TRG PAKISTAN LIMITED

TRG VISION

To be the global leader in providing business process outsourcing services

TRG 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

TRG PAKISTAN LIMITED

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CORPORATE INFORMATION

TRG PAKISTAN LIMITED

Board of Directors

Peter H.R. Riepenhausen
Chairman
Muhammad Ziaullah Khan Chishti
CEO
Muhammad Ali Jameel
Ameer S. Qureshi
Patrick McGinnis
John Leone
Rafiq K. Dossani
Abu Bakar Chowdhury
Mohammadullah Khan Khaishgi
Saleem Butt

Audit Committee

Muhammad Ali Jameel - Chairman
Saleem Butt
Patrick McGinnis

HR Recruitment & Remuneration Committee

Peter H.R. Riepenhausen - Chairman
John Leone
Rafiq K. Dssani

Company Secretary

Syed Muhammad Talib Raza

Chief Financial Officer

Hassan Farooq

Legal Advisor

Lexium - Attorneys at Law

Auditors

KPMG Tasser Hadi & Co.
Chartered Accountants

Share Registrars

THK Associates (Pvt.) Ltd.
Share Department,
Ground Floor, State Life Bldg. No.3,
Dr. Ziauddin Ahmed Road, Karachi.
UAN: 111-000-322
FAX: 5655595

Registered Office

3rd Floor, Arcadia Building,
16th East Street, Defence Phase-I.
Main Korangi Road, Karachi-Pakistan.
UAN : (021) 111-874-874
FAX : (021) 3539-2843

Notice of Annual General Meeting

Notice is hereby given that the Eleventh Annual General Meeting of TRG Pakistan Limited (the "Company") will be held at the Auditorium of the Finance and Trade Centre, Shahra-e-Faisal, Karachi on Thursday, October 31, 2013 at 10:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Extraordinary General Meeting of the Company held on January 14, 2013.
2. To receive, consider and adopt the audited financial statements of the Company together with the Directors' and Auditors' Reports for the year ended June 30, 2013.
3. To appoint the Auditors for the ensuing year ending June 30, 2014 and fix their remuneration.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Karachi, October 10, 2013

Syed Muhammad Talib Raza
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 23, 2013 to October 31, 2013 (both days inclusive). Transfers received by our registrars, Messrs THK Associates (Pvt.) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 22, 2013 will be treated in time for the purpose of attending the meeting.
2. A member entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak, and vote for him/her. A proxy need not be a member of the Company.
3. The instrument appointing a proxy and the power of attorney, or other authority under which it is signed, or a notarially certified copy of such power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
4. Members are requested to notify any change in their address immediately.
5. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending meeting:

(i) In case of individuals, the account holder or the sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his / her identity by showing his / her original National Identity Card (NIC) at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For appointing proxies

(i) In case of individuals the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

(iii) Attested copies of NIC of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his / her original NIC at the time of the meeting.

(v) In case of corporate entity, the Board of Directors' resolutions / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Report of the Directors

For the Year ended June 30, 2013

Your Directors are pleased to present the standalone and consolidated Financial Statements of TRG Pakistan Limited for the year ended June 30th, 2013.

Key Developments

FY 2013 was a year of significant value creation for our shareholders as we successfully listed two of our subsidiary companies on the London Stock Exchange. Digital Globe Services (DGS) was admitted in February 2013 and IBEX Global Solutions (previously known as TRG Customer Solutions) was admitted in June 2013. The combined market capitalization of both these companies was, as of September 30, 2013, Rupees 24.8 billion. As of the same date, the value of TRG's stake in these companies is Rupees 14.3 billion, which translates to approximately Rs. 20.26 per share on a fully diluted basis.

During FY 2013, our IBEX Global Solutions subsidiary (which provides outsourced contact center services) recorded revenues of Rupees 13.4 billion, which represents a 45% increase over revenues in FY 2012. This increase was driven primarily by a significant increase in revenues from its two largest clients. Total headcount at IBEX now exceeds 8,000 employees. On March 31, 2013, we reorganized our outsourced contact center assets under the IBEX Global Solutions umbrella, which consists of our TRG Customer Solutions subsidiary, our UK contact center operations, and our offshore contact center assets in Pakistan, the Philippines and Senegal. During FY 2013, IBEX Global Solutions recorded Earnings before Taxes, Interest, Depreciation and Amortization (EBITDA) of Rupees 389 million, as against a figure of Rupees 87 million in FY 2012. As IBEX had to incur substantial training and growth costs, this figure does not reflect the full impact of the improvement in performance at IBEX; our objective is for IBEX to realize an EBITDA run rate of Rupees 1 billion per year in FY 2014.

The IBEX listing raised a gross amount (prior to listing) of Rupees 2.2 billion, of which Rupees 1.6 billion accrued to IBEX in exchange for new IBEX shares and the remaining amount accrued to TRG in exchange for a selldown of 6.5% of its total stake. The liquidity thus injected into IBEX has allowed us to leverage the positive operational and organizational developments over the course of the last few months. IBEX intends to use the proceeds to invest in additional infrastructure to support its growth as well as invest in further development of its management team.

Our Digital Globe Solutions (DGS) subsidiary (which provides customer acquisition and digital marketing services) had revenues of Rupees 2.5 billion during FY 2013, which represented an increase of 29% compared to FY 2012. Similarly, its margin increased to Rupees 390 million (compared to the prior year's figure of Rupees 292 million. The revenues (and costs) of DGS are no longer included within our consolidated revenues and costs as our current shareholding in DGS (subsequent to its listing) is 43.8%, and these results are accounted for using the equity method.

During FY 2013, our SATMAP subsidiary (which provides call routing solutions for contact centers using artificial intelligence) continued to show significant progress in attracting new customers and demonstrating effectiveness of its technology. While revenues remained modest at Rupees 235 million (FY 2012: Rupees 388 million) the business showed strong momentum as we started to invest heavily in business development in order to commence a broad scaling of its operations. We expect those efforts to convert to revenues during FY 2014. As a result primarily of the increase in business development costs and support infrastructure for new clients adopting the technology, SATMAP's losses increased to Rupees 602 million from a level of Rupees 193 million in FY 2012.

Amongst our other operating subsidiaries, we would like to highlight eTelequote, which provides customer acquisition services focused on the insurance industry. Over the last fiscal year, eTelequote has moved beyond its start-up phase. eTelequote recognized accounting revenues of Rupees 143 million over the prior fiscal year and an accounting loss of Rupees 75 million. However, we believe the accounting results materially understate the economic performance of eTelequote. On an economic basis, we believe that eTelequote is already significantly profitable, and we are currently in the process of substantially increasing its scale.

In terms of other mergers and acquisition activity over the course of FY 2013, we sold our Stratasoft subsidiary in September 2012 for proceeds of Rupees 355 million, recording a book value gain of 357 million.

Financial Performance

TRG Pakistan's financial statements consist of the financial statements of the parent company on a stand-alone basis, as well as the consolidated financial statements of the entire group. As TRG Pakistan essentially services as a holding company for all its investments, the results of our operations are best understood by reviewing our consolidated financial statements.

Consolidated financial statements:

The subsidiaries and the nature of their businesses are summarized in note 1 to the consolidated financial statements. Of these entities, TRG Pakistan Limited, The Resource Group International Limited, TRG Holdings LLC, TRG International Holdings LLC and BPO Solutions LLC do not generate external revenue and their expenses represent the corporate overhead to support our portfolio management functions.

For the year ended June 30th, 2013, our consolidated revenues amounted to Rupees 14.7 billion, which represents a 42.7% increase from revenues of Rupees 10.3 billion for the comparative period in 2012. The above revenue results do not include revenues associated with our DGS subsidiary subsequent to its listing (as it has been accounted for based on the equity method); were these revenues included, the company's revenues for the current year would be at Rupees 17.3 billion.

Our recurring subsidiary revenues were offset by net recurring cash operating costs (excluding interest) of Rupees 14.7 billion, resulting in recurring earnings before interest, taxes, depreciation and amortization of Rupees 24 million (adjusted for our share of profit from DGS).

Our operating subsidiaries incurred a net interest expense of Rupees 256 million to service their respective loans and lines of credit. As a result, our recurring operating cash income from our subsidiaries was negative Rupees 232 million over the year ended June 30th, 2013.

Our total corporate overheads for the year, excluding IPO related costs, were Rupees 394 million, compared to Rupees 329 million incurred during the year ended June 30, 2012.

Because of the listing of its subsidiaries, the company recognized a gain of approximately Rupees 4.6 billion due to recording the remaining investment in DGS at fair value. The gain on disposal of IBEX shares has been reflected in Equity due to its accounting as a majority-owned subsidiary.

In non-cash adjustments, we had depreciation and amortization expenses of Rupees 287 million, a non-cash stock option expense of Rupees 74 million, an exchange loss of Rupees 10 million, other non recurring expenses of Rupees 33 million and tax income of Rupees 158 million.

The net result of the above was a profit for the year of Rupees 3.7 billion, compared to a loss of Rupees 563 million during the same period in 2012.

TRG Pakistan Limited Stand Alone Financial Statements

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

The company recognized nominal income of Rupees 1.4 million mainly as a return on its cash balances, whereas it incurred expenses of Rupees 27 million for payroll and professional services and audit fees associated with its holding company activities. In non-cash adjustments the company recognized income of Rupees 2.1 billion as a reversal of earlier impairment loss on its investment in subsidiaries, deferred tax income of Rupees 0.2 million and other non-cash provisions of Rupees 41 million. As a result, TRG Pakistan realized a net profit of Rupees 2.0 billion for the year ended June 30, 2013.

Matter of Emphasis in Auditors Opinion

TRG Pakistan Limited's auditors, KPMG Taseer Hadi & Co., have drawn emphasis to possibility of Pinebridge Investments (holder of preference shares in TRG International Limited, the Company's sole direct subsidiary) enacting its drag right whereby it can cause to initiate the process of complete or partial liquidation of assets, including the sale of shares of TRG International Limited to redeem their investment of $30 million. TRG Pakistan has not received any notifications from Pinebridge of its intention to exercise its drag right. Your management also believes that Pinebridge's continued confidence in the Company despite the availability of the drag right is testament to the positive outlook and confidence they have in the Company to be able to deliver returns far superior to their original investment.

Corporate and Financial Reporting Framework

As required by the Code of Corporate Governance, the directors are pleased to report the following:

a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

b) Proper books of account of the Company have been maintained;

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;

e) The system of internal control is sound in design and has been effectively implemented and monitored;

f) There are no significant doubts upon the Company's ability to continue as a going concern except for those disclosed in notes 1.4 and 1.3 to the separate and consolidated financial statements of the company;

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

h) The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not trade in shares of the company except as disclosed in the Pattern of Shareholding: and

i) The value of investments of the recognized provident fund for TRG Pakistan Limited (on a stand-alone basis) as at June 30, 2013 was Rupees 2,100,163 (unaudited) and as at June 30, 2012 was Rupees 1,481,915 (unaudited).

Board Meetings during the year:

During the last four quarters of the year six meetings of the Board of Directors were held. Attendance by the Directors was as follows:

Name of Director	Meetings attended
Mr. Muhammad Ziaullah Chishti	6
Mr. Muhammad Ali Jameel	5
Mr. Mohammedulla Khaishgi	6
Mr. Rafiq Dossani	4
Mr. John Leone	5
Mr. Peter H. R. Riepenhausen	5
Mr. Ameer Shabu Qureshi	4
Mr. Patrick McGinnis	6
Mr. Abu Bakar Chowdhury	0
Mr. Saleem Butt	5
Mr. Yasir Ahmed Awan*	3

* Including attendance by alternate director

Board Audit Committee meetings during the year:

During the year, four meetings of the Board Audit Committee were held. Attendance by the Directors was as follows:

Name of Director	Meetings attended
Mr. Muhammad Ali Jameel	3
Mr. Patrick McGinnis	4
Mr. Saleem Butt	4

No meetings of the HR Recruitment & Compensation Committee were held during the year.

Appropriations:

The directors do not recommend any appropriations for the current year so that the company can reinvest its earnings and enhance the results of its subsidiaries. This would add greater value to TRG Pakistan shareholders in the long term.

Earnings per share:

The earnings per share of the company on a consolidated basis were Rupees 7.83 (loss of Rupees 2.49 per share from continuing operations and earnings of Rupees 10.32 per share from discontinued operation). On a stand-alone basis, the company recognized earnings per share of Rupees 5.21.

Auditors:

The retiring auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their re-appointment for the ensuing year ending June 30, 2014.

Shareholding Pattern:

A statement showing pattern of shareholding of the Company and relevant additional information as at June 30, 2013 is included in this report.

Outlook

With the listing of two of our subsidiaries on an international exchange at highly attractive valuations, we have started to successfully execute on our strategic plan of realizing shareholder value for our operating assets. We are currently focused on executing on our operating plan for our SATMAP, eTelequote and iSky subsidiaries in order for them to attain sufficient scale and earnings attractiveness for the private and public capital markets. We continue to believe that our SATMAP subsidiary presents significant upside potential for our shareholders, given its unique product offering and strong intellectual property. In addition, we remain strongly committed to sustaining continued earnings and valuation growth for our publicly listed subsidiaries.

Shareholder Acknowledgement:

We are thankful to our shareholders for their continued support of our unique business model, and for their trust and confidence in the management team. From our side, we feel greatly honored at having been given the opportunity to place Pakistan on the map in this industry.

Karachi — **On behalf of the Board of Directors**

Dated: October 7, 2013 — **Chief Executive**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

S No.	Category	Name of Director
1.	Executive Directors	Muhammad Ziaullah Khan Chishti Mohammadullah Khan Khaishgi
2.	Non-Executive Directors	Muhammad Ali Jameel Patrick McGinnis John Leone Peter H.R. Riepenhausen
3.	Independent Directors	Ameer S. Qureshi Rafiq K. Dossani Abu Bakar Chowdhry Saleem Butt

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the board during the year ended 30th June 2013.

5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures. The Company is in process of placing it on its website.

6. The Board has developed a vision/mission statement, overall corporate strategy and relevant significant policies of the Company. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. No new appointment of Chief Executive (CEO), other executive and non-executive directors has taken place during the year and no remuneration is paid to directors and CEO.

8. The Chairman and CEO are not the same persons and the Chairman is amongst the non-executive directors of the Company.

9. During the last four quarters of the year, six meetings of the Board were held, which were presided over by the Chairman. Written notices of the board meetings, along with the agenda and working papers, were made at least seven days prior to the meetings except for one urgent meeting with a reduced notice period. The minutes of the meetings were appropriately recorded and circulated.

10. The Director of the Company are individuals with vast diversified experience of financial and corporate affairs. They are well conversant with local laws, practices, requirements of CCG and their responsibilities to effectively manage the affairs of the Company on behalf of shareholders. The Company intends to facilitate further training for the directors especially under the directors' training program in near future as defined in the CCG.

11. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year.

12. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of the shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the CCG.

16. The Board has formed an Audit Committee. It comprises of three members and all of them are non-executive directors. The Chairman of the committee is not an independent director.

17. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

18. The related party transactions along with their relevant details were placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same were placed before the board for review and approval.

19. The board has formed an HR Recruitment & Compensation Committee. It comprises of 3 members and two of them are non-executive directors and the chairman of the committee is not an independent director.

20. The Board has set up an effective internal audit function for the Company and its subsidiaries (the Group). The personnel of internal audit function are considered to be suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company.

21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

23. The 'closed period' prior to the announcement of interim/final results which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange. The CEO dealt in shares of the Company within closed period under a reverse repurchase financing obtained by him against Company's shares held by him. We are of the view that this transaction is not a trade in Company's share and therefore closed period restrictions do not apply.

24. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

25. We confirm that all other material principles enshrined in the CCG have been complied.

Karachi

On behalf of the Board of Directors

Dated: October 07, 2013

Chief Executive

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Statement") prepared by the Board of Directors of TRG Pakistan Limited ("the Company") to comply with the Listing Regulations of Karachi Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, sub-regulation (x) of Listing Regulations 35 notified by the Karachi Stock Exchange requires the company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

As more fully explained in point no. 5, 10 and 16 of the Statement which describes the non-compliances in respect of placement of Code of Conduct on Company's website, Directors' training and composition of audit committee. Further, as explained in point no. 23 of the Statement, the Chief Executive dealt in shares of the Company during the closed period and certain other transaction by him in Company's shares were not presented to the Board of Directors.

Date: October 07, 2013

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

Pattern of Shareholding

As at June 30, 2013

No. of Shareholders	Number of Shares			No. of Shareholders	Number of Shares		
	From	To	Total Shares Held		From	To	Total Shares Held
299	1	100	8107	1	335001	340000	340000
707	101	500	330564	1	340001	345000	344291
1108	501	1000	1094211	5	345001	350000	1747500
2184	1001	5000	6636135	1	365001	370000	366500
843	5001	10000	7220467	1	380001	385000	383500
241	10001	15000	3213101	1	385001	390000	389000
204	15001	20000	3882434	5	395001	400000	2000000
161	20001	25000	3879809	1	405001	410000	407000
69	25001	30000	2013155	1	415001	420000	420000
43	30001	35000	1433219	1	430001	435000	432500
39	35001	40000	1520900	1	440001	445000	442500
26	40001	45000	1121781	1	450001	455000	455000
101	45001	50000	5015505	1	455001	460000	460000
17	50001	55000	915798	1	485001	490000	487936
26	55001	60000	1541500	5	495001	500000	2500000
8	60001	65000	513500	1	515001	520000	519655
15	65001	70000	1039500	1	540001	545000	545000
19	70001	75000	1409500	1	560001	565000	563000
11	75001	80000	879499	1	570001	575000	575000
9	80001	85000	747312	1	580001	585000	582840
12	85001	90000	1067593	2	595001	600000	1196000
5	90001	95000	464000	2	605001	610000	1217000
55	95001	100000	5488500	1	610001	615000	615000
2	100001	105000	207500	1	635001	640000	636775
6	105001	110000	657000	2	645001	650000	1295500
6	110001	115000	686000	3	695001	700000	2100000
8	115001	120000	954000	1	735001	740000	740000
9	120001	125000	1122500	3	745001	750000	2250000
5	125001	130000	639593	1	750001	755000	751000
3	130001	135000	402500	1	770001	775000	775000
3	140001	145000	435000	1	790001	795000	794500
15	145001	150000	2240158	2	795001	800000	1598860
2	150001	155000	307500	1	825001	830000	830000
3	155001	160000	473500	1	845001	850000	850000
1	160001	165000	164960	1	855001	860000	855500
4	165001	170000	675500	1	885001	890000	885500
4	170001	175000	693500	1	905001	910000	910000
5	175001	180000	891000	1	920001	925000	925000
1	185001	190000	187500	1	945001	950000	950000
1	190001	195000	194800	1	970001	975000	975000
16	195001	200000	3200000	4	995001	1000000	4000000
1	200001	205000	205000	1	1015001	1020000	1019500
1	205001	210000	206000	1	1095001	1100000	1100000
4	220001	225000	895302	1	1100001	1105000	1101000
1	225001	230000	227500	1	1115001	1120000	1115500
2	235001	240000	480000	1	1145001	1150000	1149000
2	240001	245000	486500	1	1230001	1235000	1234500
6	245001	250000	1498500	1	1295001	1300000	1300000
1	250001	255000	255000	1	1330001	1335000	1331000
2	255001	260000	516000	1	1340001	1345000	1345000
1	265001	270000	270000	1	1445001	1450000	1450000
1	270001	275000	275000	1	1455001	1460000	1460000
1	275001	280000	280000	1	1495001	1500000	1500000
2	280001	285000	566000	1	1895001	1900000	1900000
8	295001	300000	2400000	1	2125001	2130000	2126500
1	320001	325000	325000	1	2205001	2210000	2209000
2	325001	330000	656250	1	2395001	2400000	2400000

Pattern of Shareholding

As at June 30, 2013

No. of Shareholders	Number of Shares From	Number of Shares To	Total Shares Held
1	2750001	2755000	2755000
1	3080001	3085000	3084000
1	3170001	3175000	3175000
1	3750001	3755000	3750500
1	3785001	3790000	3786250
1	4320001	4325000	4322000
1	4530001	4535000	4532200
1	5240001	5245000	5242000
1	5435001	5440000	5438000
1	5795001	5800000	5800000
1	5830001	5835000	5831124
1	6895001	6900000	6900000
1	6915001	6920000	6916000
1	7070001	7075000	7072678
1	7670001	7675000	7670500
1	9345001	9350000	9350000
2	11995001	12000000	24000000
1	14595001	14600000	14600000
1	16410001	16415000	16411060
1	20795001	20800000	20796213
1	39790001	39795000	39790665
1	46200001	46205000	46204000
6,435		Company Total	385,390,700

Categories of Shareholders

As at June 30, 2013

Categories	Share Holders	Share Holding	Percentage
DIRECTORS, CEO & CHILDREN	14	62,560,481	16.2330 *
ASSOCIATED COMPANIES	2	3,834,250	0.9949
BANKS, DFI & NBFI	10	13,850,436	3.5939
INSURANCE COMPANIES	1	500	0.0001
MODARABAS & MUTUAL FUNDS	3	22,326,345	5.7932
GENERAL PUBLIC (LOCAL)	6197	207,104,845	53.7389
GENERAL PUBLIC (FOREIGN)	112	2,668,517	0.6924
OTHERS	94	18,908,448	4.9063
FOREIGN COMPANIES	2	54,136,878	14.0473
Company Total	6,435	385,390,700	100

* Out of this 46,204,000 shares have been placed under REPO with AHCL on various dates.

Pattern of Shareholding

As at June 30, 2013

Detail of Associated Companies	Number of Share Held
TRG INVESTMENT HOLDINGS LIMITED	3,786,250
TPL HOLDINGS (PRIVATE) LIMITED	48,000
	3,834,250

Details of Holding in the Shares by Directors, CEO, CFO, Company Secretary and their spouses and minor children	Number of Share Held
MR. MUHAMMAD ZIAULLAH CHISTI	60,828,034
MR. MUHAMMAD ALI JAMEEL	344,589
MR. MUHAMMADULLA KHAISHGI	612,840
MR. RAFIQ DOSSANI	3
MR. JOHN LEONE	3
MR. PETER H. R. RIEPENHAUSEN	3
MR. AMEER S. SHABU QURESHI	3
MR. PATRICK MCGINNIS	3
MR. ABU BAKAR CHOWDHURY	3
SALEEM BUTT	775,000
	62,560,481

Pattern of Shareholding
As Per Requirement of Code of Corporate Governance
As at June 30, 2013

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
HABIB BANK LIMITED-TREASURY DIVISION	12,000,000
FAYSAL BANK LIMITED	563,000
SONERI BANK LIMITED	82,500
BANK ALFALAH LIMITED - KARACHI STOCK EXCHANGE BRANCH	4,660
NATIONAL BANK OF PAKISTAN	276
NATIONAL BANK OF PAKISTAN	38,000
NATIONAL BANK OF PAKISTAN	750,000
INVEST CAPITAL INVESTMENT BANK LIMITED	155,000
SAUDI PAK INDUSTRIAL & AGRICULTURAL INVESTMENT CO. LTD.- PMD	250,000
ESCORTS INVESTMENT BANK LIMITED	7,000
EXCEL INSURANCE CO.LTD.	500
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	16,411,060
CDC - TRUSTEE AKD INDEX TRACKER FUND	84,161
CDC - TRUSTEE AKD OPPORTUNITY FUND	5,831,124
DELTA INDUSTRIES (PVT) LIMITED	30,000
IGI FINEX SECURITIES LIMITED	1
MAHA SECURITIES (PRIVATE) LIMITED	164,960
MOOSA,NOOR MOHAMMAD,SHAHZADA&CO.PVT.LTD	865
RAHAT SECURITIES LIMITED	3,000
AR MANAGEMENT SERVICES (PRIVATE) LIMITED	115,500
SARDAR MOHAMMAD ASHRAF D BALUCH PVT. LTD	12,000
FIRST CAPITAL EQUITIES LIMITED	1
SHAFFI SECURITIES (PVT) LIMITED	500
PRUDENTIAL SECURITIES LIMITED	534
STANDARD CAPITAL SECURITIES (PVT) LIMITED	300,000
AZIZ FIDAHUSEIN & COMPANY (PVT) LTD.	109,000
TRUSTEE - IQBAL ADAMJEE TRUST	100,000
ASHIANA COTTON PRODUCTS LTD(ACPL)	100,000
TRUSTEES MOOSA LAWAI FOUNDATION	10,000
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	300,000
GARIBSONS (PVT.) LTD.	40,000
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD	1,149,000
IMGC GLOBAL (PVT.) LIMITED	5,000
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	45,035
MUHAMMAD ANAF KAPADIA SECURITIES (SMC-PVT.) LTD	4,322,000
H. H. K. SECURITIES (PRIVATE) LIMITED	460,000
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1,580
D.S.INDUSTRIES LTD	1,000
NH SECURITIES (PVT) LIMITED.	33,000
CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	500
EXCEL SECURITIES (PVT.) LTD.	450
ACE SECURITIES (PVT.) LIMITED	24,302
PEARL SECURITIES LIMITED	178,000
HIGHLINK CAPITAL (PVT) LTD	600
AMCAP SECURITIES PVT LIMITED	15,000
CAPITAL VISION SECURITIES PVT LIMITED	2,000
EXCEL SECURITIES (PRIVATE) LIMITED	2,550
FAWAD YUSUF SECURITIES (PVT.) LIMITED	250,000
BAWA SECURITIES (PVT) LTD.	50,000
AZEE SECURITIES (PRIVATE) LIMITED	487,936
ZILLION CAPITAL SECURITIES (PVT) LTD.	2,755,000
DALAL SECURITIES (PVT) LTD.	75,000
MULTILINE SECURITIES (PVT) LIMITED	55,000
CAPITAL VISION SECURITIES (PVT) LTD.	7,500

Pattern of Shareholding
As Per Requirement of Code of Corporate Governance
As at June 30, 2013

Banks, Development Finance Institutions, Non-Banking Finance institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
FDM CAPITAL SECURITIES (PVT) LIMITED	50,000
FDM CAPITAL SECURITIES (PVT) LIMITED	200,000
THE MEMON WELFARE SOCIETY	100,000
NCC-SQUARING-UP ACCOUNT	35,900
STOCK VISION (PVT.) LTD.	2,000
DJM SECURITIES (PRIVATE) LIMITED	1,234,500
SHERMAN SECURITIES (PRIVATE) LIMITED	442,500
ADEEL & NADEEM SECURITIES (PVT.) LIMITED	145,000
LIVE SECURITIES LIMITED	49,700
TIME SECURITIES (PVT.) LTD.	751,000
S.Z.SECURITIES (PVT.) LIMITED	5,000
MAAN SECURITIES (PRIVATE) LIMITED	48,500
FAIR EDGE SECURITIES (PRIVATE) LIMITED	1,500
INVESTFORUM (SMC-PVT) LIMITED	5,500
HH MISBAH SECURITIES (PRIVATE) LIMITED	50,000
AMER SECURITIES (PRIVATE) LIMITED	100
B & B SECURITIES (PRIVATE) LIMITED	3,000
STOCK MASTER SECURITIES (PRIVATE) LTD.	902
FIRST NATIONAL EQUITIES LIMITED	40,980
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	95,500
DARSON SECURITIES (PVT) LIMITED	519,655
STOCK STREET (PVT) LIMITED.	22,092
ARIF HABIB CORPORATION LIMITED	46,204,000
AXIS GLOBAL LIMITED	500
HORIZON SECURITIES (SMC-PVT) LIMITED	25,000
SAAO CAPITAL (PVT) LIMITED	100,000
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	1,345,000
ZAHID LATIF KHAN SECURITIES (PVT) LTD	125,000
H. H. K. SECURITIES PRIVATE LIMITED	740,000
AWJ SECURITIES (SMC-PRIVATE) LIMITED.	5,985
PASHA SECURITIES (PVT) LTD.	500
HK SECURITIES (PVT) LTD.	2,000
FAIR DEAL SECURITIES (PVT) LTD.	13,012
MAM SECURITIES (PVT) LIMITED	1,000
WASI SECURITIES (SMC-PVT) LTD.	6,001
DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	1,500
AMIN FEROZ & CO (PRIVATE) LIMITED	10,000
VALUE STOCK SECURITIES PRIVATE LIMITED	12,791
KSR STOCK BROKERAGE (PVT) LTD.	38,000
SNM SECURITIES (PVT) LTD.	5,000
H.S.Z. SECURITIES (PRIVATE) LIMITED	1
MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	5,950
S.Z. SECURITIES (PRIVATE) LIMITED	8,000
TRADE-IN-SECURITIES (PVT) LTD.	885,500
SALIM SOZER SECURITIES (PVT.) LTD.	225,000
AKD SECURITIES LIMITED - AKD TRADE	500
TRUSTEE CHERAT CEMENT COMPANY LTD.STAFF GRATUITY FUND	200,000
RAH SECURITIES (PVT) LIMITED	30,000
SHAJAR CAPITAL PAKISTAN (PRIVATE) LIMITED	25,000
IMPERIAL INVESTMENT (PVT) LTD.	3,200
PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED	530
ACM GLOBAL (PVT.) LIMITED	75,000
FIKREE'S (SMC-PVT) LTD.	8,000
MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	300
MERRILL LYNCH PIERCE FENNER & SMITH INC	14,346,213
	115,635,907

Pattern of Shareholding

As at June 30, 2013

Shareholders holding 5% or more voting interest	Number of Shares Held	Voting interest (%)
INTERNATIONAL FINANCE CORPORATION	39,790,665	10.3248
MR. MUHAMMAD ZIAULLAH CHISTI	60,828,034	15.7835
	100,618,699	**26.1083**

Details of Pattern of Shareholding

As Per Requirement of Code of Corporate Governance

Detail of movement in the shares hold by the Directors, CEO, CFO, Company Secretary and their spouses and minor children	Designation	Opening Balance July 1, 2012	Closing Balance June 30, 2013
MR. MUHAMMAD ZIAULLAH CHISTI	Chairman and CEO	19,034,034	60,828,034
MR. MUHAMMAD ALI JAMEEL	Director	6,763,589	344,589
MR. MUHAMMADULLA KHAISHGI	Director	612,840	612,840
MR. RAFIQ DOSSANI	Director	3	3
MR. JOHN LEONE	Director	3	3
MR. PETER H. R. RIEPENHAUSEN	Director	3	3
MR. AMEER S. SHABU QURESHI	Director	3	3
MR. PATRICK MCGINNIS	Director	3	3
MR. ABU BAKAR CHOWDHURY	Director	3	3
SALEEM BUTT	Director	775,000	775,000
		27,185,481	**62,560,481**

Pattern of Shareholding
Detail of Sale/Purchase of Shares by Directors

As at June 30, 2013

Name	Designation	Date of Sale	Number of Shares	Rate
MR. MUHAMMAD ALI JAMEEL	Director	28-12-2012	2,850,000	5.65
MR. MUHAMMAD ALI JAMEEL	Director	18-03-2013	2,000,000	6.35
MR. MUHAMMAD ALI JAMEEL	Director	19-03-2013	221,000	5.90
MR. MUHAMMAD ALI JAMEEL	Director	20-03-2013	1,348,000	6.91
Name	**Designation**	**Date of Purchase**	**Number of Shares**	**Rate**
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director & CEO	31-12-2012	4,900,000	6.04
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director & CEO	19-03-2013	2,256,000	7.02
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director & CEO	19-03-2013	26,000,000	6.15
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director & CEO	20-03-2013	1,638,000	7.01
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director & CEO	21-03-2013	7,000,000	6.25

Historical Financial Inoformation

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
	(Rupess in '000)									
Revenue	1,388	2,086	1,002	615	28,915	2,445	8,300	29,34	20,201	17,661
Expenses	(2,006,107)	26,799	71,740	1,617,447	737,411	(2,452,297)	(59,334)	(165,252)	(23,191)	(73,584)
Taxation	173	(173)	-	-	-	-	-	-	-	-
Net Profit / (Loss)	2,007,668	(24,889)	(70,738)	(1,616,832)	766,326	(2,449,852)	(51,034)	(135,912)	(2,990)	(55,923)
Basic EPS	5.21	(0.06)	(0.18)	(4.20)	1.99	(6.36)	(0.10)	(0.56)	(0.01)	(0.55)
Diluted EPS	-	-	-	-	-	-	-	-	-	-
Non - Current Assets	3,304,027	1,105,316	1,006,387	1,056,665	2,534,500	1,475,975	3,561,889	3,586,836	2,812,431	960,939
Current Assets	3,361	9,113	13,527	16,063	15,113	24,464	33,720	74,265	53,196	23,906
Sharecapital and Reserves	3,145,514	1,018,256	950,653	1,015,698	2,509,058	1,464,850	3,566,394	2,176,636	2,314,917	625,553
Non - Current Liabilities	-	173	-	206	566	-	-	3,069	9,191	732
Current Liabilities	161,874	96,000	69,261	56,824	39,989	35,589	29,215	1,481,396	541,519	358,561
Dividend	-	-	-	-	0.01	-	-	-	-	-
Market share price	10.19	3.42	2.56	4.11	1.35	6.25	16.4	10.05	10.1	17.25
Number of Employees	3	4	4	4	4	2	5	4	3	3
Number of Consolidating Subsidiaries	28	26	32	29	22	21	15	16	8	5

TRG PAKISTAN LIMITED

STANDALONE FINANCIAL STATEMENTS

For the year ended June 30, 2013

Auditors' Report to the Members

We have audited the annexed balance sheet of TRG Pakistan Limited ("the Company") as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to note 1.4 to the annexed financial statements which states that effective October 4, 2008 the preference shareholders (PineBridge Investors) of the Company's subsidiary, The Resource Group International Limited, Bermuda (TRGIL) have the right to have their preference shares purchased back at the original issue price or force liquidation of TRGIL's assets or to require the TRGIL's ordinary shares to be sold, subject to the conditions stated in that note. These conditions along with other matters as set forth in note 1.4 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the management is confident that the PineBridge investors would continue with their investment in the preference shares of TRGIL and shall not exercise the options, as stated in note 1.4, available to it in the foreseeable future.

Our opinion is not qualified in respect of above-mentioned matter.

Date: October 07, 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Balance Sheet

As at June 30, 2013

	Note	2013	2012
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	4	93	726
Long term investment	5	3,303,859	1,104,515
Long term deposits		75	75
		3,304,027	1,105,316
Current assets			
Advance to related party	6	-	4,335
Accrued markup	7	7	85
Receivables from related party	8	571	540
Advance tax		1,214	1,201
Cash and bank balances	9	1,569	2,952
		3,361	9,113
Total assets		3,307,388	1,114,429
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	10	7,330,000	7,330,000
Issued, subscribed and paid-up capital	10	3,853,907	3,853,907
Foreign exchange translation reserve		924,166	804,576
Accumulated losses		(1,632,559)	(3,640,227)
		3,145,514	1,018,256
Non-current liabilities			
Deferred taxation	11	-	173
Current liabilities			
Accrued and other liabilities	12	62,496	23,345
Payable to related parties - current account	13	99,378	72,655
		161,874	96,000
Total equity and liabilities		3,307,388	1,114,429
Contingencies and commitments	14		

The annexed notes 1 to 26 form an integral part of these financial statements.

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

The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director | Director

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in '000)	
Interest and other income	15	1,388	2,086
Other expenses	16	(68,108)	(26,799)
Reversal of impairment loss on investment	5.2	2,074,215	-
Profit / (loss) before financial charges		2,007,495	(24,713)
Finance cost		-	(3)
Profit / (loss) before taxation		2,007,495	(24,716)
Taxation - deferred	11	173	(173)
Profit / (loss) for the year		2,007,668	(24,889)
Other comprehensive income			
Foreign currency translation difference		119,590	92,492
Total comprehensive income for the year		2,127,258	67,603
		(Rupees)	
Earnings / (loss) per share - basic and diluted	17	5.21	(0.06)

The annexed notes 1 to 26 form an integral part of these financial statements.

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

The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director

Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Accumulated losses	Total
	(Rupees in '000)			
Balance as at June 30, 2011	3,853,907	712,084	(3,615,338)	950,653
Total comprehensive income / (loss) for the year				
Loss for the year	-	-	(24,889)	(24,889)
Foreign currency translation difference	-	92,492	-	92,492
	-	92,492	(24,889)	67,603
Balance as at June 30, 2012	3,853,907	804,576	(3,640,227)	1,018,256
Total comprehensive income / (loss) for the year				
Profit for the year	-	-	2,007,668	2,007,668
Foreign currency translation difference	-	119,590	-	119,590
	-	119,590	2,007,668	2,127,258
Balance as at June 30, 2013	**3,853,907**	**924,166**	**(1,632,559)**	**3,145,514**

The annexed notes 1 to 26 form an integral part of these financial statements.

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

The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director

Director

Cash Flow Statement

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	18	2,704	3,145
Markup income received		426	4,779
Taxes paid		(13)	-
Finance cost paid		-	(3)
Net cash generated from operating activities		3,117	7,921
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		-	(47)
Net cash used in investing activities		-	(47)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of liability against asset subject to finance lease		-	(208)
Net cash used in financing activities		-	(208)
Effects of exchange rate difference		(4,500)	(5,510)
Net (decrease) / increase in cash and cash equivalents		(1,383)	2,156
Cash and cash equivalents at beginning of the year		2,952	796
Cash and cash equivalents at end of the year	9	1,569	2,952

The annexed notes 1 to 26 form an integral part of these financial statements.

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

The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director

Director

Notes to the Financial Statements

For the year ended June 30, 2013

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 Ordinance, 1984 and is listed on the Karachi Stock Exchange. The Company obtained the certificate of commencement of business on February 27, 2003. The operations of the Company effectively started on April 11, 2003. The registered office of the Company is situated at 3rd Floor, Arcadia Building, 16th East Street, Phase 1, DHA, Karachi, Pakistan. The Company obtained a license on May 14, 2003 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). Regulations 17(1) & (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 was relaxed for the Company, permitting the Company to expose up to 100% of its equity attributable to venture capital investment in its subsidiary. The Company filed an application with SECP under section 21 of the Companies Ordinance 1984, seeking approval for the exit of the Company from NBFC Regime and continue to operate as a listed company. The SECP vide its letter (NBFC/PE/TRG/VC/167/2012) dated January18, 2012 approved the Company's application.

1.2 The principal activity of the Company is to directly and / or indirectly acquire, manage and / or maintain the business of telephone answering services, call centers, business process outsourcing services and information technology related services. To date, the Company has acquired call centre operations in North America, Africa, Asia and Europe through its subsidiary, The Resource Group International Limited, Bermuda ("TRGIL"), which includes companies that are presently experiencing losses. The Company has adopted multiple strategies to improve their profitability and cash flows by a combination of cost rationalization, operational efficiencies and off shore migration of labour.

1.3 These financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for in accordance with accounting policy as stated in note 3.2. Consolidated financial statements are prepared separately.

1.4 As stated in note 10.3, TRGIL has not consummated a qualified public offering within the specified time period. Accordingly, the rights available to the PineBridge Investors (formerly AIG Investors) to cause the subsidiary to liquidate its assets or to force the sale of the TRGIL's ordinary shares to a third party have become exercisable. If the PineBridge Investors exercise their right, TRGIL may, as an alternative, be required by the PineBridge Investors to purchase back their preference shares from them (PineBridge Investors) instead, at a price not less than the original issue price (i.e.US$1.12 per share). Depending on the option, if any, chosen by PineBridge Investors, the liquidation of assets or redemption of preference shares by them (PineBridge Investors) could cause liquidity problems for TRGIL.

Further, during the year ended June 30, 2013, TRGIL has incurred consolidated loss after tax from continuing operations amounting to Rs. 1,083 million (2012: Rs. 1,282 million) and its consolidated accumulated losses at year end amounted to Rs. 6,918 million (2012: Rs. 10,664.118 million).

Consolidated profit after tax of TRGIL for the year amounting to Rs. 3,746 million mainly arised due to gain on sale of shares in subsidiaries, Stratasoft Inc. and Digital Globe Services Limited (DGSL), by TRGIL. Since TRGIL is only direct subsidiary of the Company and the Company has not other direct operations, accordingly above conditions indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. However, the management is confident that the PineBridge Investors would continue with their investment in the preference shares of the TRGIL in foreseeable future. Further, on the basis of improvement in performance from last year and projected cash flows, management is confident that the Company will improve its operating results and will be able to have positive results in near future. Accordingly, these financial statements have been prepared under the going concern assumption.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise disclosed.

2.3 Functional and presentation currency

Items included in the financial statements are measured using United States Dollars (USD), the functional currency of the Company. However, these financial statements are presented in Pakistan Rupees (PKR), which is the presentation currency.

2.4 Critical accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards 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.

In the process of applying the Company's accounting policies, management has made certain estimates and judgments which are significant to the financial statements, relating to impairment testing of long term investment (note 3.2). Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future year affected.

2.5 Standards, amendments and interpretations which became effective during the year

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the year either were not relevant to the Company's operations or did not have any significant impact on the financial statements of the Company.

2.6 Standards, interpretations and amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 1, 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 1, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company does not have defined benefit plans, and this amendment has no affect on financial statement of Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12 - Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 1, 2013.

- IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 1, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 1, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after January 1, 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 1, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- IFRIC 21 - Levies 'an Interpretation on the Accounting for Levies imposed by Governments' (effective for annual periods beginning on or after January 1, 2014). The amendments have no impact on financial statements of the Company.

- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after January 1, 2014). The amendments have no impact on financial statements of the Company

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 1, 2014).

The amendments have no impact on financial statements of the Company other than changes in disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

3.1.1 Owned property and equipment and related depreciation

Property and equipment are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to the profit and loss account using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates stated in note 4.

Depreciation on additions is charged from the month in which an asset is put to use and on disposals up to the month immediately preceding disposal.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

Asset's residual values and useful lives are reviewed at each balance sheet date and adjusted if impact on depreciation is significant.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount of the relevant assets. These are recognized in the profit and loss account.

3.1.2 Property and equipment subject to finance leases and related depreciation

Assets subject to finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease less financial charges allocated to future periods are shown as liabilities. These financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities.

Depreciation on assets subject to finance lease is provided on the same basis as the Company's owned assets.

3.1.3 Impairment of property and equipment

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognized in the profit and loss account. The recoverable amount of property and equipment is the greater of fair value less cost to sell and value in use.

3.2 Long term investment

Investment in a subsidiary company is carried at cost, less impairment losses, if any. The Company assesses at each balance sheet date whether there is any indication that the investment in subsidiary company may be impaired. If such indication exists, the carrying amount of investment is reviewed to assess whether it is recorded in excess of its recoverable amount. The recoverable amount is greater of value in use and fair value less cost to sell. Value in use is based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the asset. Where carrying value exceeds the recoverable amount, investment is written down to it's recoverable amount and the resulting impairment charge is recognized in the profit and loss account.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the profit and loss account. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

3.3 Revenue and other income

- Profit / interest on bank deposits and advances is recorded on accrual basis.
- Management fee is recognized as the services are rendered and it is probable that the economic benefits associated with the transactions will flow to the entity.
- Dividend income is recognized when the right to receive dividend is established.

3.4 Taxation

3.4.1 Current taxation

Provision for current year taxation is based on the taxable income determined in accordance with the prevailing law for taxation at the current rate of tax or one percent of turnover, whichever is higher, after taking into account applicable tax credits, rebates and exemptions available, if any.

However, the Company has incurred taxable loss for the year and does not have any revenue items falling under the definition of "turnover" as defined in Income Tax Ordinance, 2001. Accordingly, no charge for taxation has been recognized in these financial statements.

Due to change in the Company's status from NBFC to normal company, as stated in note 1 to the financial statements, the Company is not entitled to avail the tax exemption available under clause 101 part I of second schedule of Income Tax Ordinance 2001, w.e.f. January 18, 2012.

3.4.2 Deferred taxation

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss account except to the extent it relates to items recognized directly in equity / other comprehensive income in which case it is also recognized in equity / other comprehensive income.

3.5 Provisions

A provision is recognized when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.6 Foreign currency

3.6.1 Foreign currency transactions

Transactions in foreign currencies are translated into USD (the functional currency) using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into USD using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.6.2 Foreign currency translations

The results and financial position of the Company are translated into PKR (presentation currency) as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each profit and loss account are translated at average exchange rates; and

(iii) all resulting exchange differences are recognized as a separate component of equity.

3.7 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks.

3.8 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the Company looses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is taken to profit and loss account.

3.9 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle these on net basis or to realize the assets and settle the liabilities simultaneously.

3.10 Staff retirement benefits

The Company operates a defined contribution plan (i.e. recognized provident fund scheme) for all its permanent employees. Equal monthly contributions @ 6.5% of the gross salary are made to the fund, both by the Company and by its employees. The assets of the fund are held separately under the control of the Trustees. Contributions made by the Company are charged to profit and loss account for the year.

3.11 Dividend

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognized in the financial statements in the year in which such dividends are approved / transfers are made.

3.12 Earning per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. PROPERTY AND EQUIPMENT

	Owned		Leased	Total
	Computers and office equipments	Motor vehicles	Motor vehicles	
	(Rupees in ,000)			
As at June 30, 2011				
Cost	639	1,027	1,475	3,141
Accumulated depreciation	(357)	(951)	(688)	(1,996)
Net book value	**282**	**76**	**787**	**1,145**
Year ended June 30, 2012				
Opening net book value	282	76	787	1,145
Additions	47	-	-	47
Disposal				
- Cost	(76)	-	-	(76)
- Depreciation	76	-	-	76
Transfer from leased to owned				
- Cost	-	1,475	(1,475)	-
- Depreciation	-	(762)	762	-
Transfer 4.1				
- Cost	-	(917)	-	(917)
- Depreciation	-	917	-	917
	-	713	(713)	-
Depreciation charge for the year	(149)	(243)	(74)	(466)
Net book value	180	546	-	726
As at June 30, 2012				
Cost	610	1,585	-	2,195
Accumulated depreciation	(430)	(1,039)	-	(1,469)
Net book value	**180**	**546**	**-**	**726**
Year ended June 30, 2013				
Opening net book value	180	546	-	726
Additions	-	-	-	-
Transfer 4.1				
- Cost	(30)	(1,475)	-	(1,505)
- Depreciation	30	1,008	-	1,038
	-	(467)	-	(467)
Depreciation charge for the year	(119)	(47)	-	(166)
Net book value	61	32	-	93
As at June 30, 2013				
Cost	580	110	-	690
Accumulated depreciation	(519)	(78)	-	(597)
Net book value	**61**	**32**	**-**	**93**
Annual rate of depreciation	**20% to 33.33%**	**20%**	**20%**	

4.1 This represents transfer to TRG (Private) Limited, an indirect subsidiary of the Company.

5. LONG TERM INVESTMENT

	Note	2013	2012
		(Rupees in '000)	
In unquoted subsidiary - at cost			
The Resource Group International Limited (TRGIL)			
60,450,000 (2012: 60,450,000) ordinary shares	5.1	6,026,865	5,712,525
Less: Accumulated impairment	5.2	(2,723,006)	(4,608,010)
		3,303,859	1,104,515

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's ordinary shares is 82.3% (2012: 82.3%) whereas the percentage of voting interest of the Company in TRGIL is 60.31% (2012: 60.31%).

5.1 Movement in investment at cost

	2013	2012
Opening balance	5,712,525	5,198,700
Currency translation difference	314,340	513,825
Closing balance	6,026,865	5,712,525

5.2 Movement in accumulated impairment

	Note	2013	2012
Opening balance		4,608,010	4,193,533
Reversal of impairment loss on investment		(2,074,215)	-
Currency translation difference		189,211	414,477
Closing balance	5.3	2,723,006	4,608,010

5.3 This represents the difference between recoverable amount and carrying value of the investment. Cash generating units of the Company comprise of indirect subsidiaries of the Company which are smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets or other group companies. The recoverable amount of the cash generating units have been determined based on higher of "fair value less cost to sell" and "value in use". Value in use is determined, using cash flow projections prepared by the management. Reversal has arised primarily due to listing of IBEX Global Solutions Plc on Alternative Investment Market of London Stock Exchange.

6. ADVANCE TO RELATED PARTY

- considered good

	2013	2012
Virtual World (Private) Limited	-	4,335

6.1 This represents advance to Virtual World (Private) Limited (an indirect subsidiary of the Company), carrying markup at the rate of 9% (2012: 9%) per annum for operational requirements.

7. ACCRUED MARKUP

	2013	2012
Markup accrued on advance given to Virtual World (Private) Limited (an indirect subsidiary)	-	68
Markup accrued on return from bank	7	17
	7	85

8. RECEIVABLES FROM RELATED PARTY - considered good

	Note	2013	2012
		(Rupees in '000)	
TRG Marketing Solutions, UK - Indirect subsidiary	8.1	571	540

8.1 The above balance represents the maximum aggregate amount outstanding during the year.

9. CASH AND BANK BALANCES

	Note	2013	2012
Balance with bank in			
- current account		625	625
- saving account	9.1	919	2,306
		1,544	2,931
Cash in hand		25	21
		1,569	2,952

9.1 The balances in saving account carry markup ranging from 6% to 8% per annum (2012: 5% to 8% per annum).

10. SHARE CAPITAL

	2013		2012	
	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	**375,765,722**	**3,757,657**	375,765,722	3,757,657
- allotted for consideration other than cash (refer note 10.1)	**9,624,978**	**96,250**	9,624,978	96,250
	385,390,700	**3,853,907**	385,390,700	3,853,907

10.1 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.

10.2 On July 25, 2007, TRGIL entered into an equity subscription and shareholders agreement with IDB Infrastructure Fund L.P. (IDB). In accordance with this agreement TRGIL issued 12,396,694 shares at US$1.21 per share resulting in gross proceeds of US$15 million. IDB had an option under this agreement to invest a further US$15 million into TRGIL as ordinary shares at a price of US$1.21 per share. This option expired on July 25, 2009, which was the second anniversary of the date of the agreement. IDB has the right to exchange all or any lesser portion of its ordinary shares into a predefined number of freely tradable shares of the Company. During the last year, IDB conveyed its intention to convert its shares in TRGIL into shares of the Company. The conversion is subject to the completion of certain legal and regulatory requirements. During the year, IDB entered into an agreement to sell its equity interest in TRGIL to the Company's Chief Executive Officer Mr. Zia Chishti. The principal terms of the transaction comprise the sale of 12,396,694 shares reflecting approximately 12.4% of the total outstanding shares of TRGIL. Additionally, Mr. Chishti has undertaken not to sell the shares he will acquire under this agreement until such time as PineBridge Investors has either converted their preference shares in TRGIL into common shares or otherwise realized its preference shares.

10.3 On October 4, 2005, TRGIL entered into a series A preferred stock purchase agreement 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). The agreement allowed for the purchase of up to 26,785,714 shares of Series A Preferred Stock for an initially determined purchase price of US$1.12 per share. The total committed amount was up to US$30,000,000.

The preferred stock is entitled to the same voting rights and dividend entitlements as ordinary share, but rank higher in the event of liquidation. The 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 TRGIL remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2013, requiring such an accrual or payment.

The preferred stock can be converted at any time into an equivalent amount of ordinary shares at the option of the preferred stockholder, subject to adjustment, if at any time after the date the preference shares were issued, TRGIL issues or sells or is deemed to have issued or sold any shares of TRGIL's ordinary share for consideration per share less than the conversion price of the preference shares on the date of such issuance or sale. Additionally, if certain minimum valuation thresholds are not met, a qualified public offering or change of control can cause an adjustment to conversion price. Accordingly, the precise number of ordinary shares issuable upon the conversion of the preferred shares cannot be definitely predicted.

If TRGIL has not consummated a qualified public offering on or before the third anniversary of the initial closing date, then the PineBridge Investors have the right to cause the TRGIL to sell to a third party all or a portion of either (1) the TRGIL issued ordinary shares or (2) the consolidated assets of the Group. If the PineBridge Investors exercise this right, TRGIL as an alternative be required by PineBridge Investors to purchase back their preference shares from them at a price not less than the original issue price (US$1.12). However, according to section 4.06(e) of the Investor Rights Agreement {an agreement between the Company and International Finance Corporation (IFC)}, the Company shall not, without the approval of its shareholders by a special resolution, undertake or permit, amongst other things, change in control of any key subsidiary (which includes TRGIL). Further, section 4.06(e) of the Investor Rights Agreement has been made part of the aforementioned Preferred Stock Purchase Agreement. Nonetheless, according to paragraph 8.7(c)(iii) of the Preferred Stock Purchase Agreement, the Company, TRGIL and the management shareholders are required to take all necessary steps to enable the PineBridge Investors to cause sale of the TRGIL's issued ordinary shares.

If a liquidity event occurs, which is defined as a change of control or qualified public offering, the investors will receive the liquidity event amount for each preferred share held, which is determined as follows:

- 125% of the liquidation amount (US$1.12) if the liquidity event occurs within 21 months of the initial closing date.

- 135% of the liquidation amount (US$1.12) if the liquidity event occurs between 21 months and 36 months of the initial closing date.

- 145% of the liquidation amount (US$1.12) if the liquidity event occurs between 36 months and 54 months of the initial closing date.

- 155% of the liquidation amount (US$1.12) if the liquidity event occurs after 54 months from the initial closing date.

As the third anniversary of the initial closing date has passed on October 4, 2008 and TRGIL has not consummated a qualified offering, the PineBridge Investors, now have the right to exercise any one of the aforementioned options. However, to date TRGIL has not been notified by the PineBridge Investors of any intention to cause it to sell the assets or sale its outstanding ordinary shares.

As of June 30, 2013, PineBridge Investors has invested the full US$30 million committed to the TRGIL.

11. DEFERRED TAXATION

	2013	2012
	(Rupees in '000)	
Credit balance arising in respect of:		
- Accelerated tax depreciation allowance	-	173

Deferred tax asset, amounting to Rs. 1,009 million (2012: Rs. 1,659 million), has not been recognized in these financial statements, as the management is of the view that it is not probable that sufficient taxable profit will be available in the foreseeable future against which deductible temporary differences and unused tax losses can be utilized. At the year end, the Company's tax losses amounted to Rs. 158.66 million (2012: Rs. 132.60 million).

12. ACCRUED AND OTHER LIABILITIES

	2013	2012
Accrued expenses	4,270	4,670
Worker's Welfare Fund payable	56,608	15,639
Unclaimed dividend	592	592
Other liabilities	1,026	2,444
	62,496	23,345

13. PAYABLE TO RELATED PARTIES - Current account

Name of related party	Nature of relationship	2013	2012
		(Rupees in '000)	
TRGIL	Subsidiary	11,350	10,758
Trakker (Private) Limited	Associated company	2,178	2,178
TRG Holding LLC	Indirect subsidiary	85,127	58,973
TRG (Private) Limited	Indirect subsidiary	723	746
		99,378	72,655

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The Company filed its first return of income tax for the tax year 2003 (i.e. year ended June 30, 2003) claiming exemption under clause 101 of Part I of the second schedule to the Income Tax Ordinance 2001. As at June 30, 2013, returns of income tax up to tax year 2012 have been filed by the Company wherein exemption has been claimed on similar grounds as were taken in initial tax year 2003. However, deemed assessments for the tax years 2003 and 2004 have been amended by the Taxation Officer (TO) whereby the claim of exemption in both the years has been rejected and tax demands of Rs. 604,687 and Rs. 88,303 have been created respectively. The first appeal filed by the Company before Commissioner Inland Revenue (Appeals) against the amended orders has been rejected. The Company has preferred second appeal in both the years before the Appellate Tribunal Inland Revenue (ATIR) who has decided the appeal in the favour of the company through the consolidated order dated March 28, 2013. Application has been filed with the tax authorities for passing the appeal effect orders which are currently pending. Accordingly, no provision has been made for the said matters in these financial statements.

14.1.2 The Company has issued corporate guarantees up to an aggregate of Rs. 24 million (2012: Rs. 24 million) against the financing facilities availed by TRG (Private) Limited, an indirect subsidiary of the Company.

14.2 Commitments

There were no commitments outstanding as at June 30, 2013 and 2012.

15. INTEREST AND OTHER INCOME

	Note	2013	2012
		(Rupees in '000)	
Interest from financial assets			
- Return on bank balances		120	109
- Interest income on advances	15.1	229	529
		349	638
Other income			
- Exchange gain		1,039	1,346
- Recovery of cost of an asset		-	102
		1,388	2,086

15.1 This represents interest income on advance to Virtual World (Private) Limited (an indirect subsidiary of the Company).

16. OTHER EXPENSES

		2013	2012
		(Rupees in '000)	
Salaries, wages and other benefits	16.1	11,896	12,877
Rent		549	533
Printing, stationery and courier		4,027	4,152
Insurance		1,079	1,147
Communication		214	997
Worker's Welfare Fund		40,969	-
Legal and professional charges		2,410	1,337
Auditors' remuneration	16.2	4,897	4,910
Depreciation	4	166	466
Miscellaneous expenses		1,901	380
		68,108	26,799

16.1 This includes the Company's contribution to employees' retirement benefit fund amounting to Rs. 0.594 million (2012: Rs. 0.451 million).

16.2 Auditors' remuneration

	2013	2012
	(Rupees in '000)	
Fee for audit of separate financial statements	1,265	1,265
Fee for review of half yearly financial statements	400	400
Fee for the audit of consolidated financial statements	2,875	2,875
Other certifications	130	130
Out of pocket expenses	227	240
	4,897	4,910

17. EARNINGS / (LOSS) PER SHARE

	2013	2012
Earnings / (loss) for the year	2,007,668	(24,889)
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	385,390,700	385,390,700
	(Rupees)	
Earnings / (loss) per share	5.21	(0.06)

There is no dilution effect of the potential ordinary shares pertaining to PineBridge Investor on the Company's loss per share as such potential ordinary shares will not increase the loss per share upon their conversion to ordinary shares.

18. CASH GENERATED FROM OPERATIONS

		2013	2012
		(Rupees in '000)	
Profit / (loss) for the year		2,007,495	(24,716)
Adjustments for :			
Depreciation		166	466
Reversal of impairment loss on investment		(2,074,215)	-
Interest on advances and return on bank balances		(349)	(638)
Finance charges on asset subject to finance lease		-	3
Exchange gain		(1,039)	(1,346)
Working capital changes	18.1	70,646	29,376
		(2,004,791)	27,861
		2,704	3,145

18.1 Working capital changes

	2013	2012
Decrease / (increase) in current assets:		
Prepayments	-	647
Advances to related party	4,335	1,830
Receivables from related party	(31)	(48)
	4,304	2,429
Increase / (decrease) in current liabilities:		
Accrued and other liabilities	39,151	(127)
Payable to related parties	27,191	27,074
	66,342	26,947
	70,646	29,376

19. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to executives of the Company is as follows:

	2013	2012
	Executives	Executives
	(Rupees in '000)	
Managerial remuneration	10,442	9,588
Bonus	443	2,369
Total	10,885	11,957
Number of persons	3	4

19.1 Mobile phone expenses of executives are also reimbursed by the Company. Further, vehicle running expenses of executives were also reimbursed during the year ended June 30, 2013.

19.2 No remuneration was paid to the Chief Executive of the Company during the current and last year except for house rent amounting to Rs. 10.7 million (2012: Rs. 14.1 million).

19.3 One executive director was paid remuneration and other benefits of Rs. 24.4 million (2012: Rs. 17.9 million)

19.4 One executive of the Company is provided with Company maintained motor cycle.

19.5 Certain executives of an indirect subsidiary are providing services to the Company and no remuneration is charged in respect of those executives by that indirect subsidiary.

20. FINANCIAL INSTRUMENTS

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

20.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

Credit risk of the Company arises principally from long term deposit, receivables from related parties and balances with banks. Out of the total financial assets, those that are subject to credit risk amount to Rs. 2.197 million (2012: Rs. 7.966 million).

Bank balances amounting Rs. 1.544 million (2012: Rs. 2.931 million) are placed with banks having a short term credit rating of "A-1+" and above.

The maximum exposure to credit risk as at June 30, 2013, along with comparative is tabulated below:

Financial assets		2013	2012
		(Rupees in '000)	
Long term deposit		75	75
Advance to related party	6	-	4,335
Accrued mark up		7	85
Receivable from related party		571	540
Balances with banks		1,544	2,931
		2,197	7,966

20.1.1 The management does not expect any losses from non-performance by the counterparties.

The Company does not hold any collateral against these assets.

Financial assets do not contain any impaired or non-performing assets.

20.1.2 The maximum exposure to credit risk at the reporting date by geographic region was as follows:

	2013	2012
	(Rupees in '000)	
Domestic	1,626	7,426
Foreigners	571	540
	2,197	7,966

20.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

A major portion of the Company's financial liabilities are obligations due to the Company's related parties, therefore the management believes that the Company is not exposed to liquidity risk regarding those balances as the terms of repayments can be negotiated. Further, the management believes that the Company will be able to fulfill its other financial obligations from the Company's future cash flows.

The following are the contractual maturities of financial liabilities, including interest payments:

2013

	Carrying Amount	Contractual cash flow	Maturity up to one year	Maturity after one year
Financial liabilities	(Rupees in '000)			
Accrued and other liabilities	5,888	5,888	5,888	-
Payable to related parties - current account	199,378	99,378	99,378	-
	105,266	105,266	105,266	-

2012

	Carrying Amount	Contractual cash flow	Maturity up to one year	Maturity after one year
	(Rupees in '000)			
Financial liabilities				
Accrued and other liabilities	7,706	7,706	7,706	-
Payable to related parties - current account	72,655	72,655	72,655	-
	80,361	80,361	80,361	-

20.3 Market risk

Market risk is the risk that the value of the financial instrument or future cash flows from a financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

20.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Company primarily has foreign currency exposures in Pakistan Rupee, however, the Company has not hedged its foreign currency exposures as the Company believes that foreign currency exposure is not significant to the Company's financial position and performance.

20.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Management believes that interest rate exposure is not significant to the Company's financial position.

20.3.3 Fair values of financial assets and liabilities

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate to their fair values.

21. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is not subject to any externally imposed capital requirements.

22. RELATED PARTY DISCLOSURES

Related parties comprise of associated companies, staff retirement benefit fund and key management personnel of the Company. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Related party	Relationship with the Company	2013	2012
		(Rupees in '000)	
Expense charged to			
TRG (Private) Limited	Indirect subsidiary	467	102
Expense of the Company paid by			
Trakker (Private) Limited	Associated company	-	748
Services acquired			
TRG (Private) Limited	Indirect subsidiary	444	533
Contribution to the provident fund		594	451

23. PROVIDENT FUND RELATED DISCLOSURE

The Company operates a defined contribution plan for its employees. The following information is based on latest financial statements of the Fund:

	(Unaudited)	(Unaudited)
Size of the Fund - total assets	2,100	1,482
Cost of investments made	1,976	1,420
Percentage of investments made	100%	100%
Fair value of investments	2,100	1,482

The break-up of the fair value of investments is:

	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
	(Rupees in '000)		% of total investment	
Habib Metropolitan - Multiplier account	2,100	1,482	100%	100%
	2,100	1,482	100%	100%

23.1. The investments out of provident funds of the Company had been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984, and the rules formulated for this purpose.

24. NUMBER OF EMPLOYEES

As at June 30, 2013, the Company had three employees. Average number of employees was also three during the year ended June 30, 2013.

25. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2013 by the Board of Directors of the Company.

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

The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director Director

TRG PAKISTAN LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2013

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of TRG Pakistan Limited ("the Holding Company") and its subsidiary companies (together as "the Group") as at June 30, 2013 and the related consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of TRG Pakistan Limited and the consolidated financial statement of The Resource Group International Limited and its subsidiaries, as mentioned in note 1.4 to the consolidated financial statements except for the consolidated financial statements of IBEX Global Solutions Plc and its subsidiaries, which were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of TRG Pakistan Limited and its subsidiary companies as at June 30, 2013 and the results of their operations for the year then ended.

We draw attention to note 1.3 to the annexed financial statements which states that effective October 4, 2008, the preference shareholders (PineBridge Investors) of the Holding Company's subsidiary, The Resource Group International Limited, Bermuda (TRGIL) have the right to have their preference shares purchased back at the original issue price or force liquidation of TRGIL's assets or to require the TRGIL's ordinary shares to be sold, subject to the conditions stated in that note. These conditions along with other matters as set forth in note 1.3 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, the management is confident that the PineBridge Investors would continue with their investment in the preference shares of TRGIL and shall not exercise the options, as stated in note 1.3, available to it in the foreseeable future.

Our opinion is not qualified in respect of above-mentioned matter.

Date: October 07, 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Consolidated Balance Sheet

As at June 30, 2013

	Note	2013	2012
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	697,591	656,899
Intangible assets	5	1,370,715	1,341,899
Long term investment	6	3,231,614	-
Deferred tax asset	20	83,925	-
Long term loans and advances	7	395,925	100,553
Long term deposits and prepayments	8	265,713	161,704
		6,045,483	2,261,055
CURRENT ASSETS			
Stock-in-trade		-	7,952
Trade debts	9	3,126,845	2,167,023
Loans and advances	10	20,638	44,501
Deposits and prepayments	11	192,611	209,639
Other receivables	12	1,072,704	95,086
Advance tax		85,010	34,232
Cash and bank balances	13	1,765,306	341,990
		6,263,114	2,900,423
Total assets		12,308,597	5,161,478
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital	15	7,330,000	7,330,000
Issued, subscribed and paid-up capital	15	3,853,907	3,853,907
Foreign exchange translation reserve		(153,086)	(162,818)
Accumulated losses		(2,395,379)	(6,850,834)
Equity attributable to shareholders of the Holding Company		1,305,442	(3,159,745)
Non-controlling interests		1,977,816	638,696
Total equity		3,283,258	(2,521,049)
LIABILITIES			
Non current liabilities			
Long term finances	16	-	263,183
Liabilities against assets subject to finance lease	18	34,255	67,483
Retirement benefit obligation	19	37,041	27,251
Deferred tax liabilities	20	-	89,904
Other non-current liabilities	21	141,400	148,720
		212,696	596,541
Current liabilities			
Trade and other payables	22	3,418,522	2,746,266
Convertible preference shares	17.1	2,991,000	2,835,000
Accrued interest on borrowings		143,472	54,048
Short term borrowings	23	2,053,711	1,314,041
Current portion of:			
- Long term finances	16	95,712	29,295
- Liabilities against assets subject to finance lease	18	86,203	67,375
Taxes payable		24,023	39,961
		8,812,643	7,085,986
		9,025,339	7,682,527
Total equity and liabilities		12,308,597	5,161,478
Contingencies and commitments	24		

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

The Chief Executive Officer of the Holding Company being presently out of Pakistan, these consolidated financial statements have been signed by two Directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director

Director

Consolidated Profit and Loss Account

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in '000)	
Continuing operations			
Revenue	36.1	14,734,107	10,324,764
Cost of services	26	(13,349,673)	(9,086,036)
Gross profit		1,384,434	1,238,728
Administrative and general expenses	27	(2,682,386)	(2,347,494)
Other income	28	202,135	26,629
Other charges	29	(67,132)	(4,641)
Operating loss		(1,162,949)	(1,086,778)
Finance cost	30	(223,425)	(201,169)
Share of profit of associate - net of tax	6	76,996	-
Loss before tax from continuing operations		(1,309,378)	(1,287,947)
Taxation	31	158,048	(18,942)
Loss after tax from continuing operations		(1,151,330)	(1,306,889)
Discontinued operations			
Profit for the year from discontinued operations (net of tax)	14.2	279,822	744,153
Gain on disposal of subsidiaries	14.3	4,550,608	-
Profit / (loss) for the year		3,679,100	(562,736)
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss subsequently			
Foreign currency translation difference		74,946	(264,076)
Total comprehensive income / (loss) for the year		3,754,046	(826,812)
Profit / (loss) attributable to :			
- Shareholders of the Holding Company		3,016,035	(467,675)
- Non-controlling interest		663,065	(95,061)
		3,679,100	(562,736)
Total comprehensive income / (loss) attributable to :			
- Shareholders of the Holding Company		3,025,767	(791,964)
- Non-controlling interest		728,279	(34,848)
		3,754,046	(826,812)
Earnings / (loss) per share attributable to ordinary shareholders of the Holding Company:		(Rupees)	
From continuing operations	32	(2.49)	(2.80)
From discontinued operations	32	10.32	1.59
Earnings / (loss) per share - basic and diluted		7.83	(1.21)

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

The Chief Executive Officer of the Holding Company being presently out of Pakistan, these consolidated financial statements have been signed by two Directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director

Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2013

	Attributable to shareholders of the Holding 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, 2011	3,853,907	161,471	(6,383,159)	(2,367,781)	646,629	(1,721,152)
Comprehensive income / (loss) for the year						
Loss for the year ended June 30, 2012	-	-	(467,675)	(467,675)	(95,061)	(562,736)
Other comprehensive income / (loss)						
Currency translation difference	-	(324,289)	-	(324,289)	60,213	(264,076)
Total comprehensive income / (loss) for the year ended June 30, 2012	-	(324,289)	(467,675)	(791,964)	(34,848)	(826,812)
Transactions with owners						
Share based payments transactions (refer note 26.1)	-	-	-	-	26,915	26,915
Balance as at June 30, 2012	3,853,907	(162,818)	(6,850,834)	(3,159,745)	638,696	(2,521,049)
Comprehensive income / (loss) for the year						
Profit for the year ended June 30, 2013	-	-	3,016,035	3,016,035	663,065	3,679,100
Other comprehensive income / (loss)						
Currency translation difference	-	9,732	-	9,732	65,214	74,946
Total comprehensive income / (loss) for the year ended June 30, 2013	-	9,732	3,016,035	3,025,767	728,279	3,754,046
Transactions with owners						
Non controlling interest arising on disposal of shares of a subsidiary (refer note 1.4.2)	-	-	-	-	556,500	556,500
Gain arising on disposal of shares of a subsidiary without losing control (refer note 1.4.2)	-	-	1,439,420	1,439,420	-	1,439,420
Share based payments transactions (refer note 26.1 & 26.2)	-	-	-	-	54,341	54,341
	-	-	1,439,420	1,439,420	610,841	2,050,261
Balance as at June 30, 2013	**3,853,907**	**(153,086)**	**(2,395,379)**	**1,305,442**	**1,977,816**	**3,283,258**

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

The Chief Executive Officer of the Holding Company being presently out of Pakistan, these consolidated financial statements have been signed by two Directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director

Director

Consolidated Cash Flow Statement

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	33	(933,186)	291,961
Interest received on bank balances / advances		1,832	1,252
Taxes paid		(82,626)	(20,330)
Mark up / interest paid on borrowings / leases		(181,139)	(143,987)
Long term deposits and prepayments		(399,381)	(135,076)
		(661,314)	(298,141)
Net cash used in operating activities		(1,594,500)	(6,180)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(273,304)	(278,359)
Proceeds from disposal of subsidiaries		1,487,231	-
Proceeds from sale of shares in subsidiary without loss of control		1,271,919	-
Proceeds from sale of property, equipment		3,764	18,974
Net cash generated from / (used in) investing activities		2,489,610	(259,385)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease liability		(24,458)	(66,673)
Proceeds from borrowings		542,904	333,023
Net cash generated from financing activities		518,446	266,350
Effects of exchange rate changes		9,760	(123,210)
Net increase / (decrease) in cash and cash equivalents		1,423,316	(122,425)
Cash and cash equivalents at beginning of the year		341,990	464,415
Cash and cash equivalents at end of the year	13	1,765,306	341,990

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

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

The Chief Executive Officer of the Holding Company being presently out of Pakistan, these consolidated financial statements have been signed by two Directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director

Director

Notes to the Consolidated Financial Statements

For the year ended June 30, 2013

1. THE GROUP AND ITS OPERATIONS

1.1 TRG Pakistan Limited ("the Holding Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The Holding Company obtained the certificate of commencement of business on February 27, 2003. The operations of the Holding Company effectively started on April 11, 2003. The registered office of the Holding Company is situated at 3rd Floor, Arcadia Building, 16th East Street, Phase 1, DHA, Karachi, Pakistan. The Holding Company obtained a license on May 14, 2003 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). Regulations 17(1) & (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 were relaxed for the Holding Company, permitting the Holding Company to expose up to 100% of its equity attributable to venture capital investment in its subsidiary. The Holding Company filed an application with SECP under section 21 of the Companies Ordinance 1984, seeking approval for the exit of the Holding Company from NBFC Regime and continue to operate as a listed company. The SECP vide its letter dated January 18, 2012 has approved the Holding Company's application.

1.2 The principal activity of the Holding Company is to directly and / or indirectly acquire, manage and / or maintain the business of telephone answering services, call centers, business process outsourcing services and information technology related services. To date, the Holding Company has acquired call centre operations in North America, Africa, Asia and Europe through its subsidiary, The Resource Group International Limited, Bermuda (TRGIL), which include certain companies that are presently experiencing losses. TRGIL has adopted multiple strategies to improve their profitability and cash flows by a combination of cost rationalization, operational efficiencies and off-shore migration of labour.

1.3 As stated in note 17, TRGIL has not consummated a qualified public offering within the specified time period. Accordingly, the rights available to the PineBridge Investors (formerly AIG Investors) to cause the TRGIL to liquidate its assets or to force the sale of the TRGIL ordinary shares to a third party have become exercisable. If the PineBridge Investors exercise their right, the TRGIL may, as an alternative, be required by the PineBridge Investors to purchase back their preference shares from them (PineBridge Investors) instead, at a price not less than the original issue price (i.e. US$1.12 per share). Depending on the option, if any, chosen by PineBridge Investors the liquidation of assets or redemption of preference shares by them (PineBridge Investors) could cause liquidity problems for TRGIL and the Holding Company.

Further, during the year ended June 30, 2013, TRGIL has incurred a consolidated loss after tax from continuing operations of Rs. 1,083 million and the consolidated accumulated losses at year end amounted to Rs. 6,918 million. The consolidated profit after tax of TRGIL for the year of Rs. 3,746 million is mainly arising due to gain on sale of shares in Stratasoft Inc. and Digital Globe Services Limited (DGSL) by TRGIL.

Since TRGIL is only direct subsidiary of the Holding Company and the Holding Company has not other direct operations, accordingly the above conditions indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern. However, the management is confident that the PineBridge Investors would continue with their investment in the preference shares of TRGIL in foreseeable future. Further, on the basis of improvement in performance from last year and projected cash flows, management is confident that TRGIL will continue to improve its operating results and will be able to have positive results in near future. Accordingly, the consolidated financial statements of the Group have been prepared under the going concern assumption.

1.4 The Group consists of:

Holding Company

TRG Pakistan Limited

Subsidiary - The Resource Group International Limited (TRGIL)

The percentage of the TRG Pakistan Limited's holding in TRGIL's ordinary shares is 82.3% (2012: 82.3%) whereas the percentage of voting interest in TRGIL is 60.31% (2012: 60.31%).

Subsidiaries of TRGIL (indirect subsidiaries of the Holding Company)	Note	Location	Nature of business	Effective ownership of the Holding Company (%) 2013	2012
TRG International Holdings Limited (Formerly CV Services Limited)		British Virgin Islands	Holding Company	**82.30**	82.30
TRG Holdings, LLC.		USA	Corporate	**82.30**	82.30
iSky, Inc.		USA	Market Research	**82.30**	82.30
SATMAP, Inc.		USA	Software / Technology	**82.30**	82.30
TRG SATMAP IP BVI		British Virgin Islands	Holding Company	**82.30**	82.30
TRG Marketing Services, Inc.		USA	Call Center	**82.30**	82.30
E - Telequote Insurance LLC		USA	Call Center	**82.30**	82.30
TRG Healthcare, Inc.		USA	Holding Company	**82.30**	82.30
CV Investments Limited		Bermuda	Holding Company	**82.30**	82.30
Central Voice LLC		USA	Call Center	**82.30**	82.30
TRG (Private) Limited		Pakistan	Call Center	**82.30**	82.30
TRG Field Solutions, Inc.		USA	Door to Door Marketing	**82.30**	82.30
TRG Field Solutions (Canada), Inc.		Canada	Door to Door Marketing	**82.30**	82.30
Alert Communications, Inc.		USA	Call Center	**82.30**	82.30
BPO Solutions, Inc.		USA	Call Center	**82.30**	82.30
Stratasoft Inc.	1.4.1			**-**	82.30
IBEX Global Solutions, Plc	1.4.2	United Kingdom	Holding Company	**61.73**	-

Following entities are indirect subsidiaries of the Holding Company through IBEX Global Solutions Plc as at June 30, 2013:

TRG Customer Solutions, Inc.(trading as IBEX Global Solutions, Inc.)	1.4.2	USA	Call Center	**61.73**	82.30
TRG Customer Solutions (Canada), Inc.	1.4.2	Canada	Call Center	**61.73**	82.30
Virtual World (Private) Limited	1.4.2	Pakistan	Call Center	**61.73**	82.30
TRG Senegal SA	1.4.2	Senegal	Call Center	**61.73**	82.30
IBEX Philippines Inc. (formerly TRG Philippines, Inc.)	1.4.2	Philippines	Call Center	**61.73**	82.30
IBEX Global Solutions PH (formerly TRG Global Solutions Philippines, Inc.)	1.4.2	Philippines	Call Center	**61.73**	82.30
TRG Customer Solutions (Philippines), Inc.	1.4.2	Philippines	Call Center	**61.73**	82.30
TRG Marketing Solutions Limited	1.4.2	England	Call Center	**61.73**	82.30
IBEX Global Solutions (Private) Limited	1.4.2	Pakistan	Call Center	**61.73**	-
Lovercius Consultants Limited	1.4.2	Cyprus	Call Center	**61.73**	-
IBEX Global Europe S.a.r.l.	1.4.2	Luxembourg	Call Center	**61.73**	-
Associate					
Digital Globe Services, Ltd (DGSL)	1.4.3			**36.05**	-

Following are wholly owned subsidiaries of Digital Globe Services, Ltd as at June 30, 2013:

Description	Location	Nature of Business
Digital Globe Services, Inc. (DGS, Inc.)	USA	Internet based advertising
Telsat Online, Inc. (Telsat)	USA	Internet based advertising
DGS Worldwide Marketing Limited (DGSML)	Cyprus	Holding Company and global marketing
DGS (Pvt.) Limited (DGSPL)	Pakistan	Call centre and support services
DGS Worldwide BV (DGSBV)	Netherlands	Call centre and support services
DGS Tech, Limited (DGSTL)	Ireland	Tech support services

1.4.1 On September 19, 2012 TRGIL disposed of its share holding in its subsidiary Stratasoft, Inc. to a third party resulting in a gain of Rs. 365.4 million (US$3.8 million).

1.4.2 TRGIL incorporated IBEX Global Solutions Plc (IGSP) on March 26, 2013. On March 31, 2013, IGSP acquired 100% ownership of various subsidiaries from TRGIL (mentioned under IBEX Global Solutions, Plc in note 1.4 above) in exchange for its shares. Further, three new companies were established during the year in Pakistan, Cyprus and Luxembourg as subsidiaries of IGSP. On June 28, 2013, IGSP was admitted on Alternative Investment Market (AIM) of London Stock Exchange and 2,596,123 shares of TRGIL in IGSP were disposed off against net proceeds of Rs. 558.32 million (US$5.6 million) along with placement of 7,304,345 new shares by IGSP against net proceeds of Rs. 1,433 million (US$14.37 million) resulting in reduction in shareholding of TRGIL in IGSL and its subsidiaries from 100% to 75% and a gain attributable to shareholders of TRGIL amounting to Rs. 1,439 million (US$14.4 million). Prior to this transaction, TRGIL directly controlled each of these companies and by virtue of its controlling interest in IGSP it continues to control these entities. As at June 30, 2013 Non-controlling interest in IGSP amounts to Rs. 556.5 million (US$5.58 million). TRGIL is restricted from selling its remaining shareholding in IGSP upto June 28, 2014 under Lock in and Orderly Market Agreement between the Nominated Advisor for listing of IGSP, TRGIL and Directors of IGSP.

1.4.3 Up till last year Digital Globe Services, Inc. (DGS, Inc.) was 100% subsidiary of TRG Holding LLC and Telsat was 100% subsidiary of DGS Inc. During November 2012, DGSL, DGSML and DGSPL were incorporated in Bermuda, Cyprus and Pakistan respectively. DGSL was introduced as intermediary parent of DGS, Inc., Telsat, Inc., DGSML and DGSPL. On February 14, 2013 the DGSL was admitted on Alternative Investment Market of London Stock Exchange and 5,017,638 shares of the TRGIL in DGSL were disposed off against net proceeds of Rs. 1,122 million (US$11.6 million) along with placement of 3,211,288 new shares by DGSL against net proceeds of Rs. 589.87 million (US$6.1 million) resulting in reduction in shareholding of the TRGIL in DGSL and its subsidiaries from 100% to 43.8% along with loss of control and gain on disposal of shareholding amounting to Rs. 4,185 million (US$43.3 million). DGS BV and DGSTL were incorporated in Netherlands and Ireland respectively in June 2013 as subsidiaries of DGSL.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost convention, except as otherwise disclosed.

2.3 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Holding Company's functional currency is US$, however, these consolidated financial statements are presented in Pakistan Rupees which is the presentation currency as determined by the Group.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying Group's accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements.

(a) Staff retirement plans / other employee benefits (note 3.16).
(b) Provision for taxation (note 3.19).
(c) Useful lives of property and equipment, residual values, methods of depreciation, amortization and impairment (note 3.2 to 3.4).
(d) Impairment testing of goodwill (note 3.3.1).
(e) Valuation of convertible preference shares (note 3.7).
(f) Determination of functional currency of the entities (note 2.3).
(g) Fair value of employee share options (note 3.17).

2.5 Standards, amendments and interpretations which became effective during the year

During the year, certain amendments to standards became effective. However, they did not have material affect on these financial statements.

2.6 Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2013.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 1, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Group's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial gains amounting to Rs. 19.2 million (US$192,767) at June 30, 2013 would need to be recognized in other comprehensive income.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12 - Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 1, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on consolidated financial statements of the Group.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on consolidated financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 1, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 1, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after January 1, 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations

  - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of acomplete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

  - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

  - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

  - IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 1, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Group.

- IFRIC 21- Levies 'an interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after January 1, 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after January 1, 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 1, 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This change will not effect Group's consolidated financial statements other than change in disclosures.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Holding Company and its subsidiaries as disclosed in note 1.4 (here in after referred as Group).

The consolidated financial statements of the Group comprise the financial statements of the Holding Company and consolidated financial statements of TRGIL. The financial statements of the Holding Company and consolidated financial statements of TRGIL are prepared up to the same reporting date and are combined on a line-by-line basis. All intercompany balances, transactions and related unrealized profits and losses are eliminated in consolidation.

The consolidated financial statements of TRGIL prepared under IFRS have been adjusted for all material amounts to comply with the requirements of the Companies Ordinance, 1984 and approved accounting standards as are applicable in Pakistan.

Subsidiaries

Subsidiaries are entities controlled by the Group. Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when the control ceases. Control is the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The financial statements of TRGIL and its subsidiary companies are prepared up to the same reporting date and are combined on a line-by-line basis. All intercompany balances, transactions and related unrealized profits and losses are eliminated upon consolidation. The financial statements of subsidiaries prepared under frameworks other than approved accounting standards have been adjusted for all material amounts to comply with the requirements of approved accounting standards.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Holding Company. Non-controlling interests are presented as a separate item in the consolidated financial statements.

The acquisition method of accounting is used to account for the acquisition of the subsidiaries by the Group. The cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the acquisition date. The cost of acquisition includes fair value of any assets and liabilities resulting from contingent consideration agreement. Identifiable assets acquired and the liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Changes in a Holding Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions i.e. transaction with owners in their capacity as owners. Carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognized directly in equity and attributed to the owners of the parent.

Investment in associates

Associates are all entities over which the Group has significant influence but no control. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost in accordance with the requirements of IAS 28, 'Investments in Associates'.

The Group's share of an associate's post acquisition profits or losses is recognized in the profit or loss in the statement of comprehensive income, and its share in the post acquisition movement of other comprehensive income is recognized in the statement of comprehensive income. The cumulative post acquisition movements are adjusted against the carrying value of the investment. Distributions received from an investee reduce the carrying amount of the investment. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize future losses, unless it has incurred obligations or made payments on behalf of the associate.

The investment in associates' carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

3.2 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairment, if any. The initial cost of an item of property and equipment consists of its purchase price including import duties, taxes and directly attributable costs of bringing the assets to their working conditions and locations for their intended use.

Depreciation on property and equipment is provided using straight line and declining balance method. A full month's depreciation is charged in the month of addition, and no depreciation is charged in the month of disposal. Any tenant allowance received is recognized as deferred income or reduces the value of property and equipment.

Rates of depreciation which are disclosed in note 4.1 are designed to write-off the cost over the estimated useful lives of the assets. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end.

Normal repairs and maintenance costs are charged to the profit and loss as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefit will flow to the Group and the cost can be measured reliably.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount of the relevant assets. These are recognized in the profit and loss account.

Capital work-in-progress is stated at cost and not depreciated. Depreciation commences when the assets are transferred to property and equipment and are ready for use.

Assets subject to finance lease

Leases in terms of which Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligation under the lease less financial charges allocated to future periods is shown as a liability. The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation on assets subject to finance lease is provided on the same basis as the Group's owned assets and such rates are stated in note 4.1.

3.3 Intangible assets

3.3.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For accounting policy in respect of measurement of goodwill at initial recognition, refer note 3.1.

Goodwill is subsequently measured at cost less impairment in value, if any. Goodwill is tested for impairment on an annual basis and also when there is an indication of impairment. Impairment loss on goodwill is not reversed. On disposal of an entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

3.3.2 Software

These represent software licenses acquired. These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Certain internal and external costs directly associated with developing or modifying software for internal use are capitalized, which begins with the application development stage and ends when the project is substantially complete and ready for its intended use. Amortization of software is provided on a straight-line basis at the rates disclosed in note 5 to the consolidated financial statements.

3.3.3 Other intangible assets

Other intangible assets are stated at cost less accumulated amortization and any impairment in value, if any and amortized on a straight line basis over their useful lives as per the rates disclosed in note 5 to the consolidated financial statements.

Useful lives of intangible assets, other than goodwill, are reviewed at each year end and adjusted if the impact on amortization is significant.

Gains and losses on disposal of intangible assets are taken to the profit and loss.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated intangible assets are recognized in profit or loss as incurred.

3.4 Impairment of non financial assets

The carrying amounts of the Group's assets are reviewed at each year end to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to profit and loss account.

3.5 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instruments. The Group derecognizes a financial asset or a portion of financial asset when, and only when, the Group looses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition, de-recognition of the financial assets and liabilities is taken to the profit and loss account. The Group assesses at each year end whether there is an objective evidence that the financial asset is impaired. A financial asset is impaired if an objective evidence indicate that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of financial instrument measured at amortized cost is calculated as the difference between its carrying amount and the present values of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit and loss account and reflected in an allowance accounts against receivables. Subsequent reversal of impairment is recognized in profit and loss account.

3.6 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value with resulting fair values changes recognized in profit and loss account. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.7 Compound financial instruments

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

3.8 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

3.9 Trade debts

Trade debts are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection is no longer probable. The Group writes off trade debts when they become uncollectible and payments subsequently received on such trade debts are credited to the profit and loss account.

3.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash and cheques in hand, deposits in banks and highly liquid investments with a maturity of three months or less from the date of purchase.

3.11 Assets and liabilities classified as held for sale

Disposal group comprising assets and liabilities that are expected to be sold within a period of one year from the balance sheet date are classified as 'held for sale' and are measured at the lower of carrying amount and fair value less cost to sell.

3.12 Revenue recognition

- Revenue is measured at the fair value of consideration received or receivable, excluding rebates, discount and related taxes.

- Revenue from call center services is recognized on the basis of number of billable hours or other contractually agreed metrics such as sales or surveys completed.

- Revenue from inbound and outbound telephonic and Internet based communication services that are customized to the customer's needs is recognized at the contractual rates as services are provided.

- Revenue for the initial training that occurs upon commencement of a new client contract is deferred if that training is billed separately to a client. Training revenue is amortized on a straight-line basis over the life of the client contract. The related incremental direct costs are deferred and charged to expense as the related revenue is recognized.

- Revenue from telephony equipment and software sales is recognized when the product is installed at the customer site. Revenue on software maintenance and support agreements included with the initial sales contract is unbundled from the total contract price and is amortized ona straight line basis over the term of the agreement, generally one year. Revenue on extended software maintenance and support agreements is amortized on a straight line basis over the term of the agreement.

- Revenue from other services rendered in the course of ordinary activities is recognized when it is probable that economic benefits associated with the transaction will flow to the Group and the amount of revenue can be estimated reliably.

- Interest on bank deposits and advances is recognized as the same accrues.

- Dividend income is recognized when the right to receive the dividend is established.

3.13 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight line basis over the lease term.

3.14 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the profit and loss over the period necessary to match them with the costs that they are intended to compensate. These are netted off against the relevant costs.

Government grants relating to property and equipment are deducted from the assets carrying value resulting in a lower depreciation charge over the life of the asset.

3.15 Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

3.16 Retirement benefits

Defined contribution plans

United States based subsidiaries

The Group's United States (US) based subsidiaries have qualified defined contribution plans, established under Section 401(k) of the Internal Revenue Code. Employees who meet certain eligibility requirements, as defined, are able to contribute up to federal annual maximums. The plan provides for US based subsidiaries for matching contributions of up to 25% of the first 6% of employee contributions to the plan. These matching contributions vest 25% per year over a four-year period. The plan assets are held separately from those of the US based subsidiaries.

IBEX U.K Limited

It operates the Axa Insurance Personal Pensions Scheme. This is a defined contribution plan under which the subsidiary makes contributions for some employees.

TRG (Private) Limited and Virtual World (Private) Limited (Pakistan-based subsidiaries)

TRG (Private) Limited and Virtual World (Private) Limited have defined contribution plans (i.e. recognized provident fund scheme) for all their respective permanent employees. Equal monthly contributions at the rate of 6.5% of the gross salary are made to the fund both by the companies and their respective employees. The assets of the fund are held separately under the control of the Trustees. Contributions made by these companies are charged to profit and loss for the year.

Defined benefit plan

IBEX Philippines, Inc. and IBEX Global Solutions (Philippines), Inc., operate an unfunded defined benefit plan.

Under the plan, pension costs are actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains and losses are recognized as income or expenses when the net cumulative unrecognized actuarial gains and losses for the retirement plan at the end of the previous reporting period exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gains or losses is not recognized.

When the benefits of the pension plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit and loss account.

3.17 Employee stock option plan

For equity settled share based payment plans, the Group recognizes as expense the services acquired over the vesting period and the corresponding increase in equity at the grant date fair value of the share options.

For cash settled share based payment plans, the Group recognizes as expense the services acquired over the vesting period and liability incurred at the fair value of the liability. Until the liability is settled, the entity remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the period. Any cancellations of the plan are treated as acceleration of vesting period and any remaining expense is recognized immediately.

The details of the Employees' Share Option Plans are given in Note 26.1, 26.2 & 26.3 to the consolidated financial statements.

3.18 Discontinued operations

A discontinued operation is a component of the Group's business that has been disposed of or is held for sale. When an operation is classified as a discontinued operation, the comparative profit and loss account is represented as if the operation had been discontinued from the start of the comparative period.

3.19 Taxation

Current taxation

The charge for current taxation is based on taxable income at the current rates of taxation of the respective countries of incorporation of the Group entities after taking into account applicable tax credits, rebates and exemptions available, if any.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation

Deferred tax is provided on all temporary differences at the balance sheet date, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The carrying amount of all deferred tax assets is reviewed at each year end and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

3.20 Foreign currency

Foreign currency translation

The results and financial position of all the Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency of Group as follows:

(i) assets and liabilities are translated at the closing exchange rate at the year end;
(ii) income and expenses are translated at the average exchange rate; and
(iii) all resulting exchange differences are recognized as other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in a foreign subsidiary are taken to other comprehensive income. When a foreign subsidiary is sold, exchange differences that were recorded in equity are recognized in profit and loss account. Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and translated at the closing exchange rate.

The following entities in the Group have functional currency other than the USD:

Entity	Functional Currency
TRG (Private) Limited	Pakistan Rupee
TRG Field Solutions (Canada), Inc.	Canadian Dollar
IBEX Global Solutions PLC	Great Britain Pound
TRG Customer Solutions (Canada), Inc.	Canadian Dollar
Virtual World (Private) Limited	Pakistan Rupee
TRG Senegal SA	Senegal Franc
IBEX Philippines Inc. (formerly TRG Philippines, Inc.)	Philippine Peso
IBEX Global Solutions PH (formerly TRG Global Solutions Inc.)	Philippine Peso
TRG Customer Solutions Philippines, Inc.	Philippine Peso
TRG Marketing Solutions Limited	Great Britain Pound
IBEX Global Solutions (Private) Limited	Pakistan Rupee
Lovercius Consultants Limited	Euro
IBEX Global Europe S.a.r.l.	Euro

Foreign currency transactions

Foreign currency transactions of the Group entities are translated into their respective functional currencies at the rates of exchange approximating to those prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into their respective functional currencies at the rates of exchange approximating to those prevailing at the year end. Exchange gains and losses are included in the profit and loss account.

3.21 Borrowing costs

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.22 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where the Group has a legally enforceable right to set off the recognized amounts and intends either to settle these on net basis or to realize the assets and settle the liabilities simultaneously.

3.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors that makes strategic decisions.

3.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. PROPERTY AND EQUIPMENT

		2013	2012
		(Rupees in '000)	
Operating assets	4.1	568,851	594,203
Capital work-in-progress (CWIP)	4.2	128,740	62,696
		697,591	656,899

4.1 Operating assets

	Freehold land	Building on freehold	Leasehold improvements	Furniture and fittings	Office Equipment	Vehicles	Total
	(Rupees in '000)						
At June 30, 2011							
Cost	43,318	-	310,615	172,610	1,486,162	36,763	2,049,468
Accumulated depreciation	(35,277)	-	(280,564)	(123,103)	(1,109,263)	(23,775)	(1,571,982)
Accumulated impairment	-	-	-	-	(5,166)	-	(5,166)
Net book value	8,041	-	30,051	49,507	371,733	12,988	472,320
Year ended June 30, 2012							
Net book value as on June 30, 2011	8,041	-	30,051	49,507	371,733	12,988	472,320
Additions / transfers from capital work-in-progress	-	65,128	54,074	11,618	259,448	1,416	391,684
Foreign exchange differences	(4)	3,905	4,200	130	37,516	68	45,815
Adjustments	-	-	(3,548)	78	3,470	-	-
Disposals	-	-	-	-	(215)	(3,549)	(3,764)
Depreciation charge - note 4.3	-	(288)	(16,449)	(23,153)	(267,306)	(4,656)	(311,852)
Net book value as at June 30, 2011	8,037	68,745	68,328	38,180	404,646	6,267	594,203
At June 30, 2012							
Cost	46,801	69,033	393,709	196,601	1,905,094	27,690	2,638,928
Accumulated depreciation	(38,764)	(288)	(325,381)	(158,421)	(1,494,771)	(21,423)	(2,039,048)
Accumulated impairment	-	-	-	-	(5,677)	-	(5,677)
Net book value	8,037	68,745	68,328	38,180	404,646	6,267	594,203
Year ended June 30, 2013							
Net book value as on June 30, 2012	8,037	68,745	68,328	38,180	404,646	6,267	594,203
Additions / transfers from capital work-in-progress	-	1,912	23,433	32,270	204,613	9,428	271,656
Adjustments on disposal of subsidiaries	(435)	(3,733)	(2,191)	(683)	(4,673)	(595)	(12,310)
Foreign exchange differences	443	3,678	(604)	1,754	8,397	236	13,904
Disposals	-	(136)	-	(4,913)	(26,947)	(1,202)	(33,198)
Depreciation charge - note 4.3	-	(3,387)	(30,991)	(21,643)	(206,859)	(2,524)	(265,404)
Net book value as at June 30, 2013	**8,045**	**67,079**	**57,975**	**44,965**	**379,177**	**11,610**	**568,851**
At June 30, 2013							
Cost	46,809	70,873	390,058	220,547	1,975,256	27,950	2,731,493
Accumulated depreciation	(38,764)	(3,794)	(332,083)	(175,582)	(1,590,226)	(16,340)	(2,156,789)
Accumulated impairment	-	-	-	-	(5,853)	-	(5,853)
Net book value	**8,045**	**67,079**	**57,975**	**44,965**	**379,177**	**11,610**	**568,851**
Depreciation rate		2.86%	2.86% to 33.33%	10% to 33%	8.33% to 50%	14.29% to 33%	

Net book value of assets held under finance lease is as follows:

	Freehold land	Building on freehold	Leasehold improvements	Furniture and fittings	Office Equipment	Vehicles	Total
	(Rupees in '000)						
June 30, 2013	-	-	-	-	**64,450**	**5,065**	**69,515**
June 30, 2012	-	-	-	-	108,937	2,301	111,238

4.2 Capital work in progress

		2013	2012
		(Rupees in '000)	
Computer software		128,740	62,696

4.3 The depreciation charge for the year has been allocated as follows:

	Note	2013	2012
Continuing operations			
Cost of services	26	226,582	253,988
Administrative and general expenses	27	32,800	42,382
		259,382	296,370
Discontinued operations			
Cost of services		22	-
Administrative and general expenses		6,000	15,482
		265,404	311,852

5. INTANGIBLE ASSETS

	Goodwill	Patents/ trade marks	Non-compete covenants	Customer Lists	Computer softwares	Total
			(Rupees in '000)			
At June 30, 2011						
Cost	1,661,998	98,138	23,651	97,050	321,431	2,202,268
Accumulated amortization	-	(82,838)	(21,714)	(80,862)	(280,513)	(465,927)
Accumulated impairment	(482,871)	-	(1,937)	(16,188)	(2,820)	(503,816)
Net book value	1,179,127	15,300	-	-	38,098	1,232,525
Year ended June 30, 2012						
Net book value as on June 30, 2011	1,179,127	15,300	-	-	38,098	1,232,525
Additions	-	234	-	-	29,790	30,024
Adjustments	-	-	-	-	(8,512)	(8,512)
Foreign exchange differences	116,540	1,177	-	-	3,471	121,188
Amortization charge - note 5.1	-	(5,884)	-	-	(27,442)	(33,326)
Net book value as at June 30, 2012	1,295,667	10,827	-	-	35,405	1,341,899
At June 30, 2012						
Cost	1,826,265	114,612	25,988	106,639	375,152	2,448,656
Accumulated amortization	-	(103,785)	(24,040)	(90,356)	(336,911)	(555,092)
Accumulated impairment	(530,598)	-	(1,948)	(16,283)	(2,836)	(551,665)
Net book value	1,295,667	10,827	-	-	35,405	1,341,899
Year ended June 30, 2013						
Net book value as on June 30, 2012	1,295,667	10,827	-	-	35,405	1,341,899
Additions	-	349	-	-	8,910	9,259
Adjustments on disposal of subsidiaries	(19,504)	(9,243)	-	-	(1,969)	(30,716)
Foreign exchange differences	70,223	592	-	-	1,274	72,089
Impairment - note 5.2	-	-	-	-	-	-
Amortization charge - note 5.1	-	(120)	-	-	(21,696)	(21,816)
Net book value as at June 30, 2013	**1,346,386**	**2,405**	**-**	**-**	**21,924**	**1,370,715**
At June 30, 2013						
Cost	1,888,343	18,536	27,418	112,507	400,082	2,446,886
Accumulated amortization	-	(16,131)	(25,459)	(96,129)	(375,305)	(513,024)
Accumulated impairment	(541,957)	-	(1,959)	(16,378)	(2,853)	(563,147)
Net book value	**1,346,386**	**2,405**	**-**	**-**	**21,924**	**1,370,715**
Amortization rate	-	14 % to 20%	14 % to 20%	14 % to 20%	33%	

5.1 Allocation of amortization charge:

		2013	2012
		(Rupees in '000)	
Continuing operations			
Cost of services	26	17,669	22,426
Administrative and general expenses	27	2,773	4,298
		20,442	26,724
Discontinued operations			
Administrative and general expenses		1,374	6,602
		21,816	33,326

5.2 Impairment testing of Goodwill

The carrying amount of goodwill allocated to the individual cash generating units (CGUs) is as follows:

iSky, Inc.	187,288	177,519
TRG Customer Solutions, Inc.	1,159,098	1,098,644
Digital Globe Services LLC	-	19,504
	1,346,386	1,295,667

Key assumptions used in computation of recoverable amount of goodwill

The recoverable amount of the business operations of the iSky, Inc. (cash generating unit) has been determined based on "value in use" calculation, using cash flow projections prepared by the management covering five-years period. The discount rate applied to cash flow projections beyond the five-years period are extrapolated using a terminal growth rate. The following rates are used by the Group in year ended June 30, 2012 and June 30, 2013.

	Discount rates (discrete period) %	Terminal growth rates %
iSky, Inc.	15.88	5.00

The calculation of recoverable amount for this Cash Generating Unit is most sensitive to the following assumptions:

Revenue growth

Revenue growth assumptions have been derived from the projections prepared by the management. The management is of the view that these assumptions are reasonable considering the current market conditions.

Cost of service delivery and gross margins

Cost of service delivery have been projected on the basis of multiple strategies planned by the management to ensure profitable operations. These strategies include cost cutting mechanism such as offshore migration of labour, centralization of support activities and increasing efficiency of service delivery etc., resulting in improved gross margins over the forecasted period.

Operating expenses and capital expenditures

Operating expenses and capital expenditures have been projected taking into account growth in business volumes and historical trends.

Discount rate

Discount rates reflect management's estimate of the rate of return required for the business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using the weighted average cost of capital.

Sensitivity to changes in assumptions

Management believes that reasonable possible changes in other assumptions used to determine the recoverable amount of the cash generating units will not result in an impairment of goodwill.

Impairment testing of goodwill relating TRG Customer Solutions, Inc.

For the year ended June 30, 2013, the recoverable amount of TRG Customer Solutions, Inc. (TRG CS) cash generating unit, which comprises of call center business segment, is based upon "fair value less cost to sell". "Fair value less cost to sell" is determined with reference to quoted price of IGSP as at June 30, 2013 which is listed on AIM and acts as parent for entities in call centre business segment. This segment includes call center operations in US, UK, Pakistan, Philippines and Senegal which are managed through entities in each jurisdiction. The selling costs are estimated at 5% of gross market value. Management believes that reasonable possible changes in assumptions used to determine the fair value less cost to sell will not result in an impairment of goodwill.

6 LONG TERM INVESTMENT - related party

		2013 (Rupees in '000)
Investment in equity accounted associate as at February 14, 2013	6.1	3,219,389
Share of profit of associate for period from February 14, 2013 to June 30, 2013		76,996
Foreign exchange translation difference		368
Less : dividends received		(65,139)
Balances as at June 30, 2013		3,231,614

6.1 Investment in associate represents 43.8% interest retained in DGSL by TRGIL on listing of DGSL on February 14, 2013 (refer note 1.4.3). TRGIL is restricted from selling its remaining shareholding in DGSL up to February 14, 2014 under Lock in and Orderly Market Agreement between the Nominated Advisor for listing of DGSL, TRGIL and Directors of DGSL. The market value of 43.8% share holding in DGSL amounts to Rs. 4,097.7 million (US$41.1 million) as at June 30, 2013.

Summarized financial information of equity accounted associates is as follows:

	June 30, 2013 (Rupees in '000) (Audited)
Current assets	927,305
Non-current assets	152,040
Total assets	1,079,345
Current liabilities	350,131
Non-current liabilities	6,426
	356,557
	722,788

	For the period from February 14, 2013 to June 30, 2013 (Rupees in '000) (Audited)
Revenue	974,424
Profit after tax for the period from February 14, 2013 to June 30, 2013	175,790

7 LONG TERM LOANS AND ADVANCES - considered good

This includes loans of Rs. 243.27 million (US$2.44 million) and Rs. 143.6 million (US$1.44 million) given by TRGIL and its subsidiary namely TRG Holdings, LLC. respectively to Chief Executive Officer of DGSL.

8 LONG TERM DEPOSITS AND PREPAYMENTS

		2013	2012
		(Rupees in '000)	
Long term deposits	8.1	113,140	143,276
Long term prepayments	8.2	152,573	18,428
		265,713	161,704

8.1 These include deposits placed with various service providers, suppliers, landlords and lessors in the normal course of business.

8.2 These include amounts incurred for initial training conducted for new clients where the expected duration of the contract exceeds twelve months.

9 TRADE DEBTS - unsecured

	Note	2013	2012
		(Rupees in '000)	
Considered good		3,126,845	2,167,023
Considered doubtful		27,958	19,882
		3,154,803	2,186,905
Less: provision for doubtful debts	9.1	(27,958)	(19,882)
Closing balance - net		3,126,845	2,167,023

9.1 Provision for doubtful debts

		2013	2012
Opening balance		19,882	18,441
Foreign exchange differences		1,057	1,587
Trade debts written off against provision		(2,244)	(743)
Bad debt expense charged during the year		9,263	597
Closing balance		27,958	19,882

10 LOANS AND ADVANCES

		2013	2012
Considered good			
Advances	10.1	20,638	33,743
Advance to a related party		-	10,758
		20,638	44,501

10.1 This includes an amount of Rs. 12.96 million (US$130,000) [Rs. 12.28 million (2012 : US$130,000)] receivable from a key management personnel of TRG Holdings, LLC. No interest is charged on the outstanding balance. The remaining balance represents various advances to employees of subsidiaries, extended for the purpose of meeting business expenses and are adjusted upon submission of respective expense details.

11 DEPOSITS AND PREPAYMENTS

These represent deposits placed and prepayments made to various service providers, suppliers and landlords in the normal course of business.

12 OTHER RECEIVABLES

This includes an amount of Rs. 747.75 million (US$7.5 million) as IPO proceeds receivable in respect of listing of IBEX Global Solutions Plc on Alternate Investment Market (AIM) of London Stock Exchange (refer note 1.4.2).

13 CASH AND BANK BALANCES

		2013	2012
Balances with banks in:			
- current accounts		1,735,475	293,372
- deposit accounts	13.1	28,639	46,693
		1,764,114	340,065
Cash in hand		1,192	1,925
		1,765,306	341,990

13.1 Rate of return on deposit accounts ranges from 0.2% to 8% per annum (2012: 0.2% to 8% per annum).

14 DISCONTINUED OPERATIONS

14.1 During the year TRGIL disposed of its shareholding in its subsidiary Stratasoft, Inc. to a third party (refer note 1.4.1). On February 14, 2013 TRGIL also sold its shareholding in DGSL along with loss of control through placement on AIM (refer note 1.4.3). The comparative profit and loss account and related notes, where relevant, have been restated, to show discontinued operations separately from continued operations. Furthermore, operations of TRG Field Solutions were discontinued in previous years. Following is the breakup of the profit after tax from discontinued operations of Stratasoft, Inc., DGSL and its subsidiaries, and TRG Field Solutions Inc. for the year ended June 30, 2013 and June 30, 2012.

14.2 Following is the summarized information of operating results from discontinued operations:

	2013	2012 (Restated)
	(Rupees in '000)	
Revenue	1,425,551	2,071,683
Cost of services	(802,124)	(1,056,432)
Gross profit	623,427	1,015,251
Other income	1,707	-
Administrative and general expenses	(312,631)	(256,093)
Other charges	(290)	(375)
Operating loss	312,213	758,783
Exchange loss	-	(411)
Finance cost	(32,262)	(14,219)
Profit before tax	279,951	744,153
Taxation	(129)	-
Profit after tax	279,822	744,153

Following is the breakup of cash flows from discontinued operations of the subsidiaries, referred in note 14.1 for the year ended June 30, 2013 and June 30, 2012.

	2013	2012
Operating cash outflows	(63,291)	(138,612)
Investing cash outflows	(26,069)	1,659
Financing cash inflows	28,067	86,244
Total cash outflows	(61,293)	(50,709)

14.3 Gain on disposal of shareholding in subsidiaries is as follows;

	June 30, 2013 (Rupees in '000)
- Stratasoft Inc.	365,376
- Digital Globe Services Limited	4,185,232
	4,550,608

15 SHARE CAPITAL

	2013		2012	
Authorized share capital	**(Number of shares)**	**(Rupees in '000)**	(Number of shares)	(Rupees in '000)
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 - note 15.1				
- shares issued for consideration in cash	**375,765,722**	**3,757,657**	375,765,722	3,757,657
- shares issued for consideration other than cash - note 15.2	**9,624,978**	**96,250**	9,624,978	96,250
	385,390,700	**3,853,907**	385,390,700	3,853,907

15.1 On July 25, 2007, TRGIL entered into an equity subscription and shareholders agreement with IDB Infrastructure Fund L.P. (IDB). In accordance with this agreement TRGIL issued 12,396,694 shares at US$1.21 per share resulting in gross proceeds of US$15 million. IDB had an option under this agreement to invest a further US$15 million into TRGIL as ordinary shares at a price of US$1.21 per share. This option expired on July 25, 2009, which was the second anniversary of the date of the agreement. IDB has the right to exchange all or any lesser portion of its ordinary shares into a predefined number of freely tradable shares of the Holding Company. During the last year, IDB conveyed its intention to convert its shares in TRGIL into shares of the Holding Company. The conversion is subject to the completion of certain legal and regulatory requirements. During the year, IDB entered into an agreement to sell its equity interest in TRGIL to the Holding Company's Chief Executive Officer Mr. Muhammad Ziaullah Khan Chishti ("Zia Chishti"). The principal terms of the transaction comprise the sale of 12,396,694 shares reflecting approximately 12.4% of the total outstanding shares of TRGIL. Additionally, Mr. Chishti has undertaken not to sell the shares he will acquire under this agreement until such time as PineBridge Investors has either converted their preference shares in TRGIL into common shares or otherwise realized its preference shares.

15.2 These shares were issued in exchange of share of 1,636,000 shares of TRGIL of US$1 each in 2003.

16 LONG TERM FINANCES

		2013	2012
		(Rupees in '000)	
Related parties			
Loan from the CEO of the Holding Company - secured	16.1	64,805	263,183
Loan from the CEO of the Holding Company - secured	16.2	18,943	17,955
Loan from the CEO of the Holding Company - secured	16.2	11,964	11,340
		95,712	292,478
Less: Current maturity of long term finance		(95,712)	(29,295)
		-	263,183

16.1 During the period from July 01, 2008, to December 08, 2011, the Chief Executive Officer of the Holding Company, Mr. Zia Chishti provided various loans to the Group companies. These loans carry interest rate of 8% per annum. These loans were provided to maintain a sufficient cash balance in the Group companies.

16.2 Blasiar, Inc. entered into a security agreement with Zia Chishti (The holding Company's Chief Executive Officer) and Gary Blasiar (former President of Blasiar Inc.) on June 1, 2004, whereby Mr. Zia Chishti provided a loan to Blasiar, Inc. of an aggregate amount of Rs. 34.965 million (US$370,000), which consisted of Rs. 23.625 million (US$250,000) senior secured convertible promissory note and a Rs. 11.34 million (US$120,000) secured subordinated promissory note. The amount outstanding as at June 30, 2013 of the loans are Rs. 18.94 million (US$190,000) and Rs. 11.96 million (US$120,000) respectively. The loans were subsequently transferred to Alert Communication Inc.

The senior secured convertible promissory note has a 19% annual interest rate and an original maturity date of December 1, 2004. The secured subordinated promissory note has an 8% annual interest rate and an original maturity date of December 1,2004.

17 CONVERTIBLE PREFERENCE SHARES

On October 4, 2005, TRGIL entered into a series "A" preferred stock purchase agreement 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; formerlyAIG investors). The agreement allowed for the purchase of up to 26,785,714 shares of series A Preferred Stock for an initially determined purchase price of US$1.12 per share. The total commitment amount was up to Rs. 2,835 million (US$30,000,000).

The preferred stock is entitled to the same voting rights and dividend entitlements as ordinary share, but rank higher in the event of liquidation. The 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 TRGIL remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2013, requiring such an accrual or payment.

The preferred stock can be converted at any time into an equivalent amount of ordinary shares at the option of the preferred stockholder. Subject to adjustment, if at any time after the date the preference shares were issued, TRGIL issues or sells or is deemed to have issued or sold any shares of the TRGIL ordinary share for consideration per share less than the conversion price of the preference shares on the date of such issuance or sale. Additionally, if certain minimum valuation thresholds are not met, a qualified public offering or change of control can cause an adjustment to conversion price. Accordingly, the precise number of ordinary shares issuable upon the conversion of the preferred shares cannot be definitely predicted.

If TRGIL has not consummated a qualified public offering on or before the third anniversary of the initial closing date, the PineBridge Investors have the right to cause TRGIL to sell to a third party all or a portion of either (i) TRGIL's issued ordinary shares; or (ii) the consolidated assets of TRGIL and its further subsidiaries. If PineBridge Investors exercise their right, TRGIL may as an alternative, be required by the PineBridge Investors to purchase back their Preference shares from them (PineBridge Investors) instead, at a price not less than the original issue price (i.e. US$1.12 per share). However, according to section 4.06(e) of the Investor Rights Agreement {an agreement between the Holding Company and International Finance Corporation (IFC)}, the Holding Company shall not, without the approval of its shareholders by a special resolution, undertake or permit, amongst other things, change in control of any key subsidiary (which includes TRGIL). Further, section 4.06(e) of the Investor Rights Agreement has been made part of the aforementioned Preferred Stock Purchase Agreement. Nonetheless, according to paragraph 8.7(c)(iii) of the Preferred Stock Purchase Agreement, the Holding Company, TRGIL and the management shareholders are required to take all necessary steps to enable the PineBridge Investors to cause sale of the TRGIL's issued ordinary shares.

If a liquidity event occurs, which is defined as a change of control or qualified public offering, the investors will receive the liquidity event amount for each preferred share held, which is determined as follows:

- 125% of the liquidation amount (US$1.12) if the liquidity event occurs within 21 months of the initial closing date.
- 135% of the liquidation amount (US$1.12) if the liquidity event occurs between 21 months and 36 months of the initial closing date.

- 145% of the liquidation amount (US$1.12) if the liquidity event occurs between 36 months and 54 months of the initial closing date.

- 155% of the liquidation amount (US$1.12) if the liquidity event occurs after 54 months from the initial closing date.

As the third anniversary of the initial closing date has passed on October 4, 2008, and TRGIL has not consummated a qualified offering, the PineBridge Investors, now have the right to exercise any one of the aforementioned options. However, to date TRGIL has not been notified by the PineBridge Investors of any intention to cause it to sell the assets or sale its outstanding ordinary shares.

As of June 30, 2013 PineBridge Investors has invested the full US$30 million committed to TRGIL. Convertible shares are split into equity and liability as per the accounting policy given in note 3.7.

17.1 Following is the movement in preferred stock during the year:

	2013	2012
	(Rupees in '000)	
Opening balance	2,835,000	2,580,000
Foreign exchange differences	156,000	255,000
Closing balance	2,991,000	2,835,000

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

	2013		2012	
	Minimum lease payments	**Present value of payments**	Minimum lease payments	Present value of payments
	(Rupees in '000)			
Within one year	**98,272**	**86,203**	77,077	67,375
After one year but not more than five years	**35,248**	**34,255**	69,557	67,483
Total minimum lease payments	**133,520**	**120,458**	146,634	134,858
Less: amounts representing finance charges	**13,062**	**-**	11,776	-
Present value of minimum lease payments	**120,458**	**120,458**	134,858	134,858
Less: current portion shown under current liabilities	**86,203**	**86,203**	67,375	67,375
	34,255	**34,255**	67,483	67,483

The leases have interest rates ranging from 10% to 18.7% per annum (2012: 10% to 18.71% per annum). At the end of the lease term, the ownership of the assets shall be transferred to the Group against security deposits paid. Rentals are payable upto 2014.

19 RETIREMENT BENEFIT OBLIGATION

19.1 IBEX Philippines Inc. (formerly TRG Philippines Inc.) operates an unfunded defined benefit plan for qualifying employees. Under the plan, the employees are entitled to one half month's salary for every year of service, with 6 months or more of service considered as one year. One half month's salary has been defined to include the following:

- 15 days salary based on the latest salary rate.
- cash equivalent to 5 days service incentive leave.
- one-twelfth of the 13th month's pay.

An employee is entitled to retirement benefits only upon attainment of a retirement age of 60 years and completion of atleast five years of previous credited service. No other post-retirement benefits are provided to these employees. The most recent actuarial valuations of the present value of the defined benefit obligation was carried out at June 30, 2013. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	2013	2012
Discount rate	5.11%	6.46%
Expected rate of salary increase	5.00%	8.00%

Amounts recognized in profit or loss account in respect of defined benefit plan are as follows:

	2013	2012
	(Rupees in '000)	
Current service cost	11,079	7,581
Interest on obligation	995	1,527
Actuarial gains recognized during the year	(2,938)	-
	9,136	9,108

The amount included in the balance sheet arising from defined benefit obligations of TRG Philippines, Inc. is as follows

Present value of unfunded defined benefit obligation	17,822	14,634
Unrecognized actuarial gains	19,219	12,617
Net liability arising from defined benefit obligation	37,041	27,251

The movement in the present value of the defined benefit obligation in the current period is as follows:

	2013	2012
	(Rupees in '000)	
Present value of defined benefit obligation at beginning of the year	14,634	15,549
Foreign exchange differences	377	2,074
Current service cost	11,079	7,581
Interest cost	995	1,527
Actuarial gains	(9,263)	(12,097)
Present value of defined benefit obligation at end of the year	17,822	14,634

20 DEFERRED TAXATION

	2013	2012
	(Rupees in '000)	
Tax effect of deductible temporary differences		
- Provisions against trade debts	16,968	12,569
- Unpaid accrued expenses / compensation	46,442	19,715
- Tax losses and credits	2,195,277	2,600,242
- Property and equipment	29	-
- Intangibles	-	21,294
- Investments	953,052	1,612,804
	3,211,768	4,266,624
Tax effect of taxable temporary differences		
- Property and equipment	(25,396)	(50,065)
- Intangible assets	(72,641)	(89,904)
- Deferred revenue	(47,905)	(24,085)
	(145,942)	(164,054)
Net deferred tax assets	3,065,826	4,102,570
Less: deferred tax asset not recognized	(2,981,901)	(4,192,474)
	83,925	(89,904)

20.1 Unrecognized deferred tax asset

Deferred tax assets on deductible temporary differences (including unused tax losses) are recognized to the extent that realization of the related tax benefit is probable on the basis of the respective entities current expectations of future taxable profits. Deferred tax asset arising on deductible temporary differences and unused tax losses, amounting to Rs. 2,982 million (US$29.9 million) [2012: Rs. 4,192 million (US$44.4 million)], has not been recognized in these consolidated financial statements, as the management is of the prudent view that it is not probable that sufficient taxable profit will be available in the foreseeable future against which these deductible temporary differences and unused tax losses can be utilized.

At June 30, 2013, Group's U.S. federal and state net operating loss carry forwards for income tax purposes are Rs. 5,095 million (US$51.1 million) [2012: Rs. 5,531 million (US$58.53 million)] and Rs. 5,573 million (US$55.9 million) [2012: Rs. 5,575 million (US$58.9 million)] respectively which will begin to expire in 2032. Group's Canadian subsidiary has net operating loss carry forward of Rs. 188 million (US$1.89 million) [2012: Rs.1,159 million (US$12.27 million)] for Canadian income tax purposes, expiring over the period 2028 through 2032. The Group's European subsidiaries (UK, Luxembourg, Cyprus) have net operating loss carry forward of Rs. 299 million (US$3 million) [(2012: Rs. 243 million (US$2.6 million)]. The Group's Philippines subsidiary has net operating loss carry forward of Rs. 157 million (US$1.57 million) (2012: Nil), expiring over the period 2015 through 2016. These amounts are based on the income tax returns filed for the year ended June 30, 2012 and the estimated amounts yet to be filed for the year ended June 30, 2013. The timing and manner, in which the group will utilize the U.S. net operating loss carry forwards in any year, or in total, may be limited by provisions of the Internal Revenue Code regarding changes in ownership. The carry forward losses of the Holding Company for income tax purposes as at June 30, 2013 are Rs.158.66 million (US$1.64 million) [2012:Rs. 132.60 (US$1.49million)].

21 OTHER NON- CURRENT LIABILITIES

		2013	2012
		(Rupees in '000)	

Following are the details of other long term liabilities:

		2013	2012
Long term deferred revenue	21.1	49,352	18,428
Long term deferred rent		71,510	62,934
Payable under employee share option plan	26.3	20,538	-
Long term interest payable		-	65,930
Other long term liabilities		-	1,428
		141,400	148,720

21.1 Long term deferred revenue relates to advance billing for initial training conducted for new clients where the expected duration of the contract exceeds twelve months.

22 TRADE AND OTHER PAYABLES

	2013	2012
Trade creditors	793,365	848,132
Accrued expenses	1,991,660	1,085,554
Advances from customers	-	55,541
Worker's Welfare Fund payable	58,625	15,639
Payable to employee defined contribution plans	3,046	5,765
Value added tax payable by indirect subsidiaries	126,617	112,012
Legal and professional charges	84,667	73,175
Deferred revenue	356,623	466,856
Unclaimed dividends	592	592
Others	3,327	83,000
	3,418,522	2,746,266

23 SHORT TERM BORROWINGS - secured

		2013	2012
- TRG Customer Solutions, Inc.	23.1	1,982,834	1,132,428
- iSky, Inc.	23.2	26,020	37,336
- TRG (Private) Limited	23.3	39,958	14,684
- Digital Globe Services, LLC		-	121,583
- E-Telequote Insurance, LLC	23.4	4,899	-
- SATMAP Inc.		-	8,010
		2,053,711	1,314,041

23.1 On July 20, 2011, TRG Customer Solutions Inc. (TRGCS) terminated the agreement with FCC and entered into a revolving line of credit ("New Agreement") with Capital Source Bank ("CSB"). The initial funding under the New Agreement was used to repay the borrowings under the previous line of credit from FCC. The New Agreement has a US$15 million cap and a maturity date of July 20, 2014 and TRGCS had the ability to draw up to a certain percentage, as defined in the Agreement, of its eligible billed and unbilled receivables. TRGCS was subject to certain financial performance covenants, including a minimum Fixed Charge Coverage Ratio and a minimum Cash Velocity Percentage, both defined in the New Agreement, to ensure continued access to the line of credit. CSB was granted a general security interest in TRGCS's assets (with certain limited exceptions) to secure the New Agreement. TRGCS was charged an interest rate of one-month LIBOR + 5% (subject to a one-month LIBOR rate floor of 1.5%) per annum. In addition, TRGCS was charged a monthly collateral management fee of 0.042% based on the previous month average daily net loan balance and monthly unused line fee of 0.042% based on subtracting the previous month average daily net loan balance from the Facility Cap, as defined in the New Agreement.

On September 7, 2012, CSB granted a waiver to TRGCS for past financial covenant defaults, pursuant to an amendment of the New Agreement and also agreed to increase the cap to US$20 million. The amendment also included extending the maturity date to July 20, 2015 and required an equity investment of US$650,000 to TRGCS by TRG within 30 days of closing the amendment. The US$650,000 investment was made on October 1, 2012, and on February 2013 US$476,875 was further injected by TRGIL to increase CSB reserves. TRGCS is now charged an interest rate of one month LIBOR + 6% (subject to one-month LIBOR rate floor of 1.5%) per annum, until the later of March 31, 2013, or the date when specific covenants are met, at which time the interest rate payable will drop to one-month LIBOR + 5% (subject to one-month LIBOR rate floor of 1.5%) per annum. TRGCS's minimum Fixed Coverage Charge Ratio covenant was (0.25) to 1.0 for the month ending August 2012 and increased to 1.20 to 1.0 starting with the month ended November 2012 and continuing for the remaining term of the New Agreement. TRGCS had complied with CSB for four consecutive calendar months for the Fixed Charge Coverage Ratio.

Pursuant to another amendment to the new agreement dated October 5, 2012, the facility cap was permanently increased to US$20 million with an over advance facility of US$800,000 above the facility cap. The over advance facility had a maturity date of December 31, 2012. After December 31, 2012, the over advance facility was removed with the facility cap still in place at US$20 million. It also places a 30% limit on all eligible accounts at any one time except for two top clients of the company which would have a limit of 40% and 45% respectively at any one time until September 30, 2013.

After December 31, 2012, the over advance facility was removed with the facility cap still in place at US$20 million. It also places a 30% limit on all eligible accounts at any one time except for two top clients of the TRGCS which would have a limit of 40% and 45% respectively at any one time until September 30, 2013.

23.2 On July 19, 2011, iSky, Inc. (iSky) entered into a factoring arrangement with FCC LLC d/b/a First Growth Capital. The facility has an upper limit of Rs. 149.55 million (US$1,500,000) and carries a markup of one month LIBOR + 7% per annum. The facility will be automatically renewed after 12 months unless either party notifies of its intention to discontinue, 60 days prior to the maturity date. Under the agreement, iSky has the facility to borrow up to 85% of its eligible receivables. Under the agreement, iSky has to make a minimum sale of receivables of Rs. 19.94 million (US$200,000) per month, failing which iSky will be charged 30 days interest on the under-utilized amount. The facility is secured against receivables of iSky, Inc.

23.3 This represent short term running finance obtained from JS Bank Limited amounting to Rs. 39.958 million (2012: 14.684 million) against total facility of Rs. 40 million (2012: Rs. 20 million). The facility will mature on August 31, 2012 and is secured by way of Corporate guarantee of TRG Pakistan Limited, mortgage of Rs. 49 million (2012: Rs. 27 million) over land of TRG (Private) Limited located in Lahore (Pakistan) and first hypothecation charge of Rs. 27 million (2012: Rs. 27 million) over all present and future receivables of TRG (Private) Limited. The facility carries annual markup at the rate of 3 month KIBOR + 3.25%. Interest is payable on quarterly basis.

23.4 E-Telequote Insurance, LLC (ETI) has obtained factoring facility from Prestige Capital Corporation. ETI can factor 75% of its eligible commission receivables for a maximum of 90 days. The maximum amount that ETI can borrow under the facility is Rs. 74.77 million (US$750,000). The factoring line only covers current year receivables and excludes any financing of future inflows from year 2 and year 3 renewals. The facility is secured against receivable of ETI.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

The subsidiaries of the Holding Company are subject to lawsuits and claims filed in the normal course of business. Management does not believe that the outcome of any of the proceedings will have a material adverse effect on the Group's results of operations, liquidity or financial condition.

The significant claims or legal proceedings against the Group are as follows:

24.1.1 In February 2013, Noble Systems Corporation ("Noble") commenced arbitration against TRG Holdings LLC. (TRGH) for the alleged breach of certain representations in a Share Purchase Agreement ("SPA") entered into between Noble and TRGH for the sale of the shares of Stratasoft, Inc. to Noble. The arbitration demand claims of breach of contract, fraud and related claims arising out of the breach of certain SPA representations and covenants, alleging compensatory damages in excess of US$3,250,000 in addition to punitive damages and attorney fees. The arbitration hearing is currently calendared for May 2014. After the filing of this arbitration, Noble commenced an additional action in a U.S. District Court in Georgia against TRGH and related management (the "Individuals") of TRGH arising out of the same breach of representations and covenants in the SPA. This federal action seeks recovery from the Individuals of compensatory damages in excess of US$3,250,000 in addition to punitive damages and attorney fees. The federal action also seeks injunctive relief from all defendants arising out of the alleged use of a dialer platform that Noble alleges to own. TRG Holdings LLC and the Individuals are contesting the arbitration and federal action and have engaged Williams & Connolly LLP as defense counsel. The claims against the Individuals have also been submitted to TRG's Directors and Officer's liability insurance carrier (the "Carrier") for coverage, and TRGH presently intends to indemnify the Individuals for litigation defence costs that are not covered by the Carrier. In addition, TRGH has brought counterclaims against Noble in the arbitration, as well as separate actions against Noble in the U.S. District Court for the District of Columbia and in the High Court of Sindh at Karachi, Pakistan. Other than the arbitration, no trial dates have been set in any of these actions. It is the TRGH's and Individuals' position in these actions that no material covenant or representation in the SPA has been breached, and that it is Noble who has engaged in misconduct arising out of its hiring of a former programmer of TRGH in violation of noncompetition and confidentiality covenants and its unauthorized access of confidential electronic communications. No reasonable estimation of the damages owed by TRGH, if any, can be ascertained at this time.

24.1.2 In July 2013, a vendor, filed a complaint in the United States District Court for the District of Columbia against a subsidiary of the Holding Company (the Company) arising out of an alleged breach of a "Select" license agreement. The vendor alleges that the Company is liable for the non purchase of a certain number of licenses as per the results of a license audit. The complaint does not state the magnitude of damages that vendor seeks. The Company disputes that it is liable for the alleged license shortfall. As a result of ordinary course of business, the Company believes that it may be required to purchase approximately US$1.4 million in license purchases that should fully satisfy any requirement. The parties have agreed to a professional mediation to take place in October 2013, and it is believed that a normal commercial relationship will resume thereafter.

24.1.3 In September 2013, Charter Communications Operating, LLC ("Charter") filed a complaint in the Circuit Court of St. Louis County, Missouri against SATMAP Inc. ("Entity") and The Resource Group International, Ltd. ("TRGI") arising out of the alleged failure by the Entity to pay US$2,339,928 to Charter pursuant to the term of a Services Agreement entered into between Charter and that Entity. TRGI has been included as a defendant merely as a guarantor to the obligation to pay the money at issue. Charter seeks the payment of US$2,229,928 plus reasonable attorney fees arising out of the action. The Entity believes that it is only obligated to pay Charter US$1,559,953 and had tendered that amount to Charter. Charter refused the tender. The Entity and TRGI accordingly intend to defend the action and seek reasonable attorney fees as an offset against the US$1,559,953 amount that it owes. The Entity and TRGI have yet to answer the complaint and no trial date has been set. Other than US$1,559,953 the Entity owes (less reasonable attorney fees which cannot, at present, be reasonably estimated), no estimation of liability can be reasonably given at this time.

24.1.4 Possible additional tax payments that one of the subsidiaries of the Holding Company may be exposed to an amount of US$146,800. However, based on the views of the tax advisor and the fact that no such demand has been raised by the tax authority, management believes that probability of this payment are remote. Hence, the said amount has not been provided in the subsidiary's financial statements.

24.1.5 In August 2012, Davantic LLC ("Davantic"), owner of a commercial rental property in Charleston WV, filed a claim alleging that TRG Customer Solutions Inc. ("IBEX") breached a lease on the property. Plaintiff has alleged US$12,000 in respect of current, past and future unpaid taxes and rents. Otherwise, Plaintiff has not alleged any specific amount of damages for unpaid rent or any other claims. TRGCS estimates its maximum potential liability towards unpaid taxes and rents for the period July 2011 to March 2014, stated in the lease to be US$6,000 per month in rent and

US$7,000 per year in taxes, plus any prejudgment interest, attorneys' fees and costs that may be awarded. Davantic also has a duty to mitigate damages by subletting the property to a new tenant or taking other steps to generate economic return from the property. IBEX is defending this claim in the ordinary course of business.

24.1.6 In March 2012, an ex-employee of a related company filed a complaint with the West Virginia Human Rights Commission (WVHRC), alleging unlawful discrimination due to race and unlawful retaliation. The ex-employee previously worked for TRG Insurance Solutions, Inc. (TRGIS), TRGIS was an entirely separate corporation with its own lines of business, management and employees. While employed by TRGIS at its facility in Beckley, WV, in 2009 the plaintiff filed a discrimination complaint against TRGIS, which the parties settled by mutual agreement. Later in 2009, TRGIS announced that it was closing its operations in Beckley and laying off all employees, including the plaintiff. In January 2010, the plaintiff interviewed for a position with TRGCS but was not offered a job. The Plaintiff claims that IBEX did not offer her a job because of her race and in retaliation for her having filed the 2009 discrimination complaint against TRGIS, a different company. The Plaintiff alleges Rs. 10.76 million (US$107,940.80) in damages for back pay, plus future pay and interest, plus Rs. 9.2 million (US$92,313.21) in attorneys' fees. TRGCS has defended this case vigorously and intends to continue doing so. TRGCS has defended on the grounds that (1) its records prove race-neutral employment practices, and (2) TRGCS as a matter of law cannot be liable for retaliating against a person whom it never employed. This case was tried on December 17 and December 18, 2012 before an administrative judge of the WVHRC. No ruling has been issued as of the date hereof. TRGCS intends to continue vigorously defending this claim.

24.1.7 In April 2012, a cas was filed in the superior court of Burlington County, New Jersey, againsst TRGCS, by Canon Financial Services, Inc,, involving 24 leases for Canon copiers. All of the copiers were leased by TRGCS for its Door-to-Door business, which was subsequently spun off into TRG Field Solutions, Inc. ("TRGFS"). TRGFS then took possession of the copiers and made payments on the leases. TRGCS settled the case in June 2012. All payments under the settlement have been and will be made by TRGFS.

24.1.8 The Holding Company filed its first return of income tax for the tax year 2003 (i.e. year ended June 30, 2003) claiming exemption under clause 101 of Part I of the second schedule to the Income Tax Ordinance 2001. As at June, 30 2013, returns of income tax up to tax year 2012 have been filed by the Company wherein exemption has been claimed on similar grounds as were taken in initial tax year 2003. However, deemed assessments for the tax years 2003 and 2004 have been amended by the Taxation Officer (TO) whereby the claim of exemption in both the years has been rejected and tax demands of Rs. 604,687 and Rs. 88,303 have been created respectively. The first appeal filed by the Holding Company before Commissioner Inland Revenue (Appeals) against the amended orders has been rejected. The Company has preferred second appeal in both the years before the Appellate Tribunal Inland Revenue (ATIR) who has decided the appeal in the favour of the company through the consolidated order dated March 28, 2013. Application has been filed with the tax authorities for passing the appeal effect orders which are currently pending. Accordingly, no provision has been made for the said matters in these financial statements.

24.1.9 As per the requirement of the intial public offering of their shares, TRGI provided indemnities to IBEX Global Solutions.,Plc and Digital Globe Services Ltd arising out of the period these entities filed consolidated income tax returns with TRG Holdings LLC. The management believes that any material tax liability for TRGI, pursuant to these indemnities, or as a result of the related restructuring, is unlikely.

24.1.10 The Holding Company has issued corporate guarantees up to an aggregate of Rs. 24 million (2012: Rs. 24 million) against the financing facilities availed by TRG (Private) Limited, an indirect subsidiary of the Holding Company.

24.2 Commitments

24.2.1 Service contracts

The Holding Company's subsidiary TRGCS has an annual telecommunication service commitment with one of its carriers. The carrier agreement was singed in January, 2012 for a three year term with minimum annual commitment for Rs. 58,020 million (US$0.6 million). The agreement has a provision for an early termination at the one year anniversary with a sixty day written notice.

TRGCS is also subject to early termination provisions in certain telecommunications contracts which, if enforced by the telecommunications providers, would subject TRGCS to early termination fees. To date, these early termination provisions have not been triggered by TRGCS.

24.2.2 Operating leases commitment

Certain group companies have acquired computer equipment, software, office facilities, furniture and fixtures and office premises under operating lease arrangements/ Ijarah arrangements, of which certain arrangements contain renewal options and escalation clauses for operating expenses and inflation. Rent expense is recognized on a straight line basis over the life of the lease term. Future minimum lease rentals under operating leases for years ending subsequent to June 30, 2013 are as follows:

	2013	2012
	(Rupees in '000)	
Within one year	398,305	565,667
After one year but not more than five years	1,092,302	1,345,627
After five years	180,183	465,675
	1,670,790	2,376,969

25 GOVERNMENT GRANTS

TRG Customer Solutions, Inc. ("TRGCS") received grants from following state during the year ended June 30, 2012 and June 30, 2013 :

25.1 TRGCS received grants in a total of Rs. 45.93 million (US$475,000) from the State of West Virginia during the year for its facilities in Beckley Rs. 15.375 million (US$159,000); Elkins Rs. 15.568 million (US$161,000) and Charleston Rs. 14.988 million (US$155,000). These funds were disbursed through the period ending June 30, 2012 to support a customized industrial training program.

25.2 The Group was granted a total of Rs. 36.262 million (US$375,000) on December 30, 2009 from the Commonwealth of Pennsylvania acting through the Department of Community and Economic Development. The funds were used for working capital as part of the Group's expansion of operations (the Project) in Allegheny County, Pennsylvania. The Grant required the Group to create new, full-time jobs at the Project site through June 30, 2012 and to meet certain other conditions. The Group met the Grant conditions before June 30, 2012.

25.3 TRGCS recorded grant income of Rs. 17.79 million (US$184,000) from State of Tennessee, Department of Economic and Community Development for the provision of employee instruction / training and associated expenses in support of the Group's commitment to maintain and increase jobs and income in Tennessee. The Grant Contract is effective for the period commencing May 21, 2012 and ending on May 20, 2015. The total amount awarded to the Group under this Grant Contract is Rs. 57.536 million (US$595,000). These funds were treated as a reduction in cost of sales for the year ended June 30, 2013.

26 COST OF SERVICES

	Note	2013	2012 (Restated)
		(Rupees in '000)	
Salaries and other employee costs		11,170,628	7,305,063
Search engine advertising		26,083	17,623
Affiliates / leads		22,854	20,932
Communication		528,808	474,138
Office rent		619,307	501,253
Utilities (electricity, gas and water)		169,948	129,987
Repairs, facilities maintenance and office supplies		224,485	135,457
Travelling, transportation and conveyance		182,702	124,512
Depreciation	4.3	226,582	253,988
Amortization	5.1	17,669	22,426
Operating lease rentals		31,264	16,390
Insurance		195	2,679
Printing, postage and stationery		10,286	4,411
Licenses and fees		28,701	44,411
Employees' stock options plan expense	26.1, 26.2 & 26.3	74,262	26,915
Miscellaneous		15,899	5,851
		13,349,673	9,086,036

26.1 TRGI old stock option plan

TRGIL maintains a Stock Option Plan ("the Plan"), which authorizes the granting of stock options to employees of the Group. Under the plan, the exercise price of each option equals the price per share that an external investor pays for its investment into TRGIL.

No options were granted during the year under the 2003 Stock Option Plan. The exercise price of options granted during the year ended June 30, 2012 is US$1.21. Further, none of the options granted were exercised during the year. Issue of shares upon exercise of stock option may either be from issuance of new shares or shares that are outstanding and are acquired to discharge TRGIL's obligations to deliver shares under the Plan.

TRGIL estimates the fair value of its stock options on the date of grant using the Black Scholes option pricing method, which requires the use of certain estimates and assumptions that affect the reported amount of share based compensation cost recognized in the profit and loss account. These include estimates of the expected term of stock options, expected volatility of TRGIL's shares, expected dividends and the risk-free interest rate.

Expected term

No options were granted during the year. The expected term of options granted during the year ended June 30, 2012 is 6 years.

Volatility

As TRGIL is not a listed company, estimated volatility in its share price is derived by calculating the average historical volatility of certain comparable public companies in the call center/business process outsourcing sector.

Expected dividends

The expected dividend yield is 0%. TRGIL does not have a history of paying dividends, nor it anticipates paying dividends in the foreseeable future.

Risk-free rate

The risk-free rate is continuously compounded U.S. nominal treasury rate. The risk-free rate used for options granted during the year ended June 30, 2012 ranged from 1.89% to 1.92%. No options have been granted during the period ended June 30, 2013.

Based on the above assumptions, the fair value of all options granted during the year ended June 30, 2013 amounts to Nil (2012: Rs. 13.496 million). The amount recognized as share-based payment expense for the year ended June 30, 2013 was Rs. 14.656 million (2012: Rs. 26.915 million). As of June 30, 2013, non-vested stock option awards amounted to Rs. 15.246 million (2012: Rs. 27.778 million).

	Share options (Number)	**Weighted average exercise price (US$)**
Options outstanding as at June 30, 2012	30,067,424	1.08
Options forfeited/cancelled/expired during the year	(718,667)	1.01
Options outstanding as at June 30, 2013	29,348,757	1.08
Options exercisable as at June 30, 2013	29,089,730	1.08

A summary of the stock options outstanding and exercisable as at June 30, 2013 is as follows.

2013

Exercise price or range US$	**Options outstanding**			**Options exercisable**		
	Number	**Weighted average remaining life (years)**	**Weighted average exercise price US$**	**Number**	**Weighted average remaining life (years)**	**Weighted average exercise price US$**
1.00	18,499,323	1.52	1.00	18,499,323	1.51	1.00
1.12	6,129,067	3.73	1.12	6,129,067	3.73	1.12
1.21	4,720,367	5.55	1.21	4,461,340	5.20	1.21
	29,348,757			29,089,730		

2012

Exercise price or range US$	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US$	Number	Weighted average remaining life (years)	Weighted average exercise price US$
1.00	19,562,138	2.52	1.00	19,165,990	2.51	1.00
1.12	7,082,789	4.73	1.12	6,129,067	4.66	1.12
1.21	3,422,497	6.55	1.21	4,290,485	6.20	1.21
	30,067,424			29,585,542		

The weighted average grant date fair value of stock options granted during the year ended June 30, 2012 is US$0.61. No options have been granted during the year ended June 30, 2013.

26.2 IBEX stock plan 2013

TRGIL and its subsidiary IBEX Global Solutions Limited, U.K (IBEX) adopted an employee stock option plan on June 4, 2013 (the IBEX Stock Plan 2013) to enable certain executives and employees of IBEX and its subsidiaries to be granted options by TRGI to acquire Ordinary Shares and restricted stock awards (TRGI Options) over 4,301,890 Ordinary Shares of IBEX held by TRGIL.

During the year ended June 30, 2013, IBEX granted 4,301,890 share options to its employees. The exercise price of all option granted during the year was US$1.55. The options have a maximum contractual term of no longer than ten years from their date of grant and vest and become exercisable over a maximum period of 42 months in accordance with terms of the grant agreement. No options have been exercised as at June 30, 2013.

The entity estimates the fair value of its stock options on the date of the grant using the Black Scholes option pricing method, which requires the use of certain estimates and assumptions that affect the reported amount of share based compensation cost recognized in the profit and loss. These include estimates of the expected term of stock options, expected volatility of the IBEX's shares, expected dividends and the risk-free interest rate:

Expected term

The expected term of options granted during the year ended June 30, 2013 is six years.

Volatility

As IBEX was recently listed on AIM, estimated volatility was derived by calculating the average historical volatility of certain comparable public companies in the call centre / business process outsourcing sector over the expected term of the options. Management used a volatility of 55% for grant calculations for the year ended June 30, 2013.

Expected dividends

The expected dividend yield is 3%.

Risk-free rate

The risk-free rate is the continuously compounded United States nominal treasury rate corresponding to the term of the option. The risk-free rate used for options granted during the year ended June 30, 2013 is 2.1%.

	Share options (Number)	Weighted average exercise price (US$)
Options granted during the year	4,301,890	1.55
Options outstanding as at June 30, 2013	4,301,890	1.55
Options exercisable as at June 30, 2013	548,262	1.55

A summary of the stock options outstanding and exercisable as at June 30, 2013 is as follows:

	2013					
Exercise price or range US$	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US$	Number	Weighted average remaining life (years)	Weighted average exercise price US$
1.55	4,301,890	9.91	1.55	548,262	9.91	1.55

The weighted average grant date fair value of stock options granted during the year ended June 30, 2013 is Rs. 24.83 (US$0.249). The amount recognized as share-based payment expense pertaining to this plan for the year ended June 30, 2013 was Rs. 39.69 million (US$410,395).

26.3 PHANTOM stock option plan

Certain subsidiaries of TRGIL have established Phantom Stock Plans in order to provide financial incentives to their officers, employees and consultants that are tied to the value of IGSP and thereby aligning their interests with the company's stockholders.

A Phantom Stock Option is the right to receive upon exercise an amount equal to the difference between:

(a) the Fair Market Value of the share of Stock at the time of exercise; and
(b) the exercise price of the Option per share of Stock.

During the year ended June 30, 2013, the subsidiaries of TRGIL granted 626,000 Phantom Stock options to their employees. The exercise price of all option granted during the year was US$1.55. The options have a maximum contractual term of no longer than ten years from their date of grant and vest and become exercisable over a maximum period of 42 months in accordance with terms of the grant agreement. No options have been exercised as at June 30, 2013.

The grants of Phantom Stock Options are treated as cash – settled share based payment transactions under IFRS 2. The fair value of the liability is measured at each reporting date and settlement date and changes in fair value are recognized in profit and loss for the period. Black Scholes option pricing method is used, which requires the use of certain estimates and assumptions that affect the reported amount of share based compensation cost recognized in the profit and loss. These include estimates of the expected term of stock options, expected volatility of the IGSP's shares, expected dividends and the risk-free interest rate:

Expected term

The expected term of options granted during the year ended June 30, 2013 is six years.

Volatility

As IGSP was recently listed on AIM, estimated volatility was derived by calculating the average historical volatility of certain comparable public companies in the call centre / business process outsourcing sector over the expected term of the options. Management used a volatility of 55% for grant calculations for the year ended June 30, 2013.

Expected dividends

The expected dividend yield is 3%.

Risk-free rate

The risk-free rate is the continuously compounded United States nominal treasury rate corresponding to the term of the option. The risk-free rate used for options granted during the year ended June 30, 2013 is 2.52%.

	Share options (Number)	Weighted average exercise price
		(US$)
Options granted during the year	626,000	1.55
Options outstanding as at June 30, 2013	626,000	1.55
Options exercisable as at June 30, 2013	145,372	1.55

A summary of the stock options outstanding and exercisable as at June 30, 2013 is as follows:

	2013					
Exercise price or range US$	Options outstanding			Options exercisable		
	Number	Weighted average remaining life (years)	Weighted average exercise price US$	Number	Weighted average remaining life (years)	Weighted average exercise price US$
1.55	**626,000**	**9.91**	**1.55**	**145,372**	**9.91**	**1.55**

The weighted average fair value of phantom stock options as at June 30, 2013 is Rs. 110.67 (US$1.110). The amount recognized as share-based payment expense pertaining to these plans for the year ended June 30, 2013 was Rs. 19.92 million (US$206,000). A total of 145,372 Phantom Stock Options having total intrinsic value of US$103,536 had vested as at June 30, 2013.

27 ADMINISTRATIVE AND GENERAL EXPENSES

		2013	2012 (Restated)
		(Rupees in '000)	
Salaries and other employee costs		1,379,575	1,621,301
Communication		30,756	25,255
Rent		95,343	116,585
Advertisement and marketing		8,979	9,478
Amortization	5.1	2,773	4,298
Depreciation	4.3	32,800	42,382
Printing and stationery		25,862	23,222
Travelling, transportation and conveyance		201,810	164,030
Utilities (electricity, gas and water)		20,741	23,510
Insurance		54,367	44,943
Legal and professional charges		175,538	16,243
Auditors' remuneration	27.1	78,062	43,167
Repairs and maintenance		77,693	71,721
Consultancy		376,842	62,757
Licenses and fees		3,511	11,145
Miscellaneous		117,734	67,457
		2,682,386	2,347,494

27.1 Auditors' remuneration

Holding Company's auditors	27.1.1	29,519	29,110
Remuneration of subsidiaries' auditors	27.1.2	48,543	14,057
		78,062	43,167

27.1.1 Remuneration of Holding Company's auditors

	2013	2012
	(Rupees in '000)	
Annual audit fee - for the Holding Company	1,265	1,265
Annual audit fee - for subsidiaries	22,628	22,173
Half yearly review	400	400
Audit of consolidated financial statements	2,875	2,875
Other certifications	130	130
Out-of-pocket expenses	2,221	2,267
	29,519	29,110

27.1.2 Remuneration of subsidiaries' auditors

	2013	2012
Services relating to IPO, tax and other certification	32,491	-
Annual audit fee	16,052	14,057
	48,543	14,057

28 OTHER INCOME

	2013	2012 (Restated)
Income from financial assets		
Return on bank balances	789	631
Interest income on advances	1,043	1,150
	1,832	1,781
Income from assets other than financial assets		
Reversal of provision for doubtful debts	-	5,513
Exchange gain	-	11,927
Other income	200,303	7,408
	200,303	24,848
	202,135	26,629

29 OTHER CHARGES

	2013	2012 (Restated)
Loss on disposal of property and equipment	-	82
Exchange loss	9,651	-
Bad debts written off	11,572	-
Worker's Welfare Fund	42,986	2,520
Others	2,923	2,039
	67,132	4,641

30 FINANCE COST

	Note	2013	2012 (Restated)
Mark up on borrowings	30.1	204,633	182,054
Factoring fees		1,264	644
Finance charges on leased assets		10,058	11,978
Bank charges		7,470	6,493
		223,425	201,169

30.1 This includes markup of Rs. 22.66 million (2012: Rs. 23.21 million) in respect of loans from CEO of the Holding Company.

31 TAXATION

	Note	2013	2012
		(Rupees in '000)	
Current			
- for the year	31.2	12,020	17,082
- for prior year		7,545	-
Deferred - for the year	20	(177,484)	1,860
		(157,919)	18,942

		2013	2012
31.1	Income tax on continued operations	(158,048)	18,942
	Income tax on discontinued operations	129	-
		(157,919)	18,942

31.2 The U.S. tax provision includes the following U.S. entities: TRG Holdings, LLC, Stratasoft, Inc., SATMAP, Inc., TRG Customer Solutions, Inc. (trading as IBEX Global Solutions, Inc.), TRG Healthcare, Inc, TRG Marketing Services, Inc., iSky, Inc., BPO Solutions, Inc, Alert Communications, Inc. and DGS, Inc. which file their U.S. Federal income tax return as a consolidated group under TRG Holdings, LLC. Additionally, included in the provision are TRG Customer Solutions (Canada), Inc. , TRG Private Limited (Pakistan), TRG Marketing Solutions Limited (UK), IBEX Global Solutions Plc (UK), Lovercius Consultants Limited, IBEX Global Europe S.a.r.l., Virtual World (Private) Limited (Pakistan), IBEX Global Solutions (Private) Limited (Pakistan), TRG Senegal SA and IBEX Philippines, Inc. These Group entities file standalone tax returns in their respective jurisdictions. No tax provision has been calculated for TRGIL as it is a Bermuda holding company (tax exempt).

DGS, Inc. (including its wholly owned subsidiary Telsat Online, Inc.) was wholly owned by TRG Holdings, LLC until November 30, 2012 and was a member of consolidated US tax group. As a part of group re-organization , Digital Globe Services, Inc. and Telsat online, Inc. left the US consolidated tax group on November 30, 2012 and started filing separate tax returns in the US with effect from December 1, 2012.

TRG Customer Solutions, Inc. was wholly owned by TRG Holdings, LLC. until March 31, 2013 and was a member of consolidated US tax group. As a result of group reorganization, TRG Customer Solutions, Inc. left the US consolidated tax group on March 31, 2013 and started filing separate tax return in the US with effect from April 1, 2013.

Undistributed earnings of foreign subsidiaries are not subject to U.S. tax until distributed as dividends. Since a substantial portion of the earnings have been or are intended to be indefinitely reinvested in foreign operations, no provision has been made for any applicable U.S. taxes. Furthermore, only taxes paid to foreign governments on those earnings may be used in whole or in part, as credits against the U.S. tax on any dividends distributed from such earnings. It is not practicable to estimate the amount of unrecognized deferred U.S. taxes on these undistributed earnings or losses.

31.3 The Holding Company is subject to tax under Income Tax Ordinance, 2001. However, the Holding Company operated as a Venture Capital Company upto February 10, 2010 and was therefore exempt under clause 101 of Part I of Second Schedule to Income tax Ordinance, 2001 upto that date.

31.4 Rate reconciliation

	2013		2012	
	(%)	(Rupees in '000)	(%)	(Rupees in '000)
Profit / (loss) for the year		3,679,100		(562,736)
Income tax expense / (benefit)		(158,048)		18,942
Net profit / (loss) excluding income tax		3,521,052		(543,794)
Income tax expense / (benefit) using applicable tax rate	34.00%	1,197,158	34.00%	(184,888)
Tax losses	3.15%	110,913	5.96%	(32,425)
Effect of tax rates in foreign jurisdiction	-45.14%	(1,589,403)	-0.07%	367
Tax effect of income/loss attributable to tax exempt foreign subsidiaries	0.00%	-	-0.26%	1,416
Gain on sale of intellectual property	20.99%	739,069	0.00%	-
Effect of departure from US tax group (sale of subsidiary)	4.80%	169,010	0.00%	-
Non-deductible expenses	-3.40%	(119,716)	-3.18%	17,302
Change in unrecognized temporary differences	-15.98%	(562,664)	-38.39%	208,766
Effect of exchange rate changes	-2.91%	(102,415)	-1.55%	8,404
	-4.49%	(158,048)	-3.49%	18,942

32 EARNINGS / (LOSS) PER SHARE

	2013	2012
	(Rupees in '000)	
From continuing operations		
Net loss for the year (attributable to shareholders of the Holding Company)	**(959,409)**	(1,080,113)
	(Shares)	
Weighted average number of shares outstanding during the year	**385,390,700**	385,390,700
	(Rupees)	
Basic loss per share	**(2.49)**	(2.80)
From discontinued operations	(Rupees in '000)	
Net profit for the year (attributable to shareholders of the Holding Company)	**3,975,444**	612,438
	(Shares)	
Weighted average number of shares outstanding during the year	**385,390,700**	385,390,700
	(Rupees)	
Basic earnings per share	**10.32**	1.59

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

33 CASH GENERATED FROM / (USED IN) OPERATIONS

	2013	2012
	(Rupees in '000)	
Loss before tax from continuing operations	(1,309,378)	(1,287,947)
Profit / (loss) from discontinued operations	4,830,559	744,153
	3,521,181	(543,794)
Adjustments for:		
Depreciation and amortization	287,220	345,178
Reversal of provision for bad debts	9,263	597
Share in profit of associate	(76,996)	-
Provision for retirement benefits	9,136	9,108
Finance cost-net	212,859	205,250
Employee's stock option plan expense	74,262	26,915
(Gain) / loss on disposal of property, equipment and subsidiaries	(4,550,608)	82
	(4,034,864)	587,130
	(513,683)	43,336
(Increase) / decrease in current assets		
Trade debts	(970,142)	(446,374)
Advances, deposits, prepayments and other receivables	(188,179)	57,521
Stock-in-trade	7,952	3,340
	(1,150,369)	(385,513)
Increase in current liabilities	730,866	634,138
Net cash (used in) / generated from operations	(933,186)	291,961

34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk.

Financial instruments by category are as follows:

	2013	2012
	(Rupees in '000)	
Financial assets - loans and receivables		
Long term loans	395,925	100,553
Long term deposits	113,140	143,276
Trade debts	3,154,803	2,186,905
Loans and advances	20,638	44,501
Short term deposits	192,611	209,639
Interest accrued	- -	-
Other receivables	1,072,704	95,086
Cash and bank balances	1,765,306	341,990
	6,715,127	3,121,950
Financial liabilities at amortized cost		
Long term finances	95,712	292,478
Liabilities against assets subject to finance lease	120,458	134,858
Other liabilities	20,538	67,358
Trade and other payables	2,873,019	2,105,500
Convertible preference shares	2,991,000	2,835,000
Short term borrowings	2,053,711	1,314,041
Accrued interest on borrowings	143,472	54,048
	8,297,910	6,803,283

Risks managed and measured by the Group are explained below:

34.2 Market risk

34.2.1 Interest rate risk

Interest rate risk is the risk that the fair value of the financial instrument or future cash flows from a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest rate risk in respect of borrowings and bank balances. Effective interest rates and maturities are given in respective notes to the consolidated financial statements.

At June 30, 2013, if interest rates on financial assets and liabilities, having variable rates, had been 100 basis points higher/lower with all other variables held constant, loss after taxation for the year would have been higher/lower by Rs. 19.91 million (2012: Rs. 12.403 million).

34.2.2 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group primarily has foreign currency exposures in Pakistan rupee, Pound sterling, Philippine Peso and Senegal Franc. However, majority of the transactions of the Group are denominated in USD and accordingly foreign currency exposure is not significant to the Group's financial position and performance.

34.2.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include trade deposits and other receivables. Out of the total financial assets, those that are subject to credit risk amount to Rs. 9,997 million (2012: Rs. 3,100.143 million).

Credit rating wise breakup of bank balances:

	2013	2012
	(Rupees in '000)	
AA	39,610	3,033
AA-	12,153	3,349
A-1 +	1,545	2,931
A-1	566	23,316
A+	666,618	247,230
A	32,362	50,584
A-	996,000	1,399
BBB+	-	6,757
BBB-	15,260	-
Non-rated	-	1,466
	1,764,114	340,065

The maximum exposure to credit risk as at June 30, 2013, along with comparatives is tabulated below:

Financial assets

Long term loans	395,925	100,553
Long term deposits	113,140	143,276
Trade debts	3,126,845	2,167,023
Loans and advances	20,638	44,501
Short term deposits	192,611	209,639
Other receivables	1,072,704	95,086
Balances with banks	1,764,114	340,065
	6,685,977	3,100,143

The Group has the following exposure to concentration of credit risk with clients representing greater than 5 % of the consolidated revenue or receivable balances:

2013

	Revenue		**Accounts Receivable**	
	Amount (Rupees in '000)	**% of Total**	**Amount (Rupees in '000)**	**% of Total**
Client 1	4,063,965	28%	1,113,627	36%
Client 2	4,058,112	28%	908,575	29%
Client 3	1,242,877	8%	173,945	6%
Client 4	828,757	6%	190,871	6%
Client 5	364,763	2%	35,490	1%
	10,558,474	72%	2,422,508	78%

2012

	Revenue		Accounts Receivable	
	Amount (Rupees in '000)	% of Total	Amount (Rupees in '000)	% of Total
Client 1	1,518,466	12%	112,352	5%
Client 2	2,345,621	19%	220,179	10%
Client 3	1,500,172	12%	213,166	10%
Client 4	1,007,507	8%	-	0%
Client 5	587,929	5%	104,274	5%
	6,959,695	56%	649,971	30%

The ageing of trade debtors which were past due as at year end is as follows:

	2013	2012
	(Rupees in '000)	
Dues 0 to 31 days	2,564,453	1,739,401
Dues 31 to 60 days	447,496	345,035
Dues 61 to 90 days	70,406	65,572
Dues 91 to 180 days	47,771	29,260
Dues over 180 days	24,678	7,637
Less: Provision for doubtful debts	(27,958)	(19,882)
	3,126,846	2,167,023

The Group does not hold any collateral against these assets.

Financial assets other than trade debts do not contain any impaired or non-performing assets.

34.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations from the Group's future cash flows. A maturity analysis of financial liabilities is as follows:

Financial liabilities in accordance with their contractual maturities are presented below:

	2013				
	Carrying value	**Total contractual cash flows**	**Less than I year**	**Between I to 2 years**	**Between 2 to 5 years**
			(Rupees in '000)		
Long term finances	95,712	95,712	95,712	-	-
Liabilities against assets subject to finance lease	120,458	133,520	98,272	35,248	-
Other liabilities	20,538	20,538	-	20,538	-
Trade and other payables	2,873,019	2,873,019	2,873,019	-	-
Convertible preference shares	2,991,000	2,991,000	2,991,000	-	-
Short term borrowings	2,053,711	2,053,711	2,053,711	-	-
Accrued markup on short term borrowings	143,472	143,472	143,472	-	-
	8,297,910	8,310,972	8,255,186	55,786	-

	2012				
	Carrying value	Total contractual cash flows	Less than I year	Between I to 2 years	Between 2 to 5 years
			(Rupees in '000)		
Long term finances	292,478	447,627	37,948	-	409,679
Liabilities against assets subject to finance lease	134,858	146,634	77,077	69,557	-
Other liabilities	67,358	67,358	-	1,428	65,930
Trade and other payables	2,105,500	2,105,500	2,105,500	-	-
Convertible preference shares	2,835,000	2,835,000	2,835,000	-	-
Short term borrowings	1,314,041	1,314,041	1,314,041	-	-
Accrued markup on short term borrowings	54,048	54,048	54,048	-	
	6,803,283	6,970,208	6,423,614	70,985	475,609

34.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability could be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value and fair value estimates.

The estimated fair value of other financial assets and liabilities is not considered significantly different from carrying values as the items are either short term in nature or periodically repriced.

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for remuneration including all benefits to the chief executive, director and executives of the Group is as follows:

	2013				2012			
	Chief Executive	**Director**	**Executives**	**Total**	Chief Executive	Director	Executives	Total
	(Rupees in '000)							
Managerial remuneration note 35.1	-	24,175	10,184,671	10,208,846	-	16,588	6,221,604	6,238,192
Commission / bonus	-	-	625,755	625,755	-	-	650,601	650,601
House rent	10,722	-	47,748	58,470	14,122	-	63,815	77,937
Medical allowance	-	-	8,529	8,529	-	-	9,147	9,147
Insurance	-	246	13,985	14,231	-	1,278	22,719	23,997
Other benefits and allowances	-	-	123,802	123,802	-	-	108,965	108,965
Total	10,722	24,421	11,004,490	11,039,633	14,122	17,866	7,076,851	7,108,839
Number of persons	1	1	3,782	3,784	1	1	3,227	3,229

35.1 No managerial remuneration was paid to the chief executive during the year.

35.2 No fee for attending meetings or any other remuneration was paid to the directors of the holding company during the year.

35.3 Certain executives are provided with free use of Group maintained cars.

36 OPERATING SEGMENTS

Management has determined its operating segments based on reports reviewed by the Board of Directors (BoD) that are used to assess the performance of the various components and in making resource allocation decisions. Management has determined that the line of the business constitute operating segments. There are four operating segments namely call center, market research and software business. Although market research and software business do not meet the qualitative thresholds required by IFRS 8, management has concluded that these segments shall be reported, as they are closely monitored by the BoD and are expected to materially contribute to Group revenue in the future.

Each of the business units identified above has its own management and leadership teams and faces unique sets of market dynamics. A brief description of segment and type of revenue which it generates is given below:

- Call center operations involves the provision of customer service support via telephone;

- The market research segment provides analytical and consultation services that specializes in helping clients manage their customer relationships and promote their brand equity: and

- Software business deals with sale and maintenance of dialers and virtual call center software for enterprise and small and medium business.

The BoD assesses the Group's internal performance on the following bases:

- Third party revenue for each business unit; and

- Earnings before interest, Tax, depreciation and amortization (EBITDA) from its ongoing operations.

EBITDA includes those categories of other expenses / charges and / or other income which are considered to be in the normal course of business. Non-recurring expenses such as restructuring related costs, product development or initial losses from a start up operation are excluded and reported separately as Non-recurring expenses. Similarly, material gains from disposals or divestitures are excluded from the definition of the recurring EBITDA. Net corporate overhead expenses that are costs pertaining to the holding companies in Pakistan, USA and Bermuda are not allocated to operating segments and reported separately. Any Non-recurring expenses borne by the holding companies are also reported separately in the Non-recurring income and expenses category. Third party finance charges borne by the consolidated group are reported on a consolidated basis. The depreciation, amortization and any foreign exchange gains or losses as well as any tax benefit or expense are reported on a consolidated basis.

36.1 Information about segments

The segment information provided to the chief operating decision makers for the reportable segments for the year ended June 30, 2013 is as follows:

	2013				
	Call center	**Online Marketing (Discontinued)**	**Market research**	**Software business**	**Total**
	(Rupees in '000)				
Segment revenue	20,302,724	1,495,349	535,350	301,252	22,634,675
Less: inter-segment revenue	(6,338,293)	(125,984)	-	(10,740)	(6,475,017)
Revenue from external customers	13,964,431	1,369,365	535,350	290,512	16,159,658
Less: Revenue from discontinued operations	-	(1,369,365)	-	(56,186)	(1,425,551)
Net Reported Revenue	13,964,431	-	535,350	234,326	14,734,107
Adjusted EBITDA	304,705	203,186	4,621	(577,635)	(65,123)

	2012				
	Call center	Online Marketing (Discontinued)	Market research	Software business	Total
	(Rupees in '000)				
Segment revenue	14,464,306	1,852,349	512,685	665,172	17,494,512
Less: inter-segment revenue	(5,036,774)	(2,023)	(3,326)	(55,942)	(5,098,065)
Revenue from external customers	9,427,532	1,850,326	509,359	609,230	12,396,447
Less: Revenue from discontinued operations	-	(1,850,326)	-	(221,357)	(2,071,683)
Net Reported Revenue	9,427,532	-	509,359	387,873	10,324,764
Adjusted EBITDA	174,238	364,410	1,725	(154,370)	386,003

	2013	2012 (Restated)
	(Rupees in '000)	
36.2 Adjusted EBITDA for reportable segments for the year	(65,123)	386,003
Depreciation and amortization	(287,220)	(345,178)
Employee share option expense	(74,262)	(26,915)
Corporate overhead expenses	(436,815)	(348,808)
Non - recurring income	22,206	58,302
Finance costs – net	(255,687)	(215,388)
Foreign exchange loss	(9,651)	11,516
Emerging business expense	-	(63,326)
Gain on sale of subsidiary	4,550,608	-
Share of profit of associates	76,996	-
Profit / (loss) before tax	3,521,052	(543,794)

36.3 Total revenue by location

	Total revenue by location of customers	
	2013	2012
	(Rupees in '000)	
Pakistan	149,044	64,816
United States of America	16,010,614	12,331,631
	16,159,658	12,396,447

36.4 Property and equipment and intangible assets - net book value

	2013		2012	
	Property and equipment	**Intangible assets**	Property and equipment	Intangible assets
	(Rupees in '000)			
Pakistan	181,326	11	192,083	152
United States of America	407,492	1,362,329	384,777	1,339,134
Others	108,773	8,375	80,039	2,613
Total	697,591	1,370,715	656,899	1,341,899

37 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated undertakings (including subsidiaries and associates), staff retirement funds, directors and key management personnel. The balances due from and to related parties of the Group have been disclosed in the respective notes to the consolidated financial statements. Material transactions with related parties, other than remuneration and benefits to the directors and key management personnel under the terms of their employment (as disclosed in note 35), are given below:

	2013	2012
	(Rupees in '000)	
Zia Chishti - CEO of the Holding Company		
Interest expense	22,661	23,214
Interest payable	121,290	98,960
Trakker (Private) Limited - (common directorship)		
Revenue	16,793	13,314
TPL Direct Insurance Limited - (common directorship)		
Revenue	4,333	3,342
Staff retirement benefits		
Employees' provident fund - Contribution made	25,712	46,249

The status of the outstanding balances with related parties as at June 30, 2013 is disclosed in notes 10, 16, 21 and 22.

37.1 The above transactions are carried out at mutually agreed terms.

38 CAPITAL RISK MANAGEMENT

The Holding Company's objectives when managing capital are to safeguard the Holding Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Holding Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

39 PROVIDENT FUND RELATED DISCLOSURE

Holding Company

The Holding Company operates a defined contribution plan for its employees. The following information is based on latest financial statements of the Fund:

	2013	2012
	(Rupees in '000)	
	(Unaudited)	(Unaudited)
Size of the Fund - total assets	2,100	1,482
Cost of investments made	1,976	1,420
Percentage of investments made	100%	100%
Fair value of investments	2,100	1,482

The break-up of the fair value of investments is:

	2013	2012	**2013**	2012
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	(Rupees in '000)		**% of total investment**	
Habib Metropolitan - Multiplier account	2,100	1,482	100%	100%
	2,100	1,482	100%	100%

The investments out of provident funds of the Holding Company had been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

39.2 *Subsidiary Companies*

TRG (Private) Limited, IBEX (Private) Limited and DGS (Private) Limited operate separate defined contribution plan for their employees The following information is based on latest financial statements of the Fund:

	2013	2012
	(Unaudited)	(Unaudited)
	(Rupees in '000)	
Size of the Funds - total assets	117,527	122,943
Cost of investments made	97,534	100,458
Percentage of investments made	86%	85%
Fair value of investments	101,342	104,266

The break-up of the fair value of investments is:

	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
	(Rupees in '000)		% of total investment	
Bank Deposits	89,227	89,736	88%	86%
Mutual funds	12,115	14,530	12%	14%
	101,342	104,266	100%	100%

The investments out of provident funds of the Holding Company had been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

40 NUMBER OF EMPLOYEES

	2013	2012
	(Number)	
Holding company		
Average number of employees during the year ended	3	4
Number of employees as at year end	3	3
Subsidiary companies		
Average number of employees during the year ended	7,619	7,486
Number of employees as at year end	7,843	7,337

41 GENERAL

All financial information presented has been rounded to the nearest thousands of Pakistani Rupees unless mentioned otherwise.

42 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 07, 2013 by the Board of Directors of the Holding Company.

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

The Chief Executive Officer of the Holding Company being presently out of Pakistan, these consolidated financial statements have been signed by two Directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

Director

Director

TRG PAKISTAN LIMITED.

Form of Proxy

I/we: ____________________

Of (full address): ____________________

____

Being a Member of TRG PAKISTAN LIMITED. hereby appoint: ____________________

Of (full address): ____________________

____

Or failing him: ____________________

Of (full address): ____________________

____

As my/our proxy to attend and vote for me and on my behalf at the Eleventh Annual General Meeting of the Company to be held on October 31, 2013 and at any adjournment thereof.

Signed this ____________________ (Day) ____________________ (Date, month, year)

Folio Number/CDC No. ____________________

Numbers of shares held: ____________________

Signature over Revenue Stamp of Rs. 5

Signatures and addresses of witnesses	Signatures and addresses of witnesses
Witness 1	Witness 2
Signature ____________	Signature ____________
Name ____________	Name ____________
NIC No. ____________	NIC No. ____________
Address ____________	Address ____________

Notes:

1. A Member entitled to attend, speak and vote at the meeting is entiled to appoint a proxy to attend, speak, and vote for him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an office or attorney duly authorized.
3. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed, or notarized copy of such power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of meeting.
4. An individual beneficial Owner of the Central Depository Committee, entitled to attend and vote at this meeting must bring his/her original Computerized National Identity Card with him/her to prove his/her identity, and in case of porxy, must bring attested copy of his/her computerized National Identity Card. The representative of corporate entity, shall submit Board of Directors' resolution/power of attorney with specimen signature (unless it has been provided earlier) along with the proxy form of the Company.

TRG PAKISTAN LIMITED.

AFFIX
CORRECT
POSTAGE

TRG Pakistan Limited
3rd Floor, Arcadia Building,
16th East Street, Defence Phase 1,
Main Korangi Road, Karachi, Pakistan

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