



TRG PAKISTAN LIMITED

**1st QUARTERLY REPORT
SEPTEMBER 30, 2018**



Vision

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

Mission

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

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



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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

Rafiq K. Dossani

Hassan Farooq

Audit Committee

Patrick McGinnis - Chairman

Ameer S. Qureshi

Rafiq K. Dossani

HR Recruitment &

Remuneration Committee

John Leone - Chairman

Peter H.R. Riepenhausen

Zafar Iqbal Sobani

Chief Financial Officer

Hassan Farooq

Company Secretary

Rahat Lateef

Legal Advisor

Lexium - Attorneys at Law

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Shares Registrar

THK Associates (Pvt.) Ltd.

Share Department,

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

Karachi-75400, Pakistan.

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FAX: +92 (021) 34168271

Registered Office

Centre Point Building, Level 18, Plot

No. 66/3-2, Off. Shaheed-e-Millat

Expressway, Near KPT Interchange

Flyover, Karachi-74900, Pakistan.

UAN: (021) 111-874-874

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Report of the Directors

For the First Quarter ended September 30, 2018

Your Directors are pleased to present the condensed interim unconsolidated and consolidated financial information of TRG Pakistan Limited for the first quarter ended September 30, 2018.

Key Developments

The first three months of FY19 were a period of very significant growth for TRG. Our consolidated revenues reached Rupees 14,972 million, representing a 38.6% increase over the same period in 2017. This increase has been broad-based and took place across all our major operating subsidiaries.

Noteworthy in its revenue growth trajectory during these three months was our enterprise software subsidiary Afiniti, which almost doubled its topline. Afiniti has been growing at nearly a 100% CAGR over the last 5 years. With the recent expansion in new geographies and strong customer traction with existing clients, we expect Afiniti to continue its rapid growth for the rest of FY19. Additionally, the recent strategic partnership with the world's leading unified communications and contact center switching provider will further contribute to significant increases in Afiniti revenues in FY20.

IBEX Holdings, the intermediate vehicle for our contact center operating subsidiaries, namely, IBEX Global, Digital Globe Services, eTelequote and iSky, increased its revenues to Rupees 12,301 million, representing a 30.5% increase over the same period in fiscal 2017. This increase both in revenues as well as margins was driven primarily during this period by IBEX Global, whose results were positively impacted by increasing operational efficiencies, greater demand from existing clients as well as ramps of new logos, especially in nearshore locations. We had placed these subsidiaries under a common intermediate holding vehicle so as to offer large enterprise clients a suite of solutions that addresses the entire customer lifecycle. The significant increase in revenues and profitability above is a testimony to the success of this strategy and we expect this growth to further accelerate in the coming quarters with increasing wins with new logos.

Financial Review:

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

Consolidated Financial Information

For the three months ended September 30, 2018, our consolidated revenues amounted to Rupees 14,972 million, which represents a 38.6% increase from revenues of Rupees 10,800 million for the comparative period in 2017.

Our recurring operating subsidiary revenues were offset by net recurring cash operating costs (excluding interest) of Rupees 14,464 million, resulting in recurring earnings before interest, taxes, depreciation and amortization at the operating subsidiary level of Rupees 509 million.

Our operating subsidiaries incurred a net interest expense of Rupees 381 million to service their respective loans and lines of credit. Our total corporate overheads for the three months were Rupees 93 million as compared to Rupees 118 million incurred during the same period in 2017.

In non-cash adjustments, we had depreciation and amortization expenses of Rupees 575 million, stock option charge of Rupees 37 million and exchange gain of Rupees 213 million. In addition, we incurred a non-cash interest expense of Rupees 370 million on account of preferred shares issued by our subsidiaries and tax expense of Rupees 54 million.

The net result of the above was a loss for the three months period ended September 30, 2018 of Rupees 789 million, compared to a loss of Rupees 1,624 million during the same period in 2017.

TRG Pakistan Limited Standalone Financial Information

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

The company recognized income of Rupees 57.6 million mainly as a return on loan to an indirect subsidiary, whereas it incurred expenses of Rupees 35.7 million for administrative and other expenses. As a result, TRG Pakistan Limited realized net profit (on a standalone basis) of Rupees 16.6 million for the three months ended September 30, 2018.

Earnings per share

The loss per share of the Company on a consolidated basis was Rupees 0.63 per share. On a standalone basis, the company recognized profit per share of Rupee 0.030.

Outlook

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

Board of Directors

The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes the following Directors but the Company will encourage appointment of female director in the upcoming election in 2019:

S. No.	Category	Name of Director
1.	Executive Directors	Muhammad Ziaullah Khan Chishti Mohammedulla Khaishgi Hassan Farooq
2.	Non-Executive Directors	Muhammad Ali Jameel John Leone Peter H.R. Riepenhausen Rafiq K. Dossani
3.	Independent Directors	Zafar Iqbal Sobani Patrick McGinnis Ameer S. Qureshi

Board Sub-Committees

S. No.	Category	Name of Member
1.	Audit Committee	Patrick McGinis Ameer S. Qureshi Rafiq K. Dossani
2.	HR Recruitment & Remuneration Committee	John Leone Peter H.R. Ripenhausen Zafar Iqbal Sobani

Acknowledgments

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

For and on Behalf of the Board of Directors

Muhammad Ziaullah Khan Chishti
Chief Executive

Karachi:
October 29, 2018

Muhammad Ali Jameel
Director

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

بورڈ آف ڈائریکٹرز کی جانب سے

علی جمیل
ڈائریکٹر

محمد ضیاء اللہ خان چشتی
چیف ایگزیکٹو

کراچی
تاریخ: 29 اکتوبر 2018

ہم کوشاں ہیں کہ ہم اپنے تعلقاتی اثاثوں کی بہتری اور اسکی قیمت کے حصول کے لیے اپنے منصوبوں پر عملدرآمد جاری رکھیں۔ ہم مستقل پبلک اور پرائیوٹ دونوں قسم کی مارکیٹ کا بغور جائزہ لیتے رہتے ہیں اور ساتھ ساتھ اپنے حجم اور آمدنی کو بڑھانے کی کوشش کرتے رہتے ہیں تاکہ ہمارے اثاثہ جات کو مارکیٹ میں مزید پرکشش بناسکیں۔

بورڈ آف ڈائریکٹرز

کمپنی اپنے غیر قانونی ادارے کے ڈائریکٹروں پر اقلیت کی دلچسپیوں کی نمائندگی کرنے والے آزاد غیر ایگزیکٹو ڈائریکٹرز کی نمائندگی کرتا ہے کمپنی اپنے بورڈ پر آزاد غیر جانبدار ڈائریکٹرز اور مینوریٹی انٹر سٹ کی نمائندگی کرنے والے ڈائریکٹرز کی حوصلہ افزائی کرتی ہے۔ اس وقت بورڈ میں مندرجہ ذیل ڈائریکٹرز شامل ہیں لیکن کمپنی 2019 میں آئندہ انتخابات میں خاتون ڈائریکٹر کی تقرری کی حوصلہ افزائی کرے گی

نمبر شمار	عہدہ	ڈائریکٹرز کے نام
1.	ایگزیکٹو ڈائریکٹرز	جناب محمد ضیاء اللہ چشتی جناب محمد اللہ شیکھی جناب حسن فاروق
2.	غیر ایگزیکٹو ڈائریکٹرز	جناب محمد علی جمیل جناب جان لیون جناب پیٹر ایچ۔ آر۔ آلفن ہاسن جناب رفیق ڈوسانی
3.	آزاد ڈائریکٹرز	جناب ظفر اقبال سجانی جناب پیٹر مک گینز جناب امیر شاہ بوخرانی

بورڈ آف ڈائریکٹرز کی ذیلی کمیٹیاں

نمبر شمار	عہدہ	ڈائریکٹرز کے نام
1.	آڈٹ کمیٹی	جناب پیٹر مک گینز جناب امیر شاہ بوخرانی جناب رفیق کے ڈوسانی
2.	ایچ آر ریکروٹمنٹ اینڈ ریٹائرمنٹ کمیٹی	جناب جان لیون جناب پیٹر ایچ۔ آر۔ آلفن ہاسن جناب ظفر اقبال سجانی

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

مجموعی مالیاتی بیانے

30 ستمبر 2018 کو ختم ہونے والی سہ ماہی رپورٹ کیلئے ہماری مجموعی آمدنی 2017 کے اسی عرصے کے مقابلے میں 38.6 فیصد اضافے کے ساتھ 10,800 ملین روپے سے بڑھ کر 14,972 ملین روپے ہو گئی۔

ہمارے ذیلی اداروں سے حاصل ہونے والی آمدنی ہمارے بار بار ہونے والے نقد اخراجات نکالنے کے بعد مبلغ 14,464 ملین روپے تھی۔ جسکے نتیجے میں ہماری ٹیکس کٹوتی، فرسودگی، سود اور قرضہ جات سے قبل آمدنی 509 ملین روپے رہی۔

ہمارے ذیلی اداروں نے اپنے متعلقہ قرضہ جات کی سروس کے لئے 381 ملین روپے کا خرچ کیا۔ اس سہ ماہی رپورٹ میں کارپوریٹ اور ہیڈ 93 ملین روپے رہے جو کہ 2017 میں 118 ملین روپے تھے۔

غیر نقدی تصفیہ میں ہمارے فرسودگی کے اخراجات 575 ملین روپے، غیر نقدی اسٹاک آپشن کے اخراجات 37 ملین روپے اور ایکسچینج گین 213 ملین روپے رہے۔ اس کے علاوہ، ہمارے ماتحت اداروں کی طرف سے جاری کردار ترجیحی حصص کے غیر نقدی سودی اخراجات 370 ملین روپے رہے۔ اور ٹیکس اخراجات 54 ملین روپے تھے۔

مذکورہ بالا کے نتیجے میں اس سہ ماہی رپورٹ کے دوران 789 ملین روپے خسارہ ہوا جبکہ 2017 کے اسی عرصے کے دوران یہ خسارہ 1,624 ملین روپے تھا۔

ٹی آر جی پاکستان لمیٹڈ کے انفرادی مالیاتی بیانے

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

کمپنی نے اپنی آمدنی کے بیانے میں 57.6 ملین روپے کی آمدنی ظاہر کی جسکی بنیادی وجہ ہمارے ذیلی ادارے سے قرضہ جات کی مد میں آمدنی ہے۔ جبکہ انتظامی اور دیگر اخراجات 35.7 ملین روپے رہے جسکے نتیجے میں اس تین ماہ کے اختتام پر ٹی آر جی پاکستان لمیٹڈ نے 16.6 ملین روپے صافی نفع حاصل کیا۔

فی شیر آمدنی

مجموعی بنیاد پر فی شیر خسارہ 0.63 پیسے رہا جبکہ انفرادی سطح پر کمپنی نے فی شیر 0.030 پیسے کی آمدنی حاصل کی۔

برائے دورانیہ 30 ستمبر 2018 کے اختتام پر (سہ ماہی رپورٹ)

آپ کے ڈائریکٹرز انتہائی مسرت کے ساتھ ٹی آر جی پاکستان لمیٹڈ کے 30 ستمبر 2018 کو اختتام پذیر ہو چکے سہ ماہی انفرادی اور مجموعی معاشی بیانیے پیش کرتے ہیں۔

اہم ترقیات

مالی سال 2019 کے پہلے تین مہینے ٹی آر جی کے لئے بہت اہم ترقی کی مدت تھی۔ ہماری مجموعی آمدنی 14,972 ملین روپے تک پہنچ گئی، جو کہ 2017 کے مقابلے میں اسی مدت کے دوران 38.6 فیصد سے زیادہ ہے۔ یہ اضافہ وسیع تر مبنی ہے اور ہمارے تمام بڑے آپریٹنگ ماتحت اداروں میں اضافہ ہوا ہے۔

ان تین مہینوں میں آمدنی کی ترقی میں ہماری سافٹ ویئر انٹرپرائز قابل ذکر ہے۔ جس نے اپنی ٹوپ لائن کو دو گنا کیا۔ اینفنیٹی پچھلے 5 سالوں میں تقریباً 100 فیصد سی اے جی آر سے بڑھ رہی ہے۔ نئے جغرافیہ میں توسیع اور حالیہ گاہکوں کے ساتھ مضبوط تعلقات کی بنا پر ہم امید کرتے ہیں کہ اینفنیٹی مالی سال 2019 کے باقی حصوں میں بھی تیزی سے ترقی جاری رکھے گی۔ اور دنیا کی معروف یونیٹائیڈ مواصلات اور رابطے مرکز سوئٹنگ فراہم کنندہ کے ساتھ حالیہ اسٹریٹجک شراکت داری مالی سال 2020 میں اینفنیٹی کی آمدنی میں نمایاں اضافہ میں مزید اہم کردار ادا کرے گا۔

آئی بیکس ہولڈنگز، ہمارے رابطے مرکز آپریٹنگ ماتحت اداروں، یعنی آئی بیکس گلوبل، ڈیجیٹل گلوب خدمات، ای ٹیلیکوم اور آئی اسکائی نے اپنی آمدنی مالی سال 2017 کے مقابلے میں اسی مدت میں 30.5 فیصد اضافے کے ساتھ 12,301 ملین روپے ہو گئی۔ آمدنی اور مارجن بنیادی طور پر آئی بیکس گلوب کی وجہ سے بڑھا، جس کی وجہ آپریشنل صلاحیتوں میں اضافہ، موجودہ گاہکوں سے زیادہ مطالبہ اور نئے علامات کی زیادہ تر خاص طور پر نیر شور مقامات پر رہی۔ ہم نے ان ماتحت اداروں کو ایک مشترکہ انٹر میڈیٹ ہولڈنگ کے تحت رکھی تھیں تاکہ بڑی انٹرپرائز کے گاہکوں کو حل کرنے کا ایک سوٹ پیش کرنا جو پورے کسٹمر کی زندگی کے سائیکل سے خطاب کرے۔ مندرجہ بالا آمدنی اور منافع میں نمایاں اضافہ اس حکمت عملی کی کامیابی کی گواہی ہے اور ہم امید رکھتے ہیں کہ آنے والی سہولیات میں نئی ترقی کے ساتھ بڑھتی ہوئی جیت کے ساتھ یہ ترقی تیزی سے تیز ہو جائے۔



Condensed Interim Unconsolidated Financial Information

For the three months period ended
September 30, 2018

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2018

		September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	Note	(Rupees in '000) -----	
ASSETS			
Non-current assets			
Operating fixed assets		5	26
Long term investment	4	16,156,003	16,138,471
Long term deposits		75	75
		16,156,083	16,138,572
Current assets			
Current maturity of accrued mark-up		132,301	110,572
Current maturity of long term loan	5	1,523,226	1,523,226
Cash and bank balances	6	790	799
		1,656,317	1,634,597
Total assets		17,812,400	17,773,169
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	7	7,330,000	7,330,000
Issued, subscribed and paid-up capital	7	5,453,907	5,453,907
Foreign currency translation reserve		5,285,626	5,065,891
Fair value reserve - net of deferred tax		4,660,480	4,866,594
Accumulated losses		(511,105)	(527,659)
		14,888,908	14,858,733
Non-current liability			
Deferred tax liability		2,834,378	2,830,461
Current liabilities			
Accrued and other liabilities		68,417	68,414
Payable to related parties	8	1,059	1,274
Taxation - net		19,638	14,287
		89,114	83,975
Total equity and liabilities		17,812,400	17,773,169
Contingencies and commitments			
	9		

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2018

	Note	September 30, 2018 (Rupees in '000)	September 30, 2017
Revenue	10	57,609	57,597
Administrative and other expenses		(35,731)	(45,468)
Profit before taxation		21,878	12,129
Taxation		(5,324)	(2,062)
Profit for the period		16,554	10,067
Other comprehensive income			
<i>Items that may be reclassified to profit or loss subsequently</i>			
Available for sale investment - change in fair value net of deferred tax		(206,114)	(39,556)
Foreign currency translation difference - net of related tax		219,735	63,243
		13,621	23,687
Total comprehensive income for the period		30,175	33,754
		(Rupee)	
Earnings per share - basic and diluted		0.030	0.018

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2018

	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Fair value reserve-net of deferred tax	Accumulated losses	Total
	(Rupees in '000)				
Balance as at July 1, 2017	5,453,907	3,129,752	4,506,085	(310,118)	12,779,626
Total comprehensive income for the three months period					
Profit for the three months period ended September 30, 2017	-	-	-	10,067	10,067
Available for sale investment - change in fair value net of deferred tax	-	-	(39,556)	-	(39,556)
Foreign currency translation difference - net of related tax	-	63,243	-	-	63,243
	-	63,243	(39,556)	10,067	33,754
Balance as at September 30, 2017	5,453,907	3,192,995	4,466,529	(300,051)	12,813,380
Balance as at July 1, 2018	5,453,907	5,065,891	4,866,594	(527,659)	14,858,733
Total comprehensive income for the three months period					
Profit for the three months period ended September 30, 2018	-	-	-	16,554	16,554
Available for sale investment - change in fair value net of deferred tax	-	-	(206,114)	-	(206,114)
Foreign currency translation difference - net of related tax	-	219,735	-	-	219,735
	-	219,735	(206,114)	16,554	30,175
Balance as at September 30, 2018	5,453,907	5,285,626	4,660,480	(511,105)	14,888,908

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

Director

Chief Financial Officer

Director

Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the three months period ended September 30, 2018

September 30, 2018 **September 30, 2017**
(Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	21,878	12,129
Adjustments for:		
Depreciation	21	26
Interest income	(57,609)	(57,597)
(Decrease) / increase in payable to related parties	(215)	34,942
Increase in accrued and other liabilities	3	6,810
Cash used in operations	(35,922)	(3,690)
Interest income received - net	35,880	3,376
Taxes paid	(2)	(1)
Net cash used in operating activities	(44)	(315)
Effects of exchange rate difference	35	(722)
Net decrease in cash and cash equivalents	(9)	(1,037)
Cash and cash equivalents at beginning of the period	799	1,715
Cash and cash equivalents at end of the period	790	678

The annexed notes 1 to 12 form an integral part of this condensed interim unconsolidated financial information.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

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

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

This condensed interim unconsolidated financial information comprises the condensed interim unconsolidated statement of financial position as at September 30, 2018, condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, condensed interim unconsolidated statement of cash flows and notes thereto for the three months period then ended.

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

Judgments and estimates

The preparation of this condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2018.

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

Risk management

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

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

For the three months period ended September 30, 2018

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. LONG TERM INVESTMENT - available for sale

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
Note	(Rupees in '000)	
In unquoted subsidiary -		
The Resource Group International Limited (TRGIL) 60,450,000 (June 30, 2018: 60,450,000)		
Series B Preferred Shares	4.1 16,156,003	16,138,471

- 4.1 This represents investment in an operational subsidiary incorporated in Bermuda. Par value of each share is US\$0.01 and the additional paid up capital per share amounts to US\$ 0.99. The percentage of the Company's holding in TRGIL's ordinary shares is 57.32% (June 30, 2018: 57.32%) whereas the percentage of voting interest of the Company is 58.65% (June 30, 2018: 58.65%). The investment in subsidiary has been made in accordance with the requirements of the Companies Act, 2017.

4.2 Reconciliation of carrying amount of investment

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	(Rupees in '000)	
Opening balance	16,138,471	13,462,261
Changes in fair value	(265,953)	465,173
Foreign currency translation difference	283,485	2,211,037
Closing balance	16,156,003	16,138,471

5. LONG TERM LOAN TO RELATED PARTY - considered good

Loan amount	1,523,226	1,523,226
Less: current maturity	(1,523,226)	-
	-	1,523,226

This represents loans to TRG (Private) Limited, an indirect subsidiary of the Company, for working capital and operational needs. The loans have a maturity period of two years from the date of the last draw down. The loans carry minimum markup of 15% per annum. Loans are secured by letter of guarantee from The Resource Group International Limited, subsidiary of the Company. The loan to TRG (Private) Limited has been made in accordance with the requirements of the Companies Act, 2017.

5.1 Accrued mark-up

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	(Rupees in '000)	
Accrued mark-up	132,301	110,572
Less: current maturity	(132,301)	(110,572)
	-	-

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

6. CASH AND BANK BALANCES

Balance with bank in		
- current account	625	625
- saving account	163	170
	788	795
Cash in hand	2	4
	790	799

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

For the three months period ended September 30, 2018

7. SHARE CAPITAL

	September 30, 2018 (Un-audited)		June 30, 2018 (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 8.1)	9,624,978	96,250	9,624,978	96,250
	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.

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

The Series A preferred stock is entitled to the same voting rights as other voting securities of TRGIL (namely Series B Preferred Shares and Class A Common Shares), but rank higher in the event of liquidation. The Series A preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that the Company remains in breach of such conditions and covenants. There were no triggering events for the period ended September 30, 2018, requiring such an accrual or payment.

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

As of September 30, 2018, PineBridge Investors has invested the full US\$ 30 million committed to TRGIL.

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

For the three months period ended September 30, 2018

8. PAYABLE TO RELATED PARTIES - current account - unsecured

Name of related party	Nature of relationship	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		(Rupees in '000)	
The Resource Group International Limited	Subsidiary	1,059	1,274
		<u>1,059</u>	<u>1,274</u>

9. CONTINGENCIES AND COMMITMENTS

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

10. REVENUE

	September 30, 2018	September 30, 2017
Note	(Rupees in '000)	
- Return on bank balances	19	7
- Interest income on long term loan	57,590	57,590
	<u>57,609</u>	<u>57,597</u>

11. RELATED PARTY DISCLOSURES

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

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

Transactions with related parties during the period, other than those which have been disclosed elsewhere in this condensed interim unconsolidated financial information, are as follows:

	September 30, 2018	September 30, 2017
	(Rupees in '000)	
Transaction with subsidiary		
Interest income on long term loan	57,590	57,590

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.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue on October 29, 2018 by the board of directors of the Company.

Director

Chief Financial Officer

Director



TRG PAKISTAN
LIMITED

Condensed Interim Consolidated Financial Information

For the three months period ended

September 30, 2018

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2018

As at September 30, 2018

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
Note	(Rupees in '000)	
Assets		
Non-current assets		
Goodwill	3,790,021	3,723,519
Other intangible assets	1,749,566	1,738,554
Property and equipment	3,567,815	3,693,320
Long term investment	40,044	47,616
Deferred tax asset	545,278	637,055
Long term receivables	3,781,728	3,314,997
Long term deposits, prepayments and other assets	1,234,266	1,385,071
Total non-current assets	14,708,718	14,540,132
Current assets		
Trade and other receivables	12,526,865	10,019,768
Current portion of long term receivables	1,330,267	1,046,841
Deferred expenses	197,501	318,816
Cash and bank balances	4,768,042	6,189,004
Total current assets	18,822,675	17,574,429
Total assets	33,531,393	32,114,561
Equity and liabilities		
Equity attributable to owners of the parent		
Issued, subscribed and paid-up capital	5,453,907	5,453,907
Foreign currency translation reserve	(344,033)	(262,813)
Accumulated deficit	(10,800,548)	(10,455,070)
	(5,690,674)	(5,263,976)
Non-controlling interests	(2,724,644)	(2,243,280)
Total equity	(8,415,318)	(7,507,256)
Non-current liabilities		
Deferred revenue	79,029	86,012
Borrowings	17,473,726	17,254,315
Deferred tax liability	660,340	648,753
Other non-current liabilities	376,308	344,235
Total non-current liabilities	18,589,403	18,333,315
Current liabilities		
Trade and other payables	11,051,324	9,872,391
Borrowings	8,081,992	7,083,785
Convertible preference shares	3,710,100	3,645,000
Deferred revenue	513,892	687,326
Total current liabilities	23,357,308	21,288,502
Total liabilities	41,946,711	39,621,817
Total equity and liabilities	33,531,393	32,114,561

Contingencies and commitments

5

The annexed notes from 1 to 9 form an integral part of this condensed interim consolidated financial information.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2018

	Note	September 30, 2018 (Rupees in '000)	September 30, 2017
Revenue		14,972,312	10,799,938
Other operating income		159,482	60,061
Payroll and related costs		9,632,698	8,178,985
Acquisition expenses		1,378,242	941,427
Depreciation, amortization and other non-cash costs		398,883	669,667
Other operating costs		3,705,822	2,430,081
Profit / (loss) from operations		16,149	(1,360,161)
Finance expenses		(750,938)	(416,824)
Loss before taxation		(734,789)	(1,776,985)
Income tax (expense) / income		(54,137)	153,189
Net loss for the period		(788,926)	(1,623,796)
Other comprehensive loss			
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Foreign currency translation adjustment		(156,144)	(35,701)
Total comprehensive loss		(945,070)	(1,659,497)
Loss attributable to:			
- Shareholders of the Holding Company		(345,478)	(709,505)
- Non-controlling interest		(443,448)	(914,291)
		(788,926)	(1,623,796)
Other comprehensive loss attributable to:			
- Shareholders of the Holding Company		(81,220)	(29,150)
- Non-controlling interest		(74,924)	(6,551)
		(156,144)	(35,701)
Total comprehensive loss attributable to:			
- Shareholders of the Holding Company		(426,698)	(738,655)
- Non-controlling interest		(518,372)	(920,842)
		(945,070)	(1,659,497)
Loss per share attributable to the ordinary equity holders of the parent			
		(Rupees)	
Basic loss per share	6	(0.63)	(1.30)
Diluted loss per share	6	(0.63)	(1.30)

The annexed notes from 1 to 9 form an integral part of this condensed interim consolidated financial information.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2018

	Attributable to share holders of the Parent Company				Non-controlling interests	Total
	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Accumulated losses	Sub-total		
	(Rupees in '000)					
Balance as at July 1, 2017	5,453,907	113,395	(8,712,985)	(3,145,683)	(1,291,560)	(4,437,243)
Comprehensive loss for the period						
Loss for the period	-	-	(709,505)	(709,505)	(914,291)	(1,623,796)
Other comprehensive loss						
Foreign currency translation difference	-	(29,150)	-	(29,150)	(6,551)	(35,701)
Total comprehensive loss for the period	-	(29,150)	(709,505)	(738,655)	(920,842)	(1,659,497)
Transactions with owners						
Share based payment transactions	-	-	-	-	36,118	36,118
Balance as at September 30, 2017	5,453,907	84,245	(9,422,490)	(3,884,338)	(2,176,284)	(6,060,622)
Balance as at July 1, 2018	5,453,907	(262,813)	(10,455,070)	(5,263,976)	(2,243,280)	(7,507,256)
Comprehensive loss for the period						
Loss for the period	-	-	(345,478)	(345,478)	(443,448)	(788,926)
Other comprehensive loss						
Foreign currency translation difference	-	(81,220)	-	(81,220)	(74,924)	(156,144)
Total comprehensive loss for the period	-	(81,220)	(345,478)	(426,698)	(518,372)	(945,070)
Transactions with owners						
Share based payment transactions	-	-	-	-	37,008	37,008
Balance as at September 30, 2018	5,453,907	(344,033)	(10,800,548)	(5,690,674)	(2,724,644)	(8,415,318)

The annexed notes from 1 to 9 form an integral part of this condensed interim consolidated financial information.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2018

	September 30, 2018	September 30, 2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(734,789)	(1,776,985)
Adjustments for:		
Depreciation, amortization and other non-cash costs	398,883	669,667
Share of profit from long term investment	(11,467)	(4,337)
Finance expenses	750,938	416,824
Increase in trade and other receivables	(2,507,097)	(1,434,535)
Increase in long term receivables	(466,731)	(124,573)
Increase in prepayments and other assets	(11,306)	(13,771)
Increase in trade and other payables and other liabilities	704,725	1,543,998
Cash used in operations	(1,876,844)	(723,712)
Finance expenses paid	(381,111)	(171,427)
Income taxes paid	(30,245)	(19,086)
Net cash used in operating activities	(2,288,200)	(914,225)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment - net	(346,330)	(368,880)
Purchase of other intangible assets - net	(114,044)	(92,314)
Net cash used in investing activities	(460,374)	(461,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings - net	1,217,618	639,873
Net cash generated from financing activities	1,217,618	639,873
Effects of exchange rate difference on cash and cash equivalents	(109,994)	(40,874)
Net decrease in cash and cash equivalents	(1,420,962)	(776,420)
Cash and cash equivalents at beginning of the period	6,189,004	3,073,986
Cash and cash equivalents at end of the period	4,768,042	2,297,566

The annexed notes from 1 to 9 form an integral part of this condensed interim consolidated financial information.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2018

1. THE GROUP AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

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

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

This condensed interim consolidated financial information comprises the condensed interim consolidated statement of financial position as at September 30, 2018, condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows and notes thereto for the three months period then ended.

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

Judgments and estimates

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

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

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

For the three months period ended September 30, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of this condensed interim consolidated financial information are the same as those applied in preparing the annual audited consolidated financial statements for the year ended June 30, 2018.

Basis of consolidation

The interim consolidated financial information comprises the financial information of the Parent Company and its subsidiaries (here in after referred as the Group).

The financial information of the Group is prepared up to the same reporting date and is combined on a line-by-line basis. All intercompany balances, transactions and related unrealized profits and losses are eliminated in consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when control ceases.

4. MINORITY INTERESTS

Minority interests represent the following:

Entity	Percentage of holding by minority shareholders	Percentage voting rights of minority shareholders
The Resource Group International Limited	42.68	41.35

5. CONTINGENCIES AND COMMITMENTS

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

6. LOSS PER SHARE

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

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

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

For the three months period ended September 30, 2018

September 30, 2018 September 30, 2017
(Rupees in '000).....

Loss attributable to equity holders of the Parent Company	(345,478)	(709,505)
	(Shares)	
Weighted average number of ordinary shares - basic	545,390,665	545,390,665
	(Rupees)	
Basic loss per share	(0.63)	(1.30)
	(Shares)	
Weighted average number of ordinary shares - diluted	545,390,665	545,390,665
	(Rupees)	
Diluted loss per share	(0.63)	(1.30)

7. TRANSACTIONS WITH RELATED PARTIES

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

8. GENERAL

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

9. DATE OF AUTHORISATION

This condensed interim consolidated financial information was authorized for issue by the board of directors of the Parent Company on October 29, 2018.

 Director

 Chief Financial Officer

 Director



TRG PAKISTAN LTD.

CENTRE POINT BUILDING, LEVEL 18, PLOT NO. 66/3-2,
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