



TRG PAKISTAN LIMITED

**Annual Report  
2016**



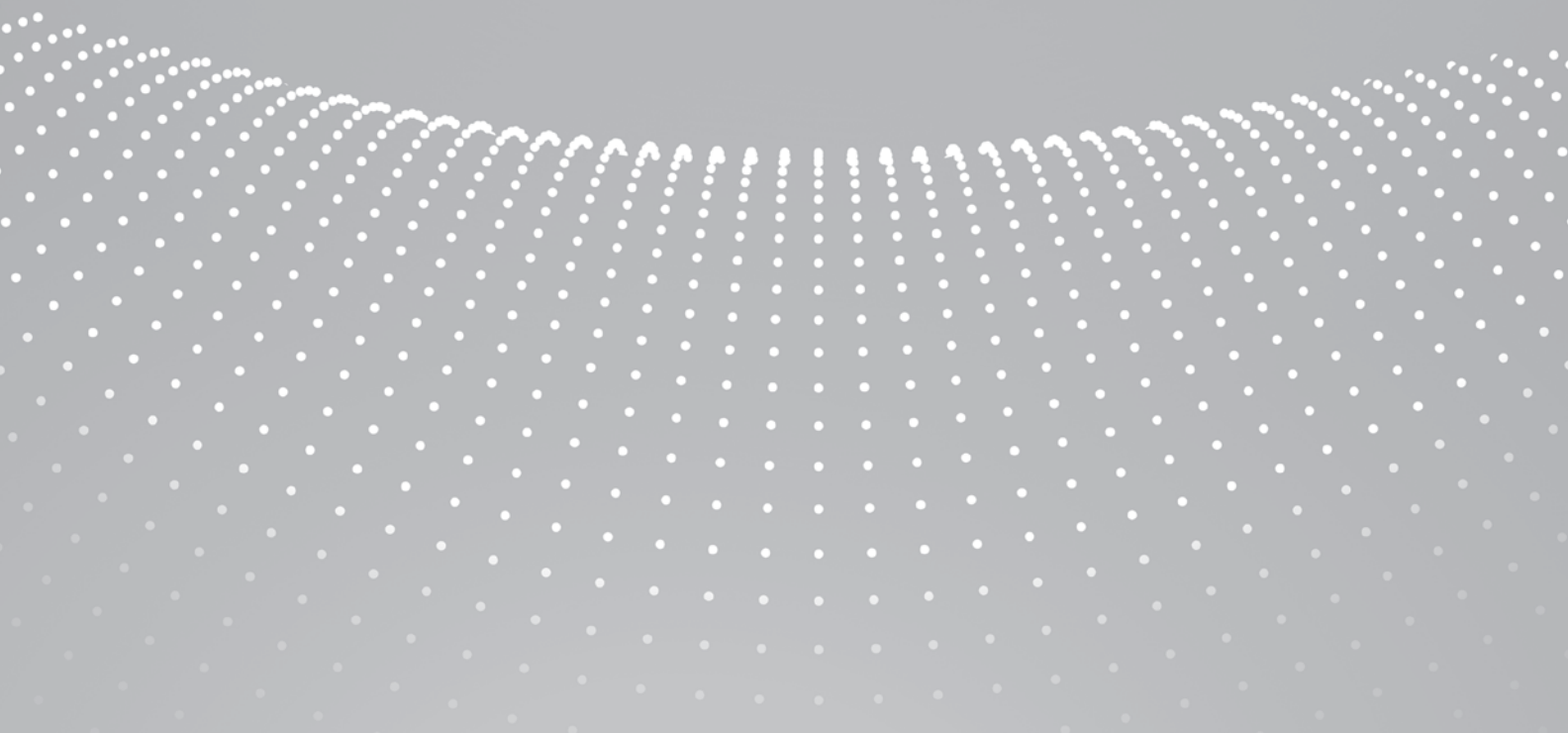
# Vision

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

# Mission

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

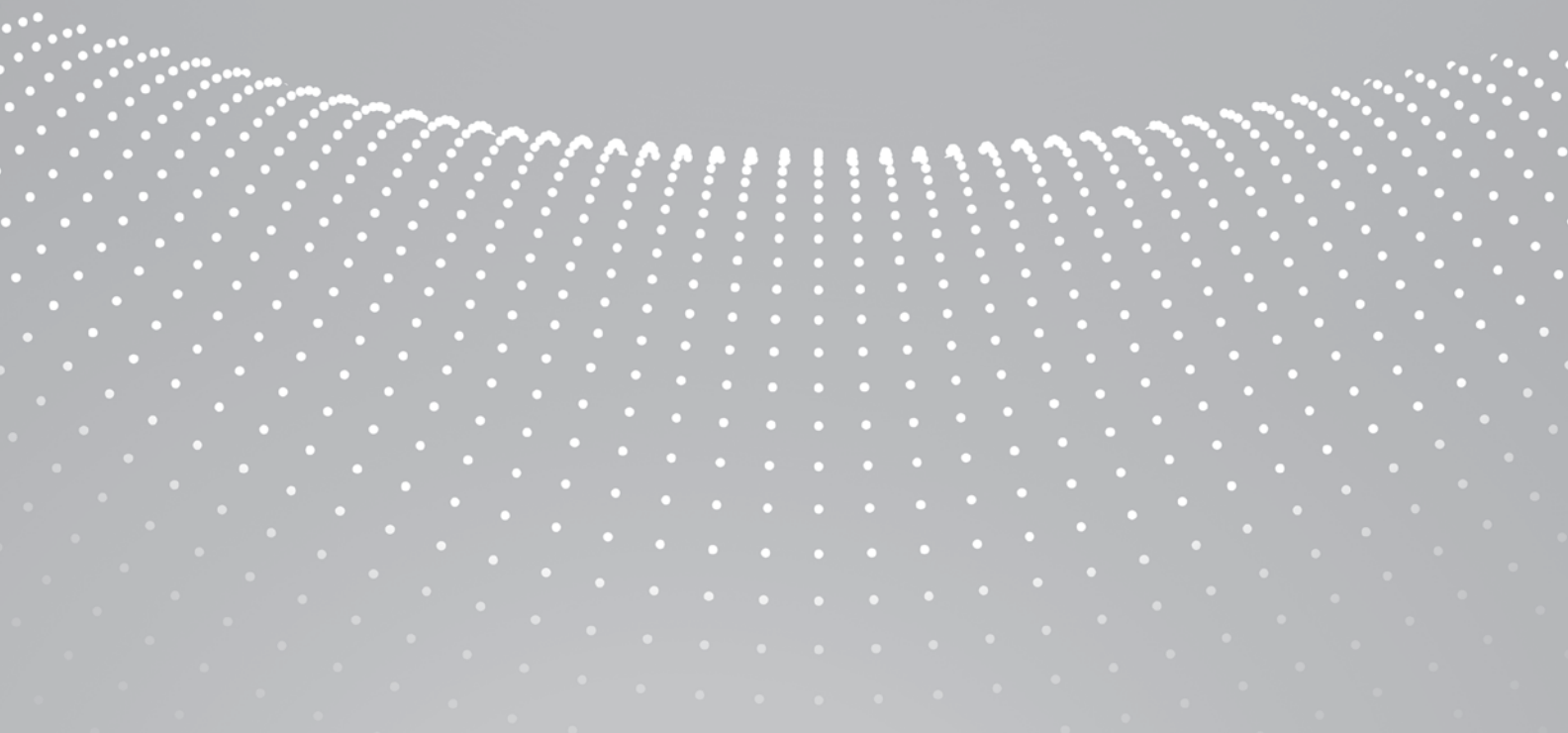
We will grow through acquisition of other business process outsourcing companies that can benefit from our expertise, as well as through organic growth resulting from the strength of our franchise. Our long term success will be driven by our relentless focus on recruiting and developing the most talented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





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# Corporate Information

## Board of Directors

**Peter H.R. Riepenhausen**  
Chairman

**Muhammad Ziaullah Khan Chishti**  
CEO

**Zafar Iqbal Sobani**

**Muhammad Ali Jameel**

**John Leone**

**Mohammedullah Khan Khaishgi**

**Patrick McGinnis**

**Ameer S. Qureshi**

**Rafiq K. Dossani**

**Hassan Farooq**

## Audit Committee

Patrick McGinnis - Chairman

Ameer S. Qureshi

Rafiq K. Dossani

## HR Recruitment & Remuneration Committee

John Leone - Chairman

Peter H.R. Riepenhausen

Zafar Iqbal Sobani

## Chief Financial Officer

Hassan Farooq

## Legal Advisor

Lexium - Attorneys at Law

## Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

## Shares Registrar

THK Associates (Pvt.) Ltd.

Share Department,

2nd Floor, State Life Bldg. No.3,

Dr. Ziauddin Ahmed Road, Karachi.

UAN: (021) 111-000-322

FAX: (021) 35655595

## 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 Fourteenth Annual General Meeting of TRG Pakistan Limited (the “Company”) will be held at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton Karachi, Pakistan on October 31, 2016 at 10:00 a.m. to transact the following business:

### Ordinary Business

1. To confirm the Minutes of the Extraordinary General Meeting of the Company held on January 14, 2016.
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, 2016.
3. To appoint the Auditors for the ensuing year ending June 30, 2017 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 10, 2016

Hassan Farooq  
Company Secretary

### NOTES:

1. The share transfer books of the Company will remain closed from October 24, 2016 to October 31, 2016 (both days inclusive). Transfers received by our registrars, Messrs THK Associates (Pvt.) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 21, 2016 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. I 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 Computerized 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, 2016

Your Directors are pleased to present the standalone and consolidated Financial Statements of TRG Pakistan Limited for the year ended June 30, 2016.

### Key Developments

During FY16, our operating subsidiaries continued their trajectory of double digit top line growth, with accounting revenues increasing by 16% year on year. Contributing to this revenue increase was our Afiniti subsidiary, our IBEX Global Solutions subsidiary as well as our eTelequote subsidiary. This continued increase in scale has led to significant increases in the value of our unlisted subsidiaries namely Afiniti and eTelequote, while our listed subsidiaries experienced a decline in value despite a further improvement in results primarily due to their results being slightly lower than originally expected.

Our Afiniti operating subsidiary (previously known as SATMAP, and which provides call routing solutions for contact centers using artificial intelligence), had a very strong fiscal year, with revenues increasing to Rupees 1.86 billion for FY16, up 80% from the revenues recognized in FY15. This increase was driven by the first full year of our first large-scale enterprise-level deployment (with a large US based telecommunications provider where we are deployed across the entire contact center estate) as well as a partial year of billings of our second large-scale enterprise level deployment which is with a large European cable provider. Afiniti is also currently undergoing enterprise level deployments for two additional clients, one of them a global telecommunications provider and the other a large health insurance carrier, with meaningful revenues from these additional deployments expected by the end of this calendar year. The powerful increase in operating scale at Afiniti led to significant investor interest during the course of the fiscal year, with the company closing two rounds of financing at highly attractive valuations. The first funding round was a debt financing round for Rupees 1.6 billion, followed by an equity financing round (sized to date also at Rupees 1.6 billion) priced off a discount to an eventual exit valuation. Afiniti continues to assess capital markets options, and has received highly favorable feedback from the investment banking community on the prospects of tapping those markets.

During the course of this fiscal year, we continued to invest heavily into the Afiniti business, opening multiple offices in key geographies in Europe, North America and Asia, and as a result, the cost base of the business increased to Rupees 4.0 billion, up from Rupees 2.4 billion in FY15. As a result, Afiniti's EBITDA loss widened during FY16, from Rupees 1.4 billion in FY15 to Rupees 2.3 billion in the current year. We expect Afiniti to attain breakeven at this higher cost base level by the end this calendar year, as the additional deployments currently underway translate into revenues. Afiniti continues to cement its position as the technology of choice for large companies seeking to optimize their contact center estate.

During FY16, our IBEX Global operating subsidiary (which provides outsourced contact center services to large enterprise level clients) also continued its growth trajectory, with revenues of Rupees 26.6 billion, up from Rupees 24.0 billion in FY15. IBEX continued the repositioning of its employee base in offshore locations in line with client demand, with further increases in headcount in the Philippines, and the opening of new facilities in Nicaragua and Jamaica to offer US clients with "nearshore" options. The continued shift of IBEX's revenue base to offshore locations also provides opportunities for further margin efficiencies given the more profitable economic profile of offshore business. During the fiscal year, IBEX recognized EBITDA of Rupees 1.89 billion, up from a figure of Rupees 1.68 billion in FY15 (and which included approximately Rupees 0.5 billion of non-recurring, one time margins). During the fiscal year, IBEX has deepened its management team as well as its infrastructure platform, and incurred Rupees 1.5 billion of capital expenditures.

We would also like to draw attention to the performance of our eTelequote subsidiary (which is an insurance marketing company providing customer acquisition services to insurance carriers and focused on the senior health insurance segment). During the course of FY16, eTelequote consolidated its operational scale and scope, building on 4 successive years (from FY12 onwards) of annual doubling of operations. Following on this consolidation, eTelequote is currently in the process of increasing its capacity by a factor of 3 during the course of the upcoming fiscal year, by adding additional facilities and headcount. During the course of FY16, eTelequote was able to adopt new accounting standards where it is now able to recognize up front (at the time of customer acquisition) a substantial portion of the future year renewal commission revenues associated with that customer. As a result, its accounting results now accurately reflect its economic performance, and for FY16, it recognized revenues of Rupees 1.74 billion and EBITDA of Rupees 632 million.



Finally, we would like to highlight a Rupees 5.2 billion financing package closed by The Resource Group International in June 2016 with a prominent UK based institutional investor. This line carries an effective markup of 14%, and provides TRGIL with liquidity to support its various portfolio financing needs.

## **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.

### **TRG Pakistan Limited Stand Alone Financial Statements**

TRG Pakistan Limited essentially serves as a holding company, with its sole material asset being its investment in The Resource Group International Limited (TRGIL). In previous years, the Company had measured that investment at cost. During this year, the Company changed its accounting policy with respect to accounting for investment in subsidiaries and now measures the investment at fair value. This change provides more relevant and reliable information with respect to the financial position and performance of the Company and provides the shareholders with greater insight into the Net Asset Value of its stake in TRGIL.

The value of TRG Pakistan's share in TRGIL as of June 30, 2016 is Rs. 12.9 billion. On a like for like basis, this value was Rs. 12.3 billion as of June 30, 2015. This represents an increase of Rs. 600 million during the year and an overall increase that is more than double the value of its original investment. As per the relevant accounting standards, this increase is recorded directly into the equity account of the balance sheet.

On a standalone basis, the Company recognized income of Rupees 167.7 million in its income statement, whereas it incurred expenses of Rupees 45.9 million associated with its holding company activities. In addition, finance cost and tax expense amounting to Rupees 12.8 million and Rupees 11.9 million respectively were also incurred during the year. As a result, TRG Pakistan Limited earned a net profit of Rupees 97.2 million for the year ended June 30, 2016.

### **Consolidated Financial Statements**

For the year ended June 30, 2016, our consolidated revenues amounted to Rupees 30.7 billion, which represents a 16% increase from revenues of Rupees 26.4 billion for the comparative period in 2015. Our recurring earnings before interest, taxes, depreciation and amortization were Rupees 188 million (adjusted for our share of profit from our associated company accounted for under equity method). In non-cash adjustments, we had depreciation and amortization expenses of Rupees 1,245 million, a non-cash stock option expense of Rupees 98 million, an exchange gain of Rupees 32 million, other non-recurring expenses of Rupees 57 million, current and deferred tax expense of Rupees 151 million and other non-recurring income of Rs. 741 million. The net result of the above was a loss for the year of Rupees 1.7 billion as compared to a loss of Rupees 2.3 billion during the same period in 2015.

### **Results of TRG International Limited**

From FY 14, 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 FY16 have gross assets of Rupees 33.9 billion and Net Asset Value of Rupees 216 per share.

### **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, 2016 was Rupees 0.50 million (unaudited) and as at June 30, 2015 was Rupees 2.6 million (unaudited).

### Board Meetings during the Year

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

Name of Director	Meetings attended
Mr. Muhammad Ziaullah Chishti	7
Mr. Muhammad Ali Jameel	5
Mr. Mohammedullah Khaishgi	8
Mr. Rafiq Dossani	7
Mr. John Leone	5
Mr. Peter H. R. Riepenhausen	8
Mr. Ameer Shabu Qureshi	6
Mr. Patrick McGinnis	5
Mr. Zafar Iqbal Sobani(*)	3
Mr. Ali Jehangir Siddiqui (*)	2
Mr. Abu Bakar Chowdhury (**)	0
Mr. Saleem Butt (**)	1

(\*) Elected on January 14, 2016

(\*\*) Retired on January 14, 2016

### Board Audit Committee Meetings during the Year

Following was the Board Audit Committee attendance:

Name of Director	Meetings attended
Mr. Patrick McGinnis	3
Mr. Rafiq K. Dossani	2
Mr. Ameer Shabu Qureshi	1
Mr. Muhammad Ali Jameel(*)	1
Mr. Saleem Butt(**)	0

(\*) Discontinued as Member of Audit Committee from January 21, 2016

(\*\*) Retired on January 14, 2016

### Board HR Recruitment & Compensation Committee Meetings during the Year

Two 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.

## **Earnings per Share**

The company recognized earnings per share of Rupee 0.18 on a standalone basis. On a consolidated basis, the loss per share was Rupee 1.50.

## **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, 2017.

## **Shareholding Pattern**

A statement showing pattern of shareholding of the Company and relevant additional information as at June 30, 2016 is included in this report.

## **Outlook**

We continue to execute on our strategic plan on enhancing the value of our operating assets and preparing for the realization of this value. Central to this plan is the continued increase in value of our Afiniti subsidiary and the consequent assessment of value realization options. Our upcoming increase in scale of our eTelequote subsidiary would allow us to attain the scale associated with investor interest from both the private and public markets. With respect to our listed subsidiaries, we continue to consider ways in which the company valuations would better reflect the powerful operational results realized to date.

## **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 07, 2016**

**On behalf of the Board of Directors**

**Muhammad Ziaullah Khan Chishti**  
**Chief Executive**

سال کے دوران بورڈ کی ایچ آر ریکروٹمنٹ اور معاوضہ کمیٹی کی میٹنگ:  
سال کے دوران ایچ آر ریکروٹمنٹ اور معاوضہ کمیٹی کی دو میٹنگز منعقد کی گئیں۔

### تصرفات:

سال کے دوران خسارے کی وجہ سے ڈائریکٹرز نے کسی تصرف کی تجویز نہیں دی۔

### فی شیئر آمدنی:

انفرادی سطح پر کمپنی نے فی شیئر 0.18 روپے آمدنی حاصل کی۔ مجموعی بنیاد پر فی شیئر خسارہ 1.50 روپے تھا۔

### آڈیٹرز:

سکلڈوش ہونے والے آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ نے اہلیت کی بنیاد پر دوبارہ تفرری کی پیشکش کی۔ آڈٹ کمیٹی کی تجویز کے مطابق بورڈ نے 30 جون 2017 کو اختتام پذیر سال کیلئے انکی دوبارہ تفرری کی تجویز دی۔

### شیئر ہولڈنگ کا طریقہ:

کمپنی کے شیئر ہولڈنگ کے طریقے اور 30 جون 2016 تک کی متعلقہ اضافی معلومات اس رپورٹ میں شامل ہیں۔

### آئندہ امکانات:

ہم اپنے تعاملاتی اثاثوں کی بہتری اور اس کی قیمت کے حصول کی تیاری کیلئے اپنے تزویراتی منصوبوں پر عملدرآمد جاری رکھیں گے۔ اس منصوبہ کا بنیادی نکتہ ہمارے ذیلی ادارے ایفٹی کی قدر میں مستقل اضافہ اور اس کے نتیجے میں منافع کے مواقع کی تشخیص ہے۔ ہمارے ذیلی ادارے ای ٹیلی کوٹ کے دائرہ کار میں آئندہ ہونے والی توسیع کے نتیجے میں ہم پرائیویٹ اور پبلک دونوں قسم کی مارکیٹ سے اپنے مطلوبہ دائرہ کار کے مطابق سرمایہ کاری کا نفع حاصل کر سکیں گے۔ ہمارے لسٹڈ ذیلی اداروں کے حوالے سے ہم مستقل ان طریقوں پر غور کرتے رہیں گے جن سے آج تک حاصل ہونے والے مضبوط تعاملاتی نتائج سے کمپنی کی بہتر ظاہر ہو سکے۔

### شیئر ہولڈرز کیلئے اظہار تشکر:

ہم اپنے شیئر ہولڈرز کے مشکور ہیں جنہوں نے ہمارے منفرد کاروباری ماڈل کی مستقل تائید کی اور ہماری انتظامیہ پر اپنے اعتماد و اعتبار کا اظہار کیا۔ ہم اس بات پر فخر محسوس کرتے ہیں کہ ہمیں اس شعبے میں پاکستان کا نام وجود میں لانے کا موقع میسر آیا۔

کراچی۔

بورڈ آف ڈائریکٹرز کی جانب سے

تاریخ: 07 اکتوبر 2016

محمد ضیاء اللہ خان چشتی

چیف ایگزیکٹو

## سال کے دوران بورڈ کی میٹنگز

سال کے دوران بورڈ آف ڈائریکٹرز کی آٹھ میٹنگز منعقد کی گئیں۔ جن ڈائریکٹرز کی حاضری درج ذیل کے مطابق تھی۔

میٹنگز میں شرکت	ڈائریکٹر کا نام
7	محمد ضیاء اللہ چشتی
5	محمد علی جمیل
8	محمد اللہ خدیگی
7	رفیق ڈوسانی
5	جان لیون
8	پیٹر ایچ آر آر ایفین ہاسن
6	امیر ایس قریشی
5	پیٹرک مک گینز
3	ظفر اقبال سہانی (*)
2	علی جہانگیر صدیقی (*)
0	ابوبکر چوہدری (**)
1	سلیم ہٹ (**)

(\*) 14 جنوری 2016 کو منتخب ہوئے۔

(\*\*) 14 جنوری 2016 کو ریٹائر ہوئے۔

## سال کے دوران بورڈ کی آڈٹ کمیٹی کی میٹنگ

بورڈ آڈٹ کمیٹی کی میٹنگ کی حاضری درج ذیل ہے:

میٹنگز میں شرکت	ڈائریکٹر کا نام
3	پیٹرک مک گینز
2	رفیق کے ڈوسانی
1	امیر ایس قریشی
1	محمد علی جمیل (*)
	سلیم ہٹ (**)

(\*) 21 جنوری 2016 کو آڈٹ کمیٹی کی رکنیت ختم ہوئی۔

(\*\*) 14 جنوری 2016 کو ریٹائر ہوئے۔

## مجموعی مالیاتی بیانیے:

30 جون 2016 کو اختتام پذیر سال میں ہمارا مجموعی نفع 30.7 بلین روپے تھا جو 2015 کے اسی عرصے کے دوران 26.4 بلین روپے سے 16% اضافے کی نشاندہی کرتا ہے۔ جبکہ ای بیٹا 188 بلین روپے تھا۔ غیر نقدی تصفیہ میں ہمارے خوردگی اور واجبات کی ادائیگی کے اخراجات 1,245 بلین روپے تھے، غیر نقدی اسٹاک آپشن کے اخراجات 98 بلین روپے، ایکسیجنگ گین سے حاصل ہونے والا نفع 32 بلین روپے، ایک مرتبہ ادائیگی کے اخراجات 57 بلین روپے، موجودہ اور موخر ٹیکس کے اخراجات 151 بلین روپے اور ایک مرتبہ حاصل ہونے والی آمدنی 741 بلین روپے تھی۔ مذکورہ بالا کا صافی نتیجہ سال کے دوران 1.7 بلین روپے کا خسارہ تھا جبکہ 2015 کے اسی عرصے کے دوران یہ خسارہ 2.3 بلین روپے تھا۔

## دی ریورس گروپ انٹرنیشنل لمیٹڈ کے نتائج:

مالیاتی سال 2014 سے ٹی آر جی پاکستان لمیٹڈ بلاشرکت غیرے براہ راست ذیلی ادارہ، دی ریورس گروپ انٹرنیشنل لمیٹڈ نے ”سرمایہ کار ادارے“ کی حیثیت سے اپنے آڈٹ شدہ معاشی بیانیے آئی ایف آر ایس 10 کے تحت تیار کرنے شروع کئے۔ کام کرنے والے ذیلی اداروں میں دی ریورس گروپ انٹرنیشنل لمیٹڈ کے حصے کو پورٹ فولیو کمپنیوں میں سرمایہ کاری کے طور پر ظاہر کیا گیا ہے اور ان کا حساب درست قیمت / بازاری قیمت کے طور پر کیا گیا ہے۔ دی ریورس گروپ انٹرنیشنل لمیٹڈ کے آڈٹ شدہ نتائج برائے مالیاتی سال 2016 میں مجموعی اثاثوں کی مالیت 33.9 بلین روپے اور صافی اثاثے کی مالیت 216 روپے فی شیئر ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ کی بنیادی ساخت:

کارپوریٹ گورننس کے ضابطہ کی شرائط کے طور پر ڈائریکٹرز ذیل رپورٹ فراہم کر رہے ہیں:

- (ا) کمپنی کے تیار کردہ مالیاتی بیانیے اس کے معاملات، تعاملات کے نتائج، نقد کے بہاؤ اور ایکویٹی میں تبدیلی کی درست معلومات فراہم کر رہے ہیں۔
- (ب) کمپنی کے درست مالیاتی گوشوارے مرتب کئے گئے ہیں۔
- (ج) مالیاتی بیانیوں کی تیاری کیلئے مناسب اکاؤنٹنگ پالیسیوں پر یکساں عملدرآمد کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط فیصلوں کے مطابق ہیں۔
- (د) معاشی بیانیوں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے۔
- (ه) اندرونی کنٹرول کا سسٹم بالکل مستحکم ہے اور اسے موثر طور پر نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- (و) کمپنی کے مستقل جاری رہنے کے حوالے سے کوئی قابل ذکر شبہات نہیں ہیں۔
- (ز) لسٹنگ کے قواعد میں بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔
- (ح) ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری کے رفقاء حیات اور چھوٹے بچوں کا کمپنی کے شیئرز کی تجارت میں کوئی حصہ نہیں ہے
- (ط) ماسوائے ان کے جنہیں شیئر ہولڈنگ کے طریقے میں بیان کیا گیا ہے، اور ٹی آر جی پاکستان لمیٹڈ کیلئے انفرادی بنیاد پر تسلیم کردہ پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 30 جون 2016 کو 0.50 بلین روپے (غیر آڈٹ شدہ) تھی اور 30 جون 2015 کو یہ رقم 2.6 بلین روپے (غیر آڈٹ شدہ) تھی۔

”قریبی علاقوں“ سے خدمات حاصل کرنے کا موقع میسر آسکے۔ آف شور کاروبار کی زیادہ نفع بخش معاشی پروفائل کی وجہ سے آئی بیکس کی آمدنی کے مراکز کی آف شور مقامات پر مستقل منتقلی سے نفع میں مزید بہتری کے مواقع پیدا ہوئے۔ مالیاتی سال کے دوران آئی بیکس نے 1.89 بلین روپے کا ای بیٹا حاصل کیا جبکہ گذشتہ مالیاتی سال 2015 میں اس کی مالیت 1.68 بلین روپے تھی (جس میں اندازاً 0.5 بلین روپے کا ایک مرتبہ کا نفع بھی شامل ہے)۔ مالیاتی سال کے دوران آئی بیکس نے اپنی انتظامی ٹیم اور اس کے ساتھ ساتھ اپنے انفراسٹرکچر پلیٹ فارم میں اضافہ کیا اور 1.5 بلین روپے کے انتظامی اخراجات ادا کئے۔

ہم اپنی ذیلی کمپنی ای ٹیلی کوٹ (جو انشورنس کیریئرز کو صارفین کے حصول کی خدمات فراہم کرتی ہے اور طبی انشورنس کے شعبے میں مصروف عمل ہے) کی کارکردگی بھی بیان کرنا چاہیں گے۔ مالیاتی سال 2016 کے دوران ای ٹیلی کوٹ نے اپنی تعاملاتی سطح اور دائرہ کار کو یکجا کیا جو مستقل چار سالوں سے تعاملات میں دہرے اضافے کے حوالے سے (مالیاتی سال 2012 سے) سے جاری تھا۔ اس عمل کے نتیجے میں ای ٹیلی کوٹ سہولیات اور افرادی قوت میں اضافے کے ذریعے اپنی استعداد میں آئندہ مالی سال تک تین گنا اضافہ کریگی۔ مالیاتی سال 2016 کے دوران ای ٹیلی کوٹ نئے اکاؤنٹنگ معیارات کو نافذ کرنے میں کامیاب رہی جن کے نتیجے میں اب (صارف کے حصول کے وقت) متعلقہ صارف کے حوالے سے آئندہ سال کی تجدید کے کمیشن کا بڑا حصہ فوری طور پر آمدنی کا حصہ بنایا جاسکتا ہے۔ نتیجتاً اس کے مالیاتی نتائج اب معاشی کارکردگی کی درست نشاندہی کر رہے ہیں اور مالیاتی سال 2016 کے دوران اس نے 1.74 بلین آمدنی اور 632 ملین روپے ای بیٹا حاصل کیا۔

جون 2016 میں دی ریورس گروپ انٹرنیشنل نے 5.2 بلین روپے کی سرمایہ کاری یو کے کے اہم ادارے سے حاصل کی ہے۔ یہ سرمایہ کاری 14 فیصد پر حاصل کی ہے جو دی ریورس گروپ انٹرنیشنل لمیٹڈ کو لیکوڈیٹی فراہم کرے گی تاکہ مختلف پورٹ فولیو کی سرمایہ کاری کی ضروریات میں مدد حاصل کی جاسکے۔

## معاشی کارکردگی

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

## ٹی آر جی پاکستان لمیٹڈ کے علیحدہ مالیاتی بیانیے:

ٹی آر جی پاکستان لمیٹڈ بنیادی طور پر ایک ہولڈنگ کمپنی کے طور پر کام کرتی ہے اور اس نے دی ریورس گروپ انٹرنیشنل لمیٹڈ میں سرمایہ کاری کی ہوئی ہے۔ گذشتہ سالوں میں کمپنی نے سرمایہ کاری کی لاگت کی پیمائش cost پر کی۔ حالیہ سال کے دوران کمپنی نے ذیلی اداروں میں سرمایہ کاری کے حوالے سے اکاؤنٹنگ پالیسی تبدیل کی اور اب سرمایہ کاری کی پیمائش آج کی قیمت کے مطابق کی جاتی ہے۔ اس تبدیلی سے کمپنی کی کارکردگی کے حوالے سے درست معاشی صورت حال، معتبر اور زیادہ درست معلومات حاصل ہوتی ہیں اور شیئرز ہولڈرز کو دی ریورس گروپ انٹرنیشنل لمیٹڈ میں اپنے حصے کی صافی قدر کے حوالے سے زیادہ بہتر معلومات حاصل ہو سکتی ہیں۔

30 جون 2016 تک دی ریورس گروپ انٹرنیشنل لمیٹڈ میں ٹی آر جی پاکستان لمیٹڈ کے حصص کی قیمت 12.9 بلین روپے تھی۔ جبکہ موازنہ کیا جائے تو 30 جون 2015 کو یہ رقم 12.3 بلین روپے تھی۔ اس کے نتیجے میں سال کے دوران 600 ملین روپے اضافے کی نشاندہی ہوتی ہے اور مجموعی اضافہ اصل سرمایہ کاری سے دو گنا سے بھی زائد ہے۔ متعلقہ اکاؤنٹنگ کے معیارات کے مطابق یہ اضافہ بیلنس شیٹ کے ایکویٹی اکاؤنٹ میں براہ راست ریکارڈ کیا گیا۔

انفرادی سطح پر کمپنی نے اپنی آمدنی کے بیانیے میں 167.7 ملین روپے آمدنی ظاہر کی، جبکہ ہولڈنگ کمپنی کی سرگرمیوں کے طور پر 45.9 ملین روپے کے اخراجات ادا کئے۔ علاوہ ازیں، سال کے دوران سرمایہ کاری اور ٹیکس کے اخراجات بالترتیب 12.8 ملین روپے اور 11.9 ملین روپے بھی ادا کئے گئے۔ نتیجتاً 30 جون 2016 کو اختتام پذیر سال میں ٹی آر جی پاکستان لمیٹڈ نے 97.2 ملین روپے صافی نفع حاصل کیا۔

## ڈائریکٹرز کی رپورٹ

برائے سال اختتام پذیر 30 جون، 2016

آپ کے ڈائریکٹرز انتہائی مسرت کے ساتھ ٹی آر جی پاکستان لمیٹڈ کے 30 جون 2016 کو اختتام پذیر ہونے والے سال کی علیحدہ اور مجموعی معاشی بیانیے پیش کر رہے ہیں۔

### اہم ترقیات:

مالیاتی سال 2016 کے دوران ہمارے ذیلی اداروں میں دہرے ہندسوں پر مشتمل ترقی کی صورت حال جاری رہی اور سال بہ سال آمدنی میں اضافہ 16 فیصد رہا۔ آمدنی میں اضافے کے ضمن میں ہمارے ذیلی ادارے ایفٹی، آئی بیکس گلوبل سولوشن اور ای ٹیلی کوٹ نے اپنا کردار ادا کیا۔ اس مستقل اضافے کی وجہ سے ہمارے غیر لسٹڈ ذیلی اداروں ایفٹی اور ای ٹیلی کوٹ کی قدر میں اہم اضافہ ہوا جبکہ ہمارے لسٹڈ ذیلی اداروں کو نتائج میں بہتری کے باوجود قدر کی کمی کا سامنا رہا جس کی بنیادی وجہ ان کے نتائج میں توقع کے برخلاف معمولی کمی تھی۔

ہمارے ذیلی ادارے ایفٹی (سابقہ سیٹ میپ، جو مصنوعی انٹیلی جنس کے ذریعے رابطے کے مراکز کو کال رائٹنگ کی سہولیات فراہم کرتا ہے) کیلئے معاشی سال نہایت خوش آئند رہا اور مالیاتی سال 2015 کی آمدنی کے مقابلے میں مالیاتی سال 2016 کی آمدنی میں 1.86 بلین روپے کا اضافہ ہوا جو کہ 2015 کے مقابلے میں 8 فیصد زیادہ ہے۔ یہ اضافہ پہلی (امریکہ میں قائم ایک بڑی ٹیلی کمیونیکیشن کمپنی کے ساتھ جہاں ہم ان کے تمام مراکز پر تعینات تھے) بڑی سطح کی تجارتی تعیناتی کے نتیجے میں واقع ہوا اور اس کے ساتھ ساتھ اسکی وجہ ہماری دوسری بڑی سطح کی تجارتی تعیناتی کی جزوی بٹنگ بھی تھی جو ایک کیبل فراہم کرنے والا ایک بڑا یورپی ادارے کے ساتھ ہے۔ ایفٹی حالیہ طور پر دو مزید کلائنٹس کے ساتھ تجارتی سطح کی تقرری کے عمل سے گزر رہی ہے، ان میں سے ایک عالمی ٹیلی کمیونیکیشن فراہم کرنے والی کمپنی ہے جبکہ دوسرا ایک بڑا ہیلتھ انشورنس کیریئر ہے اور اس تقویعی سال کے اختتام تک ان تعیناتیوں سے مزید معنی خیز آمدنی کا حصول متوقع ہے۔ ایفٹی میں تعاملاتی سطح پر اس زبردست اضافے کے نتیجے میں مالیاتی سال میں سرمایہ کاروں کی زبردست دلچسپی پیدا ہوئی اور کمپنی نے بہت زیادہ پرکشش قیمت پر سرمایہ کاری کے دو سلسلے مکمل کئے۔ سرمایہ کاری کا پہلا سلسلہ 1.6 بلین روپے قرضوں کی سرمایہ کاری کا تھا جس کے بعد ایکویٹی کی سرمایہ کاری کا سلسلہ ہوا (جس کی تادم تحریر مالیت بھی 1.6 بلین روپے ہے)۔ ایفٹی کیپٹل مارکیٹ کے مواقع پر غور جاری رکھے گی نیز ان مارکیٹوں کی طرف رجوع کیلئے سرمایہ کار بینکنگ کمیونٹی سے بہت حوصلہ افزا اثرات وصول ہوئے ہیں۔

حالیہ مالیاتی سال کے دوران ہم نے ایفٹی کے کاروبار، یورپ، شمالی امریکہ اور ایشیا میں اہم جغرافیائی مقامات پر مختلف دفاتر کھولنے کیلئے ہماری سرمایہ کاری کا سلسلہ جاری رکھا اور نتیجتاً کاروبار 2015 کے مالیاتی سال میں موجود کاروبار کی بنیادی لاگت 2.4 بلین روپے سے بڑھ کر مالیاتی سال 2016 میں 4.0 بلین روپے تک جا پہنچی۔ نتیجتاً ایفٹی کے ای بیٹا کا خسارہ مالیاتی سال 2015 کے 1.4 بلین روپے سے بڑھ کر موجودہ سال میں 2.3 بلین روپے ہو گیا۔ ہمیں امید ہے کہ موجودہ سال کے اختتام تک اس اضافی لاگت کی بنیادی سطح توازن حاصل کر لے گی کیونکہ اضافی تعیناتیوں کا سلسلہ ابھی جاری ہے جو آمدنی میں تبدیل ہوگا۔ اپنے رابطے کے مراکز کو بہتر بنانے کی خواہشمند بڑی کمپنیوں کیلئے قابل انتخاب ٹیکنالوجی کے طور پر ایفٹی اپنی صورت حال کے استحکام کا سلسلہ جاری رکھے ہوئے ہے۔

مالیاتی سال 2016 کے دوران ہمارے ذیلی ادارے آئی بیکس (جو بڑے تجارتی سطح کے کلائنٹس کو بیرونی ذرائع سے رابطہ مرکز کی فراہم کرتی ہے) نے بھی نمو کے رجحان کو برقرار رکھا جس کی آمدنی 2015 کے مالیاتی سال کی 24.0 بلین روپے کے مقابلے میں بڑھ کر 26.6 بلین روپے ہو گئی۔ آئی بیکس نے صارفین کی طلب کو مد نظر رکھتے ہوئے ان کے مطلوبہ مقامات پر ملازمین کو تعینات کیا ہوا ہے اور فلپائن میں افرادی قوت میں اضافہ کیا اور نکاراگوا، جمیکا میں نئی سہولیات قائم کیں تاکہ امریکی کلائنٹس کو



## Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2016

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

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

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

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

The independent directors meet the criteria of independence under clause 5.19.1(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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the board during the year ended 30th June 2016. Subsequent to year end, a casual vacancy occurring on the board on August 24, 2016 will be filled up by the Directors within 90 days.
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.
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. New appointments of directors have taken place during the year due to elections 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 and at least once every quarter of the year, eight board meetings were held in total, 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. The minutes of the meetings were appropriately recorded and circulated.
10. The Directors 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. One director of the Company is certified director and three directors are exempted from the requirement by virtue of their experience as prescribed by SECP in clause (xi) of CCG. 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. The Company Secretary and Head of Internal Audit were appointed during the year, which was approved by BOD including their remuneration and terms & conditions of employment.
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 three members and all of them are independent directors. The Chairman of the committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formulated 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 a non-executive director.
20. The Board has setup an effective internal audit function. Personnel of the internal audit department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. The 'closed period' prior to the announcement of interim/final results which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
24. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
25. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
26. We confirm that all other material principles enshrined in the CCG have been complied.

**Karachi**

**On behalf of the Board of Directors**

**Dated: October 07, 2016**

**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 June 30, 2016 to comply with the requirements of Listing Regulation No. 5.19.23 of the Rule Book of Pakistan 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 a 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 undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

**Dated: October 07, 2016.**

**Karachi**

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**KPMG Taseer Hadi & Co.  
Chartered Accountants**

## Pattern of Shareholding

As at June 30, 2016

No. of Shareholders	Number of Shares			No. of Shareholders	Number of Shares		
	From	To	Total Shares Held		From	To	Total Shares Held
424	1	100	9370	2	260001	265000	530000
1099	101	500	501137	4	265001	270000	1073648
1231	501	1000	1173343	4	270001	275000	1093091
2369	1001	5000	6741116	1	285001	290000	288500
704	5001	10000	5726975	2	290001	295000	584040
276	10001	15000	3561425	8	295001	300000	2389158
169	15001	20000	3144150	1	305001	310000	306500
143	20001	25000	3369867	4	310001	315000	1249259
76	25001	30000	2164308	1	320001	325000	325000
52	30001	35000	1707449	2	325001	330000	657184
47	35001	40000	1809885	2	330001	335000	666500
23	40001	45000	993978	1	335001	340000	337000
66	45001	50000	3262904	2	345001	350000	700000
21	50001	55000	1107818	1	350001	355000	353000
17	55001	60000	992275	1	355001	360000	355500
25	60001	65000	1562916	3	365001	370000	1108000
15	65001	70000	1032703	1	370001	375000	375000
26	70001	75000	1921412	1	375001	380000	375500
11	75001	80000	874332	1	385001	390000	386617
11	80001	85000	916403	5	395001	400000	2000000
11	85001	90000	964339	1	410001	415000	411500
2	90001	95000	185500	1	415001	420000	418680
41	95001	100000	4091092	1	420001	425000	424547
5	100001	105000	515193	2	435001	440000	877572
7	105001	110000	758872	2	440001	445000	885000
6	110001	115000	671226	3	445001	450000	1347500
6	115001	120000	709000	2	460001	465000	927274
15	120001	125000	1856244	1	470001	475000	475000
5	125001	130000	640494	3	490001	495000	1482000
3	130001	135000	403500	6	495001	500000	3000000
5	135001	140000	688095	2	500001	505000	1005170
5	140001	145000	714131	1	505001	510000	507850
9	145001	150000	1350000	1	515001	520000	519000
5	150001	155000	767252	2	520001	525000	1050000
4	155001	160000	635613	1	530001	535000	535000
5	160001	165000	816206	2	540001	545000	1089912
4	165001	170000	673016	2	545001	550000	1100000
4	170001	175000	691814	1	560001	565000	562770
3	175001	180000	534505	2	565001	570000	1140000
2	180001	185000	367178	3	580001	585000	1750026
5	185001	190000	943800	1	585001	590000	585290
2	190001	195000	385500	1	590001	595000	592903
16	195001	200000	3199000	1	595001	600000	598000
1	200001	205000	202500	1	600001	605000	602500
2	205001	210000	415236	1	605001	610000	606000
4	215001	220000	872500	1	610001	615000	612260
4	220001	225000	895100	2	670001	675000	1343494
4	230001	235000	930004	1	695001	700000	700000
2	235001	240000	475500	1	735001	740000	739500
4	240001	245000	978808	1	780001	785000	785000
6	245001	250000	1500000	1	785001	790000	789977
1	250001	255000	255000	1	795001	800000	799000
1	255001	260000	260000	1	800001	805000	804500

No. of Shareholders	Number of Shares			No. of Shareholders	Number of Shares		
	From	To	Total Shares Held		From	To	Total Shares Held
2	830001	835000	1669000	1	2340001	2345000	2345000
1	835001	840000	835612	1	2430001	2435000	2435000
1	845001	850000	850000	1	2465001	2470000	2468000
1	890001	895000	893000	1	2495001	2500000	2500000
1	945001	950000	949004	1	2700001	2705000	2702000
3	995001	1000000	3000000	1	2715001	2720000	2717016
2	1005001	1010000	2018085	1	3020001	3025000	3025000
1	1045001	1050000	1049000	1	3075001	3080000	3079000
1	1065001	1070000	1068778	1	3330001	3335000	3332000
1	1070001	1075000	1074500	1	3395001	3400000	3398587
1	1085001	1090000	1088000	1	3575001	3580000	3578500
2	1095001	1100000	2200000	1	3605001	3610000	3609000
1	1100001	1105000	1102000	1	3745001	3750000	3750000
1	1105001	1110000	1110000	1	3855001	3860000	3857500
1	1115001	1120000	1119000	1	4475001	4480000	4475745
1	1120001	1125000	1125000	1	4945001	4950000	4950000
1	1160001	1165000	1165000	1	5330001	5335000	5330917
1	1170001	1175000	1170500	1	5505001	5510000	5506273
2	1195001	1200000	2400000	1	5695001	5700000	5697324
1	1250001	1255000	1252500	1	6120001	6125000	6122609
1	1335001	1340000	1338500	1	6960001	6965000	6965000
1	1370001	1375000	1371000	1	7240001	7245000	7242000
2	1395001	1400000	2797673	1	7745001	7750000	7750000
2	1495001	1500000	3000000	1	8025001	8030000	8029018
2	1500001	1505000	3006486	2	8430001	8435000	16863405
1	1660001	1665000	1662500	1	9995001	10000000	10000000
1	1750001	1755000	1750290	1	11390001	11395000	11392694
1	1840001	1845000	1843099	1	11995001	12000000	12000000
1	1855001	1860000	1860000	1	12055001	12060000	12058085
1	1970001	1975000	1972508	1	13215001	13220000	13215820
1	2080001	2085000	2083000	1	20295001	20300000	20300000
1	2140001	2145000	2145000	1	32020001	32025000	32023760
1	2160001	2165000	2164491	1	48805001	48810000	48809067
1	2230001	2235000	2231000	1	86805001	86810000	86808289
1	2265001	2270000	2265500				
1	2280001	2285000	2283324				
				<b>7,184</b>	<b>Company Total</b>		<b>545,390,665</b>

## Category of Shareholders

As on June 30, 2016

Categories	Share Holders	Share Holding	Percentage
DIRECTORS, CEO & CHILDREN	13	87,544,689	16.0517
ASSOCIATED COMPANIES	2	59,000	0.0108
BANKS, DFI & NBF	9	46,635,036	8.5508
INSURANCE COMPANIES	4	226,112	0.0415
MODARABAS & MUTUAL FUNDS	14	15,928,367	2.9205
GENERAL PUBLIC (LOCAL)	6795	224,629,236	41.1869
GENERAL PUBLIC (FOREIGN)	205	29,295,114	5.3714
OTHERS	128	127,812,263	23.4350
FOREIGN COMPANIES	14	13,260,848	2.4314
<b>Company Total</b>	<b>7,184</b>	<b>545,390,665</b>	<b>100</b>

Detail of Associated Companies	Number of Share Held
TPL HOLDINGS (PRIVATE) LIMITED	59,000
	<b>59,000</b>

Detail of Directors, CEO and their spouse and minor children	Number of Shares Held
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	86,808,289
MR. MUHAMMAD ALI JAMEEL	298
MR. MOHAMMEDULLAH KHAN KHAISHGI	612,840
MR. RAFIQ DOSSANI	3
MR. JOHN LEONE	3
MR. PETER H. R. RIEPENHAUSEN	98,247
MR. AMEER S. QURESHI	3
MR. PATRICK MCGINNIS	3
MR. ZAFAR IQBAL SOBANI	20,000
MR. ALI JEHANGIR SIDDIQUI	5,000
	<b>87,544,686</b>

## Pattern of Shareholding As Per Requirement of Code of Corporate Governance

As at June 30, 2016

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number of Shares Held
FAYSAL BANK LIMITED	3,750,000
NIB BANK LIMITED	3,609,000
BANK AL HABIB LIMITED	250,000
SONERI BANK LIMITED	500
J S BANK LIMITED.	32,023,760
NATIONAL BANK OF PAKISTAN	276
FIRST DAWOOD INVESTMENT BANK LIMITED	29,500
ESCORTS INVESTMENT BANK LIMITED	7,000
NIB BANK LIMITED - MT	6,965,000
EFU LIFE ASSURANCE LTD	500
EXCEL INSURANCE CO.LTD.	612
CENTURY INSURANCE COMPANY LTD.	150,000
ASKARI GENERAL INSURANCE CO. LTD.	75,000
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	5,330,917
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	50,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	103,355
CDC - TRUSTEE AKD OPPORTUNITY FUND	4,475,745
CDC - TRUSTEE FIRST HABIB INCOME FUND	1,119,000
PAK ASIAN FUND LIMITED	4,000
PAK ASIAN FUND LIMITED	19,500
PAK ASIAN FUND LIMITED	5,000
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	72,000
CDC - TRUSTEE PICIC INCOME FUND - MT	1,500
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	3,079,000
CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	1,074,500
CDC - TRUSTEE FAYSAL MTS FUND - MT	507,850
IGI FINEX SECURITIES LIMITED	1
QUICE FOOD INDUSTRIES LIMITED	12,500
RAHAT SECURITIES LIMITED	30,000
TAURUS SECURITIES LIMITED	804,500
AR MANAGEMENT SERVICES (PRIVATE) LIMITED	115,500
FAZAL REHMAN FOUNDATION	20,000
MUHAMMAD SHAFI TANNERIES (PRIVATE) LIMITED	100,000
CONCORDIA SECURITIES (PVT) LIMITED	200,000
TRADING ENTERPRISES (PVT) LTD.	1,170,500
INTERMARKET SECURITIES LIMITED	562,770
MUHAMMAD SHAFI TANNERIES (PVT) LIMITED	893,000
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	1,500,000
PRUDENTIAL SECURITIES LIMITED	534
FIRST UDL MODARABA STAFF PROVIDENT FUND	6,000
H.H.K. SECURITIES (PVT) LTD.	61,226
PREMIER FASHIONS (PVT) LTD	670,007
SIZA (PRIVATE) LIMITED	370,000
TRUSTEES MOOSA LAWAI FOUNDATION	10,000
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	350,000
SHAKOO (PVT) LTD.	122,452
SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	152,548



Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number Shares Held
GARIBSONS (PVT.) LTD.	40,000
MOUNT FUJI TEXTILES LTD.	500,000
WESTBURY (PRIVATE) LTD	535,000
YOUSUFYAQOOB KOLIA AND COMPANY (PVT) LTD	592,903
TECHNOLOGY LINKS (PVT.) LIMITED	5,000
IMGC GLOBAL (PVT.) LIMITED	6,122
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	45,035
CS CAPITAL (PVT) LTD	275,000
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1,580
TRUSTEES OF FIRST UDL MODARABA STAFF PROVIDENT FUND	45,277
ZAHID LATIF KHAN SECURITIES (PVT) LTD.	1,000,000
D.S.INDUSTRIES LTD	1,000
NH SECURITIES (PVT) LIMITED.	32,909
TRUSTEES KAUKAB MIR MEMORIAL WELFARE TRUST	5,500
MAPLE LEAF CAPITAL LIMITED	1
EXCEL SECURITIES (PVT.) LTD.	450
PEARL SECURITIES LIMITED	12,058,085
PEARL SECURITIES LIMITED	13,215,820
M.R.A. SECURITIES (PVT) LIMITED	8,000
AZEE SECURITIES (PRIVATE) LIMITED	9,000
LAKHANI SECURITIES (PVT) LTD.	100,000
RAFI SECURITIES (PRIVATE) LIMITED	6,122
DALAL SECURITIES (PVT) LTD.	125,000
MULTILINE SECURITIES (PVT) LIMITED	17,736
MULTILINE SECURITIES (PVT) LIMITED	500
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	9,693
FDM CAPITAL SECURITIES (PVT) LIMITED	100,000
FDM CAPITAL SECURITIES (PVT) LIMITED	200,000
S.Z. SECURITIES (PRIVATE) LIMITED	10
TRUSTEES OF FFC EMPLOYEES PROVIDENT FUND	400,000
INVEST AND FINANCE SECURITIES LIMITED	5,000
AKHAI SECURITIES (PRIVATE) LIMITED	4,000
DJM SECURITIES (PRIVATE) LIMITED	2,083,000
SHERMAN SECURITIES (PRIVATE) LIMITED	1,200,000
COLLEGE OF TOURISM AND HOTEL MANAGEMENT	25,000
JS GLOBAL CAPITAL LIMITED	789,977
JS INFOCOM LIMITED	53,000
MUHAMMAD SHAFI TANNERIES (PVT) LTD.	102,500
MAAN SECURITIES (PRIVATE) LIMITED	86,500
FAIR EDGE SECURITIES (PRIVATE) LIMITED	2,500
INVESTFORUM (SMC-PVT) LIMITED	2,000
SHAFI FOODS (PVT) LIMITED	500,000
MUHAMMAD SHAFI TANNERIES (PVT,) LIMITED	300,000
FIRST NATIONAL EQUITIES LIMITED	418,680
BIOFERT (PVT) LIMITED	505,000
BIOFERT (PVT) LIMITED	85,000
ABBASI SECURITIES (PRIVATE) LIMITED	000
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	2,231,000
GROWTH SECURITIES (PVT) LTD.	1,110,000
SHAFI FOODS (PRIVATE) LIMITED	50,000
EVERFRESH FARMS (PVT.) LIMITED	50,000
PREMIER CABLES (PVT) LIMITED	20,000

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number Shares Held
SAAO CAPITAL (PVT) LIMITED	500,170
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	8,432,573
GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	7,500
PASHA SECURITIES (PVT) LTD.	612
FAIR DEAL SECURITIES (PVT) LTD.	2,012
BHAYANI SECURITIES (PVT) LTD.	162,500
ALTAf ADAM SECURITIES (PVT) LTD.	368,000
WASI SECURITIES (SMC-PVT) LTD.	6,001
DR.ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	1,336
GMI CAPITAL SECURITIES (PVT) LTD.	2,500
PREMIER CABLES (PVT.) LIMITED	25,000
Y.H. SECURITIES (PVT.) LTD.	570,000
DAWOOD EQUITIES LTD.	5,000
M. J. MEMON SECURITIES (PVT) LIMITED.	492,000
VALUE STOCK AND COMMODITIES (PRIVATE) LIMITED	791
H.S.Z. SECURITIES (PRIVATE) LIMITED	1
MUHAMMAD AHMAD NADEEM SECURITIES (SMC-PVT.) LIMITED	5,950
AKD SECURITIES LIMITED - AKD TRADE	500
PREMIER CABLES (PVT) LIMITED	20,000
SEVEN STAR SECURITIES (PVT.) LTD.	50,000
PAIR INVESTMENT COMPANY LIMITED	100,000
CMA SECURITIES (PVT) LIMITED	35,000
PRUDENTIAL DISCOUNT & GUARANTEE HOUSE LIMITED	18,000
A.I. SECURITIES (PRIVATE) LIMITED	60,000
ABA ALI HABIB SECURITIES (PVT) LIMITED	331,500
S S HIJAZ PRIVATE LIMITED	3,000
JSK SECURITIES LIMITED	40,000
AEROTEC SYSTEMS	42,500
GLOBAL SECURITIES PAKISTAN LIMITED - MF	444,000
PEARL SECURITIES LIMITED - MF	1,049,000
TRUSTEE FRANCISCANS OF ST.JOHN THE BAPTIST PAKISTAN	4,700
IMPERIAL INVESTMENT (PVT) LTD.	3,200
JS GLOBAL CAPITAL LIMITED - MF	2,468,000
CYAN LIMITED	10,000,000
KOHINOOR POWER COMPANY LIMITED	13,000
JAHANGIR SIDDIQUI & CO. LTD.	48,809,067
FIKREE'S (SMC-PVT) LTD.	14,000
H.M. IDREES H.ADAM (SMC-PVT.) LIMITED	1,000,000
MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	300
DIN CAPITAL LTD.	4,000
EQUITY INTERNATIONAL (PVT) LIMITED	15,000
R.A. SECURITIES (PVT.) LIMITED	500
TANNU SECURITIES (PVT) LIMITED	30,000
STRONGMAN SECURITIES (PVT.) LIMITED	2,000
R.T. SECURITIES (PVT) LIMITED	835,612
R.T. SECURITIES (PVT) LIMITED	300,000
SPECTRUM SECURITIES (PVT.) LIMITED	84,500
MUHAMMAD ANAF KAPADIA SECURITIES (SMC-PVT) LIMITED	4,950,000
STAR SECURITIES (PVT) LTD.	500
TUMBI SECURITIES (PVT) LTD.	5,000
SOUTH ASIAN SECURITIES (PRIVATE) LIMITED	71,500
KASB SECURITIES LIMITED - MF	288,500

Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, Brokerage House and Mutual Funds	Number Shares Held
AXIS GLOBAL LIMITED - MF	18,000
RELIANCE SECURITIES LIMITED - MF	3,000
ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	1,000
FIRST EQUITY MODARABA	86,000
N & A RAZA REVOCABLE TRUST	1,750,290
EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	1,371,000
PARAMETRIC EMERGING MARKETS FUND	3,578,500
PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	3,398,587
TEACHER RETIREMENT SYSTEM OF TEXAS	602,500
ADVANCE SERIES TRUST - AST PARAMETRIC EMERGING MKTS EQT PRTF	190,000
EATON VANCE TRT CO CM TRT FD-PARMTC STR EME MKT EQT CM TRT F	47,284
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	353,000
GOLDMAN SACHS TRUST II GOLDMAN SACHS MULTI-MANGER GL EQ FUND	77,500
EATON VANCE INTL IRLND F.P-EATN V.INTL IRLND PRAMTRIC E.M.F	519,000
NTGI-QM COMMON DIVERSIFIED FRONTIER MARKETS INDEX FUND	739,500
KAPITALFORENINGEN LAERERNES PENSION INVEST [1547-5]	296,235
HABIB BANK AG ZURICH, ZURICH, SWITZERLAND	312,452
HABIB BANK AG ZURICH, DEIRA DUBAI	25,000
TOTAL	<b>203,862,626</b>

## Pattern of Shareholding As Per Requirement of Code of Corporate Governance

As at June 30, 2016

Shareholders Holding 5% or More Voting Interest	Number of Shares Held	Voting Interest
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	86,808,289	15.92
JAHANGIR SIDDIQUI & CO. LTD.	48,809,067	8.95
J.S. BANK LIMITED	32,023,760	5.87
	<b>167,641,116</b>	<b>30.74</b>

Details of movement in the shares of Director / CEO and their spouses and minor children	Designation	Opening Balance July 1, 2015	Closing Balance June 30, 2016
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	CEO and Director	71,481,053	86,808,289
MR. MUHAMMAD ALI JAMEEL	Director	298	298
MR. MOHAMMEDULLAH KHAISHGI	Director	612,840	612,840
MR. RAFIQ DOSSANI	Director	3	3
MR. JOHN LEONE	Director	3	3
MR. PETER H. R. RIEPENHAUSEN	Chairman and Director	3	98,247
MR. AMEER S. QURESHI	Director	3	3
MR. PATRICK MCGINNIS	Director	3	3
MR. ZAFAR IQBAL SOBANI	Director	-	20,000
MR. ALI JEHANGIR SIDDIQUI	Director	-	5,000
		<b>72,094,206</b>	<b>87,544,686</b>

### Details of Purchase of Shares by Directors

As at June 30, 2016

Name	Designation	Date of Purchase	Number of Shares	Rate
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	18/11/2015	15,657,448	At Par value
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	27/11/2015	259,263	At Par value
MR. PETER HANS RUDOLF RIEPENHAUSEN	Director	27/11/2015	98,244	At Par value

### Details of Sale of Shares by Directors

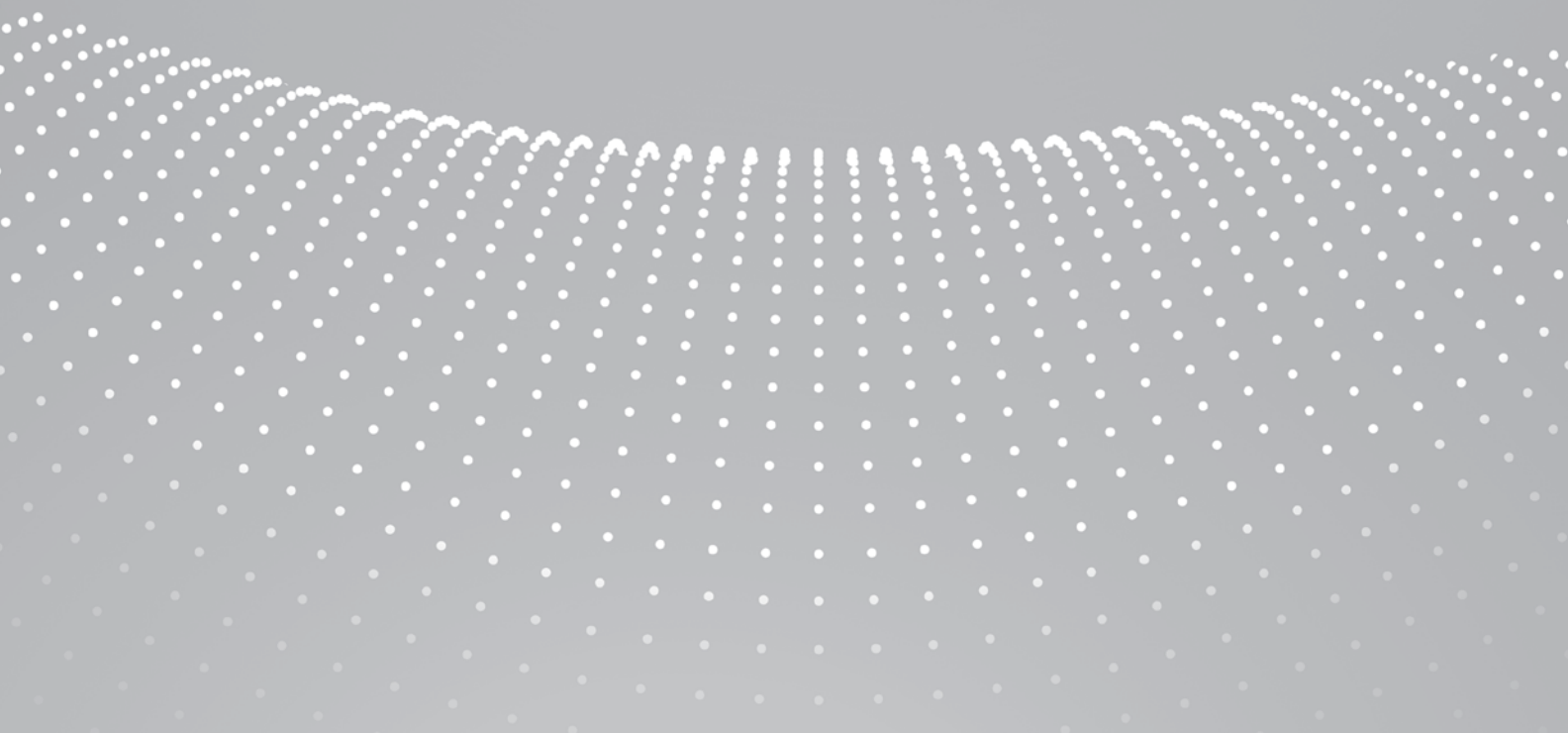
As at June 30, 2016

Name	Designation	Date of Transfer	Number of Shares	Rate
MR. MUHAMMAD ZIAULLAH KHAN CHISHTI	Director	27/08/2015	589,475	At Par value
MR. PETER HANS RUDOLF RIEPENHAUSEN	Director	14/04/2016	437,572	At Par value

## Historical Financial Information

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	------(Rupees in '000)-----									
Revenue	167,735	46,050	169	1,388	2,086	1,002	615	28,915	2,445	8,300
Expenses-net	58,685	39,933	(24,624)	(2,006,107)	26,799	71,740	1,617,447	737,411	(2,452,297)	(59,334)
Taxation	11,888	4,138	-	173	(173)	-	-	-	-	-
Net Profit / (loss)	97,162	1,979	(24,455)	2,007,668	(24,889)	(70,738)	(1,616,832)	766,326	(2,449,852)	(51,034)
Basic EPS	0.18	0.004	(0.06)	5.21	(0.06)	(0.18)	(4.20)	1.99	(6.36)	(0.10)
Non - Current Assets	13,849,915	12,842,934	12,258,314	3,304,027	1,105,316	1,006,387	1,056,665	2,534,500	1,475,975	3,561,889
Current Assets	691,423	49,363	3,872	3,361	9,113	13,527	16,063	15,113	24,464	33,720
Share Capital and Reserves	12,353,686	10,814,799	10,120,200	3,145,514	1,018,256	950,653	1,015,698	2,509,058	1,464,850	3,566,394
Non - Current Liabilities	2,106,344	1,983,595	1,957,432	-	173	-	206	566	-	-
Current Liabilities	81,308	93,903	184,554	161,874	96,000	69,261	56,824	39,989	35,589	29,215
Dividend	-	-	-	-	-	-	-	0.01	-	-
Market share price	33.55	30.55	14.03	10.19	3.42	2.56	4.11	1.35	6.25	16.4
Number of Employees	1	3	3	3	4	4	4	4	2	5
Number of Consolidating Subsidiaries	45	39	35	28	26	32	29	22	21	15

**Standalone Financial Statements**  
For the year ended June 30, 2016







## Auditors' Report to the Members

We have audited the annexed balance sheet of TRG Pakistan Limited ("the Company") as at June 30, 2016 and the related profit and loss account, statement of changes in equity and cash flow statement 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 accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5 and 3.2 with which we concur;
  - 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, statement of changes in equity and cash flow statement 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, 2016 and of the profit, changes in equity and cash flows 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).

**Date: October 07, 2016**

**Karachi**

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Moneeza Usman Butt**

## Balance Sheet

As at June 30, 2016

		2016	2015	July 01, 2014
	Note	----- (Rupees in '000) -----		
			Restated	Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Operating fixed assets	4	300	203	188
Long term investment	5	12,919,989	12,374,331	12,258,051
Long term loan to related party	6	929,551	468,325	-
Long term deposits		75	75	75
		<b>13,849,915</b>	<b>12,842,934</b>	<b>12,258,314</b>
<b>Current assets</b>				
Accrued markup	6	202,484	39,170	7
Receivable from related parties	7	16,856	583	566
Current maturity of long term loan	6	468,325	-	-
Taxation - net		-	-	1,231
Cash and bank balances	8	3,758	9,610	2,068
		<b>691,423</b>	<b>49,363</b>	<b>3,872</b>
<b>Total assets</b>		<b>14,541,338</b>	<b>12,892,297</b>	<b>12,262,186</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Authorized share capital	9	7,330,000	7,330,000	7,330,000
Issued, subscribed and paid-up capital	9	5,453,907	4,453,907	3,853,907
Foreign currency translation reserve		3,127,483	2,816,786	2,534,048
Fair value reserve - net of deferred tax		4,087,773	3,956,745	4,146,863
Accumulated losses		(315,477)	(412,639)	(414,618)
		<b>12,353,686</b>	<b>10,814,799</b>	<b>10,120,200</b>
<b>Non-current liability</b>				
Deferred tax liability	15.2	2,106,344	1,983,595	1,957,432
<b>Current liabilities</b>				
Accrued and other liabilities	10	64,722	62,624	62,626
Payable to related parties - current account	11	2,901	29,061	121,928
Taxation - net		13,685	2,218	-
		<b>81,308</b>	<b>93,903</b>	<b>184,554</b>
<b>Total equity and liabilities</b>		<b>14,541,338</b>	<b>12,892,297</b>	<b>12,262,186</b>
<b>Contingencies and commitments</b>				
	12			

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

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

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

\_\_\_\_\_  
Director

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Director

## Profit and Loss Account

For the year ended June 30, 2016

		2016	2015
			Restated
	Note	------(Rupees in '000)-----	
Interest income	13	167,735	46,050
Other expenses	14	(45,891)	(30,813)
Finance cost		(12,794)	(9,120)
Profit before taxation		<u>109,050</u>	<u>6,117</u>
Taxation	15	(11,888)	(4,138)
<b>Profit for the year</b>		<b>97,162</b>	<b>1,979</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss subsequently</i>			
Foreign currency translation difference - net of related tax		310,697	282,738
Available for sale investments - change in fair value net of deferred tax		131,028	(190,118)
		<u>441,725</u>	<u>92,620</u>
<b>Total comprehensive income for the year</b>		<b>538,887</b>	<b>94,599</b>
<b>(Rupee)</b>			
Earnings per share - basic and diluted	16	<u>0.180</u>	<u>0.004</u>

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\_\_\_\_\_  
Director

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Director

## Statement of Changes in Equity

For the year ended June 30, 2016

	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Fair value reserve - net of deferred tax	Accumulated losses	Total
	(Rupees in '000)				
Balance at July 01, 2014 as previously reported	3,853,907	896,875	-	(1,657,014)	3,093,768
Impact of change in accounting policy (refer note 3.2)	-	1,637,173	4,146,863	1,242,396	7,026,432
<b>Restated balance as at July 01, 2014</b>	<b>3,853,907</b>	<b>2,534,048</b>	<b>4,146,863</b>	<b>(414,618)</b>	<b>10,120,200</b>
<b>Transactions with owners - contributions</b>					
Issue of shares	600,000	-	-	-	600,000
<b>Total comprehensive income - restated</b>					
Profit for the year	-	-	-	1,979	1,979
Available for sale investments change in fair value - net of deferred tax	-	-	(190,118)	-	(190,118)
Foreign currency translation difference - net of related tax	-	282,738	-	-	282,738
	-	282,738	(190,118)	1,979	94,599
<b>Restated balance as at June 30, 2015</b>	<b>4,453,907</b>	<b>2,816,786</b>	<b>3,956,745</b>	<b>(412,639)</b>	<b>10,814,799</b>
<b>Transactions with owners - contributions</b>					
Issue of shares (refer note 9.1)	1,000,000	-	-	-	1,000,000
<b>Total comprehensive income</b>					
Profit for the year	-	-	-	97,162	97,162
Available for sale investments change in fair value - net of deferred tax	-	-	131,028	-	131,028
Foreign currency translation difference - net of related tax	-	310,697	-	-	310,697
	-	310,697	131,028	97,162	538,887
<b>Balance as at June 30, 2016</b>	<b>5,453,907</b>	<b>3,127,483</b>	<b>4,087,773</b>	<b>(315,477)</b>	<b>12,353,686</b>

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

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Director

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Director

## Cash Flow Statement

For the year ended June 30, 2016

	2016	2015
Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash used in operations	17 (66,369)	(117,420)
Long term loan to related party	(929,551)	(468,325)
Markup income received	4,422	6,887
Finance cost paid	(12,794)	(9,120)
Taxes paid	(444)	(689)
Net cash used in operating activities	<u>(1,004,736)</u>	<u>(588,667)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(264)	(119)
Net cash used in investing activities	<u>(264)</u>	<u>(119)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of shares	1,000,000	600,000
Net cash generated from financing activities	<u>1,000,000</u>	<u>600,000</u>
Effects of exchange rate difference	(852)	(3,672)
Net (decrease) / increase in cash and cash equivalents	<u>(5,852)</u>	<u>7,542</u>
Cash and cash equivalents at beginning of the year	9,610	2,068
Cash and cash equivalents at end of the year	8 <u><u>3,758</u></u>	<u><u>9,610</u></u>

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

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

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\_\_\_\_\_  
Director

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Director

## Notes to the Financial Statements

For the year ended June 30, 2016

### 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 Pakistan Stock Exchange. The registered office of the Company is situated at 18th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Karachi, Pakistan. On May 14, 2003 the Company obtained a license from the Securities and Exchange Commission of Pakistan ("SECP") to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On January 18, 2012 the Company exited from NBFC regime and continues to operate as a listed company.
- 1.2 The principal activity of the Company is to act as holding company and acquire, invest and manage operations relating to business process outsourcing, online customer acquisition, marketing of medicare related products, and contact centre optimisation services through its subsidiary, The Resource Group International Limited.
- 1.3 These financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for in accordance with the accounting policy as stated in note 3.2. Consolidated financial statements are prepared separately.

### 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 (US\$), 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 as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Actual result may differ from these estimates.

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 fair value determination of long term investment (note 3.2), current and deferred tax (note 3.5.1 & 3.5.2).

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**

New Standards, 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 IFRS 13 'Fair Value Measurement' which consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. The application of IFRS 13 does not have an impact on the fair value measurement carried out by the Company except for the amended disclosure provided in note 19.3.3 to these financial statements. In accordance with transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosure.

## **2.6 Standards, interpretations and amendments not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after January 01, 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 amortization 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 the Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after January 01, 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Company's financial statements.
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after January 01, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after January 01, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 01, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:
  - IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
  - IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
  - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
  - IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Operating fixed assets

##### 3.1.1 Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment, if any, whereas costs include expenditures that are directly attributable to the acquisition of the assets.

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 operating fixed assets 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

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**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to or has right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in a subsidiary company is initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the investment is measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and accumulated in the fair value reserve. When the investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

A significant or prolonged decline in the fair value below its cost is considered in determining whether the asset is impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized, is transferred from other comprehensive income to profit and loss account. Such impairment losses are not subsequently reversed through the profit and loss account.

In previous years the Company has measured its investment in subsidiary at cost. However, during the year, the Company changed its accounting policy with respect to accounting for its investment in subsidiary. As per new policy, investment in subsidiary is carried at fair value under IAS 39 'Financial Instruments: Recognition and Measurement' and classified as available for sale as allowed under IAS 27 'Separate Financial Statements'. Management considers that such change provides more relevant and reliable information with respect to financial position and financial performance of underlying investee company.

The change has been accounted for in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose for the earliest period has been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income is restated and disclosed as part of the Statement of Comprehensive Income respectively. The Balance Sheet presents the prior year numbers as restated, due to the said change, and opening balance sheet as at July 01, 2014 as required by IAS 1 'Presentation of Financial Statements' has been presented.

	<b>June 30, 2015</b>		
	<b>As previously reported</b>	<b>Impact due to change in policy</b>	<b>As restated</b>
	----- (Rupees in '000) -----		
<b>Effect on balance sheet</b>			
Fair value reserve - net of deferred tax	-	<b>3,956,745</b>	<b>3,956,745</b>
Foreign currency translation reserve - net of related tax	<b>997,934</b>	<b>1,818,852</b>	<b>2,816,786</b>
Accumulated losses	<b>(1,655,035)</b>	<b>1,242,396</b>	<b>(412,639)</b>
Long term investment	<b>3,372,743</b>	<b>9,001,588</b>	<b>12,374,331</b>
Deferred tax Liability	-	<b>1,983,595</b>	<b>1,983,595</b>
<b>Effect on other comprehensive income</b>			
Available for sale investments change in fair value - net of deferred tax	-	<b>(190,118)</b>	<b>(190,118)</b>
Foreign currency translation reserve - net of related tax	<b>101,059</b>	<b>181,679</b>	<b>282,738</b>
	July 01, 2014		
	As previously reported	Impact due to change in policy	As restated
	----- (Rupees in '000) -----		
<b>Effect on balance sheet</b>			
Fair value reserve - net of deferred tax	-	<b>4,146,863</b>	<b>4,146,863</b>
Foreign currency translation reserve - net of related tax	<b>896,875</b>	<b>1,637,173</b>	<b>2,534,048</b>
Accumulated losses	<b>(1,657,014)</b>	<b>1,242,396</b>	<b>(414,618)</b>
Long term investment	<b>3,274,187</b>	<b>8,983,864</b>	<b>12,258,051</b>
Deferred tax Liability	-	<b>1,957,432</b>	<b>1,957,432</b>

### 3.3 Fair value measurement

The Company measures its investment in subsidiary at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Company can access at measurement date.
- Level 2 : Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the assets or liability that are not based on observable market data (observable inputs).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurs.

### **3.4 Revenue and other income**

- Profit / interest on bank deposits, loan 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.
- Miscellaneous income, if any, is recognised on receipt basis.

### **3.5 Taxation**

#### **3.5.1 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, after taking into account applicable tax credits, rebates, exemptions available, if any.

#### **3.5.2 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 recognized in equity / other comprehensive income.

### **3.6 Provisions**

A provision is recognized when the Company has a present, legal or constructive obligation as a result of past events, if 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.

### **3.7 Foreign currency**

#### **3.7.1 Foreign currency transactions**

Transactions in foreign currencies are translated into US\$ (the functional currency) using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into US\$ 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.

#### **3.7.2 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 exchange 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.

### **3.8 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.

### **3.9 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 loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is taken to profit and loss account.

### **3.10 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. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counterparties.

### **3.11 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.

### **3.12 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.

### 3.13 Earnings 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. OPERATING FIXED ASSETS

	Owned		Total
	Computers and office equipment	Motor vehicles	
------(Rupees in '000) -----			
<b>As at June 30, 2014</b>			
Cost	776	110	886
Accumulated depreciation	(598)	(100)	(698)
Net book value	<u>178</u>	<u>10</u>	<u>188</u>
<b>Year ended June 30, 2015</b>			
Opening net book value	178	10	188
Additions	119	-	119
Depreciation charge for the year	(95)	(9)	(104)
Net book value	<u>202</u>	<u>1</u>	<u>203</u>
<b>As at June 30, 2015</b>			
Cost	895	110	1,005
Accumulated depreciation	(693)	(109)	(802)
Net book value	<u>202</u>	<u>1</u>	<u>203</u>
<b>Year ended June 30, 2016</b>			
Opening net book value	202	1	203
Additions	264	-	264
Depreciation charge for the year	(166)	(1)	(167)
Net book value	<u>300</u>	<u>-</u>	<u>300</u>
<b>As at June 30, 2016</b>			
Cost	1,159	110	1,269
Accumulated depreciation	(859)	(110)	(969)
Net book value	<u>300</u>	<u>-</u>	<u>300</u>
Annual rate of depreciation	<u>33.33%</u>	<u>20%</u>	

5. LONG TERM INVESTMENT - available for sale	2016	2015 Restated	July 01, 2014 Restated
	------(Rupees in '000)-----		
In unquoted subsidiary - The Resource Group International Limited (TRGIL) 60,450,000 (2015: 60,450,000) Series B Preferred Shares	5.1 12,919,989	12,374,331	12,258,051
<b>5.1</b>	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 57.18% (2015: 82.3%) whereas the percentage of voting interest of the Company is 58.51% (2015: 60.31%)		
5.2 Reconciliation of carrying amount of investment	2016	2015 Restated	July 01, 2014 Restated
	------(Rupees in '000)-----		
Opening balance	12,374,331	12,258,051	10,794,155
Changes in fair value	169,068	(245,313)	1,574,982
Foreign currency translation difference	376,590	361,593	(111,086)
Closing balance	<u>12,919,989</u>	<u>12,374,331</u>	<u>12,258,051</u>
6. LONG TERM LOAN TO RELATED PARTY - considered good	2016	2015	
	------(Rupees in '000)-----		
Loan amount	1,397,876	468,325	
Less: current maturity	(468,325)	-	
	<u>929,551</u>	<u>468,325</u>	
This represents loans to TRG (Private) Limited, an indirect subsidiary of the Company, for working capital and operational needs. The loans have a maturity period of two years. The loans carry minimum markup of 15% per annum under conventional lending arrangement. Loans are secured by letter of guarantee from The Resource Group International Limited, subsidiary of the Company. During the year the maximum balance due in respect of these loans was Rs. 1,397,876 (2015: Rs. 468,325).			
7. RECEIVABLE FROM RELATED PARTIES - considered good	2016	2015	
	------(Rupees in '000)-----		
Name of related party	Nature of relationship		
TRG Holdings LLC	Indirect subsidiary		
TRG Marketing Solutions, UK	Indirect subsidiary		
	16,256	-	
	600	583	
	<u>16,856</u>	<u>583</u>	
8. CASH AND BANK BALANCES			
Balance with bank in			
- current account	625	625	
- saving account	3,133	8,968	
	<u>3,758</u>	<u>9,593</u>	
Cash in hand	-	17	
	<u>3,758</u>	<u>9,610</u>	
<b>8.1</b>	The balance in saving account carries markup ranging from 5% to 6% per annum (2015: 5% to 8% per annum) under conventional banking.		

## 9. SHARE CAPITAL

	2016		2015	
	Number of shares	(Rupees in '000)	Number of shares	(Rupees in '000)
<b>Authorized share capital</b>				
- 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
	<b>733,000,000</b>	<b>7,330,000</b>	<b>733,000,000</b>	<b>7,330,000</b>
<b>Issued, subscribed and paid-up capital</b>				
Ordinary class 'A' shares of Rs. 10 each				
- allotted for consideration paid in cash (refer note 9.1)	535,765,687	5,357,657	435,765,687	4,357,657
- allotted for consideration other than cash (refer note 9.2)	9,624,978	96,250	9,624,978	96,250
	<b>545,390,665</b>	<b>5,453,907</b>	<b>445,390,665</b>	<b>4,453,907</b>

- 9.1** During the current period, the Company has issued one right share at par for every 4.454 ordinary class 'A' shares held.
- 9.2** These shares were issued in exchange of 1,636,000 shares of The Resource Group International Limited of US\$1 each in 2003.
- 9.3** On October 4, 2005, TRGIL entered into a Preferred Stock Purchase Agreement (subsequently redesignated as Series A Preferred Stock following the merger) with a consortium of related investors, comprised of AIG Global Emerging Markets Fund II, L.P., AIG Annuity Insurance Company, American General Life Insurance Company and Variable Annuity Life Insurance Company (the PineBridge Investors; formerly AIG Investors). Under the agreement, PineBridge investors purchased 26,785,714 shares of Preferred Stock for an initially determined purchase price of US\$ 1.12 per share. The total amount invested was US\$ 30,000,000. The Pinebridge investors have the right to have their preference shares purchased back at the original issue price (US\$ 1.12 per share) or force liquidation of TRGIL's assets or to require the TRGIL's ordinary shares to be sold, for redemption of their investment. Alternatively, the investors have a right to convert these preference shares into ordinary shares. To date, PineBridge investors have not exercised either of these rights.

The Series A preferred stock is entitled to the same voting rights as other voting securities of TRGIL (namely Series B Preferred Shares and Class A Common Shares), but rank higher in the event of liquidation. The Series A preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that the Company remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2016, requiring such an accrual or payment.

The holders of Series A Preferred Shares will be entitled to an aggregate preference equal to the greater of (A) US\$ 46.5 million prior to payment of any liquidating distribution in respect of Series B Preferred Shares or Common Shares, subject to reduction for any non-liquidating distributions received and (B) the amount such Series A Preferred Shares received upon conversion to Series B Preferred Shares. Secondly, the holders of Series B Preferred Shares will be entitled to an aggregate preference of US\$ 104,862,250, less any amount paid as the preference to the holders of Series A Preferred Shares or Series B Preferred Shares on liquidating or

non-liquidation distributions, prior to payment of any distribution in respect of Common Shares, subject to reduction for any non-liquidating distributions received.

As of June 30, 2016, PineBridge Investors has invested the full US\$ 30 million committed to TRGIL.

## 10. ACCRUED AND OTHER LIABILITIES

	2016	2015
	------(Rupees in '000)-----	
Accrued expenses	4,270	4,270
Unclaimed dividend	592	592
Other liabilities	59,860	57,762
	<b>64,722</b>	<b>62,624</b>

## 11. PAYABLE TO RELATED PARTIES - current account - unsecured

Name of related party	Nature of relationship		
TRGIL	Subsidiary	-	11,587
Trakker (Private) Limited	Associated company	2,178	2,178
TRG Holding LLC	Indirect subsidiary	-	14,573
TRG (Private) Limited	Indirect subsidiary	723	723
		<b>2,901</b>	<b>29,061</b>

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

As at June 30, 2016, returns of income tax up to tax year 2015 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 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.

### 12.2 Commitments

There were no commitments outstanding as at June 30, 2016 and 2015.

## 13. INTEREST INCOME

	2016	2015
	------(Rupees in '000)-----	
- Return on bank balances	4,397	6,918
- Interest income on long term loan	163,338	39,132
	<b>167,735</b>	<b>46,050</b>

### 13.1 Interest income is earned from conventional loans and bank deposits.



## 14. OTHER EXPENSES

	Note	2016	2015
------(Rupees in '000)-----			
Salaries and other employee costs	14.1	5,966	9,875
Printing, stationery and courier		5,351	2,467
Insurance		1,199	1,241
Communication		308	368
Legal and professional charges		2,469	2,325
Auditors' remuneration	14.2	5,086	4,947
Depreciation	4	167	104
Exchange loss - net		19,690	6,175
Miscellaneous expenses		5,655	3,311
		<u>45,891</u>	<u>30,813</u>

14.1 This includes the Company's contribution to employees' retirement benefit fund amounting to Rs. 0.311 million (2015: Rs. 0.522 million).

### 14.2 Auditors' remuneration

	2016	2015
------(Rupees in '000)-----		
Fee for audit of separate financial statements	1,187	1,187
Fee for review of half yearly financial statements	376	376
Fee for the audit of consolidated financial statements	2,700	2,700
Sales Tax	277	277
Other certifications	215	180
Out of pocket expenses	331	227
	<u>5,086</u>	<u>4,947</u>

## 15. TAXATION

For the year:

- current
- deferred

	11,911	4,138
	(23)	-
	<u>11,888</u>	<u>4,138</u>

### 15.1 Relationship between income tax expense and accounting profit

Profit before taxation	109,050	6,117
Taxation	(11,888)	(4,138)
Profit after taxation losses	<u>97,162</u>	<u>1,979</u>
Applicable tax rate	32%	33%
Income tax expense / (benefit) using applicable tax rate	34,896	2,019
Non-deductible expenses	7,142	2,119
Tax effect of previously unrecognized tax losses	(30,150)	-
	<u>11,888</u>	<u>4,138</u>

## 15.2 Deferred tax - net

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	2016	2015 (Restated)
------(Rupees in '000)-----			
<i>Taxable temporary differences</i>			
- Investment in associates classified as available for sale	15.3	2,106,367	1,983,595
<i>Deductible temporary differences</i>			
- Accelerated tax depreciation		(23)	-
		<u>2,106,344</u>	<u>1,983,595</u>

15.3 Deferred tax charge / (credit) has been made in other comprehensive income amounting to Rs. 27,142 [2015: Rs. (55,195)] and Rs. 81,826 [2015: Rs. 81,358] against change in fair value of available for sale investment and foreign currency translation difference, related to that valuation, respectively.

## 16. EARNINGS PER SHARE

	2016	2015
------(Rupees in '000)-----		
Earnings for the year	97,162	1,979
(Number of shares)		
Weighted average number of ordinary shares in issue during the year	539,933,096	501,603,401
(Rupee)		
Earnings per share	0.180	0.004

16.1 Comparative information has been restated due to issuance of right shares during the year.

16.2 There is no dilution effect of the potential ordinary shares pertaining to PineBridge Investors on the Company's earnings per share as such potential ordinary shares will not decrease the earnings per share upon their conversion to ordinary shares.

## 17. CASH USED IN OPERATIONS

	Note	2016	2015
------(Rupees in '000)-----			
Profit for the year before taxation		109,050	6,117
Adjustments for :			
Depreciation		167	104
Interest on loan and return on bank balances		(167,735)	(46,050)
Finance cost		12,794	9,120
Exchange loss - net		19,690	6,175
Working capital changes	17.1	(40,335)	(92,886)
		<u>(175,419)</u>	<u>(123,537)</u>
		<u>(66,369)</u>	<u>(117,420)</u>

### 17.1 Working capital changes

Increase in current assets:			
Receivable from related party		(16,273)	(17)
Decrease in current liabilities:			
Accrued and other liabilities		2,098	(2)
Payable to related parties - current account		(26,160)	(92,867)
		<u>(24,062)</u>	<u>(92,869)</u>
		<u>(40,335)</u>	<u>(92,886)</u>

## 18. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2016	2015
	------(Rupees in '000)-----	
Managerial remuneration	5,655	9,353
Provident fund	311	522
Bonus	-	-
Total	<u>5,966</u>	<u>9,875</u>
	<b>(Numbers)</b>	
Number of persons	<u>2</u>	<u>3</u>

- 18.1** 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, 2016.
- 18.2** 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.
- 18.3** No remuneration was paid to the Chief Executive and directors (number of directors: 10) of the Company during the current and last year.

## 19. 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

### 19.1 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 balance with bank.

Bank balance amounting to Rs. 3.76 million (2015: Rs. 9.593 million) are placed with bank having a short term credit rating of "A-1+" and above.

The maximum exposure to credit risk as at June 30, 2016, along with comparative is tabulated below:

<b>Financial assets</b>	<b>2016</b>	2015
	------(Rupees in '000)-----	
Long term deposits	<b>75</b>	75
Accrued mark up	<b>202,484</b>	39,170
Receivable from related party	<b>16,856</b>	583
Long term loan to related party	<b>1,397,876</b>	468,325
Balance with bank	<b>3,758</b>	9,593
	<b><u>1,621,049</u></b>	<u>517,746</u>

**19.1.1** Management does not expect any losses from non-performance by the counterparties.

The Company does not hold any collateral against these assets except for the loan to related party which is secured by a letter of guarantee as mentioned in note 6.

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

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

	<b>2016</b>	2015
	------(Rupees in '000)-----	
Domestic	<b>1,604,193</b>	517,163
Foreigners	<b>16,856</b>	583
	<b><u>1,621,049</u></b>	<u>517,746</u>

**19.2 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, 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:

	<b>2016</b>		
	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Maturity up to one year</b>
	------(Rupees in '000)-----		
<b>Financial liabilities</b>			
Accrued and other liabilities	<b>64,130</b>	<b>64,130</b>	<b>64,130</b>
Payable to related parties - current account	<b>2,901</b>	<b>2,901</b>	<b>2,901</b>
	<b><u>67,031</u></b>	<b><u>67,031</u></b>	<b><u>67,031</u></b>
	------(Rupees in '000)-----		
	<b>2015</b>		
	Carrying amount	Contractual cash flows	Maturity up to one year
	------(Rupees in '000)-----		
<b>Financial liabilities</b>			
Accrued and other liabilities	62,032	62,032	62,032
Payable to related parties - current account	29,061	29,061	29,061
	<b><u>91,093</u></b>	<b><u>91,093</u></b>	<b><u>91,093</u></b>

### **19.3 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.

#### **19.3.1 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. At reporting date, strengthening of US\$ to PKR would not have material effect.

##### **Exposure to currency risk**

The Company primarily has foreign currency exposures in PKR, 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.

#### **19.3.2 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.

#### **19.3.3 Fair values of financial assets and liabilities**

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value:

	2016			Fair value Level 3
	Carrying amount		Other financial liabilities	
	Other financial assets	Loan and receivables		
------(Rupees in '000)-----				
<b>Financial assets measured at fair value</b>				
Long term investment	12,919,989	-	-	12,919,989
<b>Financial assets not measured at fair value</b>				
Long term loan to related party	-	1,397,876	-	-
Long term deposits	-	75	-	-
Accrued markup	-	202,484	-	-
Receivable from related parties	-	16,856	-	-
Cash and bank balances	-	3,758	-	-
<b>Financial liabilities not measured at fair value</b>				
Accrued and other liabilities	-	-	64,130	-
Payable to related parties - current account	-	-	2,901	-

Management assessed that the fair values of cash & cash equivalents, receivables, loans, payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value, including but not limited to selection of the appropriate valuation model, determination of expected future cash flows selection of discount rates.

Management has used discounted cash flow approach and market approach (i.e. quoted price) while valuing underlying investee (included in these financial statements under Long Term Investment) which holds both quoted and unquoted equity portfolio. The discounted cash flow approach includes significant unobservable inputs such as forecast of annual revenue growth, forecast of EBITDA margin of underlying unquoted equity portfolios, discount rates etc. which are sensitive to fair value measurement of underlying investee company. If the valuation assumptions (significant unobservable inputs) would be changed, the fair value of investment and other comprehensive income would decrease or increase respectively. The movement in Level 3 financial instruments is disclosed in Long Term Investment note; hence not separately disclosed.

## 20. 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.

## 21. RELATED PARTY DISCLOSURES

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

	2016	2015
	------(Rupees in '000)-----	
<b>Transaction with subsidiaries</b>		
Loan disbursed	929,551	468,325
Interest income on long term loan	163,338	39,132
Allocation of expenses	40,807	14,927
<b>Contribution to the provident fund</b>	311	522

## 22. PROVIDENT FUND RELATED DISCLOSURE

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

	(Unaudited)	(Unaudited)
Size of the Fund - total assets	500	2,643
Cost of investments made	500	2,643
Percentage of investments made	100%	100%
Fair value of investments	500	2,643

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

	2016 (Unaudited) (Rupees in '000)	2015 (Unaudited)	2016 (Unaudited) % of total investment	2015 (Unaudited)
Habib Metropolitan - Multiplier account	500	2,643	100%	100%
	500	2,643	100%	100%

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

## 23. ALL SHARES ISLAMIC INDEX SCREENING

- None of the loans, deposits and receivables except as disclosed in note 6 carry any markup.
- Change in fair value of available for sale investment relates to equity investment in subsidiary only.
- Foreign currency translation difference relates to translation of balance sheet components from functional currency to presentation currency.
- Exchange loss relates to spot foreign currency transactions.

## 24. NUMBER OF EMPLOYEES

As at June 30, 2016, the Company had one employee (2015: three employees). Average number of employees was two (2015: three employees) during the year ended June 30, 2016.

## 25. GENERAL

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

## 26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2016 by the Board of Directors of the Company.

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

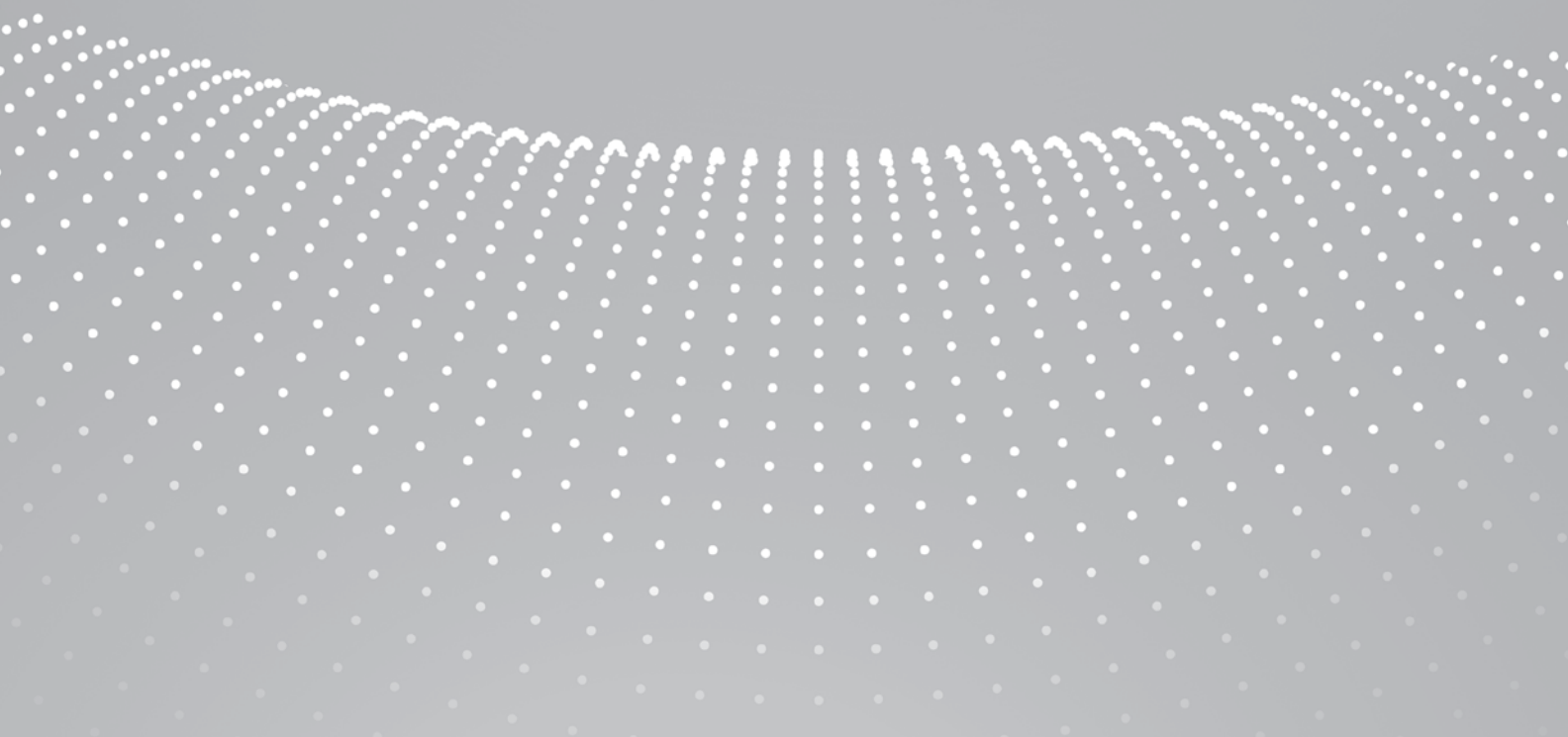
The Chief Executive Officer of the Company being presently out of Pakistan, these financial statements have been signed by two Directors as required under provisions of section 241(2) of the Companies Ordinance, 1984.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



**Consolidated Financial Statements**  
For the year ended June 30, 2016





## Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of TRG Pakistan Limited (“the Parent Company”) and its subsidiary companies (together as “the Group”) as at June 30, 2016 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 statements of The Resource Group International Limited and its subsidiaries, as mentioned in note 1.3 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 Parent 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, 2016 and the results of their operations for the year then ended.

**Date: October 07, 2016**

**Karachi**

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Moneeza Usman Butt**

## Consolidated Balance Sheet

As at June 30, 2016

ASSETS	Note	2016 ------(Rupees in '000)-----	2015
<b>Non Current Assets</b>			
Property and equipment	4	2,810,241	1,965,170
Intangible assets	5	2,193,714	2,219,712
Long term investment	6	3,387,612	3,598,377
Deferred tax asset	7	166,042	105,865
Long term loans and advances		1,020,731	254,563
Long term deposits and prepayments	8	352,313	325,316
		<u>9,930,653</u>	<u>8,469,003</u>
<b>Current Assets</b>			
Trade debts	9	7,404,431	3,465,859
Advances	10	10,629	58,173
Deposits and prepayments	11	1,405,349	960,856
Other receivables		252,339	61,946
Advance tax		202,170	127,504
Cash and bank balances	12	5,259,909	605,876
		<u>14,534,827</u>	<u>5,280,214</u>
<b>Total assets</b>		<u><u>24,465,480</u></u>	<u><u>13,749,217</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorized share capital	13	7,330,000	7,330,000
Issued, subscribed and paid-up capital	13	5,453,907	4,453,907
Foreign currency translation reserve		(216,539)	(147,184)
Accumulated losses		(2,633,235)	(3,949,244)
Equity attributable to shareholders of the Parent Company		<u>2,604,133</u>	<u>357,479</u>
Non-controlling interests		313,520	1,645,222
<b>Total equity</b>		<u>2,917,653</u>	<u>2,002,701</u>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Long term finances	14	7,534,809	432,661
Liabilities against assets subject to finance lease	16	836,512	728,634
Retirement benefit obligation	17	66,360	50,279
Other non-current liabilities	18	192,729	204,167
		<u>8,630,410</u>	<u>1,415,741</u>
<b>Current liabilities</b>			
Trade and other payables	19	6,519,915	5,219,322
Convertible preference shares	15	3,145,032	3,053,361
Short term borrowings	20	1,863,944	1,290,775
Current maturity of:			
- Long term finances	14	666,158	325,285
- Liabilities against assets subject to finance lease	16	472,509	379,635
Taxes payable		249,859	62,397
		<u>12,917,417</u>	<u>10,330,775</u>
		<u>21,547,827</u>	<u>11,746,516</u>
<b>Total equity and liabilities</b>		<u><u>24,465,480</u></u>	<u><u>13,749,217</u></u>
<b>Contingencies and commitments</b>	21		

The annexed notes from 1 to 39 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 Parent 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, 2016

		2016	2015
		----- (Rupees in '000) -----	
	Note		
Revenue	33.1	30,694,527	26,355,190
Cost of services	23	(26,601,507)	(23,579,458)
Gross profit		4,093,020	2,775,732
Administrative and general expenses	24	(4,910,661)	(4,832,344)
Other income	25	180,194	203,192
Other charges	26	(40,444)	(12,895)
		(677,891)	(1,866,315)
Finance cost	27	(594,526)	(299,839)
Share of (loss) / profit of equity accounted associate - net of tax	6	(239,461)	11,430
Loss before tax		(1,511,878)	(2,154,724)
Taxation	28	(150,773)	(105,485)
Loss for the year		(1,662,651)	(2,260,209)
<b>Other comprehensive (loss) / income</b>			
<i>Items that are or may be reclassified to profit or loss subsequently</i>			
Foreign currency translation difference		(23,206)	28,253
<i>Items that will not be reclassified to profit or loss subsequently</i>			
Actuarial gain / (loss) on retirement benefit		13,838	(22,841)
Equity - accounted associate - share of other comprehensive loss		(4,749)	-
Total other comprehensive (loss) / income for the year		(14,117)	5,412
<b>Total comprehensive loss for the year</b>		(1,676,768)	(2,254,797)
Loss attributable to :			
- Shareholders of the Parent Company		(809,927)	(1,709,950)
- Non-controlling interest		(852,724)	(550,259)
		(1,662,651)	(2,260,209)
Total comprehensive loss attributable to :			
- Shareholders of the Parent Company		(874,199)	(1,745,908)
- Non-controlling interest		(802,569)	(508,889)
		(1,676,768)	(2,254,797)
Loss per share attributable to ordinary shareholders of the Parent Company - basic and diluted	29	----- (Rupees) ----- (1.50)	(3.41)

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Director

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Director

## Consolidated Statement of Changes in Equity

For the year ended June 30, 2016

	Attributable to shareholders of the Parent company			Non-controlling interests	Total	
	Issued, subscribed and paid-up capital	Foreign currency translation reserve	Accumulated losses			Sub-total
	(Rupees in '000)					
<b>Balance as at July 01, 2014</b>	3,853,907	(128,536)	(3,340,240)	385,131	1,604,550	1,989,681
<b>Comprehensive loss for the year</b> Loss for the year ended June 30, 2015	-	-	(1,709,950)	(1,709,950)	(550,259)	(2,260,209)
<b>Other comprehensive income / (loss)</b>						
Foreign currency translation difference	-	(18,648)	-	(18,648)	46,901	28,253
Actuarial gain on retirement benefit	-	-	(17,310)	(17,310)	(5,531)	(22,841)
<b>Total comprehensive loss for the year ended June 30, 2015</b>	-	(18,648)	(1,727,260)	(1,745,908)	(508,889)	(2,254,797)
<b>Transactions with owners</b>						
<b>Contribution and distribution</b>						
Non controlling interest arising on new issue of shares of a subsidiary	-	-	-	-	622,402	622,402
Dividend paid to minority shareholders by indirect subsidiary	-	-	-	-	(111,127)	(111,127)
Right shares issued at par by Parent Company	600,000	-	-	600,000	-	600,000
Gain arising on new issue shares of a subsidiary without losing control	-	-	1,118,834	1,118,834	-	1,118,834
Purchase of treasury shares by a foreign subsidiary	-	-	(578)	(578)	(1,394)	(1,972)
Share-based-payments transactions	-	-	-	-	39,680	39,680
	600,000	-	1,118,256	1,718,256	549,561	2,267,817
<b>Balance as at June 30, 2015</b>	<b>4,453,907</b>	<b>(147,184)</b>	<b>(3,949,244)</b>	<b>357,479</b>	<b>1,645,222</b>	<b>2,002,701</b>
<b>Comprehensive (loss) / income for the year</b> Loss for the year ended June 30, 2016	-	-	(809,927)	(809,927)	(852,724)	(1,662,651)
<b>Other comprehensive (loss) / income</b>						
Foreign currency translation difference	-	(69,355)	-	(69,355)	46,149	(23,206)
Actuarial gain on retirement benefit	-	-	9,832	9,832	4,006	13,838
Equity-accounted associate - share of other comprehensive loss	-	-	(4,749)	(4,749)	-	(4,749)
<b>Total comprehensive loss for the year ended June 30, 2016</b>	-	(69,355)	(804,844)	(874,199)	(802,569)	(1,676,768)
<b>Transactions with owners</b>						
<b>Contribution and distribution</b>						
Cancellation of employees' share option plan (refer note 1.3)	-	-	828,047	828,047	(828,047)	-
Non controlling interest arising on new issue of shares of a subsidiary (refer note 1.3.2)	-	-	-	-	286,621	286,621
Dividend paid to minority shareholders by indirect subsidiary	-	-	-	-	(143,203)	(143,203)
Right shares issued at par by Parent Company (refer note 1.3.1)	1,000,000	-	-	1,000,000	-	1,000,000
Gain arising on new issue of shares of a subsidiary without losing control (refer note 1.3.2)	-	-	1,270,744	1,270,744	-	1,270,744
Purchase of treasury shares by a foreign subsidiary (refer note 1.3.1)	-	-	(1,770)	(1,770)	(2,321)	(4,091)
Stock warrants (refer note 1.3.3)	-	-	-	-	59,353	59,353
Equity accounted associate-share of net assets	-	-	23,832	23,832	-	23,832
Share-based-payments transactions (refer note 23.1, 23.2, 23.4 & 23.5)	-	-	-	-	98,464	98,464
	1,000,000	-	2,120,853	3,120,853	(529,133)	2,591,720
<b>Balance as at June 30, 2016</b>	<b>5,453,907</b>	<b>(216,539)</b>	<b>(2,633,235)</b>	<b>2,604,133</b>	<b>313,520</b>	<b>2,917,653</b>

The annexed notes from 1 to 39 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 Parent 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, 2016

	2016	2015
Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash (used in) / generated from operations	30 (2,519,002)	373,344
Interest paid	14,672	9,077
Taxes paid	(98,154)	(40,147)
Mark up / interest paid on borrowings / leases	(594,526)	(299,839)
Long term loans and advances	(766,168)	133,382
Long term deposits and prepayments	(26,998)	231,021
	(1,471,174)	33,494
Net cash (used in) / generated from operating activities	(3,990,176)	406,838
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,871,368)	(1,445,104)
Purchase of intangibles	(263,179)	-
Proceeds from sale of property and equipment	115,884	3,257
Proceeds from sale of intangibles	43,142	-
Dividend received from associate	96,916	50,612
Investment made during the year	-	(564,198)
Net cash used in investing activities	(1,878,605)	(1,955,433)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from finance lease liability	200,752	132,214
Proceeds from / (repayments of) borrowings - net	8,096,424	(402,366)
Proceeds from issue of shares	2,557,365	2,090,461
Purchase of treasury shares by a foreign subsidiary	(4,091)	(1,972)
Dividend paid to minority shareholders by indirect subsidiary	(143,203)	(111,127)
Net cash generated from financing activities	10,707,247	1,707,210
Effects of exchange rate changes	(184,433)	(34,313)
Net increase in cash and cash equivalents	4,654,033	124,302
Cash and cash equivalents at beginning of the year	605,876	481,574
Cash and cash equivalents at end of the year	12 5,259,909	605,876

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

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

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\_\_\_\_\_  
Director

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Director

## Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

### I. THE GROUP AND ITS OPERATIONS

- I.1 TRG Pakistan Limited ("the Parent Company") was incorporated in Pakistan as a public limited company on December 2, 2002 under the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange. The registered office of the Parent Company is situated at 18th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Karachi, Pakistan. On May 14, 2003 the Parent Company obtained a license from the Securities and Exchange Commission of Pakistan ("SECP") to undertake venture capital investment as a Non-Banking Finance Company in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On January 18, 2012 the Parent Company exited from NBFC regime and continues to operate as a listed company.
- I.2 The principal activity of the Parent Company is to act as holding company and acquire, invest and manage operations relating to business process outsourcing, softwares, online customer acquisition, marketing of medicare related products, and contact centre optimisation services through its subsidiary, The Resource Group International Limited (TRGIL).
- I.3 **The Group consists of:**

#### **Parent Company**

TRG Pakistan Limited

#### **Subsidiary - The Resource Group International Limited (TRGIL)**

The Resource Group International Limited was incorporated on November 25, 2002. The principal activity of the Company is to manage a global portfolio of investments in the Business Process Outsourcing (BPO) and related software sector. Pursuant to a restructuring of management's equity compensation in light of the expiration of the TRGIL's stock option plan, on April 29, 2016, TRGIL was merged with Evergreen Ventures Limited, a Bermuda entity established to reflect TRGIL management's equity interest equivalent to that in the legacy stock option plan. Evergreen Ventures Limited was deemed to be the surviving entity in the merger and was renamed to "The Resource Group International Limited" in the merger process. This transaction is technical and neutral in nature for all classes of shareholders.

The merger effected a formal termination of all unexercised stock option compensation previously granted, and resulted in TRGIL's management receiving shares in TRGIL under a new capital structure designed to be economically equivalent for the shareholders of the pre-merger company. The new capital structure of TRGIL accomplished economic equivalence primarily through the creation of a series of dividend and liquidation preferences for the benefit of the pre-merger shareholders of the company.

The Parent Company's voting interest in TRGIL is 58.51% (2015: 60.31%), whereas its holding in TRGIL's ordinary shares is 57.18% (2015: 82.3%). The difference between the 2015 and 2016 figures is due to the fact that in 2016, the TRGIL management plan is reflected via ordinary shares (subject to dividend and liquidation preference equivalent to the strike price of the previous option plan) and hence reflected in its capitalization, whereas in 2015, the management plan was in the form of options that are not reflected in the capitalization even though the two structures are economically identical.



Subsidiaries of TRGIL (indirect subsidiaries of the Parent Company)	Note	Location	Nature of business	Effective ownership of the Parent Company (%)	
				2016	2015
TRG International Holdings Limited (formerly CV Services Limited)		British Virgin Islands	Holding Company	<b>57.18</b>	82.30
TRG Holdings, LLC.		USA	Corporate	<b>57.18</b>	82.30
iSky, Inc.		USA	Market Research	<b>57.18</b>	82.30
TRG SATMAP IP BVI		British Virgin Islands	Holding Company	<b>57.18</b>	82.30
TRG Marketing Services, Inc.		USA	Call Center	<b>57.18</b>	82.30
TRG Healthcare, Inc.		USA	Holding Company	<b>57.18</b>	82.30
Central Voice LLC		USA	Call Center	<b>57.18</b>	82.30
TRG (Private) Limited		Pakistan	Call Center	<b>57.18</b>	82.30
TRG Field Solutions, Inc.		USA	Door to Door Marketing	<b>57.18</b>	82.30
TRG Field Solutions (Canada), Inc.		Canada	Door to Door Marketing	<b>57.18</b>	82.30
Alert Communications, Inc.		USA	Call Center	<b>57.18</b>	82.30
BPO Solutions, Inc.		USA	Call Center	<b>57.18</b>	82.30
IBEX Global Solutions, Plc	1.3.1	United Kingdom	Holding Company	<b>40.60</b>	58.43
e - Telequote Plc		United Kingdom	Holding Company	<b>45.74</b>	65.84
Afiniti International Holdings Limited	1.3.2	Bermuda	Holding Company	<b>30.88</b>	58.68

Following entities are indirect subsidiaries of the Parent Company through IBEX Global Solutions Plc (IGSP) collectively known as IBEX Group as at June 30, 2016:

TRG Customer Solutions, Inc. (TRGCS - trading as IBEX Global Solutions, Inc.)		USA	Call Center	<b>40.60</b>	58.43
TRG Customer Solutions (Canada), Inc.		Canada	Call Center	<b>40.60</b>	58.43
Virtual World (Private) Limited		Pakistan	Call Center	<b>40.60</b>	58.43
IBEX Global Solutions Senegal S.A. (formerly as TRG Senegal SA.)		Senegal	Call Center	<b>40.60</b>	58.43
IBEX Philippines Inc.		Philippines	Call Center	<b>40.60</b>	58.43
IBEX Global Solutions (Philippines) Inc.		Philippines	Call Center	<b>40.60</b>	58.43
TRG Customer Solutions (Philippines), Inc.		Philippines	Call Center	<b>40.60</b>	58.43
TRG Marketing Solutions Limited		England	Call Center	<b>40.60</b>	58.43
IBEX Global Solutions (Private) Limited		Pakistan	Call Center	<b>40.60</b>	58.43
Lovercius Consultants Limited (IBEX Cyprus)		Cyprus	Call Center	<b>40.60</b>	58.43
IBEX Global Europe S.a.r.l. (IBEX Luxembourg)		Luxembourg	Call Center	<b>40.60</b>	58.43
IBEX Global MENA FZE		Dubai	Call Center	<b>40.60</b>	58.43
IBEX I.P.Holdings Ireland Limited (IBEX Ireland)		Ireland	Holding Company	<b>40.60</b>	58.43
IBEX Global Bermuda Limited		Bermuda	Call Center	<b>40.60</b>	58.43
IBEX Global Solutions Nicaragua SA		Nicaragua	Call Center	<b>40.60</b>	58.43
IBEX Global St. Lucia Limited		St. Lucia	Call Center	<b>40.60</b>	-
IBEX Global Jamaica Limited		Jamaica	Call Center	<b>40.60</b>	-

Following entities are indirect subsidiaries of the Parent Company through e-Telequote, Plc as at June 30, 2016:

e - Telequote Insurance Inc.		USA	Call Center	<b>45.74</b>	65.84
e - Telequote (Private) Limited		Pakistan	Call Center	<b>45.74</b>	65.84
e - Telequote SPV, Inc.		USA	Profit Center	<b>45.74</b>	65.84
e - Telequote Hong Kong		Hong Kong	Licensing & Billing	<b>45.74</b>	65.84

Subsidiaries of TRGIL (indirect subsidiaries of the Parent Company)	Location	Nature of business	Effective ownership of the Parent Company (%)	
			2016	2015

Following entities are indirect subsidiaries of the Parent Company through Afiniti International Holding Limited (formerly SATMAP) as at June 30, 2016:

SATMAP, Inc.	USA	Software / Technology	30.88	58.68
SATMAP Services (Private) Limited	Pakistan	Support Services	30.88	58.68
Afiniti Europe Technologies Limited	United Kingdom	Software / Technology	30.88	58.68
Afiniti Worldwide Marketing Limited	Cyprus	Software / Technology	30.88	58.68
Afiniti Canada Inc.	Canada	Software / Technology	30.88	58.68
Afiniti Brazil Solucoes em Tecnologia Ltda	Brazil	Software / Technology	30.88	-
AETL s.a.r.l	Luxembourg	Software / Technology	30.88	-
Afiniti France	France	Software / Technology	30.88	-
Afiniti Spain	Spain	Software / Technology	30.88	-
<b><u>Associate</u></b>				
Digital Globe Services, Ltd (DGSL)	Bermuda	Global Marketing	26.53	38.10

Following are wholly owned subsidiaries of Digital Globe Services, Ltd as at June 30, 2016:

Description	Location	Nature of Business
Digital Globe Services, Inc. (DGS, Inc.)	USA	Internet based advertising
Telsat Online, Inc. (Telsat)	USA	Internet based advertising
DGS Worldwide Marketing Limited (DGSML)	Cyprus	Holding Company and global marketing
DGS (Pvt.) Limited (DGSPL)	Pakistan	Call centre and support services
DGS Worldwide BV (DGSBV)	Netherlands	Call centre and support services
DGS Tech, Limited (DGSTL)	Ireland	Tech support services
DGS EDU LLC	USA	Lead generation in the Education
DGS Auto LLC	USA	Motor vehicle licensing
7 Degrees LLC	USA	Digital marketing agency

- 1.3.1** In 2015, IBEX Global Solutions, Plc, made announcement on August 24, 2015 to undertake purchase of its own shares over the next six months for a total up to Rs. 104.83 million (US\$ 1 million). Accordingly, IBEX Global Solutions, Plc, acquired for cash in the market a total of 39,082 ordinary shares as of June 30, 2016 (June 2015 : 16,807 shares). The acquired shares will be held in treasury by IBEX Global Solutions, Plc. The resulting impact of this transaction on Non-controlling interest of the Group has been included in the Consolidated Statement of Changes in Equity.
- 1.3.2** During the year, Afiniti International Holdings Limited, issued preference shares to outside investors at a price of Rs. 818 million (US\$ 7.8 million). Further shares under employee stock options were exercised during the year amounting to Rs. 485 million (US\$ 4.6 million) in Afiniti International Holding Limited.
- 1.3.3** On October 28, 2015, pursuant to the loan and securities agreement with Orix Ventures LLC, the subsidiary company (SATMAP Inc.) issued a stock warrant to Orix Finance Equity Investors, LP giving them a right to purchase 184,067 Class C Preference Shares of Common Stock with an Initial Exercise Price of US\$ 2.7164 adjustable on the terms provided in the applicable warrant agreement. This warrant agreement is not exercisable prior to April 28, 2017, except in connection with a Public or Cash Acquisition and Liquidity Events specified in that warrant agreement.

## 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 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 Parent Company's functional currency is US\$, however, these consolidated financial statements are presented in Pakistan Rupees (PKR), 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 as applicable in Pakistan 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 recognised 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 (refer note 3.16).
- (b) Provision for taxation (refer note 3.18).
- (c) Useful lives of property and equipment, residual values, methods of depreciation, amortisation and impairment (refer note 3.2 to 3.3).
- (d) Impairment testing of goodwill (refer note 3.3.1).
- (e) Impairment testing of intangibles with indefinite life (refer note 5.1).
- (f) Valuation of convertible preference shares (refer note 3.7).
- (g) Determination of functional currency of the entities (refer note 2.3).
- (h) Fair value of employee share options (refer note 3.17).

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

Following standards have become effective during the year and are considered relevant to the Group:

- IFRS 10 'Consolidated Financial Statements' introduces a new approach to determine 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. The standard presently does not impact these consolidated financial statements.
- IFRS 12 'Disclosure of Interest in Other Entities' combines the disclosure requirements for entities that have interest in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or unconsolidated structured entities, in one place. The disclosures have been provided accordingly in these consolidated financial statements.
- IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It

replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures.' As a result, the Parent Company has included additional disclosures in this regard in note 5.3 to these consolidated financial statements. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosure. Notwithstanding the above, the change had no impact on the measurements of the Parent Company assets and liabilities.

## 2.6 Standards, interpretations and amendments not yet effective

The following standards, amendments to existing standards and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after January 01, 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 amortization 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 these consolidated financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 01, 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on these consolidated financial statements.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after January 01, 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on these consolidated financial statements.
- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after January 01, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on these consolidated financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after January 01, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 01, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on these consolidated financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:
  - IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on these consolidated financial statements.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of consolidation

The consolidated financial statements consists of the financial statements of the Parent Company and its subsidiaries as disclosed in note 1.3 (here in after referred as Group).

The financial statements of the Parent 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.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity 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.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. 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 values at the acquisition date. Transactions costs are expensed out as incurred except if they relate to the issue of debt or equity securities.

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 recognised directly in the consolidated profit and loss account.

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

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

### **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 20 percent or more 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 which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investee, until the date on which significant influence ceases. Distributions received from an investee reduce the carrying amount of the investment. Where there has been a change recognised directly in the equity of the associate, the Group recognises 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 recognise future losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gain but only to the extent that there is no evidence of impairment.

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 asset to its working condition and location for its intended use.

Depreciation on property and equipment is provided using straight line method. A full month's depreciation is charged in the month of addition, and no depreciation is charged in the month of disposal.

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 consolidated profit and loss account 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 derecognised 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 recognised in the consolidated 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 Other intangible assets**

Software licenses acquired and internally developed 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 capitalised, which begins with the application & development stage and ends when the project is substantially complete and ready for its intended use.

Intangible assets having finite useful life are stated at cost less accumulated amortisation 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 amortisation is significant.

Intangibles having indefinite useful life are stated at cost less impairment in value, if any. These intangible assets are tested for impairment on an annual basis and also when there is an indication of impairment.

Gains and losses on disposal of intangible assets are taken to the consolidated 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 recognised in consolidated profit and 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 assets recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised 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 consolidated profit and loss account.

### **3.5 Financial instruments**

#### **3.5.1 Classification**

The Group classifies its financial assets and financial liabilities at initial recognition into the following categories in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

##### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group includes trade debtor, deposit and prepayment, other short-term receivables and cash and bank balance in this category.

##### **(b) Other financial liabilities**

This category includes all financial liabilities, other than those classified as held for trading. The Group includes other trade, short-term payables, long term finance, short term borrowing and liability portion of convertible preference share in this category.

#### **3.5.2 Recognition**

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

#### **3.5.3 Initial measurement**

Loans and receivables are measured initially at their fair value plus any directly attributable incremental costs. Financial liabilities (other than those classified as held for trading) are measured initially at their fair value less any directly attributable incremental costs.

#### **3.5.4 Subsequent measurement**

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in consolidated profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.



### 3.5.5 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a similar financial assets) is derecognised where the right to receive cash flows from the asset has expired or the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Group has transferred substantially all the risks and rewards of the asset or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### 3.5.6 Impairment of financial assets

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 objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event has 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 value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in consolidated profit or loss and reflected in an allowance account. Subsequent reversal of impairment is recognised in consolidated profit and loss.

### 3.6 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value with the resulting fair value changes recognised in consolidated 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 recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised 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 recognised 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 consolidated 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 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 consolidated profit and loss account is re-presented as if the operation had been discontinued from the start of the comparative period.

### 3.12 Revenue recognition

- Revenue is measured at the fair value of consideration received or receivable, excluding rebates, discount and related taxes.
- Revenue from call center services is recognised on the basis of number of billable hours or other contractually agreed metrics such as sales or surveys completed.
- Revenue from software's routing services is recognised on the basis of incremental performance delivered to clients by the software's intelligent routing services at a pre agreed rate.
- Commissions earned from the sale of Medicare Insurance policies is recognised in the month that the policy becomes effective and includes the initial revenue in year one as well as future renewal revenue that is highly probable to be earned. The expected renewal revenue is based on the policy retention patterns experienced for each carrier and product.
- Revenue from inbound and outbound telephonic and internet based communication services that are customized to the customer's needs is recognised 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 recognised.
- Revenue from telephony equipment and software sales is recognised 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 recognised 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 recognised as the same accrues.
- Dividend income is recognised when the right to receive the dividend is established.
- Miscellaneous income, if any, is recognised on receipt basis.

### 3.13 Operating leases

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

### 3.14 Government grants

Grants from the government are recognised 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 recognised in the consolidated profit and loss 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.

### 3.15 Provisions

A provision is recognised in the consolidated 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 recognised as an interest expense. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 3.16 Retirement benefits

#### Defined contribution plans

##### *United States based subsidiaries*

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

##### *TRG Marketing Solutions Limited*

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

##### *Parent Company and Pakistan-based subsidiaries*

Parent Company, TRG (Private) Limited and Virtual World (Private) Limited have defined contribution plans (i.e. recognised 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 consolidated profit and loss accounts.

## **Defined benefit plan**

IBEX Philippines, Inc., operates 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. 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.

### **3.17 Employee stock option plan**

For equity settled share based payment plans, the Group recognises 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 recognises 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 settlement, with any changes in value recognised in consolidated profit and loss account for the period. Cancellations of the plan are treated as acceleration of vesting period and any remaining expense is recognised immediately.

The details of the Employees' Share Option Plans are given in Note 23.1, 23.2, 23.3, 23.4, and 23.5 to the consolidated financial statements.

### **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 recognised for all taxable temporary differences. Deferred tax assets are recognised 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 substantively enacted at the balance sheet date. Deferred tax is charged or credited to consolidated profit and loss account except to the extent it relates to items recognized directly in equity / other comprehensive income in which case it is recognized in equity / other comprehensive income.

### 3.19 Foreign currency

#### *Foreign currency translation*

The results and financial position of all the Group entities that have a functional currency different from functional currency of the Parent Company are translated into the Parent Company's functional currency 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 recognised 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 consolidated profit and loss. If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. 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.

As the presentation currency of these consolidated financial statements is different from that of the functional currency of the Parent Company, all the numbers of the consolidated financial statements are translated in to presentation currency, using the same method as defined above, with the foreign exchange translational difference being routed through other comprehensive income.

The following entities in the Group have functional currency other than the US\$ (functional currency of the Parent Company).

<b>Entity</b>	<b>Functional Currency</b>
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
IBEX Global Solutions Senegal S.A.	CFA Franc (XOF)
IBEX Philippines Inc. (formerly TRG Philippines, Inc.)	Philippine Peso
IBEX Global Solutions (Philippines) Inc.	Philippine Peso
TRG Customer Solutions Philippines, Inc.	Philippine Peso
TRG Marketing Solutions Limited	Pound Sterling
IBEX Global Solutions (Private) Limited	Pakistan Rupee
IBEX Global MENA FZE	UAE Dirham
SATMAP Services (Private) Limited	Pakistan Rupee
Afiniti Europe Technologies Limited	Pound Sterling
Afiniti Canada Inc.	Canadian Dollar
Afiniti Brazil Solucoes em Tecnologia Ltda	Brazilian Real
AETL s.a.r.l	Euro
Afiniti France	Euro
E-Telequote (Private) Limited	Pakistan Rupee
E - Telequote Hong Kong	Hong Kong Dollar
IBEX Global Solutions Nicaragua SA	Nicaraguan Cordoba
IBEX Global Jamaica Limited	Jamaican 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.

### 3.20 Borrowing costs

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

### 3.21 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset when the Group 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. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Group entities or the counterparties.

### 3.22 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.

### 3.23 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 shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders of the Parent Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.24 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 consolidated financial statements in the year in which such dividends are approved / transfers are made.

## 4. PROPERTY AND EQUIPMENT

		2016	2015
		----- (Rupees in '000) -----	
Operating assets	4.1	2,679,226	1,960,755
Capital work-in-progress (CWIP)	4.2	131,015	4,415
		<u>2,810,241</u>	<u>1,965,170</u>

## 4.1 Operating assets

	Freehold land	Building on freehold land	Leasehold improvements	Furniture and fittings	Office Equipment	Vehicles	Total
----- (Rupees in '000) -----							
<b>At June 30, 2014</b>							
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
<b>Year ended June 30, 2015</b>							
Net book value as on June 30, 2014	8,042	63,075	320,136	514,499	692,841	7,871	1,606,464
Additions / transfers from capital work-in-progress	-	-	181,504	16,835	825,837	2,130	1,026,306
Foreign currency translation difference-net	241	238	(3,102)	15,044	(6,609)	(314)	5,498
Disposals	-	-	-	-	(1,442)	(1,815)	(3,257)
Depreciation charge	-	(3,531)	(137,440)	(7,194)	(523,610)	(2,481)	(674,256)
Net book value as at June 30, 2015	8,283	59,782	361,098	539,184	987,017	5,391	1,960,755
<b>At June 30, 2015</b>							
Cost	48,689	70,658	999,213	797,724	3,534,114	25,009	5,475,407
Accumulated depreciation	(40,406)	(10,876)	(638,115)	(258,540)	(2,541,244)	(19,618)	(3,508,799)
Accumulated impairment	-	-	-	-	(5,853)	-	(5,853)
Net book value	8,283	59,782	361,098	539,184	987,017	5,391	1,960,755
<b>Year ended June 30, 2016</b>							
Net book value as on June 30, 2015	8,283	59,782	361,098	539,184	987,017	5,391	1,960,755
Additions / transfers from capital work-in-progress	-	-	303,012	543,478	898,278	-	1,744,768
Foreign currency translation difference-net	1	(27)	201	(1,990)	17,680	6,880	22,745
Disposals	-	-	-	(11,585)	(101,864)	(2,435)	(115,884)
Depreciation charge	-	(3,538)	(145,269)	(241,806)	(538,612)	(3,933)	(933,158)
Net book value as at June 30, 2016	8,284	56,217	519,042	827,281	1,262,499	5,903	2,679,226
<b>At June 30, 2016</b>							
Cost	48,690	70,646	1,319,499	1,335,598	4,405,998	34,492	7,214,923
Accumulated depreciation	(40,406)	(14,429)	(800,457)	(508,317)	(3,137,646)	(28,589)	(4,529,844)
Accumulated impairment	-	-	-	-	(5,853)	-	(5,853)
Net book value	8,284	56,217	519,042	827,281	1,262,499	5,903	2,679,226

Depreciation rate	2.86%	2.86% to 33.33%	10% to 33%	8.33% to 50%	14.29% to 33%
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Net book value of assets held under finance lease is as follows:

	Leasehold improvements	Furniture and fittings	Office Equipment	Vehicles	Total
----- (Rupees in '000) -----					
June 30, 2016	207,140	694,123	558,940	2,831	1,463,034
June 30, 2015	210,580	781,660	69,922	4,071	1,066,233

### 4.1.1 Disposals of Property and Equipment

The major disposals during the year are as follows:

Particulars of the assets	No. of items	Cost	Written down value	Sale proceeds	Mode of disposal	Particulars of buyer
----- (Rupees) -----						
Vehicle	5	7,721,949	2,435,979	2,435,979	Employment policy	Employee
Computer	1	98,280	81,924	98,280	Insurance Claim	Insurance Company
Computer and other accessories	8	41,372,109	6,783,973	6,783,973	Negotiation	PHGS
Mobile phone	1	41,600	24,270	23,100	Negotiation	Individual
Furniture & fixtures	13	25,136,173	11,552,370	11,552,370	Negotiation	PHGS

## 4.2 Capital work in progress

This includes an amount of Rs. 120 million in respect of office and building improvements.

## 4.3 Allocation of depreciation charge:

		2016	2015
----- (Rupees in '000) -----			
Cost of services	23	741,442	552,100
Administrative and general expenses	24	191,716	122,156
		<b>933,158</b>	<b>674,256</b>

## 5. INTANGIBLE ASSETS

	Goodwill	Patents / trade marks	Non- compe- tete covenants	Customer lists	Computer softwares	Total
	----- (Rupees in '000) -----					
<b>At June 30, 2014</b>						
Cost	1,871,297	18,369	27,170	111,491	825,680	2,854,007
Accumulated amortisation	-	(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	<u>1,334,233</u>	<u>2,383</u>	<u>-</u>	<u>-</u>	<u>421,191</u>	<u>1,757,807</u>
<b>Year ended June 30, 2015</b>						
Net book value as on June 30, 2014	1,334,233	2,383	-	-	421,191	1,757,807
Additions	-	-	-	-	636,902	636,902
Foreign currency translation difference-net	40,224	71	-	-	13,913	54,208
Amortisation charge	-	-	-	-	(229,205)	(229,205)
Net book value as at June 30, 2015	<u>1,374,457</u>	<u>2,454</u>	<u>-</u>	<u>-</u>	<u>842,801</u>	<u>2,219,712</u>
<b>At June 30, 2015</b>						
Cost	1,927,714	18,922	27,989	114,853	1,489,208	3,578,686
Accumulated amortisation	-	(16,468)	(26,030)	(98,475)	(643,554)	(784,527)
Accumulated impairment	(553,257)	-	(1,959)	(16,378)	(2,853)	(574,447)
Net book value	<u>1,374,457</u>	<u>2,454</u>	<u>-</u>	<u>-</u>	<u>842,801</u>	<u>2,219,712</u>
<b>Year ended June 30, 2016</b>						
Net book value as on June 30, 2015	1,374,457	2,454	-	-	842,801	2,219,712
Additions	-	1	-	-	263,178	263,179
Foreign currency translation difference-net	24,836	74	-	-	41,002	65,912
Disposals	-	-	-	-	(43,142)	(43,142)
Amortisation charge	-	-	-	-	(311,947)	(311,947)
Net book value as at June 30, 2016	<u>1,399,293</u>	<u>2,529</u>	<u>-</u>	<u>-</u>	<u>791,892</u>	<u>2,193,714</u>
<b>At June 30, 2016</b>						
Cost	1,985,565	19,491	28,829	118,300	1,746,204	3,898,389
Accumulated amortisation	-	(16,962)	(26,800)	(101,347)	(951,358)	(1,096,467)
Accumulated impairment	(586,272)	-	(2,029)	(16,953)	(2,954)	(608,208)
Net book value	<u>1,399,293</u>	<u>2,529</u>	<u>-</u>	<u>-</u>	<u>791,892</u>	<u>2,193,714</u>
Amortisation rate	-	14 % to 20%	14 % to 20%	14 % to 20%	33%	

Net book value of software licenses held under finance lease is Rs. 91 million (US\$ 864,452) [2015: Nil]

**5.1** Software includes Rs. 220 million (US\$ 2.1 million) [2015: Rs. 215 million (US\$ 2.1 million)] capitalized for an internally generated software titled as "Clearview". Management has assessed the useful life of the Clearview as indefinite, since it is expected that the Clearview will continue to be in demand for an indefinite period of time.

		2016	2015
		----- (Rupees in '000) -----	
Cost of services delivery	23	254,888	202,917
Administrative and general expenses	24	57,059	26,288
		<u>311,947</u>	<u>229,205</u>

### 5.3 Impairment testing of goodwill

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

iSky, Inc.	178,175	172,982
IBEX Global Solutions, Inc.	1,221,118	1,201,475
	<u>1,399,293</u>	<u>1,374,457</u>



## Impairment testing of Goodwill relating to iSky, Inc.

The recoverable amount of the business operations of iSky, Inc. (cash generating unit) have been determined based on "value in use" calculation, using discounted cash flow projections prepared by the management covering five-year period. The discount rate applied to cash flow projections beyond the five year period are extrapolated using a terminal growth rate. The following rates are used by the Group in year ended June 30, 2016.

	Revenue growth rate %	Discount rates (discrete period) %	Terminal growth rates %
iSky, Inc.	<u>5</u>	<u>15</u>	<u>5</u>

The calculation of 'value in use' for the business operations 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 margin**

Cost of service delivery has 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 volume 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 have significant impact on the cashflows that could result in an impairment of goodwill.

## **Impairment testing of goodwill relating to IBEX Global Solutions, Inc. Cash Generating Unit**

For the year ended June 30, 2016, the recoverable amount of IBEX Global Solutions, Inc. 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 IBEX Global Solutions, Plc. as at June 30, 2016 which is listed on AIM and acts as holding company for entities in call centre business segment. This segment includes call center operations in USA, United Kingdom, 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. Fair value measurement has been classified into level 1 fair value measurement hierarchy as defined in IFRS 13.

## 6. LONG TERM INVESTMENT - Related party

6.1 Investment in equity accounted associate represents 46.4% (2015: 46.3%) interest in DGSL held by TRGIL. The market value of 46.4% share holding in DGSL amounts to Rs. 1,324.76 million (US\$ 12.64 million) [2015: Rs. 1,099.55 million (US\$ 10.8 million)]

6.2 Summarized financial information of equity accounted associate from audited accounts is as follows:

	2016 ------(Rupees in '000)----- (Audited)	2015 (Audited)
Current assets	953,291	1,416,136
Non-current assets	461,929	617,695
Total assets	1,415,220	2,033,831
Current liabilities	840,200	851,871
Non-current liabilities	42,467	11,508
	(882,667)	(863,379)
	532,553	1,170,452
Revenue	4,984,028	4,084,570
(Loss) / profit after tax	(516,080)	26,117
Other comprehensive (loss) / income	(10,234)	-

6.3 The following table reconciles the summarised financial information to the carrying amount of the Parent Company's interest in associate.

	2016 (Rupees in '000)	2015
<b>Net Asset</b>	532,553	1,170,452
<b>Parent Company's share of net assets</b>	247,226	542,037
<b>Goodwill</b>	3,140,386	3,056,340
<b>Carrying amounts</b>	3,387,612	3,598,377

6.4 The Group received dividend of US\$ 0.929 million (2015: US\$ 0.499 million) during the year. No further investment was made during the year in associate.

## 7. DEFERRED TAX ASSET - net

	2016	2015
	------(Rupees in '000)-----	
Tax effect of deductible temporary differences		
- Provisions against trade debts	48,166	20,000
- Unpaid accrued expenses / compensation	41,740	28,093
- Tax losses and credits	4,551,468	3,942,658
- Deferred revenue	115,937	77,250
	<u>4,757,311</u>	<u>4,068,001</u>
Tax effect of taxable temporary differences		
- Property and equipment	(79,640)	(132,739)
- Intangible assets	(154,657)	(118,578)
- Development costs	(86,670)	(79,649)
	<u>(320,967)</u>	<u>(330,966)</u>
Net deferred tax assets	4,436,344	3,737,035
Less: deferred tax asset not recognised	(4,270,302)	(3,631,170)
	<u>166,042</u>	<u>105,865</u>

### 7.1 Unrecognised deferred tax asset

Deferred tax assets on deductible temporary differences (including unused tax losses) are recognised to the extent that realisation of the related tax benefit is probable on the basis of the Group's current expectations of future taxable profits. Deferred tax asset arising on deductible temporary differences and unused tax losses, amounting to Rs. 4,270 million (US\$ 40.73 million) [2015: Rs. 3,631 million (US\$ 35.74 million)], has not been recognised 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, 2016, Group's US federal and state net operating loss carry forwards for income tax purposes are Rs. 11,022 million (US\$ 105.6 million) [2015: Rs. 9,929 million (US\$ 97.6 million)] and Rs. 10,540 million (US\$ 100.98 million) [2015: Rs. 9,101 million (US\$ 89.42 million)] respectively which will begin to expire in 2024. Group's Canadian subsidiary has net operating loss carry forward of Rs.188 million (US\$ 1.8 million) [2015: Rs. 170 million (US\$ 1.67 million)] for Canadian income tax purposes, expiring over the period 2027 through 2036. The Group's European subsidiaries have net operating loss carry forward of Rs.1,203 million (US\$ 11.52 million) [(2015: Rs. 707 million (US\$ 6.95 million)]. The Group's Philippines subsidiary has net operating loss carry forward of Nil [(2015: Nil)]. These amounts are based on the income tax returns filed for the year ended June 30, 2015 and the estimated amounts yet to be filed for the year ended June 30, 2016.

## 8. LONG TERM DEPOSITS AND PREPAYMENTS

	Note	2016	2015
		------(Rupees in '000)-----	
Long term deposits	8.1	247,269	125,219
Long term prepayments	8.2	105,044	200,097
		<u>352,313</u>	<u>325,316</u>

- 8.1 These include deposits placed with various service providers, suppliers, landlords and lessors in the normal course of business.
- 8.2 These include amounts incurred for initial training conducted for new clients where the expected duration of the contract exceeds twelve months.

	Note	2016	2015
------(Rupees in '000)-----			
<b>9. TRADE DEBTS - Unsecured</b>			
Considered good	9.1	7,404,431	3,465,859
Considered doubtful		63,278	54,398
		<u>7,467,709</u>	<u>3,520,257</u>
Less: provision for doubtful debts	9.2	(63,278)	(54,398)
Closing balance - net		<u>7,404,431</u>	<u>3,465,859</u>

- 9.1 This includes receivable from associate amounting to Rs. 8.9 million (2015: Nil).

#### 9.2 Provision for doubtful debts

Opening balance		54,398	37,147
Foreign currency translation difference		100	(1,158)
Trade debts written off against provision		(17,559)	(977)
Provision made during the year		26,339	19,386
Closing balance		<u>63,278</u>	<u>54,398</u>

#### 10. ADVANCES - considered good

Advances	10.1	<u>10,629</u>	<u>58,173</u>
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- 10.1 These represent various advances to employees of subsidiaries, extended for the purpose of meeting business expenses and are adjusted upon submission of respective expense details.

#### 11. DEPOSITS AND PREPAYMENTS

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

#### 12. CASH AND BANK BALANCES

Balances with banks in:			
- current accounts		4,613,904	530,025
- deposit accounts	12.1	89,589	74,731
		<u>4,703,493</u>	<u>604,756</u>
Cash in hand		556,416	1,120
		<u>5,259,909</u>	<u>605,876</u>

- 12.1 Rate of return on deposit accounts ranges from 0.2% to 7% per annum (2015: 0.25% to 7% per annum).

### 13. SHARE CAPITAL

	2016		2015	
	(Number of shares)	(Rupees in '000)	(Number of shares)	(Rupees in '000)
<b>Authorized share capital</b>				
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
	<b>733,000,000</b>	<b>7,330,000</b>	<b>733,000,000</b>	<b>7,330,000</b>
<b>Issued, subscribed and paid-up capital</b>				
Ordinary class 'A' shares of Rs. 10 each				
- shares allotted for consideration in cash (refer note 13.1)	535,765,687	5,357,657	435,765,687	4,357,657
- shares allotted for consideration other than cash - (refer note 13.2)	9,624,978	96,250	9,624,978	96,250
	<b>545,390,665</b>	<b>5,453,907</b>	<b>445,390,665</b>	<b>4,453,907</b>

**13.1** During the year, the Parent Company has issued one right share at par for every 4.454 Ordinary class 'A' shares held.

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

#### 13.3 Non-controlling interest

Summarised financial information in respect of each of the Parent Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	June 30, 2016	
	----- (Rupees in '000) -----	
	IBEX	e-Telequote
NCI Percentage (%)	59%	54%
Non-current assets	4,302,194	1,820,544
Current assets	6,844,533	231,730
Non-current liabilities	(1,538,550)	(1,904,707)
Current liabilities	(6,717,264)	(507,150)
Net assets attributable to non-controlling interests	1,705,639	(194,175)

**June 30, 2016**  
------(Rupees in '000)-----

	<b>IBEX</b>	<b>e-Telequote</b>
	<b>59%</b>	<b>54%</b>
Revenue	<b>26,668,550</b>	<b>1,748,745</b>
Expense	<b>(25,991,582)</b>	<b>(462,147)</b>
Profit / (loss) for the year	<b>676,969</b>	<b>1,286,598</b>
Profit / (loss) attributable to non-controlling interests	<b>399,411</b>	<b>694,763</b>
Other comprehensive income attributable to non-controlling interests	<b>51,330</b>	-
Total comprehensive income attributable to non-controlling interests	<b>450,741</b>	<b>694,763</b>
Dividend paid to non-controlling interests	<b>(143,203)</b>	-
Net cash inflow from operating activities	<b>534,865</b>	<b>736,569</b>
Net cash outflow from investing activities	<b>(1,040,377)</b>	<b>(581,831)</b>
Net cash inflow / (outflow) from financing activities	<b>844,546</b>	<b>(3,152)</b>

**June 30, 2015**  
------(Rupees in '000)-----

	<b>IBEX</b>	<b>e-Telequote</b>
	<b>42%</b>	<b>34%</b>
NCI Percentage (%)		
Non-current assets	<b>3,687,442</b>	<b>44,346</b>
Current assets	<b>4,357,655</b>	<b>246,347</b>
Non-current liabilities	<b>(1,415,742)</b>	<b>(575,489)</b>
Current liabilities	<b>(4,031,556)</b>	<b>(1,320,318)</b>
Net assets attributable to non-controlling interests	<b>1,091,076</b>	<b>(545,739)</b>
Revenue	<b>24,221,376</b>	<b>736,033</b>
Expense	<b>(23,570,925)</b>	<b>(1,358,999)</b>
Profit / (loss) for the year	<b>650,451</b>	<b>(622,966)</b>
Profit / (loss) attributable to non-controlling interests	<b>273,189</b>	<b>(211,808)</b>
Other comprehensive income attributable to non-controlling interests	<b>(130,620)</b>	-
Total comprehensive income attributable to non-controlling interests	<b>142,569</b>	<b>(211,808)</b>
Dividend paid to non-controlling interests	<b>1,089,635</b>	-
Net cash inflow / (outflow) from operating activities	<b>2,539,582</b>	<b>(215,639)</b>
Net cash outflow from investing activities	<b>(174,958)</b>	<b>(8,251)</b>
Net cash (outflow) / inflow from financing activities	<b>(2,465,793)</b>	<b>259,536</b>

#### 14. LONG TERM FINANCES - secured

	Note	2016 ------(Rupees in '000)-----	2015
<b>Financial Institutions</b>			
IBM Credit LLC	14.1	366,606	612,199
CIT Finance LLC	14.2	78,731	145,747
PNC	20.1	813,410	-
Orix Ventures LLC	14.3	1,528,289	-
CSC, CCA and Farnam	14.4	172,211	-
17Capital Fund (senior preferred shares)	14.5	5,241,720	-
		<b>8,200,967</b>	<b>757,946</b>
Less: current maturity of long term finances		<b>(666,158)</b>	<b>(325,285)</b>
		<b>7,534,809</b>	<b>432,661</b>

- 14.1** In June 2014, IBEX Global Solutions, Inc. entered into a Rs. 346 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, IBEX Global Solutions, Inc. also entered into a three-year Enterprise Agreement with Microsoft for use of certain cloud software services for approximately Rs. 115.3 million (US\$ 1.1 million) in year one, with minimum service commitments of approximately Rs. 5.24 million (US\$ 0.05 million) in each of years two and three. The monthly financing payments under the IBM Agreement are approximately Rs. 10.8 million (US\$ 0.103 million) per month for 36 months which began in July 2014. The monthly payments under the Microsoft Enterprise Agreement during year one were approximately Rs. 10.44 million (US\$ 0.1 million) per month which began in July 2014, with minimum monthly service commitments of approximately Rs. 0.417 million (US\$ 4,000) in each of years two and three. During the year, the loan has been classified as short term.

IBEX Global Solutions, Inc. acquired the Microsoft software licenses and cloud services to accommodate the needs of the IGSP and its subsidiaries and to facilitate the acquisition by TRGIL, of software for TRGIL and its non-IBEX subsidiaries.

- 14.2** In addition, IBEX Global Solutions, Inc. has financed the purchase of various property, equipments and softwares during the fiscal year 2016 and 2015 with CIT Finance LLC (CIT) and IBM. As of June 30, 2016 and June 30, 2015, IBEX Global Solutions, Inc. has financed Rs. 1,279 million (US\$ 12.2 million) and Rs. 1,027 million (US\$ 9.8 million), respectively, of assets with CIT and IBM at the interest rates ranging from 6% to 8% per annum for the years ended June 30, 2016 and 2015.
- 14.3** On October 28, 2015, Satmap Incorporated USA, Inc (the "Subsidiary"), subsidiary of Afiniti International Holdings Limited (the "Holding Company"), entered into a loan and securities agreement with Orix Ventures LLC to obtain a Term Loan of Rs. 786 million (US\$ 7.5 million) and a non-formula Revolving line of credit of Rs. 786 million (US\$ 7.5 million). Further, the lending arrangement also provides the lender a warrant to purchase 184,067 Class C preference shares of the Subsidiary.

The Term Loan is required to be repaid in equal monthly installments of Rs. 17.5 million (US\$ 166,667) from May 1, 2017 to December 1, 2019; and shall bear interest payable monthly starting December 1, 2015 on the outstanding balance at an interest rate equal to the greater of (i) the Base Rate in effect for such month plus 5.75% or (ii) 9.50%. The Revolving line of credit shall bear interest each month at an interest rate per annum equal to the greater of (i) the Base Rate in effect for such month plus 3.75% or (ii) 7.50%. "Base Rate" means, during each month, the greatest of the following: (a) the highest Prime Rate in effect during such month, or (b) the highest LIBOR Rate in effect during such month, plus 2.50% per annum. The term loan and line of credit is secured by all assets of the Subsidiary, except real property; and all intellectual property and cash balances of the Afiniti International Holdings Limited.

In addition, the lender requires the Subsidiary to maintain various financial covenants and reporting obligations and restricts the Subsidiary from paying any dividends to stock holders. The most restrictive financial covenants that the Subsidiary needs to maintain include the following:

- (i) Minimum liquidity requirement for the Subsidiary of Rs. 52 million (US\$ 0.5 million) at all times, inclusive of any amounts remaining to be drawn under the revolving credit facility pursuant to this arrangement; and
- (ii) Minimum Revenue: (A) the Subsidiary, on a consolidated basis, plus (B) the Holding Company, on a nonconsolidated basis, collectively, shall maintain aggregate revenue, on a trailing 12-month basis, tested as of the last day of each quarter, of not less than 170% of the total Indebtedness owing from Borrower to Lender under this Agreement as of the last day of such quarter; or
- (iii) EBITDA-Cap Ex: (A) the Subsidiary's consolidated EBITDA plus (B) the Holding Company's nonconsolidated EBITDA, collectively in the aggregate, minus their Capital Expenditures ("EBITDA-Cap Ex") shall be not less than the following amounts during the following periods: Trailing 6-months ending December 31, 2015: Rs. 1,645.9 million (US\$ 15,700,000); Trailing 9-months ending March 31, 2016: Rs. 1,142.8 million (US\$ 10,900,000); Trailing 12-months ending June 30, 2016: Rs. 744.4 million (US\$ 7,100,000); Trailing 12-months ending September 30, 2016: Rs. 587.1 million (US\$ 5,600,000); Trailing 12-months ending December 31, 2016: Rs. 1,750.7 million (US\$ 16,700,000); Trailing 12-months ending March 31, 2017: Rs. 1,981.4 million (US\$ 18,900,000); Trailing 12-months ending June 30, 2017: Rs. 2,369 million (US\$ 22,600,000).

**14.4** During the year, financing arrangement has been made between SATMAP Inc. d/b/a Afinity and various leasing companies namely CSC Leasing Company, CCA Financial LLC and Farnam Street Financial Incorporation for the period of 3 years. They have a long term outstanding amount Rs. 65 million (US\$ 623,685), Rs. 70 million (US\$ 663,901) and Rs. 30 million (US\$ 290,683) respectively. The rate of interest varies from 6% to 12% per annum. These finances are obtained against various maintenance and implementation expenses during the year.

**14.5** On June 6, 2016, TRGIL (the subsidiary) entered into a senior preferred shares subscription agreement ("Agreement") with a consortium of related investors, comprised of 17Capital Fund 3, L.P. and 17Capital Fund 3 Luxembourg S.C.Sp. ("Subscribers"). The agreement allowed for the purchase of upto 6,500,000 non-convertible Senior Preferred Shares for an initially determined purchase price (or issue price) of US\$ 10 per share. The total committed amount was upto Rs. 6,814 million (US\$ 65 million).

The holder of Senior Preferred Shares will not be entitled to vote at any meeting of the Subsidiary's shareholders, and Senior Preferred Shares shall not be convertible into any other securities or rights. The Senior Preferred Shares shall not be entitled to any dividends or other distributions by the Subsidiary other than the entitlement to the redemption amount.

TRGIL has an option to redeem wholly or partially, the outstanding number of these shares. This option may be exercised at any time based on the Subsidiary's discretion.

Upon a Liquidation Event (which is defined as any liquidation, dissolution, bankruptcy or winding up of TRGIL whether voluntary or involuntary but not on redemption or purchase by TRGIL of any Common Shares), each holder of Senior Preferred Shares shall be entitled to receive from the surplus assets of TRGIL remaining after the payment of its liabilities, prior and in preference to any distribution or payment made of any of the assets of TRGIL to holders of TRG Junior Securities by reason of their ownership thereof, an amount equal to the aggregate per share redemption price in respect of all of the senior preferred shares then held by such holder (with the date of such liquidation event being treated as the Redemption Date in respect of such Senior Preferred Shares) less any redemption amounts previously paid in respect thereof.

In case of a liquidation event, TRGIL shall apply funds to the redemption of these shares by the 5th business day following the liquidation. Furthermore, in case of Afinity International Holdings, Ltd related liquidation TRGIL may elect to apply only 50% of such proceeds to the redemption of Senior Preferred Shares, in case the liquidation event is prior to December 31, 2017.



At the time of redemption the following pricing mechanism will apply:

- If the Remaining Cap [which is Rs. 3,145 million (US\$ 30 million) less the aggregate subscription price of all Senior Preferred Shares already redeemed by TRGIL] is greater than zero:
  - \* For redemption date on or before the first anniversary, US\$ 12 per share, or
  - \* For redemption date after the first anniversary but on or before the second anniversary, US\$13 per share, or
  - \* For redemption date after the second anniversary, the greater of US\$ 13.90 per share and the Variable Return, and
- If the Remaining Cap is less than or equal to zero (0), the greater of US\$ 13.90 per share and the Variable Return.

As at June 30, 2016, the subscribers have invested an amount of Rs. 5,242 million (US\$ 50 million).

Subsequent to the year end, 17Capital had agreed to increase the committed amount by an additional US\$ 20 million (total option available with TRGIL is US\$ 35 million). The committed amount is to be drawn down entirely at the option of TRGIL.

## 15 CONVERTIBLE PREFERENCE SHARES

Following is the movement in preferred stock during the year:

	2016	2015
	------(Rupees in '000)-----	
Opening balance	3,053,361	2,964,000
Foreign currency translation difference	91,671	89,361
Closing balance	<u>3,145,032</u>	<u>3,053,361</u>

On October 4, 2005, TRGIL (“the Subsidiary”) entered into a Preferred Stock Purchase Agreement (subsequently re-designated as Series A Preferred Stock following the merger) with a consortium of related investors, comprised of AIG Global Emerging Markets Fund II, L.P., AIG Annuity Insurance Company, American General Life Insurance Company and Variable Annuity Life Insurance Company (the PineBridge Investors; formerly AIG Investors). Under the agreement, PineBridge investors purchased 26,785,714 shares of Preferred Stock for an initially determined purchase price of US\$ 1.12 per share. The total amount invested was US\$ 30,000,000. The Pinebridge investors have the right to have their preference shares purchased back at the original issue price (US\$ 1.12 per share) or force liquidation of TRGIL’s assets or to require the TRGIL’s ordinary shares to be sold, for redemption of their investment. Alternatively, the investors have a right to convert these preference shares into ordinary shares. To date, PineBridge investors have not exercised either of these rights.

The Series A preferred stock is entitled to the same voting rights as other voting securities of TRGIL (namely Series B Preferred Shares and Class A Common Shares), but rank higher in the event of liquidation. The Series A preferred stock is also entitled to trigger event dividends at the rate of 8% per annum which accrue only if certain conditions precedent and covenants are not met and only for the duration that the Subsidiary remains in breach of such conditions and covenants. There were no triggering events for the year ended June 30, 2016, requiring such an accrual or payment.

The holders of Series A Preferred Shares will be entitled to an aggregate preference equal to the greater of (A) [Rs. 4,875 million (US\$ 46.50 million)] prior to payment of any liquidating distribution in respect of Series B Preferred Shares or Common Shares, subject to reduction for any non-liquidating distributions received and (B) the amount such Series A Preferred Shares received upon conversion to Series B Preferred Shares. Secondly, the holders of Series B Preferred Shares will be entitled to an aggregate preference of US\$ 104,862,250, less any amount paid as the preference to the holders of Series A Preferred Shares or Series B Preferred Shares on liquidating or non-liquidation distributions, prior to payment of any distribution in respect of Common Shares, subject to reduction for any non-liquidating distributions received.

As of June 30, 2016, PineBridge Investors has invested the full Rs. 3,145 million (US\$ 30 million) committed to the TRGIL.

## 16. 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;

	2016		2015	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	----- (Rupees in '000) -----			
Within one year	560,189	472,509	443,552	379,635
After one year but not more than five years	885,536	836,512	822,270	728,634
Total minimum lease payments	1,445,725	1,309,021	1,265,822	1,108,269
Less: amounts representing finance charges	(136,704)	-	(157,553)	-
Present value of minimum lease payments	1,309,021	1,309,021	1,108,269	1,108,269
Less: current portion shown under current liabilities	(472,509)	(472,509)	(379,635)	(379,635)
	<b>836,512</b>	<b>836,512</b>	<b>728,634</b>	<b>728,634</b>

The leases have interest rates ranging from 6% to 8% per annum (2015: 5% to 10% per annum). At the end of the lease term, the ownership of the assets shall be transferred to the respective entities against security deposits paid.

## 17. RETIREMENT BENEFIT OBLIGATION

IBEX Philippines Inc. and IBEX Global Solutions (Philippines) Inc. operates an unfunded defined benefit plan for qualifying employees. Under this plan, the employees are entitled to one half month's salary for every year of service, with six 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 at least 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, 2016. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

	2016 ------(Rupees in '000)-----	2015
Discount rate	<b>5.40%</b>	4.80%
Expected rate of salary increase	<b>2.00%</b>	3.00%

Amounts recognised in consolidated profit and loss account in respect of defined benefit plan are as follows:

	2016 ------(Rupees in '000)-----	2015
Current service cost	<b>24,945</b>	9,940
Interest on obligation	<b>2,505</b>	913
	<b>27,450</b>	10,853

The amount included in the consolidated balance sheet arising from defined benefit obligations is as follows:

	2016 ------(Rupees in '000)-----	2015
Present value of unfunded defined benefit obligation	<b>66,360</b>	50,279

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

Present value of defined benefit obligation at beginning of the year	<b>50,279</b>	17,092
Foreign currency translation difference	<b>2,469</b>	(507)
Current service cost	<b>24,945</b>	9,940
Interest cost	<b>2,505</b>	913
Actuarial (gains) / loss - recognised in OCI	<b>(13,838)</b>	22,841
Present value of defined benefit obligation at end of the year	<b>66,360</b>	50,279

The historical information of the amounts for the current and previous annual periods is as follows:

	2016	2015	2014	2013
	------(Rupees in '000)-----			
Present value of defined benefit obligation	<b>66,360</b>	50,279	17,092	17,822

## 18. OTHER NON - CURRENT LIABILITIES

Following are the details of other long term liabilities:

		2016 ------(Rupees in '000)-----	2015
Long term deferred revenue	18.1	<b>144,295</b>	121,727
Long term deferred rent		<b>44,869</b>	66,054
Payable under employee share option plan	23.3	<b>2,726</b>	16,386
Other		<b>839</b>	-
		<b>192,729</b>	204,167

- 18.1** 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.

## 19 TRADE AND OTHER PAYABLES

	Note	2016 ------(Rupees in '000)-----	2015
Trade creditors	19.1	1,596,918	761,210
Accrued expenses	19.2	2,778,796	2,657,864
Payable to employee defined contribution plans		1,875	53,620
Value added tax payable by indirect subsidiaries		113,206	109,906
Legal and professional charges		117,683	175,941
Deferred revenue		1,028,076	721,841
Unclaimed dividends		592	592
Advance received for issuance of shares of SATMAP		675,778	550,466
Provision for charge back	19.3	154,580	101,894
Others		52,411	85,988
		<u>6,519,915</u>	<u>5,219,322</u>

- 19.1** This includes payable to associate amounting to Rs. 2.1 million (2015: Nil).

- 19.2** This includes accrued interest amounting to Rs. 229.6 million (US\$ 2.19 million).

### 19.3 Provision for charge back

Opening balance		101,894	44,749
Provision utilized during the year		(101,894)	(44,749)
Provision made during the year		154,580	101,894
Closing balance		<u>154,580</u>	<u>101,894</u>

This represents the provision made by e-Telequote in respect of Medicare insurance policies.

## 20. SHORT TERM BORROWINGS - secured

From financial institutions:

- TRG Customer Solutions, Inc.	20.1	1,784,806	333,122
- iSky, Inc.	20.2	39,444	58,139
- TRG (Private) Limited	20.3	39,694	39,808
- e-Telequote Insurance, LLC	20.4	-	564,872
- SATMAP, Inc.	20.5	-	294,834
		<u>1,863,944</u>	<u>1,290,775</u>

**20.1** On November 8, 2013, one of the subsidiary of IGSP (the Subsidiary) signed a Revolving Credit and Security Agreement with PNC for a new Rs. 3,669 million (US\$ 35 million) Revolving Line of Credit (RLOC) to replace the Capital Source Bank (CSB) Rs. 2,097 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 2014, the Subsidiary entered into a waiver and an amendment (Amendment 1) whereby PNC waived the Borrowers technical non-compliance with a certain covenant cap. On October 2, 2014, the Subsidiary 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, the Subsidiary 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.

The Subsidiary 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: (1) 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 the Subsidiary (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.

During the course of fiscal year 2015, the Subsidiary entered into an amendment (Amendment 3) where by PNC increased caps associated with certain covenants. On June 19, 2015, the Subsidiary entered in to amendment (Amendment 4) whereby PNC consented to permit the Subsidiary to sell specific receivables to Citibank, N.A. On June 26, 2015, the Subsidiary entered in to amendment (Amendment 5) whereby PNC increased the RLOC to Rs. 4,193 million (US\$ 40 million), with the potential increase of upto a total of Rs. 5,243 million (US\$ 50 million) (subject to PNC approval and conditions), included a Rs. 1,048 million (US\$ 10 million) non-revolving line of credit to finance capital expenditure, reduced the interest rate to LIBOR+1.75% and/or the PNC Commercial Lending Rate for domestic loans, extended the maturity date to May 2020, and included certain standard financials covenants.

On June 30, 2016 the Subsidiary entered into an amendment (Amendment 6) whereby PNC extended a Rs. 629 million (US\$ 6.0 million) Term Loan A which will be amortised in 36 consecutive equal monthly installments. PNC would also extend a Rs. 419 million (US\$ 4.0 million) Term Loan B to be also amortised in 36 consecutive equal monthly instalments and would be drawn down subject to certain conditions. The maximum amount of Equipment Loan shall now be Rs. 315 million (US\$ 3.0 million). The interest rates will remain unchanged on all loans.

On July 22, 2016 the Subsidiary entered into an amendment (Incremental Amendment 6) with PNC RSCA to further define the clauses in Amendment 6 without changing the main terms. Under Amendment 6 as well as Incremental Amendment 6 the Subsidiary is required to enter into a Lender-Provided Interest Rate Hedge in an amount not less than fifty percent (50%) of Term Loan A and Term Loan B within a specified period from their respective funding. The Subsidiary has therefore entered into a Lender-Provided Interest Rate Hedge on August 15, 2016 in relation to Term Loan A.

**20.2** In 2011, iSky, Inc. (iSky) entered into a factoring arrangement with Seacoast Business Funding (formerly FCC LLC d/b/a First Growth Capital). The facility has an upper limit of Rs. 157.3 million (US\$ 1.5 million) and carries a markup of one month LIBOR + 7% per annum. The facility is 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. 21 million (US\$ 0.2 million) 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.

- 20.3** This represents short term running finance obtained from a commercial bank amounting to Rs. 39.693 million (2015: Rs. 39.999 million) against total facility of Rs. 40 million (2015: Rs. 40 million). The facility will expire in December 31, 2016 and is secured by way of mortgage of Rs. 53.16 million over property of the subsidiary located in Lahore (Pakistan) and first hypothecation charge of Rs. 27 million (2015: Rs. 27 million) over all present and future receivables of TRG (Private) Limited. This facility carries annual markup at the rate of 3 months KIBOR + 3.25% (2015: 3 months KIBOR + 3.25%). Interest is payable on quarterly basis.
- 20.4** During the year e-Telequote Insurance, Inc. has further extended its friends and family line of loan by issuing additional loan notes to various parties amounting to Rs. 466.5 million (US\$ 4,450,000) to have in aggregate amount of loan to Rs. 1,048.34 million (US\$10,000,000). These loan notes carry interest at the rate of 15% per annum payable on monthly basis. The loan notes had initial maturity date of February 19, 2017 but were early settled by e-Telequote insurance, Inc. on May 19, 2016 by repaying in full.
- 20.5** In 2015, SATMAP Inc., entered into an accounts receivable factoring arrangement to factor its accounts receivable up to 85% of the invoice value. Receivables factored were subject to a discount fee based on the number of days a receivable remains unsettled. Discount fee ranged from 1.75% for 30 days to 5.25% for up to 90 days. Borrowings under accounts receivable factoring arrangement was fully repaid on October 28, 2015.
- 20.6** The above includes accrued interest amounting to Rs. 8.35 million (US\$ 0.08 million).

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

The subsidiaries of the Parent 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:

- 21.1.1** In March 2012, an ex-employee of a related company filed a complaint in the West Virginia Human Rights Commission (WVHRC), alleging unlawful discrimination due to race and unlawful retaliation. The plaintiff was a former employee of TRG Insurance Solutions, Inc. (TRGIS), a then-sister corporation of IBEX Global Solutions Inc. TRGIS was an entirely separate corporation with its own lines of business, management and employees. Plaintiff asserted that IBEX Global Solutions Inc., did not offer her a job because of her race and in retaliation for her having previously filed a discrimination complaint against TRGIS, a different company. IBEX Global Solutions Inc., defended on the grounds (among others) that (1) its records show race-neutral employment practices, and (2) IBEX Global Solutions Inc., as a matter of law cannot be liable for retaliating against a person whom it never employed. This case was tried in December 2012, before a temporary administrative law judge (ALJ) of the WVHRC. The ALJ issued orders in 2014 awarding damages, costs and attorney's fees to plaintiff totaling Rs. 26 million (US\$ 0.246 million). In the orders, the ALJ acknowledged that he was creating new law in finding for plaintiff. IBEX Global Solutions Inc. appealed these orders to the WVHRC. In July 2015, the WVHRC affirmed the orders entered by the ALJ. IBEX Global Solutions Inc. timely filed its appeal (of the decision of the WVHRC) to the Circuit Court of Kanawha County, West Virginia (the "Circuit Court"), which was the next step in the judicial process. IBEX Global Solutions Inc. won the matter on appeal at the Circuit Court, and the decision was reversed. The plaintiff has appealed the matter to the Supreme Court of West Virginia, where the matter is currently being reviewed. IBEX Global Solutions Inc. does not believe that this case has any merit, and is optimistic that the Supreme Court of West Virginia will affirm the decision reached by the Circuit Court.
- 21.1.2A** A case was filed in November 2014 in the US District Court of Tennessee as a collective action under the US Fair Labor Standards Act (FLSA) and Tennessee law, alleging that plaintiff were forced to work "off the clock" without being paid for the "off the clock" time. In December 2014, a similar FLSA collection action case was filed against IBEX Global Solutions, Inc. in the US District Court for the District of Columbia. In the last several years, similar wage hour claims have been filed against many other BPO companies in the United States. Plaintiffs in both cases had executed mandatory arbitration agreements with IBEX Global Solutions, Inc. In February 2015, the two cases were consolidated in Tennessee and Plaintiff agreed to submit all claims to mediation and then binding arbitration (a date has not been set). Presently, there are approximately 3,500 individuals, who have opted into the lawsuit.

Discovery and internal investigations into this matter are ongoing. Plaintiff have not made any claim for any identified amount of damages and at this time, damages cannot reasonably be determined. IBEX Global Solutions, Inc. is defending this case vigorously.

- 21.1.3** In March 2015, IBEX Global Solutions Inc. received a notice from one of its major clients of a claim for indemnification under applicable client service agreements. This notice resulted from a data security breach that occurred during late 2014 at one of the Group's call centers. IBEX Global Solutions Inc. and the client had cooperated to investigate the problem and take appropriate remedial action. There was no evidence of any financial loss to any customer of the client. Taking into account the facts and circumstances known at this point, together with applicable insurance coverage, IBEX Global Solutions Inc., believes that this potential indemnity claim should fall within the applicable insurance policy limitation.
- 21.1.4** In September 2013, a client of an investee company of TRGIL filed a complaint regarding a disputed refund amount of Rs. 82 million (US\$ 779,975) due therefrom on termination of a service agreement. TRGIL has been included as a defendant merely as a guarantor to the obligation to pay the money at issue. Judgment by the court was awarded in favor of the investee company and TRGIL in 2014. The client, however, filed an appeal against the decision of the court which was also decided in favor of TRGIL and its investee company. The client subsequently filed another suit arising out of the same facts and circumstances. TRGIL and its investee company are defending vigorously and no reasonable amount of damages, if any, can be currently estimated.
- 21.1.5** As at June 30, 2016, returns of income tax up to tax year 2015 have been filed by the Parent 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 Parent Company before Commissioner Inland Revenue (Appeals) against the amended orders had been rejected. The Parent Company preferred second appeal in both the years before the Appellate Tribunal Inland Revenue (ATIR) who decided the appeal in the favour of the Parent 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 consolidated financial statements.

## **21.2 Commitments**

- 21.2.1** As per a requirement for the initial public offering of their shares, TRGIL provided indemnities to IBEX Global Solutions Plc (IGSP) and Digital Globe Services Ltd. for the period these entities filed 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 TRGIL under the indemnity is unlikely. No claim under the indemnity has been made.
- 21.2.2** In connection with a corporate reorganization of the e-Telequote's business, TRGIL 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 Rs. 80 million (US\$ 0.762 million). No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGIL is unlikely.
- 21.2.3** As per a requirement for a Series C fundraising round for the Afiniti (formerly SATMAP) business, TRGIL provided an indemnity to Afiniti International Holdings Ltd. (previously SATMAP International Holdings Ltd.) for the period that SATMAP, Inc. was consolidated with TRGH for tax and ERISA purposes. The indemnification obligation is capped at Rs. 3,669 million (US\$ 35 million). No claim under the indemnity has been made and any material, indemnifiable tax exposure for TRGIL is unlikely, in part due to the availability of NOLs with the consolidated tax group.
- 21.2.4** Pursuant to a settlement agreement entered into between TRGH and Noble Systems Corporation ("Noble"), TRGH agreed to purchase, through itself or its affiliates, Rs. 63 million (US\$ 0.6 million) of Noble software product and / or services by the end of each calendar year from 2014 through 2016.



**21.2.5** IGSP has an annual telecommunication service commitment with two of its carriers. The carrier agreement was signed in January 2015 for a three-year term with the minimum annual commitment for Rs. 63 million (US\$ 0.6 million). The agreement has a provision for an early termination at its one-year anniversary with a sixty day written notice. A second carrier agreement was signed in July 2016 for a three-year term with minimum annual commitment for Rs. 72.3 million (US\$ 0.69 million).

**21.2.6** IGSP is also subject to early termination provisions in certain telecommunications contracts, which if enforced by the telecommunications providers, would subject IGSP to early terminations fees. To date, these early termination provisions had not been triggered by IGSP.

### 21.3 Operating leases commitment

Certain Group companies have access to computer equipment, software, office facilities, furniture and fixtures and office premises under operating lease arrangements, of which certain arrangements have renewal options and escalation clauses for operating expenses and inflation. Rent expense is recognised on a straight-line basis over the life of the lease term. Future minimum lease rentals under operating leases subsequent to the reporting period are as follows:

	2016	2015
	------(Rupees in '000)-----	
Within one year	753,017	707,607
After one year but not more than five years	1,574,089	1,690,777
After five years	-	61,576
	<u>2,327,106</u>	<u>2,459,960</u>

Rental expenditure was approximately Rs. 1,075 million (US\$ 10.3 million) and Rs. 929 million (US\$ 8.9 million) for the years ended June 30, 2016 and 2015, respectively.

## 22. GOVERNMENT GRANTS

IBEX Global Solutions Plc, received grants as follows:

**22.1** The IBEX Global Solutions Plc, recorded grant income of Rs. 21 million (US\$ 0.2 million) from State of Texas for the provision of employee instruction/training and associated expenses in support of the Group's commitment to maintain and increase jobs and income in Texas in each of the years ended June 30, 2016 and 2015. The Grant Contract is effective for the period commencing January 02, 2014 and ending on December 31, 2019. The total amount awarded to the Group under this Grant Contract is Rs. 62.6 million (US\$ 0.6 million). These funds were treated as a reduction in Cost of Sales for the years ended June 30, 2016 and 2015.

**22.2** The IBEX Global Solutions Plc, recorded grant income of Rs. 11.5 million (US\$ 0.11 million) from State of Tennessee, Department of Economic and Community Development for the provision of employee instruction/training and associated expenses in support of the Group's commitment to maintain and increase jobs and income in Tennessee in June 30, 2015. The Grant Contract is effective for the period commencing May 21, 2012 and ended on May 20, 2015. The total amount awarded to the Group under this Grant Contract is Rs. 62 million (US\$ 0.6 million). These funds were treated as a reduction in Cost of Sales for the year ended June 30, 2015.



## 23. COST OF SERVICES

	2016	2015
	----- (Rupees in '000) -----	
Salaries and other employee costs	<b>20,687,498</b>	19,154,742
Travelling, transportation and conveyance	<b>273,942</b>	149,464
Affiliates / leads	<b>1,270,272</b>	669,272
Communication, rent, utilities and repair and maintenance	<b>2,836,671</b>	2,310,999
Depreciation	4.3 <b>741,442</b>	552,100
Amortisation	5.2 <b>254,888</b>	202,917
Employees' stock options plan expense	23.1, 23.2, 23.4, & 23.5 <b>98,465</b>	83,678
Miscellaneous	<b>438,329</b>	456,286
	<b>26,601,507</b>	<b>23,579,458</b>

### 23.1 TRGIL old stock option plan

TRGIL's Stock Option Plan for grant of stock options to employees was terminated on December 31, 2015.

### 23.2 IBEX stock plan 2013

TRGI and its subsidiary, IGSP adopted an employee stock option plan on June 04, 2013 (the IBEX Stock Plan 2013). The IBEX Stock Plan 2013 is composed of both Pre-IPO and Post-IPO plans. The employee stock option plan was adopted to enable certain executives and employees of IGSP to be granted options to acquire ordinary shares and restricted stock awards (TRGIL Options) not to exceed the maximum of 4,301,890 shares with 1,760,892 and 4,147,174 options for ordinary shares of the TRGIL outstanding under the Pre-IPO plan as of June 30, 2016 and 2015, respectively. The maximum allowable shares under the Post-IPO plan is 5,008,341 with 2,853,687 authorized as of June 30, 2016. 2,750,427 and 1,879,717 were outstanding as of June 30, 2016 and 2015 respectively. The options under the Pre-IPO plan are shares of the IGSP already held by TRGI. When an employee leaves the Company with unexercised stock options under the Pre-IPO plan, these options are returned to TRGI. In contrast, the options under the Post-IPO plan are returned to the Plan for reissuance.

The obligation to issue shares under both plans are with TRGI and its subsidiary, IGSP, therefore, each individual entity within the IGSP accounts for these grants by recognising a share-based payment expense for the plan with the corresponding increase in equity.

During the years ended June 30, 2016 and 2015, the Group granted 920,523 and 1,508,576 share options under the Post-IPO plan to its employees, respectively. There were no options granted under the Pre-IPO plan for both fiscal years. The weighted average exercise price of options granted during fiscal years 2016 and 2015 was \$1.71 and \$1.88, 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 48 months in accordance with terms of the grant agreement. No options had been exercised as at June 30, 2015. In fiscal year 2016, 29,888 options were exercised under Pre-IPO plan.

The entity estimates the fair value of its stock options on the date of the grant using the Black Scholes option pricing model, which requires the use of certain estimates and assumptions that affect the reported amount of share-based compensation cost recognised in the consolidated 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 is ten years. In estimating the expected term, IGSP assumes all options will be exercised at the contractual term of the option.

#### *Volatility*

Management used an average volatility of 25.5% and 26.1% for grant calculations for the years ended June 30, 2016 and 2015, respectively.

### Expected dividends

The expected average dividend yield is 7.3% and 7.1% for the years ended June 30, 2016 and 2015 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 average risk-free rate used for options granted during the years ended June 30, 2016 and 2015 were 1.9% and 2.1%, respectively.

	Share options (Number)	Weighted average exercise price (US\$)
Options outstanding as at June 30, 2015	6,026,891	1.70
Options granted during the year	920,523	1.71
Options exercised during the year	(29,888)	1.75
Options cancelled during the year	(2,406,207)	
Options outstanding as at June 30, 2016	<u>4,511,319</u>	1.78
Pre-IPO plan	1,760,892	
Post-IPO plan	2,750,427	
Options outstanding as at June 30, 2016	<u>4,511,319</u>	
Options exercisable as at June 30, 2016	<u>2,513,265</u>	1.75

A summary of the stock options outstanding and exercisable as at June 30, 2016 is as follows:

2016						
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\$
1.70-3.09	4,511,319	8.16	1.78	2,513,265	7.34	1.75

2015						
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\$
1.66-3.09	6,026,891	8.45	1.70	3,916,464	7.97	1.63

The weighted average grant date fair value of stock options granted during the years ended June 30, 2016 and 2015 are US\$ 0.128 and US\$ 0.157, respectively. The amount recognised as share-based payment expense pertaining to this plan for the years ended June 30, 2016 and 2015 were [Rs. 23.64 million (US\$ 225,480)] and [Rs. 31.768 million (US\$ 313,212)], respectively.

### 23.3 PHANTOM stock option plan - IBEX group plan

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

- (a) the fair value of the share of stock at the time of exercise; and
- (b) the exercise price of the option per share of stock.

During the year ended June 30, 2016, the subsidiaries of IGSP granted 239,864 Phantom Stock Options to their respective employees (2015: Nil). The weighted average exercise price of all options granted in 2016 was US\$ 1.58 (2015: Nil). 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 48 months in accordance with terms of the grant agreement. In 2016, 42,339 options were exercised under Phantom Stock plan.

The grants of Phantom Stock Options are treated as cash – settled share based payment transactions under IFRS 2 'Share-based Payments'. The fair value of the liability is measured at each reporting date and settlement date and changes in fair value are recognised 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 recognised 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 is ten years. In estimating the expected term, IGSP assumes all options will be exercised at the contractual term of the option.

#### *Volatility*

Management used a volatility of 24.5% and 26.7% for measurement of fair value of options as at June 30, 2016 and 2015, respectively.

#### *Expected dividends*

The expected dividend yield is 7.3% and 7.1% for the years ended June 30, 2016 and 2015 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 computation of fair value of options as at June 30, 2016 and 2015 were 1.3% and 2.1%, respectively.

	<b>Share options (Number)</b>	<b>Weighted average exercise price (US\$)</b>
Options outstanding as at June 30, 2015	697,924	1.88
Options granted during the year	239,864	1.58
Options exercised during the year	(42,339)	1.77
Options cancelled during the year	(19,824)	
Options outstanding as at June 30, 2016	<u>875,625</u>	1.79
Options exercisable as at June 30, 2016	<u>591,130</u>	1.77

A summary of the stock options outstanding and exercisable as at June 30, 2016 is as follows:

2016						
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\$
1.88	875,625	7.78	1.79	591,130	6.98	1.77

2015						
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\$
3.24	697,924	8.01	1.88	491,878	7.98	1.74

The weighted average fair value of the Phantom Stock Options as at June 30, 2016 and 2015 are US\$ 0.051 and US\$ 0.264, respectively. For the year ended June 30, 2016 and 2015, IGSP recognised income on share-based payment amounting to [Rs. 14.10 million (US\$ 135,137)] and [Rs. 48.199 million (US\$ 475,208)], respectively. A total of 491,878 Phantom Stock Options having total intrinsic value of Rs. 18.284 million (US\$ 174,408) have vested as at June 30, 2015. There were no Phantom Stock Options with intrinsic value as of June 30, 2015. The liability under the Phantom Stock Plan as at June 30, 2016 and 2015 was included as other non-current liabilities.

### 23.4 Afiniti stock option plan

Afiniti International Holding Limited adopted an employee stock option plan in October 2013, amended in May 2014 (the SATMAP Stock Plan 2014) to enable certain executives and employees of Afiniti and its subsidiaries to be granted options to acquire 6,258,542 common shares of Afiniti. The exercise price of options granted during the year is US\$ 1.3 (2015: US\$ 1.19).

Afiniti 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 Afiniti's shares, expected dividends and the risk-free interest rate.

#### *Expected term*

The expected term of options granted during the year is 5.27 years to 6.08 years (2015: 5 years to 6.08 years).

#### *Volatility*

As Afiniti is not a listed company, estimated volatility in its share price is derived by calculating the average historical volatility of comparable companies. Management used a volatility of 41.6% to 42.2% (2015: 41.7% to 47.4%) for grant calculation for the year ended June 30, 2016.

### Expected dividends

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

### Risk-free rate

The risk-free rate assumption is based upon observed interest rates for constant maturity U.S. Treasury securities consistent with expected term of Afiniti's stock option. The risk-free rate used for options granted during the year is 1.2% to 1.6% (2015: 1.4% to 1.8%).

	Share options (Number)	Weighted average exercise price (US\$)
Options outstanding as at June 30, 2015	3,540,921	0.91
Options granted during the year	3,351,241	1.30
Options exercised during the year	(3,659,147)	1.11
Options forfeited/cancelled/expired during the year	(544,675)	1.05
Options outstanding as at June 30, 2016	<u>2,688,340</u>	1.11
Options exercisable as at June 30, 2016	<u>2,274,474</u>	1.10

A summary of the stock options outstanding and exercisable as at June 30, 2016 is as follows:

2016						
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\$
<u>0.7 - 1.31</u>	<u>2,688,340</u>	<u>8.08</u>	<u>1.11</u>	<u>2,274,474</u>	<u>8.91</u>	<u>1.10</u>

2015						
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\$
<u>0.70</u>	<u>3,540,921</u>	<u>5.00</u>	<u>0.91</u>	<u>9,172</u>	<u>5.00</u>	<u>1.19</u>

Based on the above assumptions, the fair value of all options granted during the year amounts to US\$ 0.55 (2015: US\$ 0.42). The amount recognized as share-based payment expense for the year ended June 30, 2016 and June 30, 2015 was [Rs. 71 million (US\$ 674,805)] and [Rs. 50.4 million (US\$ 497,033)] respectively.

### 23.5 e-Telequote stock option plan

TRGIL and its subsidiary e-Telequote Plc adopted an employee stock option plan in March 2014 (the e-Telequote Stock Plan 2014) to enable certain executives and employees of e-Telequote Plc and its subsidiaries to be granted options to acquire 1,050,000 common shares of e-Telequote Plc 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 Plc 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 recognised in the consolidated 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 10 years.

#### *Volatility*

As e-Telequote Plc 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 40% for grant calculation.

#### *Expected dividends*

e-Telequote Plc does not have a history of paying dividends, nor does it anticipate paying dividends in the foreseeable future.

#### *Risk-free rate*

The risk-free rate is continuously compounded US nominal treasury rate. The risk-free rate used for options granted during the year is 1%.

	<b>Share options (Number)</b>	<b>Weighted average exercise price (US\$)</b>
Options outstanding as at June 30, 2015	1,050,000	1.6
Options granted during the year	-	-
Options forfeited/cancelled/expired during the year	-	-
Options outstanding as at June 30, 2016	<u>1,050,000</u>	<u>1.6</u>
Options exercisable as at June 30, 2016	<u>702,865</u>	<u>1.6</u>

A summary of the stock options outstanding and exercisable as at June 30, 2016 is as follows:

2016						
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\$
1.6	1,050,000	9.00	1.6	702,865	8.63	1.6

2015						
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\$
1.6	1,050,000	9.00	1.6	-	-	-

Based on the above assumptions, the amount recognised as share-based payment expense for the year ended June 30, 2016 is Rs. 1.4 million (2015: Rs. 1.4 million).

## 24. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2016 ------(Rupees in '000)-----	2015
Salaries and other employee costs		2,097,939	2,334,269
Travelling, transportation and conveyance		669,042	374,619
Communication, rent, utilities and repair and maintenance		464,313	390,754
Marketing and consultancy		490,841	603,590
Amortisation	5.2	57,059	26,288
Depreciation	4.3	191,716	122,156
Legal and professional charges		224,339	261,966
Auditors' remuneration	24.1	92,745	76,458
Miscellaneous		622,667	642,244
		<b>4,910,661</b>	<b>4,832,344</b>
<b>24.1 Auditors' remuneration</b>			
Parent Company's auditors	24.1.1	32,549	32,653
Remuneration of subsidiaries' auditors	24.1.2	60,196	43,805
		<b>92,745</b>	<b>76,458</b>

**24.1.1 Remuneration of Parent Company's auditors**

2016                      2015  
------(Rupees in '000)-----

Annual audit fee - for the Parent Company	1,187	1,187
Annual audit fee - for subsidiaries	25,929	24,324
Half yearly review	376	376
Audit of consolidated financial statements	2,700	2,700
Sales Tax	1,811	1,715
Other certifications	215	130
Out-of-pocket expenses	331	2,221
	<b>32,549</b>	<b>32,653</b>

**24.1.2 Remuneration of subsidiaries' auditors**

Services relating to tax and other certification	4,279	13,075
Annual audit fee	55,917	30,730
	<b>60,196</b>	<b>43,805</b>

**25. OTHER INCOME****Income from financial assets**

Return on bank balances	4,597	7,046
Interest income on advances	10,075	2,031
Exchange gain	31,491	-
	<b>46,163</b>	<b>9,077</b>

**Income from assets other than financial assets**

Other income	134,031	194,115
	<b>180,194</b>	<b>203,192</b>

**26. OTHER CHARGES**

Exchange loss	-	4,266
Provision for doubtful debt	26,339	773
Others	14,105	7,856
	<b>40,444</b>	<b>12,895</b>

**27. FINANCE COST**

Interest on borrowings	448,007	200,770
Factoring fees	7,263	8,376
Finance charges on leased assets	124,720	79,580
Bank charges	14,536	11,113
	<b>594,526</b>	<b>299,839</b>



## 28. TAXATION

	Note	2016 ------(Rupees in '000)-----	2015
Current - for the year	28.1	207,521	93,388
Deferred - for the year	7	(56,748)	12,097
		<u>150,773</u>	<u>105,485</u>

**28.1** The tax provision includes the following entities: Parent Company, TRG (Private) Limited, and IGSP. No tax provision has been calculated for TRGIL as it is a Bermuda based company and there is no corporate income tax in Bermuda.

**28.2** Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as net operating losses and tax credit carry forward. Deferred tax assets and liabilities are measured using the enacted tax rates that will apply to taxable income in the periods the deferred tax item is expected to be settled or realised. The tax effects of the Company's temporary differences and carry forwards are as follows:

### 28.3 Rate reconciliation of effective tax rate

	2016		2015	
	(%)	(Rupees in '000)	(%)	(Rupees in '000)
Loss for the year		(1,511,878)		(2,154,724)
Income tax benefit		150,773		105,485
Net loss excluding income tax		<u>(1,361,105)</u>		<u>(2,049,239)</u>
Income tax benefit using				
applicable tax rate	32-34%	(518,723)	33-34%	(696,741)
State taxes, net of federal effect	2.81%	(38,311)	3.52%	(72,233)
Effect of tax rates in foreign jurisdictions	-78.03%	1,062,011	-15.87%	325,289
Non-deductible expenses	62.71%	(853,566)	9.37%	(191,977)
Change in unrecognised temporary				
differences	-47.25%	643,105	-40.73%	834,557
Effect of exchange rate changes	10.56%	(143,743)	4.56%	(93,410)
	<u>-49.20%</u>	<u>150,773</u>	<u>-5.15%</u>	<u>105,485</u>

## 29. LOSS PER SHARE

	2016 ------(Rupees in '000)-----	2015
Net loss for the year (attributable to shareholders of the Parent Company)	<u>(809,927)</u>	<u>(1,709,950)</u>
	(Shares)	
Weighted average number of shares outstanding during the year	<u>539,933,096</u>	<u>501,603,401</u>
	(Rupees)	
Basic loss per share	<u>(1.50)</u>	<u>(3.41)</u>

- 29.1 Comparative information has been restated due to issuance of right shares during the year by the Parent Company.
- 29.2 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.

### 30. CASH (USED IN) / GENERATED FROM OPERATIONS

	2016	2015
	------(Rupees in '000)-----	
Loss before tax	(1,511,878)	(2,154,724)
Adjustments for:		
Depreciation	1,245,105	903,461
Share of loss / (profit) of equity accounted associate	239,461	(11,430)
Provision for retirement benefits	27,450	10,853
Finance cost	594,526	299,839
Employees' stock option plan expense	98,465	39,680
	<b>2,205,007</b>	1,242,403
	<b>693,129</b>	(912,321)
(Increase) / decrease in current assets		
Trade debts	(3,938,572)	360,513
Advances, deposits, prepayments and other receivables	(633,505)	(419,235)
	<b>(4,572,077)</b>	(58,722)
Increase in current liabilities	1,359,946	1,344,387
Net cash (used in) / generated from operations	<b>(2,519,002)</b>	373,344

### 31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 31.1 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. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in the market conditions and the Group's activities.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments by category are as follows:

	2016	2015
	------(Rupees in '000)-----	
<b>Financial assets - loans and receivables</b>		
Long term loans and advances	1,020,731	254,563
Long term deposits	247,269	125,219
Trade debts	7,404,431	3,520,257
Short term deposits	1,114,258	779,994
Other receivables	252,339	61,946
Cash and bank balances	5,259,909	605,876
	<u>15,298,937</u>	<u>5,347,855</u>
<b>Financial liabilities at amortized cost</b>		
Long term finances	8,200,967	757,946
Liabilities against assets subject to finance lease	1,309,021	1,108,269
Other liabilities	839	16,386
Trade and other payables	4,702,263	3,782,305
Convertible preference shares	3,145,032	3,053,361
Short term borrowings	1,863,944	1,290,775
	<u>19,222,066</u>	<u>10,009,042</u>

## 31.2 Market risk

### 31.2.1 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, 2016, 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. 54.84 million (2015: Rs. 23.77 million).

### 31.2.2 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 US\$ and accordingly foreign currency exposure is not significant to the Group's financial position and performance.

### 31.2.3 Credit risk

Credit risk represents the accounting loss that would be recognised 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:

	2016	2015
	------(Rupees in '000)-----	
AA	111,544	68,377
AA-	165,925	64,935
A-1 +	35,142	43,686
A-1	2,604,343	72,490
A+	1,510,105	286,894
A	32,689	102
A-	155,365	6,514
A-2	1,286	15,552
BBB	84,076	42,951
Non-rated	3,018	3,255
	<b>4,703,493</b>	<b>604,756</b>

The maximum exposure to credit risk as at June 30, 2016, along with comparatives is tabulated below:

#### Financial assets

Long term loans	1,020,731	254,563
Long term deposits	247,269	125,219
Trade debts	7,404,431	3,465,859
Short term deposits	1,114,258	779,994
Other receivables	252,339	61,946
Balances with banks	4,703,493	604,756
	<b>14,742,521</b>	<b>5,292,337</b>

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

	2016			
	Revenue		Accounts Receivable	
	Amount (Rupees in '000)	% of Total	Amount (Rupees in '000)	% of Total
Client 1	10,301,172	39%	1,661,311	34%
Client 2	5,291,021	20%	1,476,383	30%
Client 3	4,987,606	19%	608,459	12%
Client 4	6,088,750	22%	1,167,226	24%
	<b>26,668,549</b>	<b>100%</b>	<b>4,913,379</b>	<b>100%</b>

	2015			
	Revenue		Accounts Receivable	
	Amount (Rupees in '000)	% of Total	Amount (Rupees in '000)	% of Total
Client 1	7,510,556	31%	589,095	21%
Client 2	5,693,195	23%	775,402	27%
Client 3	3,001,454	12%	221,165	8%
Client 4	2,877,284	12%	259,637	9%
	<b>19,082,489</b>	<b>78%</b>	<b>1,845,299</b>	<b>65%</b>

The ageing of trade debtors as at year end is as follows:

	2016 ------(Rupees in '000)-----	2015
Dues 0 to 30 days	<b>7,012,781</b>	3,273,779
Dues 31 to 60 days	<b>209,257</b>	139,195
Dues 61 to 90 days	<b>70,963</b>	101,861
Dues 91 to 180 days	<b>27,972</b>	2,168
Dues over 180 days	<b>146,736</b>	3,254
Less: Provision for doubtful debts	<b>(63,278)</b>	(54,398)
	<b>7,404,431</b>	<b>3,465,859</b>

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.

### 31.3 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:

	2016				
	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	8,200,967	8,200,967	666,158	400,677	7,134,132
Liabilities against assets subject to finance lease	1,309,021	1,445,725	560,189	885,536	-
Other liabilities	839	839	-	839	-
Trade and other payables	4,702,263	4,702,263	4,702,263	-	-
Convertible preference shares	3,145,032	3,145,032	3,145,032	-	-
Short term borrowings	1,863,944	1,863,944	1,863,944	-	-
	<b>19,222,066</b>	<b>19,358,770</b>	<b>10,937,586</b>	<b>1,287,052</b>	<b>7,134,132</b>

	2015				
	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	757,946	817,283	369,050	345,742	102,491
Liabilities against assets subject to finance lease	1,108,269	1,265,822	443,552	822,270	-
Other liabilities	16,386	16,386	-	16,386	-
Trade and other payables	3,782,305	3,782,305	3,782,305	-	-
Convertible preference shares	3,053,361	3,053,361	3,053,361	-	-
Short term borrowings	1,290,775	1,290,775	1,290,775	-	-
	<u>10,009,042</u>	<u>10,225,932</u>	<u>8,939,043</u>	<u>1,184,398</u>	<u>102,491</u>

### 31.4 Fair values of financial assets and liabilities

The carrying value of financial asset and financial liabilities approximate their fair value.

## 32. 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:

	2016				2015			
	Chief Executive	Directors	Executives	Total	Chief Executive	Director	Executives	Total
	----- (Rupees in '000) -----							
Managerial remuneration (note 32.1)	-	28,807	12,933,733	12,962,540	-	27,994	12,658,764	12,686,758
Provident fund	-	-	561	561	-	-	522	522
Commission / bonus	-	-	905,326	905,326	-	-	826,522	826,522
House rent	10,966	-	88,300	99,266	10,647	-	54,749	65,396
Medical allowance	-	-	10,337	10,337	-	-	8,574	8,574
Insurance	-	-	40,143	40,143	-	-	17,759	17,759
Other benefits and allowances	-	-	193,735	193,735	-	-	164,189	164,189
Total	<u>10,966</u>	<u>28,807</u>	<u>14,172,135</u>	<u>14,211,908</u>	<u>10,647</u>	<u>27,994</u>	<u>13,731,079</u>	<u>13,769,720</u>
Number of persons	<u>1</u>	<u>1</u>	<u>5,184</u>	<u>5,186</u>	<u>1</u>	<u>1</u>	<u>4,938</u>	<u>4,940</u>

**32.1** During the year, amount of Rs. 28.81 million (2015: Rs. 27.99 million) was paid to the Non-Executive Directors of the Parent Company while no managerial remuneration was paid to the Chief Executive of the Parent Company.

**32.2** No fee for attending meetings or any other remuneration was paid to the directors of the Parent Company during the year (number of directors: 10).

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

### 33. 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 four operating segments namely call center, software and artificial intelligence business, medicare health insurance and market research. Although market research does 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 have their own management and leadership teams and faces unique sets of market dynamics. A brief description of segments and type of revenues they generate is given below:

- Call center operations involves the provision of customer service support via telephone;
- Software and artificial intelligence (AI) business which provides optimized call outcomes for contact centers by pairing agents with callers based on behaviors and other related data.
- Medicare health insurance segment earns commission by marketing medicare insurance policies to senior citizens and other eligible individuals in US.
- The market research segment provides analytical and consultation services that specializes in helping clients manage their customer relationships and promote their brand equity; and

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 amortisation (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, amortisation and any foreign exchange gains or losses as well as any tax benefit or expense are reported on a consolidated basis.

### 33.1 Information about segments

The segment information provided to the chief operating decision makers for the reportable segments for the year ended June 30, 2016 is as follows:

	2016				Total
	Call center	Software and AI business	Medicare health insurance	Market research	
	----- (Rupees in '000) -----				
Segment revenue	26,668,552	2,362,702	1,748,745	575,765	31,355,764
Less: inter-segment revenue	(53,904)	(466,824)	-	(140,509)	(661,237)
Revenue from external customers	26,614,648	1,895,878	1,748,745	435,256	30,694,527
Adjusted EBITDA	1,879,877	(2,233,391)	632,000	(103,748)	174,738

	2015				Total
	Call center	Software and AI business	Medicare health insurance	Market research	
	----- (Rupees in '000) -----				
Segment revenue	24,221,376	2,083,960	736,063	657,426	27,041,399
Less: inter-segment revenue	(182,994)	(990,214)	(59,123)	(111,304)	(1,232,331)
Revenue from external customers	24,038,382	1,093,746	676,940	546,122	25,809,068
Adjusted EBITDA	1,675,651	(1,366,815)	(466,048)	25,762	(131,450)

	2016	2015
	----- (Rupees in '000) -----	
<b>33.2 Adjusted EBITDA for reportable segments for the year</b>	174,738	(131,450)
Share of (loss) / profit of equity accounted associate	(239,461)	11,430
Corporate overhead expenses	(478,928)	(469,506)
Depreciation and amortisation and other non cash costs	(1,312,548)	(991,405)
Finance costs – net	(594,526)	(299,839)
Taxation	(150,773)	(105,485)
Non - recurring expense	(40,497)	(273,954)
Others	979,344	-
Loss for the year	(1,662,651)	(2,260,209)



### 33.3 Total revenue by location

	2016	2015
	----- (Rupees in '000) -----	
United States of America	<b>29,808,961</b>	25,409,062
Pakistan	<b>885,566</b>	946,128
	<b><u>30,694,527</u></b>	<u>26,355,190</u>

### 33.4 Property and equipment and intangible assets - net book value

	2016		2015	
	Property and equipment	Intangible assets	Property and equipment	Intangible assets
	----- (Rupees in '000) -----			
Pakistan	240,560	-	130,542	-
United States of America	2,535,253	2,177,665	1,822,771	2,193,740
Others	34,428	16,049	11,857	25,972
Total	<b><u>2,810,241</u></b>	<b><u>2,193,714</u></b>	<u>1,965,170</u>	<u>2,219,712</u>

## 34. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated undertakings, 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 32), are given below:

	2016	2015
	----- (Rupees in '000) -----	
<b>CEO of the Parent Company</b>		
Interest receivable / (payable)	<b><u>1,371</u></b>	<u>(30,050)</u>
<b>TPL Trakker Limited - (common directorship)</b>		
Revenue	<b><u>13,128</u></b>	<u>11,688</u>
Services acquired	<b><u>10,050</u></b>	<u>8,245</u>
<b>TPL Direct Insurance Limited - (common directorship)</b>		
Revenue	<b><u>8,064</u></b>	<u>7,476</u>
<b>Staff retirement benefits</b>		
Employees' provident fund - Contribution made	<b><u>29,796</u></b>	<u>12,242</u>

The status of the outstanding balances with related parties as at June 30, 2016 is disclosed in notes 9 and 19.

#### 34.1 The above transactions are carried out at mutually agreed terms.

### 35. CAPITAL RISK MANAGEMENT

The Parent Company's objectives when managing capital are to safeguard the Parent 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 Parent Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 36. PROVIDENT FUND RELATED DISCLOSURE

#### 36.1 Parent Company

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

	2016 ------(Rupees in '000)----- (Unaudited)	2015 (Unaudited)
Size of the Fund - total assets	500	2,643
Cost of investments made	500	2,643
Percentage of investments made	100%	100%
Fair value of investments	500	2,643

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

	2016 (Unaudited) (Rupees in '000)	2015 (Unaudited)	2016 (Unaudited) % of total investment	2015 (Unaudited)
Habib Metropolitan - Multiplier account	500	2,643	100%	100%
	500	2,643	100%	100%

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

#### 36.2 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:

	2016 (Unaudited) ------(Rupees in '000)-----	2015 (Unaudited)
Size of the Funds - total assets	215,562	175,239
Cost of investments made	183,251	149,781
Percentage of investments made	85%	85%
Fair value of investments	183,251	149,781

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

	2016 (Unaudited) ------(Rupees in '000)-----	2015 (Unaudited)	2016 (Unaudited) ----- % of total investment-----	2015 (Unaudited)
Bank Deposits	142,710	134,180	78%	90%
Mutual funds	40,541	15,601	22%	10%
	<u>183,251</u>	<u>149,781</u>	<u>100%</u>	<u>100%</u>

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

**36.3** During the year Group's contribution to defined contribution plan amounts to Rs. 49.31 million

### 37. NUMBER OF EMPLOYEES

	2016 ------(Number)-----	2015
<i>Parent Company</i>		
Average number of employees during the year ended	<u>2</u>	<u>3</u>
Number of employees as at year end	<u>1</u>	<u>3</u>
<i>Subsidiary companies</i>		
Average number of employees during the year ended	<u>16,035</u>	<u>15,310</u>
Number of employees as at year end	<u>17,015</u>	<u>16,702</u>

### 38. GENERAL

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

### 39. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 07, 2016 by the Board of Directors of the Parent Company.

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

The Chief Executive Officer of the Parent 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










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# 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 Fourteenth Annual General Meeting of the Company to be held on October 31, 2016 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

Witness 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

NIC No. \_\_\_\_\_

Address \_\_\_\_\_

Signatures and addresses of witnesses

Witness 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

NIC No. \_\_\_\_\_

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.

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## مختار نامہ

سینٹر پوائنٹ بلڈنگ، لیول 18، پلاٹ نمبر 2-66/3 آف شہید ملت ایکسپریس وے، نزد کے پی ٹی انٹرنیشنل فلانی اور، کراچی 74900 پاکستان۔

میں/ ہم \_\_\_\_\_ کا/ کے \_\_\_\_\_  
 بحیثیت رکن ٹی آر جی پاکستان لمیٹڈ اور حامل عام حصص، بمقامق شیئر رجسٹریو نمبر \_\_\_\_\_ اور/ یا سی ڈی سی  
 پارٹنیشن (شرکت) آئی ڈی نمبر \_\_\_\_\_ اور سب اکاؤنٹ (ذیلی کھاتہ نمبر) \_\_\_\_\_  
 محترم/ محترمہ \_\_\_\_\_ کو اپنے/ ہمارے ایما پر \_\_\_\_\_ 2016 کو دن \_\_\_\_\_  
 میں منعقد ہونے والے کمپنی کے 14 ویں سالانہ اجلاس عام \_\_\_\_\_  
 میں حق رائے وہی استعمال کرنے یا کسی بھی التوا کی صورت اپنا/ ہمارا بطور مختار (پراسی) مقرر کرتا ہوں/ کرتے ہیں۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2016 کو دستخط کئے گئے۔  
 گواہان:

۱- دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

۲- دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

### نوٹ:

- ۱- ایک نمبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو یا اپنی جگہ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق بخوش کر سکتا ہے۔
- ۲- ایک نمبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس قدام کو عمل کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل بیکری، ٹی آر جی پاکستان لمیٹڈ کو رجسٹر آفس پر ارسال کرے۔
- ۳- سی ڈی سی شیئر ہولڈ ہونے کی صورت میں، اگر ڈیف ہولڈر یا سب اکاؤنٹ ہولڈر اور/ یا وہ فرد جس کی بیکری شیئر روپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تصدیقات قواعد و ضوابط کے مطابق اپ ڈیٹ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراسی قدام جمع کرنا ہوگا۔
- (ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر قدام پر درج ہوں۔
- (ج) بینکنگ سروس (مستفید ہونے والے فرد) کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ساتھ پیش کرے گا۔
- (د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (ه) کارپورٹ ادارہ ہونے کی صورت میں بحیثیت نمبر (رکن) مجرور ڈائف انڈیکسڈ ریکی قرار داد/ مع نامہ و گھنٹوں/ انارٹی کے نمونہ دستخط یاہ/ آف انارٹی (اگر پیلٹرا نامہ نہ گئے ہوں) پر کسی قدام (سی آر) نامے کے ساتھ کمپنی میں جمع کرنا ہوگا۔

# ٹی آر جی پاکستان لمیٹڈ



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**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.  
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