



**TRG PAKISTAN LIMITED**

**HALF YEARLY REPORT  
DECEMBER 31, 2018**



# Vision

To be the global leader in providing business process outsourcing services.

# Mission

We aim to be the most efficient provider of business process outsourcing services by setting the industry standards for cost and quality of services.

We will grow through acquisition of other business process outsourcing companies that can benefit from our expertise, as well as through organic growth resulting from the strength of our franchise. Our long term success will be driven by our relentless focus on recruiting and developing the most talented pool of human capital in our industry.



# Contents

Corporate Information .....	03
Report of the Directors .....	04
Condensed Interim Unconsolidated Financial Statements of TRG Pakistan Limited .....	09
Condensed Interim Consolidated Financial Statements of TRG Pakistan Limited .....	25



# Corporate Information

## Board of Directors

**Peter H.R. Riepenhausen**  
Chairman

**Muhammad Ziaullah Khan Chishti**  
CEO

**Zafar Iqbal Sobani**

**Muhammad Ali Jameel**

**John Leone**

**Mohammadullah Khan Khaishgi**

**Patrick McGinnis**

**Ameer S. Qureshi**

**Asad Nasir**

**Sabiha Sultan Ahmad**

## Audit Committee

Zafar Iqbal Sobani - Chairman

Patrick McGinnis

Ameer S. Qureshi

Asad Nasir

## HR Recruitment &

### Remuneration Committee

Sabiha Sultan Ahmad - Chairman

John Leone

Peter H.R. Riepenhausen

Mohammed Khaishgi

## Chief Financial Officer

Hassan Farooq

## Company Secretary

Rahat Lateef

## Legal Advisor

Lexium - Attorneys at Law

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Shares Registrar

THK Associates (Pvt.) Ltd.

Share Department,

1st Floor, 40-C, Block-6, P.E.C.H.S.,  
Karachi-75400, Pakistan.

Phone: +92 (021) 111-000-322

FAX: +92 (021) 34168271

## Registered Office

Centre Point Building, Level 18, Plot  
No. 66/3-2, Off. Shaheed-e-Millat  
Expressway, Near KPT Interchange  
Flyover, Karachi-74900, Pakistan.

UAN: (021) 111-874-874

FAX: (021) 35805893



## Report of the Directors

### *For the Six Months ended December 31, 2018*

Your Directors are pleased to present the condensed interim unconsolidated and consolidated financial information of TRG Pakistan Limited for the six months ended December 31, 2018.

#### **Key Developments**

The first half of FY19 was a period of highly significant growth for TRG. Our consolidated reported revenues reached Rupees 33,781 million, representing a 43.5% increase over the same period last year. This increase has been broad-based and took place across most of our major operating subsidiaries and was also aided by a weaker Rupee against the US Dollar.

Noteworthy in its revenue growth trajectory during this first half was IBEX Holdings, the intermediate vehicle for our contact center operating subsidiaries, namely, IBEX Global, Digital Globe Services, eTelequote and iSky, where revenues increased to Rupees 28,099 million, representing a 37.6% growth over the same period in fiscal 2018. The improvement in margins was even more significant, with EBITDA increasing from Rupee 884 million to Rupee 3,364 million during these six months. This increase was a result of better operational efficiencies at IBEX Global, as well as significant topline expansion, on the back of a successful Annual Enrolment Period at eTelequote. The investment made by IBEX Global in its nearshore facilities in prior years is proving to be highly profitable. We expect IBEX Global to continue to grow for the rest of the fiscal year. Furthermore, our eTelequote business continues to gain scale and realize benefits of recent investments. With the closing of a US\$75 million debt facility, eTelequote has adequate working capital to double in size in the next 12 to 18 months.

Our enterprise software subsidiary Afiniti, continues to execute the plan and its topline grew by almost 50% over the same period last year, and is currently approaching an annualized revenue run rate of US\$100 million. With the ongoing expansion in new geographies and strong customer traction with existing clients, we expect Afiniti to further accelerate its rapid growth for the rest of FY19. Additionally, the recent strategic partnership with the world's leading unified communications and contact center switching provider will further contribute to significant increases in Afiniti revenues in FY20.

#### **Financial Review**

TRG Pakistan's condensed interim financial information consists of the financial information of the parent company on a standalone basis, as well as the consolidated financial information of the entire group.

#### **Consolidated Financial Information**

For the six months ended December 31, 2018, our consolidated revenues amounted to Rupees 33,781 million, which represents 43.5% increase from revenues of Rupees 23,534 million for the comparative period in 2017. Our recurring subsidiary revenues were offset by net recurring cash operating costs (excluding interest) of Rupees 31,468 million, resulting in recurring earnings before interest, taxes, depreciation and amortization of Rupees 2,313 million.

Our operating subsidiaries incurred a net interest expense of Rupees 1,031 million to service their respective loans and lines of credit. Our total corporate overheads for the six months were Rupees 269 million as compared to Rupees 253 million incurred during the same period in 2017.

In non-cash adjustments, we had depreciation and amortization expenses of Rupees 1,210 million, stock option charge of Rupees 332 million and exchange gain of Rupees 44 million. In addition, we incurred a non-cash interest expense of Rupees 780 million on account of preferred shares issued by our subsidiaries and tax expense of Rupees 235 million.

The net result of the above was a loss for the six months period ended December 31, 2018 of Rupees 1,337 million, compared to a loss of Rupees 2,528 million during the same period in 2017.

#### **TRG Pakistan Limited Standalone Financial Information**

TRG Pakistan Limited essentially serves as a holding company with minimal operations of its own.

The company recognized income of Rupees 118.3 million mainly as a return on loan to an indirect subsidiary, whereas it incurred expenses of Rupees 7.8 million for administrative and other expenses and exchange loss was Rupees 214.1 million. As a result, TRG Pakistan Limited incurred net loss (on a standalone basis) of Rupees 105.3 million for the six months ended December 31, 2018.

### Earnings per share

The loss per share of the Company on a consolidated basis was Rupee 0.65 per share. On a standalone basis, the company recognized loss per share of Rupee 0.19.

### Outlook

We remain focused on our strategic plan of continuing to create significant shareholder value through the operational progress of our various subsidiaries as well as preparing to realize this value. We continue to assess both public and private market options in that regard while in parallel continuing to increase the operating scale and profitability of our assets in order to enhance their attractiveness on these markets.

### Board of Directors

The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes the following Directors:

S. No.	Category	Name of Director
1.	Executive Directors	Muhammad Ziaullah Khan Chishti Mohammed Khaishgi
2.	Non-Executive Directors	Muhammad Ali Jameel Patrick McGinnis John Leone Peter H.R. Riepenhausen Ameer S. Qureshi
3.	Independent Directors	Zafar Iqbal Sobani Asad Nasir Sabiha Sultan Ahmad

### Board Sub-Committees

S. No.	Category	Name of Member
1.	Audit Committee	Zafar Iqbal Sobani - Chairman Patrick McGinnis Ameer S. Qureshi Asad Nasir
2.	HR Recruitment & Remuneration Committee	Sabiha Sultan Ahmad - Chairman John Leone Peter H.R. Riepenhausen Mohammed Khaishgi

### Acknowledgments

Your directors close this report by thanking you of your continued confidence and for the opportunity to serve you as your fiduciaries in the management of your Company.

**For and on Behalf of the Board of Directors**

**Muhammad Ziaullah Khan Chishti**  
Chief Executive

Karachi:  
February 25, 2019

**Muhammad Ali Jameel**  
Director

## بورڈ آف ڈائریکٹرز

کمپنی اپنے بورڈ پر آزاد غیر جانبدار ڈائریکٹرز اور مینورٹی انٹر سٹ کی نمائندگی کرنے والے ڈائریکٹرز کی حوصلہ افزائی کرتی ہے۔ اس وقت بورڈ میں مندرجہ ذیل ڈائریکٹرز شامل ہیں:

نمبر شمار	عہدہ	ڈائریکٹرز کے نام
1.	ایگزیکٹو ڈائریکٹرز	جناب محمد ضیاء اللہ چشتی جناب محمد اللہ شیشکی
2.	غیر ایگزیکٹو ڈائریکٹرز	جناب محمد علی جمیل جناب پیٹرک مک گیز جناب جان لیون جناب پیٹر ایچ۔ آر۔ آلفن ہاسن جناب امیر شاہ بقریشی
3.	آزاد ڈائریکٹرز	جناب ظفر اقبال سحانی جناب اسد ناصر سنبہا سلطان احمد

## بورڈ آف ڈائریکٹرز کی ذیلی کمیٹیاں

نمبر شمار	عہدہ	ڈائریکٹرز کے نام
1.	آڈٹ کمیٹی	جناب ظفر اقبال سحانی - چیئرمین جناب پیٹرک مک گیز جناب امیر شاہ بقریشی جناب اسد ناصر
2.	ایچ آر کنٹرومنٹ اینڈ ریمونیٹریشن کمیٹی	سنبہا سلطان احمد - چیئرمین جناب جان لیون جناب پیٹر ایچ۔ آر۔ آلفن ہاسن جناب محمد اللہ شیشکی

## اظہار تشکر

اس رپورٹ کے اختتام پر ڈائریکٹرز آپ کے مستقل اعتماد اور کمپنی کی انتظامیہ کو امین کے طور پر خدمات کا موقع دینے پر آپ کے تہہ دل سے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

علی جمیل  
ڈائریکٹر

محمد ضیاء اللہ خان چشتی  
چیف ایگزیکٹو

کراچی

تاریخ: 25 فروری 2019

ٹی آر جی پاکستان لمیٹڈ کے معاشی بیانے میں اصل کمپنی کے انفرادی معاشی بیانے اور اس کیساتھ ساتھ پورے گروپ کے مجموعی مالیاتی بیانے شامل ہیں۔

### مجموعی مالیاتی بیانے

31 دسمبر 2018 کو ختم ہونے والی ششماہی رپورٹ کیلئے ہماری مجموعی آمدنی 2017 کے اسی عرصے کے مقابلے میں 43.5 فیصد اضافے کے ساتھ 23,534 ملین روپے سے بڑھ کر 33,781 ملین روپے ہو گئی۔

ہمارے ذیلی اداروں سے حاصل ہونے والی آمدنی ہمارے بار بار ہونے والے نقد اخراجات نکالنے کے بعد مبلغ 31,468 ملین روپے تھی۔ جسکے نتیجے میں ہماری ٹیکس کٹوتی، فرسودگی، سود اور قرضہ جات سے قبل آمدنی 23.3 ملین روپے رہی۔

ہمارے ذیلی اداروں نے اپنے متعلقہ قرضہ جات کی سروس کے لئے 1,031 ملین روپے کا خرچ کیا۔ اس ششماہی رپورٹ میں کارپوریٹ اور ہیڈ 269 ملین روپے رہے جو کہ 2017 میں 253 ملین روپے تھے۔

غیر نقدی تصفیہ میں ہمارے فرسودگی کے اخراجات 1,210 ملین روپے، غیر نقدی اسٹاک آپشن کے اخراجات 332 ملین روپے اور ایکسچینج گین 44 ملین روپے رہے۔ اس کے علاوہ، ہمارے ماتحت اداروں کی طرف سے جاری کردہ ترجیحی حصص کے غیر نقدی سودی اخراجات 780 ملین روپے رہے۔ اور ٹیکس اخراجات 235 ملین روپے تھے۔

مذکورہ بالا کے نتیجے میں اس ششماہی رپورٹ کے دوران 1,337 ملین روپے خسارہ ہوا جبکہ 2017 کے اسی عرصے کے دوران یہ خسارہ 2,528 ملین روپے تھا۔

### ٹی آر جی پاکستان لمیٹڈ کے انفرادی مالیاتی بیانے

ٹی آر جی پاکستان لمیٹڈ بنیادی طور پر بہت کم آپریشنز کے ساتھ ایک ہولڈنگ کمپنی کے طور پر کام کرتی ہے۔

کمپنی نے اپنی آمدنی کے بیانے میں 118.3 ملین روپے کی آمدنی ظاہر کی جسکی بنیادی وجہ ہمارے ذیلی ادارے سے قرضہ جات کی مد میں آمدنی ہے۔ جبکہ انتظامی اور دیگر اخراجات 7.8 ملین روپے رہے اور ایکسچینج لاس 214.1 ملین روپے رہا۔

جسکے نتیجے میں اس چھ ماہ کے اختتام پر ٹی آر جی پاکستان لمیٹڈ نے 105.3 ملین روپے صافی خسارہ حاصل کیا۔

### فی شیئر آمدنی

مجموعی بنیاد پر فی شیئر خسارہ 0.65 پیسے رہا جبکہ انفرادی سطح پر کمپنی نے فی شیئر 0.19 پیسے کا خسارہ حاصل کیا۔

### آئیندہ امکانات

ہم کو نشان ہیں کہ ہم اپنے تعاملاتی اثاثوں کی بہتری اور اسکی قیمت کے حصول کے لیے اپنے منصوبوں پر عملدرآمد جاری رکھیں۔

ہم مستقل پبلک اور پرائیوٹ دونوں قسم کی مارکیٹ کا بغور جائزہ لیتے رہتے ہیں اور ساتھ ساتھ اپنے حجم اور آمدنی کو بڑھانے کی کوشش کرتے رہتے ہیں تاکہ ہمارے اثاثہ جات کو مارکیٹ میں مزید پرکشش بنا سکیں۔



آپ کے ڈائریکٹرز انتہائی مسرت کے ساتھ ٹی آر جی پاکستان لمیٹڈ کے 31 دسمبر 2018 کو اختتام پذیر ہو چکے ششماہی انفرادی اور مجموعی معاشی بیانیے پیش کرتے ہیں۔

### اہم ترقیات

مالی سال 2019 کے پہلے چھ مہینے ٹی آر جی کے لئے بہت اہم ترقی کی مدت تھی۔ ہماری مجموعی آمدنی 33,781 ملین روپے تک پہنچ گئی، جو کہ 2017 کے مقابلے میں اسی مدت کے دوران 43.5 فیصد سے زیادہ ہے۔ یہ اضافہ وسیع پیمانے پر ہے اور ہمارے تمام بڑے آپریٹنگ ماتحت اداروں میں اضافہ ہوا ہے۔ اور ڈالر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے بھی ہمیں مدد ملی ہے۔

قابل ذکر ہے کہ اس کی پہلی ششماہی کے دوران آمدنی کی ترقی جاری رہی اور آئی بیکس ہولڈنگز، کے تحت ہمارے رابطے کے مرکز کے ذیلی دارے، یعنی آئی بیکس گلوبل، ڈیجیٹل کلوب 3 دفتر اور آئی اسکائی کی آمدنی میں مالی سال 2019 کے مقابلے میں اسی مدت میں 37.6 فیصد اضافے کے ساتھ 28,099 ملین روپے ہو گیا۔ اس مارجن میں بہتری کی اہم وجہ یہ بھی ہے کہ آمدنی کے ساتھ ساتھ ایٹا ان چھ ماہ کے دوران 884 ملین روپے سے بڑھ کے 3,364 ملین روپے ہو گیا۔ یہ اضافہ آئی بیکس گلوبل کی اہم ٹاپ لائن کی توسیع اور بہتر آپریشنل صلاحیتوں اور ای ٹیلیکٹ کے کامیاب سالانہ اندراج کی وجہ سے ہوا۔ آئی بیکس گلوبل کی گزشتہ سالوں کی نیر شور میں سرمایہ کاری انتہائی منافع بخش ثابت ہو رہی ہے۔ ہم امید کرتے ہیں کہ آئی بیکس گلوبل باقی مالی سال میں بھی اسی طرح ترقی جاری رکھے گا۔ اسکے علاوہ، ہمارے ای ٹیلیکٹ کاروبار حالیہ سرمایہ کاری کے فوائد حاصل کر رہا ہے۔ اسکے علاوہ 75 ملین ڈالر کی قرض کی سہولت کے اختتام کے ساتھ، ای ٹیلیکٹ اگلے 12 سے 18 مہینے میں سائز میں دوگنا ہو جائے گا۔

ہمارے انٹرپرائز سوفٹ ویئر کی ماتحت ایفٹی نے منصوبہ بندی کو جاری رکھا ہے اور گزشتہ سال اسی مدت کے دوران اس کی آمدنی تقریباً 50 فی صد بڑھ گئی ہے، اور 100 ملین امریکی ڈالر کی سالانہ آمدنی کی طرف گامزن ہے۔ نئے جغرافیوں اور موجودہ گاہکوں کے ساتھ مضبوط رابطہ مسلسل توسیع کے ساتھ، ہم توقع کرتے ہیں کہ باقی مالی سال میں ایفٹی تیزی سے ترقی کرے گا۔ اضافی طور پر، دنیا کی معروف یونیفائیڈ مواصلات اور رابطے مرکز سوئچنگ فراہم کنندہ کے ساتھ حال ہی میں اسٹریٹجک شراکت داری اگلے مالی سال میں ایفٹی آمدنی میں نمایاں اضافہ میں مزید کردار ادا کرے گا۔



# **Condensed Interim Un-consolidated Financial Statements**

For the Six months period ended  
**December 31, 2018**

# Independent Auditor's Review Report

To the members of TRG Pakistan Limited

## Report on review of Condensed Interim Unconsolidated Financial Statements

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of TRG Pakistan Limited as at 31 December 2018 and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures for the quarter ended 31 December 2018 and 31 December 2017 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt**.

Date: February 25, 2019

Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

# Condensed Interim Unconsolidated Statement of Financial Position

As at December 31, 2018

	Note	December 31, 2018 (Un-audited) .....(Rupees in '000).....	June 30, 2018 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Operating fixed assets		122	26
Long term investment	4	18,019,643	16,138,471
Long term loan to related party	5	1,649,175	-
Accrued mark-up		39,990	-
Long term deposits		75	75
		<b>19,709,005</b>	<b>16,138,572</b>
<b>Current assets</b>			
Current maturity of accrued mark-up		-	110,572
Current maturity of long term loan	5	-	1,523,226
Cash and bank balances	6	790	799
		<b>790</b>	<b>1,634,597</b>
<b>Total assets</b>		<b>19,709,795</b>	<b>17,773,169</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	7	7,330,000	7,330,000
Issued, subscribed and paid-up capital	7	5,453,907	5,453,907
Foreign currency translation reserve		7,025,891	5,065,891
Fair value reserve - net of deferred tax		4,578,598	4,866,594
Accumulated losses		(632,988)	(527,659)
		<b>16,425,408</b>	<b>14,858,733</b>
<b>Non-current liability</b>			
Deferred tax liability		3,199,517	2,830,461
<b>Current liabilities</b>			
Accrued and other liabilities		67,183	68,414
Payable to related parties	8	1,726	1,274
Taxation - net		15,961	14,287
		<b>84,870</b>	<b>83,975</b>
<b>Total equity and liabilities</b>		<b>19,709,795</b>	<b>17,773,169</b>
<b>Contingencies and commitments</b>	9		

The annexed notes 1 to 13 form an integral part of these condensed interim unconsolidated financial statements.

Director

Chief Financial Officer

Director

## Condensed Interim Unconsolidated Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the quarter and six months ended December 31, 2018

		Quarter ended		Six months period ended	
		December 31,	December 31,	December 31,	December 31,
	Note	2018	2017	2018	2017
(Rupees in '000)					
Revenue	10	60,654	57,593	118,263	115,190
Administrative and other expenses		(3,075)	(4,544)	(7,806)	(7,881)
Operating Profit		57,579	53,049	110,457	107,309
Exchange loss - net		(198,639)	(46,234)	(214,097)	(90,464)
(Loss) / profit before taxation		(141,060)	6,815	(103,640)	16,845
Taxation		3,635	(802)	(1,689)	(2,864)
(Loss) / profit for the period		(137,425)	6,013	(105,329)	13,981
Other comprehensive income					
Items that are reclassified to profit or loss subsequently					
Available for sale investment - change in fair value net of deferred tax		-	(309,371)	-	(348,927)
Foreign currency translation difference - net of related tax		-	554,325	-	617,568
Items that will not be reclassified to profit or loss					
Fair value through other comprehensive income - change in fair value net of deferred tax		(81,882)	-	(287,996)	-
Foreign currency translation difference - net of related tax		1,740,265	-	1,960,000	-
		1,658,383	244,954	1,672,004	268,641
Total comprehensive income for the period		1,520,958	250,967	1,566,675	282,622
(Rupee)					
(Loss) / earnings per share - basic and diluted		(0.25)	0.01	(0.19)	0.03

The annexed notes 1 to 13 form an integral part of these condensed interim unconsolidated financial statements.

Director

Chief Financial Officer

Director

# Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)

For the six months period ended December 31, 2018

December 31, December 31,  
2018 2017  
.....(Rupees in '000).....

## CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	(103,640)	16,845
<b>Adjustments for:</b>		
Depreciation	30	55
Interest on loan and return on bank balances	(118,263)	(115,190)
Increase in payable to related parties	452	10,784
Decrease in accrued and other liabilities	(1,231)	(1,577)
<b>Cash used in operations</b>	<b>(222,652)</b>	<b>(89,083)</b>
Markup income received - net	62,896	5,486
Taxes paid	(3)	67
<b>Net cash used in operating activities</b>	<b>(159,759)</b>	<b>(83,530)</b>

## CASH FLOW FROM INVESTING ACTIVITIES

Purchase of property and equipment	(126)	-
<b>Net cash used in investing activities</b>	<b>(126)</b>	<b>-</b>
Effects of exchange rate difference	159,876	82,527
<b>Net decrease in cash and cash equivalents</b>	<b>(9)</b>	<b>(1,003)</b>
Cash and cash equivalents at beginning of the period	799	1,715
<b>Cash and cash equivalents at end of the period</b>	<b>790</b>	<b>712</b>

The annexed notes 1 to 13 form an integral part of these condensed interim unconsolidated financial statements.

Director

Chief Financial Officer

Director

**Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)**  
*For the six months period ended December 31, 2018*

	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Fair value reserve - net of deferred tax	Accumulated losses	Total
	(Rupees in '000)				
<b>Balance as at July 1, 2017</b>	5,453,907	3,129,752	4,506,085	(310,118)	12,779,626
<b>Total comprehensive income for the six months period</b>					
Profit for the six months period ended December 31, 2017	-	-	-	13,981	13,981
Available for sale investment - change in fair value net of deferred tax	-	-	(348,927)	-	(348,927)
Foreign currency translation difference - net of related tax	-	617,568	-	-	617,568
	-	617,568	(348,927)	13,981	282,622
<b>Balance as at December 31, 2017</b>	<u>5,453,907</u>	<u>3,747,320</u>	<u>4,157,158</u>	<u>(296,137)</u>	<u>13,062,248</u>
<b>Balance as at July 1, 2018</b>	<b>5,453,907</b>	<b>5,065,891</b>	<b>4,866,594</b>	<b>(527,659)</b>	<b>14,858,733</b>
<b>Total comprehensive income for the six months period</b>					
Profit for the six months period ended December 31, 2018	-	-	-	(105,329)	(105,329)
Fair value through other comprehensive income - change in fair value net of deferred tax	-	-	(287,996)	-	(287,996)
Foreign currency translation difference - net of related tax	-	1,960,000	-	-	1,960,000
	-	1,960,000	(287,996)	(105,329)	1,566,675
<b>Balance as at December 31, 2018</b>	<u>5,453,907</u>	<u>7,025,891</u>	<u>4,578,598</u>	<u>(632,988)</u>	<u>16,425,408</u>

The annexed notes 1 to 13 form an integral part of these condensed interim unconsolidated financial statements.

Director

Chief Financial Officer

Director

# Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the six months period ended December 31, 2018

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 TRG Pakistan Limited ("the Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the Companies Act, 2017 (formerly Companies Ordinance, 1984) and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 18th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Karachi, Pakistan. On May 14, 2003 the Company obtained a license from the Securities and Exchange Commission of Pakistan ("SECP") to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On January 18, 2012 the Company exited from NBFC regime and continues to operate as a listed company.
- 1.2 The principal activity of the Company is to act as holding company and acquire, invest and manage operations relating to business process outsourcing, online customer acquisition, marketing of medicare related products, and contact centre optimization services through its subsidiary, The Resource Group International Limited.
- 1.3 These condensed interim financial statements are unconsolidated financial statements of the Company. Condensed interim consolidated financial statements are prepared separately.

### 2. BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim unconsolidated financial statements do not include all of the information required for full financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2018.

These condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position as at December 31, 2018, condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated statement of cash flows and notes thereto for the six months period then ended. These condensed interim unconsolidated financial statements also include the condensed interim unconsolidated statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 which are neither audited nor reviewed.

The comparative condensed interim unconsolidated statement of financial position, presented in these condensed interim unconsolidated financial statements as at June 30, 2018 have been extracted from the annual audited unconsolidated financial statements of the Company for the year then ended, whereas the comparative condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows are extracted from the unaudited condensed interim unconsolidated financial statements for the six months period ended December 31, 2017. The comparative condensed interim unconsolidated statement of profit or loss and other comprehensive income for the quarter ended December 31, 2017 which is included in this condensed interim unconsolidated financial statements was neither audited nor reviewed.

### Judgments and estimates

The preparation of condensed interim unconsolidated financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Accounting estimates require the use of significant management assumptions and judgments as to future events, and the effect of those events cannot be predicted with certainty. The accounting estimates will change as new events occur, more experience is acquired and more information is obtained. Management evaluate and update assumptions and estimates on an ongoing basis and use outside experts to assist in that evaluation when deemed necessary.



## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

### For the six months period ended December 31, 2018

The significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to annual audited unconsolidated financial statements of the Company for the year ended June 30, 2018 except for new significant judgements and key source of estimation uncertainty related to application of IFRS 9 described in note 3.5 to these condensed interim unconsolidated financial statements.

#### Risk management

Risk management policies are consistent with those disclosed in the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2018.

### 3. SIGNIFICANT ACCOUNTING POLICIES

**3.1** The accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those followed in the preparation of the Company's annual audited unconsolidated financial statements for the year ended June 30, 2018 except for the changes in accounting policies as referred to in note 3.5 to these condensed interim unconsolidated financial statements.

### 3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

**3.2.1** The Company has early adopted IFRS 9 'Financial Instruments' from July 1, 2018. The impact of the initial adoption of the Standard and the new accounting policies are disclosed in note 3.4 below. S.R.O. 229(I)/2019 issued by the Securities and Exchange Commission of Pakistan deferred the effective date for application of IFRS 9 from July 1, 2018 to reporting periods ending on or after June 30, 2019. However, earlier application is permitted and complied with in these condensed interim unconsolidated financial statements.

**3.2.2** A number of other pronouncements are effective from July 1, 2018 as detailed in Company's annual audited unconsolidated financial statements as at and for the year ended June 30, 2018, but they do not have a material effect on these condensed interim unconsolidated financial statements and therefore have not been detailed.

### 3.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

### 3.4 CHANGES IN ACCOUNTING POLICIES DUE TO EARLY ADOPTION OF IFRS 9 'FINANCIAL INSTRUMENTS'

Explained below is the impact of the adoption of IFRS 9 'Financial Instruments' on the Company's condensed interim unconsolidated financial statements and also discloses the new accounting policies that have been applied from July 1, 2018, where they are different to those applied in prior periods.

### 3.5 IFRS 9 'FINANCIAL INSTRUMENTS'

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

The early adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and reclassification to the amounts recognised in the financial statements. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below. The Company has taken an exemption not to restate comparative information for prior periods with respect to IFRS 9's classification and measurement (including impairment) requirements. Accordingly, the information presented for comparative period in these condensed interim unconsolidated financial statements does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

#### 3.5.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

### For the six months period ended December 31, 2018

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

A financial asset is initially measured at its fair value plus transaction costs. In case of financial assets at fair value through profit or loss, transaction costs are expensed as and when incurred.

Under IFRS 9, on initial recognition, financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) - debt investment;
- fair value through other comprehensive income (FVOCI) - equity investment; or
- fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition or transition to IFRS 9, an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Where management elected FVOCI classification for equity investments, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends are recognized as income in profit or loss (unless the dividend clearly represents a recovery of part of the cost of the investment) when the Company's right to receive payments is established. This category only includes equity instruments, which the Company intends to hold for the foreseeable future as strategic investment. All other equity investments are mandatorily measured and classified at FVTPL. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. The requirement differs from the treatment of AFS equity instruments under IAS 39 where gains and losses recognised in OCI are reclassified on derecognition or impairment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

The financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The financial assets classified at FVTPL are subsequently measured at fair value and net gains and losses, including any interest or dividend income, are recognised in profit or loss. Net gains and losses (unrealized and realized), including any interest or dividend income, are recognised in profit or loss.

There is no effect of adopting IFRS 9 on the carrying amounts of financial assets at July 1, 2018. However, investment in equity securities, which represents investment that the Company intends to hold for the long-term strategic purposes, have been designated at the date of initial application of IFRS 9 as measured at fair value through other comprehensive income.

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

### For the six months period ended December 31, 2018

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
(Rupees in '000)				
Investment in TRG International Limited*	Available for sale	Fair value through other comprehensive income	16,138,471	16,138,471
Bank balances	Loans and receivables	Amortised cost	799	799

Loan to related parties and bank balances that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

\*This equity security represents investment that the Company intends to hold for the long term strategic purposes. As permitted by IFRS 9, the Company has designated the investment at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to this investment will never be reclassified to profit or loss.

The impact of these changes on the Company's equity as of July 1, 2018 is as follows:

	Effect on AFS	Effect on FVOCI
(Rupees in '000)		
Opening balance – IAS 39	4,866,594	-
Reclassify non-trading equities from available-for-sale to FVOCI	(4,866,594)	4,866,594
Opening balance - IFRS 9	-	4,866,594

#### 3.5.2 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The financial assets at amortised cost consist of cash and cash equivalents, and other receivables including loans to related parties.

For debt financial assets (i.e., loans etc.), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due and a financial asset in default when contractual payment are 90 days past due. There is no significant impact from the new expected credit loss (ECL) impairment model under IFRS 9 on short and long term receivables (i.e. loans) and cash and cash equivalents.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

## For the six months period ended December 31, 2018

### 4. LONG TERM INVESTMENT

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
Note	.....(Rupees in '000).....	

In unquoted subsidiary - The Resource Group International Limited  
(TRGIL) 60,450,000 (June 30, 2018: 60,450,000)  
Series B Preferred Shares

4.1	<b>18,019,643</b>	16,138,471
-----	-------------------	------------

- 4.1** This represents investment in a subsidiary incorporated in Bermuda. Par value of each share is US\$0.01 and the additional paid up capital per share amounts to US\$ 0.99. The percentage of the Company's holding in TRGIL's ordinary shares is 57.32% (June 30, 2018: 57.32%) whereas the percentage of voting interest of the Company is 57.16% (June 30, 2018: 58.65%). The investment in subsidiary has been made in accordance with the requirements of the Companies Act, 2017. The long term investment is reclassified from available for sale category under IAS 39 to FVOCI under IFRS 9. As permitted by IFRS 9, the Company has designated the investment at the date of initial application as measured at FVOCI.

### 4.2 Reconciliation of carrying amount of investment

Opening balance	<b>16,138,471</b>	13,462,261
Changes in fair value	<b>(371,608)</b>	465,173
Foreign currency translation difference	<b>2,252,780</b>	2,211,037
Closing balance	<b>18,019,643</b>	16,138,471

### 5. LONG TERM LOAN TO RELATED PARTY - considered good

Loan amount	<b>1,649,175</b>	1,523,226
Less: current maturity	-	(1,523,226)
	<b>1,649,175</b>	-

This represents loan to TRG (Private) Limited, an indirect subsidiary of the Company, for working capital and operational needs. The loan has a maturity period of twelve months, which may be extended by another twelve months. The loan carries markup of 15% per annum. Loan is secured by letter of guarantee from The Resource Group International Limited, subsidiary of the Company.

### 5.1 Accrued mark-up

Accrued mark-up	<b>39,990</b>	110,572
Less: current maturity	-	(110,572)
	<b>39,990</b>	-

This represents the markup on loan to TRG (Private) Limited as referred in note 5.

### 6. CASH AND BANK BALANCES

Balance with bank in		
- current account	<b>625</b>	625
- saving account	<b>165</b>	170
	<b>790</b>	795
Cash in hand	-	4
	<b>790</b>	799

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

### For the six months period ended December 31, 2018

#### 7. SHARE CAPITAL

	December 31, 2018 (Un-audited)		June 30, 2018 (Audited)	
	Number of shares	(Rupees in '000)	Number of shares	(Rupees in '000)
<b>Authorized share capital</b>				
- Ordinary class 'A' shares of Rs.10 each	720,000,000	7,200,000	720,000,000	7,200,000
- Ordinary class 'B' shares of Rs.10 each	13,000,000	130,000	13,000,000	130,000
	<u>733,000,000</u>	<u>7,330,000</u>	<u>733,000,000</u>	<u>7,330,000</u>
<b>Issued, subscribed and paid-up capital</b>				
Ordinary class 'A' shares of Rs. 10 each				
- allotted for consideration paid in cash	535,765,687	5,357,657	535,765,687	5,357,657
- allotted for consideration other than cash (note 7.1)	9,624,978	96,250	9,624,978	96,250
	<u>545,390,665</u>	<u>5,453,907</u>	<u>545,390,665</u>	<u>5,453,907</u>

7.1 These shares were issued in exchange of 1,636,000 shares of The Resource Group International Limited of US\$1 each in 2003.

7.2 On October 4, 2005, TRGIL entered into a Preferred Stock Purchase Agreement (subsequently redesignated as Series A Preferred Stock following the merger) with a consortium of related investors, comprised of AIG Global Emerging Markets Fund II, L.P., AIG Annuity Insurance Company, American General Life Insurance Company and Variable Annuity Life Insurance Company (the PineBridge Investors; formerly AIG Investors). Under the agreement, PineBridge investors purchased 26,785,714 shares of Preferred Stock for an initially determined purchase price of US\$ 1.12 per share. The total amount invested was US\$ 30 million. The Pinebridge investors have the right to have their preference shares purchased back at the original issue price (US\$ 1.12 per share). The investors also have a right to convert these preference shares into ordinary shares. To date, PineBridge investors have not exercised either of these rights.

The Series A preferred stock is entitled to the same voting rights as other voting securities of TRGIL (namely Series B Preferred Shares and Class A Common Shares), but rank higher in the event of liquidation. The Series A preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that the Company remains in breach of such conditions and covenants. There were no triggering events for the period ended December 31, 2018, requiring such an accrual or payment.

The holders of Series A Preferred Shares will be entitled to an aggregate preference equal to the greater of (A) US\$ 46.5 million prior to payment of any liquidating distribution in respect of Series B Preferred Shares or Common Shares, subject to reduction for any non-liquidating distributions received and (B) the amount such Series A Preferred Shares received upon conversion to Series B Preferred Shares. Secondly, the holders of Series B Preferred Shares will be entitled to an aggregate preference of US\$ 104.862 million, less any amount paid as the preference to the holders of Series A Preferred Shares or Series B Preferred Shares on liquidating or non-liquidation distributions, prior to payment of any distribution in respect of Common Shares, subject to reduction for any non-liquidating distributions received.

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

### For the six months period ended December 31, 2018

#### 8. PAYABLE TO RELATED PARTIES - current account - unsecured

		December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
		.....(Rupees in '000).....	
Name of related party	Nature of relationship		
The Resource Group International Limited	Subsidiary	<u>1,726</u>	<u>1,274</u>

#### 9. CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as reported in note 11 to the annual audited unconsolidated financial statements for the year ended June 30, 2018.

#### 10. REVENUE

		December 31, 2018	December 31, 2017
	Note	.....(Rupees in '000).....	
- Return on bank balances		<u>28</u>	<u>9</u>
- Interest income on long term loan	5	<u>118,235</u>	<u>115,181</u>
		<u>118,263</u>	<u>115,190</u>

#### 11. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management has established a control framework for fair value measurement.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the condensed interim unconsolidated financial statements at fair value on a recurring basis, management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

For the six months period ended December 31, 2018

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value:

	December 31, 2018 (Un-audited)			
	Carrying amount			Fair value
	Fair value through other comprehensive income	Amortised cost	Other financial liabilities	Level 3
	(Rupees in '000)			
<b>Financial assets measured at fair value</b>				
Long term investment	18,019,643	-	-	18,019,643
<b>Financial assets not measured at fair value</b>				
Long term loan to related party	-	1,649,175	-	-
Long term deposits	-	75	-	-
Non-current maturity of accrued markup	-	39,990	-	-
Cash and bank balances	-	790	-	-
<b>Financial liabilities not measured at fair value</b>				
Accrued and other liabilities	-	-	66,573	-
Payable to related parties	-	-	1,726	-
	June 30, 2018 (Audited)			
	Carrying amount			Fair value
	Other financial assets	Loan and receivables	Other financial liabilities	Level 3
	(Rupees in '000)			
<b>Financial assets measured at fair value</b>				
Long term investment	16,138,471	-	-	16,138,471
<b>Financial assets not measured at fair value</b>				
Current maturity of long term loan	-	1,523,226	-	-
Long term deposits	-	75	-	-
Current maturity of accrued mark-up	-	110,572	-	-
Cash and bank balances	-	799	-	-
<b>Financial liabilities not measured at fair value</b>				
Accrued and other liabilities	-	-	67,806	-
Payable to related parties	-	-	1,274	-

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited)

### For the six months period ended December 31, 2018

Management assessed that the fair values of cash and cash equivalents, loan, accrued markup receivable thereon, long term deposits, payables and other current liabilities approximate their carrying amounts.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgment and estimation in the determination of fair value, including but not limited to selection of the appropriate valuation model, determination of expected future cash flows selection of discount rates.

Management has used discounted cash flow approach while valuing underlying investee (included in these financial statements under Long Term Investment) which holds unquoted equity portfolio. The discounted cash flow approach includes significant unobservable inputs such as forecast of annual revenue growth, forecast of EBITDA margin of underlying unquoted equity portfolios, discount rates, terminal value growth rate etc. which are sensitive to fair value measurement of underlying investee company. If the valuation assumptions (significant unobservable inputs) would be changed, the fair value of investment and other comprehensive income would decrease or increase respectively. The movement in Level 3 financial instruments is disclosed in Long Term Investment note; hence not separately disclosed.

## 12. RELATED PARTY DISCLOSURES

Related parties comprise of group companies (including subsidiaries and associates), directors and their close family members, staff retirement benefit fund and key management personnel of the Company. Transactions with related parties are carried out on agreed basis and are settled in ordinary course of business. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Transactions with related parties during the period and their balances, other than those which have been disclosed elsewhere in these condensed interim unconsolidated financial statements, are as follows:

	December 31, 2018	December 31, 2017
	(Rupees in '000)	
<b>Transaction with subsidiary</b>		
Interest income on long term loan	118,235	115,181

## 13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on February 25, 2019 by the Board of Directors of the Company.

Director

Chief Financial Officer

Director





TRG PAKISTAN  
LIMITED

# **Condensed Interim Consolidated Financial Statements**

For the Six months period ended

**December 31, 2018**

## Condensed Interim Consolidated Statement of Financial Position

As at December 31, 2018

	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
	(Rupees in '000).....	
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	4,255,538	3,723,519
Other intangible assets	1,911,229	1,738,554
Property and equipment	3,895,077	3,693,320
Long term investment	51,338	47,616
Deferred tax asset	762,127	637,055
Long term receivables	5,295,866	3,314,997
Long term deposits, prepayments and other assets	1,319,681	1,385,071
<b>Total non-current assets</b>	<b>17,490,856</b>	<b>14,540,132</b>
<b>Current assets</b>		
Trade and other receivables	15,614,662	10,019,768
Current portion of long term receivables	1,662,737	1,046,841
Deferred expenses	-	318,816
Cash and bank balances	5,277,667	6,189,004
<b>Total current assets</b>	<b>22,555,066</b>	<b>17,574,429</b>
<b>Total assets</b>	<b>40,045,922</b>	<b>32,114,561</b>
<b>Equity and liabilities</b>		
<b>Equity attributable to owners of the parent</b>		
Issued, subscribed and paid-up capital	5,453,907	5,453,907
Foreign currency translation reserve	(1,115,179)	(262,813)
Accumulated deficit	(10,161,629)	(10,455,070)
	(5,822,901)	(5,263,976)
Non-controlling interests	(4,083,591)	(2,243,280)
<b>Total equity</b>	<b>(9,906,492)</b>	<b>(7,507,256)</b>
<b>Non-current liabilities</b>		
Deferred revenue	62,992	86,012
Borrowings	24,129,605	17,254,315
Deferred tax liability	918,170	648,753
Other non-current liabilities	383,457	344,235
<b>Total non-current liabilities</b>	<b>25,494,224</b>	<b>18,333,315</b>
<b>Current liabilities</b>		
Trade and other payables	13,005,097	9,872,391
Borrowings	6,656,310	7,083,785
Convertible preference shares	4,165,800	3,645,000
Deferred revenue	630,983	687,326
<b>Total current liabilities</b>	<b>24,458,190</b>	<b>21,288,502</b>
<b>Total liabilities</b>	<b>49,952,414</b>	<b>39,621,817</b>
<b>Total equity and liabilities</b>	<b>40,045,922</b>	<b>32,114,561</b>
<b>Contingencies and commitments</b>		

4

The annexed notes from 1 to 8 form an integral part of this condensed interim consolidated financial statements.

Director

Chief Financial Officer

Director

# Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the six months period ended December 31, 2018

Note	Quarter ended		Six months period ended	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
(Rupees in '000)				
Revenue	18,808,832	12,733,813	33,781,144	23,533,751
Other operating income	153,843	117,206	313,325	177,267
Payroll and related costs	11,354,246	8,967,122	20,986,944	17,146,107
Acquisition expenses	1,484,775	1,064,806	2,863,017	2,006,233
Depreciation, amortization and other non-cash costs	936,500	696,458	1,335,383	1,366,125
Other operating costs	4,494,329	2,408,652	8,200,151	4,838,733
Profit / (loss) from operations	692,825	(286,019)	708,974	(1,646,180)
Finance expenses	(1,060,101)	(440,223)	(1,811,039)	(857,047)
Loss before taxation	(367,276)	(726,242)	(1,102,065)	(2,503,227)
Income tax expense	(181,252)	(178,302)	(235,389)	(25,113)
Net loss for the period	(548,528)	(904,544)	(1,337,454)	(2,528,340)
Other comprehensive loss				
Item that may be subsequently reclassified to profit or loss				
Foreign currency translation adjustment	(1,047,302)	(322,150)	(1,203,446)	(357,851)
Total comprehensive loss	(1,595,830)	(1,226,694)	(2,540,900)	(2,886,191)
Loss attributable to:				
- Shareholders of the Holding Company	(7,322)	(337,925)	(352,800)	(1,047,430)
- Non-controlling interest	(541,206)	(566,619)	(984,654)	(1,480,910)
	(548,528)	(904,544)	(1,337,454)	(2,528,340)
Other comprehensive loss attributable to:				
- Shareholders of the Holding Company	(771,146)	(209,764)	(852,366)	(238,914)
- Non-controlling interest	(276,156)	(112,386)	(351,080)	(118,937)
	(1,047,302)	(322,150)	(1,203,446)	(357,851)
Total comprehensive loss attributable to:				
- Shareholders of the Holding Company	(778,468)	(547,689)	(1,205,166)	(1,286,344)
- Non-controlling interest	(817,362)	(679,005)	(1,335,734)	(1,599,847)
	(1,595,830)	(1,226,694)	(2,540,900)	(2,886,191)
Loss per share attributable to the ordinary equity holders of the parent	(Rupees)			
Basic loss per share	5	0.01	0.62	0.65
Diluted loss per share	5	0.01	0.62	0.65

The annexed notes from 1 to 8 form an integral part of this condensed interim consolidated financial statements.

Director

Chief Financial Officer

Director

## Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

For the six months period ended December 31, 2018

	Attributable to shareholders of the Parent Company				Non-controlling interests	Total
	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Accumulated losses	Sub-total		
	(Rupees in '000)					
Balance as at July 1, 2017	5,453,907	113,395	(8,712,985)	(3,145,683)	(1,291,560)	(4,437,243)
Comprehensive loss for the period						
Loss for the period	-	-	(1,047,430)	(1,047,430)	(1,480,910)	(2,528,340)
Other comprehensive loss						
Foreign currency translation difference	-	(238,914)	-	(238,914)	(118,937)	(357,851)
Total comprehensive loss for the period	-	(238,914)	(1,047,430)	(1,286,344)	(1,599,847)	(2,886,191)
Transactions with owners						
Share-based transactions	-	-	-	-	269,156	269,156
Balance as at December 31, 2017	5,453,907	(125,519)	(9,760,415)	(4,432,027)	(2,622,251)	(7,054,278)
Balance as at July 1, 2018	5,453,907	(262,813)	(10,455,070)	(5,263,976)	(2,243,280)	(7,507,256)
Comprehensive loss for the period						
Loss for the period	-	-	(352,800)	(352,800)	(984,654)	(1,337,454)
Other comprehensive loss						
Foreign currency translation difference	-	(852,366)	-	(852,366)	(351,080)	(1,203,446)
Total comprehensive loss for the period	-	(852,366)	(352,800)	(1,205,166)	(1,335,734)	(2,540,900)
Transactions with owners						
Redemption of senior preferred shares				-	(829,164)	(829,164)
Share-based transactions	-	-	-	-	332,074	332,074
Transactions with non-controlling interests	-	-	646,241	646,241	(7,487)	638,754
Balance as at December 31, 2018	5,453,907	(1,115,179)	(10,161,629)	(5,822,901)	(4,083,591)	(9,906,492)

The annexed notes from 1 to 8 form an integral part of this condensed interim consolidated financial statements.

Director

Chief Financial Officer

Director

## Condensed Interim Consolidated Statement of Cash Flows (Un-audited)

For the six months period ended December 31, 2018

	December 31, 2018	December 31, 2017
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,102,065)	(2,503,227)
Adjustments for:		
Depreciation, amortization and other non-cash costs	1,335,383	1,250,295
Share of profit from long term investment	(13,677)	(11,183)
Finance expenses	1,811,039	857,047
Increase in trade and other receivables	(5,985,850)	(1,340,463)
Increase in long term receivables	(2,434,391)	(1,484,679)
Decrease/(increase) in prepayments and other assets	408,950	(584,850)
Increase in trade and other payables and other liabilities	2,104,918	4,999,965
<b>Cash (used in)/generated from operations</b>	<b>(3,875,693)</b>	<b>1,182,905</b>
Finance expenses paid	(1,031,102)	(343,465)
Income taxes paid	(167,844)	(206,079)
<b>Net cash (used in)/generated from operating activities</b>	<b>(5,074,639)</b>	<b>633,361</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment - net	(1,148,801)	(1,222,142)
Purchase of other intangible assets - net	(435,358)	(367,287)
<b>Net cash used in investing activities</b>	<b>(1,584,159)</b>	<b>(1,589,429)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings - net	6,447,815	621,842
Redemption of senior preferred shares	(829,164)	-
Transactions with non-controlling interests	638,754	-
<b>Net cash generated from financing activities</b>	<b>6,257,405</b>	<b>621,842</b>
Effects of exchange rate difference on cash and cash equivalents	(509,944)	(193,052)
Net decrease in cash and cash equivalents	(911,337)	(527,278)
Cash and cash equivalents at beginning of the period	6,189,004	3,073,986
<b>Cash and cash equivalents at end of the period</b>	<b>5,277,667</b>	<b>2,546,708</b>

The annexed notes from 1 to 8 form an integral part of this condensed interim consolidated financial statements.

Director

Chief Financial Officer

Director

## Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the six months period ended December 31, 2018

### 1. THE GROUP AND ITS OPERATIONS

- 1.1 TRG Pakistan Limited ("the Parent Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the Companies Act, 2017 (formerly Companies Ordinance, 1984) and is listed on the Pakistan Stock Exchange Limited. The registered office of the Parent Company is situated at 18th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Karachi, Pakistan. On May 14, 2003 the Parent Company obtained a license from the Securities and Exchange Commission of Pakistan ("SECP") to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On January 18, 2012 the Parent Company exited from NBFC regime and continues to operate as a listed company.
- 1.2 The principal activity of the Parent Company is to act as a Holding Company. The Parent Company, (through its subsidiary, The Resource Group International Limited) has investment in a portfolio of companies in the technology and IT services and Business Processing Outsourcing (BPO) sectors.
- 1.3 The Parent Company has an investment in an operational subsidiary, The Resource Group International Limited ("TRGIL"). The percentage of the Parent Company's holding in TRGIL's ordinary shares is 57.32% (June 30, 2018: 57.32%) whereas the percentage of voting interest of the Company is 57.16% (June 30, 2018: 58.65%).

### 2. BASIS OF PREPARATION

This condensed interim consolidated financial statements has been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards as applicable in Pakistan comprise of International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim consolidated financial statements does not include all of the statements required for full financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Parent Company for the year ended June 30, 2018.

This condensed interim consolidated financial statements comprises the condensed interim consolidated statement of financial position as at December 31, 2018, condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows and notes thereto for the six months period then ended. This condensed interim consolidated financial statements also includes the condensed interim consolidated statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 which was also neither audited nor reviewed.

The comparative condensed interim consolidated statement of financial position, presented in this condensed interim consolidated financial statements as at June 30, 2018 has been extracted from the annual audited consolidated financial statements of the Company for the year then ended, whereas the comparative condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows are extracted from the unaudited condensed interim consolidated financial statements for the six months period ended December 31, 2017 were neither audited nor reviewed. The comparative condensed interim consolidated statement of profit or loss and other comprehensive income for the quarter ended December 31, 2017 which is included in this condensed interim consolidated financial statements was neither audited nor reviewed.

### Judgments and estimates

The preparation of condensed interim consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Accounting estimates require the use of significant management assumptions and judgments as to future events, and the effect of those events cannot be predicted with certainty. The accounting estimates will change as new events occur, more experience is acquired and more statements is obtained. We evaluate and update our assumptions and estimates on an ongoing basis and use outside experts to assist in that evaluation when we deem necessary.

The significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to annual audited consolidated financial statements of the Parent Company for the year ended June 30, 2018.

### Risk management

Risk management policies are consistent with those disclosed in the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2018.

# Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the six months period ended December 31, 2018

## New standards, interpretations and amendments adopted by the company

IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after July 1, 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. A number of other pronouncements are effective from July 1, 2018 as detailed in Company's annual audited consolidated financial statements as at and for the year ended June 30, 2018, but they do not have a material effect on these condensed interim consolidated financial statements and therefore have not been detailed.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (here in after referred as the Group).

The financial statements of the Parent Company and consolidated financial statements of TRGIL and its subsidiaries are prepared up to the same reporting date and are combined on a line-by-line basis. All intercompany balances, transactions and related unrealized profits and losses are eliminated in consolidation.

The accounting policies adopted in the preparation of this condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual audited unconsolidated financial statements for the year ended June 30, 2018.

## 4. CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in note 20 to the annual audited consolidated financial statements for the year ended June 30, 2018.

## 5. LOSS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue and the potential ordinary shares.

The inclusion of the Company's stock options in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation. Consequently, there is no difference between basic loss per share and diluted loss per share.

	Quarter ended		Six months period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000)			
Loss attributable to equity holders of the Parent Company	(7,322)	(337,925)	(352,800)	(1,047,430)
	(Shares)			
Weighted average number of ordinary shares - basic	545,390,665	545,390,665	545,390,665	545,390,665
	(Rupees)			
Basic loss per share	(0.01)	(0.62)	(0.65)	(1.92)
	(Shares)			
Weighted average number of ordinary shares - diluted	545,390,665	545,390,665	545,390,665	545,390,665
	(Rupees)			
Diluted loss per share	(0.01)	(0.62)	(0.65)	(1.92)

## Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

*For the six months period ended December 31, 2018*

### 6. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated undertakings, staff retirement funds, directors and key management personnel. The investments out of provident fund of the Group have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

### 7. GENERAL

All financial information presented has been rounded off to nearest thousands of Pakistani Rupees.

### 8. DATE OF AUTHORISATION

This condensed interim consolidated financial statements was authorized for issue by the board of directors of the Parent Company on February 25, 2019.

---

Director

---

Chief Financial Officer

---

Director





**TRG PAKISTAN LTD.**

CENTRE POINT BUILDING, LEVEL 18, PLOT NO. 66/3-2,  
OFF. SHAHEED-E-MILLAT EXPRESSWAY, NEAR  
KPT INTERCHANGE FLYOVER, KARACHI-74900, PAKISTAN.  
UAN # +92.21.111.TRG.TRG. <http://trgpcorp.com>