TRG Vision

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

TRG PAKISTAN LIMITED

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.

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TRG PAKISTAN LIMITED

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. Dossani

Company Secretary

Syed Muhammad Talib Raza

Chief Financial Officer

Hassan Farooq

Legal Advisor

Lexium - Attorneys at Law

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Shares Registrar

THK Associates (Pvt.) Ltd.
Share Department,
2nd Floor, State Life Bldg. No.3,
Dr. Ziauddin Ahmed Road, Karachi.
UAN: 111-000-322
FAX: 5655595

Registered Office

Centre Point Building, Level 18, Plot No. 66/3-2, Off. Shaheed-e-Millat Expressway, Near KPT Interchange Flyover, Karachi-74900, Pakistan.
UAN: (021) 111-874-874
Fax: (021) 35805893

Notice of Annual General Meeting

Notice is hereby given that the Twelfth Annual General Meeting of TRG Pakistan Limited (the **"Company"**) will be held at ICAP Auditorium, The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton Karachi, Pakistan on November 26, 2014 at 09:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Extraordinary General Meeting of the Company held on November 10, 2014.

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, 2014.

3. To appoint the Auditors for the ensuing year ending June 30, 2015 and fix their remuneration.

Other Business

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 31, 2014

Syed Muhammad Talib Raza
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from November 18, 2014 to November 26, 2014 (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 November 17, 2014 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 Computrized National Identity Card (CNIC) 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 CNIC numbers shall be mentioned on the form.
(iii) Attested copies of CNIC of the beneficial owners and the proxy shall be furnished with the proxy form.
(iv) The proxy shall produce his / her original CNIC 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, 2014

Your Directors are pleased to present the standalone and consolidated Financial Statements of TRG Pakistan Limited for the year ended June 30, 2014.

Key Developments

FY 2014 was a year of significant growth for TRG as all of our subsidiary companies grew their top lines substantially, resulting in an overall revenue increase of 37% compared to FY13. Both of our portfolio companies that are listed on the London Stock Exchange continued on their strong growth trajectories, as did our unlisted subsidiary companies, proving out the strength of their business models. Our two listed companies on the London Stock Exchange, Digital Globe Services (DGS) and IBEX Global Solutions have a combined market capitalization as of September 30, 2014 of Rupees 16.3 billion, as compared to Rupees 24.8 billion a year earlier. In July 2014, our SATMAP subsidiary closed its first substantial outside funding round, raising Rupees 1.7 billion from a variety of blue-chip investors, with a post-money valuation of Rupees 7 billion. The value of TRG's stake in these three companies alone is Rupees 13.3 billion, which translates to approximately Rupees 21 per share.

During FY 2014, our IBEX Global Solutions subsidiary (which provides outsourced contact center services) recorded revenues of Rupees 18.6 billion, which represents a 39% increase over revenues in FY 2013. This increase was driven primarily by a continued increase in revenues from its two largest clients. Total headcount at IBEX is currently approaching 12,000 employees globally, of which approximately 40% in the US, 35% in the Philippines and 22% in Pakistan. During FY 2014, IBEX Global Solutions recorded Earnings before Taxes, Interest, Depreciation and Amortization (EBITDA) of Rupees 937 million, as against a figure of Rupees 389 million in FY 2013. IBEX incurred significant capital expenditures during the year, as it expanded its capacity by 37% and spent Rupees 1.2 billion in buildout related expenditures, which was largely financed in the form of capital leases.

Our Digital Globe Solutions (DGS) subsidiary (which provides customer acquisition and digital marketing services) had revenues of Rupees 4 billion during FY 2014, which represented an increase of 60% compared to FY 2013. While a significant portion of this increase is attributable to an organic increase in end-client revenues, this revenue increase also includes the impact from an acquisition during FY14 of an on-line education business, expanding DGS's operations into that vertical. DGS's margin increased to Rupees 559 million (compared to the prior year's figure of Rupees 390 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 below 50%, and these results are accounted for using the equity method.

During FY 2014, our SATMAP subsidiary (which provides call routing solutions for contact centers using artificial intelligence) showed significant progress in growing new customers and demonstrating enterprise-wide roll-out of its technology amongst Fortune 100 customers. Revenues during FY14 nearly doubled (compared to FY13) to a level of Rupees 447 million. Towards the end of the fiscal year, we successfully rolled out our first large-scale deployment with a global telecommunications provider, with SATMAP integrated into their entire contact center estate. Due to the operational momentum in FY14, we were successful in closing a significant outside financing round for SATMAP in July 2014, led by a global professional services provider and by a leading global asset manager. As a result primarily of the increase in business development and account management headcount and support infrastructure for new clients adopting the technology, SATMAP's cost base increased significantly to Rupees 1.4 billion (from Rupees 837 million in FY 2013), widening its losses to Rupees 974 million from a level of Rupees 602 million in FY 2013. SATMAP is targeting break-even performance (from a margin perspective) by the end of calendar 2014, driven primarily by its ramps in existing customers.

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 more than doubled in scale, with accounting revenues of Rupees 323 million FY 2014 compared to Rupees 143 million in the prior fiscal year. We believe that these accounting revenues significantly understate the economic performance of eTelequote as they fail to take into account future revenues associated with the acquisition of a customer, which, from an accounting perspective, are recognized in subsequent years and therefore result in an accounting loss upon initial acquisition of a customer, offset by revenues in those subsequent years. From an accounting perspective, the increasing scale resulted therefore in a widening of the accounting margin, with negative margin of Rupees 705 million during the fiscal year. With the increasing scale and resulting operating leverage of eTelequote, we completed preparations to list its shares on the London Stock Exchange and had initially targeted a listing in June 2014. Given market conditions, we will be targeting carrying out that listing later in FY 2015, which will have the added benefit of presenting a significantly larger operating profile compared to a year earlier.

In terms of other mergers and acquisition activity over the course of FY 2014, we sold a small portion of our shares in our IBEX and DGS entities for total proceeds of Rupees 889 million. These proceeds were largely used in funding the growth of our SATMAP and eTelequote operating companies.

Financial Performance

TRG Pakistan's financial statements consist of the financial statements of the parent company on a standalone basis, as well as the consolidated financial statements of the entire group.

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 Limited and BPO Solutions Inc. do not generate external revenue and their expenses represent the corporate overhead to support our portfolio management function.

For the year ended June 30, 2014, our consolidated revenues amounted to Rupees 20.1 billion, which represents 37% increase from revenues of Rupees 14.7 billion for the comparative period in 2013. The above revenue results do not include revenues associated with DGS 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 24.1 billion.

Our recurring subsidiary revenue were offset by net recurring cash operating costs (excluding interest) of Rupees 20.8 billion, resulting in recurring earnings before interest, taxes, depreciation and amortization of negative Rupees 483 million (adjusted for our share of profit from our associated company accounted for under equity method).

Our operating subsidiaries incurred a net interest expense of Rupees 303 million to service their respective loans and lines of credit. As a result, our recurring operating cash income from our subsidiaries was negative Rupees 786 million over the year ended June 30, 2014.

Our total corporate overheads for the year were Rupees 453 million as compared to Rupees 394 million incurred during the year ended June 30, 2013.

The gain on sale of shares in associated company was Rupees 77 million. The gain on disposal of IBEX shares amounting to Rupees 411 million 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 499 million, a non-cash stock option expense of Rupees 156 million, an exchange loss of Rupees 39 million, other non-recurring expenses of Rupees 296 million and deferred tax income of Rupees 10 million.

The net result of the above was a loss for the year of Rupees 2.1 billion as compared to a profit of Rupees 3.7 billion during the same period in 2013.

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 0.17 million mainly as a return on its cash balances, whereas it incurred expenses of Rupees 24.6 million for payroll, professional services and audit fees associated with its holding company activities. As a result, TRG Pakistan incurred a net loss of Rupees 24.5 million for the year ended June 30, 2014.

Results of TRG International Limited

From FY14, TRG Pakistan Limited's sole direct subsidiary, The Resource Group International Limited (TRGIL) started preparing its audited Financial Statements under IFRS 10 as an "investment entity". TRGIL's stake in its operating subsidiaries is reflected as investment in portfolio companies and carried at fair value / market value. TRGIL's audited results for FY14 have gross assets of Rupees 19.3 billion and Net Asset Value of Rupees 182.8 per share.

We expect the change in accounting rules to be implemented in Pakistan in FY15, which would give TRG Pakistan the option to prepare its financial statements on a similar basis to TRGIL. The directors believe that those financials would more accurately reflect the performance of TRG Pakistan and the Group. Had these regulations been in place in FY14, the financials of TRG Pakistan would have reflected a Net Asset Value of approx. Rupees 28 per share.

Matter of Emphasis in Auditors Opinion

TRG Pakistan Limited's auditors, KPMG Taseer Hadi & Co., have drawn emphasis to the possibility of PineBridge Investors (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;

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, 2014 was Rupees 1,487,841 (unaudited) and as at June 30, 2013 was Rupees 2,100,163 (unaudited).

Board Meetings during the year

During the year three meetings of the Board of Directors were held. Attendance by the Directors was as follows:

Name of Director	Meetings attended
Mr. Muhammad Ziaullah Chishti	3
Mr. Muhammad Ali Jameel	3
Mr. Mohammedullah Khaishgi	3
Mr. Rafiq Dossani	2
Mr. John Leone	1
Mr. Peter H. R. Riepenhausen	3
Mr. Ameer Shabu Qureshi	3
Mr. Patrick McGinnis	1
Mr. Abu Bakar Chowdhury	0
Mr. Saleem Butt	2

Board Audit Committee meetings during the year

During the year, three 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	1
Mr. Saleem Butt	2

Board HR Recruitment & Compensation Committee meetings during the year

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 on account of losses.

Earning per Share:

The loss per share of the Company on a consolidated basis was Rupees 4.26. On a stand-alone basis, the Company recognized loss per share of Rupees 0.06.

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, 2015.

Shareholding Pattern:

A statement showing pattern of shareholding of the Company and relevant additional information as at June 30, 2014 is included in this report.

Outlook

Our strategic plan continues to consist of executing on the realization of shareholder value for our operating assets. We are strongly focused on exercising our significant shareholding in our listed companies in a manner that sustains earnings and valuation growth at these entities. In addition, during the upcoming year, we will continue to demonstrate value creation within our SATMAP and eTelequote subsidiaries by attempting to realize private or public capital markets events. We believe that the recent external financing round of our SATMAP subsidiary provides a platform for significant future value accretion, which we hope to monetize for our shareholders in short order.

Shareholder Acknowledgment:

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
Dated: October 20, 2014

On behalf of the Board of Director

Chief Executive

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2014

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 ("the Board"). 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 June 30, 2014.

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, three 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 two urgent meetings 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 and Company Secretary 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.

17. The meetings of the Audit Committee were held only in two quarters prior to the approval of financial results of the Company 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 is in the process of strengthening the internal audit function of the Company and its subsidiaries (the Group). Suitable candidates are being interviewed and short listed presently and reasonable progress is being made by the Company in this respect.

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.

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 with except for the mechanism for the annual evaluation of the Board's own performance which is not yet established and which is being currently devised.

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

Dated: October 20, 2014 — **Chief Executive**

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **TRG Pakistan Limited** ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 as applicable to the Company for the year ended 30 June 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

i. Paragraph 10 relating to training of directors. As per management, Company intends to comply with the mandatory requirement in near future.

ii. Paragraph 25 relating to a mechanism for the annual evaluation of the Board's performance. As per management, the mechanism is being currently devised.

Dated: October 20, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Pattern of Shareholding

As at 30-06-2014

No. of Shareholders	Number of Shares From	Number of Shares To	Total Shares Held
304	1	100	7330
655	101	500	306054
924	501	1000	911286
1684	1001	5000	5139013
586	5001	10000	4977587
185	10001	15000	2488227
150	15001	20000	2872542
108	20001	25000	2613543
62	25001	30000	1803853
29	30001	35000	970601
39	35001	40000	1529900
27	40001	45000	1171931
109	45001	50000	5407305
10	50001	55000	542500
11	55001	60000	651500
13	60001	65000	825000
11	65001	70000	764500
12	70001	75000	893500
6	75001	80000	479499
2	80001	85000	166500
9	85001	90000	801861
4	90001	95000	375000
33	95001	100000	3299000
1	100001	105000	100658
7	105001	110000	767000
1	110001	115000	115000
9	115001	120000	1073500
7	120001	125000	872000
2	125001	130000	255093
3	130001	135000	399500
2	135001	140000	280000
2	140001	145000	285000
15	145001	150000	2250000
2	150001	155000	305098
3	155001	160000	474500
2	160001	165000	329960
1	165001	170000	170000
4	170001	175000	700000
1	175001	180000	180000
1	185001	190000	187500
2	190001	195000	388500
21	195001	200000	4200000
3	200001	205000	604500
1	205001	210000	210000
1	210001	215000	215000
3	220001	225000	672000
1	225001	230000	226936
2	230001	235000	466500
2	235001	240000	479300
9	245001	250000	2244500
1	250001	255000	251000
1	260001	265000	265000
14	295001	300000	4200000
1	305001	310000	310000
2	325001	330000	656250
1	340001	345000	344291
1	365001	370000	370000
1	370001	375000	375000
1	390001	395000	395000
5	395001	400000	2000000
1	420001	425000	425000
1	425001	430000	428000
1	430001	435000	435000
1	445001	450000	450000
2	450001	455000	908500
1	475001	480000	480000
2	480001	485000	969501
10	495001	500000	5000000
1	515001	520000	519500
1	525001	530000	530000
1	540001	545000	545000
1	545001	550000	550000
1	570001	575000	575000
1	580001	585000	582840
5	595001	600000	3000000
1	610001	615000	611000
1	625001	630000	626000
1	670001	675000	673860
3	695001	700000	2100000
1	720001	725000	725000
3	745001	750000	2250000
1	770001	775000	775000
1	895001	900000	900000
5	995001	1000000	5000000
1	1005001	1010000	1010000
1	1010001	1015000	1012500
1	1035001	1040000	1040000
1	1060001	1065000	1061000
2	1095001	1100000	2200000
1	1100001	1105000	1101000
1	1125001	1130000	1126500
1	1195001	1200000	1200000
1	1210001	1215000	1212000
1	1245001	1250000	1250000
1	1345001	1350000	1350000
1	1455001	1460000	1460000
1	1500001	1505000	1505000
1	1695001	1700000	1700000
1	1895001	1900000	1900000
1	1965001	1970000	1969000
1	1995001	2000000	2000000
1	2045001	2050000	2050000
1	2095001	2100000	2100000
1	2185001	2190000	2187000
1	2245001	2250000	2250000
1	2405001	2410000	2410000
1	2495001	2500000	2500000
1	2595001	2600000	2600000
1	2695001	2700000	2700000
1	2955001	2960000	2960000
1	3560001	3565000	3562500
1	3785001	3790000	3786250
1	3995001	4000000	4000000
1	4320001	4325000	4322000
1	4680001	4685000	4683000
1	4995001	5000000	5000000
1	5240001	5245000	5242000
1	5395001	5400000	5400000
1	5495001	5500000	5500000
1	5995001	6000000	6000000
1	6320001	6325000	6323356
1	7070001	7075000	7072678
1	7235001	7240000	7236624
1	8185001	8190000	8188000

Pattern of Shareholding

As at June 30, 2014

No. of Shareholders	Number of Shares			No. of Shareholders	Number of Shares		
	From	To	Total Shares Held		From	To	Total Shares Held
1	8565001	8570000	8569500	1	14595001	14600000	14600000
1	9995001	10000000	10000000	1	20795001	20800000	20796213
1	10240001	10245000	10243500	1	25700001	25705000	25704000
1	11180001	11185000	11184060	1	39790001	39795000	39790665
1	13295001	13300000	13300000				
1	13355001	13360000	13356500	**5,207**	**Company Total**		**385,390,665**

Category of Shareholders

As at June 30, 2014

Categories	Share Holders	Share Holding	Percentage
DIRECTORS, CEO & CHILDREN	14	48,383,481	12.5544
ASSOCIATED COMPANIES	2	3,834,250	0.9949
BANKS, DFI & NBFI	9	5,422,276	1.4070
INSURANCE COMPANIES	1	500	0.0001
MODARABAS & MUTUAL FUNDS	6	27,898,145	7.2389
GENERAL PUBLIC (LOCAL)	4977	170,208,230	44.1651
GENERAL PUBLIC (FOREIGN)	101	24,040,537	6.2380
OTHERS	95	51,466,368	13.3543
FOREIGN COMPANIES	2	54,136,878	14.0473
Company Total	5,207	385,390,665	100

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

Detail of Directors, CEO and their spouse and minor children	Number of Share Held
MR. MUHAMMAD ZIAULLAH CHISHTI	46,651,034
MR. MUHAMMAD ALI JAMEEL	344,589
MR. MUHAMMADULLAH 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
MR. SALEEM BUTT	775,000
	48,383,481

Pattern of Shareholding
As Per Requirement of Code of Corporate Governance

As at June 30, 2014

Banks, Development Finance Institutions, Non-Banking Finance institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	1,126,500
FAYSAL BANK LIMITED	500,000
SONERI BANK LIMITED	500
J S BANK LIMITED.	2,000,000
NATIONAL BANK OF PAKISTAN	276
NATIONAL BANK OF PAKISTAN	38,000
NATIONAL BANK OF PAKISTAN	750,000
ASKARI BANK LIMITED	1,000,000
ESCORTS INVESTMENT BANK LIMITED	7,000
EXCEL INSURANCE CO.LTD.	500
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	11,184,060
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	600,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	89,461
CDC - TRUSTEE AKD OPPORTUNITY FUND	7,236,624
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	600,000
MCBFSL - TRUSTEE NAMCO BALANCED FUND	8,188,000
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
AR MANAGEMENT SERVICES (PRIVATE) LIMITED	115,500
ELIXIR SECURITIES PAKISTAN (PVT.) LTD.	4,500
INTERMARKET SECURITIES LIMITED	500,000
FIRST CAPITAL EQUITIES LIMITED	1
TRUSTEE-IQBAL ADAMJEE TRUST	100,000
PRUDENTIAL SECURITIES LIMITED	534
TRUSTEE - IQBAL ADAMJEE TRUST	75,000
MOOSANI SECURITIES (PVT) LTD.	47,500
CRESCENT STEEL AND ALLIED PRODUCTS LTD.	100,000
TRUSTEES MOOSA LAWAI FOUNDATION	10,000
GARIBSONS (PVT.) LTD.	40,000
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD	400,000
IMGC GLOBAL (PVT.) LIMITED	5,000
HAMEED SHAFI HOLDINGS (PVT) LTD.	300,000
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	45,035
MUHAMMAD ANAF KAPADIA SECURITIES (SMC-PVT.) LTD	4,322,000
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	11,000
EXCEL SECURITIES (PVT.) LTD.	450
PEARL SECURITIES LIMITED	10,243,500
PEARL SECURITIES LIMITED	13,356,500
TRUSTEE- KHYBER PAKHTUNKHWA -PENSION FUND	425,000
CAPITAL VISION SECURITIES PVT LIMITED	16,500
M.R.A. SECURITIES (PVT) LIMITED	611,000
BAWA SECURITIES (PVT) LTD.	50,000
AZEE SECURITIES (PRIVATE) LIMITED	226,936
ZILLION CAPITAL SECURITIES (PVT) LTD.	600,000
DALAL SECURITIES (PVT) LTD.	75,000
MULTILINE SECURITIES (PVT) LIMITED	40,500
MULTILINE SECURITIES (PVT) LIMITED	25,000
ADAM SECURITIES (PVT) LTD.	500,000
CAPITAL VISION SECURITIES (PVT) LTD.	31,000
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	22,693
FDM CAPITAL SECURITIES (PVT) LIMITED	50,000
FDM CAPITAL SECURITIES (PVT) LIMITED	200,000
NCC-SQUARING-UP ACCOUNT	35,900
STOCK VISION (PVT.) LTD.	2,000
DJM SECURITIES (PRIVATE) LIMITED	1,012,500
SHERMAN SECURITIES (PRIVATE) LIMITED	3,562,500
LIVE SECURITIES LIMITED	3,500
TIME SECURITIES (PVT.) LTD.	519,500

Pattern of Shareholding
As Per Requirement of Code of Corporate Governance

As at June 30, 2014

Banks, Development Finance Institutions, Non-Banking Finance institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	1,000,000
JAHANGIR SIDDIQUI & SONS LIMITED	1,000,000
MAAN SECURITIES (PRIVATE) LIMITED	750,000
FAIR EDGE SECURITIES (PRIVATE) LIMITED	1,500
INVESTFORUM (SMC-PVT) LIMITED	4,500
HH MISBAH SECURITIES (PRIVATE) LIMITED	25,000
AMER SECURITIES (PRIVATE) LIMITED	100
STOCK MASTER SECURITIES (PRIVATE) LTD.	902
FIRST NATIONAL EQUITIES LIMITED	40,980
ABBASI SECURITIES (PRIVATE) LIMITED	42,000
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	21,000
DARSON SECURITIES (PVT) LIMITED	484,501
STOCK STREET (PVT) LIMITED.	5,092
ARIF HABIB CORPORATION LIMITED	25,704,000
TRUSTEE CHERAT CEMENT CO. LTD EMPLOYEES PROVIDENT FUND	100,000
TRUSTEE CHERAT CEMENT COMPANY LTD STAFF GRATUITY FUND	100,000
SAAO CAPITAL (PVT) LIMITED	435,000
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	2,410,000
ZAHID LATIF KHAN SECURITIES (PVT) LTD	428,000
MAAN SECURITIES (PVT) LTD.	1,250,000
TRUST IQBAL ADAMJEE	75,000
AWJ SECURITIES (PRIVATE) LIMITED.	485
PASHA SECURITIES (PVT) LTD.	500
HK SECURITIES (PVT) LTD.	2,000
FAIR DEAL SECURITIES (PVT) LTD.	6,012
WASI SECURITIES (SMC-PVT) LTD.	6,001
DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	1,500
Y.H. SECURITIES (PVT.) LTD.	1,212,000
VALUE STOCK SECURITIES PRIVATE LIMITED	791
KSR STOCK BROKERAGE (PVT) LTD.	33,000
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.	400,000
SALIM SOZER SECURITIES (PVT.) LTD.	150,098
AKD SECURITIES LIMITED - AKD TRADE	500
A.I. SECURITIES (PRIVATE) LIMITED	50,000
M/S SHAFFI SECURITIES (PVT) LIMITED	10,000
VALUE STOCK SECURITIES (PVT) LIMITED	54,500
RAH SECURITIES (PVT) LIMITED	65,000
GLOBAL SECURITIES PAKISTAN LIMITED - MF	1,040,000
ELIXIR SECURITIES PAKISTAN (PVT.) LTD. - MF	2,250,000
IMPERIAL INVESTMENT (PVT) LTD.	3,200
JS GLOBAL CAPITAL LIMITED - MF	47,500
FIKREE`S (SMC-PVT) LTD.	8,000
MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	300
MULTILINE SECURITIES (PVT) LIMITED - MF	15,000
MERRILL LYNCH PIERCE FENNER & SMITH INC	14,346,213
	124,837,502

Pattern of Shareholding
As Per Requirement of Code of Corporate Governance
As at June 30, 2014

Shareholders Holding 10% or More Voting Interest	Number of Shares Held	Voting Interest
INTERNATIONAL FINANCE CORPORATION	39,790,665	10.3248
MR. MUHAMMAD ZIAULLAH CHISHTI	46,651,034	12.1049
	86,441,699	22.4297

Detail of movement in the shares of Directors / CEO and their spouses and minor children	Designation	Opening Balance July 1, 2013	Closing Balance June 30, 2014
MR. MUHAMMAD ZIAULLAH CHISHTI	CEO	60,828,034	46,651,034
MR. MUHAMMAD ALI JAMEEL	Director	344,589	344,589
MR. MUHAMMADULLAH KHAISHGI	Director	612,840	612,840
MR. RAFIQ DOSSANI	Director	3	3
MR. JOHN LEONE	Director	3	3
MR. PETER H. R. RIEPENHAUSEN	Chairman	3	3
MR. AMEER S. SHABU QURESHI	Director	3	3
MR. PATRICK MCGINNIS	Director	3	3
MR. ABU BAKAR CHOWDHURY	Director	3	3
MR. SALEEM BUTT	Director	775,000	775,000
		62,560,481	48,383,481

Detail of Sale of Shares by Directors
As at June 30, 2014

Name	Designation	Date of Sale	Number of Shares	Rate
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director & CEO	12/03/2014	4,177,000	17.6618
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director & CEO	26/06/2014	10,000,000	13.26

Historical Financial Information

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	(Rupess in '000)									
Revenue	169	1,388	2,086	1,002	615	28,915	2,445	8,300	2,934	20,201
Expenses-net	24,624	(2,006,107)	26,799	71,740	1,617,447	(737,411)	2,452,297	59,334	165,252	23,191
Taxation	-	173	173	-	-	-	-	-	-	-
Net (Loss) / Profit	(24,455)	2,007,668	(24,889)	(70,738)	(1,616,832)	766,326	(2,449,852)	(51,034)	(135,912)	(2,990)
Basic EPS	(0.06)	5.21	(0.06)	(0.18)	(4.20)	1.99	(6.36)	(0.10)	(0.56)	(0.01)
Non - Current Assets	3,274,450	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
Current Assets	3,872	3,361	9,113	13,527	16,063	15,113	24,464	33,720	74,265	53,196
Share Capital and Reserves	3,093,768	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
Non - Current Liabilities	-	-	173	-	206	566	-	-	3,069	9,191
Current Liabilities	184,554	161,874	96,000	69,261	56,824	39,989	35,589	29,215	1,481,396	541,519
Dividend	-	-	-	-	-	0.01	-	-	-	-
Market share price	14.03	10.19	3.42	2.56	4.11	1.35	6.25	16.4	10.05	10.1
Number of Employees	3	3	4	4	4	4	2	5	4	3
Number of Consolidating Subsidiaries	35	28	26	32	29	22	21	15	16	8

TRG PAKISTAN
LIMITED

Standalone Financial Statements
for the year ended June 30, 2014

Auditors' Report to the Members

We have audited the annexed balance sheet of **TRG Pakistan Limited** ("the Company") as at June 30, 2014 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, 2014 and of the loss, 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 describes uncertainty relating to the options available to the preference shareholders (PineBridge Investors).

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

Date: October 20, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Balance Sheet
As at June 30, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	4	188	93
Long term investment	5	3,274,187	3,303,859
Long term deposits		75	75
		3,274,450	3,304,027
Current assets			
Accrued markup		7	7
Receivables from related party	6	566	571
Advance tax		1,231	1,214
Cash and bank balances	7	2,068	1,569
		3,872	3,361
Total assets		3,278,322	3,307,388
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	8	7,330,000	7,330,000
Issued, subscribed and paid-up capital	8	3,853,907	3,853,907
Foreign exchange translation reserve		896,875	924,166
Accumulated losses		(1,657,014)	(1,632,559)
		3,093,768	3,145,514
Current liabilities			
Accrued and other liabilities	9	62,626	62,496
Payable to related parties - current account	10	121,928	99,378
		184,554	161,874
Total equity and liabilities		3,278,322	3,307,388
Contingencies and commitments	11		

The annexed notes 1 to 23 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, 2014

	Note	**2014**	2013
		(Rupees in '000)	
Interest and other income	12	169	1,388
Other expenses	13	(24,624)	(68,108)
Reversal of impairment loss on investment		-	2,074,215
(Loss) / profit before taxation		(24,455)	2,007,495
Taxation - deferred		-	173
(Loss) / profit for the year		(24,455)	2,007,668
Other comprehensive income			
Foreign currency translation difference		(27,291)	119,590
Total comprehensive (loss)/ income for the year		(51,746)	2,127,258
		(Rupees)	
(Loss) / earnings per share - basic and diluted	14	(0.06)	5.21

The annexed notes 1 to 23 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, 2014

	Note	**2014**	2013
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	15	(1,515)	2,704
Markup income received		169	426
Taxes paid		(17)	(13)
Net cash (used in) / generated from operating activities		(1,363)	3,117
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(196)	-
Net cash (used in) investing activities		(196)	-
Effects of exchange rate difference		2,058	(4,500)
Net increase / (decrease) in cash and cash equivalents		499	(1,383)
Cash and cash equivalents at beginning of the year		1,569	2,952
Cash and cash equivalents at end of the year	7	2,068	1,569

The annexed notes 1 to 23 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.

Statement of Changes in Equity

For the year ended June 30, 2014

	Issued, subscribed and paid-up capital	Foreign exchange translation reserve	Accumulated losses	Total
	(Rupees in '000)			
Balance as at June 30, 2012	3,853,907	804,576	(3,640,227)	1,018,256
Total comprehensive income				
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
Total comprehensive loss				
Loss for the year	-	-	(24,455)	(24,455)
Foreign currency translation difference	-	(27,291)	-	(27,291)
	-	(27,291)	(24,455)	(51,746)
Balance as at June 30, 2014	3,853,907	896,875	(1,657,014)	3,093,768

The annexed notes 1 to 23 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, 2014

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 I, DHA, Karachi, Pakistan. Subsequent to year end, the registered office of the Company was shifted to 18th Floor, Center Point, Plot # 66/3-2, Off Shaheed-e-Millat Expressway, Korangi, 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(I) & (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/I67/2012) dated January 18, 2012 approved the Company's application.

1.2 The principal activity of the Company is to acquire, invest and manage operations relating to business process outsourcing, online customer acquisition, marketing of medicare related products, and contact centre optimisation services through its subsidiary, The Resource Group International Limited.

1.3 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 8.3, 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). These options indicate the existence of uncertainity related to the future outcome if the PineBridge investors exercise any of the aforementioned options. However, management is confident that the PineBridge Investors would continue with their investment in the preference shares of TRGIL in forseeable future.

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 new standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. The management is in the process of evaluating the effects on the financial statements, however, the amendments are not likely to have an impact on the Company's financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The standard is not likely to have an impact on the Company's financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The standard is not likely to have an impact on the Company's financial statements other than increase in disclosures.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard is not likely to have an impact on the Company's financial statements other than increase in disclosures.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 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. The interpretation is not likely to have an impact on the Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 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. The amendments are not likely to have an impact on the Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 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. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

  IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

  IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

  IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

  Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

The above amendments are not likely to have an impact on the Company's financial statements.

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 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 clause101 part 1 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.

Deferred tax asset, amounting to Rs. 964 million (2013: Rs. 1,009 million), has not been recognized in these financial statements, as the management is of the view that it is not probable that sufficient taxable profits 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. 136.9 million (2013: Rs. 158.66 million).

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 a 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		Total
		Computers and office equipments	Motor vehicles	
		(Rupees in '000)		
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
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**
Year ended June 30, 2014				
Opening net book value		61	32	93
Additions		196	-	196
Depreciation charge for the year		(79)	(22)	(101)
Net book value		178	10	188
As at June 30, 2014				
Cost		776	110	886
Accumulated depreciation		(598)	(100)	(698)
Net book value		**178**	**10**	**188**
Annual rate of depreciation		**20% to 33.33%**	**20%**	

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

5. LONG TERM INVESTMENT

		2014	2013
		(Rupees in '000)	
In unquoted subsidiary - at cost			
The Resource Group International Limited (TRGIL)			
60,450,000 (2013: 60,450,000) ordinary shares	*5.1*	5,972,738	6,026,865
Less: Accumulated impairment	*5.2*	(2,698,551)	(2,723,006)
		3,274,187	3,303,859

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% (2013: 82.3%) whereas the percentage of voting interest of the Company in TRGIL is 60.31% (2013:60.31%).

	Note	2014	2013
		(Rupees in '000)	

5.1 Movement in investment at cost

Opening balance		6,026,865	5,712,525
Currency translation difference		(54,127)	314,340
Closing balance		5,972,738	6,026,865

5.2 Movement in accumulated impairment

Opening balance		2,723,006	4,608,010
Reversal of impairment loss on investment		-	(2,074,215)
Currency translation difference		(24,455)	189,211
Closing balance	*5.3*	2,698,551	2,723,006

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.

6. RECEIVABLES FROM RELATED PARTY - considered good

TRG Marketing Solutions, UK - Indirect subsidiary	*6.1*	566	571

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

7. CASH AND BANK BALANCES

Balance with bank in			
- current account		625	625
- saving account	*7.1*	1,434	919
		2,059	1,544
Cash in hand		9	25
		2,068	1,569

7.1 The balances in saving account carry markup ranging from 6% to 8% per annum (2013: 6% to 8% per annum).

8. SHARE CAPITAL

	2014		2013	
	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	**375,765,687**	**3,757,657**	375,765,687	3,757,657
- allotted for consideration other than cash (refer note 8.1)	**9,624,978**	**96,250**	9,624,978	96,250
	385,390,665	**3,853,907**	385,390,665	3,853,907

8.1 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.

8.2 Subsequent to year end, the Company has offered right shares at par value of Rs. 10 per share for every 6.423 Ordinary Class 'A' shares held. The share transfer books of the Company for entitlement of right has been determined between August 25, 2014 to August 31, 2014.

8.3 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, 2014, 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, 2014, PineBridge Investors has invested the full US$ 30 million committed to the TRGIL.

9. ACCRUED AND OTHER LIABILITIES

	2014	2013
	(Rupees in '000)	
Accrued expenses	4,516	4,270
Unclaimed dividend	592	592
Other liabilities	57,518	57,634
	62,626	62,496

10. PAYABLE TO RELATED PARTIES - Current account

Name of related party	**Nature of relationship**		
TRGIL	Subsidiary	11,248	11,350
Trakker (Private) Limited	Associated company	2,178	2,178
TRG Holding LLC	Indirect subsidiary	107,779	85,127
TRG (Private) Limited	Indirect subsidiary	723	723
		121,928	99,378

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 As at June 30, 2014, returns of income tax up to tax year 2013 have been filed by the Company. However, deemed assessments for the tax years 2003 and 2004 had been amended by the Taxation Officer (TO) whereby the exemption claimed under clause (101) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance) were rejected in both these years and tax demands of Rs. 604,687 and Rs. 88,303 had been created respectively. The first appeal filed by the Company before Commissioner Inland Revenue (Appeals) against the amended orders had been rejected. The Company preferred second appeal in both the years before the Appellate Tribunal Inland Revenue (ATIR) who decided the appeal in the favour of the Company through the consolidated order dated March 28, 2013. Application has been filled 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.

11.2 Commitments

There were no commitments outstanding as at June 30, 2014 and 2013.

12. INTEREST AND OTHER INCOME

	2014	2013
	(Rupees in '000)	
Interest from financial assets		
- Return on bank balances	169	120
- Interest income on advances	-	229
	169	349
Other income		
- Exchange gain - net	-	1,039
	169	1,388

13. OTHER EXPENSES

	Note	2014	2013
Salaries and other employee costs	13.1	11,367	11,896
Rent		-	549
Printing, stationery and courier		3,325	4,027
Insurance		1,181	1,079
Communication		260	214
Worker's Welfare Fund		-	40,969
Legal and professional charges		1,640	2,410
Auditors' remuneration	13.2	4,897	4,897
Depreciation	4	101	166
Exchange loss - net		323	-
Miscellaneous expenses		1,530	1,901
		24,624	68,108

13.1 This includes the Company's contribution to employees' retirement benefit fund amounting to Rs. 0.516 million (2013: Rs. 0.594 million).

13.2 Auditors' remuneration

	2014	2013
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	227
	4,897	4,897

14. (LOSS) / EARNINGS PER SHARE

	2014	2013
	(Rupees in '000)	
(Loss) / earnings for the year	(24,455)	2,007,668
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	385,390,700	385,390,700
	(Rupees)	
(Loss) / earnings per share	(0.06)	5.21

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.

15. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2014	2013
		(Rupees in '000)	
(Loss) / profit for the year before taxation		(24,455)	2,007,495
Adjustments for :			
Depreciation		101	166
Reversal of impairment loss on investment		-	(2,074,215)
Interest on advances and return on bank balances		(169)	(349)
Exchange loss / (gain)		323	(1,039)
Working capital changes	*15.1*	22,685	70,646
		22,940	(2,004,791)
		(1,515)	2,704

15.1 Working capital changes

	2014	2013
Decrease / (increase) in current assets:		
Advances to related party	-	4,335
Receivables from related party	5	(31)
	5	4,304
Increase / (decrease) in current liabilities:		
Accrued and other liabilities	130	39,151
Payable to related parties	22,550	27,191
	22,680	66,342
	22,685	70,646

16. 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:

	2014 Executives	2013 Executives
	(Rupees in '000)	
Managerial remuneration	9,750	10,442
Bonus	1,077	443
Total	10,827	10,885
Number of persons	3	3

16.1 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, 2014.

16.2 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.

16.3 No remuneration was paid to the Chief Executive and directors of the Company during the current and last year.

17. 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

17.1 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. 2.707 million (2013: Rs. 2.197 million).

Bank balances amounting Rs. 2.059 million (2013: Rs. 1.544 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, 2014, along with comparative is tabulated below:

Financial assets

	2014	2013
	(Rupees in '000)	
Long term deposit	75	75
Accrued mark up	7	7
Receivable from related party	566	571
Balances with banks	2,059	1,544
	2,707	2,197

17.1.1 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.

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

Domestic	2,141	1,626
Foreigners	566	571
	2,707	2,197

17.2 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:

	2014		
Financial liabilities	Carrying Amount	Contractual cash flow	Maturity up to one year
		(Rupees in '000)	
Accrued and other liabilities	62,626	62,626	62,626
Payable to related parties - current account	121,928	121,928	121,928
	184,554	184,554	184,554

	2013		
Financial liabilities	Carrying Amount	Contractual cash flow	Maturity up to one year
		(Rupees in '000)	
Accrued and other liabilities	5,888	5,888	5,888
Payable to related parties - current account	99,378	99,378	99,378
	105,266	105,266	105,266

17.3 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.

17.3.1 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.

17.3.2 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.

17.3.3 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.

18. 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.

19. 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	**2014**	2013
		(Rupees in '000)	
Expense charged to			
TRG (Private) Limited	Indirect subsidiary	-	467
Services acquired			
TRG (Private) Limited	Indirect subsidiary	-	444
Contribution to the provident fund		516	594

20. 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:

	2014 (Unaudited)	2013 (Unaudited)
	(Rupees in '000)	
Size of the Fund - total assets	1,488	2,100
Cost of investments made	1,488	1,976
Percentage of investments made	100%	100%
Fair value of investments	1,488	2,100

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

	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
	(Rupees in '000)		% of total investment	
Habib Metropolitan - Multiplier account	1,488	2,100	100%	100%
	1,488	2,100	100%	100%

20.1. The investments out of provident fund 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.

21. NUMBER OF EMPLOYEES

As at June 30, 2014, the Company had three employees (2013: three employees). Average number of employees was three (2013: three employees) during the year ended June 30, 2014.

22. GENERAL

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

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 20, 2014 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, 2014

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, 2014 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, 2014 and the results of their operations for the year then ended.

We draw attention to note 1.3 to the annexed consolidated financial statements which describes uncertainty relating to the options available to the preference shareholders (PineBridge Investors).

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

Date: October 20, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Consolidated Balance Sheet
As at June 30, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	1,828,983	697,591
Intangible assets	5	1,757,807	1,370,715
Long term investment	6	2,981,647	3,231,614
Deferred tax asset	7	117,962	83,925
Long term loans and advances	8	387,945	395,925
Long term deposits and prepayments	9	305,562	265,713
		7,379,906	6,045,483
CURRENT ASSETS			
Trade debts	10	3,826,372	3,126,845
Loans and advances	11	16,144	20,638
Deposits and prepayments	12	482,627	192,611
Other receivables		172,046	1,072,704
Advance tax		118,348	85,010
Cash and bank balances	13	481,574	1,765,306
		5,097,111	6,263,114
Total assets		12,477,017	12,308,597
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
Authorized share capital	14	7,330,000	7,330,000
Issued, subscribed and paid-up capital	14	3,853,907	3,853,907
Foreign exchange translation reserve		(128,536)	(153,086)
Accumulated losses		(3,340,240)	(2,395,379)
Equity attributable to shareholders of the Holding Company		385,131	1,305,442
Non-controlling interests		1,604,550	1,977,816
Total equity		1,989,681	3,283,258
LIABILITIES			
Non current liabilities			
Long term finances	15	295,016	-
Liabilities against assets subject to finance lease	17	695,092	34,255
Retirement benefit obligation	18	17,092	37,041
Other non-current liabilities	19	213,270	141,400
		1,220,470	212,696
Current liabilities			
Trade and other payables	20	3,874,935	3,418,522
Convertible preference shares	16.1	2,964,000	2,991,000
Accrued interest on borrowings		-	143,472
Short term borrowings	21	2,012,205	2,053,711
Current portion of:			
- Long term finances	15	134,763	95,712
- Liabilities against assets subject to finance lease	17	280,963	86,203
Taxes payable		-	24,023
		9,266,866	8,812,643
		10,487,336	9,025,339
Total equity and liabilities		12,477,017	12,308,597
Contingencies and commitments	22		

The annexed notes from 1 to 41 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, 2014

	Note	2014	2013
		(Rupees in '000)	
Continuing operations			
Revenue	*35.1*	20,121,975	14,734,107
Cost of services	*24*	(18,275,741)	(13,349,673)
Gross profit		1,846,234	1,384,434
Administrative and general expenses	*26*	(4,123,720)	(2,682,386)
Other income	*27*	308,372	202,135
Other charges	*28*	(50,230)	(67,132)
Operating loss		(2,019,344)	(1,162,949)
Finance cost	*29*	(303,477)	(223,425)
Share of profit of associate - net of tax	*6*	169,661	76,996
Loss before tax from continuing operations		(2,153,160)	(1,309,378)
Taxation	*30*	10,359	158,048
Loss after tax from continuing operations		(2,142,801)	(1,151,330)
Discontinued operations			
Profit for the year from discontinued operations - net of tax		-	279,822
Gain on disposal of subsidiaries		-	4,550,608
(Loss) / profit for the year		(2,142,801)	3,679,100
Other comprehensive (loss) / income			
Items that may be reclassified to profit or loss subsequently			
Foreign currency translation difference		20,079	74,946
Items that may not be reclassified to profit or loss subsequently			
Acturial gain on retirement benefit		31,584	-
Total comprehensive (loss) / income for the year		(2,091,138)	3,754,046
(Loss) / profit attributable to :			
- Shareholders of the Holding Company		(1,640,988)	3,016,035
- Non-controlling interest		(501,813)	663,065
		(2,142,801)	3,679,100
Total comprehensive (loss) / income attributable to :			
- Shareholders of the Holding Company		(1,594,013)	3,025,767
- Non-controlling interest		(497,125)	728,279
		(2,091,138)	3,754,046
(Loss) / earnings per share attributable to ordinary shareholders of the Holding Company:		**(Rupees)**	
From continuing operations	*31*	(4.26)	(2.49)
From discontinued operations	*31*	-	10.32
(Loss) / earnings per share - basic and diluted		(4.26)	7.83

The annexed notes from 1 to 41 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, 2014

	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, 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						
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	-	-	-	-	556,500	556,500
Gain arising on disposal of shares of a subsidiary without losing control	-	-	1,439,420	1,439,420	-	1,439,420
Share based payments transactions (refer note 24.1 & 24.2)	-	-	-	-	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
Comprehensive income / (loss) for the year						
Loss for the year ended June 30, 2014	-	-	(1,640,988)	(1,640,988)	(501,813)	(2,142,801)
Other comprehensive income / (loss)						
Currency translation difference	-	24,550	-	24,550	(4,471)	20,079
Acturial gain on retirement benefit	-	-	22,425	22,425	9,159	31,584
Total comprehensive income / (loss) for the year ended June 30, 2014	-	24,550	(1,618,563)	(1,594,013)	(497,125)	(2,091,138)
Transactions with owners						
Non controlling interest arising on disposal of shares of a subsidiary (refer notes 1.4.1 & 1.4.2)	-	-	-	-	53,653	53,653
Dividend paid to minority shareholders by indirect subsidiary	-	-	-	-	(38,128)	(38,128)
Gain arising on disposal of shares of a subsidiary without losing control (refer notes 1.4.1 & 1.4.2)	-	-	673,702	673,702	-	673,702
Share based payments transactions (refer note 24.1,24.2 & 24.4)	-	-	-	-	108,334	108,334
	-	-	673,702	673,702	123,859	797,561
Balance as at June 30, 2014	3,853,907	(128,536)	(3,340,240)	385,131	1,604,550	1,989,681

The annexed notes from 1 to 41 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, 2014

	Note	2014	2013
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	32	(1,101,856)	(933,186)
Interest received on bank balances / advances		4,858	1,832
Taxes paid		(60,160)	(82,626)
Mark up / interest paid on borrowings / leases		(350,163)	(181,139)
Long term deposits and prepayments		(37,939)	(399,381)
		(443,404)	(661,314)
Net cash used in operating activities		(1,545,260)	(1,594,500)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(606,534)	(273,304)
Proceeds from sale of property and equipment		20,453	3,764
Proceeds from disposal of subsidiaries		-	1,487,231
Proceeds from sale of shares in subsidiary without loss of control		727,354	1,271,919
Dividend received from associate		87,340	-
Proceed from sale of shares of associate		389,000	-
Net cash (used in) / generated from investing activities		617,613	2,489,610
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease liability		(201,157)	(24,458)
(Repayments) / Proceeds from borrowings - net		(135,615)	542,904
Dividend paid to minority shareholders by indirect subsidiary		(38,128)	-
Net cash generated from financing activities		(374,900)	518,446
Effects of exchange rate changes		18,815	9,760
Net (decrease) / increase in cash and cash equivalents		(1,283,732)	1,423,316
Cash and cash equivalents at beginning of the year		1,765,306	341,990
Cash and cash equivalents at end of the year	13	481,574	1,765,306

The annexed notes from 1 to 41 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

1. THE GROUP AND ITS OPERATIONS

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 I, DHA, Karachi, Pakistan. Subsequent to year end, the registered office of the Company was shifted to 18th Floor, Center Point, Plot # 66/3-2, Off Shaheed-e-Millat Expressway, Korangi, 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(I) & (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 January 18, 2012 approved the Company's application.

1.2 The principal activity of the Company is to acquire, invest and manage operations relating to business process outsourcing, online customer acquisition, marketing of medicare related products, and contact centre optimisation services through its subsidiary, The Resource Group International Limited.

1.3 As stated in note 16, 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 TRGIL to liquidate its assets or to force the sale of TRGIL 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). These options indicate the existence of uncertainity related to the future outcome if the PineBridge Investors exercise any of the aforementioned options. However, management is confident that the PineBridge Investors would continue with their investment in the preference shares of TRGIL in forseeable future.

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% (2013: 82.3%) whereas the percentage of voting interest in TRGIL is 60.31% (2013: 60.31%).

Subsidiaries of TRGIL (indirect subsidiaries of the Holding Company)	Note	Location	Nature of business	Effective ownership of the Holding Company (%) 2014	2013
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
TRG SATMAP IP BVI		British Virgin Islands	Holding Company	**82.30**	82.30
TRG Marketing Services, Inc.		USA	Call Center	**82.30**	82.30
TRG Healthcare, Inc.		USA	Holding Company	**82.30**	82.30

Subsidiaries of TRGIL (indirect subsidiaries of the Holding Company)	Note	Location	Nature of business	Effective ownership of the Holding Company (%) 2014	2013
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
IBEX Global Solutions, Plc	1.4.1	United Kingdom	Holding Company	**58.43**	61.73
E - Telequote Plc		United Kingdom	Holding Company	**65.84**	-
Satmap International Holdings Limited	1.4.2	Bermuda	Holding Company	**78.19**	-

Following entities are indirect subsidiaries of the Holding Company through IBEX Global Solutions Plc as at June 30, 2014:

TRG Customer Solutions, Inc.(TRGCS-trading as IBEX Global Solutions, Inc.)		USA	Call Center	**58.43**	61.73
TRG Customer Solutions (Canada), Inc.		Canada	Call Center	**58.43**	61.73
Virtual World (Private) Limited		Pakistan	Call Center	**58.43**	61.73
TRG Senegal SA		Senegal	Call Center	**58.43**	61.73
IBEX Philippines Inc. (formerly TRG Philippines, Inc.)		Philippines	Call Center	**58.43**	61.73
IBEX Global Solutions PH (formerly TRG Global Solutions Philippines, Inc.)		Philippine	Call Center	**58.43**	61.73
TRG Customer Solutions (Philippines), Inc.		Philippines	Call Center	**58.43**	61.73
TRG Marketing Solutions Limited		England	Call Center	**58.43**	61.73
IBEX Global Solutions (Private) Limited		Pakistan	Call Center	**58.43**	61.73
Lovercius Consultants Limited		Cyprus	Call Center	**58.43**	61.73
IBEX Global Europe S.a.r.l.		Luxembourg	Call Center	**58.43**	61.73
IBEX MENA		Dubai	Call Center	**58.43**	-
IBEX I.P. Holdings Ireland Limited		Ireland	Holding Company	**58.43**	-

Following entities are indirect subsidiaries of the Holding Company through E-Telequote Plc as at June 30, 2014:

E - Telequote Insurance Inc.		USA	Call Center	**65.84**	65.84
E - Telequote (Private) Limited		Pakistan	Call Center	**65.84**	-
E - Telequote SPV, Inc.		USA	Profit Center	**65.84**	-
E - Telequote Hong Kong		Hong Kong	Licensing & Billing	**65.84**	-

Following entities are indirect subsidiaries of the Holding Company through Satmap International Holdings Limited as at June 30, 2014:

SATMAP, Inc.	1.4.2	USA	Software / Technology	**78.19**	82.3
SATMAP Services (Private) Limited		Pakistan	Support Services	**78.19**	-
SATMAP Europe Technologies Limited		United Kingdom	Software / Technology	**78.19**	-

Associate

Digital Globe Services, Ltd (DGSL)	1.4.3	Bermuda	Holding Company	**32.51**	36.05

Following are wholly owned subsidiaries of Digital Globe Services, Ltd as at June 30, 2014:

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 (Private) 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
DGS Education LLC	USA	Lead generation in the Education Industry

1.4.1 During the year, TRGIL disposed off 1,548,368 shares of IBEX Global Solutions Plc against net proceeds of Rs. 500 million (US$ 4.86 million). This has resulted in a gain of Rs. 411 million (US$ 3.99 million) to be recognized in equity. As a result of this disposal the effective percentage holding of the Holding Company in IBEX has reduced from 61.73% to 58.43%.

1.4.2 During the year, SATMAP International Holdings Limited took over, SATMAP Inc, and issued shares to TRGIL for shares of SATMAP Inc. Subsequently, SATMAP International Holdings Limited, issued preference shares to outside investors at a total price of Rs. 227.3 million (US$ 2.21 million). This resulted in a gain of Rs. 262.7 million (US$2.55 million) for the purpose of consolidated financial statements which has been recorded in equity as a transaction with owners.

1.4.3 During the year, TRGIL disposed off 1,175,000 shares in Digital Globe Services, Ltd (DGSL) against net proceeds of Rs. 389 million (US$ 3.78 million) resulting in a gain of Rs. 77 million (US$0.75 million) for the purpose of consolidated financial statements. As a result of this disposal the effective percentage holding of the Holding Company in DGSL has reduced from 36.05% to 32.51%.

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 3.15).
(b) Provision for taxation (note 3.18).
(c) Useful lives of property and equipment, residual values, methods of depreciation, amortization and impairment (note 3.2 to 3.3).
(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 3.16).

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, except for the amendments in IAS 19 (Revised 2011) 'Employee benefits' as explained in note 18.1 to these consolidated financial statements.

2.6 Standards, interpretations and amendments not yet effective

The following new standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. The management is in the process of evaluating the effects on the consolidated financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The interpretation is not likely to have an impact on the Company's consolidated financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The management is in the process of evaluating the effects on the consolidated financial statements. The standard is not likely to have an impact on the Company's consolidated financial statements other than increase in disclosures.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The management is in the process of evaluating the effects on the consolidated financial statements. The standard is not likely to have an impact on the Company's consolidated financial statements other than increase in disclosures.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 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. The interpretation is not likely to have an impact on the Company's consolidated financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 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. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 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. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on the Company's consolidated financial statements.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's consolidated financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's consolidated financial statements.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

  IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

The above amendments are not likely to have an impact on the Company's consolidated financial statements.

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 have been prepared in accordance 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 as are applicable in Pakistan.

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 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. transactions 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 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 account.

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 account 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 assets 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 the 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 the 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 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.

3.9 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.

3.10 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.

3.11 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 on a 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.

3.12 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.

3.13 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 account over the period necessary to match them with the costs that they are intended to be compensated. 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.

3.14 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.

3.15 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 make 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 account 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 recognised when the curtailment or settlement occurs. In line with IAS 19 (Revised 2011), Employee Benefits, all actuarial gains and losses are recognised in the year in which they arise, with re-measurements presented within other comprehensive income. The net interest cost is derived by applying a single discount rate to the net surplus or deficit of the fund.

3.16 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 account 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 24.1, 24.2, 24.3, 24.4 and 24.5 to the consolidated financial statements.

3.17 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.

3.18 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.

3.19 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 in 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
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
IBEX MENA	UAE Dirham
IBEX I.P. Holdings Ireland Limited	Euro
SATMAP Services (Private) Limited	Pakistan Rupee
SATMAP Europe Technologies Limited	Euro
E-Telequote (Private) Limited	Pakistan Rupee
E-Telequote Hong Kong	Hong Kong Dollar

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 recognised 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

		2014	2013
		(Rupees in '000)	
Operating assets	*4.1*	1,606,464	568,851
Capital work-in-progress (CWIP)	*4.2*	222,519	128,740
		1,828,983	697,591

4.1 Operating assets

	Freehold land	Building on freehold land	Leasehold improvements	Furniture and fittings	Office Equipment	Vehicles	Total
				(Rupees in '000)			
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**
Year ended June 30, 2014							
Net book value as on June 30, 2013	8,045	67,079	57,975	44,965	379,177	11,610	568,851
Additions / transfers from capital work-in-progress	-	-	406,936	556,449	602,440	4,218	1,570,043
Foreign exchange differences	(3)	(318)	(8,199)	(18,724)	(23,939)	(210)	(51,393)
Disposals	-	-	-	(23)	(7,970)	(4,527)	(12,520)
Depreciation charge - note 4.3	-	(3,686)	(136,576)	(68,168)	(256,867)	(3,220)	(468,517)
Net book value as at June 30, 2014	8,042	63,075	320,136	514,499	692,841	7,871	1,606,464
At June 30, 2014							
Cost	48,569	70,407	807,917	759,061	2,668,914	27,337	4,382,205
Accumulated depreciation	(40,527)	(7,332)	(487,781)	(244,562)	(1,970,220)	(19,466)	(2,769,888)
Accumulated impairment	-	-	-	-	(5,853)	-	(5,853)
Net book value	**8,042**	**63,075**	**320,136**	**514,499**	**692,841**	**7,871**	**1,606,464**
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 land	Leasehold improvements	Furniture and fittings	Office Equipment	Vehicles	Total
				(Rupees in '000)			
June 30, 2014	-	-	185,744	455,468	288,479	3,957	933,648
June 30, 2013	-	-	-	-	64,450	5,065	69,515

4.2 Capital work in progress

	2014	2013
	(Rupees in '000)	
Computer software	222,519	128,740

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

	Note	2014	2013
Continuing operations			
Cost of services	24	399,834	226,582
Administrative and general expenses	26	68,683	32,800
		468,517	259,382
Discontinued operations			
Cost of services		-	22
Administrative and general expenses		-	6,000
		468,517	265,404

5. INTANGIBLE ASSETS

	Goodwill	Patents/ trade marks	Non-compete covenants	Customer Lists	Computer softwares	Total
			(Rupees in '000)			
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
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
Year ended June 30, 2014						
Net book value as on June 30 2013	1,346,386	2,405	-	-	21,924	1,370,715
Additions	-	-	-	-	446,831	446,831
Foreign exchange differences	(12,153)	(22)	-	-	(16,592)	(28,767)
Amortization charge - note 5.1	-	-	-	-	(30,972)	(30,972)
Net book value as at June 30, 2014	1,334,233	2,383	-	-	421,191	1,757,807
At June 30, 2014						
Cost	1,871,297	18,369	27,170	111,491	825,680	2,854,007
Accumulated amortization	-	(15,986)	(25,211)	(95,113)	(401,636)	(537,946)
Accumulated impairment	(537,064)	-	(1,959)	(16,378)	(2,853)	(558,254)
Net book value	**1,334,233**	**2,383**	**-**	**-**	**421,191**	**1,757,807**
Amortization rate	-	14 % to 20%	14 % to 20%	14 % to 20%	33%	

5.1 Allocation of amortization charge:

	Note	2014	2013
		(Rupees in '000)	
Continuing operations			
Cost of services	24	27,658	17,669
Administrative and general expenses	26	3,314	2,773
		30,972	20,442
Discontinued operations			
Administrative and general expenses		-	1,374
		30,972	21,816

5.2 Impairment testing of Goodwill

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

	2014	2013
iSky, Inc.	167,919	187,288
TRG Customer Solutions, Inc.	1,166,314	1,159,098
	1,334,233	1,346,386

Key assumptions used in computation of recoverable amount of goodwill

The recoverable amount of the business operations of 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 years ended June 30, 2013 and June 30, 2014.

	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, 2014, 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, 2014 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

		2014	2013
		(Rupees in '000)	
Investment in equity accounted associate as at July 01		3,231,614	3,219,389
Share of profit of associate for year ended June 30		169,661	76,996
Foreign exchange translation difference		(20,488)	368
Less : dividends received		(87,340)	(65,139)
Less: disposal during the year		(311,800)	-
Balances as at June 30	*6.1*	2,981,647	3,231,614

6.1 Investment in associate represents 39.5% (2013: 43.8%) interest in DGSL held by TRGIL. The market value of 39.5% share holding in DGSL amounts to Rs. 3,062.8 million (US$ 31 million).

Summarized financial information of equity accounted associates is as follows:

	June 30, 2014	June 30, 2013
	(Rupees in '000)	
	(Audited)	(Audited)
Current assets	1,275,541	927,305
Non-current assets	493,167	152,040
Total assets	1,768,708	1,079,345
Current liabilities	606,913	350,131
Non-current liabilities	2,505	6,426
	609,418	356,557
	1,159,290	722,788

	For the year ended June 30, 2014	For the period from February 14, 2013 to June 30, 2013
	(Rupees in '000)	
	(Audited)	(Audited)
Revenue	4,007,082	974,424
Profit after tax	397,101	175,790

7. DEFERRED TAXATION

	2014	2013
	(Rupees in '000)	
Tax effect of deductible temporary differences:		
- Provisions against trade debts	9,666	16,968
- Unpaid accrued expenses / compensation	33,368	46,442
- Tax losses and credits	3,033,849	2,195,277
- Property and equipment	-	29
- Deferred revenue	71,512	-
- Investments	917,507	953,052
	4,065,902	3,211,768
Tax effect of taxable temporary differences:		
- Property and equipment	(123,045)	(25,396)
- Intangible assets	(87,946)	(72,641)
- Development cost	(73,712)	(47,905)
	(284,703)	(145,942)
Net deferred tax assets	3,781,199	3,065,826
Less: deferred tax asset not recognized	(3,663,237)	(2,981,901)
	117,962	83,925

7.1 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. 3,663 million (US$ 37.08 million) [2013: Rs. 2,982 million (US$ 29.9 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, 2014, Group's U.S. federal and state net operating loss carry forwards for income tax purposes are Rs. 7,356 million (US$ 74.4 million) [2013: Rs. 5,095 million (US$ 51.1 million)] and Rs. 6,938 million (US$ 70.22 million) [2013: Rs. 5,573 million (US$ 55.9 million)] respectively which will begin to expire in 2024. Group's Canadian subsidiary has net operating loss carry forward of Rs. 175 million (US$ 1.77 million) [2013: Rs.188 million (US$ 1.89 million)] for Canadian income tax purposes, expiring over the period 2028 through 2034. The Group's European subsidiaries have net operating loss carry forward of Rs.445 million (US$ 3.63 million) [(2013: Rs. 299 million (US$ 3 million)]. The Group's Philippines subsidiary has net operating loss carry forward of Rs.158 million (US$ 1.6 million) [(2013: Rs. 157 million (US$ 1.57 million)], expiring over the period 2015 through 2017. These amounts are based on the income tax return filed for the year ended June 30, 2013 and the estimated amounts yet to be filed for the year ended June 30, 2014. 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, 2014 are Rs.136.95 million (US$ 1.39 million) [2013: Rs. 158.66 (US$ 1.64 million)].

8. LONG TERM LOANS AND ADVANCES - considered good

This includes loans of Rs. 245.02 million (US$ 2.48 million) and Rs. 142.27 million (US$ 1.44 million) given by TRGIL and its subsidiary namely TRG Holdings, LLC. respectively, to Chief Executive Officer of DGSL. This is secured against pledge on marketable shares of DGSL owned by the Chief Executive Officer of DGSL.

9. LONG TERM DEPOSITS AND PREPAYMENTS

	Note	2014	2013
		(Rupees in '000)	
Long term deposits	9.1	135,822	113,140
Long term prepayments	9.2	169,740	152,573
		305,562	265,713

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

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

10. TRADE DEBTS - unsecured

	Note	2014	2013
		(Rupees in '000)	
Considered good		3,826,372	3,126,845
Considered doubtful		37,147	27,958
		3,863,519	3,154,803
Less: provision for doubtful debts	10.1	(37,147)	(27,958)
Closing balance - net		3,826,372	3,126,845

10.1 Provision for doubtful debts

	2014	2013
Opening balance	27,958	19,882
Foreign exchange differences	420	1,057
Trade debts written off against provision	(3,633)	(2,244)
Bad debt expense charged during the year	12,402	9,263
Closing balance	37,147	27,958

11. LOANS AND ADVANCES - Considered good

	Note	2014	2013
Advances	11.1	16,144	20,638

11.1. This represents various advances to employees of subsidiaries, extended for the purpose of meeting business expenses and are adjusted upon submission of respective expense details.

12. DEPOSITS AND PREPAYMENTS

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

13. CASH AND BANK BALANCES

	Note	2014	2013
		(Rupees in '000)	
Balances with banks in:			
- current accounts		415,160	1,735,475
- deposit accounts	13.1	65,543	28,639
		480,703	1,764,114
Cash in hand		871	1,192
		481,574	1,765,306

13.1 Rate of return on deposit accounts ranges from 0.2% to 8% per annum (2013: 0.2% to 8% per annum).

14 SHARE CAPITAL

	2014		2013	
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				
- shares issued for consideration in cash	375,765,687	3,757,657	375,765,687	3,757,657
- shares issued for consideration other than cash - note 14.1	9,624,978	96,250	9,624,978	96,250
	385,390,665	3,853,907	385,390,665	3,853,907

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

14.2 Subsequent to year end, the Holding Company has offered right shares at par value of Rs. 10 per share for every 6.423 Ordinary Class 'A' shares held. The share transfer books of the Company for entitlement of right has been determined between August 25, 2014 to August 31, 2014.

15. LONG TERM FINANCES

		2014	2013
		(Rupees in '000)	
Related parties			
Loans from the CEO of the Holding Company - secured	*15.1*	-	95,712
		-	95,712
Less: Current maturity of long term finance		-	(95,712)
Financial Institutions			
IBM Credit LLC	*15.2*	328,114	-
CIT Finance LLC	*15.3*	101,665	-
		429,779	-
Less: Current maturity of long term finance		(134,763)	-
		295,016	-

15.1 These loans have been repaid during the year.

15.2 In June 2014, the US subsidiary of the Holding Company, TRG Customer Solutions Inc. (TRGCS) entered into a Rs. 328 million (US$ 3.3 million) three-year financing agreement (IBM Agreement) with IBM Credit LLC to finance the purchase of software licenses (under a Select Agreement) from Microsoft Corporation (Microsoft). In June 2014, TRGCS also entered into a three-year Enterprise Agreement with Microsoft for use of certain cloud software services for approximately Rs. 108.68 million (US$ 1.1 million) in year one, with minimum service commitments of approximately Rs. 4.9 million (US$ 50,000) in each of years two and three. The monthly financing payments under the IBM Agreement are approximately Rs. 101.17 million (US$ 103,000) per month for 36 months beginning in July 2014. The monthly payments under the Microsoft Enterprise Agreement during year one are approximately Rs. 9.88 million (US$ 100,000) per month beginning in July 2014, with minimum monthly service commitments of approximately Rs. 0.4 million (US$ 4,000) in each of years two and three.

TRGCS acquired the Microsoft software licenses and cloud services to accommodate the needs of the IGSP and its subsidiaries and to facilitate the acquisition by The Resource Group International, Ltd (TRGIL), of software for TRGIL and its non-IBEX subsidiaries.

15.3 In addition, TRGCS has financed the purchase of various property, plant and equipment during the current year with CIT Finance LLC (CIT). As of June 2014, TRGCS has obtained finance of Rs. 108.68 million (US$ 1.1 million) of assets from CIT at the interest of approximately 6% per annum.

16. 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; 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 commitment amount was up to Rs. 2,964 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, 2014, 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, 2014 PineBridge Investors has invested the full US$ 30 million committed to TRGIL. Convertible preference shares are split into equity and liability as per the accounting policy given in note 3.7.

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

	2014	2013
	(Rupees in '000)	
Opening balance	2,991,000	2,835,000
Foreign exchange differences	(27,000)	156,000
Closing balance	2,964,000	2,991,000

17. 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;

	2014		2013	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	(Rupees in '000)			
Within one year	349,274	280,963	98,272	86,203
After one year but not more than five years	776,074	695,092	35,248	34,255
Total minimum lease payments	1,125,348	976,055	133,520	120,458
Less: amounts representing finance charges	(149,293)	-	(13,062)	-
Present value of minimum lease payments	976,055	976,055	120,458	120,458
Less: current portion shown under current liabilities	(280,963)	(280,963)	(86,203)	(86,203)
	695,092	695,092	34,255	34,255

The leases have interest rates ranging from 6% to 18% per annum (2013: 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.

18. RETIREMENT BENEFIT OBLIGATION

18.1. IBEX Philippines Inc. (formerly TRG Philippines Inc.) and IBEX Global Solutions (Philippines) Inc. operate 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.

IAS 19 (Revised 2011), Employee Benefits, is applicable for accounting periods beginning on or after 1 January 2013. This revised standard made various changes to the accounting for defined benefit pension schemes including requiring all remeasurements (actuarial gains and losses) to be recognised in other comprehensive income and a different calculation of the net interest cost to be recognised in profit or loss. In line with the original standard, the Group has applied the corridor method of recognising actuarial gains and losses in prior years. As the impact on the 2012 statement of financial position is immaterial to the consolidated financial statements, it is not considered necessary to prepare a third statement of financial position for inclusion in the consolidated financial statements.

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

	2014	2013
Discount rate	5.40%	5.11%
Expected rate of salary increase	3.00%	5.00%

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

	2014	2013
	(Rupees in '000)	
Current service cost	11,008	11,079
Interest on obligation	926	995
Actuarial gains recognized during the year	-	(2,938)
	11,934	9,136

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

	2014	2013
	(Rupees in '000)	
Present value of unfunded defined benefit obligation	17,092	17,822
Unrecognized actuarial gains	-	19,219
Net liability arising from defined benefit obligation	17,092	37,041

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

	2014	2013
	(Rupees in '000)	
Present value of defined benefit obligation at beginning of the year	17,822	14,634
Foreign exchange differences	18,920	377
Current service cost	11,008	11,079
Interest cost	926	995
Actuarial gains	(31,584)	(9,263)
Present value of defined benefit obligation at end of the year	17,092	17,822

19. OTHER NON- CURRENT LIABILITIES

Following are the details of other long term liabilities:

		2014	2013
Long term deferred revenue	*19.1*	72,526	49,352
Long term deferred rent		75,437	71,510
Payable under employee share option plan	*24.3*	65,307	20,538
		213,270	141,400

19.1 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.

20. TRADE AND OTHER PAYABLES

	2014	2013
	(Rupees in '000)	
Trade creditors	1,019,871	793,365
Accrued expenses	1,995,473	1,991,660
Payable to employee defined contribution plans	19,256	3,046
Value added tax payable by indirect subsidiaries	112,557	126,617
Legal and professional charges	276,396	84,667
Deferred revenue	393,360	356,623
Unclaimed dividends	592	592
Others	57,430	61,952
	3,874,935	3,418,522

21. SHORT TERM BORROWINGS - secured

		2014	2013
		(Rupees in '000)	
- TRG Customer Solutions, Inc.	*21.1*	1,650,213	1,982,834
- iSky, Inc.	*21.2*	25,594	26,020
- TRG (Private) Limited	*21.3*	39,998	39,958
- E-Telequote Insurance, LLC	*21.4*	296,400	4,899
		2,012,205	2,053,711

21.1 In the beginning of fiscal year 2013, one of the subsidiaries of IGSP had an existing Rs. 1,976 million (US$ 20 million) Revolving Line of Credit (RLOC) with Capital Source Bank (CSB) pursuant to an amendment on September 7, 2012. It had a maturity date of July 20, 2015 with certain accounts receivable concentration limits and carried an interest rate of one month LIBOR + 6.0% (subject to one month LIBOR floor of 1.5%) per annum.

On January 15, 2013, CSB agreed to extend eligible accounts receivable concentration limits to September 30, 2013. In addition, TRG Holdings, LLC injected Rs. 49.4 million (US$ 0.5 million) on February 23, 2013 to increase the cash contribution amount to Rs. 108.7 million (US$ 1.1 million). The Company interest rate of one month LIBOR + 6.0% (subject to one month LIBOR floor of 1.5%) per annum was extended, until the later of September 30, 2013. If IGSP failed to meet its financial performance covenants, the outstanding debt would become immediately callable by CSB.

On November 8, 2013, IGSP signed a Revolving Credit and Security Agreement with PNC for a new Rs. 3,458 million (US$ 35 million) RLOC to replace the CSB Rs. 1,976 million (US$ 20 million) RLOC. The said agreement will mature on November 7, 2016 and promises an interest rate of LIBOR + 2.50% and or the PNC Commercial Lending Rate (as publically announced) + 0.25%. During the course of the fiscal year, IGSP entered into a waiver and an Amendment (Amendment I) whereby PNC waived the Borrowers technical non-compliance with a certain covenant cap. On October 2, 2014, IGSP entered into an Amendment (Amendment 2) whereby PNC increased the Caps associated with certain covenants, increased indebtedness, and waived past technical covenant non-compliance events.

In this agreement, IGSP will derive value from the choice of interest rates, depending on the rate selected. This value changes in response to the changes in the various interest rates alternatives. Thus, a derivative is embedded within the loan commitment, i.e. the facility terms which are agreed for a fixed period until 2016. The part of the value associated with the loan commitment derivative (the embedded derivative part) is derived from the potential interest rate differential between the alternative rates, i.e. it creates economic characteristics that are different to a typical loan commitment.

IGSP assessed that the derivative is considered to be closely related and is not separated as part of the loan commitment due to the following factors: the instrument can be settled in a way that PNC would recover substantially all of its investment (the borrowed principal) since the derivative only impacts the choice in interest rate; and (2) PNC will not generate a rate of return that is at least twice that of the market return because no matter which rate is selected, each interest rate alternative available to IGSP (each of the PNC, FFOR and 2 LIBOR rates) represents a market rate of interest and would be impacted in the same way by market factors.

21.2 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. 148.2 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. 19.76 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.

21.3 This represents short term running finance obtained from JS Bank Limited amounting to Rs. 39.999 million (2013: Rs. 39.958 million) against total facility of Rs. 40 million (2013: Rs. 40 million). The facility will expire on August 31, 2014 and is secured by way of mortgage of Rs. 49 million over land of the Company located in Lahore (Pakistan) and first hypothecation charge of Rs. 50 million (2013: Rs. 27 million) over all present and future receivables of TRG (Private) Limited. This facility carries annual markup at the rate of 3 month KIBOR + 3.25% (2013: 3 month KIBOR + 3.25%) . Interest is payable on quarterly basis.

21.4 During the year E-Telequote Insurance, Inc. has issued loan notes to various parties amounting to Rs. 296.4 million (US$ 3,000,000) in aggregate. These loan notes carries interest at the rate of 18% per annum payable on monthly basis. The loan notes will mature on 19 February 2015.

22. CONTINGENCIES AND COMMITMENTS

22.1 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:

22.1.1 In or around March 2012, an ex-employee filed a complaint against TRG Customer Solutions, Inc. ("TRGCS") with the West Virginia Human Rights Commission (WVHRC), alleging unlawful discrimination due to race and unlawful retaliation in connection with a refusal to hire such person as an employee of TRGCS. The ex-employee previously worked for TRG Insurance Solutions, Inc. ("TRGIS", n/k/a e-Telequote Insurance Inc.), a then-sister corporation of TRGCS. 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 TRGCS 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 US$ 107,940.80 in damages for back pay, plus future pay and interest, plus 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 - December 18, 2012, before an administrative judge of the WVHRC. The administrative judge issued an order in March 2014 finding generally for The plaintiff, but made no specific findings as to the amounts of damages or attorneys' fees. The WVHRC remanded the order to the administrative judge with instructions to add findings as to the amounts of damages and attorneys' fees. As of this date no supplemental order has been filed addressing these issues; the claimed damages and attorneys' fees are approximately US$ 150,000 and US$ 100,000. TRGCS has already filed a timely notice of appeal with the WVHRC, appealing the general finding for the plaintiff, and will further appeal the supplemental order when it is filed. TRGCS has further rights of appeal (beyond the WVHRC) to the Circuit Court of Kanawha County, West Virginia, and to the Supreme Court of West Virginia. TRGCS will continue to appeal and defend this case vigorously.

22.1.2 Global Crossing ("GC") was IBEX's major telephone vendor through Q2 of 2012, when IBEX transitioned its primary telephone services to CenturyLink (formerly Qwest). At the time of the transition, IBEX had disputed various charges by GC, relating to both service and billing issues going back to 2010, and was in discussion with GC to resolve the various billing disputes. IBEX believes that a two-year time bar in its contract with GC precludes GC from collecting any material charges.

22.1.3 In September 2013, Charter Communications Operating, LLC ("Charter") filed a complaint in the Circuit Court of St. Louis County, Missouri against SATMAP Inc. ("SATMAP") and The Resource Group International, Ltd. ("TRGI") regarding a disputed refund amount of US$ 779,975 due from SATMAP on termination of a service agreement with Charter. TRGI has been included as a defendant merely as a guarantor to the obligation to pay the money at issue. Judgment by the Circuit Court was awarded in favor of SATMAP and TRGI on March 7, 2014. Charter has filed an appeal against the decision of the Circuit Court. No estimation of liability owed by SATMAP or TRGI (if any) can be reasonably given at this time.

22.1.4 A Case was filed by the Indiana Attorney General in Marion County Superior Court of Indiana against e-TeleQuote Insurance, Inc. ("e-TeleQuote"), alleging violation of Indiana Telephone Solicitation of Consumer Act. From January 2013 to February, 2014, 15 Indiana consumers made complaints to the Indiana Attorney General alleging that e-TeleQuote called them in violation of the Indiana Do Not Call List. It is e-TeleQuote's position that its activities did not violate the law, and that it was exempt from complying with the law because it is a licensed insurance agency and its employees are licensed insurance agents. No estimation of liability owed by e-TeleQuote (if any) can be reasonably given at this time.

22.1.5 Class action complaint filed against e-TeleQuote and TRG Holdings LLC ("TRGH") alleging violation of the US federal "Do Not Call" regulations. Plaintiffs Nicholson and Bennet alleges that they received a dozen calls in and around January 2014 and April 2014 in violation of the Do Not Call regulations. It is the defendants' position that both plaintiffs "opted in" to such calls. TRGH has further disputed the court's exercise of jurisdiction. No estimation of liability owed by e-TeleQuote or TRGH (if any) can be reasonably given at this time.

22.1.6 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, 2014, returns of income tax up to tax year 2013 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.

22.1.7 The Holding Company has issued corporate guarantees up to an aggregate of Rs. 24 million (2013: Rs. 24 million) against the financing facilities availed by TRG (Private) Limited, an indirect subsidiary of the Holding Company.

22.1.8 As per a requirement for the initial public offering of their shares, TRGI provided indemnities to IBEX Global Solutions Plc and Digital Globe Services Ltd for the period these entities filled consolidated income tax returns with TRG Holdings LLC, in the US. The management believes due to the availability of NOLs with the group, any material tax exposure for TRGI under the indemnity is unlikely.

22.1.9 In connection with a corporate reorganization of the e-TeleQuote's business, TRGI provided an indemnity to Anthony Solazzo, the CEO and a shareholder of the e-TeleQuote business, in connection with certain reorganization steps involving Mr. Solazzo's shareholding. The indemnification obligation is capped at US$ 762,000. No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGI is unlikely.

22.1.10 As per a requirement for a Series C fundraising round for the SATMAP business, TRGI provided an indemnity to SATMAP International Holdings Ltd. for the period that SATMAP Incorporated was consolidated with TRGH for tax and Employee Retirement Income Security Act (ERISA) purposes. The indemnification obligation is capped at US$ 35 million. No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGI is unlikely, in part due to the availability of NOL's with the consolidated tax group.

22.2 Commitments

22.2.1 Pursuant to a settlement agreement entered into between TRGH and Noble Systems Corporation ("Noble"), TRGH agreed to purchase, through itself or its affiliates, a total of US$ 600,000 of Noble software product and/or services by the end of each calendar year from 2014 through 2016.

22.2.2 The Holding Company's subsidiary TRG Customer Solutions Inc. (TRGCS) has an annual telecommunication service commitment with one of its carriers. The carrier agreement was signed in January, 2012 for a three year term with minimum annual commitment for Rs.59.28 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.

22.3 Operating leases commitment

Certain group companies have acquired computer equipment, software, office facilities, furniture and fixtures and office premises under operating lease 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, 2014 are as follows:

	2014	2013
	(Rupees in '000)	
Within one year	666,011	398,305
After one year but not more than five years	1,775,041	1,092,302
After five years	68,567	180,183
	2,509,619	1,670,790

23. GOVERNMENT GRANTS

TRG Customer Solutions, Inc. ("TRGCS") received grants from following states:

23.1 TRGCS received grants in a total of Rs. 46.93 million (US$ 475,000) from the State of West Virginia during the year for its facilities in Beckley Rs. 15.71 million (US$ 159,000); Elkins Rs. 15.91 million (US$ 161,000) and Charleston Rs. 15.314 million (US$ 155,000). These funds were treated as a reduction in cost of sales for the year ended 30 June 2013 to support a customised industrial training programme.

23.2 TRGCS recorded grant income of Rs. 18.18 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 TRGCS's commitment to maintain and increase jobs and income in Tennessee in 30 June 2014 and 2013. 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. 58.78 million (US$ 595,000). These funds were treated as a reduction in cost of sales for the years ended June 30, 2014 and 2013.

24. COST OF SERVICES

		2014	2013
		(Rupees in '000)	
Salaries and other employee costs		15,398,825	11,353,330
Affiliates / leads		310,099	22,854
Communication and rent		1,763,149	1,542,548
Depreciation	*4.3*	399,834	226,582
Amortization	*5.1*	27,658	17,669
Employees' stock options plan expense	*24.1, 24.2, 24.3, 24.4 & 24.5*	156,439	74,262
Miscellaneous		219,737	112,428
		18,275,741	13,349,673

24.1 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 has 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 year ended June 30, 2014.

Based on the above assumptions, the fair value of all options granted during the year ended June 30, 2014 amounts to Nil (2013: Nil). The amount recognized as share-based payment expense for the year ended June 30, 2014 was Rs. 3.26 million (2013: Rs. 14.656 million).

	Share options (Number)	**Weighted average exercise price (US$)**
Options outstanding as at June 30, 2013	29,348,757	1.08
Options forfeited/cancelled/expired during the year	-	
Options outstanding as at June 30, 2014	29,348,757	1.08
Options exercisable as at June 30, 2014	29,316,813	1.08

TRG Pakistan Limited

A summary of the stock options outstanding and exercisable as at June 30, 2014 is as follows:

2014

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	1.02	1.00	18,499,323	1.01	1.00
1.12	6,129,067	3.23	1.12	6,129,067	3.23	1.12
1.21	4,720,367	5.05	1.21	4,688,423	4.70	1.21
	29,348,757			29,316,813		

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		

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, 2014.

24.2 IBEX stock plan 2013

TRGIL and its subsidiary IBEX Global Solutions Plc, 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 as of June 30, 2014 and June 30, 2013 respectively.

During the years ended June 30, 2014 and June 30, 2013, 324,768 and 4,301,890 share options were granted to employees, respectively. The weighted average exercise price of all option granted during the years ended 30 June 2014 and 2013 were US$ 3.09 and US$ 1.55 respectively. 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, 2014 and 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 account. 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, 2014 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 center / business process outsourcing sector over the expected term of the options. Management used a volatility of 43.1% and 55% for grant calculations for the years ended June 30, 2014 and 2013 respectively.

Expected dividends

The expected dividend yield is 2.2% and 3% for the years ended 30 June 2014 and 2013 respectively.

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 years ended June 30, 2014 and 2013 are 2.2% and 2.1% respectively.

	Share options (Number)	Weighted average exercise price (US$)
Options outstanding as at June 30, 2013	4,301,890	1.55
Options granted during the year	324,768	3.09
Options forfeited/cancelled/expired during the year	(9,970)	1.66
Options outstanding as at June 30, 2014	4,616,688	1.66
Options exercisable as at June 30, 2014	2,589,753	1.61

A summary of the stock options outstanding and exercisable as at June 30, 2014 is as follows:

2014

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 - 3.09	**4,616,688**	**9.13**	**1.66**	**2,589,753**	**8.95**	**1.61**

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 years ended June 30, 2014 and 2013 is Rs. 87 (US$ 0.89) and Rs. 24.83 (US$ 0.249) respectively. The amount recognized as share-based payment expense pertaining to this plan for the years ended June 30, 2014 and 2013 was Rs. 69.64 million (US$ 676,889) and Rs. 39.69 million (US$ 410,435) respectively.

24.3 PHANTOM stock option plan

Certain subsidiaries of TRGIL in IBEX Group 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 years ended June 30, 2014 and 2013, the subsidiaries of TRGIL granted 147,088 and 624,300 Phantom Stock options to their employees, respectively. The weighted average exercise price of all option granted during the year ended 30 June 2014 and 2013 were US$ 3.24 and US$ 1.55 respectively. 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, 2014 and 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 account. 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, 2014 and 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 53.2% and 55% for grant calculations for the years ended June 30, 2014 and 2013 respectively.

Expected dividends

The expected dividend yield is 2.7% and 3% for the years ended 30 June 2014 and 2013 respectively.

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 years ended June 30, 2014 and 2013 is 2.1% and 2.5% respectively.

	Share options (Number)	Weighted average exercise price (US$)
Options outstanding as at June 30, 2013	624,300	1.55
Options granted during the year	147,088	3.24
Options forfeited/cancelled/expired during the year	-	
Options outstanding as at June 30, 2014	771,388	1.87
Options exercisable as at June 30, 2014	301,633	1.55

A summary of the stock options outstanding and exercisable as at June 30, 2014 is as follows:

2014

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 - 3.24	**771,388**	**9.01**	**1.87**	**301,633**	**8.93**	**1.55**

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	624,300	9.91	1.55	145,372	9.91	1.55

The weighted average fair value of phantom stock options as at June 30, 2014 and 2013 is Rs. 119 (US$ 1.207) and Rs. 114.2 (US$ 1.110). The amount recognized as share-based payment expense pertaining to these plans for the years ended June 30, 2014 and 2013 were Rs. 48.105 million (US$ 467,586) Rs. 19.92 million (US$ 206,012) respectively. A total of 301,633 and 145,372 Phantom Stock Options having total intrinsic value of Rs. 27.61 million (US$ 268,453) and Rs. 10.56 million (US$ 103,536) had vested as at June 30, 2014 and 2013 respectively.

24.4 SATMAP stock option plan

SATMAP International Holding Limited adopted an employee stock option plan in in October 2013, amended in May 2014 (the SATMAP Stock Plan 2014) to enable certain executives and employees of SATMAP and its subsidiaries to be granted options to acquire 3,312,283 common shares of SATMAP. The exercise price of options granted during the year is US$ 0.7. Options aggregating to 189,653 are exercisable as at the end of the year.

SATMAP 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 SATMAP's shares, expected dividends and the risk-free interest rate:

Expected term

The expected term of options granted during the year is 6 years.

Volatility

As SATMAP 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. Management used a volatility of 35% for grant calculation for the year ended June 30, 2014.

Expected dividends

The expected dividend yield is 0%. SATMAP 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 is 2.2%.

Based on the above assumptions, the fair value of all options granted during the year amounts to Rs. 26.95 (US$ 0.262). The amount recognized as share-based payment expense for the year ended June 30, 2014 was Rs. 35.434 million (US$ 344,420).

24.5 E- telequote stock option plan

TRGIL and its subsidiary E-telequote Plc UK adopted an employee stock option plan in March 2014 (the E-telequote Stock Plan 2014) to enable certain executives and employees of E-telequote and its subsidiaries to be granted options to acquire 1,246,875 common shares of E-telequote Plc UK held by TRGIL. The exercise price of options granted during the year is US$ 1.6. No options are exercisable as at the end of the year.

E-telequote 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 E-telequote's shares, expected dividends and the risk-free interest rate:

Expected term

The expected term of options granted during the year is 6 years.

Volatility

As E-telequote 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. Management used a volatility of 20.2% for grant calculation for the year ended June 30, 2014.

Expected dividends

The expected dividend yield is 0%. E-telequote Plc UK 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 is 2.2%.

Based on the above assumptions, the fair value of all options granted during the year amounts to Rs. Nil. The amount recognized as share-based payment expense for the year ended June 30, 2014 was Rs. Nil.

26. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2014	2013
		(Rupees in '000)	
Salaries and other employee costs		2,253,687	1,581,385
Communication and rent		249,642	224,533
Marketing and consultancy		546,735	385,821
Amortization	*5.1*	3,314	2,773
Depreciation	*4.3*	68,683	32,800
Legal and professional charges		525,736	175,538
Auditors' remuneration	*26.1*	71,592	78,062
Miscellaneous		404,331	201,474
		4,123,720	2,682,386

26.1 Auditors' remuneration

Holding Company's auditors	*26.1.1*	31,634	29,519
Remuneration of subsidiaries' auditors	*26.1.2*	39,958	48,543
		71,592	78,062

26.1.1 Remuneration of Holding Company's auditors

Annual audit fee - for the Holding Company	1,265	1,265
Annual audit fee - for subsidiaries	24,743	22,628
Half yearly review	400	400
Audit of consolidated financial statements	2,875	2,875
Other certifications	130	130
Out-of-pocket expenses	2,221	2,221
	31,634	29,519

26.1.2 Remuneration of subsidiaries' auditors

Services relating to IPO, tax and other certification	13,477	32,491
Annual audit fee	26,481	16,052
	39,958	48,543

27. OTHER INCOME

Income from financial assets			
Return on bank balances		329	789
Interest income on advances		4,529	1,043
Gain on partial sale of associate's shares	*1.4.3*	77,200	-
		82,058	1,832
Income from assets other than financial assets			
Other income		226,314	200,303
		308,372	202,135

28. OTHER CHARGES

		2014	2013
		(Rupees in '000)	
Exchange loss		39,181	9,651
Bad debts written off		55	11,572
Worker's Welfare Fund		-	42,986
Others		10,994	2,923
		50,230	67,132

29. FINANCE COST

Mark up on borrowings	*29.1*	213,765	204,633
Factoring fees		2,812	1,264
Finance charges on leased assets		77,835	10,058
Bank charges		9,065	7,470
		303,477	223,425

29.1 This include markup of Rs. 2.71 million (2013: Rs. 22.66 million) in respect of loans from CEO of the Holding Company.

30. TAXATION

		2014	2013
		(Rupees in '000)	
Current			
- for the year	*30.2*	23,678	12,020
- for prior year		-	7,545
Deferred - for the year	7	(34,037)	(177,484)
		(10,359)	(157,919)

30.1 Income tax on continued operations	(10,359)	(158,048)
Income tax on discontinued operations	-	129
	(10,359)	(157,919)

30.2 The U.S. tax provision includes the following U.S. entities: TRG Holdings, LLC, TRG Healthcare, TRG Marketing Services, Inc., I-Sky, Inc., BPO, Inc., Alert, Inc., TRG Fieldsolutions, Inc. which file their U.S. Federal income tax return as a consolidated group under TRG Holdings, LLC. Other US entities included in the provision are SATMAP, Inc., TRG Customer Solutions, Inc. (d/b/a IBEX Global Solutions, Inc.), DGS, Inc. and E-Telequote, Inc. which file separate income tax returns in the US. Additionally, included in the provision are TRG Customer Solutions, Inc. (Canada), TRG Private Limited (Pakistan), TRG Pakistan Limited, TRG Marketing Limited (UK), IBEX Global Solutions Plc (UK), IBEX Cyprus, IBEX Luxembourg, IBEX Ireland, Virtual World (Private) Limited (Pakistan), IBEX Global Solutions (Private) Limited (Pakistan), IBEX Senegal and IBEX Philippines Inc. These entities file standalone tax returns in their respective jurisdictions. No tax provision has been calculated for TRG International as it is a Bermuda based company and there is no corporate income tax in Bermuda.

SATMAP, Inc. was wholly owned by TRG Holdings, LLC until October 31, 2013 and was a member of consolidated US tax group. As a part of group re-organisation SATMAP, Inc. left the US consolidated tax group on October 31, 2013 and started filing separate tax returns in the US with effect from November 1, 2013.

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

30.3 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.

30.4 Rate reconciliation

	2014 (%)	**2014** (Rupees in '000)	2013 (%)	2013 (Rupees in '000)
(Loss) / profit for the year		(2,142,801)		3,679,100
Income tax (benefit) / expense		(10,359)		(158,048)
Net (loss) / profit excluding income tax		(2,153,160)		3,521,052
Income tax (benefit) / expense using applicable tax rate	34.00%	(732,074)	34.00%	1,197,158
Tax losses		-	3.15%	110,913
State taxes, net of federal effect	3.50%	(75,361)	-	-
Effect of tax rates in foreign jurisdiction	-3.73%	80,313	-45.14%	(1,589,403)
Gain on sale of intellectual property	-2.50%	53,829	20.99%	739,069
Effect of departure from US tax group (sale of subsidiary)		-	4.80%	169,010
Non-deductible expenses	9.65%	(207,780)	-3.40%	(119,716)
Change in unrecognized temporary differences	-37.33%	803,775	-15.98%	(562,664)
Effect of exchange rate changes	-2.92%	66,939	-2.91%	(102,415)
	0.67%	(10,359)	-4.49%	(158,048)

31. EARNINGS / (LOSS) PER SHARE

	2014	2013
	(Rupees in '000)	
From continuing operations		
Net loss for the year (attributable to shareholders of the Holding Company)	(1,640,988)	(959,409)
	(Shares)	
Weighted average number of shares outstanding during the year	385,390,700	385,390,700
	(Rupees)	
Basic loss per share	(4.26)	(2.49)
From discontinued operations	**(Rupees in '000)**	
Net profit for the year (attributable to shareholders of the Holding Company)	-	3,975,444
	(Shares)	
Weighted average number of shares outstanding during the year	385,390,700	385,390,700
	(Rupees)	
Basic earnings per share	-	10.32

31.1 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.

32. CASH USED IN OPERATIONS

	2014	2013
	(Rupees in '000)	
Loss before tax from continuing operations	(2,153,160)	(1,309,378)
Profit from discontinued operations	-	4,830,559
	(2,153,160)	3,521,181
Adjustments for:		
Depreciation and amortization	499,489	287,220
Reversal of provision for bad debts	-	9,263
Share in profit of associate	(169,661)	(76,996)
Provision for retirement benefits	11,934	9,136
Finance cost-net	211,719	212,859
Employee's stock option plan expense	156,439	74,262
Gain on disposal of property, equipment and subsidiaries	(8,231)	(4,550,608)
Gain on sale of shares of associate	(77,200)	-
	624,489	(4,034,864)
	(1,528,671)	(513,683)
(Increase) / decrease in current assets		
Trade debts	(737,147)	(970,142)
Advances, deposits, prepayments and other receivables	603,470	(188,179)
Stock-in-trade	-	7,952
	(133,677)	(1,150,369)
Increase in current liabilities	560,492	730,866
Net cash used in operations	(1,101,856)	(933,186)

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

33.1 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:

	2014	2013
	(Rupees in '000)	
Financial assets - loans and receivables		
Long term loans	387,945	395,925
Long term deposits	135,822	113,140
Trade debts	3,863,519	3,154,803
Loans and advances	16,144	20,638
Short term deposits	482,627	192,611
Other receivables	172,046	1,072,704
Cash and bank balances	481,574	1,765,306
	5,539,677	6,715,127
Financial liabilities at amortized cost		
Long term finances	429,779	95,712
Liabilities against assets subject to finance lease	976,055	120,458
Other liabilities	65,307	20,538
Trade and other payables	3,349,170	2,873,019
Convertible preference shares	2,964,000	2,991,000
Short term borrowings	2,012,205	2,053,711
Accrued interest on borrowings	-	143,472
	9,796,516	8,297,910

Risks managed and measured by the Group are explained below:

33.2 Market risk

33.2.1 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, 2014, 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. 20.95 million (2013: Rs. 19.91 million).

33.2.2 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 transaction of the Group are denominated in USD and accordingly foreign currency exposure is not significant to the Group's financial position and performance.

33.2.3 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.

Credit rating wise breakup of bank balances:	**2014**	2013
	(Rupees in '000)	
AA	29,766	39,610
AA-	29,487	12,153
A-1 +	11,900	1,545
A-1	63,726	566
A+	45,937	666,618
A	18,350	32,362
A-	227,234	996,000
BBB+	161	-
BBB-	32,999	15,260
Non-rated	21,143	-
	480,703	1,764,114

The maximum exposure to credit risk as at June 30, 2014, along with comparatives is tabulated below:

Financial assets

Long term loans	387,945	395,925
Long term deposits	135,822	113,140
Trade debts	3,826,372	3,126,845
Loans and advances	16,144	20,638
Short term deposits	482,627	192,611
Other receivables	172,046	1,072,704
Balances with banks	480,703	1,764,114
	5,501,659	6,685,977

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

	2014			
	Revenue		Accounts Receivable	
	Amount (Rupees in '000)	% of Total	Amount (Rupees in '000)	% of Total
Client 1	5,932,987	29%	860,548	22%
Client 2	6,497,489	32%	1,799,049	47%
Client 3	1,202,667	6%	248,284	6%
Client 4	1,271,391	6%	124,686	3%
	14,904,534	73%	3,032,567	78%

	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%

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

	2014	2013
	(Rupees in '000)	
Dues 0 to 31 days	2,819,091	2,564,453
Dues 31 to 60 days	787,442	447,496
Dues 61 to 90 days	102,889	70,406
Dues 91 to 180 days	116,628	47,771
Dues over 180 days	37,468	24,678
Less: Provision for doubtful debts	(37,146)	(27,958)
	3,826,372	3,126,846

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.

33.3 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:

	2014				
	Carrying value	**Total contractual cash flows**	**Less than 1 year**	**Between 1 to 2 years**	**Between 2 to 5 years**
	(Rupees in '000)				
Long term finances	429,779	476,018	157,882	160,550	157,586
Liabilities against assets subject to finance lease	976,055	1,125,348	349,274	281,283	494,791
Other liabilities	65,307	65,307	-	65,307	-
Trade and other payables	3,349,170	3,349,170	3,349,170	-	-
Convertible preference shares	2,964,000	2,964,000	2,964,000	-	-
Short term borrowings	2,012,205	2,012,205	2,012,205	-	-
	9,796,516	9,992,048	8,832,531	507,140	652,377

	2013				
	Carrying value	Total contractual cash flows	Less than 1 year	Between 1 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	-

33.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liabilities 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.

34. 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:

	2014				2013			
	Chief Executive	**Director**	**Executives**	**Total**	Chief Executive	Director	Executives	Total
	(Rupees in '000)							
Managerial remuneration note 34.1	-	25,720	12,028,499	12,054,219	-	24,175	10,184,671	10,208,846
Commission / bonus	-	-	812,301	812,301	-	-	625,755	625,755
House rent	10,617	-	48,959	59,576	10,722	-	47,748	58,470
Medical allowance	-	-	8,325	8,325	-	-	8,529	8,529
Insurance	-	-	14,932	14,932	-	246	13,985	14,231
Other benefits and allowances	-	-	161,996	161,996	-	-	123,802	123,802
Total	10,617	25,720	13,075,012	13,111,349	10,722	24,421	11,004,490	11,039,633
Number of persons	1	1	4,852	4,854	1	1	3,782	3,784

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

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

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

35. 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 lines of the business constitute operating segments. There are three 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.

35.1 Information about segments

The segment information provided to the chief operating decision makers for the reportable segments for the year ended June 30, 2014 is as follows:

	2014				
	Call center	**Online Marketing (Discontinued)**	**Market research**	**Software business**	**Total**
	(Rupees in '000)				
Segment revenue	19,876,915	-	569,858	468,249	20,915,022
Less: inter-segment revenue	(768,491)	-	(3,533)	(21,023)	(793,047)
Revenue from external customers	19,108,424	-	566,325	447,226	20,121,975
Adjusted EBITDA	301,342	-	20,254	(973,929)	(652,333)

	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)

	2014	2013
	(Rupees in '000)	
35.2 Adjusted EBITDA for reportable segments for the year	(652,333)	(65,123)
Depreciation and amortization	(499,489)	(287,220)
Employee share option expense	(156,439)	(74,262)
Corporate overhead expenses	(453,186)	(436,815)
Non - recurring (expense) / income	(295,916)	22,206
Finance costs – net	(303,477)	(255,687)
Foreign exchange loss	(39,181)	(9,651)
Gain on sale of share in associate / subsidiary	77,200	4,550,608
Share of profit of associates	169,661	76,996
(Loss) / profit before tax	(2,153,160)	3,521,052

35.3 Total revenue by location

	Total revenue by location of customers	
	2014	2013
	(Rupees in '000)	
Pakistan	711,506	149,044
United States of America	19,410,469	14,585,063
	20,121,975	14,734,107

35.4 Property and equipment and intangible assets - net book value

	2014		2013	
	Property and equipment	**Intangible assets**	Property and equipment	Intangible assets
	(Rupees in '000)			
Pakistan	151,890	-	181,326	11
United States of America	827,215	1,751,978	407,492	1,362,329
Others	849,878	5,829	108,773	8,375
Total	1,828,983	1,757,807	697,591	1,370,715

36. 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 34), are given below:

	2014	2013
	(Rupees in '000)	
Zia Chishti - CEO of the Holding Company		
Interest expense	5,239	22,661
Interest payable	77,042	121,290
TPL Trakker Limited - (common directorship)		
Revenue	17,383	16,793
Services acquired	2,812	-
TPL Direct Insurance Limited - (common directorship)		
Revenue	5,924	4,333
Staff retirement benefits		
Employees' provident fund - Contribution made	25,704	25,712

The status of the outstanding balances with related parties as at June 30, 2014 is disclosed in notes 11, 19 and 20.

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

37. 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.

38 PROVIDENT FUND RELATED DISCLOSURE

38.1 *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:

	2014	2013
	(Rupees in '000)	
	(Unaudited)	(Unaudited)
Size of the Fund - total assets	1,488	2,100
Cost of investments made	1,488	1,976
Percentage of investments made	100%	100%
Fair value of investments	1,488	2,100

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

	2014	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	(Rupees in '000)		**% of total investment**	
Habib Metropolitan - Multiplier account	1,488	2,100	100%	100%
	1,488	2,100	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.

38.2 Subsidiary Companies

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

	2014	2013
	(Rupees in '000)	
	(Unaudited)	(Unaudited)
Size of the Funds - total assets	149,201	117,527
Cost of investments made	124,825	97,534
Percentage of investments made	88%	86%
Fair value of investments	131,190	101,342

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

	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
	(Rupees in '000)		% of total investment	
Bank Deposits	117,403	89,227	89%	88%
Mutual funds	13,787	12,115	11%	12%
	131,190	101,342	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. NUMBER OF EMPLOYEES

	2014	2013
	(Number)	
Holding company		
Average number of employees during the year ended	3	3
Number of employees as at year end	3	3
Subsidiary companies		
Average number of employees during the year ended	10,881	7,619
Number of employees as at year end	13,918	7,843

40. GENERAL

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

41. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 20, 2014 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 Twelfth Annual General Meeting of the Company to be held on November 26, 2014 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 ______________

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of our Shares Registrar, M/s. THK Associates (Pvt.) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi, not less than 48 hours before the time of holding 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. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
iv) In case of corporate entity, the Board of Directors' resolution / power of attorney under its common seal with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

TRG PAKISTAN LIMITED.

AFFIX
CORRECT
POSTAGE

TRG PAKISTAN LIMITED.
CENTRE POINT BUILDING, LEVEL 18,
PLOT NO. 66/3-2, OFF - SHAHEED-E-MILLAT
EXPRESSWAY, NEAR KPT INTERCHANGE FLYOVER,
KARACHI-74900, PAKISTAN.

Fold Here

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Fold Here

Fold Here