



TRG PAKISTAN LIMITED



**1st QUARTERLY REPORT
SEPTEMBER 30, 2017**



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

Mohammedullah 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

Legal Advisor

Lexium - Attorneys at Law

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Shares Registrar

THK Associates (Pvt.) Ltd.

Share Department,

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

Karachi-75400, Pakistan.

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

FAX: +92 (021) 34168271

Registered Office

Centre Point Building, Level 18, Plot No.

66/3-2, Off. Shaheed-e-Millat Expressway,

Near KPT Interchange Flyover,

Karachi-74900, Pakistan.

UAN: (021) 111-874-874

FAX: (021) 35805893

Report of the Directors

For the First Quarter ended September 30, 2017

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, 2017.

Key Developments

The first quarter of FY18 continued to be a period of growth for TRG. Our consolidated reported revenues reached Rupees 10,800 million, representing a 24.9% increase over the same period in 2016. This increase has been broad-based and took place across all our major operating subsidiaries.

We have started to realize some of the synergies inherent in several of our operating subsidiaries. We have placed our IBEX Global, Digital Globe Services, eTelequote and iSky subsidiaries under a common intermediate holding vehicle IBEX Holdings, and in so doing, offer large corporate clients a set of solutions that address their entire customer lifecycle. This "full customer lifecycle" approach consists of the acquisition of customers (services provided by Digital Globe Services and eTelequote), engaging and supporting customers (services provided by IBEX Global) and managing and monitoring the customer experience (services provided by iSky). We expect this integrated business development approach to appeal to both new and existing clients, and believe that this would provide us with significant revenue upside both in the current fiscal period and onwards.

During these three months, our enterprise software subsidiary Afiniti accelerated its top line momentum, with a doubling of enterprise level rollouts from two to four, and several significant additional rollouts currently under deployment. This subsidiary enables real-time pairing of individual call center agents with individual callers in large enterprise contact centers, using artificial intelligence in a big data framework. Our solution is rapidly becoming a de-facto standard for large enterprise contact centers across the world, with a very significant addressable market. In order to realize this strong potential, we have been investing in business development and implementation resources.

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, 2017, our consolidated revenues amounted to Rupees 10,800 million, which represents 24.9% increase from revenues of Rupees 8,645 million for the comparative period in 2016.

Our recurring subsidiary revenues were offset by net recurring cash operating costs (excluding interest) of Rupees 11,374 million, resulting in recurring earnings before interest, taxes, depreciation and amortization of negative Rupees 576 million.

Our operating subsidiaries incurred a net interest expense of Rupees 414 million to service their respective loans and lines of credit. As a result, our recurring operating cash income from our subsidiaries was negative Rupees 990 million over the three months ended September 30, 2017.

Our total corporate overheads for the three months were Rupees 118 million as compared to Rupees 125 million incurred during the same period in 2016.

In non-cash adjustments, we had depreciation and amortization expenses of Rupees 478 million, stock option charge of Rupees 36 million and exchange loss of Rupees 20 million. Other non-recurring expenses were Rupees 136 million and tax expense was Rupees 153 million.

The net result of the above was a loss for the three months period ended September 30, 2017 of Rupees 1,624 million, compared to a loss of Rupees 579 million during the same period in 2016.

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 45.5 million for administrative and other expenses. As a result, TRG Pakistan Limited realized net profit (on a standalone basis) of Rupees 10.07 million for the three months ended September 30, 2017.

Earnings per share

The loss per share of the Company on a consolidated basis was Rupees 1.30 per share. On a standalone basis, the company recognized earning per share of Rupee 0.018.

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. The management is exploring various options to embark on related business activities, which offer potential for profitable growth.

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.

Karachi:
January 31, 2018

For and on Behalf of the Board of Directors
Muhammad Ziaullah Khan Chishti
Chief Executive

آئینہ امکانات

ہم کوشاں ہیں کہ ہم اپنے تعاملاتی اثاثوں کی بہتری اور اسکی قیمت کے حصول کے لیے اپنے منصوبوں پر عملدرآمد جاری رکھیں۔ ہم مستقل پبلک اور پرائیویٹ 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۔ انتظامیاں نئی کاروباری سرگرمیوں کے آغاز کے لیے مختلف طریقوں پر غور کر رہی ہے جس سے منافع میں اضافہ ہو سکے۔

اظہار تشکر

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

بورڈ آف ڈائریکٹرز کی جانب سے

محمد ضیاء اللہ خان چشتی

چیف ایگزیکٹو

کراچی

تاریخ: 31 جنوری 2018

مجموعی مالیاتی بیانے

30 ستمبر 2017 کو ختم ہونے والی سہ ماہی رپورٹ کیلئے ہماری مجموعی آمدنی 2016 کے اسی عرصے کے مقابلے میں 24.9 فیصد اضافہ کے ساتھ 8,645 ملین روپے سے بڑھ کر 10,800 ملین روپے ہو گئی۔

ہمارے ذیلی اداروں سے حاصل ہونے والی آمدنی ہمارے بار بار ہونے والے نقد اخراجات نکالنے کے بعد مبلغ 11,374 ملین روپے تھی۔ جسکے نتیجے میں ہماری ٹیکس کٹوتی، فرسودگی، سود اور قرضہ جات سے قبل آمدنی منفی 576 ملین روپے رہی۔

ہمارے ذیلی اداروں نے اپنے متعلقہ قرضہ جات کی سروس کے لئے 414 ملین روپے کا خرچ کیا جسکے نتیجے میں ہماری بار بار ہونے والی آپریشنل نقد آمدنی 30 ستمبر 2017 کو ختم ہونے والی سہ ماہی رپورٹ میں 990 ملین روپے منفی رہی۔

اس سہ ماہی رپورٹ میں کارپوریٹ اور ریٹ 118 ملین روپے رہے جو کہ 2016 میں 125 ملین روپے تھے۔

غیر نقدی تصفیہ میں ہمارے فرسودگی کے اخراجات 478 ملین روپے، غیر نقدی اسٹاک آپشن کے اخراجات 36 ملین روپے اور ایکسچینج لاس 20 ملین روپے رہے۔ ایک مرتبہ کے اخراجات 136 ملین روپے اور ٹیکس اخراجات 153 ملین روپے تھے۔

مذکورہ بالا کے نتیجے میں اس سہ ماہی رپورٹ کے دوران 1,624 ملین روپے خسارہ ہوا جبکہ 2016 کے اسی عرصے کے دوران یہ خسارہ 579 ملین روپے تھا۔

ٹی آر جی پاکستان لمیٹڈ کے انفرادی مالیاتی بیانے

ٹی آر جی پاکستان لمیٹڈ بنیادی طور پر بہت کم آپریشنس 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 مدد میں آمدنی ہے۔ جبکہ انتظامی اور دیگر اخراجات 45.5 ملین روپے رہے جسکے نتیجے میں اس سہ ماہی کے اختتام پر ٹی آر جی پاکستان لمیٹڈ نے 10.07 ملین روپے صافی نفع حاصل کیا۔

فی شیئر آمدنی

مجموعی بنیاد پر فی شیئر خسارہ 1.30 روپے رہا جبکہ انفرادی سطح پر کمپنی نے فی شیئر 0.018 روپے کی آمدنی حاصل کی۔

ڈائریکٹرز کی رپورٹ

برائے دورانیہ 30 ستمبر 2017 کے اختتام پر (سہ ماہی رپورٹ)

آپ کے ڈائریکٹرز انتہائی مسرت کے ساتھ ٹی آر جی پاکستان لمیٹڈ کے 30 ستمبر 2017 کو اختتام پذیر ہو چکے پہلی سہ ماہی پر انفرادی اور مجموعی بیانیے پیش کرتے ہیں۔

اہم ترقیات

مالیاتی سال 2018 کی سہ ماہی رپورٹ میں ٹی آر جی نے شاندار مالیاتی ترقی کا سفر جاری رکھا۔ ہماری مجموعی آمدنی مبلغ 10,800 ملین روپے تک پہنچ چکی ہے جو کہ 2016 کی اسی مدت سے 24.9 فیصد زیادہ ہے۔ یہ مالیاتی اضافہ ہمارے تمام بڑے ذیلی اداروں کی کارکردگی سے حاصل ہوا ہے۔

ہم نے ذیلی اداروں کی ہم آہنگی سے فائدہ اٹھانا شروع کیا اور ہم نے اپنے ذیلی اداروں آئی بیکس گلوبل، ڈیجیٹل گلوب سروسز، ای ٹیلی کوٹ اور آئی اسکائی کو ایک مشترکہ ہولڈنگ آئی بیکس ہولڈنگ کے تحت اکٹھا کیا ہے اور ایسا کرتے ہوئے ہم نے بڑے کارپوریٹ صارفین کو ان کے صارفین کے شروع سے آخر تک تمام امور (صارفین لائف سائیکل) کا حل پیش کیا۔ یہ صارفین لائف سائیکل صارفین کے حصول (ڈیجیٹل گلوب سروسز اور ای ٹیلی کوٹ)، صارفین کے ساتھ تعلقات اور ان کی مدد (آئی بیکس گلوبل)، صارفین کا انتظام اور ان کے تجربات پر نظر رکھنے (ٹی اسکائی) پر مشتمل ہے۔ ہم توقع کرتے ہیں کہ مربوط کاروباری ترقی کا یہ نقطہ نظر موجودہ اور نئے صارفین کو راغب کرے گا اور ہم یہ یقین رکھتے ہیں یہ موجودہ اور آئندہ دونوں دورانیوں میں آمدنی میں خاصہ اضافہ فراہم کرے گا۔

اس سہ ماہی کے دوران، ہماری ذیلی کمپنی ایفٹی نے اپنے مسلسل بڑھوتری کے عمل کو جاری رکھا، اور اپنی تجارتی تعیناتیوں کو دو گنا کرتے ہوئے دو سے چار کیا اور اسکے علاوہ کئی دیگر تجارتی تعیناتیاں ابھی تعمیر کے مراحل میں ہیں۔ یہ ادارہ بڑے کاروباری رابطے کے مرکز میں انفرادی کارلر سینٹرز کے نمائندوں کو انفرادی کارلر کے ساتھ بڑے ڈیٹا فریم ورک میں مصنوعی ذہانت کا استعمال کرتے ہوئے ملاتا ہے۔ ہماری یہ پیشکش تیزی سے پوری دنیا میں بڑے کاروباری رابطے کے مراکز کا حقیقی معیار بنتا جا رہی ہے۔ اس ممکنہ کاروباری صلاحیت کو حاصل کرنے کیلئے، ہم نے عملدرآمد کے وسائل اور کاروباری ترقی میں سرمایہ کاری کی ہے۔

مالیاتی جائزہ

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۔



Condensed Interim Unconsolidated Financial Information

For the three months period ended
September 30, 2017



Condensed Interim Unconsolidated Balance Sheet

As at September 30, 2017

		September 30,	June 30,
	Note	2017 (Un-audited)	2017 (Audited)
..... (Rupees in '000)			
ASSETS			
Non-current assets			
Operating fixed assets		96	126
Long term investment	4	13,482,260	13,462,261
Long term loan to related party	5	591,674	1,523,226
Accrued markup		-	21,793
Long term deposits		75	75
		14,074,105	15,007,481
Current assets			
Current maturity of accrued markup		301,010	224,996
Current maturity of long term loan		931,551	-
Cash and bank balances	6	678	1,715
		1,233,239	226,711
Total assets		15,307,344	15,234,192
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		3,192,995	3,129,752
Fair value reserve - net of deferred tax		4,466,529	4,506,085
Accumulated losses		(300,051)	(310,118)
		12,813,380	12,779,626
Non-current liability			
Deferred tax - net		2,232,829	2,228,329
Current liabilities			
Accrued and other liabilities		66,730	68,838
Payable to related parties - current account	8	177,606	142,664
Taxation - net		16,799	14,735
		261,135	226,237
Total equity and liabilities		15,307,344	15,234,192
Contingencies and commitments	9		

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

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Company being presently out of Pakistan, this condensed interim unconsolidated financial information has been signed by two Directors as required under provisions of section 241(2) of the Repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the three months period ended September 30, 2017

		Three months period ended	
	Note	September 30, 2017	September 30, 2016
	(Rupees in '000)	
Revenue	10	57,597	56,036
Administrative and other expenses		(45,468)	(2,856)
Profit before taxation		12,129	53,180
Taxation		(2,062)	(5,187)
Profit for the period		10,067	47,993
Other comprehensive income			
<i>Items that may be reclassified to profit or loss subsequently</i>			
Available for sale investments - change in fair value net of deferred tax		(39,556)	249,556
Foreign currency translation difference - net of related tax		63,243	(84,738)
		23,687	164,818
Total comprehensive income for the period		33,754	212,811
	(Rupee)	
Earning per share - basic and diluted		0.018	0.088

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STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

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Director

Chief Financial Officer

Director

Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)
For the three months period ended September 30, 2017

	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, 2016	5,453,907	3,127,483	4,087,773	(315,477)	12,353,686
Total comprehensive income for the three months period					
Profit for the three months period ended September 30, 2016	-	-	-	47,993	47,993
Available for sale investments - change in fair value net of deferred tax	-	-	249,556	-	249,556
Foreign currency translation difference - net of related tax	-	(84,738)	-	-	(84,738)
	-	(84,738)	249,556	47,993	212,811
Balance as at September 30, 2016	<u>5,453,907</u>	<u>3,042,745</u>	<u>4,337,329</u>	<u>(267,484)</u>	<u>12,566,497</u>
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 investments - 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	<u>5,453,907</u>	<u>3,192,995</u>	<u>4,466,529</u>	<u>(300,051)</u>	<u>12,813,380</u>

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

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Company being presently out of Pakistan, this condensed interim unconsolidated financial information has been signed by two directors as required under provisions of section 241(2) of the Repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the three months period ended September 30, 2017

	Three months period ended	
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,129	53,180
Adjustments for:		
Depreciation	26	48
Interest on loan and return on bank balances	(57,597)	(52,877)
Exchange loss / (gain) - net	8,918	(3,159)
	(48,653)	(55,988)
Decrease in current assets		
Receivable from related parties - current account	-	1,080
Increase / (decrease) in current liabilities		
Accrued and other liabilities	(2,108)	(150)
Payable to related parties - current account	34,942	-
	32,834	(150)
Cash used in operations	(3,690)	(1,878)
Mark-up income received	3,376	36
Taxes paid	(1)	(2)
	3,375	34
Cash used in operating activities	(315)	(1,844)
Effects of exchange rate difference	(722)	(38)
Net decrease in cash and cash equivalents	(1,037)	(1,882)
Cash and cash equivalents at beginning of the period	1,715	3,758
Cash and cash equivalents at end of the period	678	1,876

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

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Company being presently out of Pakistan, this condensed interim unconsolidated financial information has been signed by two Directors as required under provisions of section 241(2) of the Repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2017

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 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 optimisation 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 requirements of International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the repealed Companies Ordinance, 1984 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 audited unconsolidated financial statements of the Company for the year ended June 30, 2017.

This condensed interim unconsolidated financial information comprises the condensed interim unconsolidated balance sheet as at September 30, 2017, condensed interim unconsolidated profit and loss account, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes thereto for the three months period then ended.

The comparative condensed unconsolidated balance sheet, presented in this condensed interim unconsolidated financial information, as at June 30, 2017 has been extracted from the annual audited unconsolidated financial statements of the Company for the year then ended whereas the comparative condensed interim unconsolidated profit and loss account, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity for the three months period ended September 30, 2016 were neither audited nor reviewed.

Judgments and estimates

The preparation of condensed interim unconsolidated financial information in conformity with approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Actual result may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the Company's annual audited unconsolidated financial statements for the year ended June 30, 2017.

Risk management

Risk management policies are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2017.

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, 2017.

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited) For the three months period ended September 30, 2017

4. LONG TERM INVESTMENT - available for sale

	September 30, 2017 (Un-audited) (Rupees in '000)	June 30, 2017 (Audited) (Rupees in '000)
In unquoted subsidiary -		
The Resource Group International Limited		
(TRGIL) 60,450,000 (June 30, 2017: 60,450,000)		
Series B Preferred Shares	4.1 13,482,260	13,462,261

- 4.1 This represents investment in a subsidiary incorporated in Bermuda. Par value of each share is US\$ 0.01 and the additional paid up capital per share amounts to US\$ 0.99. The percentage of the Company's holding in TRGIL is 57.32% (June 30, 2017: 57.32%) whereas the percentage of voting interest of the Company is 58.65% (June 30, 2017: 58.65%).

5. LONG TERM LOAN TO RELATED PARTY - considered good

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 latest last draw down from the available facility. The loans carry minimum markup of 15% per annum under conventional lending arrangement.

6. CASH AND BANK BALANCES

	September 30, 2017 (Un-audited) (Rupees in '000)	June 30, 2017 (Audited) (Rupees in '000)
Balances with bank in		
- current account	625	625
- saving account	44	1,087
	669	1,712
Cash in hand	9	3
	678	1,715

7. SHARE CAPITAL

	September 30, 2017 (Un-audited)		June 30, 2017 (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 (refer note 7.1)	9,624,978	96,250	9,624,978	96,250
	545,390,665	5,453,907	545,390,665	5,453,907

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

For the three months period ended September 30, 2017

- 7.1** These shares were issued in exchange of share 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 (USD 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, 2017, 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, 2017, PineBridge Investors have invested the full US\$ 30 million committed to TRGIL.

8. PAYABLE TO RELATED PARTIES - current account - unsecured

Name of related party	Nature of relationship	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
		(Rupees in '000)	
Trakker (Private) Limited	Associated company	2,178	2,178
The Resource Group International Limited	Direct subsidiary	175,428	140,486
		177,606	142,664

9. CONTINGENCIES AND COMMITMENTS

There is no change in contingencies and commitments as reported in note 12 to the annual audited unconsolidated financial statements for the year ended June 30, 2017.

10. REVENUE

	Three months period ended	
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
- Return on bank balances	7	26
- Interest income on long term loan	57,590	52,851
- Exchange gain - net	-	3,159
	57,597	56,036

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

For the three months period ended September 30, 2017

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. 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 year, other than those which have been disclosed elsewhere in this condensed interim unconsolidated financial information, are as follows:

	Three months period ended	
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
Transaction with subsidiary		
Interest income on long term loan	57,590	52,851
Contributions to the provident fund	23	20

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim unconsolidated financial information was authorised for issue on January 31, 2018 by the Board of Directors of the Company.

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Company being presently out of Pakistan, this condensed interim unconsolidated financial information has been signed by two Directors as required under provisions of section 241(2) of the Repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director



Condensed Interim Consolidated Financial Information

For the three months period ended
September 30, 2017



Condensed Interim Consolidated Balance Sheet

As at September 30, 2017

	Note	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
..... (Rupees in '000).....			
ASSETS			
Non-current assets			
Property and equipment		3,399,778	3,373,563
Intangible assets		4,126,886	4,170,345
Long term investment		35,281	30,783
Deferred tax assets		639,176	460,263
Long term loans and advances		981,118	972,180
Long term deposits, prepayments and other receivables		1,932,943	1,817,308
		11,115,182	10,824,442
Current assets			
Trade debts		7,323,146	5,888,611
Advances		58,698	93,454
Deposits, prepayments and other receivables		2,063,518	2,014,991
Advance tax		262,775	264,816
Cash and bank balances		2,297,566	3,073,986
		12,005,703	11,335,858
Total assets		23,120,885	22,160,300
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital		7,330,000	7,330,000
Issued, subscribed and paid-up capital		5,453,907	5,453,907
Foreign currency translation reserve		84,245	113,395
Accumulated losses		(9,422,490)	(8,712,985)
Equity attributable to shareholders of the Parent Company		(3,884,338)	(3,145,683)
Non-controlling interests		(2,176,284)	(1,291,560)
Total equity		(6,060,622)	(4,437,243)
LIABILITIES			
Non-current liabilities			
Long-term finances		9,755,294	9,326,511
Liabilities against assets subject to finance lease		797,714	759,215
Other non-current liabilities		320,278	379,301
Deferred tax liabilities		562,752	559,787
		11,436,038	11,024,814
Current liabilities			
Trade and other payables		9,249,105	7,326,274
Convertible preference shares		3,162,283	3,145,620
Short term borrowings		3,647,687	3,482,915
Current maturity of:			
- Long-term finances		837,049	874,789
- Liabilities against assets subject to finance lease		788,909	684,327
Taxes payable		60,436	58,804
		17,745,469	15,572,729
Total liabilities		29,181,507	26,597,543
Total equity and liabilities		23,120,885	22,160,300

CONTINGENCIES AND COMMITMENTS

5

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

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Parent Company being presently out of Pakistan, this condensed interim consolidated financial information has been signed by two Directors as required under provisions of section 241(2) of the repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the three months period ended September 30, 2017

	Three months period ended	
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
Revenue	10,799,938	8,644,817
Cost of services	(8,934,143)	(6,703,729)
Gross profit	1,865,795	1,941,088
Administrative and general expenses	(3,251,593)	(2,262,130)
Other income	55,724	72,357
Other charges	(34,424)	(17,894)
	(1,364,498)	(266,579)
Finance cost	(416,824)	(308,803)
Share of profit of equity accounted associate / joint venture - net of tax	4,337	41,670
Loss before tax	(1,776,985)	(533,712)
Taxation	153,189	(45,153)
Loss for the period	(1,623,796)	(578,865)
Other comprehensive loss		
<i>Item that are or may be reclassified to profit or loss subsequently</i>		
Foreign currency translation differences	(35,701)	(54,754)
Total comprehensive loss for the period	(1,659,497)	(633,619)
Loss attributable to:		
- Share holders of the Parent Company	(709,505)	(207,826)
- Non-controlling interests	(914,291)	(371,039)
	(1,623,796)	(578,865)
Total comprehensive loss attributable to:		
- Share holders of the Parent Company	(738,655)	(254,756)
- Non-controlling interests	(920,842)	(378,863)
	(1,659,497)	(633,619)
	(Rupees)	
Loss per share attributable to ordinary shareholders of the Parent Company - basic and diluted	6 (1.30)	(0.38)

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

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Parent Company being presently out of Pakistan, this condensed interim consolidated financial information has been signed by two Directors as required under provisions of section 241(2) of the repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)
For the three months period ended September 30, 2017

	Attributable to share holders of the Parent Company			Non- controlling interests	Total
	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Accumulated losses		
	(Rupees in '000)				
Balance as at July 1, 2016	5,453,907	(216,539)	(2,633,235)	313,520	2,917,653
Comprehensive loss for the period					
Loss for the period	-	-	(207,826)	(371,039)	(578,865)
Other comprehensive loss					
Foreign currency translation differences	-	(46,930)	-	(7,824)	(54,754)
Total comprehensive loss for the period	-	(46,930)	(207,826)	(378,863)	(633,619)
Transactions with owners					
Dividend paid to minority shareholders by indirect subsidiary	-	-	-	(79,722)	(79,722)
Share based payment transactions	-	-	-	38,763	38,763
Balance as at September 30, 2016	<u>5,453,907</u>	<u>(263,469)</u>	<u>(2,841,061)</u>	<u>(106,302)</u>	<u>2,243,075</u>
Balance as at July 1, 2017	5,453,907	113,395	(8,712,985)	(1,291,560)	(4,437,243)
Comprehensive loss for the period					
Loss for the period	-	-	(709,505)	(914,291)	(1,623,796)
Other comprehensive loss					
Foreign currency translation differences	-	(29,150)	-	(6,551)	(35,701)
Total comprehensive loss for the period	-	(29,150)	(709,505)	(920,842)	(1,659,497)
Transactions with owners					
Share based payment transactions	-	-	-	36,118	36,118
Balance as at September 30, 2017	<u>5,453,907</u>	<u>84,245</u>	<u>(9,422,490)</u>	<u>(2,176,284)</u>	<u>(6,060,622)</u>

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

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Parent Company being presently out of Pakistan, this condensed interim consolidated financial information has been signed by two Directors as required under provisions of section 241(2) of the repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the three months period ended September 30, 2017

	Three months period ended	
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(1,776,985)	(533,712)
Adjustments for:		
Depreciation and amortization	478,438	376,280
Share of profit of equity accounted associate	(4,337)	(41,670)
Exchange loss	21,675	11,974
Finance costs	416,824	308,803
Employees' stock option plan expense	36,118	38,763
Return on bank balances / advances	(1,657)	(1,825)
	947,061	692,325
	(829,924)	158,613
(Increase) / decrease in trade debts	(1,434,535)	1,304,025
Increase in advances, deposits, prepayments and other receivables	(13,771)	(48,464)
Increase in current & other liabilities	1,922,831	1,325,968
	474,525	2,581,529
Net cash (used in) / generated from operations	(355,399)	2,740,142
Return received on bank balances / advances	1,657	1,663
Mark-up / interest paid on borrowings / leases	(416,824)	(308,803)
Taxes paid	(19,086)	(58,959)
Long term loans, advances, deposits, prepayments and other receivables	(124,573)	(1,987,110)
	(558,826)	(2,353,209)
Net cash (used in) / generated from operating activities	(914,225)	386,933
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, equipment and intangibles	(461,194)	(415,751)
Net cash used in investing activities	(461,194)	(415,751)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from / (repayments of) finance lease liability	143,081	(65,534)
Proceeds from / (repayment of) borrowings - net	496,792	(330,929)
Dividend paid to minority shareholders by indirect subsidiary	-	(79,722)
Net cash generated from / (used in) financing activities	639,873	(476,185)
Effects of exchange rate changes	(40,874)	(66,191)
Net decrease in cash and cash equivalents	(776,420)	(571,194)
Cash and cash equivalents at beginning of the period	3,073,986	5,259,909
Cash and cash equivalents at end of the period	2,297,566	4,688,715

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

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Parent Company being presently out of Pakistan, this condensed interim consolidated financial information has been signed by two Directors as required under provisions of section 241(2) of the repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director

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

For the three months period ended September 30, 2017

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 repealed 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 holding company and acquire, invest and manage operations relating to business process outsourcing, softwares, online customer acquisition, marketing of medicare related products, and contact centre optimisation services through its subsidiary, The Resource Group International Limited (TRGIL).

2. BASIS OF PREPARATION

This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the repealed Companies Ordinance, 1984 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, 2017.

This condensed interim consolidated financial information comprises the condensed interim consolidated balance sheet as at September 30, 2017, condensed interim consolidated profit and loss account, condensed interim consolidated cash flow statement, condensed interim consolidated statement of changes in equity and notes thereto for the three months period then ended.

The comparative condensed consolidated balance sheet, presented in this condensed interim consolidated financial information as at June 30, 2017 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 profit and loss account, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity for the three months period ended September 30, 2016 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 the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. Actual result 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 consolidated financial statements for the year ended June 30, 2017.

3. 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, 2017.

Basis of consolidation

The interim consolidated financial information of the Group comprises the interim financial information of the Parent Company and its subsidiaries. The interim financial information of the Parent Company and its subsidiaries was prepared up to the same reporting date and are combined on a line-by-line basis. All intercompany balances, transactions and related unrealized profits 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.

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the three months period ended September 30, 2017

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 22 to the annual audited consolidated financial statements for the year ended June 30, 2017.

6. LOSS PER SHARE

	Three months period ended	
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
Loss for the period (attributable to shareholders of the Parent Company)	(709,505)	(207,826)
	(Shares)	
Weighted average number of shares outstanding during the period	545,390,665	545,390,665
	(Rupees)	
Basic loss per share	(1.30)	(0.38)

- 6.1** There is no dilution impact of the potential ordinary shares on the Group's loss per share as such potential ordinary shares will not increase loss per shares upon their conversion to ordinary shares.

7. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated undertakings, staff retirement funds, directors and key management personnel. Material transactions with related parties, other than remuneration and benefits to the directors and key management personnel under the terms of employment are given below:

	Three months period ended	
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
TPL Trakker Limited - (common directorship)		
Revenue	3,650	3,292
Services acquired	3,008	2,472
TPL Direct Insurance Limited - (common directorship)		
Revenue	1,592	2,208
Services from Affiliates		
Consultancy services received	57,548	123,356

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the three months period ended September 30, 2017

Staff retirement benefits

Employees' provident fund - Contribution made

2,268

2,123

7.1 The above transactions are carried at mutually agreed terms.

7.2 The following balances were receivable from related parties as at the reporting date:

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
(Rupees in '000).....	
TPL Trakker Limited - (common directorship)		
Balance receivable	10,326	6,645
TPL Direct Insurance Limited - (common directorship)		
Balance receivable	3,180	1,248

8. GENERAL

8.1 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 January 31, 2018.

STATEMENT UNDER SECTION 241(2) OF THE REPEALED COMPANIES ORDINANCE, 1984.

The Chief Executive Officer of the Parent Company being presently out of Pakistan, this condensed interim consolidated financial information has been signed by two Directors as required under provisions of section 241(2) of the repealed Companies Ordinance, 1984.

Director

Chief Financial Officer

Director



TRG PAKISTAN LTD.

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