	£000	£000	£000	£000
Cash flows from operating activities						
Profit for the year	70,623	196,907	267,530	91,914	166,044	257,958
<i>Adjustments for:</i>						
Share of profit of equity accounted investees	-	(2,703)	(2,703)	-	(2,151)	(2,151)
Finance income	(973)	-	(973)	(8,309)	-	(8,309)
Other gains and losses	(3,045)	(2,975)	(6,020)	(23,386)	(150)	(23,536)
Finance costs	38,139	-	38,139	34,528	-	34,528
Taxation	34,946	110,872	145,818	26,452	106,049	132,501
Depreciation of property, plant and equipment	36,424	10,899	47,323	31,895	10,117	42,012
Amortisation of intangible assets	37,243	2,690	39,933	27,738	3,008	30,746
Profit/(Loss) on disposal of property, plant and equipment	(248)	(167)	(415)	304	(187)	117
Increase / (decrease) in provisions	8,380	18,261	26,641	(9,535)	37,908	28,373
Increase in pension provision	4,122	2,007	6,129	227	1,997	2,224
Impairment of goodwill	11,529	-	11,529	-	-	-
Operating cash flows before movements in working capital	237,140	335,791	572,931	171,828	322,635	494,463
Increase in inventories	7,204	-	7,204	4,797	-	4,797
(Increase) in receivables	(9,826)	(640,684)	(650,510)	(73,412)	(206,871)	(280,283)
Increase in payables	42,224	1,138,470	1,180,694	162,903	761,525	924,428
(Increase) / decrease in investments	(10)	(1,481,518)	(1,481,528)	150	(1,312,577)	(1,312,427)
Tax paid	276,732	(647,941)	(371,209)	266,266	(435,288)	(169,022)
Interest paid	(40,014)	(141,338)	(181,352)	(32,974)	(88,403)	(121,377)
Net cash used in operating activities	198,579	(789,279)	(590,700)	203,296	(523,691)	(320,395)
Cash flows from investing activities						
Interest received	973	-	973	3,777	-	3,777
Proceeds on disposal of property, plant and equipment	3,643	1,002	4,645	2,021	3,227	5,248
Purchases of property, plant and equipment	(35,838)	(38,845)	(74,683)	(27,154)	(27,449)	(54,603)
Proceeds on disposal of of intangible assets	1,074	-	1,074	-	-	-
Purchase of intangible assets	(513)	(1,317)	(1,830)	(1,161)	(2,079)	(3,240)
Acquisition of subsidiary net of cash	(3,709)	-	(3,709)	(558,887)	-	(558,887)
Dividends paid to non-controlling interest	(60,517)	-	(60,517)	(53,458)	-	(53,458)
Net cash (used in) investing activities	(94,887)	(39,160)	(134,047)	(634,862)	(26,301)	(661,163)

AMALGAMATED CASH FLOW STATEMENT *(CONTINUED)*
for the year ended 30 June 2016

	Trading Group 2016	Banking Group 2016	Total Combined 2016	Trading Group 2015*	Banking Group 2015*	Total Combined 2015*
	£000	£000	£000	£000	£000	£000
Cash flows from financing activities						
Net borrowings to/(from) third parties	(85,042)	802,055	717,013	437,528	553,999	991,527
Rights issue made by subsidiary	-	-	-	-	7,043	7,043
Net cash (used in)/from financing activities	(85,042)	802,055	717,013	437,528	561,042	998,570
Net increase/(decrease) in cash and cash equivalents	18,650	(26,384)	(7,734)	5,962	11,050	17,012
Cash and cash equivalents at beginning of year	71,616	858,989	930,605	64,839	810,882	875,721
Effect of foreign exchange rate changes	2,079	109,865	111,944	815	37,057	37,872
Cash and cash equivalents at end of year	92,345	942,470	1,034,815	71,616	858,989	930,605

*Figures converted from UK GAAP to IFRS.

“

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

”

Z M CHOUDREY, CBE, BA (HONS), FCA
Group Chief Executive
Bestway Group



BEST



