



HALF YEARLY REPORT
DECEMBER 31, 2020





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.



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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,

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Street 2, D.H.A. Phase VII,

Karachi-75500, Pakistan.

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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, 2020

Your Directors are pleased to present the condensed interim financial information of TRG Pakistan Limited (the Company) for the six months ended December 31, 2020.

Key Developments:

In the first half of fiscal year 2021, our associate TRG International (TRGI) and its underlying portfolio companies achieved some significant milestones both on the operational and monetization fronts. Our portfolio company in the outsourced customer interactions sector, that was listed on Nasdaq in August 2020, continues to win strategic new logos across key verticals, resulting in record growth as well as decrease in client concentration. Consequently, its stock is trading approximately 10% higher than the IPO price.

Our portfolio company in the enterprise software sector raised additional debt financing, which was used to retire its relatively expensive Series D shares. This partial monetization as a result of Series D buyback, yielded a 2.5X return for TRGI. These proceeds were used by TRGI to partially pay down its high-cost debt.

Our health insurance marketing company continued its strong growth during the Annual Enrollment Period. We are also actively assessing monetization alternatives for this company and hope to make significant progress in this regard during the current fiscal year.

Results of Portfolio Companies under TRG International Limited (Associated Company)

TRGI and its portfolio companies continued their growth trajectory during the first half of FY21.

Our company in the outsourced customer interactions industry continued its top and bottom-line momentum. Its revenues for the six months ended December 31, 2020 were \$226 million compared to \$203.1 million for the same period last year. The adjusted EBITDA during this period increased from \$25.9 million to \$33.2 million, reflecting strong growth in key accounts and a continued shift to lower cost service delivery locations.

Our portfolio company in the enterprise software sector delivered powerful growth and profitability during the first half of the fiscal year. Its revenues grew from \$41.8 million to \$118.5 million. Its adjusted EBITDA during the six months was \$28.1 million, compared to a adjusted EBITDA loss of \$17.6 million during the same period last year. The company has a robust revenue pipeline and is aggressively pursuing expansion in additional geographies. We expect the company to continue on this growth trajectory during the second half of the fiscal year.

Revenues at our health insurance marketing company were \$96.7 million during the first six months of the fiscal year, compared to \$63.7 million during the same period last year. Adjusted EBITDA during this period increased from \$22.2 million to \$29.1 million. The industry has seen a recent tightening of margins which has impacted per unit economics. However, the company continues on a strong growth trajectory, which we expect to further accelerate in 2021.

**Adjusted EBITDA is Earnings before Interest, Taxes, Depreciation and Amortization, adjusted for any one-time / non-recurring items*

Unaudited summary of TRGIL's consolidated performance is stated below:

Figures in USD millions

For six months ended December 31

	Outsourced Customer Interactions	Enterprise Software	Health Insurance Marketing
Revenue – 2020	\$226.0	\$118.5	\$96.7
– 2019	\$203.1	\$41.8	\$63.7
Adjusted EBITDA* – 2020	\$33.2	\$28.1	\$29.1
– 2019	\$25.9	\$(17.6)	\$22.2
Net Debt –2020	\$50.7	\$254.4	\$126.2
TRGI Holding % - 2020	61%	39%	70%
TRGI Net Debt – 2020	\$46.4		

TRG Pakistan Limited Financial Review:

The value of the Company's share in TRGI as of December 31, 2020 was Rupees 25.7 billion. This value was Rupees 21.8 billion on June 30, 2020, representing an increase of Rupees 3.9 billion during the period and an overall increase that is nearly seven times the value of its original investment. As we approach monetization of our remaining assets, we expect this value to increase further. In addition to the Company's stake in TRGI, it also has other assets of Rupees 1.7 billion and liabilities of Rupees 4.6 billion resulting in net assets of Rupees 22.8 billion.

The Company recognized stand-alone income of Rupees 81.6 million in its income statement, whereas it incurred expenses of Rupees 25.3 million. In addition, its share of profit from associates was Rupees 5,158 million. Tax expense amounting to Rupees 790 million, mainly on account of deferred tax, was incurred during the period. As a result, the Company posted a net profit of Rupees 4,425 million for the period ended December 31, 2020.

Earnings Per Share

The earning per share of the Company was Rupees 8.113 per share.

Outlook

We remain focused on preparing our assets for monetization through both public and private market options which will create significant shareholder value and liquidity.

**Adjusted EBITDA is Earnings before Interest, Taxes, Depreciation and Amortization, adjusted for any one-time / non-recurring items*

Acknowledgments

Your directors close this report by thanking you for 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
Dated: February 26, 2021

Muhammad Ali Jameel
Director

متوقع امکانات

ہم ہبلک اور پرائیویٹ مارکیٹ دونوں آپشنز کے ذریعہ اپنے اثاثوں کی مونیٹائزیشن کی تیاری کیے ہوئے ہیں جس سے حصص یافتگان کے سرمایہ میں اضافہ اور لیکویڈیٹی پیدا ہوگی۔

اظہار تشکر

اس رپورٹ کے اختتام پر ڈائریکٹرز آپ کے مستقبل 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: ۲۶ فروری ۲۰۲۱

ہماری ہیلتھ انشورنس مارکیٹنگ کمپنی میں مالی سال کے پہلے چھ ماہ کے دوران ۹۶.۷ ملین ڈالر کی آمدنی ہوئی، جبکہ اس سے پچھلے سال اسی عرصے کے دوران ۷۳.۷ ملین ڈالر تھی۔ اس عرصے کے دوران خام لینڈ ۲۲.۲ ملین ڈالر سے بڑھ کر ۲۹.۱ ملین ڈالر ہو گیا۔ انڈسٹری نے حالیہ سخت مارجن کو دیکھا ہے جس نے فی یونٹ معاشیات کو متاثر کیا ہے۔ تاہم، کمپنی مضبوط نشوونما کی رفتار جاری رکھے ہوئے ہے، اور توقع ہے کہ ہم ۲۰۲۱ میں مزید تیز رفتاری کریں گے۔

ٹی آر جی آئی ایل کی مجموعی کارکردگی کا غیر تصدیق شدہ خلاصہ ذیل میں بتایا گیا ہے۔

ڈالر ملین میں			
برائے دورانیہ ۳۱ دسمبر کے اختتام پر			
آؤٹ سورس کسٹمر انٹرایکشن	اغیر پرائز سافٹ ویئر	ہیلتھ انشورنس مارکیٹنگ	آمدنی - ۲۰۲۰
۲۲۶.۰	۱۱۸.۵	۹۶.۷	- ۲۰۱۹
۲۰۳.۱	۲۱.۸	۶۳.۷	ایڈجسٹڈ لینڈ - ۲۰۲۰
۲۳۶.۲	۲۸.۱	۲۹.۱	- ۲۰۱۹
۲۵.۹	(۱۷.۶)	۲۲.۲	خالص قرضہ جات - ۲۰۲۰
۵۰.۷	۲۵۴.۴	۱۲۶.۲	ٹی آر جی آئی کا حصہ - ۲۰۲۰
۶۱%	۳۹%	۷۰%	ٹی آر جی آئی خالص قرضہ جات - ۲۰۲۰
۲۶.۴			

ٹی آر جی پاکستان لینڈ مالی جائزہ

۳۱ دسمبر ۲۰۲۰ کو کمپنی کا حصہ ٹی آر جی آئی میں ۷۳.۷ ملین روپے رہا۔ یہ حصہ ۳۰ جون ۲۰۲۰ کو ۲۱۰.۸ ملین روپے تھا۔ اس مدت کے دوران ۳۰.۹ بلین روپے کا اضافہ ہوا جبکہ مجموعی طور پر اصل سرمایہ کاری میں تقریباً دس گنا رہا۔ جب ہم اپنے باقی اثاثوں کی فروخت کے قریب ہوں گے، تو توقع کرتے ہیں کہ اس کی قدر میں مزید اضافہ ہوگا۔ ٹی آر جی آئی میں کمپنی کے حصے کے علاوہ، اس میں ۱.۰ بلین روپے کے دوسرے اثاثے اور ۴.۶ بلین روپے کی واجبات ہیں جس کے نتیجے میں خالص اثاثہ جات ۲۲۰.۸ ملین روپے ہیں۔

کمپنی نے اپنی آمدنی کے بیانے میں ۸۱.۶ ملین روپے ظاہر کیے، جبکہ اس پر ۲۵.۳ ملین روپے کے اخراجات ہوئے۔ اسویڈنڈ کمپنی میں منافع کا حصہ ۵۸،۵ ملین روپے تھا۔ اس عرصے کے دوران التواء ٹیکس اخراجات سمیت ۹۰ ملین روپے ٹیکس کا خرچہ ہوا۔ اس کے نتیجے میں، کمپنی نے ۳۱ دسمبر ۲۰۲۰ کو ختم ہونے والی مدت میں ۴،۴۲۵ ملین روپے کا خالص منافع حاصل کیا۔

فی حصص آمدن

کمپنی نے فی حصص ۸.۱۱۳ روپے کا منافع حاصل کیا۔

* اسویڈنڈ منافع، ٹیکس، غرضوگی اور امور سٹرائٹیشن، ایک بار اور بار بار تہہ ہونے والی اشیاء سے ہونے والی آمدنی ہے۔

ڈائریکٹرز کی رپورٹ

برائے دورانیہ ۳۱ دسمبر ۲۰۲۰ کے اختتام پر (ششماہی رپورٹ)

آپ کے ڈائریکٹر ز انتہائی مسرت کے ساتھ ٹی آر جی پاکستان لمیٹڈ (کمپنی) کے ۳۱ دسمبر ۲۰۲۰ کو اختتام پذیر ہونے والی ششماہی کے معاشی بیانیے پیش کرتے ہیں۔

اہم پیشرفت:

مالی سال ۲۰۲۱ کی پہلی ششماہی میں، ہماری اسوسیٹڈ ٹی آر جی انٹر نیشنل (ٹی آر جی آئی) اور اس کی ذیلی پورٹ فولیو کمپنیوں نے آپریشنل اور منیٹائزیشن محاذوں پر کچھ اہم سنگ میل حاصل کر لئے۔ آؤٹ سورس گاہک کی بات چیت کے شعبے میں ہماری پورٹ فولیو کمپنی، جو اگست ۲۰۲۰ میں نیڈ ڈیک پرسنڈ تھی، اس نے اہم معاہدے جیتنا جاری رکھا جس کی وجہ سے اس کی نشوونما کی رفتار میں اضافہ اور گاہکوں کی توجہ مرکوز کرنے میں کمی ہوئی اس کے نتیجے میں اس کے شیئر کی قیمت اندازاً ۱۰ فیصد ابتدائی عوامی پیش کش کی قیمت سے بڑھ گئی۔

انٹرپرائز سافٹ ویئر کے شعبے میں ہماری پورٹ فولیو کمپنی نے اضافی قرضوں کی مالی اعانت اکٹھا کی، جو سیریڈوی کے منگے حصص کو دوبارہ خریدنے کے لیے استعمال کیا گیا۔ اس جزوی منیٹائزیشن کے نتیجے میں سیریڈوی کی دوبارہ خریداری سے ٹی آر جی آئی کو اڑھائی گنا اضافی منافع حاصل ہوا اس پیسے سے ٹی آر جی آئی کے منگے قرضہ جات جزوی طور پر ادا کیے گئے۔

ہماری صحت انشورنس مارکیٹنگ کمپنی نے سالانہ اندراج کے عرصے کے دوران اپنی نشوونما کو جاری رکھا۔ ہم اس کمپنی کے لئے منیٹائزیشن کے متبادلات کا فعال طور پر جائزہ لے رہے ہیں اور امید کرتے ہیں کہ رواں مالی سال کے دوران اس سلسلے میں نمایاں پیشرفت ہوگی۔

ٹی آر جی انٹر نیشنل لمیٹڈ (ایسوسی ایٹڈ کمپنی) کی ذیلی پورٹ فولیو کمپنیوں کے نتائج

مالی سال ۲۱ کی پہلی ششماہی کے دوران ٹی آر جی آئی اور اس کی پورٹ فولیو کمپنیوں نے اپنی نشوونما کو جاری رکھا۔

آؤٹ سورس گاہک کی بات چیت کی صنعت میں ہماری کمپنی نے اپنی ترقی کی رفتار کو ہر لحاظ سے جاری رکھا۔ اس کی آمدنی ۳۱ دسمبر ۲۰۲۰ کو ختم ہونے والی ششماہی کے لئے ۲۲۶ ملین ڈالر تھی جو گزشتہ سال اسی عرصے میں ۲۰۳ ملین ڈالر تھی۔ اس عرصے کے دوران خام ایسیٹا ۲۶ ملین ڈالر سے بڑھ کر ۳۳ ملین ڈالر ہو گیا، جو بڑے گاہکوں میں مستحکم اضافے اور کم لاگت خدمات کی ترسیل کے مقامات پر مسلسل جانے کی عکاسی کرتی ہے۔

انٹرپرائز سافٹ ویئر سیکٹر میں ہماری پورٹ فولیو کمپنی نے مالی سال کی پہلی ششماہی کے دوران طاقتور نشوونما اور منافع کو پہنچایا۔ اس کی آمدنی ۳۱۰.۸ ملین ڈالر سے بڑھ کر ۱۱۸.۵ ملین ڈالر ہو گئی۔ اس کے خام ایسیٹا میں ان چھ مہینوں کے دوران ۲۸.۱ ملین ڈالر کا اضافہ ہوا، اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران ایسیٹا ۷.۶ ملین ڈالر نقصان میں تھا۔ کمپنی کے پاس ایک مضبوط آمدنی والی لائن ہے اور وہ جارحانہ انداز میں اضافی جغرافیوں میں توسیع کے لئے کوشاں ہے۔ ہم توقع کرتے ہیں کہ کمپنی مالی سال کے دوسرے نصف حصے کے دوران اس نشوونما کو جاری رکھے گی۔

* ایسیٹا منافع، ٹیکس، غرسوگی اور امور انٹرنیشنل، ایک بار اور بار بار تہہ ہونے والی اشیاء سے ہونے والی آمدنی ہے۔



Condensed Interim Financial Statements

For the six months period ended

December 31, 2020

HALF YEARLY REPORT

DECEMBER 31, 2020



Independent Auditor's Review Report

To the members of TRG Pakistan Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of TRG Pakistan Limited ("the Company") as at 31 December 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 three months ended 31 December 2020 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' report is Zeeshan Rashid.

Date: February 26, 2021

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

As at December 31, 2020

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Operating fixed assets		38	59
Long term investment	4	25,745,950	21,778,686
Long term deposit		75	75
		25,746,063	21,778,820
Current assets			
Current maturity of accrued mark-up		2	908
Current maturity of long term loan	5	-	1,579,646
Cash and bank balances	6	1,653,443	3,308
		1,653,445	1,583,862
Total assets		27,399,508	23,362,682
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		7,330,000	7,330,000
<i>Share capital</i>			
Issued, subscribed and paid-up capital	7	5,453,907	5,453,907
<i>Revenue reserves</i>			
Foreign currency translation reserve		(478,775)	533,376
Unappropriated Profit		17,841,940	13,417,089
		22,817,072	19,404,372
Non-current liability			
Deferred tax liability		4,524,272	3,929,183
Current liabilities			
Accrued and other liabilities		8,209	9,470
Payable to related party	8	19,744	4,807
Taxation - net		30,211	14,850
		58,164	29,127
Total equity and liabilities		27,399,508	23,362,682
Contingencies and commitments	9		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Director

Chief Financial Officer

Director

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

For the three months and six months period ended December 31, 2020

		Three months period ended		Six months period ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Note		(Rupees in '000)			
Revenue	10	22,043	59,761	81,638	119,542
Administrative and other expenses		(20,379)	(58,465)	(25,299)	(94,922)
Operating profit		1,664	1,296	56,339	24,620
Share of profit in equity accounted investee	4.2	4,240,984	-	5,158,029	-
Profit before taxation		4,242,648	1,296	5,214,368	24,620
Taxation		(634,261)	(321)	(789,517)	(6,092)
Profit for the period		3,608,387	975	4,424,851	18,528
Other comprehensive income					
Items that will not be reclassified subsequently to statement of profit or loss					
Equity investments at FVOCI - net of tax		-	90,062	-	97,284
Items that may be reclassified subsequently to statement of profit or loss					
Foreign currency translation difference		(747,399)	-	(1,012,151)	-
Total comprehensive income for the period		2,860,988	91,037	3,412,700	115,812
(Rupees)					
Earnings per share - basic and diluted		6.616	0.002	8.113	0.034

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Director

Chief Financial Officer

Director

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

For the six months period ended December 31, 2020

	Issued, subscribed and paid-up capital	Revenue Reserves			Total
		Foreign currency translation reserve	Fair value reserve - net of deferred tax	Unappropriated profit / (accumulated losses)	
----- (Rupees in '000) -----					
Balance as at July 1, 2019	5,453,907	8,202,725	2,022,911	(525,804)	15,153,739
Total comprehensive income					
Profit after tax for the six months period ended December 31, 2019	-	-	-	18,528	18,528
Equity investments at FVOCI - change in fair value net of tax	-	-	531,297	-	531,297
Foreign currency translation difference - net of tax	-	(434,013)	-	-	(434,013)
	-	(434,013)	531,297	18,528	115,812
Balance as at December 31, 2019	5,453,907	7,768,712	2,554,208	(507,276)	15,269,551
Total comprehensive income					
Profit after tax for the six months period ended June 30, 2020	-	-	-	57,637	57,637
Equity investments at FVOCI - change in fair value net of tax	-	-	2,806,873	-	2,806,873
Transfer of reserve related to investment at FVOCI - net of tax	-	(8,505,647)	(5,361,081)	13,866,728	-
Foreign currency translation difference - net of tax	-	1,270,311	-	-	1,270,311
	-	(7,235,336)	(2,554,208)	13,924,365	4,134,821
Balance as at June 30, 2020	5,453,907	533,376	-	13,417,089	19,404,372
Total comprehensive income					
Profit after tax for the six months period ended December 31, 2020	-	-	-	4,424,851	4,424,851
Foreign currency translation difference - net of tax	-	(1,012,151)	-	-	(1,012,151)
	-	(1,012,151)	-	4,424,851	3,412,700
Balance as at December 31, 2020	5,453,907	(478,775)	-	17,841,940	22,817,072

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Director

Chief Financial Officer

Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended December 31, 2020

		December 31, 2020	December 31, 2019
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash used in operations	11	(6,812)	(96,800)
Mark-up income received - net		77,752	97,236
Tax paid		(451)	(409)
Net cash generated from operating activities		70,489	27
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from repayment of related party loan		1,579,646	-
Net cash from investing activities		1,579,646	-
Net increase in cash and cash equivalents		1,650,135	27
Cash and cash equivalents at beginning of the period		3,308	1,685
Cash and cash equivalents at end of the period		1,653,443	1,712

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Director

Chief Financial Officer

Director

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

For the six months period ended December 31, 2020

I. LEGAL STATUS AND NATURE OF BUSINESS

- I.1 TRG Pakistan Limited ("the Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) 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.
- I.2 The principal activity of the Company, through its associate, The Resource Group International Limited (TRGIL) is to invest in portfolio of investments primarily in the Technology, IT Enabled Services and Medicare Insurance sectors.

2. BASIS OF PREPARATION

These condensed interim 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 from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the information required for full financial statements and should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2020.

These condensed interim financial statements comprises the condensed interim statement of financial position as at December 31, 2020, condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes thereto for the six months period then ended.

The comparative condensed interim statement of financial position, presented in these condensed interim financial statements as at June 30, 2020 has been extracted from the annual audited financial statements of the Company for the year then ended, whereas the comparative condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from the unaudited condensed interim unconsolidated financial statements for the six months period ended December 31, 2019.

- 2.1 During the fiscal year 2020, 24,725,843 Class B Non-Voting Common Shares were converted into Class A Common Shares. As a result of this conversion, TRG Pakistan's voting interest in TRGIL was diluted from 57.16% to 46.03%. Due to this dilution in voting interest on June 15, 2020, TRGIL is no longer a subsidiary of the Company and is treated as an associate in these condensed interim financial statements as fully described in note 1.3 of the annual audited financial statement of the Company for the year then ended June 30, 2020.

2.2 Judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 financial statements of the Company for the year ended June 30, 2020.

2.3 Risk management

Risk management policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2020.

2.4 Impact of COVID -19 on financial statements

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic (the "Pandemic"). The spread of the Pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan has not directly affected the Company. Resultantly there is no significant accounting impact of the Pandemic on these condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended June 30, 2020 and unconsolidated condensed interim financial statements for the period ended December 31, 2019 other than those disclosed in note 2.1 of these condensed interim financial statements.

4. LONG TERM INVESTMENTS

	Note	December 31, 2020 (Un-audited) ---- (Rupees in '000) ----	June 30, 2020 (Audited)
The Resource Group International Limited (TRGIL)			
Unquoted 60,450,000 (June 30, 2020: 60,450,000)			
Series B Preferred Shares - Equity accounted investee	4.1 & 4.2	25,745,950	21,778,686
		<u>25,745,950</u>	<u>21,778,686</u>

- 4.1 This represents investment in TRGIL, an associate incorporated in Bermuda having par value and additional paid up share capital of US\$0.01 and US\$ 0.99 per share respectively. The percentage of the Company's holding in TRGIL's shares is 56.86% (June 30, 2020: 56.86%) with voting power of 45.90% (June 30, 2020: 46.03%). The percentage of holding on a fully diluted basis, after taking into account all the classes of shares that will potentially participate in equity distribution, is 45.32% (June 30, 2020: 45.32%).

4.2 Reconciliation of carrying amount of investment

	December 31, 2020 (Un-audited) ---- (Rupees in '000) ----	June 30, 2020 (Audited)
Opening balance	21,778,686	21,279,414
Share of profit in equity accounted investee	5,158,029	86,948
Foreign currency translation difference	(1,190,765)	412,324
Closing balance	<u>25,745,950</u>	<u>21,778,686</u>

5. LONG TERM LOAN TO RELATED PARTY - considered good

Loan balance	-	1,579,646
Less: current maturity	-	(1,579,646)
	<u>-</u>	<u>-</u>

6. CASH AND BANK BALANCES

Balance with bank in		
- current account	625	625
- savings account	1,652,814	2,676
	<u>1,653,439</u>	<u>3,301</u>
Cash in hand	4	7
	<u>1,653,443</u>	<u>3,308</u>

7. SHARE CAPITAL

	December 31, 2020 (Un-audited)		June 30, 2020 (Audited)	
	Number of shares	(Rupees in '000)	Number of shares	(Rupees in '000)
Authorized share capital				
- 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
	733,000,000	7,330,000	733,000,000	7,330,000
Issued, subscribed and paid-up capital				
Ordinary class 'A' shares of Rs. 10 each	535,765,687	5,357,657	535,765,687	5,357,657
- allotted for consideration paid in cash	9,624,978	96,250	9,624,978	96,250
- allotted for consideration other than cash (note 7.1)	545,390,665	5,453,907	545,390,665	5,453,907

- 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.

8. PAYABLE TO RELATED PARTIES - current account - unsecured

This comprises of Rs. 19.7 million (June 30, 2020: Rs. 4.8 million) payable to TRGIL, associate of the Company including management fee expense of Rs. 15 million (June 30, 2020: Rs. 210 million).

9. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments as reported in note 11 to the annual audited financial statements for the year ended June 30, 2020.

10. REVENUE

Note	December 31, 2020 (Un-audited)	December 31, 2019
	(Rupees in '000)	(Rupees in '000)
Interest income on		
- Bank balances	66	95
- Long term loan	81,572	119,447
	81,638	119,542

11. CASH USED IN OPERATIONS

Profit for the period before taxation	5,214,368	24,620
Adjustments for :		
Depreciation	21	21
Interest income on loan and return on bank balances	(81,638)	(119,542)
Exchange gain difference	(200)	30
Share of profit in equity accounted investee	(5,158,029)	-
Effect on cash flows of working capital changes	18,666	(1,929)
	(5,221,180)	(121,420)
	(6,812)	(96,800)

11.1 Working capital changes

Increase / (Decrease) in current liabilities:

Accrued and other liabilities
Payable to related parties

(1,261)	(1,781)
19,927	(148)
18,666	(1,929)

12. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. As the accompanying financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates. Management believes that fair values of the Company's financial assets and liabilities are not materially different from their carrying values since all of the financial instruments of the Company are classified as amortized cost or are repriced frequently.

13. RELATED PARTY DISCLOSURES

Related parties comprise of associates, subsidiaries, 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.

Related party transactions and balances are disclosed elsewhere in these condensed interim financial statements and accordingly not reproduced in this note.

- 13.1 The investments out of provident fund of the Company have been made in accordance with the provisions of the Section 218 of the Companies Act, 2017 and rules formulated for this purpose.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on February 26, 2021 by the board of directors of the Company.

Director

Chief Financial Officer

Director





TRG PAKISTAN LTD.

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