



THIRD QUARTERLY REPORT
MARCH

2024

trg.

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

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Registered Office

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Dolmen, HC-3, Block-4,

Marine Drive, Clifton,

Karachi-75600, Pakistan.

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Fax: (021) 35184042

Report of the Directors

For the nine-month period ended March 31, 2024

Your Directors are pleased to present the condensed interim financial information of TRG Pakistan Limited (the "Company") for the nine-month period ended March 31, 2024.

Key Developments:

Our portfolio company Ibx Limited ("Ibx") remains focused on operational efficiencies, investment in technology solutions, and revenue growth. During this fiscal year, Ibx has won new client relationships across HealthTech, FinTech, Retail & E-Commerce and new emerging technology companies. Revenues were slightly down compared to last year, impacted by industry wide headwinds, lower volumes in certain verticals, and shift of delivery from onshore to offshore regions. Growth resumption is expected from FY25 onwards, given a strengthening pipeline which is driving accelerating new logo wins. In addition, Ibx has been investing significantly in developing solutions that allow clients to leverage technology solutions based on generative artificial intelligence to supplement human agent customer support. 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. Over the course of the last twelve months, valuations in the broader outsourced customer care industry have declined from low-to-mid teens price to earnings multiples to mid-to-high single digit multiples, reflecting industry headwinds as well as concerns over the impact of generative artificial intelligence on the sector.

Our portfolio company that provides Artificial Intelligence Enterprise Software (the "AI Software Business" or the "Business") continues to focus on consolidating recent new logo wins to mitigate revenue volatility on some of its existing large accounts. The AI Software Business has also made significant progress in commercializing new products related to call routing infrastructure that it expects to monetize via external partnerships. The Business expects its revenue run-rate to accordingly normalize during the upcoming fiscal year and also remains committed to strengthening renewed cost discipline implemented during FY23-24. In addition, following the appointment of an investment banking advisor in late 2023, the Business is engaged in discussions with prospective and existing capital providers in relation to the refinancing of the maturing portion of its long term debt. We continue to remain cautiously optimistic of the long-term trajectory of the Business, despite market headwinds in the broader enterprise software industry, changes in the technology landscape, and more challenging capital markets.

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 March 31, 2024, the value of such share in TRGIL is Rupees 56.8 billion, compared to Rupees 64.7 billion on December 31, 2023 representing a decrease of Rupees 7.9 billion (the corresponding figure for June 30, 2023 was Rupees 78.1 billion). This decrease is on account of loss from our associate during the quarter ending March 31, 2024, which in turn is primarily due to the decrease in the public share price of Ibx over the course of the period. In addition to the Company's stake in TRGIL, it also has other assets of Rupees 0.03 billion and liabilities of Rupees 9.6 billion (primarily relating to deferred taxes), resulting in net assets of Rupees 47.2 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 7.1 billion for the quarter ended March 31, 2024, primarily because of the decrease in the public share price of Ibx during the period. The Company recognized interest income of Rupees 1.8 million during this quarter, whereas it incurred expenses of Rupees 198.8 million. Deferred tax amounting to Rupees 2.9 billion was reversed during the period. Consequently, the Company posted an overall net loss of Rupees 6.1 billion for the quarter ended March 31, 2024. For the nine-months ended March 31, 2024, our net loss was Rupees 16.7 billion.

Earnings per share

The loss per share of the Company was Rupees 11.24 for the quarter ended March 31, 2024, and Rupees 30.67 for the nine-months ended March 31, 2024.

Outlook

In the face of recent volatility and market headwinds, 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.

Shareholder Acknowledgment

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:
April 29, 2024



Hasnain Aslam
Chief Executive

نظراً:

حالیہ اتار چڑھاؤ اور مارکیٹ کی خرابی کے پیش نظر، ہم اپنے باقی ماندہ پورٹ فولیو اثاثوں کی قدر کو بڑھانے پر توجہ مرکوز کیے ہوئے ہیں اور پھر کمپنی کے شیئرز ہولڈرز کو زیادہ سے زیادہ قدر اور لیکویڈیٹی فراہم کرنے کے لیے مقررہ وقت میں ان سے رقم کمانے پر توجہ مرکوز رکھے ہوئے ہیں۔

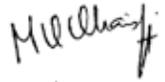
اعلیٰ تشکر:

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 کے لیے اور ان کی جانب سے



حسین اسلم
چیف ایگزیکٹو



محمد اللہ خان شیخ
چیرمین

کراچی

تاریخ: ۲۹ اپریل ۲۰۲۳

انڈسٹری میں مارکیٹ کی خرابیوں، ٹیکنالوجی کے منظر نامے میں تبدیلیوں، اور زیادہ چیلنجنگ کیمپنل مارکیٹس کے باوجود، کاروبار کے طویل مدتی راستے کے بارے میں محتاط طور پر پُر امید رہتے ہیں۔

ٹی آر جی پاکستان لیٹڈ 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 مارچ ۲۰۲۳ تک، ٹی آر جی آئی ایل میں ہمارے حصہ کی مالیت ۵۶.۸ بلین روپے ہے، جو کہ ۳۱ دسمبر ۲۰۲۳ کو ۶۳.۷ بلین روپے کے مقابلے میں ۹.۷ بلین روپے کی کمی کو ظاہر کرتی ہے (۳۰ جون ۲۰۲۳ کے لیے متعلقہ اعداد و شمار ۱۱-۸ ارب روپے تھے)۔ یہ کمی ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی سرمایہ کے دوران ہمارے ساتھی کے نقصان کی وجہ سے ہوئی ہے، جس کی وجہ بنیادی طور پر اس مدت کے دوران آئی بیکنس کے عوامی حصص کی قیمت میں کمی کے ساتھ ساتھ ٹی آر جی آئی ایل میں کمپنی کے حصص کے علاوہ اس کے پاس ۰.۳ بلین روپے کے دیگر اثاثے اور ۶.۹ بلین روپے کی واجبات (بنیادی طور پر موخر ٹیکسوں سے متعلق) ہیں، جس کے نتیجے میں ۲-۳ بلین 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۔ ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی سرمایہ کے لیے ہماری ایکویٹی اکاؤنٹنٹس ٹی آر جی آئی ایل میں خالص نقصان میں ہمارا حصہ ۷.۱ بلین روپے تھا جس کی بنیادی وجہ اس مدت کے دوران آئی بیکنس کے عوامی حصص کی قیمت میں کمی تھی۔ کمپنی نے اس سرمایہ کے دوران ۱.۸ بلین روپے کی سود کی آمدنی کو تسلیم کیا، جب کہ اس نے ۸-۱۹۸ ملین روپے کے اخراجات اٹھائے۔ اس مدت کے دوران ۹-۲ بلین روپے کے موخر ٹیکس کوالٹ دیا گیا۔ نتیجتاً، کمپنی نے ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی سرمایہ کے لیے مجموعی طور پر ۱-۶ بلین روپے کا خسارہ کیا۔ ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والے نو ماہ کے لیے، ہمارا خالص نقصان ۷-۱۶ بلین روپے تھا۔

ٹی آر جی آمدنی:

کمپنی کا ٹی آر جی خالص نقصان ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والی سرمایہ کے لیے ۲۳-۱۱ روپے اور ۳۱ مارچ ۲۰۲۳ کو ختم ہونے والے نو ماہ کے لیے ۶۷-۳۰ روپے تھا۔

ڈائریکٹرز کی رپورٹ

نوماد اختتام پر ۳۱ مارچ ۲۰۲۳

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

اہم پیشرفت:

ہماری پورٹ فولیو کمپنی آئی بیس لمیٹڈ (آئی بیس) آپریٹل افادیت، ٹیکنالوجی کے حل میں سرمایہ کاری، اور آمدنی میں اضافے پر مرکوز ہے۔ اس مالی سال کے دوران، آئی بیس نے، ہیلتھ ٹیک، فن ٹیک، رشیل اور ای کامرس اور نئی اجمرتی ہوئی ٹیکنالوجی کمپنیوں میں کلائنٹ کے نئے رشتے جیتے ہیں۔ پچھلے سال کے مقابلے میں محصولات قدرے کم تھے، جس کا اثر انڈسٹری کے وسیع سرعت سے، بعض عمودی حصوں میں کم حجم، اور ساحل سے آف شور علاقوں میں ترسیل کی منتقلی سے ہوا۔ ایک مضبوط پائپ لائن کے پیش نظر مالی سال ۲۵ کے بعد سے ترقی کی بحالی کی توقع ہے جو نئے لوگوں کی جیت کو تیز کر رہی ہے۔ مزید برآں، آئی بیس ایسے حل تیار کرنے میں نمایاں سرمایہ کاری کر رہا ہے جو کلائنٹس کو انسانی ایجنٹ کسٹمر سپورٹ کی منتقلی کے لیے جزیٹیو مصنوعی ذہانت پر مبنی ٹیکنالوجی کے حل کا فائدہ اٹھانے کی اجازت دیتے ہیں۔ اس مدت کے دوران خالص آمدنی میں معمولی کمی بڑی حد تک نئے ریپ کے لیے ٹریڈنگ ریونیو کے اکاؤنٹنگ موخر ہونے کے ضمنی اثرات کے ساتھ ساتھ ٹیکنالوجی اور سیلز اور مارکیٹنگ میں کاروبار کے لیے کی جانے والی اوور ہیڈ لاگت میں اسٹریٹجک سرمایہ کاری کی وجہ سے ہوئی جس کے نتیجے میں آپریشنز سے کم آمدنی ہوئی۔ پچھلے بارہ مہینوں کے دوران وسیع تر آؤٹ سورس کسٹمر کیئر انڈسٹری میں کم سے لے کر درمیانی نوعمر کی قیمتوں میں کمی آئی ہے جو کہ کمائی کے ملٹیپلر سے لے کر وسط سے زیادہ سنگل ہندسوں کے ملٹیپلر تک ہے جو صنعت کی سمتوں کی عکاسی کرتی ہے اور ساتھ ہی ان سیکلر پر تعلقتی مصنوعی ذہانت کے اثرات پر تشریح کا اظہار کرتی ہے۔

ہماری پورٹ فولیو کمپنی جو مصنوعی ذہانت سے متعلق انٹر پرائز سافٹ ویئر (اے آئی سافٹ ویئر بزنس "یا" بزنس) فراہم کرتی ہے، اپنے کچھ موجودہ بڑے اکاؤنٹس پر محصول کے اتار چڑھاؤ کو کم کرنے کے لیے حالیہ نئے لوگوں کی جیت کو مستحکم کرنے پر توجہ مرکوز کر رہی ہے۔ اے آئی سافٹ ویئر بزنس نے کال روٹنگ کے بنیادی ڈھانچے سے متعلق نئی مصنوعات کو تجارتی بنانے میں بھی نمایاں پیش رفت کی ہے جس کی اسے توقع ہے کہ وہ بیرونی شراکت داری کے ذریعے رقم کمائے گا۔ بزنس کو توقع ہے کہ آئندہ مالی سال کے دوران اس کے ریونیورن ریٹ معمول پر آجائے گا اور مالی سال ۲۳-۲۴ کے دوران لاگت کے نئے نظام کو مضبوط بنانے کے لیے پر عزم ہے۔ اس کے علاوہ، ۲۰۲۳ کے آخر میں سرمایہ کاری کے بینکنگ مشیر کی تقرری کے بعد، کاروبار اپنے طویل مدتی قرض کے پختہ ہونے والے حصے کی ری فنانسنگ کے سلسلے میں ممکنہ اور موجودہ سرمایہ فراہم کرنے والوں کے ساتھ بات چیت میں مصروف ہے۔ ہم وسیع تر انٹر پرائز سافٹ ویئر



Condensed Interim Financial Statements
For the nine months period ended
March 31, 2024

THIRD QUARTERLY REPORT
MARCH
2024



TRG PAKISTAN
LIMITED

Condensed Interim Statement of Financial Position

As at March 31, 2024

		March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Operating fixed assets		1,464	1,412
Long term investment	4	56,750,381	78,057,512
Long term deposit		75	75
		56,751,920	78,058,999
Current assets			
Accrued interest		174	135
Prepayment		1,455	198
Taxation - net		3,300	3,030
Cash and bank balances	5	26,199	22,347
		31,128	25,710
Total assets		56,783,048	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		27,912,408	29,492,506
Unappropriated profit		13,825,095	30,553,025
		47,191,410	65,499,438
Non-current liabilities			
Deferred tax liabilities - net		9,174,937	12,371,007
Current liabilities			
Payable to related parties	7	373,627	180,771
Accrued and other liabilities		25,053	15,381
Unclaimed dividend		17,710	17,860
Payable to provident fund		311	252
		416,701	214,264
Total equity and liabilities		56,783,048	78,084,709
Contingencies and commitments	8		

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 and Other Comprehensive Income (Un-audited)

For the nine months period ended March 31, 2024

	Note	Nine months period ended		Three months period ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
----- (Rupees in '000) -----					
Interest Income	9	1,840	680	520	80
Administrative and other expenses		(198,807)	(117,651)	(63,695)	(51,583)
Operating loss		(196,967)	(116,971)	(63,175)	(51,503)
Share of (loss) / profit in equity accounted investee	4.2	(19,448,192)	6,843,362	(7,136,639)	(4,007,610)
(Loss) / Profit before taxation		(19,645,159)	6,726,391	(7,199,814)	(4,059,113)
Taxation		2,917,229	(1,026,504)	1,070,496	601,142
(Loss) / Profit after taxation		(16,727,930)	5,699,887	(6,129,318)	(3,457,971)
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		(1,580,098)	20,017,119	(704,529)	14,680,235
Total comprehensive (loss) / income		(18,308,028)	25,717,006	(6,833,847)	11,222,264
----- (Rupees) -----					
(Loss) / Earnings per share - basic and diluted		(30.671)	10.450	(11.238)	(6.340)

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 nine months period ended March 31, 2024

	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 March 31, 2023				
Profit for the period	-	-	5,699,887	5,699,887
Other comprehensive income				
Foreign currency translation difference - net of tax	-	20,017,119	-	20,017,119
	-	20,017,119	5,699,887	25,717,006
Balance as at March 31, 2023	5,453,907	30,223,080	37,588,958	73,265,945
Total comprehensive income for the period ended June 30, 2023				
Loss for the period	-	-	(7,035,933)	(7,035,933)
Other comprehensive income				
Foreign currency translation difference - net of tax	-	(730,574)	-	(730,574)
	-	(730,574)	(7,035,933)	(7,766,507)
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 March 31, 2024				
Loss for the period	-	-	(16,727,930)	(16,727,930)
Other comprehensive income				
Foreign currency translation difference - net of tax	-	(1,580,098)	-	(1,580,098)
	-	(1,580,098)	(16,727,930)	(18,308,028)
Balance as at March 31, 2024	<u>5,453,907</u>	<u>27,912,408</u>	<u>13,825,095</u>	<u>47,191,410</u>

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 nine months period ended March 31, 2024

		March 31, 2024	March 31, 2023
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash generated from / (used) in operations	10	3,016	(16,366)
Interest income received		1,802	862
Income tax paid		(270)	(109)
Net cash generated from / (used) in operating activities		4,548	(15,613)
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		(150)	-
Net cash used in financing activities		(150)	-
Net increase / (decrease) in cash and cash equivalents during the period		3,852	(15,871)
Cash and cash equivalents at the beginning of the period		22,347	34,884
Cash and cash equivalents at end of the period		26,199	19,013

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 nine months period ended March 31, 2024

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 repealed Companies Ordinance, 1984 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.
- 1.2 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 March 31, 2024, 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 nine 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 nine months period ended March 31, 2023.

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 March 31, 2024. 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	March 31, 2024 (Un-audited) ---- (Rupees in '000) ----	June 30, 2023 (Audited)
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	56,750,381	78,057,512
		56,750,381	<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

	March 31, 2024 (Un-audited) ---- (Rupees in '000) ----	June 30, 2023 (Audited)
Opening balance	78,057,512	56,717,816
Share of loss	(19,448,192)	(1,350,357)
Exchange translation impact	(1,858,939)	22,690,053
Closing balance	56,750,381	<u>78,057,512</u>

5. CASH AND BANK BALANCES

Balance with bank in		
- Current accounts	15,145	14,202
- Savings account	11,040	8,118
	26,185	<u>22,320</u>
Cash in hand	14	27
	26,199	<u>22,347</u>

6. SHARE CAPITAL

	March 31, 2024 (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
	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				
- 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
	545,390,665	5,453,907	545,390,665	5,453,907

- 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\$ 0.46 million (2023: US\$ 0.30 million) equivalent to Rs.129.39 million (2023: Rs. 67.5 million) were advanced by TRGIL. Furthermore, expense incurred by TRGIL on behalf of the Company amounted to US\$ 0.26 million (2023: Nil) equivalent to Rs. 75.64 million (2023: Nil), whereas, foreign exchange gain recognised in respect of this foreign liability amounted to Rs.11.02 million (2023: foreign exchange loss of Rs.16.8 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. 0.79 million (June 30, 2023: Rs. 1.94 million). During the period, an amount of Rs. 2.07 million (2023: Nil) has been charged in this respect by the 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.

9. INTEREST INCOME

This represents interest income earned on bank deposits.

10. CASH FLOW FROM OPERATIONS

	Note	March 31, 2024 ----- (Un-audited) ----- ----- (Rupees in '000) -----	March 31, 2023
Net (loss) / profit before taxation		(19,645,159)	6,726,391
Adjustments for :			
Depreciation		493	28
Interest income on bank balances		(1,840)	(680)
Share of loss / (profit) in equity accounted investee		19,448,192	(6,843,362)
Effect on cash flows of working capital changes	10.1	201,330	101,257
		19,648,175	(6,742,757)
		3,016	(16,366)

10.1 Working capital changes

	March 31, 2024	March 31, 2023
	----- (Un-audited) -----	----- (Un-audited) -----
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<i>Increase in current Assets:</i>		
Prepayments	(1,257)	(293)
<i>Increase in current liabilities:</i>		
Accrued and other liabilities	9,731	17,227
Payable to related parties	192,856	84,323
	202,587	101,550
	201,330	101,257

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 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.

12. 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	March 31, 2024	March 31, 2023
		----- (Un-audited) -----	----- (Un-audited) -----
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
Chairman	Remuneration	-	550
Directors	Board and other meeting fees	20,800	4,050
Key management personnel	Remuneration	43,643	24,158
Staff retirement fund - TRGP Staff			
Employees Provident Fund	Company's Contribution	2,517	1,535
		66,960	30,293

No remuneration was paid to the Chief Executive Officer of the Company during the period.

12.1 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.

13. 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. Following consultation with the arbitral parties, an arbitrator was selected on October 17, 2023 as per the standard arbitration process. Further, 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 1, 2024, the Chishti Arbitration proceedings were stayed by the arbitrator pending the aforementioned ruling by the District Court as to whether any of the claims asserted in the Chishti Arbitration are arbitrable.

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

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 29, 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 June 30, 2022 and subsequently for June 30, 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

TRG PAKISTAN LTD.

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