



HALF YEARLY REPORT
DECEMBER
2023



TRG PAKISTAN
LIMITED



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

Mohammedulla Khan Khaishgi

Chairman

Hasnain Aslam

CEO

Zafar Iqbal Sobani

Ahmad Zuberi

John Leone

Mustafa Kirdar

Marlene Peller

Suleman Lalani

Asad Nasir

Abid Hussain

Audit Committee

Mustafa Kirdar - Chairman

Zafar Iqbal Sobani

Mohammedulla Khan Khaishgi

John Leone

HR Recruitment &

Remuneration Committee

Marlene Peller - Chairperson

Hasnain Aslam

John Leone

Chief Financial Officer

Rahat Lateef

Company Secretary

Zeeshan Ul Haq

Legal Advisor

Lexium - Attorneys at Law

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Shares Registrar

THK Associates (Pvt.) Ltd.

Share Department,

Plot No. 32-C, Jami Commercial

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

Karachi-75500, Pakistan.

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

FAX: +92 (021) 34168271

Registered Office

24th Floor, Sky Tower West Wing,

Dolmen, HC-3, Block-4,

Marine Drive, Clifton,

Karachi-75600, Pakistan.

UAN: (021) 111-874-874

Fax: (021) 35184042

Report of the Directors

For the six-month period ended December 31, 2023

Your Directors are pleased to present the condensed interim financial information of TRG Pakistan Limited (the "Company") for the six-month period ended December 31, 2023.

Key Developments:

Our portfolio company Ibex Limited (Ibex) continues to focus on operational efficiencies, margin enhancement and revenue growth. During the second quarter of FY24, Ibex won new client relationships across HealthTech, FinTech, Retail & E-Commerce and new emerging technology companies. Revenues, however, were impacted by lower volumes in certain verticals and the year over year shift of delivery from onshore to offshore regions. This is expected to be offset in the coming quarters with the effect of revenue ramp-up from new logos that Ibex has recently won as a result of increased investments in business development efforts. The slight decline in net income during the period was largely driven by the adverse impact of the accounting deferral of training revenue for new ramps, as well as strategic investments in overhead costs made for the business in technology and sales & marketing, resulting in lower income from operations.

Our portfolio company that provides Artificial Intelligence Enterprise Software (AI Software Business) is focused on consolidating recent new logo wins to offset revenue volatility on some of the existing accounts, targeted to normalize by fiscal fourth quarter of FY24, while strengthening renewed cost discipline implemented during this fiscal year. With the appointment of a new CEO and other senior management personnel, the newly upgraded and energized management team is now focused on enhancing core operating performance, adding new customers, refining go-to-market sale strategies, as well as commercializing newly developed products via external partnerships. The AI Software Business has also engaged a leading investment banking advisor to manage a process to refinance the maturing portion of its indebtedness. We remain cautiously optimistic of the long-term trajectory of the business, despite market headwinds in the broader enterprise software industry and a more challenging financing environment.

TRG Pakistan Limited Financial Review:

The most significant item on our balance sheet is the value of the Company's share in its associate The Resource Group International Limited (TRGIL), its sole operating asset. As of December 31, 2023, the value of such share in TRGIL is Rupees 64.7 billion, compared to Rupees 78.1 billion on June 30, 2023 and Rupees 68.1 billion on September 30, 2023 representing a decrease of Rupees 13.4 billion and Rupees 3.4 billion, respectively. This decrease is on account of loss from our associate during the six-month period, which in turn is primarily due to the decrease in accounting value of the AI Software Business following a decline in global industry multiples in the sector, as well as the decrease in the public share price of Ibex over the course of the period as well. In addition to the Company's stake in TRGIL, it also has other assets of Rupees 0.03 billion and liabilities of Rupees 10.7 billion (primarily relating to deferred taxes), resulting in net assets of Rupees 54 billion.

Our income statement is primarily driven by the changes in value of our share in TRGIL. Our share of the net loss in our equity accounted investee, TRGIL, was Rupees 12.3 billion. The Company recognized interest income of Rupees 1.3 million in its income statement, whereas it incurred expenses of Rupees 135.1 million. Deferred tax amounting to Rupees 1.8 billion was reversed during the period. Consequently, the Company posted an overall net loss of Rupees 10.6 billion for the six-month period ended December 31, 2023.

On a quarterly basis, for the quarter ended December 31, 2023, our net loss narrowed significantly compared to the prior quarter at Rupees 1.5 billion, as our publicly listed Ibex subsidiary's share price increased over the quarter.

Earnings per share

The loss per share of the Company was Rupees 19.43 per share for the six-month period ended December 31, 2023, and Rupees 2.76 per share for the quarter ended December 31, 2023.

Outlook

The value of the Company's assets is driven by the value of Ibex and the AI Software Business – please refer to the Key Developments section for their prospects and outlook. Overall, we remain focused on enhancing the value of our remaining portfolio assets and then monetizing them in due course to maximize value and liquidity to shareholders of the Company.

Acknowledgments

Your Directors close this report by thanking you of your continued confidence in the Company, 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



Mohammedulla Khan Khaishgi
Chairman

Karachi:
February 27, 2024



Hasnain Aslam
Chief Executive

نقطہ نظر:

کچنی کے اثاثوں کی قیمت آئی ٹیکس اور اے آئی سافٹ ویئر بزنس کی قدر سے چلتی ہے، براہ کرم ان کے امکانات اور نقطہ نظر کے لیے اہم پیش رفت سیکشن کو ملاحظہ کریں۔ مجموعی طور پر، ہم اپنے بقیہ پورٹ فولیو اثاثوں کی قدر کو بڑھانے اور پھر کچنی کے شیئر ہولڈرز کو زیادہ سے زیادہ قدر دار لیکویڈیٹی فراہم کرنے کے لیے مقررہ وقت میں ان سے رقم کمانے پر توجہ مرکوز رکھے ہوئے ہیں۔

اطہار تلکڑ:

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

بورڈ آف ڈائریکٹرز کی جانب سے

Hassan Qureshi

حسین اہلم
چیف ایگزیکٹو

M. Ullah

محمد اللہ خان
چیرمین

کراچی

تاریخ: ۲۷ فروری ۲۰۲۲

ٹی آر جی پاکستان لمیٹڈ مالیاتی بیانات:

ہماری بیلنس شیٹ پر سب سے اہم چیز ٹی آر جی آئی ایل میں کمپنی کے حصہ کی قیمت ہے، جو ہمارا واحد آپریٹنگ اثاثہ ہے۔ ۳۱ دسمبر ۲۰۲۳ تک، ٹی آر جی آئی ایل میں ہمارے حصہ کی مالیت ۷۲۔۷ بلین روپے ہے، جو کہ ۳۰ جون ۲۰۲۳ کو ۷۸۔۱ بلین روپے اور ۳۰ ستمبر ۲۰۲۳ کو ۶۸۔۱ بلین روپے کے مقابلے میں بالترتیب ۱۳۔۲ بلین روپے اور ۳۔۲ بلین روپے کی کمی کو ظاہر کرتی ہے۔ یہ کسی چھ ماہ کی مدت کے دوران ہمارے ساتھی سے ہونے والے نقصان کی وجہ سے ہے، جس کی وجہ بنیادی طور پر اس شعبے میں عالمی صنعت کے ملچھلو میں کمی کے بعد آئی سافٹ ویئر بزنس کی اکاؤنٹنگ ویلیو میں کمی ہے۔ اس مدت کے دوران آئی ٹیکس کے حوامی حصص کی قیمت میں کمی کے ساتھ ساتھ ٹی آر جی آئی ایل میں کمپنی کے حصص کے علاوہ اس کے پاس ۰۔۰۳ بلین روپے کے دیگر اثاثے اور ۷۔۱ بلین روپے کی واجبات (بنیادی طور پر موخر ٹیکس سے متعلق) ہیں جس کے نتیجے میں ۵۴ ارب روپے کے خالص اثاثے ہیں۔

ہماری آمدنی کا بیان بنیادی طور پر ٹی آر جی آئی ایل میں ہمارے حصص کی قدر میں ہونے والی تبدیلیوں سے چلتا ہے۔ ہماری ایکویٹی اکاؤنٹ انویسٹمنٹس (یعنی ٹی آر جی آئی ایل) میں خالص نقصان میں ہمارا حصہ ۱۲۔۳ بلین روپے تھا۔ کمپنی نے اپنی آمدنی کے بیان میں ۱۔۳ بلین روپے کی سود کی آمدنی کو تسلیم کیا، جبکہ اس نے ۱۳۵۔۱ بلین روپے کے اخراجات اٹھائے۔ اس عرصے کے دوران ۱۔۸ بلین روپے کے موخر ٹیکس کو الٹ دیا گیا۔ نتیجاً، کمپنی نے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والی چھ ماہ کی مدت کے لیے مجموعی طور پر ۶۔۱ بلین روپے کا نقصان پہنچایا۔

سہ ماہی بنیادوں پر، ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے، ہمارا خالص نقصان کچھلی سہ ماہی کے ۱۔۵ بلین روپے کے مقابلے میں نمایاں طور پر کم ہوا، کیونکہ ہماری حوامی طور پر درج آئی ٹیکس کمپنی کے حصص کی قیمت میں سہ ماہی کے دوران اضافہ ہوا۔

فی حصص آمدن:

۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے کمپنی کافی حصص نقصان ۱۹۔۳۳ روپے فی حصص تھا، اور ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے ۶۔۷۲ روپے فی حصص تھا۔

ڈائریکٹرز کی رپورٹ

ششماہی اہتمام پزیر ۳۱ دسمبر ۲۰۲۳

آپ کے ڈائریکٹرز ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والی چھ ماہ کی مدت کے لیے ٹی آر جی پاکستان لیمنٹڈ ("کمپنی") کی مختصر عبوری مالیاتی معلومات انتہائی مسرت کے ساتھ پیش کر رہے ہیں۔

اہم پونٹ: شرف:

ہماری پورٹ فولیو کمپنی آئی بیس لیمنٹڈ (آئی بیس) آپریشنل افادیت، مارجن میں اضافہ اور آمدنی میں اضافے پر توجہ مرکوز رکھے ہوئے ہے۔ مالی سال ۲۳ کی دوسری سہ ماہی کے دوران، آئی بیس نے، اہلیتھ ٹیک، فن ٹیک، ریشیل اور ای کامرس اور جی انجی ترقی ہوئی ٹیکنالوجی کمپنیوں میں کلائنٹ کے نئے رشتے جیتے ہیں۔ تاہم، محصولات بعض عمودی حصوں میں کم حجم اور ساحل سے آف شور علاقوں میں ترسیل کی سال بہ سال تبدیلی سے متاثر ہوئے۔ یہ توقع ہے کہ آنے والی سہ ماہیوں میں نئے لوگوں سے ریونیو ریہپ اپ کے اثر سے پورا ہو جائے گا جو آئی بیس نے حال ہی میں کاروباری ترقی کی کوششوں میں برومٹی ہوئی سرمایہ کاری کے نتیجے میں حاصل کیا ہے۔ اس عرصے کے دوران خالص آمدنی میں معمولی کمی بڑی حد تک نئے ریہپ کے لیے ٹریڈنگ ریونیو کے اکاؤنٹنگ موخر ہونے کے منفی اثرات کے ساتھ ساتھ ٹیکنالوجی اور سٹیز اور مارکیٹنگ میں کاروبار کے لیے کی جانے والی ادور ہیڈ لاگت میں اسٹریٹجک سرمایہ کاری کی وجہ سے ہوئی، جس کے نتیجے میں کمی واقع ہوئی۔

ہماری پورٹ فولیو کمپنی جو آرٹیفیشل انٹیلی جنس انٹر پرائز سافٹ ویئر (اے آئی سافٹ ویئر برنس) فراہم کرتی ہے، حالیہ نئے لوگوں کی جیت کو مضبوط کرنے پر مرکوز ہے تاکہ موجودہ اکاؤنٹس میں سے آمدنی کے اتار چڑھاؤ کو دور کیا جاسکے۔ جس کا ہدف مالی سال ۲۳ کی چوتھی سہ ماہی تک معمول پر لانا ہے، جبکہ لاگت کے نئے نظم و ضبط کو اس مالی سال مضبوط بنانا ہے۔ ایک نئے سی ای او اور دیگر اعلیٰ انتظامی اہلکاروں کی تقرری کے ساتھ، نئی اپ گریڈ شدہ اور متحرک انتظامی ٹیم اب بنیادی آپریشننگ کارکردگی کو بڑھانے، نئے صارفین کو شامل کرنے، مارکیٹ میں فروخت کی حکمت عملیوں کو بہتر بنانے کے ساتھ ساتھ بیرونی شراکت کے ذریعے نئی تیار شدہ مصنوعات کو تجارتی بنانے پر مرکوز ہے۔ اے آئی سافٹ ویئر برنس نے ایک سرکردہ انویسٹمنٹ بینکنگ ایڈوائزر کو بھی شامل کیا ہے تاکہ وہ اپنے مقروض ہونے کے پختہ ہونے والے حصے کو دوبارہ فائس کرنے کے عمل کو منظم کرے۔ ہم وسیع تر انٹر پرائز سافٹ ویئر انڈسٹری میں مارکیٹ کی خرابی اور مالیاتی ماحول کے زیادہ چیلنجنگ کے باوجود کاروبار کے طویل المدتی رفتار کے بارے میں محتاط طور پر نڈ امید ہیں۔



Condensed Interim Financial Statements

For the six months period ended

December 31, 2023

HALF YEARLY REPORT

DECEMBER

2023



TRG PAKISTAN
LIMITED

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 the financial position of **TRG Pakistan Limited** ("the Company") as at 31 December 2023 and the related 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, 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 interim 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to:


- Note 12 of the interim financial statements wherein status of the matters pending with the regulatory bodies and courts are disclosed.
- Note 13 of the interim financial statements wherein it is explained that the financial statements of the Company for the years ended 30 June 2022 and 30 June 2023 have not yet been adopted by the shareholders of the Company due to pending Annual General Meetings.

Our conclusion is not modified in respect of these matters.

Other matter

The figures for the three months ended 31 December 2023 in the condensed interim statement of profit or loss account and other comprehensive income have not been reviewed and we do not express a conclusion thereon.

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



Date: 28 February 2024

Karachi

UDIN: RR2023101885Lcl0NWIn

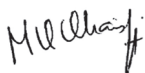
KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

As at December 31, 2023

		December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Operating fixed assets		1,637	1,412
Long term investment	4	64,715,878	78,057,512
Long term deposit		75	75
		64,717,590	78,058,999
Current assets			
Accrued interest		213	135
Prepayment		2,023	198
Taxation - net		3,216	3,030
Cash and bank balances	5	25,501	22,347
		30,953	25,710
Total assets		64,748,543	78,084,709
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	6	5,453,907	5,453,907
<i>Revenue reserves</i>			
Foreign currency translation reserve		28,616,937	29,492,506
Unappropriated profit		19,954,413	30,553,025
		54,025,257	65,499,438
Non-current liabilities			
Deferred tax liabilities - net		10,369,762	12,371,007
Current liabilities			
Payable to related parties	7	322,204	180,771
Accrued and other liabilities		13,232	15,381
Unclaimed dividend		17,804	17,860
Payable to provident fund		284	252
		353,524	214,264
Total equity and liabilities		64,748,543	78,084,709
Contingencies and commitments			
	8		

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



Director



Chief Financial Officer



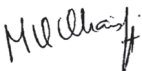
Director

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

For the six months period ended December 31, 2023

	Six months period ended		Three months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note	----- (Rupees in '000) -----			
Interest income	1,320	600	731	225
Administrative and other expenses	(135,112)	(66,068)	(46,179)	(46,309)
Operating loss	(133,792)	(65,468)	(45,448)	(46,084)
Share of (loss) / profit in equity accounted investee 4.2	(12,311,553)	10,850,972	(1,719,708)	3,945,719
(Loss) / profit before taxation	(12,445,345)	10,785,504	(1,765,156)	3,899,635
Taxation	1,846,733	(1,627,646)	257,956	591,858
(Loss) / profit after taxation	(10,598,612)	9,157,858	(1,507,200)	4,491,493
Other comprehensive income				
<i>Items that may be reclassified to statement of profit or loss in subsequent periods</i>				
Effect of translation of net investment in foreign associate - net of tax	(875,569)	5,336,884	(1,428,143)	(347,139)
Total comprehensive (loss) / income	(11,474,181)	14,494,742	(2,935,343)	4,144,354
	----- (Rupees) -----			
(Loss) / earnings per share - basic and diluted	(19.43)	16.79	(2.76)	8.24

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



Director



Chief Financial Officer



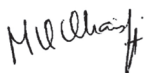
Director

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

For the six months period ended December 31, 2023

	Issued, subscribed and paid-up capital	Revenue Reserves		Total
		Foreign currency translation reserve	Unappropriated profit	
----- (Rupees in '000) -----				
Balance as at July 1, 2022	5,453,907	10,205,961	31,889,071	47,548,939
Total comprehensive income for the period ended December 31, 2022				
Profit for the period	-	-	9,157,858	9,157,858
Other comprehensive income				
Foreign currency translation difference - net of tax	-	5,336,884	-	5,336,884
	-	5,336,884	9,157,858	14,494,742
Balance as at December 31, 2022	5,453,907	15,542,845	41,046,929	62,043,681
Total comprehensive income for the period ended June 30, 2023				
Loss for the period	-	-	(10,493,904)	(10,493,904)
Other comprehensive income				
Foreign currency translation difference - net of tax	-	13,949,661	-	13,949,661
	-	13,949,661	(10,493,904)	3,455,757
Balance as at June 30, 2023	5,453,907	29,492,506	30,553,025	65,499,438
Total comprehensive income for the period ended December 31, 2023				
Loss for the period	-	-	(10,598,612)	(10,598,612)
Other comprehensive income				
Foreign currency translation difference - net of tax	-	(875,569)	-	(875,569)
	-	(875,569)	(10,598,612)	(11,474,181)
Balance as at December 31, 2023	5,453,907	28,616,937	19,954,413	54,025,257

The annexed notes 1 to 13 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, 2023

		December 31, 2023	December 31, 2022
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash generated from / (used) in operations	9	2,700	(18,004)
Interest income received		1,242	805
Income tax paid		(186)	(106)
Net cash generated from / (used) in operating activities		3,756	(17,305)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets		(546)	(258)
Net cash used in investing activities		(546)	(258)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(56)	-
Net cash used in financing activities		(56)	-
Net increase / (decrease) in cash and cash equivalents during the period		3,154	(17,563)
Cash and cash equivalents at the beginning of the period		22,347	34,884
Cash and cash equivalents at end of the period		25,501	17,321

The annexed notes 1 to 13 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, 2023

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 24th Floor, Sky Tower, West Wing, Dolmen, HC-3, Block- 4, Marine Drive, Clifton, 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 a portfolio of investments primarily in the Technology and IT enabled services 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, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

These condensed interim financial statements comprises the condensed interim statement of financial position as at December 31, 2023, 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, 2023 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, 2022.

2.1 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, 2023.

2.2 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current period

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from July 1, 2023. These amendments neither resulted in any changes to the accounting policies nor impacted the accounting policies' information disclosed in the annual audited financial statements for the year ended June 30, 2023.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on July 1, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.

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, 2023. With reference to the liquidity risk, a major portion of the Company's financial liabilities are obligations due to the Company's associate, TRGIL, whose 100% net assets are factually owned by the Company as at December 31, 2023, TRGIL has assured the Company that it will not demand payments of its payable in the next 12 months as it has sufficient liquidity to meet its financial obligations as they fall due, unless the Company's financial position permits and will provide sufficient funds support to the Company to operate smoothly.

2.4 Basis of measurement

This condensed interim financial information have been prepared under going concern basis and under the historical cost convention except for the investments which are stated at fair value.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Company's functional and presentation currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted for the preparation of these 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, 2023. Further, accounting policies related to material class of accounts does not necessarily mean it is material.

4. LONG TERM INVESTMENT

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		---- (Rupees in '000) ----	
The Resource Group International Limited (TRGIL) Unquoted 60,450,000 (June 30, 2023: 60,450,000) Series B Preferred Shares			
- Equity accounted investee	4.1 & 4.2	64,715,878	78,057,512
		<u>64,715,878</u>	<u>78,057,512</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 registered office of TRGIL is situated at Crawford House 50, Cedar Avenue, Hamilton HM 11, Bermuda. The Company holds 60,450,000 shares in TRGIL representing 68.8% of the total shares in issue (June 30, 2023: 68.8%), but with voting power of 45.3% (June 30, 2023: 45.3%). Furthermore, the Company does not control the composition of the board, i.e. it does not have the power to appoint majority of directors on TRGIL's board nor does it exercise or control more than fifty percent of TRGIL's voting power as per the contractual arrangements in place, thereby making TRGIL an associate. The percentage holding for share of associate accounting is calculated after taking into account the features of each class of shares and assets that have been earmarked for respective shareholders, which has resulted in 100% effective beneficial interest over its residual net assets after taking into account the interest accruing to other shareholders (June 30, 2023: 100%).

4.2 Reconciliation of carrying amount of investment

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	---- (Rupees in '000) ----	
Opening balance	78,057,512	56,717,816
Share of loss	(12,311,553)	(1,350,358)
Exchange translation impact	(1,030,081)	22,690,054
Closing balance	<u>64,715,878</u>	<u>78,057,512</u>

5. CASH AND BANK BALANCES

Balance with bank in		
- Current accounts	18,858	14,202
- Savings account	6,640	8,118
	<u>25,498</u>	<u>22,320</u>
Cash in hand	3	27
	<u>25,501</u>	<u>22,347</u>

6. SHARE CAPITAL

	December 31, 2023 (Un-audited)		June 30, 2023 (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
	<u>733,000,000</u>	<u>7,330,000</u>	<u>733,000,000</u>	<u>7,330,000</u>
Issued, subscribed and paid-up capital				
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 6.1)	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>

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

7. PAYABLE TO RELATED PARTIES

7.1 This includes payable to TRGIL, an associate of the Company, for funds advanced by TRGIL to the Company for meeting its day to day operational expenses. During the period, funds amounting to US\$ 0.35 million (2022: US\$ 0.2 million) equivalent to Rs. 100.85 million (2022: Rs. 45.3 million) were advanced by TRGIL. Furthermore, expense incurred by TRGIL on behalf of the Company amounted to US\$ 0.16 million (2022: Nil) equivalent to Rs. 48.11 million (2022: Nil), whereas, foreign exchange gain recognised in respect of this foreign liability amounted to Rs. 6.30 million (2022: foreign exchange loss of Rs. 1.60 million).

7.2 This also includes payable to TRG (Private) Limited, an associate of the Company, for shared administrative expenses incurred by TRG (Private) Limited on behalf of the Company amounting to Rs. 0.71 million (June 30, 2023: Rs. 1.94 million). During the period, an amount of Rs. 1.28 million (2022: Nil) has been charged in this respect by an associated company.

8. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments as reported in note 13 to the annual audited financial statements for the year ended June 30, 2023, except as disclosed in these condensed interim financial statements.

9. CASH FLOW FROM OPERATIONS

Note	December 31, 2023	December 31, 2022
	----- (Un-audited) -----	
	----- (Rupees in '000) -----	
Net (loss) / profit before taxation	(12,445,345)	10,785,504
Adjustments for :		
Depreciation	321	7
Interest income on bank balances	(1,320)	(600)
Share of loss / (profit) in equity accounted investee	12,311,553	(10,850,972)
Effect on cash flows of working capital changes	137,491	48,057
9.1	<u>12,448,045</u>	<u>(10,803,508)</u>
	<u>2,700</u>	<u>(18,004)</u>

9.1 Working capital changes

<i>Increase in current Assets:</i>		
Prepayments	(1,825)	(585)
<i>(Decrease) / increase in current liabilities:</i>		
Accrued and other liabilities	(2,117)	1,717
Payable to related parties	141,433	46,925
	<u>139,316</u>	<u>48,642</u>
	<u>137,491</u>	<u>48,057</u>

10. 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 the condensed interim 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.

11. 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 other than those disclosed elsewhere in these condensed interim financial statements are as follows:

TRANSACTIONS WITH RELATED PARTIES

Description of related parties	Nature of transaction	December 31,	December 31,
		2023	2022
		----- (Un-audited) -----	
		----- (Rupees in '000) -----	
Chairman	Remuneration	-	400
Directors	Board and other meeting fees	13,400	3,200
Key management personnel	Remuneration	28,113	13,200
Staff retirement fund - TRGP Staff			
Employees Provident Fund	Company's Contribution	1,621	934
		43,134	17,734

No remuneration (December 31, 2022 : Nil) was paid to the Chief Executive Officer of the Company during the period.

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

12. UPDATE ON LITIGATION AND REGULATORY CASES

There is no change in status of litigation and regulatory cases as reported in note 27 to the annual audited financial statements for the year ended June 30, 2023 except the following, with reference to note 27.3. On January 19, 2024, Mr. Chishti filed a motion to amend the Arbitration to add claims and to join additional claimants and additional respondents. On January 22, 2024, following an appeal filed in March 2023 by TRGIL with the Second Circuit Federal Court of Appeals in the United States regarding the arbitrability of Mr Chishti's claims, the Second Circuit Court ruled in favor of TRGIL and remanded the matter for reconsideration of the United States District Court as to whether Mr. Chishti's claims are arbitrable in light of their ruling that the Release supersedes the Agreement. The Federal Litigation is currently pending before the District Court. On February 2, 2024, the Chishti Arbitration proceedings were stayed pending the aforementioned ruling by the Second Circuit Court as to whether any of the claims asserted in the Chishti Arbitration are arbitrable. The Company continues to believe that the claims asserted in the Chisti arbitration are without merit.

In addition to the above, there are a few other proceedings and cases related to the previous litigation, which the Company believes carry no merits.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 27, 2024 by the board of directors of the Company. As more fully explained in note 27.2 and 29 to the annual audited financial statements for the year ended June 30, 2023 due to the pending Annual General Meeting of the company for 30 June 2022 and subsequently for 30 June 2023, the financial statements of the Company for the years ended June 30, 2022 and June 30, 2023 have not been adopted by the shareholders of the Company.



Director



Chief Financial Officer



Director





TRG PAKISTAN LTD.

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